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ISSUES FOR HEARING

New Mexico's Labor Force Dynamics and Workforce Development

- The state's workforce training and development programs are coming under increasing pressure to prepare and retrain its citizens for current and prospective job opportunities. New Mexico's unemployment rate, 6.7 percent in April 2013, outperforms the national average of 7.5 percent, but unemployment figures can mask people exiting the workforce. Unemployment is also a regional issue in New Mexico, with Luna County at 19.7 percent and Mora County at 13.4 percent. All other counties fall under the 10 percent mark.
- The state's employment growth rate of 1 percent lags every state in the region but Wyoming and the national average of 1.6 percent. New Mexico's per capita income was just \$35.1 thousand in 2012, falling well below the national average of \$42.7 thousand, and ranks 43rd in the country.
- The state's high school graduation rate is the second lowest in the nation, and graduation rates do not improve at the college level. New Mexico's 2010 rate for students graduating college within four or six years is 11.9 percent and 40.6 percent, respectively, and trails the national averages of 31.3 percent and 56 percent by significant margins.
- The state's workforce training and development programs overlap, duplicate administrative costs, are fragmented, and do not report on outcomes. These programs are mostly funded with federal and private sector revenues, with limited support from the state. Further, these programs are not grounded in a statewide or common plan and are not comprehensive in addressing population needs or local economic needs.
- Federal funding via the Workforce Investment Act (WIA) is distributed to four local boards for a variety of workforce development and training services for adult, youth, and dislocated workers.

- The Workforce Solutions Department (WSD) administers the Disabled Veterans' Outreach Program and Local Veterans' Employment Representatives grants. These programs provide intensive services and conduct outreach to employers to meet the employment needs of veterans.
- The Trade Adjustment Assistance program offers U.S. workers who have lost or may lose their jobs as a result of foreign trade the opportunity to obtain the skills, credentials, resources, and support necessary to become reemployed.
- Both the WSD and the Public Education Department administer apprenticeship programs. Apprenticeship training programs train adults and youths by combining work-based learning with classroom instruction in a unified program that leads to a recognized and valued occupational credential. Trainees earn money and contribute to production while they learn.
- The Public Education Department (PED) administers approximately \$8.2 million in federal Carl D. Perkins Career and Technical Education Improvement Act grants that are distributed to both public schools and institutions of higher education for career technical education programs statewide.
- Early college high schools (ECHS) are a collaboration among public education institutions and the private sector that allow enrolled high school students to graduate with both a high school diploma and an associate's degree or credits that can be applied to a bachelor's degree. Effective ECHSs target minority and at-risk high school students and students that are the first in their family to attend college. The ECHS increase attendance rates, grade to grade promotion rates, graduation rates, and college-going rates. The PED received a \$500 thousand general fund appropriation for FY14 to establish several new ECHS statewide.
- The PED received a \$500 thousand general fund appropriation for a new workforce readiness initiative in FY14 that serves public education students. Participating students will graduate with a diploma and, at a minimum, a work-ready certificate.
- The state, through the Higher Education Department (HED), partially-reimburses community colleges for providing industry-specific training programs to private and government employers. The High Skills program allocates \$338.1 thousand to supplement a community college's training costs not covered by an employer contracting for specific training courses.

- Following a successful program in Washington State, six New Mexico community colleges are combining adult basic education and industry-specific training programs for adults without a high school diploma or equivalent degree. Participating adults more quickly gain basic literacy and numeracy skills and relevant workforce training and enter higher-paying jobs than students pursuing a traditional general education development (GED) pathway.

LFC HEARING BRIEF

DATE: June 13, 2013

PURPOSE OF HEARING:

Analysis of New Mexico's Labor Force Dynamics and Workforce Development Programs

WITNESSES: Lee Reynis, Director, Bureau of Business and Economic Research, UNM; Davin Lopez, President, Mesilla Valley Economic Development Alliance; Celina Bussey, Secretary, Workforce Solutions Department; Jennifer Amis, Principal, Early College High School; Kristin Krell, I-BEST; Dr. Chad Smith, Vice President for Learning, ENMU-Ruidoso

PREPARED BY: Rachel Gudgel, Tracy Hartzler-Toon, Mimi Aledo-Sandoval, and Jon Clark

EXPECTED OUTCOME:

Identify options for investment in workforce training and development programs. Identify areas for collaboration and foster regional participation in proven workforce training and development programs.

BACKGROUND INFORMATION

The state's workforce training and development programs are coming under increasing pressure to produce and retrain its citizens for current and prospective job opportunities, especially in light of underemployment and regional unemployment levels in New Mexico. Programs overlap, duplicate administrative costs, are fragmented, and do not report on outcomes. These programs are mostly funded with federal and private sector revenues, with limited support from the state. Further, the workforce training and development programs, no matter the funding source, are not grounded in a statewide or common plan, not well coordinated, and not comprehensive in addressing population needs or local economic needs.

This brief (1) reviews the state's labor force and related unemployment issues and (2) summarizes state-administered and state-funded workforce training and development programs. In response to issues raised at this hearing, the LFC may request a presentation by the State Workforce Board's Employability Partnership on their year-long review of the state's workforce delivery system and how to best align the needs of employers and efforts of the Workforce Solutions Department, the Public Education Department, the Higher Education Department, and the Economic Development Department.

