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FISCAL IMPACT REPORT

SPONSOR Campos **DATE TYPED** 3/3/2005 **HB** _____

SHORT TITLE Create Office of Workforce Training **SB** 285/aSCORC

ANALYST Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
\$23,830.1*	\$22,166.9*			Recurring	Federal Funds
\$700.0*	\$700.0*			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

* In HB2

Relates to HB 7, the General Appropriation Act.

Duplicates HB 98

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of Workforce Training and Development (OWTD)

Department of Labor (DOL)

New Mexico Association of Community Colleges (NMACC)

Energy Minerals and Natural Resources Department (EMNRD)

Div. of Vocational Rehabilitation (DVR)

New Mexico Public Education Department (NMPED)

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation amendment to Senate Bill 285 inserts language prohibiting the OWTD from administering the unemployment compensation program and other programs currently administered by the labor department.

Synopsis of Bill

Senate Bill 285 codifies Executive Order 2004-04 of January 22, 2004 transferring responsibility for administration of federal Workforce Investment Act funds from the New Mexico Department of Labor to a new Office of Workforce Training and Development. It changes current statutes of

the Labor Department and State Workforce Development Act and provides an opportunity for greater coordination and performance outcomes for employment and training programs. It also establishes a “coordination and oversight” committee for the State Workforce Development Board made up of the secretaries of Labor, Human Services, Economic Development, Public Education and Higher Education to develop joint comprehensive goals and a strategic plan.

SB 285 also transfers responsibility for administration of the Individual Development Account Act from the Department of Finance and Administration to the new Office of Workforce Training and Development.

The bill provides that the OWTD will terminate on July 1, 2011, pursuant to the Sunset Act.

The bill contains an emergency clause.

Significant Issues

- (1) Whether New Mexico’s implementation of the federal Workforce Investment Act (WIA) can be improved sufficiently to bring it into compliance with the Workforce Investment Act by transferring to a new office the administration of the WIA program and by mandating that the new office improve coordination among state agencies that carry out employment and training services?
- (2) Whether this oversight and coordination function in a new office is sufficient to ensure that the 17 required partners, including the Labor Department which also serves as a one-stop operator, will integrate their services into one-stop career centers as required by federal law?
- (3) Whether establishment of a “coordination and oversight” committee to develop common strategic goals will result in alignment of workforce development programs with economic development and education policies?

EMNRD initially noted that the bill is unclear as to the extent of authority OWTD will have over other workforce employment and training programs and how this authority will be implemented. In addition, it does not specifically identify which programs are considered workforce employment and training programs.

However, the Office of Workforce Training and Development has clarified for the Energy, Minerals and Natural Resources Department (EMNRD) that the bill applies to all state and local agencies whether federally, locally or state funded. In addition, it has advised EMNRD that standards to evaluate the performance of workforce development activities and the process for coordination will be developed in consultation with the state and local agencies that administer employment-training programs.

The Public Education Department (PED) currently administers the Carl D. Perkins Vocational and Technical Education Act of 1998 in New Mexico. The bill continues to authorize the Workforce Development Board to comment annually on the accountability measures required under the Perkins Act. Also, according to the OWTD, the Workforce Investment Act of 1998 requires coordination of programs under that act with other workforce activities including postsecondary activities under the Perkins Act.

PERFORMANCE IMPLICATIONS

NMACC indicates the state needs to develop more comprehensive and uniform state performance measures and benchmarks across workforce training agencies and organizations to assess the effectiveness of workforce investment activities (and thus potential future funding) and the effectiveness of any state plan for workforce training that is developed.

FISCAL IMPLICATIONS

The bill does not contain an appropriation. However, the OWTD budget for fiscal years 05 and 06 is described below:

For FY05, the OWTD budget consists of \$18,165,100 in current year federal funds, as well as \$5,665,000 in prior year federal funds for Workforce Investment Act programs statewide. The final amount of prior year federal WIA funds available will depend upon final local board expenditures. In addition, \$700,000 of General Fund has been appropriated for FY05 for the statewide At-Risk Youth Programs.

