



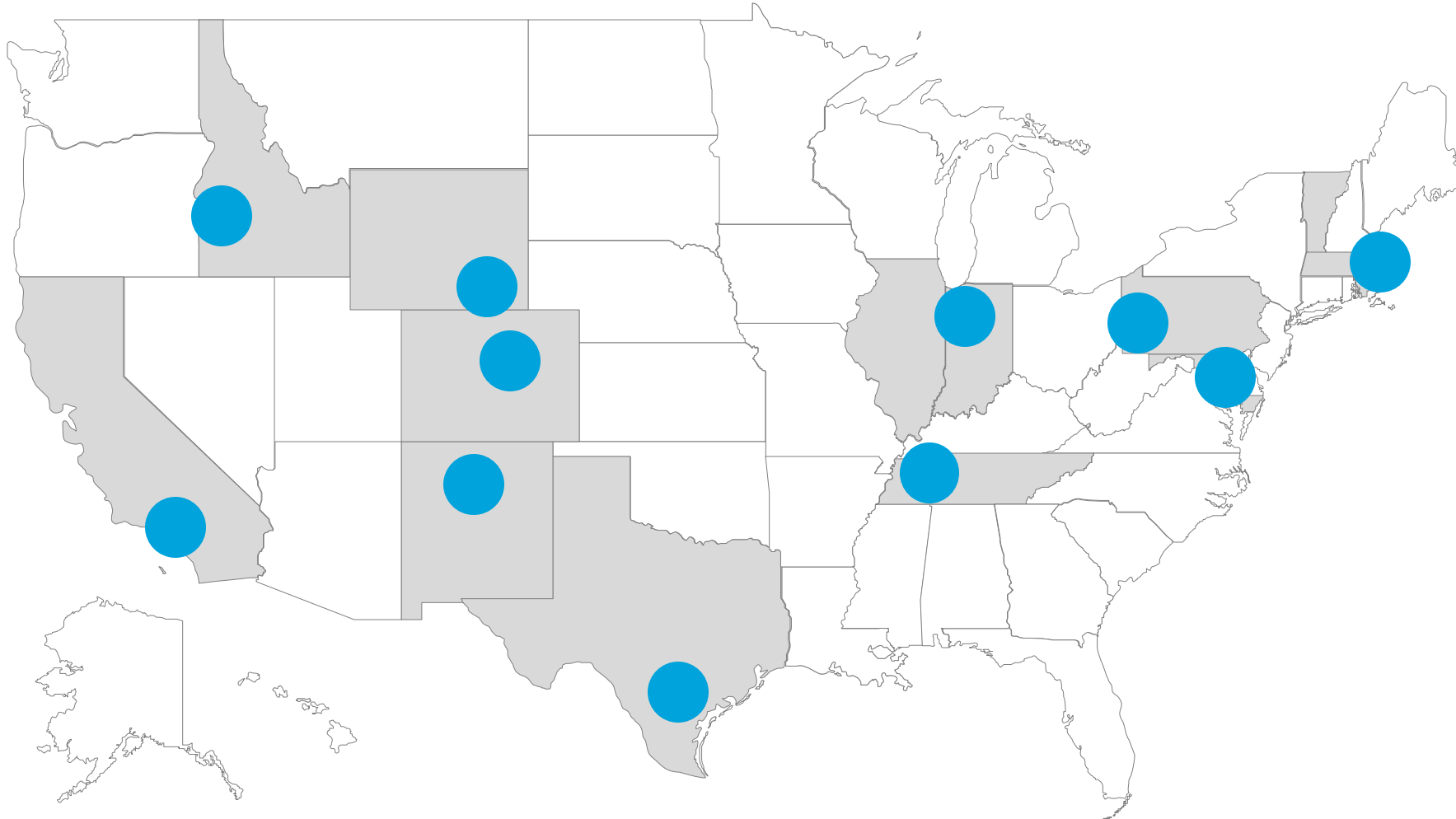
NEW MEXICO COMPETITIVENESS CONVERSATION

Securing Innovation in New Mexico

May 5, 2025
Santa Fe, New Mexico

Competitiveness Conversations Across America

The Council is exploring place-based innovation in diverse regional economies and contexts.



