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Scarcity, Abundance & New Mexico's Permanent Fund



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After attending the Council on Competitiveness event in Santa Fe a few weeks ago, I felt compelled to write an update to my 2017 article, "Will ABQ ever break the barriers?" which was in response to [Andrew Padilla's](#) post, "Why Denver over ABQ?"

Can we break the barriers? Absolutely!

Will we break the barriers? That depends on how we face the future.

My Grandmother had a scarcity mindset. She was a tiny, loving woman, but she lived in a world of scarcity. I can understand why. Her 20s were spent raising a family during the Great Depression, and her early 30s were spent raising her family while dealing with the rations of WWII. I don't recall her mentioning the Depression, but I do recall her stories of the rations. She saved absolutely everything; she didn't have much, but she saved every bag, newspaper, box, gift, and more. Why? Because you never know when you might need it. What does my grandma's scarcity mindset have to do with today and the 2017 article? Read On.

I attended the second day of the Council on Competitiveness event, where some very talented and knowledgeable panelists discussed New Mexico's assets and how we are poised to capitalize on the upcoming boom in AI, Quantum Computing, Space Tech, and more. While I was agreeing with their base analysis, I was having flashbacks to a conference in the 2010 timeframe, give or take a year, when I was sitting at a similar conference watching talented people talk about New Mexico's assets and how we could capitalize on the upcoming growth in Clean Tech, specifically solar. How did we do in the clean energy market against the promise of the 2010 conference? We missed by an order of magnitude, if not more. That's not to say we haven't had some successful clean tech companies; we should

celebrate companies like Array Technologies. However, we did not capitalize on the opportunity as presented in 2010.

On the day I attended the conference, three panels were presented, and someone on each panel mentioned the New Mexico Permanent Fund as an asset, although it was just a passing comment. However, on the last panel, [Dale R. Dekker, AIA](#), took up the issue. He pointed out that we have an enormous asset in the Permanent Fund and that we should tap it to help New Mexico capitalize on the opportunities before us. Dale said something like, "They call it a rainy-day fund, well, it's raining." What surprised me was the response of one of the panelists, who admonished him by saying, "Dale, you are always trying to get your hands on those funds." I was stunned at this admonition. We should utilize every asset at our disposal to help New Mexico, not hoard the cash away in case we might need it someday; we need it now. As a state, we rank 50th in Education, 47th in Poverty, and surprisingly, we have the 3rd largest Permanent Fund. That sounds like hoarding and a scarcity mindset to me.

Quick summary on the Permanent Fund. It is actually multiple funds managed by the State Investment Council (SIC), sourced from revenues generated primarily from oil and gas; it also provides over \$1 billion annually to support education in the State. To be clear, the Permanent Fund is an incredible asset, and the SIC has done a good job of managing it. However, the SIC does not get to say how the funds are used; that is the responsibility of the Legislature and the people of New Mexico, which gets us back to the scarcity mindset. Reminder, we have the 3rd-largest Permanent Fund and rank 47th in Poverty. We have a lot saved up, even as our citizens continue to live in a cycle of poverty.

As I dug into the details on the Permanent Fund, I realized a few things. First, there is no correlation between the size of a state's Permanent Fund and its ranking in poverty, education, and the economy. Additionally, not every state has a permanent fund. Depending on the source, there are 21 or 23 US States with some variation on a Permanent Fund or Sovereign Wealth Fund. However, most are an order of magnitude smaller than ours. Only Alaska and Texas have larger funds.