For FY06, HB 2 contains \$18,165,100 in federal funds for the next funding period, as well as \$4,001,800 in projected prior year federal funds for Workforce Investment Act programs statewide and \$700,000 of General Fund for the At-Risk Youth Program. These amounts were consistent with the agency request. HB 7, as introduced, includes the funding for OWTD within the appropriation for the New Mexico Department of Labor, although the LFC recommended a separate appropriation for OWTD.

The Governor's budget recommendation for FY06 contains the same amounts of federal funds for the WIA Program and the same amount of General Fund for the At-Risk Youth Program as the LFC recommendation. However, the Governor recommends the addition of \$9,300,000 from the General Fund for transferring of TANF Works program funds to OWTD so that the funds can be expended in conjunction with the WIA program.

SB 285 also would move the Individual Development Account Program to OWTD from the DFA Local Government Division. This would entail transfer of the funding for the program.

PED indicates that due to the emergency clause, an estimated \$20,000 would be needed to support an additional FTE for three months of FY 05 (Ed. Admin. A @ \$25.06 per hour plus benefits and furniture and computer), and an estimated \$67.8 for FY 06 (Ed. Admin. A @ \$25.06 per hour plus benefits (see administrative implications below).

ADMINISTRATIVE IMPLICATIONS

OWTD has 38.0 FTE. The Individual Development Account Act program has 0.5 FTE. No additional FTE needed.

The bill creates yet another office involved with workforce training with separate administration and funding streams which helps create more coordination difficulties unless the right structure and oversight is put in place. Increased coordination requires a commitment of time and energy of the leaders and staff from the various agencies to make it happen.

The Secretary of Education will be tasked by statute to serve on the Coordination Oversight Committee of the Workforce Development Board and to propose educational plans that coordinate with the board's strategic plans. The administrative impact on the PED affects those positions within the Career-Technical and Workforce Education Bureau, in that staff assist the Secretary with all administrative tasks related to her role on the Board and its relevant committees such as the Oversight Committee.

DUPLICATION, RELATIONSHIP

The bill relates to HB 7, the General Appropriation Act.
Duplicates HB 98

TECHNICAL ISSUES

DOL proposes adding language that clarifies OWTD does not have the authority to administer programs, particularly NMDOL's Wagner-Peyser, Unemployment Insurance and other NMDOL programs. The DOL amendment would limit the OWTD to monitoring and compliance functions.

PED points out in section 50-14-4 DUTIES OF THE BOARD, paragraph A, (4), the reference to Section 133(b) (14) of the Carl D. Perkins Act of 1998 is incorrect as this sub-section (14) does not exist in the current act. This is an error that exists within the federal statute, The Workforce Investment Act. The correct citation is "Section 113(b) (3)".

DVR recommends amending the hard –to-employ definition as follows:

'Hard-to-Employ Persons' individuals for whom traditional training, education, employment services have not resulted in employment outcomes; and/or individuals who will need multiple services over an extended period of time; and/or individuals who have physical or mental impairments which limit one or more functional capacities in terms of an employment outcome. This definition is not affected by other factors inclusive of residency duration, type of disability, age, race, gender, color, or national origin; source of referral; the need for specific services or anticipated costs of services required by the individual; or the income level of an individual or an individual's family."

OTHER SUBSTANTIVE ISSUES

The challenge of oversight and coordination could be the most substantive issue. Also not well addressed is the development and support of accurate and timely work force analyses that communities, boards and educational institutions can depend upon for development of effective workforce training programs. Finally, it is critical that the CIO office facilitate the development of a "data warehousing" plan encompassing all agencies that have a workforce training mission so that the state can track student and employee performance and progress and provide better performance outcomes.

The Secretary of Education is included as a member of the Coordination Oversight Committee of the Workforce Development Board and, with the representative from the Commission on Higher Education, is tasked with proposing appropriate education plans for secondary education that address the 5, 10 and 15-year strategic plans proposed by other members of the committee.

AMENDMENTS

Page 11, line 23, after the word education insert “and transitions to postsecondary education”.

BD/lg:yr