2022 Conversation

Jun. Wyoming

2023 Conversation

Mar. Davis, CA

2024 Conversations

Apr. Nashville, TN

Aug. Boise, ID

Sep. West LaFayette, IN

2025 Conversations

Mar. San Antonio, TX

Apr. Boulder, CO

May Santa Fe, NM

Jun. Boston, MA

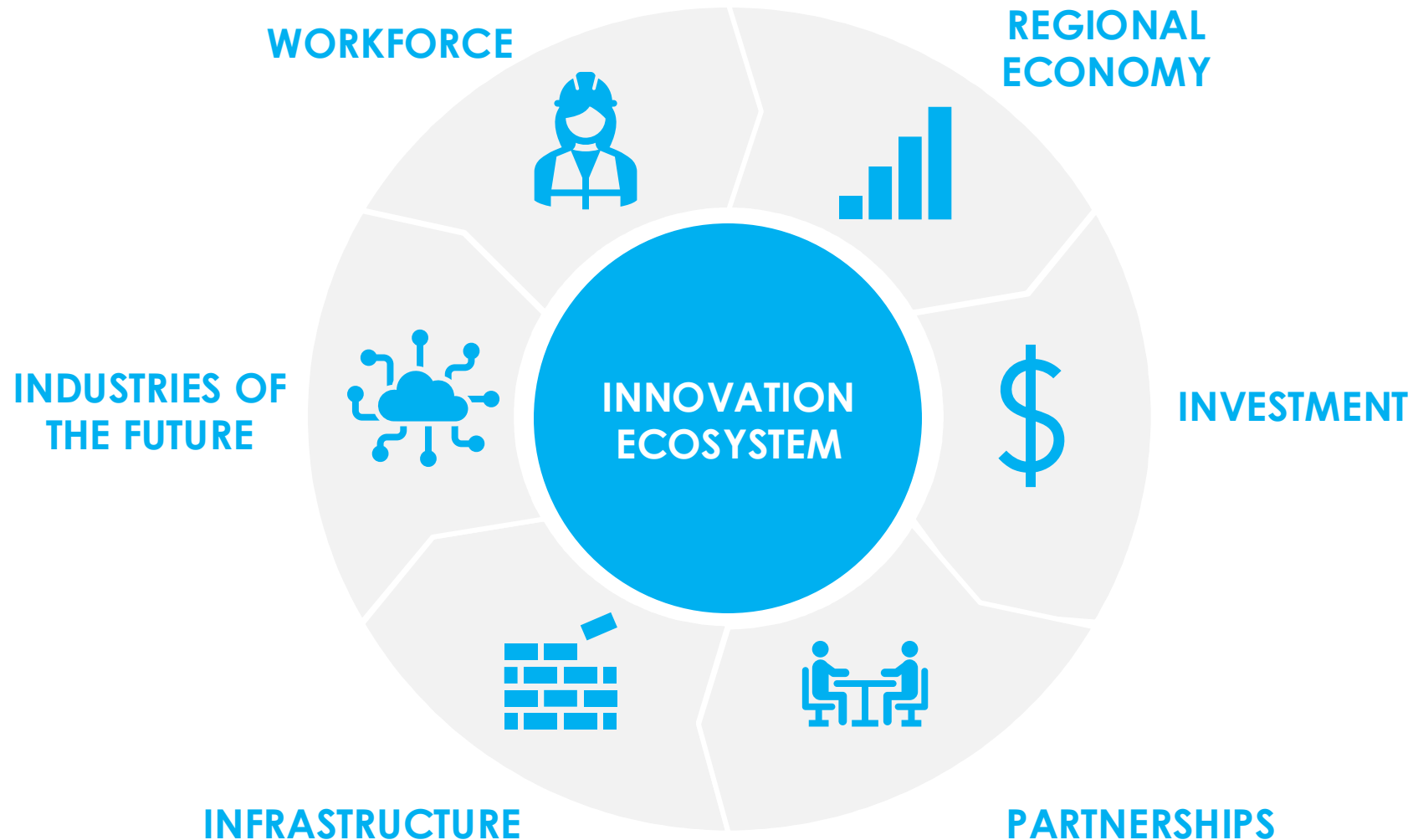
Oct. Pittsburgh, PA

2026 Conversations

Jan. Baltimore/College Park, MD

...and more to come

Place-based innovation is all about creating a supportive ecosystem.



New Mexico's innovation ecosystem has distinctive strengths.

Strengths

GDP GROWTH

Annual GDP growth in 2023 was more than 2x the national rate.

R&D INFRASTRUCTURE

NM is home to two DOE National Labs with significant research capacity.

PUBLIC R&D INVESTMENTS

NM ranks 3rd among states in terms of federal R&D funding received.

HIGH-TECH INDUSTRIES

R&D infrastructure attracts major private investment in key high-tech industries.

Areas for Growth

WORKFORCE

NM's labor force participation rate ranks amongst the lowest in the nation.

DIGITAL INFRASTRUCTURE

NM ranks 48th in the nation in share of households with access to the internet.

ECONOMIC DIVERSIFICATION