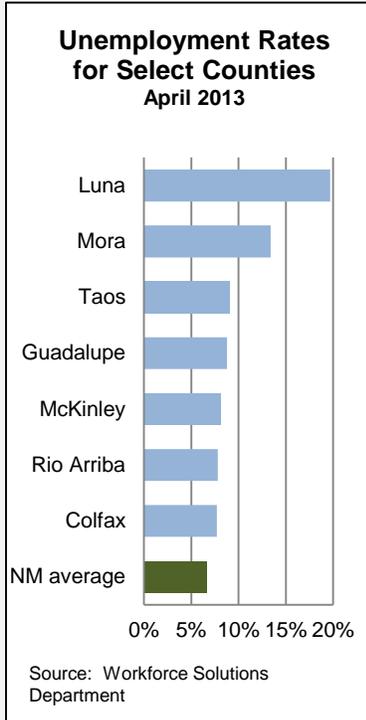
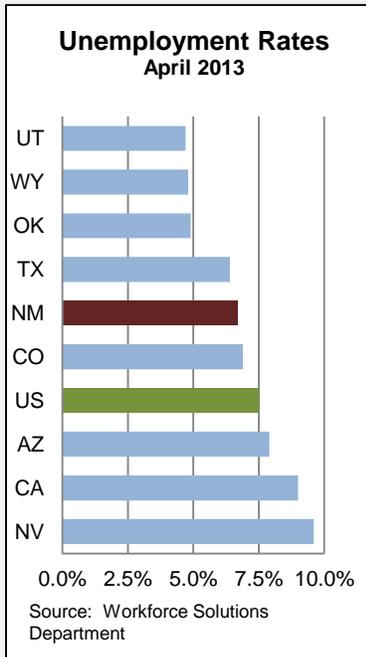
LABOR FORCE DYNAMICS AND UNEMPLOYMENT

New Mexico's unemployment rate, 6.7 percent in April 2013, outperforms the national average of 7.5 percent, and ranks 29th in the country, placing it solidly in the middle of state rankings. These two figures seem to indicate New Mexico is recovering reasonably well from the recession, but unemployment rates can be deceiving. When people stop seeking employment, often because the length of time they were unemployed grew so long they gave up finding work, they technically exit the workforce, driving down the unemployment rate. If these people stay in the state, they continue to draw on social services, costing the state money. If large numbers of people leave the state, the departures tend to depress housing prices and slow any economic growth.

New Mexico's labor force participation rate provides some insight into the number of people exiting the workforce. This rate is just 60 percent, or 48th in the nation. The state's total labor force remains slightly below pre-recession levels. Additionally, New Mexico's population grew by 1.3 percent from 2010 to 2012, below the national average of 1.7 percent.

Employment Growth. A more appropriate measure of the strength of the workforce is employment growth. New Mexico suffers compared to other peer states in regards to employment growth, lagging every state in the region but Wyoming. New Mexico's growth rate of 1.0 percent also lags the national average of 1.6 percent.

Per Capita Income. A second measure of the health of a workforce and a state's economic progress is per capita income. Here New Mexico fares very poorly, with income of just \$35.1 thousand per capita in 2012,



compared to the national average of \$42.7 thousand. New Mexico ranks 43rd nationally for per capita income. However, the state is gradually improving, absolutely and comparatively, with an increase of 2.8 percent from 2011 to 2012. New Mexico ties for 20th fastest growth rate and narrowly exceeds the national average of 2.7 percent. Additionally, the state exceeded pre-recession per capita income levels in 2011 and 2012.

Despite this overall income growth, the state’s manufacturing sector paid workers less per hour in April 2013 than the same time the year before, decreasing from an average \$16.01 to \$15.72. Compounding the drop in hourly pay, each worker’s average weekly hours declined from 41.4 to 39.5, bringing manufacturing employees’ total pay down by 6.3 percent.

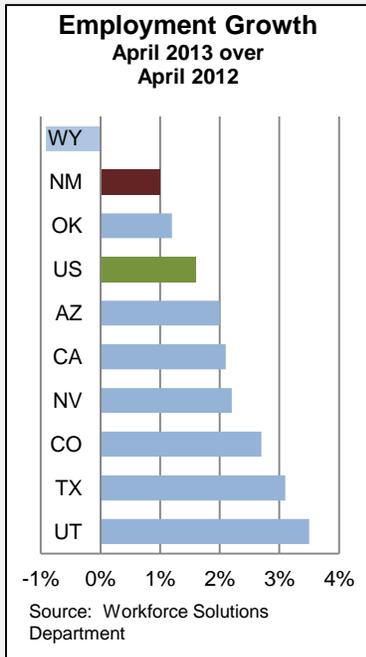
Per capita income varies significantly across the state. Los Alamos County leads the ranking at 180 percent of the state average, followed by Santa Fe County at 128 percent, Eddy County at 116 percent, and Bernalillo County at 111 percent. McKinley County ranks the lowest at 71 percent of the state average, with Luna and Mora Counties slightly ahead at 73 percent each.

