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FISCAL IMPACT REPORT

SPONSOR Lujan, A DATE TYPED 3/12/2005 HB HJM 105/aHFL# 1

SHORT TITLE Data on Jobs Lost to Mechanization SB _____

ANALYST Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			Minimal See Narrative	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Labor (DOL)

NM Department of Agriculture (NMDA)

SUMMARY

Synopsis of HFL Amendment # 1

House Floor Amendment # 1 removes language referencing the North American Free Trade Agreement and its effect on the New Mexico chili crop and NM agricultural workers employment opportunities.

Synopsis of Original Bill

House Joint Memorial 105 requests the New Mexico Department of Agriculture (NMDA) to collect data on the number of agricultural workers who lose jobs due to use of newly developed agricultural machinery and technology; it also asks NMDA to provide information to the Department of Labor regarding the collected information and statistics so the Department of Labor can provide targeted retraining and other services for agricultural workers who lose jobs as a result of technology advances and newly developed agricultural equipment.

Significant Issues

The study of agricultural employment issues has historically been complicated by the lack of suffi-

cient employment data combined with the demographic data that also lack necessary detail. The Economic Research & Analysis Bureau within the State Department of Labor collects employment and wage data on all New Mexico employers covered under the State's Unemployment Insurance laws. Since much of agricultural employment is not covered under these laws, the ER&A Bureau would need to work with the Department of Agriculture to develop an appropriate collection, or estimation, methodology.

PERFORMANCE IMPLICATIONS

Both NMDA and the Department of Labor would need to create performance targets and measures to comply with state performance and accountability in government requirements. Each department would face impacts to its budget in conducting the tasks called for in HJM 105. In the absence of increased resources, NMDA would not be able to carry out the requirements in this bill efficiently because existing demands exceed available personnel.

The ER&A Bureau staff is entirely funded through Federal/State Cooperative Agreements with accompanying work statements. These agreements are specific as to deliverable requirements and deadlines. Collecting data on agricultural jobs lost to mechanization is outside the scope of these federal agreements. To accomplish the tasks directed by HJM 105, ER&A Bureau staff work assignments will have to be re-directed away from these federal agreements, thereby burdening staff and potentially detracting from performance of Federal/State Cooperative Agreements.

FISCAL IMPLICATIONS

This legislation does not include an appropriation to collect data, perform statistical analysis, and investigate new advances in technology and agricultural machinery, which would be necessary to perform the tasks associated with HJM 105 successfully and for the benefit of displaced workers.

NMDA would not be able to absorb the expense for setting up a system to track new technological advances in agricultural production and emerging agricultural machinery developments under current budget conditions.

Staff support track and estimate Agricultural jobs lost to mechanization and technology may require an equivalent of 0.2 FTE, or more, of a basic-level economist. The ER&A Bureau staff is entirely funded through Federal State Cooperative Agreements with accompanying work statements. Due to changes in funding formulas, New Mexico has recently suffered reduced funding, without reduction in workload.

Based on the average salary for ER&A employees, the non-personal services costs and the AS&T costs the projection for this FTE is \$19,209.00 in FY05. An slight increase in costs is anticipated in FY06 and subsequent years due to increasing salaries and increase in goods and services.

NMDA would require at least a half-time FTE or funding to direct and contract these services to fulfill the requirements under this bill.

ADMINISTRATIVE IMPLICATIONS

Work assignments will have to be re-directed for ER&A Bureau staff designated to support the

tracking and estimation of Agricultural jobs lost to mechanization and technology.

TECHNICAL ISSUES

Agricultural workers may leave a job for any number of reasons and isolating those strictly lost due to mechanization would be difficult, if not impossible. Although some collection of data may take place, a practical approach would call for some kind of modeling and estimation methodology.

OTHER SUBSTANTIVE ISSUES

The Economic Research & Analysis Bureau of the Department of Labor produces industry and occupational projections. The nonagricultural forecasts for major industries provided in these projections are based on the conceptual framework of the Current Employment Statistics Survey conducted by the New Mexico Department of Labor as part of a cooperative agreement with the US Department of Labor. The occupational projections are based on an augmented employment base that includes estimates of agricultural workers, the self-employed, and private household workers.

BD/yr:rs