The state's economy and budget are heavily reliant on oil and gas production.

ECONOMIC DISPARITIES

NM's significant tribal population trails state averages in access to jobs, infrastructure, and income.



New Mexico has experienced record levels of economic growth in recent years.

US Bureau of Economic Analysis

- In 2023, New Mexico's GDP totaled over \$135B and was up 7% from 2022, the highest year-over-year growth the state has ever seen and more than double the national growth rate of 3%.

New Mexico's economy has historically been driven by extraction-based industries.

US Bureau of Economic Analysis; Energy Information Administration

- The mining, quarrying, and oil and gas extraction industries lead New Mexico in economic output and have driven growth in recent years. In 2023, the sector comprised almost half (47%) of industrial contribution to GDP growth and added an estimated \$14.9B to GDP.
- New Mexico is the 2nd largest oil producing state, accounting for 14% of all U.S. crude oil production in 2023.

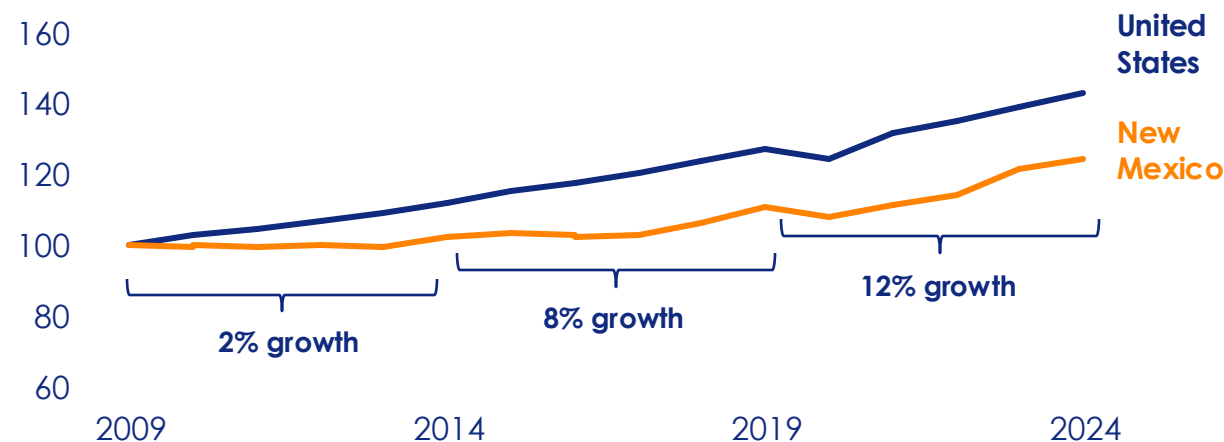
Innovation and growth in high-tech industries will bring needed economic diversification.