Regional Unemployment Levels. Luna County’s unemployment rate, not seasonally adjusted, far exceeds that of any other county in New Mexico at 19.7 percent in April 2013. Mora County follows at 13.4 percent, and all other counties fall under the 10 percent mark. Four counties fall below four percent unemployment: De Baca at 3.9 percent, Eddy at 3.5 percent, and Lea and Los Alamos both achieve 3.3 percent.

The Albuquerque metropolitan statistical area (MSA) experienced a surge in employment in April 2013, growing 0.7 percent and gaining 2,700 jobs year-over-year. This is the greatest level of growth in the Albuquerque MSA since 2008. The Farmington MSA grew by 0.2 percent over the year, adding 100 jobs. The Santa Fe MSA experienced no change in employment levels, and the Las Cruces MSA declined by 0.9 percent over the year, losing 600 jobs.

Employment by Industry. Government -- federal, state, and local -- is the largest industry sector in New Mexico, representing 24 percent of employees in the state. Education and health services is the second largest industry sector with 16 percent, followed by professional and business services with 12 percent and leisure and hospitality with 11 percent.

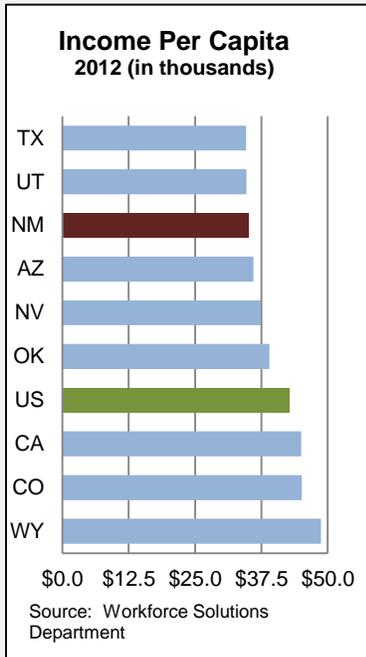
The leisure and hospitality industry is leading New Mexico’s job growth, adding 2,500 jobs from April 2012 to April 2013 -- a growth rate of 2.9 percent. This represents 31.6 percent of the total job gains over that period. Three smaller industries surpass this growth rate: financial activities at 5.2 percent, construction at 4.4 percent, and mining and logging at 3.0 percent. Manufacturing and wholesale trade declined 3.1 percent and 2.4 percent, respectively. The professional and business services industry continues to decline at a rate of 1.5 percent year-over-year. Although the decline is low to moderate, the size of this industry causes the decline to noticeably impact overall employment growth.



Many of the jobs associated with this industry are contractors or subcontractors for the federal government.

Workforce Education Levels. New Mexico’s 37 percent 2010-2011 high school dropout rate, defined as those students failing to graduate, is the second highest in the nation, scoring just above Nevada. This exceptionally high rate concerns some businesses that might otherwise consider relocating or expanding to New Mexico and hiring the state’s residents. By comparison, Texas has a far lower dropout rate of just 14 percent. Undoubtedly related to this, Texas is experiencing employment growth more than three times greater than New Mexico’s growth rate. Not only is the graduation rate concerning, but New Mexico also falls short on ACT scores with the sixth lowest average composite scores in the country.

Twenty-five percent of New Mexicans 25 years and older hold a bachelor’s degree or higher, trailing the 27.9 percent national average. Regionally, New Mexico falls mid-pack, with Nevada at 21.7 percent and Colorado at 36.4 percent. The graduation rates as of 2010 for New Mexicans between the ages of 25 and 34 are more concerning, with New Mexico’s 28.7 percent trailing the national average of 39.3 percent by a huge margin. This discrepancy will significantly impact the state’s income per capita and economic growth relative to other states. The problem appears to strongly correlate with college graduation rates more than college entry rates. Nationally, 31.3 percent of students at public colleges graduated in four years and 56.0 percent in six years. New Mexico’s college graduation rates are extremely poor -- 11.9 percent of students graduate in four years and 40.6 percent in six years. Even with the surge in graduation over six years, New Mexico still ranks fifth lowest in the country for six-year graduation rates.



WORKFORCE SOLUTIONS DEPARTMENT TRAINING PROGRAMS

As of April, over 58 thousand individuals in New Mexico were unemployed and looking for work. The following section describes several federally funded workforce development and training programs administered by the Workforce Solutions Department.

Workforce Investment Act Programs. New Mexico has four local workforce boards that develop policy and provide oversight for the delivery of workforce employment and training services through the one-stop centers. Federal funding via the Workforce Investment Act (WIA) is distributed to the local boards for a variety of workforce development and training services. (Appendix D.)

Services for adult and dislocated workers paid WIA funding include core, intensive, and training services. Core services include determination of eligibility, skill assessments, job search and placement assistance, resume preparation, labor market information, and information on training providers, unemployment insurance, and support services; intensive services include comprehensive and specialized diagnostic assessments of skill levels, development of an individual employment plan, individual and group career counseling, and case

Eligibility for WIA Services

Adult – Must be 18 years of age or older, have a social security number, comply with Selective Service registration requirements, comply with citizenship and eligibility to work requirements, and meet low income/economically disadvantaged criteria set by the local workforce board.

