



**FISCAL IMPLICATIONS**

The appropriation of \$400.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 shall revert to the general fund.

**ADMINISTRATIVE IMPLICATIONS**

EDD believes there may be administrative implications to the agency for administration of the contract. In FY01, when EDD last managed a contract with the MEP, the agency did not have sufficient resources to conduct what it felt was an adequate audit. Via spot checks, EDD found two significant issues: 1) the MEP invoiced the department for services that were specifically excluded by the contract, and 2) the MEP initially invoiced the department for a 20 percent “management fee” on all the services it provided to small businesses.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 11 duplicates House Bill 88

**OTHER SUBSTANTIVE ISSUES**

According to EDD, the New Mexico MEP is managed by a Maine-based non-profit organization called MEP/MSI. The New Mexico MEP pays a fee to MEP/MSI for its services. EDD believes this arrangement is not ideal and does not allow for the best use of MEP resources in New Mexico.

**LP/prr**