

# IMPACTS OF THE NM SMALL BUSINESS INVESTMENT CORPORATION ON THE NEW MEXICO ECONOMY

Prepared for New Mexico Small Business Investment Corporation

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THE UNIVERSITY of NEW MEXICO

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## Executive Summary

Given that the SBIC's investment activities have expanded considerably since the publication of the last report, the Corporation decided an update was appropriate. Using two years of data (2023-2024) provided by the Corporation's investment partners, BBER employed the same methodology developed in the last study. We estimate that the SBIC lending activities generated \$68.2 million in output, \$23.96 million in labor income, and 411 in employment. The updated study also completed estimates for fiscal impacts of \$3,368,082.<sup>1</sup>

BBER employed the same methodology used in the first study to measure the per job cost of running the program. This calculation synthesizes the impact results with relevant market information. The estimated per job cost for the combined equity and loan program is \$16,860 per job for 2023 and \$19,160 for 2024. These ratios are modestly higher than the Job Training Incentive Program (JTIP) and Local Economic Development Act (LEDA) programs as reported by the NM Economic Development Department (EDD), which averaged just under \$14,000 per job across both programs. Researchers completed the same per job cost analysis, while adjusting the opportunity cost using the estimated fiscal impacts. This method suggests a lower per job cost of \$5,188 in 2023 and \$13,931 in 2024.

A portion of SBIC loan funds were specifically employed to improve and increase the housing stock in New Mexico. These lending activities supported the activities of developers seeking to provide quality affordable housing to low-income households and individuals in New Mexico. In total, SBIC housing-related lending activities supported the renovation and new construction of 560 housing units. Moreover, rental rates offered for these units are below market rates; all units are rented at 80% or lower than Area Median Income (AMI) with some apartments offered as low as 50% of AMI.

Additionally, researchers developed estimates that seek to quantify the total benefit for all program assets, which include SBIC assets invested at the NM State Treasurer's Office (STO) and the NM State Investment Council (SIC) of total operating expenses, and all opportunity costs. Researchers estimate that the total benefit to the New Mexico

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<sup>1</sup> The SBIC output impacts are roughly equivalent to the Construction sector ([NAICS 23](#)) in Taos County, which generated \$64.4 million in GDP (U.S. Bureau of Economic Analysis, 2023). SBIC labor income impacts are equivalent to the Accommodation industry ([NAICS 721](#)) in Doña Ana County, which generated \$23.1 million in earnings (U.S. Bureau of Economic Analysis, 2023). The SBIC job impacts are comparable to the size of the Retail Trade sector ([NAICS 44-45](#)) in Los Alamos County, which employs 402 workers (U.S. Census, County Business Patterns, 2022).

economy of the SBIC program is: \$55.3 million in economic impacts + 411 jobs + 560 housing units renovated/newly constructed. Importantly, these estimates are net of all program overhead expenses and fees and opportunity cost.

## Introduction

### ***Study Update***

The New Mexico Small Business Investment Corporation (referred to as the Client/NMSBIC/SBIC and the Corporation throughout this report) engaged UNM BBER in 2016 to complete a third-party, independent study to quantify and assess the economic impacts of the Corporation's economic development efforts. The 2017 study was completed using five years of portfolio level and wage record data, and both the equity and loan investments were evaluated. As a follow-up to the final report completed in 2017, the NMSBIC requested the analysis be updated using current portfolio and market information. This update focuses on 2023 and 2024 fiscal years. Since the last study, the Corporation has continued to wind down the private equity investments in its portfolio with only small residual balances remaining. The SBIC is otherwise now 100% focused on loan opportunities.

In connection with the 2017 study, UNM BBER completed follow-up work that sought to quantify and evaluate the per job cost of the program. This update report refreshes this analysis with 2023 and 2024 data. In this updated report, BBER also estimates the fiscal impacts of the SBIC investment activities in New Mexico, documents the housing impacts and develops estimates for the costs and benefits for all SBIC assets.

### ***Enabling Laws and Legislative Updates***

There have been a handful of attempts to enact legislation that would impact the SBIC directly or indirectly. The most important action, introduced during the 2019 session as Senate Bill 10, increased the distribution to the SBIC from the Severance Tax Permanent Fund to 2% annually. This increase is a meaningful progression for the Corporation.

Notably, the Small Business Investment Act (SBIA), 58-29-1 NMSA 1978, that created and enabled the SBIC in 2001, is otherwise unchanged. The SBIC continues to fulfill its mission of "creating new job opportunities by providing capital for land, buildings or

infrastructure facilities to support new or expanding businesses.”<sup>2</sup> Importantly, since the last study, the SBIC has increased its efforts to provide capital specifically for land, buildings and infrastructure to support economic development efforts in the state. SBIC lending partners Homewise, Clearinghouse CDFI, and Ventana Fund are especially focused on these types of investments.

### ***Housing and Economic Development***

Because the market has failed to add new supply to meet growing demand for new housing in the last decade, a shortage in housing exists in the U.S. as well as in New Mexico. Additionally, many structures have become antiquated and require replacement and repair. The greatest need is for affordable housing.

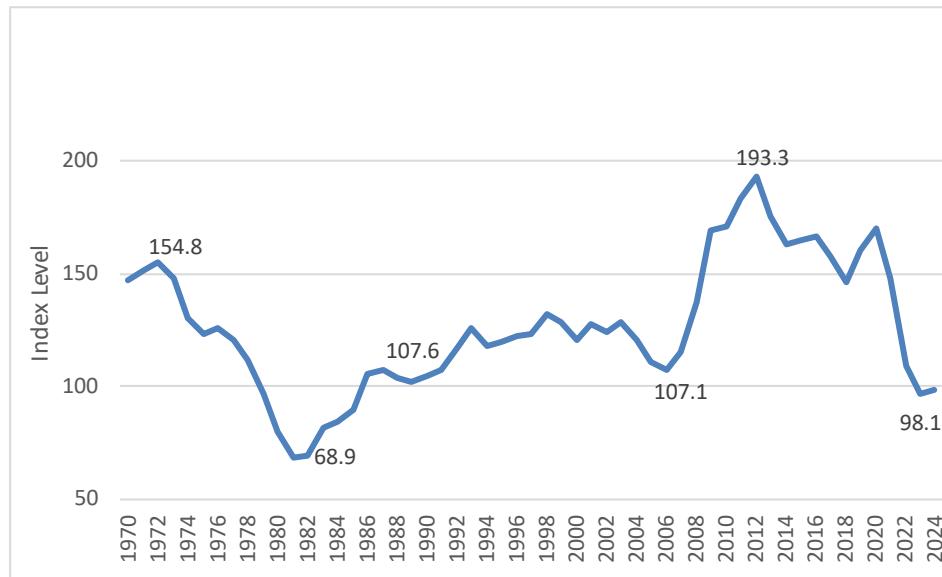
Various sources have used diverse methodologies to quantify the imbalance between the supply of available units and the number of units demanded. Freddie Mac estimates the housing shortage in the U.S. to be 3.7 million units.<sup>3</sup> Nationally, the undersupply of new housing is coupled with what some have called an “affordability crisis.” The U.S. Housing and Urban Development (HUD) uses various metrics to measure affordability. The Home Affordability Index is the relative comparison of the median income to income needed to afford the median-priced home, assuming no more than 30% of income is used for housing costs. As the following figure shows, home affordability has dipped to the lowest level seen (least affordable) in the last 30 years.

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<sup>2</sup> NMSA 1978, Section 7-27-5.15; NMSA 1978, Chapter 58 Article 29; New Mexico State Constitution, Article 9, Section 14, Subsection D.

<sup>3</sup> The Federal Home Loan Mortgage Corporation (Freddie Mac) is a government sponsored enterprise that helps provide liquidity to mortgage lenders by supporting a secondary market through the purchasing of home loans, bundling and reselling these in the form of guaranteed Mortgage Backed Securities. Freddie Mac, Housing Supply: Still undersupplied by Millions of Units, November 26, 2024.  
(<https://www.freddiemac.com/research/insight>)

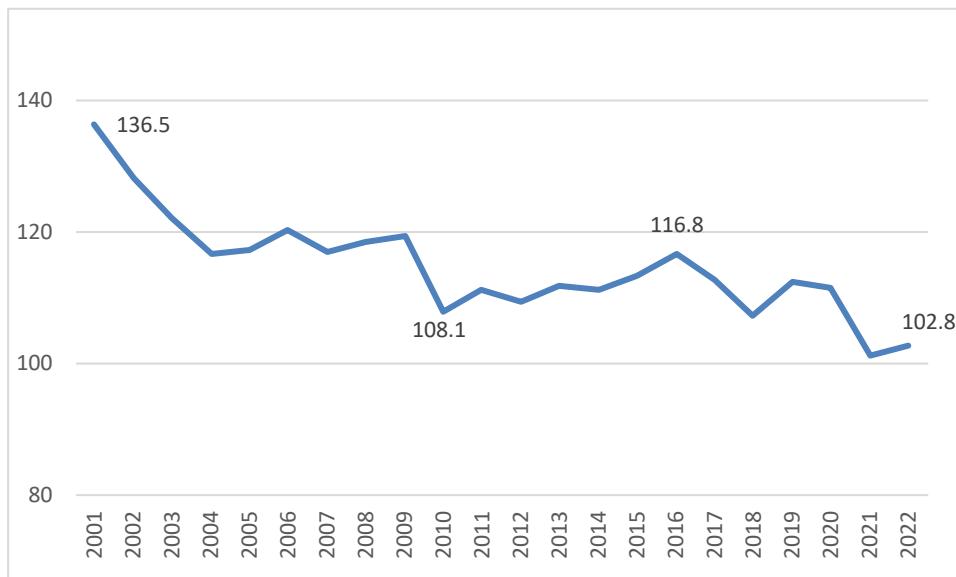
Figure 1. H.U.D. Home Affordability Index, 1970-2024



Source: U.S. Housing and Urban Development.

Similarly, HUD measures the affordability to rent by calculating the ratio between median income of households that rent to the income needed to qualify for a median-priced apartment. The following depicts the HUD's Rental Affordability Index (RAI), which shows the cost of renting currently is at its least affordable level in the last 20+ years.

Figure 2. H.U.D. Rental Affordability Index, 2001-2022



*Source: U.S. Housing and Urban Development.*

The availability and access to affordable housing have important employment and economic implications. A healthy housing market is vital to support a growing economy and thriving labor market. By way of example, workers may choose to forego job opportunities in the local market if they cannot find suitable, affordable housing for themselves and their families. Employers may struggle to expand their business or even maintain normal operating levels if there is not sufficient available and affordable housing for workers seeking to live near their place of employment. Recent examples of the housing shortage in New Mexico are the oil patch in the southeast and Los Alamos County where employment growth exceeded new housing formation in the last several years.