Dislocated Worker – Contingent on meeting the first four requirements for WIA adult services and meeting any one of the following criteria:

- Has been terminated or laid off or received notification of termination or layoff from employment as a result of a permanent closure or substantial layoff
- Is eligible for or has exhausted unemployment insurance
- Is employed at a facility, where the employer has made the general announcement that the facility will close within 180 days
- Was self-employed (including employment as a farmer, a rancher, or a fisherman) but is unemployed as a result of general economic conditions in the community or because of a natural disaster
- Is a displaced homemaker who is no longer supported by another family member

Youth – Must be between the ages of 14 and 21 at the time of enrollment, have a social security number, qualify as low income (income not to exceed 70 percent of the Lower Living Standard Income Level), be in compliance with Selective Service registration requirements, citizenship, and eligibility to work requirements, and is one of the following: deficient in basic literacy skills, a school dropout, homeless, a run away, a foster child, an offender, or an individual who requires additional assistance to complete an educational program or to secure and hold employments

management; and training services include occupational skills, on-the-job training, individual training accounts, and customized training for incumbent employees. The core services tend to be self-service in nature as opposed to the intensive and training services which require greater staff involvement. Youth services include tutoring, dropout prevention, alternative secondary school offerings, paid and unpaid work-experience, mentoring, occupational skills trainings, life skills, and comprehensive guidance and counseling.

Total WIA Participants by Region (most recent quarter ending 3/21/13)					
	SW	Northern	Central	Eastern	Total
WIA Adults	815	1,061	2,606	576	5,058
WIA Dislocated	49	108	224	38	419
WIA Youth	74	30	257	59	420
Total	938	1,199	3,087	673	5,897

Workforce Investment Act training services allow eligible adult participants to supplement financial aid already available through other sources with Individual Training Accounts (ITAs) at qualified institutions. On-the-job training benefits both employers and the unemployed by reducing hiring and training costs for new employees and providing unemployed workers the opportunity to gain valuable work experience. Workforce Training Investment training funds are also used for customized training. Customized training relates to the introduction of new technology, new production or service procedures, or upgrading to new jobs that require additional skills, workplace literacy, or other appropriate purposes identified by the local workforce development boards. Participating employers include: Positive Energy, B&D Industries, Molzen-Corbin & Associates, and NCA Architects, P.A.

WIA ACTIVITY	Fiscal Year	# Participants	\$ Expended
Individual Training Accounts (ITAs)			
	FY 11	458	\$490,445
	FY 12	600	\$1,391,571
	FY 13	555	\$1,064,926
On-the-Job -Training			
	FY 11	253	\$1,532,856
	FY 12	246	\$1,581,586
	FY 13	253	\$1,385,772
Customized Training			
	FY 13	451	\$427,792

Local Workforce Development Boards

- **Northern Area Board** includes Cibola, Colfax, Los Alamos, McKinley, Mora, Rio Arriba, San Juan, Santa Fe, San Miguel, and Taos counties.
- **Central Area** includes Sandoval, Bernalillo, Valencia, and Torrance
- **Eastern Area** includes Chaves, Curry, De Baca, Eddy, Guadalupe, Harding, Lea, Lincoln, Otero, Quay, Roosevelt, and Union counties
- **Southwest Area** includes Catron, Socorro, Sierra, Grant, Hidalgo, Luna, and Dona Ana counties.

Public Works

Apprenticeship Programs:

- Air & Hydraulic
- Balancing
- Technicians
- Asbestos Workers
- Bricklayers
- Carpenters
- Cement Masons
- Drywall Applicators
- Electricians
- Elevator Constructors
- Glaizer
- Heavy Duty Mechanics
- Ironworkers
- Laborer
- Linemen
- Machinist
- Multi-Trade
- Plasterers
- Plumbers
- Roofing
- Sheet Metal Workers
- Sprinkler Fitters

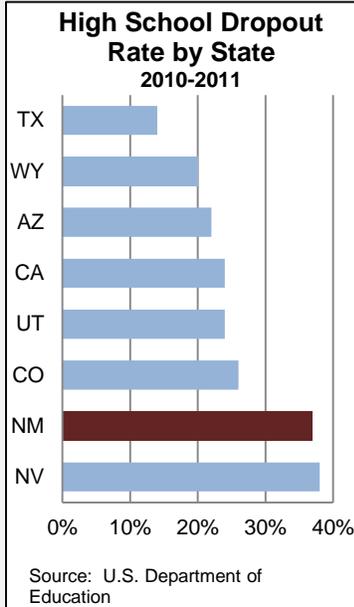
Veteran Programs. The WSD also administers the Disabled Veterans' Outreach Program and Local Veterans' Employment Representatives grants. The Disabled Veterans Outreach Program provides intensive services to meet the employment needs of disabled veterans and other eligible veterans, with the maximum emphasis directed toward serving those who are economically or educationally disadvantaged, including homeless veterans, and veterans with barriers to employment. Local Veterans' Employment Representatives conduct outreach to employers and engage in advocacy efforts with hiring executives to increase employment opportunities for veterans, encourage the hiring of disabled veterans, and generally assist veterans to gain and retain employment. Total grant funding for both programs is approximately \$1 million and is expected to serve 12,500 veterans.

Trade Adjustment Assistance Program (TAA). This is a federal entitlement program to assist U.S. workers who have lost or may lose their jobs as a result of foreign trade as determined by a USDOL investigation. The program offers affected workers the opportunity to obtain the skills, credentials, resources, and support necessary to become reemployed. In FY14, the TAA program is expected to receive \$3.7 million in federal funding and serves on average 200 participants a year.

