KEY ECONOMIC DEVELOPMENT CHALLENGES

INVENTORY OF CHALLENGES

The purpose of this report is to discuss the challenges the Northwest New Mexico region faces in planning a regional economic development strategy. The research for this report began with an inventory of challenges produced by combing through the content of the CEDS 2021 and pulling out from any of the sections any language and/or items mentioned or listed as weaknesses, threats, or challenges.

This exercise produced a list of 122 referenced challenges with some underlying patterns that revealed a set of themes:

- Limited Job Market, 25% of references (30 of 122)
- Education and Training Deficits, 17% of references (21 of 122)
- Infrastructure Deficits, 14% of references (17 of 122)
- Poverty, 11% of references (14 of 122)
- Lack of Collaboration, 11% of references (13 of 122)
- Changing Demographics, 9% of references (11 of 122)
- Jurisdictional Complexities, 8% of references (10 of 122)
- Poor Quality of life, 5% of references (6 of 122)

Three additional categories of Challenges were derived from input provided by the regional EDOs in response to the June, 2025, Update Survey framed around the specific 21 strategies of the CEDS 2021:

- Healthcare Deficits
- Lack of Access to Capital
- Inadequate Housing

Corroboration of these themes includes quantitative data from sources such as the U.S. Census, New Mexico Dept. of Workforce Solutions, NMVistas.org for the region's school districts, the Economic Development Capacity Index (EDCI) at the National Economic Resilience Data Explorer (NERDE, Argonne National Laboratory), and the Center On Regional Innovation (CORI). Brief summaries of comments from the Update Survey are provided. Additional research beyond the scope of this report will be needed to further validate and quantify these challenges.

1. LIMITED JOB MARKET

The need for more jobs was the challenge most frequently cited throughout the 2021 CEDS. A 2025 NWNMCOG study compared the Labor Force to available jobs by county and region and found significant deficits in available jobs:

Table 1: Job Deficits by County and Region in 2024

LOCATION	JOBS NEEDED FOR FULL EMPLOYMENT OF LABOR FORCE
San Juan County	3,468
McKinley County	3,852
Cibola County	1,959
Northwest New Mexico Region	9,279

2. EDUCATION AND TRAINING DEFICITS

CEDS 2021 contained 21 references to challenges related to education and training deficits. Respondents to the CEDS 2021 Update Survey cited a need for specific training not available locally, training for highly specialized skilled positions, and training for skilled trades such as electrical, plumbing, and welding. All three counties were seen to need a better-prepared workforce aligned with local employer needs and emerging industries.

Table 2: Educational Proficiency by School District, Percent of Students Proficient in Math, Reading, and Science 2023-2024 School Year per NMVistas.org

SCHOOL DISTRICT	SCHOOLS/ENROLLMENT	MATH	READING	SCIENCE
GMCS	32/12,564	26%	28%	26%
Grants	12/3,225	18%	36%	29%
Aztec	7/2,499	19%	38%	29%
Bloomfield	7/2,494	20%	33%	32%
Shiprock Central Consolidated	16/4,706	13%	25%	24%
Farmington	18/11,039	23%	35%	37%
Zuni	4/1,215	11%	20%	19%
New Mexico	837/311,284	23%	39%	38%

Table 3: Educational Attainment per U.S. Census, 2019, 2023

	USA	NEW MEXICO	SAN JUAN COUNTY	CIBOLA COUNTY	MCKINLEY COUNTY
High School Graduation or Higher	89.4%	87.7%	86.4%	85.4%	80.9%
B.A. or Higher	35%	30.2%	16.6%	18.8%	12.5%

3. INFRASTRUCTURE DEFICITS

The Economic Development Capacity Index (EDCI) at the National Economic Resilience Data Explorer (NERDE, Argonne National Laboratory) ranks infrastructure using 17 indicators to create an index of infrastructure capacity to support economic development. The Infrastructure index includes factors such as transportation, energy reliability, and land and water quality. Of the 17 EDCI indicators, 14 are negative factors such as air pollution, bridges in poor condition, Brownfield Sites, and Superfund classifications. Only three of the indicators are positive, and two of these measure Broadband access and download speed.