In an environment where home prices are rising faster than local market incomes, would-be homebuyers may fail to qualify for a mortgage. Instead, these households will likely be compelled to continue to rent, thus forgoing the opportunity to build wealth and capital through the purchase of their own home and paying on a mortgage. Additionally, high housing expenses, as a percentage of income, will result in households having less income for other expenditures.

### ***SBIC Lending Housing Impacts***

Researchers collected data from SBIC lenders on the number of housing units renovated and those newly constructed. Ventana Fund and Clearinghouse CDFI (CCDFI) are the two lenders that financed development projects that either rehabilitated older multi-family apartments or completed new multi-family construction. These projects supported construction for a total of 560 units in the years 2023 and 2024.

*Figure 3. Multi-Family Units Renovated and Newly Constructed, 2023 and 2024*

	2023	2024	Cumulative
<b><u>Ventana Fund</u></b>			
Apartment renovations	147	254	401
New units	0	67	67
<b><u>CCDFI</u></b>			
Apartment/hotel renovations & new construction	34	58	92
<b>Total housing units</b>	<b>181</b>	<b>379</b>	<b>560</b>

*Source: SBIC Lending Partner Reporting.*

For comparison purposes, the City of Albuquerque approved 1,765 new residential units and 3,014 residential permits for renovation/addition in fiscal year 2024. The number of units renovated and constructed using Ventana Fund and CCDFI loan funds is equivalent to 32% of new residential construction and 19% residential renovation/addition permits issued.<sup>4</sup>

*Figure 4. Approved Residential Building Permits for City of Albuquerque, FY2024*

Permit Type	Annual total	Monthly average	SBIC Units (560)/ Annual Total
Single family new construction	607	51	-
Multi-family new construction	1,158	97	-
<i>Single + Multi-family new construction</i>	<i>1,765</i>	<i>147</i>	<i>32%</i>
Residential renovations/additions (permits)	3,014	251	19%

*Source: SBIC Lending Partner Reporting.*

### **Methods & Report Organization**

The current study follows the same methodology as the previous report. Just like the previous study, this report focuses on the economic impacts (direct, indirect, induced) generated by the lending activities of the SBIC lending partners. The principal metrics considered in this analysis are Employment, Labor Income, Output, and the associated economic Multipliers. Employment includes full-time and part-time jobs, as well as proprietors. Labor Income entails employee compensation in the form of wages and benefits and proprietors' income. Output is the total market value of goods and services that go to final and intermediate consumption, which contributes to the state's domestic product. Economic Multipliers measure the secondary and tertiary effects of the SBIC's direct impacts.

This study is organized as follows. Section 1 of this report discusses the continued importance of small businesses to the national and statewide economies. Additionally, we provide a brief overview of the composition and key metrics of the SBIC portfolio,

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<sup>4</sup> Although Ventana Fund renovations are primarily in the Albuquerque market, they also completed development and renovation projects in other parts of the state. Additionally, the 560 housing units completed and newly constructed by SBIC lenders is cumulative for the years 2023 and 2024. Our intent is not to make a direct comparison to the Albuquerque building permit data but, rather, to illustrate the magnitude of SBIC housing lending activities statewide.

comparing the current statistics with the previous report. This section concludes by reviewing recent data to assess whether obstacles to capital persist for small businesses. Section 2 discusses the study methods and data sources. Specifically, we review the self-reported employment data collected by lending partners, wage record unemployment insurance employment and payroll data. This section focuses particularly on the methodology for estimating employment and related economic impacts (IMPLAN) in connection with SBIC funded lending. In Section 3 we present and discuss the economic and fiscal impacts. The key indicators considered are estimated Employment, Labor Income, Output, and Tax Revenues. In Section 4 of this report, we discuss the methods and results for estimating the Return on Investment of the SBIC investment activities. Specifically, we consider per job costs and average wages relative to other successful state economic development programs where data are available. Please refer to the glossary contained in the appendices of this report for definitions and explanations of technical terms.

## **1. Small Business Access to Capital, SBIC Overview, the Small Business Environment**

This section reviews current small business data in the U.S. and New Mexico. These data help to highlight the importance of small businesses and the role of capital to the success of these companies. The SBIC plays an important role in helping to stabilize this segment of the market but also helps to enable organic expansions across business sectors.

### **1.1. The Small Business Environment Nationally and in New Mexico**

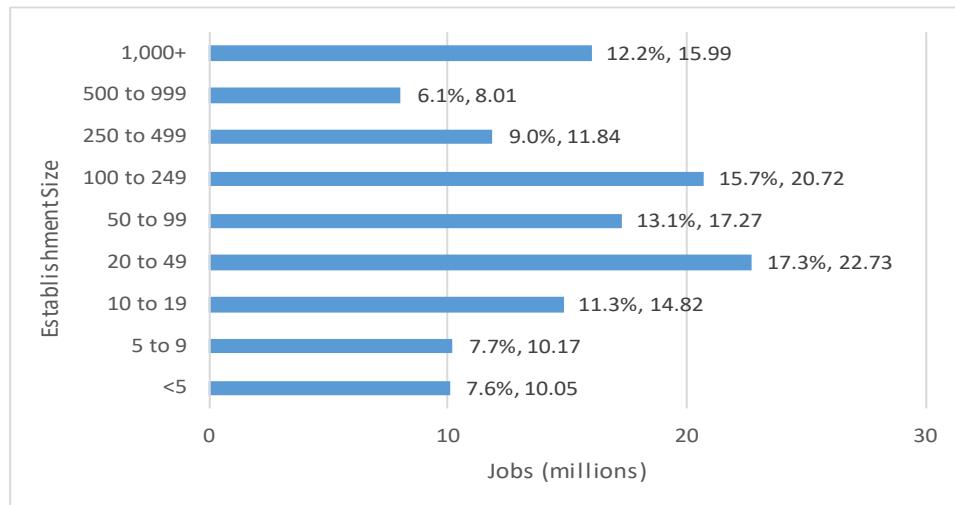
Small businesses continue to play a fundamental role for the national and local economies. According to current Bureau of Labor Statistics (QCEW) data for private sector employment, establishments with under 50 employees account for 2 out of 5 jobs in the U.S. (43.9%). Firms with under 500 employees account for 4 out of 5 jobs (81.8%).<sup>5</sup> Accessing affordable credit and investment capital is critical to supporting ongoing operations as well as business growth for all firms regardless of size. SBIC funded loans help to provide New Mexico businesses with access to loans. Access to

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<sup>5</sup> The National Small Business Association. The Small Business Association defines companies with less than 500 employees as small businesses.

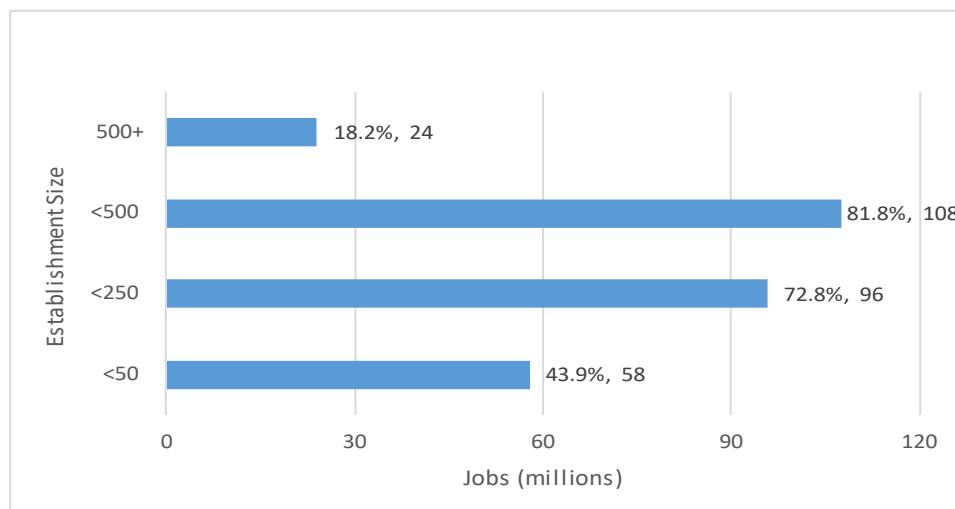
credit helps to stabilize and grow local businesses, which contributes to growing employment and expanding wealth for both business owners and employees of small, local businesses.

*Figure 5. U.S. Private Employment by Establishment Size (DETAIL), 1Q2025*



*Source: Bureau of Labor Statistics (QCEW)*

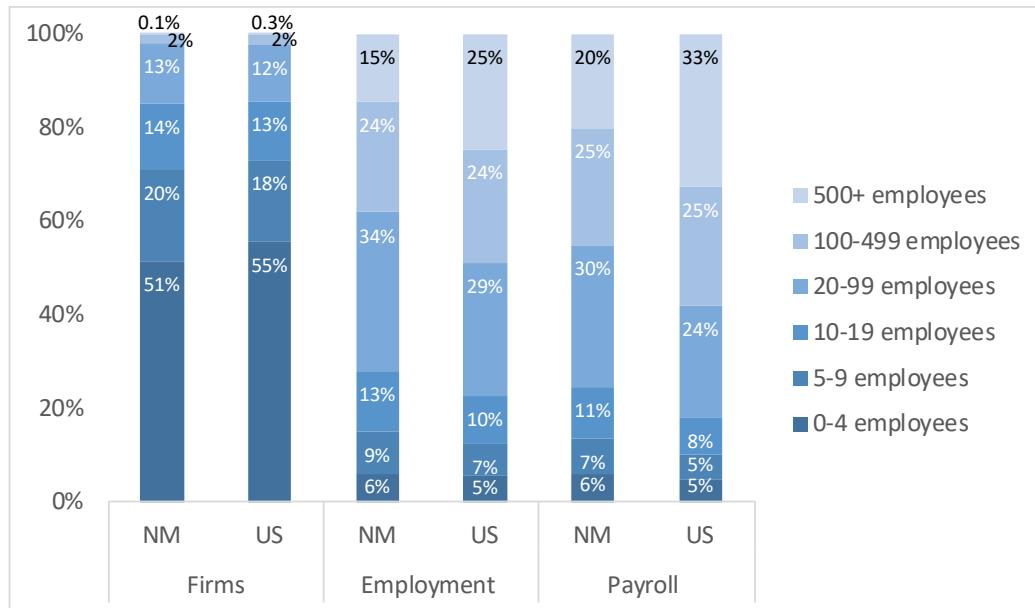
*Figure 6. U.S. Private Employment by Establishment Size (GROUPS), 1Q2025*



*Source: Bureau of Labor Statistics (QCEW)*

According to U.S. Census, County Business Patterns, there are 44,835 private firms in New Mexico that formally employ workers. Businesses that employ less than 10 employees account for 71% of firms in the state. Businesses with less than 100 employees account for 62% of employment and 55% of payrolls.