Apprenticeship Training Programs. A survey published by Deloitte last year revealed about 600 thousand jobs go unfilled because of a lack of skilled labor. Apprenticeship training programs are uniquely able to promote economic development. They increase employment, lead to higher wages and produce high-skilled, high-performance workers for New Mexico. They provide participants with an important postsecondary career path, offering both an alternative to and an entrance into degree-focused programs. Apprenticeships train adults and youths by combining work-based learning with classroom instruction in a unified program that leads to a recognized and valued occupational credential. Trainees earn money and contribute to production while they learn. Both the Workforce Solutions Department and the Public Education Department administer apprenticeship programs.

Public Works Apprenticeship and Training Program (PWAT). To meet current and future needs for skilled journey workers, the Workforce Solutions Department (WSD) has the responsibility and accountability for public works apprenticeship programs in New Mexico (Section 50-7-1 to 50-7-4.1, 50-7-7 NMSA, 1978). Apprenticeship programs registered with the WSD meet federally approved standards relating to job duties, related instruction (a minimum of 144 hours), wages, and safety and health conditions.

A public works apprenticeship usually lasts about four years depending on the trade selected, and range from one to five years. Apprentices are employees with starting pay averaging 45 percent to 50 percent of experienced journey workers' wages and increases periodically throughout the apprenticeship. Apprentices who successfully complete registered programs receive certificates of completion from the State Apprenticeship Council.



Perkins defines vocational-technical education as organized educational programs offering sequences of courses directly related to preparing individuals for paid or unpaid employment in current or emerging occupations requiring other than a baccalaureate or advanced degree.

Apprenticeship programs are not funded with general fund revenues or federal funds; the funding for public works apprenticeship programs are collected from construction companies not participating in apprenticeship training. The collected apprenticeship training funds are redistributed to sponsors of the apprenticeship programs to plan, administer, and pay for the training program. The WSD acts as a flow through entity for the PWAT funds.

	PWAT Funding	Total Apprenticeship Completions
2010	\$768,419	234
2011	\$832,815	233
2012	\$1,415,860	238

PUBLIC EDUCATION, SECONDARY, AND POSTSECONDARY WORKFORCE TRAINING PROGRAMS

Without a recognized set of postsecondary skills and knowledge, low-income jobseekers or those currently employed cannot compete in a highly competitive, global economy. To address this problem, education and training programs should include traditional approaches to workforce development (including vocational programs and technical, for-credit curriculum programs) and nontraditional approaches (including non-credit, customized training or employment and training programs). Both approaches should appeal to new workforce entrants, temporarily dislocated workers, and workers currently employed. New Mexico offers a mix of both traditional and nontraditional workforce development programs, at both the secondary and postsecondary levels, for youth to adults with some high school education to a college degree.

Public Education Department Career Technical and Workforce Education Bureau.

The PED’s Career Technical and Workforce Education Bureau administers the state’s career and vocational education (CTE) programs pursuant to federal Perkins grants and pursuant to state funding. In addition to funding for apprenticeship programs, the Legislature appropriated \$500 thousand each for a workforce readiness program initiative and an early college high school initiative.

Federal Carl D. Perkins Act Grants. The Carl D. Perkins Career and Technical Education Improvement Act of 2006 (Perkins IV) is the primary source of federal funding for career technical education (CTE) programs across the nation. New Mexico’s program is delivered by both secondary and postsecondary institutions, and is administered by the PED. In FY13, the state received almost \$8.2 million in federal funds for CTE programs. Funds are distributed equally between secondary schools and postsecondary institutions to support a school’s or institution’s program. The PED withholds 5 percent of the grant for administrative purposes, and additional funds for state leadership, including the High Schools that Work initiative. Each CTE program of

The average high school graduation rate for students concentrating in CTE programs is 90.18 percent compared to an average national freshman graduation rate of 74.9 percent.

-The National Association of Directors of Career Technical Education

Perkins IV authorizes five main programs, including the Basic State grants, the Tech Prep grant program, as well as the Tribally Controlled Postsecondary Career and Technical Institutions grant program, National Programs, and Occupational and Employment Information. The Basic State grants comprise of over 90 percent of Perkins appropriated funds.

New Mexico's seven strategically developed career clusters are cross-walked with the 16 National Career Clusters. Within New Mexico's clusters there are 49 identified pathways.

New Mexico supported 161 programs of study that led to 258 technical skills assessments identified by LEAs.

Arrowhead Park ECHS in Las Cruces, the only ECHS in New Mexico, has a 0 percent drop-out rate to date.

study supported by Perkins funds must have an established and functional advisory committee related to the industry or occupation being supported.