The EDCI ranked Cibola County and McKinley County infrastructure as "Low," meaning capacity is well below the national average. San Juan County ranked slightly higher as "Limited," meaning slightly below or approaching the national average.

Broadband Infrastructure

Broadband expansion into industrial parks, businesses, homes, and schools in the region has been funded using State and local LEDA and USEDA public works grants and support from Continental Divide Electric Cooperative in Cibola and McKinley Counties. Despite these significant investments, the region is not competitive in the digital economy.

San Juan County

San Juan County hired a Broadband point person and held a regional broadband summit. As a result, broadband redundancy was established collaboratively between Ethos Broadband and Comcast to minimize the impact of local internet outages. Further expansion to provide reliability and redundancy is expected. Ultra secure Broadband for businesses with specific security needs could be a growth area for the economy.

Cibola County

The Continental Divide Electric Cooperative installed more fiber in connection with the "gig-economy" SoloWork program resulting in a big win for the county. The NMSU

campus achieved Broadband redundancy, and internet speeds in Cibola County are "comparable to Albuquerque."

Digital Divide

Internet access remains low in comparison to New Mexico and the USA, and equitable broadband access in rural and tribal areas remains elusive.

Table 4: Internet Access per U.S. Census, 2019-2023

	USA	NEW MEXICO	SAN JUAN COUNTY	CIBOLA COUNTY	MCKINLEY COUNTY
Households with Broadband Internet Subscription	89.7%	84.2%	69.2%	73.2%	57.8%

Further Broadband expansion is needed, especially last-mile solutions and community-owned networks. The region needs more remote work hubs, innovation hubs and co-working spaces in Gallup, Farmington and Grants to support entrepreneurs and remote workers. The regional workforce needs more training in digital literacy to prepare workers for remote and tech-enabled jobs.

4. POVERTY

CEDS 2021 contained 14 references to challenges related to high and widespread poverty.

Table 5: Percent of Persons in Poverty in 2023, per U.S. Census, July 1st, 2024

SAN JUAN COUNTY	MCKINLEY COUNTY	CIBOLA COUNTY	NEW MEXICO	UNITED STATES
19.9%	34.3%	23.7%	17.8%	11.1%

Both McKinley and Cibola Counties meet the definition for Area of Persistent Poverty. An area is considered in persistent poverty if it had a poverty rate of 20.0% or higher during the three-decade period from 1989 to 2015-2019 (Craig Benson, Alemayehu Bishaw and Brian Glassman, "Persistent Poverty: Identifying Areas With Long-Term High Poverty," May 22, 2023, cited in census.gov).

> "Research suggests people living in high poverty areas experience significant barriers to well-being whether or not they're poor themselves. The longer poverty exists in an area, the more likely the community lacks adequate infrastructure and support services"
>
> (Benson et al, census.gov).

5. LACK OF COLLABORATION

The CEDS 2021 referred to a legacy of inter-community competition and mistrust, lack of commitment to longer term more regional strategies and partnerships, fragmented coordination, and a need for greater inclusion in community and economic development planning processes.

The EDCI at NERDE measures 10 indicators to create an index of Institutions and Partnerships measuring public and private entities that support and facilitate economic development, entrepreneurship, and innovation through collaborative networks. All the indicators are positive and include factors such as cultural centers, non-profit organizations, libraries, colleges and universities, economic development organizations, and membership in an EDA Economic Development District (EDD). On this index, Cibola County was ranked "Elevated," meaning capacity is above the national average. McKinley County ranked "Moderate," meaning capacity is close to the national average. San Juan County ranked lowest with "Limited" capacity slightly below or approaching the national average.