Figure 7. NM and U.S. Firms by Size, Number, Employment & Payroll, 2023



Source: U.S. Census County Business Patterns, Statistics of U.S. Businesses (SUB), 2023.

Among firms that are employers, 43% are organized as S-corporations and 24% as C-corporations. According to the U.S. Census, Non-employer Statistics, there are 140,015 non-employer businesses in the state. Roughly 90% of these are organized as Individual proprietorships. In total, there are 184,850 employer and non-employer firms, 76% of these are non-employers and 24% are employers.

Figure 8. NM Employer and Non-employer Statistics, 2023

	Establishments	Employment	Annual payroll (\$1,000's)
<b>Employer firms</b>	<b>44,835</b>	<b>641,207</b>	<b>33,810,261</b>
C-corporations*	10,637	252,787	14,110,162
S-corporations	19,266	193,032	9,151,907
Individual proprietorships	5,079	30,884	1,067,736
Partnerships	5,823	91,483	5,482,811
Non-profit	3,940	68,025	3,633,489
Other**	90	4,996	364,156
	Establishments	Employment	Annual sales (\$1,000's)***
<b>Non employer firms</b>	<b>140,015</b>	-	<b>6,975,829</b>
C-corporations*	973	-	123,153
S-corporations	3,955	-	591,986
Individual proprietorships	125,112	-	4,781,668
Partnerships	9,975	-	1,479,022
<b>Employer + non employer estabs:</b>	<b>184,850</b>		
<b>Pct.% of estabs that are employers:</b>	<b>24%</b>		

\*C-corporations and other corporate legal forms of organization.

\*\*Other noncorporate legal forms of organization.

\*\*\*Sales, value of shipments, or revenue.

Note: excludes government.

Sources: U.S. Census, County Business Patterns (CBP); U.S. Census, Non-employer Statistics (NES).

## 1.2. Access to Affordable Capital, Credit Scarcity for Small Businesses

The main sources for data on access to credit suggests that the inability to access credit for vital segments of the small business population in the U.S. persists. The Federal Reserve Bank System completes an annual Small Business Credit Survey that samples small firms with less than 500 employees in the U.S. According to the most current survey for employer small businesses, nearly half of loan applicants (46%) only received some (0-50%) of financing sought. Of these respondents, roughly 1 in 4 (24%) loan applicants were denied completely.

The denial rate was even higher for certain types of loans, including Business loans (32% denial rate) and SBA loans or line of credit (45%). Additionally, Persons of Color experienced lower approval rates relative to White business owners (56%) with Black business owners experiencing an approval rate of 35%; the approval rate for Asians is

38% and 39% for Hispanics.<sup>6</sup> Most businesses failing to receive approval (56%) did not seek other type of funding.<sup>7</sup>

According to the current Small Business Credit Survey, non-employers and startups experience higher denial rates. The Startup denial rate is 46% for non-employers, compared to 34% for Startup employers. The denial rate is 35% for older non-employer firms that have existed for several years.<sup>8</sup>

The National Small Business Association (NSBA) surveys and reports show similar results. According to the most recent NSBA survey data, 23% of businesses report that they were denied for financing in last 2 years, and 40% of businesses report that they are not able to obtain adequate financing.<sup>9</sup>

### **1.3. SBIC Portfolio Overview**

In addition to adding several new partnerships with lenders, the SBIC has evolved considerably since the publication of our last report in 2017. Perhaps the most significant development for the Corporation is the marked expansion in assets, increasing from approximately \$40 million in 2019 to nearly \$160 million by 2024. The Corporation has continued to wind down its legacy equity portfolio with no new commitments made or management fees paid in recent years. The SBIC is now 100% focused on providing access to loan capital to New Mexico businesses.

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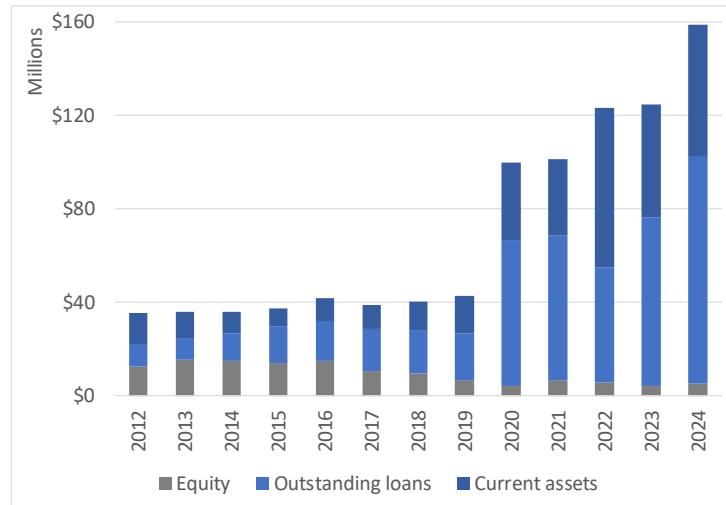
<sup>6</sup> Survey respondents report that primary reasons for seeking a loan are to: meet operating expenses (56%); expand business, pursue new opportunity, or acquire business assets (46%); make repairs or replace capital assets (27%); refinance or pay down debt (27%).

<sup>7</sup> Fed Small Business, 2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey.

<sup>8</sup> Fed Small Business, 2023 Report on Non-employer Firms, May 2023.

<sup>9</sup> National Small Business Association, Small Business Economic Report, May 2025. National Small Business Lending & Banking Security Poll, March 30, 2023.

Figure 9. Assets by Type (BAR), 2023-2024



Source: SBIC Annual Financial Statements

Figure 10. Assets by Type (TABLE), 2023-2024

Asset Type	2023	Wt.	2024	Wt.	Change	Pct. % Change
Outstanding loans	\$72,594,537	58%	\$97,193,828	61%	\$24,599,291	34%
Equity	\$4,025,161	3%	\$5,046,103	3%	\$1,020,942	25%
Current assets	\$48,363,038	39%	\$56,847,704	36%	\$8,484,666	18%
NMSIC	\$9,547,232	8%	\$10,093,191	6%	\$545,959	6%
STO-LGIP	\$19,341,782	15%	\$29,511,403	19%	\$10,169,621	53%
Other	\$19,474,024	16%	\$17,243,110	11%	-\$2,230,914	-11%
<b>TOTAL</b>	<b>\$124,982,736</b>		<b>\$159,087,635</b>		<b>\$34,104,899</b>	<b>27%</b>

Source: SBIC Annual Financial Statements.

The self-reported data provided by SBIC lending partners shows a pivot to lending with larger firms. In the previous study, most of the SBIC loans were made to businesses that were non-employers and businesses with less than 5 employees. Since the last study, the Corporation's portfolio has evolved considerably, with lenders completing loans for more complex projects and purposes. In the previous study period (2011-2015), businesses with 5 employees or less received 92% of loans. In the current study (2023-2024), businesses with 5 employees or less account for 50% of loans. Although all borrowers are small businesses, as defined by the SBA,<sup>10</sup> the current mix of SBIC lenders has

<sup>10</sup> Using the Small Business Administration's threshold of less than 500 employees.

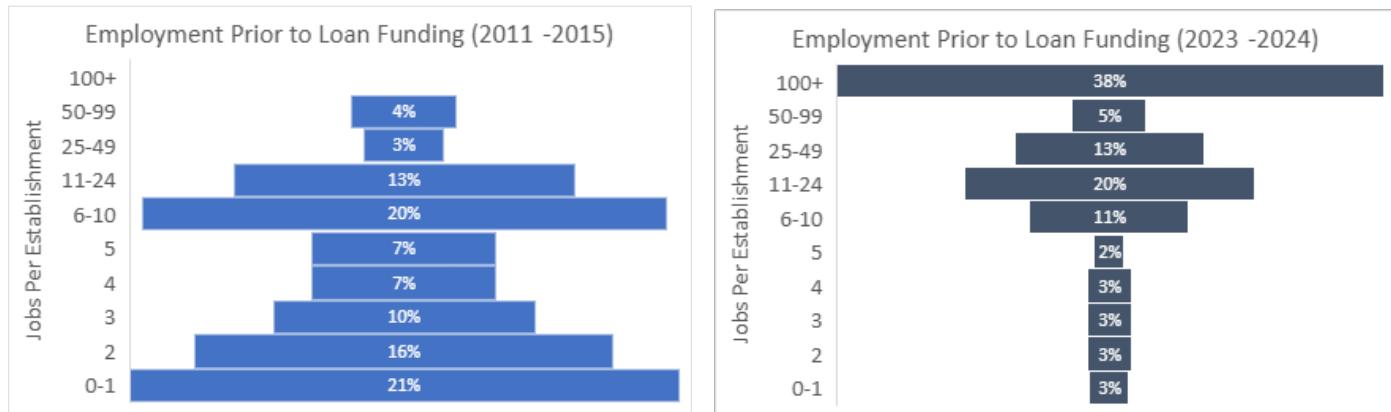
resulted in a rotation towards commercial real estate development and operation, developers engaged in providing affordable housing for New Mexicans, nonprofits, and charter schools.

*Figure 11. SBIC Borrower Firm Size and Employment Levels (Self-Reported), 2011-2015 and 2023-2024*

Firms		Employment prior to loan				New employment			
		11-'15	Pct.%	23-'24	Pct.%	'11-'15	Pct.%	23-'24	Pct.%
0	131	9%		67	-	0	-	-	-
1	788	52%		62	21%	1	21%	62	2.6%
2	259	17%		33	11%	2	16%	66	2.7%
3	109	7%		21	7%	3	10%	63	2.6%
4	57	4%		18	6%	4	7%	72	3.0%
5	44	3%		9	3%	5	7%	45	1.9%
≤5	1,388	92%		210	49%	≤5	61%	308	13%
>5	115	8%		83	51%	>5	39%	2,106	87%
Total	1,503			293		Total	3,179	2,414	
									Total
									987
									723

Source: SBIC Lending Partner Reporting.