CTE programs incorporate secondary and postsecondary elements required to meet career technical education content areas that will result in an industry-recognized credential, or associates or baccalaureate degree. Schools and institutions are required to use funds to supplement existing educational programs generally offered with state funds. With reauthorization of Perkins in 2006, Congress established new performance accountability requirements for programs. The PED negotiates with the federal Office of Vocational and Adult Education (OVAE) annual performance levels for each of the core program indicators. The state must meet each of its performance levels at 90 percent or face potential sanctions and implement an improvement plan. Data collected for fiscal years 2008 to 2011 shows New Mexico generally met all performance measures. Data for FY12 show that postsecondary institutions had challenges meeting four of the indicators of performance. Increased student enrollment in short-term training programs in response to the economic downturn in the preceding two years may have negatively affected performance, including decreased enrollments in FY12. Data collected for secondary schools indicates students in Perkins funded schools generally perform better than their counterparts in non-Perkins funded schools on the New Mexico Standards-Based Assessment in reading and math.

Many of the certification opportunities are offered by private vendors and participation and completion data is owned by the student or party paying for certification testing. PED indicates the department is unable to determine the number of students selecting to participate in certification testing and successful completion. Additionally, it is difficult to track where CTE program graduates are employed after graduation, as the public education, higher education and workforce databases are not linked.

Early College High School. For FY14, the Legislature appropriated \$500 thousand to the PED for startup costs associated with establishing several new early college high schools (ECHS) statewide. ECHSs are a collaboration among public education institutions and private-sector partners, including local business communities and non-profit organizations that allow enrolled students to graduate with both a high school diploma and an associate's degree and credits that can be applied to a bachelor's degree without incurring any higher education debt.

Effective ECHSs increase the graduation rate and ensure students can graduate from high school prepared to earn a postsecondary credential or degree that allows them to compete in a global workforce. The ECHS model targets minority and at-risk populations and student who will be the first in their family to go to college. Attendance rates for ECHS students average 90 percent nationally, and grade to grade promotion rates exceed 90 percent nationally. ECHSs nationwide are also successful at improving high school graduation rates and college-going rates and decreasing student behavior issues in high-needs schools. Additionally, a high proportion of graduates apply to and are accepted to four year colleges.

Albuquerque Public Schools recently announced plans to open an ECHS.

For FY14, the PED will administer a \$500 thousand appropriation for the startup of a number of ECHSs statewide.

WRP Partnerships

- Community Members
- Local Business & Industry
- Postsecondary Institutions
- Apprenticeship Programs

The RFA targets eligible school districts or regional education cooperatives that serve students attending struggling schools (D or F school grade), schools in low income areas, rural areas, and non or limited Carl D. Perkins funded districts.

The funding supports a 21st Century Registered Apprenticeship Model

Currently, Las Cruces Public Schools has the only ECHS in the state. The school focuses on science, technology, engineering, and mathematics (STEM) fields. The school opened during the 2010-2011 school year and will graduate its first senior class in the upcoming school year. LCPS will be opening a second ECHS for the 2014-2015 school year that focuses on preparing students to go into medical fields – shortages are projected nationally in medical fields with increased retirement rates and new mandatory health insurance requirements.

During the 2013 legislative session a bill was introduced to exempt any ECHS from eligibility for small school size units and from capital outlay funding for standards-based awards and lease assistance payments pursuant to the Public School Capital Outlay Act (PSCOA). Both operational and capital expenditures for early college high schools can be greatly reduced from that of traditional high schools, and it is unclear whether ECHS need access to either of these funding streams. Additionally, students continue to be double funded at both the public school district and the institution of higher education. With interest in growing the number of ECHS statewide, policymakers must address the appropriate level of operational funding and access to capital outlay funding pursuant to the PSCOA.

Workforce Readiness Program Initiative. For FY14, the Legislature appropriated \$500 thousand for a new Workforce Readiness Initiative. The PED has issued a Request for Application (RFA) for the establishment of up to five evidence-based workforce readiness programs statewide that serve public education students. Participating students will graduate with a diploma and a work-ready certificate, associates' degree, or significant college credits in order to be able to enter career fields with the highest growth, demand, skills and wages. A major difference between the workforce initiative and the ECHS initiative is the focus is on stackable credentials rather than the earning of an associate's degree or college credits. Guidance, counseling and academic advising will be required to ensure student make informed decisions about which WRPs to pursue.

Apprenticeship Assistance. The Apprenticeship Assistant Act, Section 21-19A NMSA 1978, was adopted in 1992 to assist apprenticeship programs that develop skilled craftsmen in occupations recognized by the U.S. Department of Labor and the State Apprenticeship Council to accommodate the social and economic needs of adult citizens of New Mexico and to enhance the economic development of the state. The Legislature appropriated \$192 thousand to PED for apprenticeship program in FY13 and FY14. This program has been funded for a number of years with the high mark in funding occurring in FY09. Apprenticeship funding supported 14 apprenticeship programs during FY13, serving 845 apprentices. The rate of state investment per training hour is relatively low, ranging from a high of \$3.95 per training hour in FY06 to a low of \$0.93 in F11. State funding for the program is relatively modest, while contributions from private industry generally support the program. Sponsoring companies largely contribute funding to eligible training program including funding tuition, instructional materials and instructors.

PED Apprenticeship Assistance		
	Apprentices	Graduates
FY06	894	174
FY07	1301	189
FY08	1248	156
FY09	1300	138
FY10	1412	193
FY11	1180	173
FY12	851	175
FY13	845	

Source: PED

High Skills Workforce Grant Program		
	FY11	FY12
Total Headcount	22,084	14,947
New Clients	423	446
Student Credit Hours Eligible for Funding	220,770	195,909
Total General Fund Approp.	\$338,100	\$338,100

Source: HED Grant Distribution, FY12 and FY13

Postsecondary efforts and programs. Community colleges offer workforce training programs for individuals with varying levels of educational attainment, who are underemployed or not employed, and who seek to participate in the local economy. Programs receive funding from federal, state, and local governments and private funds.