State	Size in \$B	Per Capita Value	Poverty Rank	Education Rank	Economy Rank
Texas	\$95.40	\$3,049	35	25	2
Alaska	\$80.40	\$108,629	15	49	45
New Mexico	\$57.00	\$26,757	47	50	43
Wyoming	\$17.00	\$28,930	19	6	22
North Dakota	\$10.70	\$13,433	13	28	17
Arizona	\$9.09	\$1,207	39	42	5
Alabama	\$3.80	\$737	44	43	36
Utah	\$3.30	\$942	2	4	3
Louisiana	\$1.60	\$348	49	46	50
Colorado	\$1.60	\$266	7	3	6
Florida	\$0.00	N/A	31	2	1
California	\$0.00	N/A	32	24	32

Source: U.S. News & World Report

The second thing I noticed is that the growth of the New Mexico Permanent Fund has far outpaced the growth in the incomes of the people of New Mexico. While the incomes of New Mexicans have increased by 16.1% since 2019, the Permanent Fund has more than doubled in value, experiencing a 110.9% growth rate. Meanwhile, the income growth of our neighbors has been more significant. To be clear, the growth of the

Permanent Fund is a good thing. Unfortunately, it has not been reflected in the lives of everyday New Mexicans.

	Permanent Fund Size in \$1B	Personal Income		
		New Mexico	Arizona	Colorado
Year 2019	\$ 27.4	\$ 47,718	\$ 47,718	\$ 53,271
Year 2024	\$ 57.8	\$ 57,652	\$ 64,456	\$ 82,705
Growth	\$ 30.4	\$ 9,934	\$ 16,738	\$ 29,434
Cum. Growth	110.9%	20.8%	35.1%	55.3%
Annual Growth	16.1%	3.9%	6.2%	9.2%

Source: Federal Reserve Bank of St. Louis; U.S. Bureau of Economic Analysis via FRED

In addition, I’m not saying the Permanent Fund doesn’t do good things. It does a lot of good and funds a significant part of our education. What I’m saying is different: a portion of the enormous growth of the Permanent Fund should be used to grow New Mexico.

What does all this have to do with a Scarcity Mindset? In the State of New Mexico’s Economic Development Department’s 2025 State Plan Update, there is this passage. “A more diversified New Mexico economy goes hand-in-hand with building the state’s permanent funds to increase economic resilience.” This reminds me of my grandma; we should put it away because we might need it someday. No, we need it today! We rank 47th in poverty and 43rd economically, and every year we fall behind our neighboring states in income and GDP growth.

If we want to truly increase economic resilience, let’s invest a significant portion of the Permanent Fund in creating an economically diverse economy that is not dependent on Federal or State government spending. Let’s take two or three of the areas of opportunity discussed at the Competitiveness Conference and put real money behind AI, Space Tech, or Advanced Manufacturing.

As a reference point, when it was mentioned during one panel that we are competing with Texas and its recently created \$350 million Texas Space Commission. Someone on the panel said something along the lines of, “We can’t do that here.” WHAT? Under our current thinking, we can’t, but we have a huge asset that would allow us to invest a sizable amount in something similar. In fact, there are people already working on it, groups like Space Valley who are working to bring Space Tech to New Mexico, but unless we think differently, they are right, there is no way we are going to compete with Texas and other states who make sizable investments in the future of these industries.

How much should we tap from the Permanent Fund? That is for another story. However, it should be a moonshot-sized chunk that changes the trajectory of the state. We should approach it with a mindset of abundance, recognizing that the Permanent Fund is a resource we can utilize today to help create a better economy for our community tomorrow.

I write this because I love this state and its people. I also understand the Scarcity Mindset; it is written in my DNA, and I fight every day to think with an Abundance Mindset. I want us to be a state where my 26-year-old daughter can return because there is economic opportunity. Where my 21-year-old daughter decides to stay because of that same opportunity. I also don’t want to find myself sitting in a conference 15 years from now, listening to the panelists talk about all the great things New Mexico has to

offer the industries and technologies of 2040. All the while, thinking back to 2025, realizing we didn't capitalize on any of the opportunities we have today. What I would love is to be sitting in a conference in the Year 2040 where people look back at 2025 and realize that New Mexico decided to look at the world through a mindset of abundance, that we decided to use a large chunk of the Permanent Fund and chose to invest in New Mexico and New Mexicans.

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