*Figure 12. SBIC Borrower Firm Size as Measured by Employment (Self-Reported),*



Source: SBIC Lending Partner Reporting.

The average loan size increased from \$24,512 in the previous study (2011-2015) to \$277,797 in the current period (2023-2024). Similarly, the median loan size moved up from \$6,404 to \$62,293. Between 2011 and 2015, most of the loans made (77%) were for under \$15,000. In the current period, nearly half (45%) of loans were for \$100,000 or more.

Figure 13. *Loan Size by \$ Dollar Amount and Weight, 2023-2024*

Loan Size	2023-2024		2011-2015	
	No. Loans	Pct.%	No. Loans	Pct.%
<\$5000	28	10%	645	41%
\$5,000-\$14,999	52	18%	550	35%
\$15,000-\$24,999	32	11%	111	7%
\$25,000-\$34,999	10	3%	65	4%
\$35,000-\$44,999	8	3%	27	2%
\$45,000-\$99,999	30	10%	86	6%
≥\$100,000	133	45%	73	5%
Mean	\$ 277,797		Mean	\$ 24,512
Median	\$ 62,293		Median	\$ 6,404
Minimum	\$ 150		Minimum	\$ 200
Maximum	\$ 6,800,000		Maximum	\$ 5,000,000

Source: SBIC Lending Partner Reporting.

The average (11.0%) and median (8.4%) interest rates for the current study period are lower than the previous study, which were 14.6% (mean) and 13.5% (median). The \$-dollar weighted rates are 6.21% (2023-2024) and 9.65% (2011-2015). Notably, the U.S. Prime Rate has risen several points since the study was last completed. One factor for the lower rates larger loans, better borrower credit ratings, and more collateral. Specifically, the \$-dollar weighted maturity is approximately 8.3 years compared to 2 years in the previous study. These factors also represent a shift in the nature and the quality of loans.

Figure 14. Interest Rates Offered, 2011-2015 and 2023-2024

Rate	2023-2024		2011-2015	
	No. Loans	Pct. %	No. Loans	Pct. %
0%	11	3.8%	0	0.0%
<7%	138	47.1%	51	3.3%
7-9.49%	19	6.5%	183	11.7%
9.5-11.99%	27	9.2%	269	17.2%
12-14.49%	9	3.1%	306	19.6%
14.5-16.9%	13	4.4%	222	14.2%
17-19.49%	14	4.8%	235	15.0%
19.5-21.9%	17	5.8%	296	19.0%
22%-24.9%	23	7.8%	0	0.0%
25%-31%	22	7.5%	0	0.0%
<b>Total</b>	<b>293</b>		<b>1,562</b>	
Mean	11.0%		Mean	14.6%
Median	8.4%		Median	13.5%
Minimum	0.0%		Minimum	1.0%
Maximum	30.7%		Maximum	22.0%
<b>\$ Wtd. rate:</b>	<b>6.21%</b>		<b>\$ Wtd. rate:</b>	<b>9.65%</b>

Source: SBIC Lending Partner Reporting.

In the last five years the Corporation has moved to partner with lenders that can swiftly deploy SBIC capital. As already mentioned, the result is larger loans to larger firms, as measured by revenues, assets and employment. Among these new partnerships are Ventana Fund, RBC (SBA pooled loans), Clearinghouse CDFI, and Homewise. These four new partners account for nearly two-thirds (63.7%) of the Corporation's committed capital. The average loan size for these partners is just over \$700,000.

Ventana Fund has quickly emerged as the SBIC's second largest lending partner, as measured by total funding commitments. Organized and founded in 2014 as a nonprofit CDFI, Ventana Fund relies on grants from sources, including the U.S. Treasury CDFI program funds, Housing New Mexico/MFA operating grants, and a low cost line of credit from the SBIC. Ventana Fund seeks to provide financing for the creation and preservation of multi-family "affordable housing in low-income neighborhoods, underserved by traditional financial institutions." This is achieved by pursuing the

objectives of providing low interest rate loans to developers and by restricting loans to developments that offer below market rental rates.<sup>11</sup>

Ventana Fund originated 33 loans totaling over \$28 million to acquire and renovate 468 apartments in the period from 2023 to 2024. Ventana Fund provides funding for improvements and upgrades to existing multi-family apartments, making them more comfortable and habitable for low income families in New Mexico. These properties are rented at 80%, or lower, of the Area Median Income (AMI). BBER estimates the effective AMI portfolio wide for Ventana Fund could actually be nearly 60%. Ventana Fund has also used SBIC funds to finance the new construction of two low income housing developments, leveraging federal Low Income Housing Tax Credits (LIHTC) granted through Housing New Mexico/NMMFA, resulting in the addition of 67 units to the housing stock that are rented at 50% of AMI for qualifying families. The average loan size for this fund is \$725,000.

Clearinghouse CDFI (CCDFI) has quickly become the Corporation's 4<sup>th</sup> largest lender since partnering with the SBIC in 2022. CCDFI seeks to lend to economic development oriented opportunities for low-income residents by targeting affordable housing, community facilities, commercial real estate, and small businesses. In New Mexico, Clearinghouse CDFI has originated loans that have supported commercial real estate developments responsible for the refurbishment as well as new construction of 92 apartments and hotel rooms. Other CCDFI loans have financed new construction for a day care, a charter school, and a mixed-use old motel conversion. In total, CCDFI loans have supported nearly 49,000 square feet in commercial real estate deals. The average CCDFI loan size for the study period is \$2.99 million.

The SBIC's third largest lender, as measured by committed capital, RBC Global Assets Management (RBC GAM) provides customized Impact Investing portfolio management services to clients seeking to make investments that reduce inequalities and also have a measurable, transparent positive social impact in targeted geographies. The RBC GAM allocation differs from traditional CDFIs in that they act as an intermediary, purchasing whole loans, pooling and securitizing these assets and selling to investors like the SBIC. Importantly, all RBC GAM assets are Small Business Administration (SBA) loans to New Mexico businesses. The average loan size for RBC GAM is \$308,000.

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<sup>11</sup> <https://www.ventanafund.org/>

Homewise is known for its affordable housing activities, however, they also participate in the commercial real estate lending market segment, including loans for small businesses, non-profits, and charter schools. The Homewise average loan size is \$484,500.

*Figure 15. Loan Partner Commitment by Dollar Amount (\$thousands) and Weight, 2023-2024*

Lending Partner	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Wt.
NMCRLF	11,000	11,000	13,000	13,000	14,000	25,000	27,500	35,000	35,000	37,500	27%
DreamSpring #2	5,750	6,500	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	5%
DreamSpring #3	-	-	-	-	-	30,000	30,000	816	82	23	0%
Wess	375	375	375	375	375	375	375	375	375	375	0%
NMMFA	1,500	1,500	1,500	1,500	2,500	2,500	2,500	2,500	2,500	3,500	2%
Ventana	-	-	-	-	-	5,500	10,500	15,000	15,000	29,000	21%
Homewise	-	-	-	-	-	4,000	4,000	4,000	7,000	16,000	11%
Lift	-	-	-	-	-	3,000	3,000	1,000	1,000	1,000	1%
RCAC	-	-	-	-	-	-	1,000	1,000	1,000	1,000	1%
Clearinghouse	-	-	-	-	-	-	-	5,000	15,000	20,000	14%
RBC SBA Loan Pool	-	-	-	-	-	-	-	-	25,000	25,000	18%
Rio Vista Growth Capital	750	750	750	-	-	-	-	-	-	-	-
Total	19,375	20,125	23,375	22,625	24,625	78,125	86,625	72,441	109,707	141,148	
\$Change		750	3,250	-750	2,000	53,500	8,500	-14,184	37,266	31,441	
Pct.% Change		4%	16%	-3%	9%	217%	11%	-16%	51%	29%	

*Source: SBIC Annual Financial Statements*

## 2. Study Methodology, Data, & Data Sources

This section reviews the data sources and methods employed to complete this study. At a high level, the standard market practice of using self-reported CDFI loan data related to employment, sales, ethnicity and gender persists. Funders continue to use these data to assess and measure loan impacts. This section considers the self-reported data alongside various third-party sources, including national surveys collected by the federal and state governments.

### 2.1. Employment Impacts Using Self-Reported Data

Considering SBIC loan partner self-reported data provides a valuable baseline as well as expectations for new job growth. Businesses receiving SBIC loan funds in the period 2023 to 2024 report that they support 2,414 jobs and expect to create 723 new jobs in connection with loan proceeds. Borrowers report that the sectors in which many of the

jobs are located and are expected to be created are Retail Trade (NAICS sectors 44-45) and Real Estate and Rental Leasing (NAICS 53).

*Figure 16. Existing and New Jobs to be Created as Reported by SBIC Borrower (2-digit NAICS), 2023 and 2024*

NAICS	Sector description	2023		2024		Total	
		Intake	Created	Intake	Created	Intake	Created
11	Agriculture, Forestry, Fishing and Hunting	4	7	10	1	14	8
21	Mining, Quarrying, and Oil and Gas Extraction	2	4	3	2	5	6
23	Construction	52	38	25	10	77	48
31-33	Manufacturing	77	38	83	18	160	56
42	Wholesale Trade	14	10	16	-	30	10
44-45	Retail Trade	102	60	481	12	583	72
48-49	Transportation and Warehousing	6	7	35	8	41	15
51	Information	34	3	9	-	43	3
52	Finance and Insurance	6	2	18	2	24	4
53	Real Estate and Rental and Leasing	406	66	2	105	408	170
54	Professional, Scientific, and Technical Services	17	11	99	4	116	15
56	Admin Support Waste Mgmt Remediation Svcs	28	12	109	64	137	76
61	Educational Services	81	5	7	-	88	5
62	Health Care and Social Assistance	87	38	95	24	182	62
71	Arts, Entertainment, and Recreation	41	16	21	16	62	32
72	Accommodation and Food Services	74	29	182	50	256	79
81	Other Services (except Public Administration)	102	37	81	23	183	60
92	Public Administration	-	-	6	2	6	2
		1,132	382	1,282	341	2,414	723

*Source: SBIC Lending Partner Reporting.*

Borrowers reporting no employment total 67 firms/loans for the period from 2023-2024. For example, RBC GAM did not report jobs to be created and Ventana Fund did not report any employment at intake given that these development projects are structured as special purpose vehicles, which do not employ workers directly. The construction companies engaged to complete the construction jobs do, however, make important contributions to labor, income, and economic impacts. This will be discussed in more detail in the next section.