Contract training programs. Traditional programs funded by businesses who work with community colleges to provide industry-specific training to employees. An employee or individual participating in such programs frequently does not receive a certificate or degree, so the college does not receive instruction and general (I&G) formula funding from the state. Examples of contract training programs include those contracted by BP as provided by San Juan College or Lowe’s contracting with Central New Mexico Community College to provide communications training for staff.

The Higher Education Department (HED) receives state general fund appropriations to administer the High Skills Program, a state-funded grant program to help subsidize community colleges’ non-credit workforce training programs. High Skills grants are based on the total number of workforce training credits offered by a college during the fiscal year. Since FY12, the HED has received \$338.1 thousand in general fund appropriations annually to administer the grant program, with \$776.2 thousand in grants supporting more than 416 thousand credit hours in workforce training.

The High Skills Program lacks performance measures. The institutional efforts to provide training and the workforce credit hours may align with area workforce needs but the grants are not sufficient to attract or serve as a primary incentive or tool to help attract business or government clients. Institutions have been asked to review guidelines for this program with a goal of presenting the HED and LFC with recommendations to align grant awards with workforce training needs for FY15.

Combined education and industry-specific training programs. To help adults who did not graduate from high school, a number of evidence-based programs combine high school equivalency or general educational development (GED) with skills-based curricula. Programs linking GED instruction with workforce subject areas increase GED-attainment, college enrollment and retention, and employability for under- or unemployed individuals. The MDRC recently reported that, compared to a control group, participants in Laguardia Community College’s Bridge to Health and Business Program were nearly 22 percent more likely to complete the GED course, 30 percent more likely to pass the GED exam, 17 percent more likely to enroll at a local community college, and almost 9 percent more likely to return for a second semester at the community college. Compared to a traditional GED-preparation class, the Bridge program includes a full-time, committed GED instructor, 68 more in-class hours and 3 more weeks of instructional time, career-oriented curriculum and materials, and in-class and personal transitional counseling.

Washington State's I-BEST Program: Cost Benefits to Students and State

- I-BEST student completers gain an annual return on investment of 12.4 percent annually, more than 3 times greater than traditional, GED-only programs
- Financial benefits to taxpayers are equal to traditional investments and reflect higher tax receipts and lower social costs.

Source: Washington State Board for Community and Technical Colleges, Investment in I-BEST (Feb. 2013)

New Mexico's Pilot I-BEST Institutions:

- Central New Mexico Community College
- Mesalands Community College
- Santa Fe Community College
- Eastern New Mexico University - Roswell
- New Mexico State University - Dona Ana
- University of New Mexico – Valencia

NM I-BEST Pilot Programs and Pathways:

- Plumbing
- Pharmacy technician
- Wind energy
- Farrier science
- Personal care assistant
- Early childhood multicultural education
- Electrical trades
- Emergency medical services
- welding

Similar to Laguardia Community College's program, Washington State's Integrated Basic Education and Skills Training (I-BEST) model has proven to be successful with this same population. Under the I-BEST model, basic skills instructors and college-level career-technical faculty jointly design and teach college-level occupational courses (such as, early childhood education and teaching, welding technology, or data entry/computer applications) for adult basic skills students. Traditional adult basic education programs focus on preparing for the GED test and earning a GED, and do not include workforce skill-based components. Columbia University's Community College Research Center reported that Washington's I-BEST students performed "moderately or substantially better" than students in traditional adult learning programs: 23 percent more likely to earn at least 1 college credit, 17 percent more likely to persist into their second year of college or 40 percent more likely to earn an occupational certificate. Further research is needed to determine the influence of the student characteristics on choosing to participate in I-BEST programs.

New Mexico received a three-year federal grant to implement an I-BEST model at participating community colleges. In the second year of the grant, six community colleges are offering adult basic education with workforce training in "professional pathways." The pathways allow students to earn certificates and credentials that, when combined, build towards associates degrees and professional licensure. Initial student data shows that nearly 240 adult learners have earned almost 100 certificates (six to nine credits per certificates) over two semesters. While it is difficult to compare the New Mexico I-BEST students with HED's GED population, the I-BEST grant administrators report higher rates of accomplishment for I-BEST students than adult learners in the GED-preparation programs.

SUMMARY

New Mexico has a regional unemployment problem and significant statewide problems with employment growth, per capita income, and education levels compared to national and regional averages. This brief identifies the state's workforce training and development programs, including program costs. This information should guide planning to avoid duplication and reprioritize investment into programs that work well and achieve reasonable costs per trainee. The State Workforce Board's Employability Partnership might assist this planning through its review of the state's workforce delivery system, offering input on how best to align the needs of employers and efforts of the Workforce Solutions Department, the Public Education Department, the Higher Education Department, and the Economic Development Department.