6. CHANGING DEMOGRAPHICS

Loss of population is straightforward and consistent in both the short term and the long term. Between 2020 and 2024, the population loss was 2.3% (5,172 of 221,620). Of those lost between 2020 and 2024, about 34% died of Covid (1,756 of 5,172).

Table 6: Annual Estimates of Resident Population for Counties in New Mexico: April 1, 2020, to July 1, 2024, per U.S. Census Bureau, March, 2025

	2020	2024
Cibola County	27,052	26,686
McKinley County	72,897	68,945
San Juan County	121,671	120,817
Northwest New Mexico Region	221,620	216,448

Table 7: All Time Covid Deaths by County per USAFacts

COUNTY	DEATHS
Cibola County	218
McKinley County	667
San Juan County	871
Northwest New Mexico	1,756

An outcome evaluation of the 2021 CEDS revealed a decrease in the percentage of B.A. degrees in the McKinley County population over age 25, but few other data are readily available to support assertions in the CEDS 2021 about "brain flight," "loss of able and enterprising people," "skilled residents are leaving," or "lagging behind in talent retention."

Between 2010 and 2022, the region lost 5.24% of the total population. The most consistent long-term demographic change was the notable aging of the population in all three counties.

Table 8: Long Term Demographic Changes, 2010-2022 per U.S. Census

LOCATION	AGE CATEGORY WITH MOST GAIN	AGE CATEGORY WITH MOST LOSS	OVERALL LOSS
Cibola County	65+ (+34.9%)	50-64 (-12%) 5-19 (-2.7%)	369 (-1.4%)
McKinley County	65+ (+37.9%)	5-19 (-10.9%)	1,843 (-2.6%)
San Juan County	65+ (+42.4%)	5-19 (-13.3%)	9,791 (-7.5%)

7. JURISDICTIONAL COMPLEXITIES

A large portion of the land base in all three counties is on American Indian reservations, and the complex web of jurisdictions and multiple economic frameworks create barriers to the flow of private investment. Regulatory complexities limit entrepreneurship and innovation and serve as a barrier to business permitting and development.

San Juan County

The Navajo Nation has jurisdiction over about 60% of the land area of western San Juan County, and the Ute Mountain Ute Tribe has jurisdiction over a portion of land along the Colorado border (San Juan County Growth Management Plan, 2018).

Three Navajo agencies, Northern, Fort Defiance, and Eastern, exist at least in part within the boundaries of San Juan County and oversee sixteen (16) Navajo Chapters. According to the Navajo Nation Code: Title 26, "Navajo Nation Local Governance Act," the Navajo Nation has been subdivided into 110 Chapters which have many of the powers and responsibilities of local governing bodies, and each has jurisdiction over its own procedures and regulations.

McKinley County

Almost a third (32) of the Navajo Chapters are located wholly within the boundaries of McKinley County, and two more Chapters are partially located in McKinley County with jurisdictions crossing into Arizona or San Juan County. Another indigenous sovereign nation, Pueblo of Zuni, governs 723 square miles of the McKinley County land base.

Applied together with relevant city, county, state, and federal formalities, the resulting procedures and regulations can serve as a barrier to many forms of development:

> For example, an average road improvement (e.g., resurfacing, grading, drainage) project in a rural community typically involves 3.7 jurisdictions, including U.S. Dept. of the Interior's Bureau of Indian Affairs, U.S. Dept. of Agriculture Forest Service, the county, the private landowners, respective tribal governments, and/or State of New Mexico Dept. of Transportation ("Vision 2020," McKinley County Comprehensive Plan for 2020-2045).

Cibola County

Almost 70% of Cibola County is in federal, state, and Pueblo or Navajo ownership, with less than a third of the land base in private hands. Controlling federal agencies include the National Forest Service, National Park Service, and the Bureau of Land Management (BLM) (Cibola County Comprehensive Plan, January, 2015).

Indigenous sovereign nations with jurisdiction over portions of the Cibola County land base include Pueblo of Acoma, Pueblo of Laguna, Pueblo of Zuni, and the Ramah Navajo and Tohajilee Navajo Chapters.