*Figure 17. Self-Reported Jobs at Intake, to be Created, and Borrowers Reporting No Employment, 2023 and 2024*

	2023	2024	Cum.
Jobs reported at intake	1,132	1,282	2,414
Jobs to be created	382	341	723
Borrowers reporting no employment (intake)	30	37	67

*Source: SBIC Lending Partner Reporting.*

## 2.2. Employment Impacts Using Wage Record Data

BBER is able to supplement the self-reported borrower information with wage record data (DWS database) for firms formally employing workers, i.e., businesses that pay unemployment insurance for employees. We were able to utilize these data by linking employer identifier information provided by SBIC partners with the records contained in the database, which provides wage information for all employees for whom unemployment insurance is paid. Using the wage record database, there were a total of 44 matches.

Businesses for which we found a match in the DWS database are considered formally covered (by unemployment insurance), or formal jobs. Many businesses may hire labor on a contract basis or utilize labor provided by the owner or owner's family, however, these jobs are not covered by unemployment insurance. The following table displays the results for matching employers in the DWS database as well as our estimates for the percentage of the SBIC borrowers that are employers and non-employers. For the period 2023-2024 we estimate that 83% of borrowers were non-employers and 17% formal employers.

*Figure 18. DWS Database Matches and Estimated Employers/Non-employers, 2023 and 2024*

	2023	2024	Total
Number of loans funded	158	135	293
Matches	22	22	44
Non Employers*	125	89	214
% Non employers	85%	80%	83%
% Employers	15%	20%	17%

\*Adjusting for matches, multiple loans, VF.

*Source: SBIC Partner Statements; NM DWS Unemployment Insurance Wage Records; U.S. Census, Non-employer Statistics.*

The following figures display the results of the wage record data in terms of number of jobs and payroll amounts supported by SBIC borrowers by 2-digit NAICS sector.

According to these data, SBIC partners had the largest impact in 2023 with 1,073 jobs supported and payrolls of \$24.8 million. Businesses receiving SBIC loan funds in 2024 accounted for 170 jobs and approximately \$7.5 million in payrolls. Lending to borrowers

like Ventana Fund likely contributed to the lower employment and payroll levels in 2024. NAICS Sector 62 Health Care and Social Assistance accounted for most of the employment. This effect is likely due to increased lending to the nonprofit sector. (Figures 19 and 20)

*Figure 19. Loan Portfolio Jobs for SBIC Employers by 2-Digit NAICS*

Sector	NAICS description	2023	2024	Total
21	Mining, Quarrying, and Oil and Gas Extraction	-	12	12
23	Construction	23	36	59
31-33	Manufacturing	57	19	76
44-45	Retail Trade	8	13	21
48-49	Transportation and Warehousing	-	6	6
51	Information	-	14	14
53	Real Estate and Rental and Leasing	2	1	3
54	Professional, Scientific, and Technical Svcs	10	51.75	62
56	Admin Support Waste Mgmt Remediation Svcs	-	1	1
62	Health Care and Social Assistance	916	14	930
71	Arts, Entertainment, and Recreation	21	-	21
72	Accommodation and Food Services	22	4	26
81	Other Services (except Public Administration)	14	-	14
		1,073	170	1,243

*Source: Department for Workforce Solutions (DWS), Unemployment Insurance, Wage Records.*

*Figure 20. Loan Portfolio Payrolls for SBIC Employers by 2-Digit NAICS*

Sector	NAICS description	2023	2024	Total
21	Mining, Quarrying, and Oil and Gas Extraction	-	358,282	358,282
23	Construction	715,015	1,584,758	2,299,773
31-33	Manufacturing	1,960,928	648,154	2,609,082
44-45	Retail Trade	97,763	409,656	507,420
48-49	Transportation and Warehousing	-	191,690	191,690
51	Information	-	724,503	724,503
53	Real Estate and Rental and Leasing	91,072	67,320	158,392
54	Professional, Scientific, and Technical Svcs	669,755	2,058,844	2,728,598
56	Admin Support Waste Mgmt Remediation Svcs	-	24,500	24,500
62	Health Care and Social Assistance	20,350,069	299,516	20,649,585
71	Arts, Entertainment, and Recreation	176,354	-	176,354
72	Accommodation and Food Services	224,867	105,990	330,857
81	Other Services (except Public Administration)	551,579	-	551,579
		24,837,402	6,473,213	31,310,615

*Source: Department for Workforce Solutions (DWS), Unemployment Insurance, Wage Records.*

Employing the same methodology from the previous study, we add non-employer data to the DWS data to arrive at a final employment count. Again, by definition, non-employers do not formally employ workers but may support themselves with the income generated from their business, one method is to count the 214 companies in the loan portfolio not paying unemployment insurance as employing one person (themselves). This method dictates that borrowers with more than one loan within the study period were counted once. Additionally, only the annual employment in the year that a loan was funded was included in the calculation for cumulative jobs.

Using the method of employment from the DWS database combined with our knowledge of the SBIC borrower, we are able to estimate total supported employment of 1,457. This method verifies formal employment using the third-party data source and also counts borrowers unverified as employers (non-employers). The result is roughly 60% of the self-reported 2,414 number.

*Figure 21. DWS Database Matches and Estimated Employers/Non-employers, 2023 and 2024*

	2023	2024	Total
Employment (DWS)	1,073	170	1,243
Nonemployers	125	89	214
<b>Total</b>	<b>1,198</b>	<b>259</b>	<b>1,457</b>

*Source: SBIC Partner Statements; NM DWS Unemployment Insurance Wage Records.*

Although incorporating wage record data with the market standard method of using self-reported data for determining employment impacts helps to illuminate self-reported data, without verification or documentation, it is difficult to attribute 100% of the employment and payroll of borrowers to loan fundings.

In the previous study, researchers were able to complete an additional test, which sought to measure the incremental change in jobs that may have occurred after loan fundings. This result showed a positive increase in employment. However, in the current study period, employment showed a decrease of -78 jobs for loans funded in 2023 and was essentially flat (2 jobs) for loans funded in 2024. These incremental changes bring the cumulative total to 1,381, or 57% of the self-reported jobs supported number (at intake). These findings suggest that there were greater factors outweighing the impact of loan fundings that influenced employment levels during the study period.

*Figure 22. Employment Using DWS Jobs Supported, Non-employers, Incremental Change, 2023 and 2024*

	2023	2024	Total
Employment (DWS)	1,073	170	1,243
Nonemployers	125	89	214
Incremental change	(78)	2	(76)
Total	1,120	261	1,381

*Source: SBIC Partner Statements; NM DWS Unemployment Insurance Wage Records.*

### 2.3. Sector-Based Input-Output Model (IMPLAN)

In the following analysis, BBER uses IMPLAN input-output analysis (I-O) modeling software to measure the indirect and induced economic impacts of SBIC's lending program to the state economy. In the previous study we assumed that borrowers would not have been able to secure a loan absent NMSBIC funding.

Literature and the borrower survey BBER administered supported this assumption. Although recent strategy and lender selection has resulted in larger loan sizes, current literature and the nature of many of these loans suggest that most of these projects would still have difficulty securing financing.<sup>12</sup> This is particularly the case with housing development opportunities, affordable in nature, that likely would not qualify without governmental programs aimed at alleviating inequality and access to affordable housing. Therefore, we think it reasonable to continue to apply the assumption in the current study that borrowers would not be able to obtain a business or commercial loan

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<sup>12</sup> In the 2017 study, BBER designed and implemented a borrower survey in order to collect employment, sales, and loan use data for input purposes for the IMPLAN model. Microfinance and CDFI lenders are typically understood to provide loans to small and microbusinesses that are unable to access credit otherwise. BBER sought to test this assumption by employing a survey administered to businesses borrowing from SBIC partners. One key finding was that 73% of borrowers indicated that they would have had difficulty qualifying for a commercial loan absent SBIC supported lending. Part of the survey also sought to assess borrower attitudes toward the financial necessity of the loan to the businesses ongoing operations, reasons for choosing to borrow from one of the CDFIs, as well as the competitiveness of the rates offered and the ease of applying and qualifying for the loan. Remaining questions sought to assess the quality of employment as measured by whether additional benefits (health care, paid leave, retirement) are offered, and firm longevity.

otherwise. Additionally, we apply the assumption that SBIC lending activities are responsible for all impacts associated with SBIC funded loans.

Economic contribution and impact analyses are accomplished in three main steps. First, the businesses supported by SBIC loan investments are defined in terms of standard industrial classification methods. Specifically, the North American Industrial Classification System (NAICS) industrial sector definitions are used. Second, NMSBIC funded loans supporting additional direct impacts of the businesses are tabulated. These activities are measured by employment, labor income and the value of the output of the businesses. Finally, the impact analysis estimates the indirect and induced impacts of the SBIC-supported businesses in other sectors of the economy. This captures what is commonly known as the multiplier effects.

#### **2.4. Economic Impact Estimation Method**

The combined effects of the SBIC's supported businesses on the state economy are greater than the sum of these businesses' total spending on employee compensation, goods and services, and capital improvement projects. This is because money spent by these businesses on salaries and goods and services is spent again by their employees and vendors. The following calculations were implemented to estimate the direct economic contribution from SBIC supported businesses on the state economy.

*Direct Impact = (% In-State Expenditures) X (Total Expenditures)*

The above equation indicates that direct contributions are created when funds flow and then cycled within the state economy. The input-output multipliers were computed using IMPLAN, which is an industry standard software program used to conduct economic impact analysis. These multipliers are then used to estimate the impacts on the New Mexico economy. IMPLAN uses a variety of data sources to estimate the total economic impacts, where the total economic impact is comprised of the sum of direct, indirect, and induced impacts.

Direct impacts refer to immediate economic impacts generated by initial expenditures by the SBIC supported businesses, such as spending on employee compensation, goods and services, and capital projects. Indirect impacts result from secondary spending by New Mexico companies that provide goods and services to SBIC supported businesses. Induced impacts stem from spending by employees on goods and services for personal consumption for items such as for housing, food, clothing or childcare. Full definitions

for common terms used in this report, such as direct, indirect, and induced impacts, employment, compensation, multipliers, and output are shown in Appendix 1.

## 2.5. Loan Program Data & Inputs

The principal sources of data utilized in this study are data collected by SBIC lending partners, publicly available data, and data sources readily available to BBER. Lenders provided crucial data required for inputs in the IMPLAN model. These were, generally, date of funding, loan amount, and the purpose/use of the loan. Importantly, the key to using IMPLAN modeling for estimating economic impacts is the loan use for which SBIC funding was provided.