New Mexico Legislative Finance Committee; US Bureau of Economic Analysis

- New Mexico's state government revenue is highly dependent on oil and gas; the sector contributed roughly one-third of general fund recurring revenue in FY 2024.
- Leveraging the \$11.3B tax revenue in FY 2024 from oil and gas production to support innovative industries could shield New Mexico from potential workforce and economic stagnation.
- Building on New Mexico's scientific strengths will support new and innovative industries. R&D already contributes more to New Mexico's economy, as a share of GDP, than any other state.

Rate of Change in Real GDP

Year over year change, 2009-2024



US Bureau of Economic Analysis



New Mexico has one of the strongest R&D and scientific ecosystems in the nation.

National Center for Science and Engineering Statistics; Sandia National Laboratories; Los Alamos National Laboratory

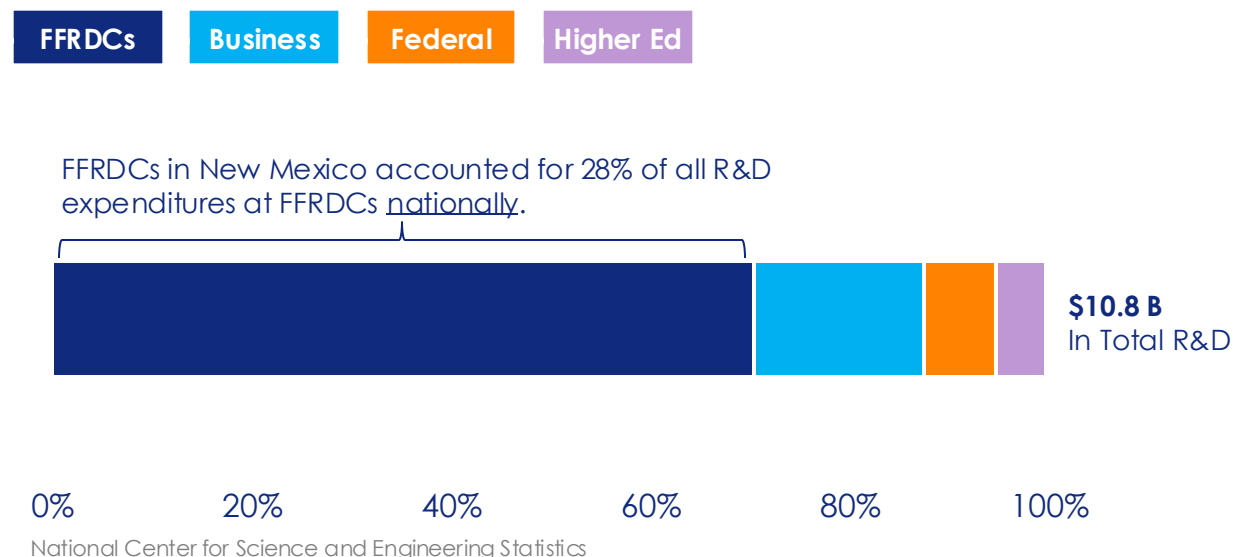
- New Mexico ranks 3rd in the United States in Federal R&D funding and 2nd for R&D intensity, a measure of investment as a percentage of GDP. 70% of R&D spending in the state comes from Federally Funded Research Centers (FFRDCs).
- FFRDCs in New Mexico accounted for over 28% of total U.S. FFRDC R&D funding in 2022. These funds enable R&D across a variety of critical topics from nuclear deterrence to microelectronics, positioning New Mexico as a leader in the U.S. national security ecosystem.
- FFRDCs also provide a significant return on investment for the state's economy. LANL directly employs over 16,000 people and Sandia had over \$1B in contracts with small business suppliers last year.

Large-scale projects are driving investment in New Mexico.

