

## **Economic Development & Family Asset Building**

An economic study released by the University of New Mexico's Bureau of Business and Economic Research (BBER) showed that New Mexico ranks near the bottom among all states in regards to economic development and job growth. The 2014 report highlighted the considerable challenges the state faces in regards to these economic parameters, with only two states faring worse. These findings were especially troubling since New Mexico had for 40 years previously ranked among the top 15 states for job growth.

Among other concerns revealed in the new study: the state economy's heavy dependence on federal funds; New Mexico has the largest income disparity between its highest and lowest earners; and that despite counting the fourth-highest number of residents (per capita) with a Ph.D., New Mexico ranks near the bottom of states in terms of people possessing bachelor's degrees.

Effective economic development is necessary to provide economic security and a dignified quality of life for our residents, especially due to the state's high levels of poverty and unemployment. For this reason, the McCune Foundation has prioritized economic development and family asset building within its grants program, adopting and following language for the priority:

A Foundation priority is to create and expand the economic base in New Mexico and to view its grant making through an economic development lens whenever possible, in particular supporting programs and organizations that seek to foster entrepreneurship across sectors. The Foundation also supports programs and initiatives that support and help drive growth in family assets across the diverse communities of the state, enabling a broader base of economic stability for our families.

The following specific leverage points have been identified to help focus and drive the Foundation's grant making within these priority areas:

### **Economic Development**

**Scalable elements supported by high-touch interventions** — Programs and organizations that provide training and technical assistance to entrepreneurs and prospective entrepreneurs in New Mexico have proven effective but are often limited in the depth of support they can provide due to "scalability" concerns. The Foundation is interested in approaches that push the envelope in terms of depth-of-support provided to emerging enterprises, especially those that show potential for growth.

**Innovation in enterprise structure.** Revitalization of New Mexico's economic sectors requires innovation. As such, the Foundation supports approaches that, among other

things: appropriately and opportunistically blend various financial resources (private, public, philanthropic, etc.) to fund enterprise creation and growth; develop new structures of ownership and equity; and create opportunities for exit strategies that will benefit entrepreneurs, investors and the greater New Mexico economy.

**Accessibility of capital** is a key challenge for new, small and emerging enterprises in the state is accessibility of start-up and growth capital. Approaches that pair supportive elements to the entrepreneur — thereby mitigating risk to enable lower interest rates — with sources of capital that are committed to “social” and financial returns are of interest to the Foundation.

### **Family Asset Building**

**Financial capabilities and economic engagement.** Many families (particularly vulnerable families) in New Mexico often lack the skills and capability required to adequately manage personal and family budgets and finances. This often leads to a lack of engagement with the broader economic system beyond simple transactions. The Foundation prioritizes approaches that seek to build competencies, confidence and economic engagement for vulnerable New Mexico families.

**Mortgages and credit.** Homeownership and short-term access to emergency (or otherwise) capital at non-predatory interest rates are key elements contributing to economic stability for New Mexican families, especially those living in our most vulnerable communities. The Foundation supports programs and approaches that make homeownership more accessible and successful, as well as those that work toward more affordable access to capital for working families.

**Savings.** Savings accounts represent one of the proven ways families can emerge from poverty. These accounts can often provide avenues for education, enterprise development and protection from unexpected emergencies that might otherwise derail any progress a family has made toward economic stability. Programs that encourage and incentivize savings are considered for funding.