In contrast to the previous study, lending partners were able to provide guidance on how the loans were used for the current study period. The three primary classifications are: 1) Business Operations; 2) Machinery, Fixtures, Furniture & Equipment (FF&E); 3) Construction. For additional analytical purposes, researchers have grouped the portfolio into the following loan/borrower types. Loans by type using these expanded loan classification types are summarized in the following table. Importantly, nearly a third of these loans were for construction projects (30%) and 40% of loans were used for real estate acquisitions.

*Figure 23. Loans by Use (\$Amount and Percent%), 2023 and 2024*

Loan Type	2023	Pct.%	2024	Pct.%	Total	Pct.%
Business Operations	2,807,657	6%	7,575,600	18%	10,383,257	12%
Furniture, Fixtures & Equipment	604,326	1%	3,038,757	7%	3,643,083	4%
Construction	14,550,031	33%	10,764,345	26%	25,314,376	30%
Real Estate Acquisitions	18,191,093	41%	16,093,513	39%	34,284,606	40%
Business Acquisitions	3,267,947	7%	432,400	1%	3,700,347	4%
Refinances/Consolidation	1,943,338	4%	1,541,949	4%	3,485,287	4%
RE Transaction Costs	2,510,994	6%	2,129,872	5%	4,640,866	5%

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025;  
SBIC Partner Statements.*

Additional assumptions for the sector-based input-output analysis follow. Business operating related jobs created are cumulative, that is to say, jobs created in 2023 will be continued in 2024 and subsequent years. Typically, one-time construction projects, fees, interest, and principal payments do not impact subsequent years' jobs, income or

economic outputs. However, the SBIC has been increasing loan commitments like Ventana Fund who are engaged in multi-family construction, therefore, construction related employment occurring in connection with these projects could simulate reoccurring jobs.

Business and property acquisitions from existing businesses have no impacts other than from fees related to acquisition and closing costs (e.g., legal fees and financing costs). Land acquisitions have no impacts apart from fees related to acquisition and closing costs (e.g., realtor commissions, legal fees, title and financing fees). Legacy equity investments amount to only residual balances, and therefore, do not have any impact on SBIC investment activities and are not evaluated in this analysis.

Loans by 2-digit NAICS sector provides an additional layer to the SBIC lending portfolio. The following table presents the borrowers' industry and the number of loans, loan amounts, and dollar weight funded by sector. The Real Estate and Rental and Leasing (32.3%), Accommodation and Food Services (19.1%), and Educational Services (15.7%) received approximately two-thirds (67.1%) of loan proceeds. Importantly, lenders provided the sector classifications.

*Figure 24. Loans by Loan Amount, Weight, Number of Loans by 2-Digit Sector*

Sector	Sector Description	Loan Amt\$	Weight	No. Loans
11	Agriculture, Forestry, Fishing and Hunting	275,400	0.3%	6
21	Mining, Quarrying, and Oil and Gas Extraction	223,850	0.3%	3
23	Construction	1,240,154	1.5%	17
31-33	Manufacturing	4,251,249	5.2%	31
42	Wholesale Trade	802,542	1.0%	10
44-45	Retail Trade	3,847,464	4.7%	28
48-49	Transportation & Warehousing	1,202,548	1.5%	15
51	Information	880,945	1.1%	7
52	Finance and Insurance	589,290	0.7%	3
53	Real Estate and Rental and Leasing	26,251,254	32.3%	42
54	Professional, Scientific, and Technical Svcs	2,264,582	2.8%	18
56	Admin, Support, and Waste Mgmt and Remed Svcs	303,558	0.4%	8
61	Educational Services	12,768,158	15.7%	7
62	Health Care and Social Assistance	4,150,834	5.1%	22
71	Arts, Entertainment, and Recreation	1,354,050	1.7%	7
72	Accommodation and Food Services	15,556,365	19.1%	37
81	Other Services (except Public Administration)	5,432,102	6.7%	31
92	Public Administration	150	0.0%	1
TOTAL		81,394,495		293

*Source: SBIC Partner Statements.*

## 2.6. Other Data Sources

The data used throughout the report are the most recent available from the selected sources. The Non-employer Statistics from the US Census are as of 2022. The Quarterly Census of Employment and Wages from the NM Department for Workforce Solutions data are as of the first quarter of 2025. Economic Census data used in this report are from 2022. American Community Survey is the five-year estimate for years 2021-2025. Dates used in other parts of the report vary according to the sources and are noted in each case.

## 3. Impact Results

This section considers the employment, labor income, output, and fiscal impacts developed using the IMPLAN model. The review of self-reported and wage record data (DWS) in the previous section help to inform our analysis; however, the IMPLAN estimates are the primary inputs that are synthesized in the program cost and benefit analysis contained in the next section. Although there are no associated impacts with real estate acquisitions, BBER calculated transaction costs. These include broker fees, title and legal fees, and financing costs.

### 3.1. Employment Impacts

The following table presents the fiscal year direct, indirect, and induced employment impacts the SBIC lending activities had on the New Mexico economy. Figure 25 displays impacts related to Business Operations and Furniture, Fixtures, Equipment oriented loans. Figure 26 depicts the employment impacts for the construction related loans made by SBIC lending partners. These estimates include full-time and part-time jobs created. Again, the variation in annual job impacts is attributed to the amount of loan disbursements. The cumulative total employment for Business Operations, FF&E and Construction is nearly 149 and 262, respectively.

*Figure 25. Annual Employment Impacts for Business Operations, Fixtures & Equipment (FFE) Loans, 2023 and 2024.*

Employment	2023	2024	Cumulative
Direct	23	80	104
Indirect & Induced	11	35	45
Total	34	115	149
Multiplier	1.47	1.43	1.44

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025*

*Figure 26. Annual Employment Impacts for Construction Loans, 2023 and 2024*

Employment	2023	2024	Cumulative
Direct	109	70	179
Indirect & Induced	47	35	82
Total	156	106	262
Multiplier	1.4	1.5	1.5

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025.*

The following figure combines the Business Operations, FF&E, and Construction impacts. The direct cumulative effect on employment is 283 and the total jobs is 411. Importantly the multiplier effect of 1.45 suggests that for every 10 jobs created directly, 4.5 additional indirect & induced jobs are added.

*Figure 27. COMBINED Employment Impacts for Business Operations, FF&E, and Construction Loans, 2023 and 2024*

Employment	2023	2024	Cumulative
Direct	132	151	283
Indirect & Induced	58	70	128
Total	190	220	411
Multiplier	1.44	1.46	1.45

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025.*

### 3.2. Labor Income Impacts

Labor income in this case includes payroll and benefits offered to the employees who are directly or indirectly employed by SBIC supported businesses. Figure 28 presents the annual labor income impacts of SBIC supported businesses in New Mexico receiving Business Operation and FF&E related loans. Figure 29 displays the Labor Income impacts for Construction loans. The cumulative Labor Income impacts for Business Operations, FF&E and Construction are nearly \$7.8 million and \$16.1 million, respectively.

*Figure 28. Labor Income Impacts for Business Operations, FF&E Loans, 2023 and 2024*

Labor Income	2023	2024	Cumulative
Direct	\$1,199,062	\$4,216,729	\$5,415,791
Indirect & Induced	\$576,478	\$1,841,089	\$2,417,567
Total	1,775,540	6,057,818	\$7,833,358
Multiplier	1.48	1.44	1.45

*Source: BBER Analysis using IMPLAN  
UNM Bureau of Business and Economic Research, 2025.*

*Figure 29. Labor Income Impacts for Construction Loans, 2023 and 2024*

Labor Income	2023	2024	Cumulative
Direct	\$7,057,323	\$4,477,280	\$11,534,603
Indirect & Induced	2,626,523	1,965,995	\$4,592,518
Total	9,683,846	6,443,275	\$16,127,121
Multiplier	1.37	1.44	1.40

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025.*

Figure 30 displays the combined Labor Income impacts for Business Operations, FF&E, and Construction loans. The cumulative direct effect is \$16,950,394 and the total effect is \$23.96 million. The average multiplier for labor income is 1.41, which indicates that for each \$100,000 in compensation paid by SBIC businesses, an additional \$41,000 in induced & indirect labor income is generated in New Mexico.

*Figure 30. COMBINED Labor Income Impacts for Business Operations, FF&E, Construction Loans, 2023 and 2024*

Labor Income	2023	2024	Cumulative
Direct	\$8,256,385	\$8,694,009	\$16,950,394
Indirect & Induced	\$3,203,001	\$3,807,084	\$7,010,086
Total	\$11,459,386	\$12,501,093	\$23,960,479
Multiplier	1.39	1.44	1.41

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025.*

### 3.3. Output Impacts

The following figures detail the output effect of SBIC loans for Business Operations, FF&E (Figure 31), and Construction (Figure 32) uses. The cumulative total output for Business Operations, FF&E and Construction is \$21.9 million and \$46.2 million, respectively.

*Figure 31. Output Impacts for Business Operations, FF&E Loans, 2023 and 2024*

Output	2023	2024	Cumulative
Direct	\$3,411,983	\$10,614,356	\$14,026,340
Indirect & Induced	\$1,921,119	\$6,018,529	\$7,939,648
Total	5,333,102	16,632,886	\$21,965,988
Multiplier	1.56	1.57	1.57

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025.*

*Figure 32. Output Impacts for Construction Loans, 2023 and 2024*

Output	2023	2024	Cumulative
Direct	\$17,061,025	\$12,888,318	\$29,949,344
Indirect & Induced	9,300,985	6,996,943	\$16,297,928
Total	26,362,010	19,885,262	\$46,247,271
Multiplier	1.55	1.54	1.54

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025.*

The following figure details the combined output in connection with Business Operation, FF&E, and Construction loans. The total outputs are \$31,695,112 for 2023 and \$36,518,148 in 2024. The cumulative total output is \$68.2 million. The multiplier of 1.55 suggests that for every \$1 million in direct output, an additional \$550,000 in indirect and induced output is generated.

*Figure 33. COMBINED Output Impacts for Business Operations, FF&E, Construction Loans, 2023 and 2024*

Output	2023	2024	Cumulative
Direct	\$20,473,008	\$23,502,675	\$43,975,683
Indirect & Induced	\$11,222,103	\$13,015,473	\$24,237,576
Total	\$31,695,112	\$36,518,148	\$68,213,260
Multiplier	1.55	1.55	1.55

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025.*

### 3.4. Fiscal Impacts

This section presents the estimated fiscal impacts. Borrowers receiving SBIC funds make important contributions to the local economy, including contributing critical tax revenues required to provide vital local government services. Unfortunately, BBER was able to collect only limited tax data from lending partners. The average response rate for tax related questions was 8% for 2023 loans and 3% for 2024. Because tax data reporting rates were low, researchers opted to utilize IMPLAN for fiscal impact estimation.