PitchBook; Los Alamos National Laboratory; Quantium; Intel; Ebon Solar

- In the last 10 years, VC disbursement (as a function of state GDP) is up nearly 1.5x, ranking New Mexico 10th in the U.S. for growth over that period.
- Clean tech and life sciences lead the state in VC funding, receiving \$24M and \$23M respectively in 2021.
- Several keystone investments are driving the state's advanced industries forward. Notable projects include:
 - LANL: \$8B in plutonium production
 - Quantium: New photonics R&D center anchoring New Mexico's \$800M investment in quantum
 - Intel: \$4B in advanced semiconductor packaging
 - Ebon Solar: Nearly \$1B in solar cell manufacturing

Share of Research & Development Performance by Type 2022





New Mexico's space ecosystem is taking off, in both commercial and national security contexts.

Albuquerque Regional Economic Alliance; Spaceport America

- The Greater Albuquerque metro area has a highly concentrated aerospace workforce, employing almost 17,000 people — 3x more concentrated than the national rate.
- New Mexico is home to Spaceport America, the first commercial space launch facility in America with 6,000 square miles of restricted air space, which disallows commercial aviation traffic for greater privacy and reduced regulatory delays.

Advanced manufacturing has established a strong foundation in New Mexico.

Albuquerque Regional Economic Alliance; New Mexico Partnership; Intel

- In Greater Albuquerque, the advanced manufacturing sector supports about 16,000 jobs. New Mexico's talent pool of over 180,000 experienced manufacturing workers will enable the continued growth of advanced manufacturing.
- In the past 18 months, more than \$10B worth of advanced manufacturing project have been announced in New Mexico.

The AI industry is building on New Mexico's extensive scientific expertise.

Information Technology & Innovation Foundation; Los Alamos National Laboratory

- New Mexico ranks 2nd in the nation in its share of jobs in 'high-tech' industries at 7.4%—or about 70,000 jobs. This provides a large talent pool of high-skilled labor.
- LANL has established a supercomputer lab outfitted with NVIDIA superchips to support integrating AI and machine learning into national security applications. This new facility complements the extensive high performance computing capabilities LANL and Sandia already hold.

Key Players in New Mexico's Innovation Ecosystem



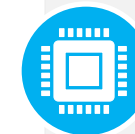
Spaceport America

6,000 miles unrestricted air space



Los Alamos

Hosts a supercomputer outfitted with NVIDIA superchips for AI computing



Sandia

Leads a new Microelectronic Science Research Center to improve energy efficiency for chips



Strategic partnerships are building the quantum pipeline in New Mexico.

Quantum Collaborative; Sandia National Laboratories; Arizona State University; Quantinuum

- The quantum industry is projected to have a \$1T economic impact by 2035.
- Sandia National Laboratory partners with Arizona State University through the Quantum Collaborative to research and develop quantum algorithms. From May 2023 – 2024, the Quantum Collaborative deployed over \$500K in seed funding to support 13 cross-institutional projects led by top university faculty and industry leaders to accelerate the development of quantum technologies.
- New Mexico plans to raise \$800M to develop its quantum computing ecosystem, anchored by a new photonics R&D center from Quantinuum, the world's largest integrated quantum computing company.

Statewide collaboration in AI is driving innovation.

Sandia National Laboratories; Los Alamos National Laboratory

- The New Mexico AI Consortium brings together key players across the state to share technology, information, and resources to foster the development of AI algorithms and create a pipeline of talented researchers.
- The consortium focuses on hardware advancements to enable complex modeling, software development to accelerate the training and deployment of AI, and real-world application in the security and energy sectors.
- World-class facilities at Sandia and Los Alamos National Laboratories are enabling new discoveries and capabilities in AI. Laboratory staff — who recently collaborated at the 1,000 Scientist AI Jam Session — are continually creating new applications of AI to critical national security functions.

New Mexico AI Consortium 2024



Sandia National Laboratories

New Mexico AI Consortium

National Laboratories

- Sandia National Laboratories
- Los Alamos National Laboratory

Universities

- University of New Mexico
- New Mexico State
- New Mexico Tech
- Central New Mexico Community College



New Mexico's workforce is heavily concentrated in the public sector and high-tech industries.