8. POOR QUALITY OF LIFE

The Center On Rural Innovation (CORI) ranks quality of life in the region on the 35th percentile, with aggregated values averaged over the region's three counties. This very low estimated quality of life reflects a lack of satisfaction of current residents and low attractiveness of the area to potential residents. For these rankings, CORI uses a "broad range of local factors that make an area a nice place to live" to measure how livable and sustainable a community really is (CORI's Quality of Life Analysis 2010-2023, Weinstein, Hicks, and Wornell, 2023).

Indicators of poor quality of life could include disproportionate levels of social distress such as alcohol abuse and addiction and domestic violence. Access to health care is limited, and amenities are under-developed:

> Site selectors for new development screen for quality of life factors where we are often not competitive such as quality of education, aesthetic townscapes, cultural events, clean and safe streets and spaces, recreational opportunities (Update Survey).

9. HEALTHCARE DEFICITS

Hospitals in all three counties along with community clinics are the backbone of the healthcare industry. In response to the pandemic, telehealth services and mobile clinics were expanded in rural and tribal areas. Partnerships with UNM-Gallup, San Juan College, and Navajo Tech have produced scholarships and career pathway programs leading to jobs in the healthcare industry.

However, all three counties currently have received the Health Professional Shortage Area designation with identified gaps in critical services for primary care, dental care and mental health care. Further investigation is needed to determine the impact of Federal cuts to Medicaid that may threaten the funding and even the survival of rural hospitals.

10. LACK OF ACCESS TO CAPITAL

Access to finance is seen as a big problem, with banks reluctant to lend. "There is not a single champion for this, and that may be a weakness for the ecosystem" (Update Survey).

A report to the NWNMCOG Board of Directors on the now-defunct NWNMCOG Revolving Loan Fund (RLF) program ("Update on CEDS and RLF," Michael Sage) revealed that about half of the eight applicants for $715,000 in loans were denied for reasons that included:

- negative cash flow
- negative net worth
- behind on tax payments
- excessive cash withdrawals
- officer loans
- excessive debt
- sufficient cash on hand

Obstacles to closing included lack of collateral, inadequate collateral, existing loans and/or liens, issues with financials including tax returns and interim financial statements, and lack of succession planning for retirement or transfer of ownership.

In a July, 2025, NWNMCOG interview, Alvin Thompson, a Gallup-area Navajo business owner, reported that low financial literacy is an obstacle for many loan seekers, and there is a huge need for financial literacy and capacity building programs as well as structured technical assistance and mentorship programs. Thompson reported that banks require detailed business plans and financial statements or an upfront investment that small entrepreneurs may not have. The BIA loan program can function as a form of loan guarantee, but local CDFIs seem reluctant to use it, possibly due to not understanding the CDFI mechanisms. Thompson also reported that Tribal lending programs may be compromised by collusion and kickbacks.

11. INADEQUATE HOUSING

Housing shortages and lack of affordable housing for the workforce are seen as major barriers to economic growth. The region needs housing options of all types from low to medium to over 55+, along with mixed-income housing developments near job centers and transit corridors. A regional housing strategy is needed to plan for the right mix of housing in the right locations to meet needs.

According to U.S, Census QuickFacts for 2019-2023, compared to New Mexico, owner-occupied housing units in the region tend to have lower median value, and households tend to be more crowded. Building permits issued in the region in 2023 were far lower than in New Mexico.

Table 9: Regional Housing Data Compared to New Mexico per U.S. Census QuickFacts

CATEGORY	NEW MEXICO	SAN JUAN COUNTY	CIBOLA COUNTY	MCKINLEY COUNTY
Median value of owner-occupied housing unit 2019-2023	$232,200	$185,000	$120,000	$72,100
Persons per Household 2019-2023	2.51	2.91	3.05	3.33
Building Permits 2023	8,511	117	Data not available	1