The IMPLAN model uses various collected and reported tax data to estimate fiscal impacts at the national, state, and local levels. Types of taxes include sales, property, income, payroll, as well as special district levies (e.g., schools and fire districts). Sources of data used to complete this analysis, include U.S. Census Bureau's Annual Survey of State and Local Government Finances, Census of Government, Annual Survey of State Government Tax Collections, and the Bureau of Economic Analysis.

The following figures detail the estimated fiscal impacts generated in connection with SBIC funded loans. The cumulative total impacts for Business Operations, FF&E and Construction loans were \$1,528,897 (Figure 34) and \$1,839,185 (Figure 35), respectively. The combined cumulative total impact was \$3,368,082. The 1.9 multiplier suggests that for every \$1 million dollars in direct impacts, an additional \$900,000 in impacts are

generated. These results are incorporated and synthesized in the next section (RIO analysis).

*Figure 34. Business Operations, FF&E Loans, 2023 and 2024*

Business Operations	2023	2024	Cum.
Direct	812,015	248,229	1,060,244
Indirect	130,141	46,682	176,823
Induced	225,681	66,149	291,830
Total	1,167,837	361,060	1,528,897
Multiplier	1.4	1.5	1.4

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025.*

*Figure 35. Construction Loans, 2023 and 2024*

Construction	2023	2024	Cum.
Direct	419,691	320,312	740,003
Indirect	268,599	228,353	496,952
Induced	361,492	240,739	602,230
Total	1,049,781	789,404	1,839,185
Multiplier	2.5	2.5	2.5

*Source: BBER Analysis using IMPLAN  
UNM Bureau of Business and Economic Research, 2025.*

*Figure 36. COMBINED Business Operations, FF&E, and Construction Loans, 2023 and 2024*

BO+C	2023	2024	Cum.
Direct	1,231,705	568,542	1,800,247
Indirect	398,740	275,035	673,775
Induced	587,172	306,887	894,060
Total	2,217,618	1,150,464	3,368,082
Multiplier	1.8	2.0	1.9

*Source: BBER Analysis using IMPLAN  
UNM Bureau of Business and Economic Research, 2025.*

#### 4. Program Costs and Benefits

***Opportunity Cost Calculations, Per Job Costs, LEDA and JTIP Comparisons***

The Corporation requested that BBER develop a methodology for estimating the per job costs of the SBIC activities in New Mexico. The following figures display assets by investment type at the SBIC, the target investment performance for the Severance Tax Permanent Fund (STPF), and the actual returns for the Equity, Loan, and the combined Equity + Loan portfolios for fiscal years 2023 and 2024. These assets provide the basis for estimating dollar amounts for opportunity costs. The rates of return allow us to estimate the opportunity costs of the SBIC program.

*Figure 37. Equity & Loan Program Assets*

	2022	2023	2024
Equity	2,231,223	2,275,605	2,240,338
Loans	49,297,302	72,594,537	97,193,828
Equity + Loans	51,528,525	74,870,142	99,434,166

*Source: UNM Bureau of Business and Economic Research, 2025; SBIC Financial Statements.*

We define the opportunity cost as the potential dollar and rate of return if assets remained under management with the STPF instead of being disbursed to the SBIC. Conservatively, we used the target return for the STPF. The basic calculation for the SBIC's opportunity cost ( $R_{sbic\_opty}$ ) uses the STPF return ( $R_{stpf}$ ) minus the SBIC's return ( $R_{sbic}$ ) multiplied by asset values:

$$R_{sbic\_opty} = R_{stpf} - R_{sbic} \times \text{SBIC's Prior Year Asset Value.}$$

It is worth noting that SBIC loan returns in 2023 and 2024 were lower than historical returns. The NMSBIC PPP and the NMSBIC COVID-19 lending programs were the primary contributors for returns below the SBIC's long-term average. These programs offered preferential interest rates to borrowers impacted by pandemic. Preferential interest rates are being phased out over time and are scheduled to completely wound-down in December 2028.

*Figure 38. SBIC Program Returns*

	2023	2024
STPF	6.75%	6.75%
Equity	-1.63%	-1.67%
Loans	0.61%	1.19%
<u>Equity + Loans</u>	0.5%	1.1%

*Source: UNM Bureau of Business and Economic Research, 2025;  
SBIC Financial Statements.*

The following figure summarizes the steps used and calculations for estimating the opportunity cost of the SBIC program. The dollar value opportunity costs for 2023 and 2024 are \$3.2 million and \$4.2 million, respectively.

*Figure 39. SBIC Opportunity Cost Calculations*

	2023	2024
STPF	6.75%	6.75%
Equity	-1.63%	-1.67%
Loans	0.61%	1.19%
Equity + Loans	0.53%	1.12%
Opportunity Cost(%)	6.22%	5.63%
Dollar Basis (prior year ending value)	51,528,525	74,870,142
<b>SBIC Program Opportunity Cost(\$)</b>	<b>3,203,341</b>	<b>4,215,240</b>

*Source: UNM Bureau of Business and Economic Research, 2025;  
SBIC Financial Statements.*

Next, we apply the dollar value opportunity cost to estimate the per job cost by combining the estimated number of jobs developed using the IMPLAN model with the dollar value of the SBIC opportunity costs. The resultant ratios are \$16,860 and \$19,160 per job for the years 2023 and 2024, respectively.

*Figure 40. SBIC Lending & Equity Program Per Job Cost*

	2023	2024	Cumulative
SBIC Program Opportunity Cost	3,203,341	4,215,240	7,418,581
SBIC Jobs	190	220	411
<b>Per Job Cost</b>	<b>16,860</b>	<b>19,160</b>	<b>18,059</b>

*Source: BBER Analysis using IMPLAN,*

*UNM Bureau of Business and Economic Research, 2025;  
SBIC Financial Statements.*

The Job Training Incentive Program (JTIP) and the Local Economic Development Act (LEDA) per job costs are completed using the same basic formula and applying the STPF target rate of 6.75%. These figures are generated using publicly available reports generated by the NM Economic Development Department (Figures 41 and 42) These results show that the cumulative per job costs for both of these programs are just under \$14,000. Importantly, the majority of the STPF returns are derived from investments located outside of New Mexico.

*Figure 41. JTIP Per Job Costs (Trainees), 2023 and 2024*

	FY23	FY24	Cumulative
Approved budget	16,943,571	27,825,551	44,769,122
Budget + Opportunity Cost	18,087,262	29,703,776	47,791,038
Trainees announced	1,255	2,244	3,499
<b>Cost per job</b>	<b>14,412</b>	<b>13,237</b>	<b>13,658</b>
Average wage	27.08	30.70	-

*Source: NM Economic Development Program Reporting.*

*Figure 42. LEDA Per Job Costs (Jobs Announced), 2023 and 2024*

	FY23	FY24	Cumulative
Approved budget	14,400,000	30,615,000	45,015,000
Budget + Opportunity Cost	15,372,000	32,681,513	48,053,513
Jobs announced	1,092	2,356	3,448
<b>Cost per job</b>	<b>14,077</b>	<b>13,872</b>	<b>13,937</b>
Average weighted annual salary	-	49,791	-
Est. average wage	-	23.94	-

*Source: NM Economic Development Program Reporting.*

Using Labor Income and employment estimates from the IMPLAN modeling we can also calculate the average wages. We estimate annual average hourly wages of \$29.00 (2023) and \$27.32 (2024). These are comparable to the JTIP average hourly wages, which range

from \$23.94 to \$30.70 for these programs as reported by the NM Economic Development Department.<sup>13</sup>

*Figure 43. Average Wages Using Labor Income and Employment Impacts*

	2023	2024	Cumulative
Labor Income	11,459,386	12,501,093	23,960,479
SBIC Jobs	190	220	411
Average wage	29.00	27.32	28.03

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025.*

#### **Per Job Costs Net of Fiscal Impacts**

Researchers ran an additional analysis that considers fiscal impacts when calculating the per job costs. This method results in a lower ratio of \$5,188 and \$13,931 in 2023 and 2024, respectively. The cumulative ratio for the years 2023 and 2024 is \$9,879. In addition, SBIC lending contributed 190 jobs and 220 jobs in 2023 and 2024, respectively. The cumulative jobs impact was 411. Finally, SBIC investment activities also resulted in the renovation and construction of affordable multi-family housing in the state with 181 units completed in fiscal year 2023, another 379 units in 2024, and a cumulative total of 560. (Figure 44)

*Figure 44. SBIC Lending & Equity Program Per Job Cost, Output*

	2023	2024	Cumulative
SBIC Program Opportunity Cost	3,203,341	4,215,240	7,418,581
Fiscal Impacts	2,217,618	1,150,464	3,368,082
Opportunity Cost Net of Fiscal Impacts	985,724	3,064,775	4,050,499
SBIC Jobs	190	220	411
<b>Per Job Cost</b>	<b>5,188</b>	<b>13,931</b>	<b>9,860</b>
Housing Units Renovated	181	312	493
Units Added to Housing Stock	-	67	67
<b>Total Housing Units</b>	<b>181</b>	<b>379</b>	<b>560</b>

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025;  
SBIC Financial Statements.*

<sup>13</sup> <https://edd.newmexico.gov/wp-content/uploads/2024/07/JTIP-FY24-Awarded-companies.pdf>;  
<https://edd.newmexico.gov/community-development/local-economic-development-act/program-results/>.

### Alternative Analysis for Total Assets: Output + Employment + Housing

Researchers completed an additional analysis, that was not included in the previous study, that takes into account the total estimated output, employment and fiscal impacts of the SBIC's lending activities as well as the housing impacts. Total assets were used for this analysis. This includes invested capital as well as assets not yet committed, including assets held in short-term investments at the NM State Treasurer's Office and the NM State Investment Office. These calculations are net of all fund management expenses,<sup>14</sup> returned capital in the form of distributions to the STPF, and opportunity costs. This analysis shows that the SBIC investment activities contributed cumulatively \$55.3 million to the local economy, 411 jobs, and 560 housing units renovated and newly constructed. (Figure 46)

*Figure 45. Opportunity Cost for All SBIC Assets: Equity, Loans, Other Investments*

	2023	2024
Total Assets	123,837,033	156,937,680
Average Assets	122,045,154	140,387,357
Distributions	1,725,798	3,142,669
Return	1.4%	2.24%
Opportunity Cost (%)	5.3%	4.5%
Opportunity Cost (\$)	6,512,250	6,333,478

*Figure 46. Opportunity Cost for All SBIC Assets: Equity, Loans, Other Investments*

	2023	2024	Cumulative
Output	31,695,112	36,518,148	68,213,260
Opportunity Cost (OC)	6,512,250	6,333,478	12,845,727
Output Net of Opportunity Costs	25,182,862	30,184,670	55,367,532
SBIC Jobs	190	220	411
Housing Units Renovated	181	312	493
Units Added to Housing Stock	-	67	67
<i>Total Housing Units</i>	<i>181</i>	<i>379</i>	<i>560</i>

*Source: BBER Analysis using IMPLAN,  
UNM Bureau of Business and Economic Research, 2025.*

<sup>14</sup> SBIC estimates total overhead expenses of \$364,259 in 2023 and \$378,003 in 2024.