New Mexico Economic Development Department; New Mexico Partnership; Information Technology & Innovation Foundation; US Census Bureau

- New Mexico's public sector workforce makes up 23.8% of the total workforce, above the national average of 14.3%.
- New Mexico is ranked 2nd in the nation for high-tech jobs. Relative to other states, New Mexico is home to 9x more astronomers and physicists, as well as 8x more environmental scientists and healthcare specialists.
- Despite a high-tech concentration, the share of New Mexicans with a bachelors degree is only about 29%, over 5 percentage points lower than the share of Americans overall.

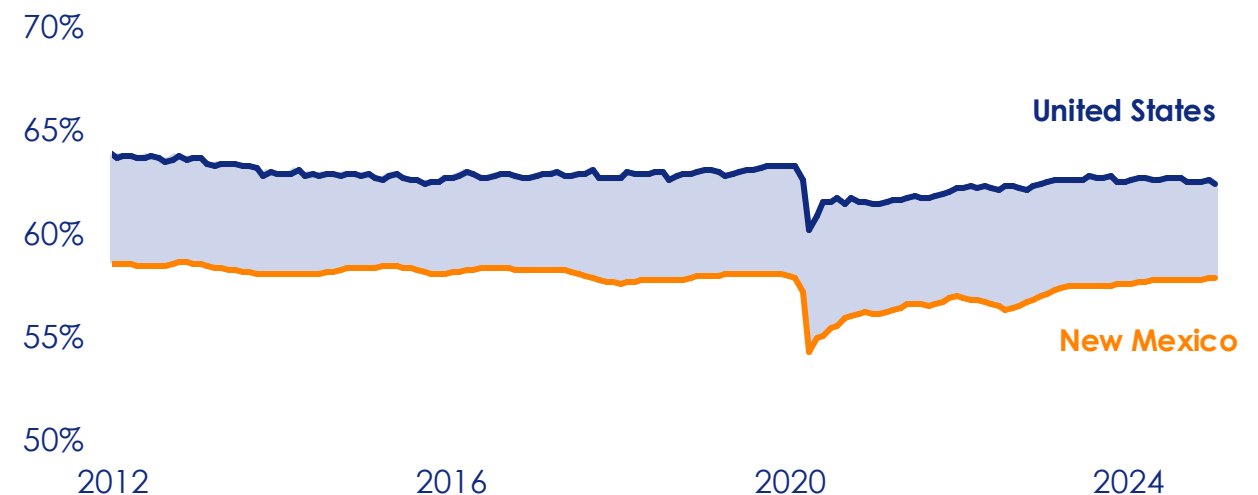
Workforce development will help fulfill New Mexico's innovation potential.

New Mexico Legislative Finance Committee; Bureau of Labor Statistics; Bureau of Economic Analysis; US Census Bureau

- In February 2024, New Mexico's labor force participation rate (LFPR) trailed the national rate by about 5 percentage points, ranking the state 47th in the nation. Amongst tribal areas, LFPR was an additional 10 percentage points lower.
- To bridge the gap between the state and national labor force participation, approximately 40,000 additional individuals in the state would need to join the labor force.
- In 2023, New Mexico ranked 45th in personal income per capita, revealing significant room for wage growth.
- Ongoing workforce development efforts, including through LANL and Sandia, are building skills in manufacturing, engineering, cyber, and other fields with large skill gaps.

New Mexico Labor Force Participation Rate

Annualized, 2000-2024





New Mexico's concentration of national laboratories sustains a world-class R&D infrastructure system.

Sandia National Laboratories; Los Alamos National Laboratory; University of New Mexico; New Mexico State University

- Los Alamos National Laboratory, Sandia National Laboratories, and the Air Force Research Laboratory, with tens of billions of dollars in combined annual budgets, are at the forefront of national security research, hosting world-class facilities and experts on topics from nuclear testing to artificial intelligence.
- The labs' national security expertise is complemented by a robust academic research environment, including two R1 research universities: University of New Mexico and New Mexico State University.