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## Glossary

**Community Development Financial Institution (CDFI):** CDFIs focus on the economic development of low-income areas and/or underserved market niches.

**Contribution Analysis:** A gross change in a region's existing economy that can be attributed to a given industry, event, or policy.

**Direct Impacts:** The initial, immediate economic impacts generated by SBIC supported businesses' loans or equity funds.

**Employee Compensation:** The sum of wage and salary income, benefits, and other non-cash compensation.

**Employment:** The estimated number of full-time and part-time jobs directly and indirectly supported by SBIC supported businesses.

**Fiscal Impacts:** tax revenues generated for different levels of government (federal, state, county, city, and special districts) as a result of economic activity. Tax types include income, sales, property. Special districts include school districts, fire districts, TIDDs, etc.

**Full-Time Equivalent (FTE):** Full-time equivalent employment is the number of full-time equivalent jobs, defined as total hours worked divided by average annual hours worked in full-time jobs.

**Indirect Impacts:** The economic impact resulting from spending by New Mexico companies (contractors) from which SBIC supported businesses buy goods and services. This spending creates a demand for the goods and services of local companies, which must then subsequently purchase their own goods and services to produce their product. The sum total of these iterative purchases is termed indirect impacts.

**Induced Impacts:** The economic impact resulting from SBIC supported businesses' employees spending a portion of their salary on goods and services for personal consumption, e.g., housing, food, clothing, or childcare. This spending induces additional employment in many sectors of the economy, such as jobs at the local grocery store.

**Impact Analysis:** A net change in a region's existing economy that can be attributed to a given industry, event, or policy, which brings new revenues into the region that would otherwise not occur in the region; or which keeps revenues in the region that would otherwise be lost to the region.

**Input-Output (I-O) Analysis:** A type of applied economic analysis that tracks the interdependence among various producing and consuming sectors of an economy. More

particularly, it measures the relationship between a given set of demands for final goods and services and the inputs required to satisfy those demands.

**Jobs:** An Industry-specific mix of full-time, part-time, and seasonal employment. An annual average that accounts for seasonality and follows the same definition used by the BLS and BEA. In IMPLAN, Employment is not equal to full time equivalents.

**Labor Income:** Employee compensation (wage and salary income including benefits) plus proprietors' income (self-employed income).

**Microbusiness:** A small informal business/enterprise employing less than 5 people and sometimes based out of a home.

**Microlending:** Financing up to \$50,000 targeted towards small businesses with less than 5 employees.

**Multipliers:** An economic multiplier measures the total change in the number of jobs/income/output resulting from an initial change in job/income/output of an industry/company being studied.

**North American Industry Classification System (NAICS):** A system of industrial classification developed and used by the U.S., Canada, and Mexico for grouping establishments by similarity of production process.

**Output:** The total market value of goods and services that go to final and intermediate consumption. In this case, it is the total economic activity resulting from SBIC supported business operations in the State. It is also a measure of the state's domestic product created as a result of SBIC supported business operations activities.

**Opportunity Cost:** The benefit that is lost when one choice is made over another.

**Proprietor Income:** The current-production income of sole proprietorships, partnerships, and tax-exempt cooperatives. Excludes dividends, monetary interest received by nonfinancial business, and rental income received by persons not primarily engaged in the real estate business.

**Proprietors:** Proprietors include sole proprietors, partners, and members of tax-exempt cooperatives.

**Revolving Loans:** Flexible financing that allows borrowers to withdraw, repay, and withdraw again.

**Small Business Administration (SBA):** Cabinet-level federal agency dedicated to being a useful resource for U.S. small businesses, including providing capital, counseling, and contracting experience to entrepreneurs.

**Supply Chain:** The chain of Intermediate Input purchases, or backward linkages, that are included in an industry's spending pattern and the spending patterns of its supplier, and so on.

**Total Compensation:** The total monetary and non-monetary benefits employees receive from their employers (wages, bonuses, 'perks', etc.).

## **Appendix 1. Lending Partner Capsules**

### **The Loan Fund (TLF)**

The Loan Fund is a nonprofit CDFI organization that was founded in 1989 to help curb poverty in New Mexico. Loan sizes typically range from \$5,000 to \$1 million dollars. TLF aims to help underserved businesses and nonprofits, and reports that most of its borrowers would not be able to receive a loan from other banks or other financial institutions. TLF estimates that its lending activities support approximately 1,300 jobs in New Mexico.<sup>15</sup>

### **Dream Spring**

Dream Spring is a nonprofit CDFI and SBA lender that has been in operation since 1994. The organization provides access to capital and wrap-around support services to vulnerable small businesses. Headquartered in Albuquerque, Dream Spring lending activities spans 27 states. Dream Spring estimates that U.S. lending activities and technical assistance services have helped 34,000 small businesses access resources and thrive. In their 2023 Annual Impact Report, it is reported that Dream Spring helped 9,000 businesses, retained or created 3,400 jobs, provided 1,500 loans, and used 92% of their expenses on program services.<sup>16</sup>

### **Homewise**

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<sup>15</sup> <https://loanfund.org/about-the-loan-fund/history/>.

<sup>16</sup> <https://www.dreamspring.org/about>.

Homewise seeks to help New Mexicans achieve improved quality of life, long-term financial stability and economic success through their homeownership and personal finance programs. Their philosophy is that homeownership is supportive of higher quality of life and stable, healthy communities. Programming helps clients learn and maintain healthy personal finance habits. Educational offerings include classes on the following topics: homebuyer education, financial fitness, and ongoing homeownership resources and support. Homewise also helps to facilitate home sales for borrowers and offers additional financial products, including home improvement and refinance loans.<sup>17</sup>

### **WESST**

WESST, or the Women's Economic Self-Sufficiency Team, assists women starting new businesses and those that wish to improve their existing businesses. WESST seeks to promote financial empowerment, job creation, and successful and sustainable business models. Founded in 1989, WESST's program offerings include: business consulting, training, incubation, and access to capital. Entrepreneurs and businesses owners need not qualify and/or achieve specific prerequisites in order to access services. Assistance and services are available in English and Spanish.

### **B:Side**

B:Side Capital and its wholly owned subsidiary B:Side Fund have been assisting small businesses with economic development efforts, helping them to thrive since the non-

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<sup>17</sup> <https://homewise.org/about-us/>.

profit lender's founding in 1990 by providing access to responsible capital. B:Side Fund's lending activities have resulted in the underwriting and funding of 5,100 small business loans for Colorado, Utah, Arizona, and New Mexico. B:Side estimates that their activities have added approximately \$6.5 billion to the regional economy and have created over 45,000 jobs.<sup>18</sup>

### **LiftFund**

LiftFund is a nonprofit community lender that provides small business loans nationally for commercial real estate, equipment, inventory, leasehold improvements, supplies, vehicles, and working capital. LiftFund considers and works with entrepreneurs, regardless of inexperience or limited credit, often helping borrowers and potential borrowers to improve their credit and finances.<sup>19</sup>

### **RCAC**

The Rural Community Assistance Corporation (RCAC) is a nonprofit organization that provides economic and community development support to rural and indigenous communities with populations under 50,000. Services include help with infrastructure (water, solid waste facilities, etc.), affordable housing development, and disaster recovery and planning. RCAC serves 13 western states, including New Mexico and Pacific Island communities.<sup>20</sup>

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<sup>18</sup> <https://www.bsidedcapital.org/>.

<sup>19</sup> <https://www.liftfund.com/funding-options/>.

<sup>20</sup> <https://www.rcac.org/lending/small-business-loans/>.

### **Ventana Fund**

Ventana Fund seeks to help the low-income population of New Mexico by providing below market rate financing for affordable housing developers. Loans include early-stage developments and renovation and rehabilitation projects. Projects and developers typically qualify for financing by offering below market rental rates. The maximum loan amount is \$1.5 million.<sup>21</sup>

### **Clearinghouse CDFI**

Since 1996, Clearinghouse CDFI has been providing economic development opportunities for low-income residents nationwide by providing financing for affordable housing, community facilities, commercial real estate, and small business loan purposes. Qualifying criteria is not predetermined, rather, applications are considered and reviewed on a case-by-case basis. Clearinghouse CDFI lends to communities throughout the U.S. and in Indian Country.<sup>22</sup>

### **Housing New Mexico (formerly known as the MFA)**

Housing New Mexico is a quasi-governmental entity created by the New Mexico Legislature in 1975 that provides financing for new construction and the renovation of affordable housing for low to moderate income families. Housing New Mexico also offers first-time homebuyer programs by providing affordable loan options, and creates

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<sup>21</sup> <https://www.ventanafund.org/about/>.

<sup>22</sup> <https://www.clearinghousecdfi.com/borrowing/community-loans/>.

supportive housing, that is housing that includes access to services that promote stable living, such as job training, mental health services, and substance abuse programs. Loan funds are raised from individual investors, by issuing housing bonds, from tax credit programs, and through state agency funding.<sup>23</sup>

#### **RBC Global Asset Management (GAM)**

RBC GAM is the asset management division of the Royal Bank of Canada that specializes in fixed income, equities, alternative investments, mutual funds, ETFs, and portfolio solutions. They have a 25-year track record in impact investing that offers highly customizable portfolio construction solutions, including BIPOC thematic targeting. RBC GAM's impact investing activities seeks to reduce inequalities through investments while focusing on salable market-based opportunities that offer measurable, transparent social impacts.

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<sup>23</sup> <https://housingnm.org/about-us/financials>;  
[https://housingnm.org/uploads/documents/Programs\\_Brochure\\_Oct2024.pdf](https://housingnm.org/uploads/documents/Programs_Brochure_Oct2024.pdf).