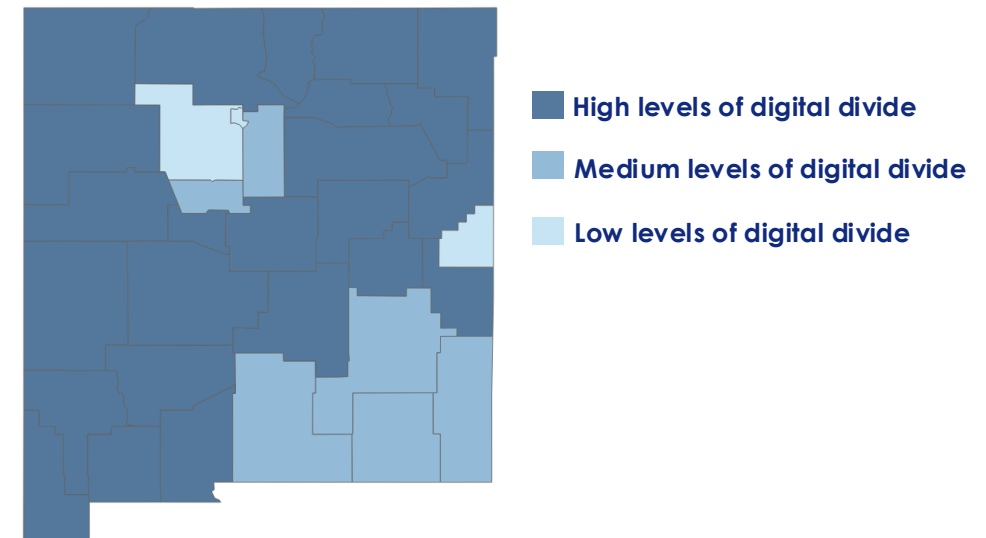
Investing in digital infrastructure will broaden access to innovation.

US Census Bureau; Purdue University; BorderPlex Digital

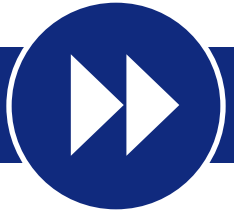
- New Mexico ranks 48th in the United States for the share of households with access to internet, 6 percentage points below the national rate.
- Almost three quarters of counties in New Mexico have a high digital divide index (DDI) score, which measures the gap in access to technology and internet. New Mexico's share of counties with a high DDI score (73%) is 39 percentage points above the national share (34%).
- New Mexico has the 2nd highest share of American Indian and Alaska Native populations (10%), and less than 70% of tribal households have broadband connectivity.
- New Mexico has received \$22M in grants to provide internet, broadband support, and training services for native populations. The state has also partnered with BorderPlex Digital to build a Digital Infrastructure Campus to create advanced manufacturing, logistics, and data center infrastructure.

Digital Divide Index in New Mexico

By County, 2024



Purdue University, Digital Divide Index



WHAT'S NEXT?

MISSION: Consolidate and strengthen New Mexico's innovation ecosystem

Capitalize on opportunities and address challenges in the region.



BUILD A ROBUST WORKFORCE TO POWER THE INDUSTRIES OF THE REGION'S FUTURE



EXPAND REGIONAL AND NATIONAL PARTNERSHIPS



CAPITALIZE ON LEADING R&D CAPABILITIES TO ATTRACT MORE BUSINESS INVESTMENT



ADDRESS DIGITAL INFRASTRUCTURE GAPS



EMPOWER NEW BUSINESSES AND ENTREPRENEURS

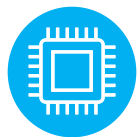


MISSION: Capitalize on emerging industries driving growth in the region.

Participants will discuss how to support and expand efforts across several critical technology areas.



SPACE



ADVANCED MANUFACTURING



ARTIFICIAL INTELLIGENCE