APPENDIX A

FY14 Summary of State Appropriations and Tax Expenditures for Economic Development ¹					
	Description	General Fund (millions)	OSF (millions)	Total (millions)	Cost/Job (thousands)
Economic Development Dept.	Economic Development Department	\$ 5.7	\$ -	\$ 5.7	\$ 2.2
Marketing and Business Recruitment	New Mexico Partnership	\$ 0.9	\$ -	\$ 0.9	\$ 0.9
	Tourism Department marketing	\$ 5.4	\$ -	\$ 5.4	\$ 0.7
	Cultural Affairs Department marketing	\$ 0.2	\$ -	\$ 0.2	n/a
Infrastructure Development	MainStreet Program ²	\$ 0.5	\$ -	\$ 0.5	\$ 1.7
Workforce Development	Job Training Incentive Program (JTIP)	\$ 3.0	\$ -	\$ 3.0	\$ 5.2
Closing Funds	Local Economic Development Act (LEDA)	\$ 3.3	\$ -	\$ 3.3	\$ 11.9
Business Mgt. Assistance	Small Business Development Centers (SBDCs)	\$ 4.2	\$ -	\$ 4.2	
University Research and Business Development	UNM Manufacturing Engineering Program	\$ 0.6	\$ -	\$ 0.6	
	UNM HSC Cancer Center	\$ 2.6	\$ -	\$ 2.6	
	NMSU Arrow head Business Center	\$ 0.2	\$ -	\$ 0.2	
	NMSU Carlsbad Mfg Sector Development	\$ 0.2	\$ -	\$ 0.2	
	NMSU Manufacturing Sector Development	\$ 0.4	\$ -	\$ 0.4	
	NMTech Energetic Materials Research Center	\$ 0.7	\$ -	\$ 0.7	
	NMTech Geophysical Research Center	\$ 0.8	\$ -	\$ 0.8	
	NMTech Homeland Security	\$ 0.5	\$ -	\$ 0.5	
	NMTech Institute - Complex Additive Sys. Anls.	\$ 0.7	\$ -	\$ 0.7	
	NMTech Petroleum Recovery Research	\$ 2.0	\$ -	\$ 2.0	
Tax Expenditures	Film production credit (cap)	\$ (50.0)	\$ -	\$ (50.0)	n/a
	High-wage jobs credit	\$ (24.1)	\$ -	\$ (24.1)	\$ 25.5
	Investment tax credit	\$ (7.0)	\$ -	\$ (7.0)	n/a
	Construction-related GRT deduction	\$ (14.3)	\$ (7.2)	\$ (21.5)	n/a
	Technology jobs credit	\$ (6.3)	\$ -	\$ (6.3)	n/a
	Manufacturing GRT deduction ³	\$ (18.2)	\$ (12.5)	\$ (30.7)	n/a
	Tax holiday sales deduction	\$ (4.1)	\$ -	\$ (4.1)	n/a
	Tax increment for development district (TIDD)	\$ (3.8)	\$ (1.6)	\$ (5.4)	n/a
	Laboratory partnership small business credit	\$ (3.2)	\$ -	\$ (3.2)	n/a
	Veteran employment tax credit	\$ (2.5)	\$ -	\$ (2.5)	n/a
	Racetrack exemption	\$ (2.0)	\$ -	\$ (2.0)	n/a
	Sales to film companies	\$ (1.0)	\$ (0.8)	\$ (1.8)	n/a
	Small breweries & wineries liquor excise	\$ (0.8)		\$ (0.8)	n/a
	Rural jobs credit	\$ (0.7)	\$ -	\$ (0.7)	\$ 2.9
	Military construction	\$ (0.5)	\$ (0.3)	\$ (0.8)	n/a
	Angel investment credit	\$ (0.2)	\$ -	\$ (0.2)	n/a
	Baseball stadium exemption	\$ (0.2)	\$ (0.2)	\$ (0.4)	n/a
	Military transformation programs	\$ (0.2)	\$ (0.1)	\$ (0.3)	n/a
	Double-weighted sales apportionment	\$ (0.1)	\$ -	\$ (0.1)	n/a
	R&D small business credit	\$ (0.1)	\$ -	\$ (0.1)	n/a
	Spaceport deduction	\$ (0.1)	\$ (0.0)	\$ (0.1)	n/a
	Space test articles	\$ (0.1)	\$ (0.1)	\$ (0.2)	n/a
	Space vehicle fuel deduction	\$ (0.1)	\$ (0.1)	\$ (0.2)	n/a
	Software services in rural areas	\$ (0.1)	\$ (0.1)	\$ (0.2)	n/a
	Boxing promotion	\$ (0.1)	\$ (0.1)	\$ (0.2)	n/a
	Venture Capital Investment tax credit	\$ -	\$ -	\$ -	n/a
	Industrial Revenue Bonds ⁴	n/a	n/a	-	n/a
	Total State Cost	\$ 171.88	\$ 23.14	\$ 195.02	n/a

Notes:

Source: LFC Files

- Estimated fiscal impacts for tax expenditures are preliminary and subject to revision.
- The MainStreet Program also received a capital outlay appropriation of \$0.5 million for FY14.
- The manufacturing GRT deduction is phased in at 20 percent per year until fully implemented in FY17 at a cost of \$80 million.
- Estimates are not available at this time.
- Highlighted expenditures were NOT updated by TRD in their 2012 New Mexico Tax Expenditure Report.

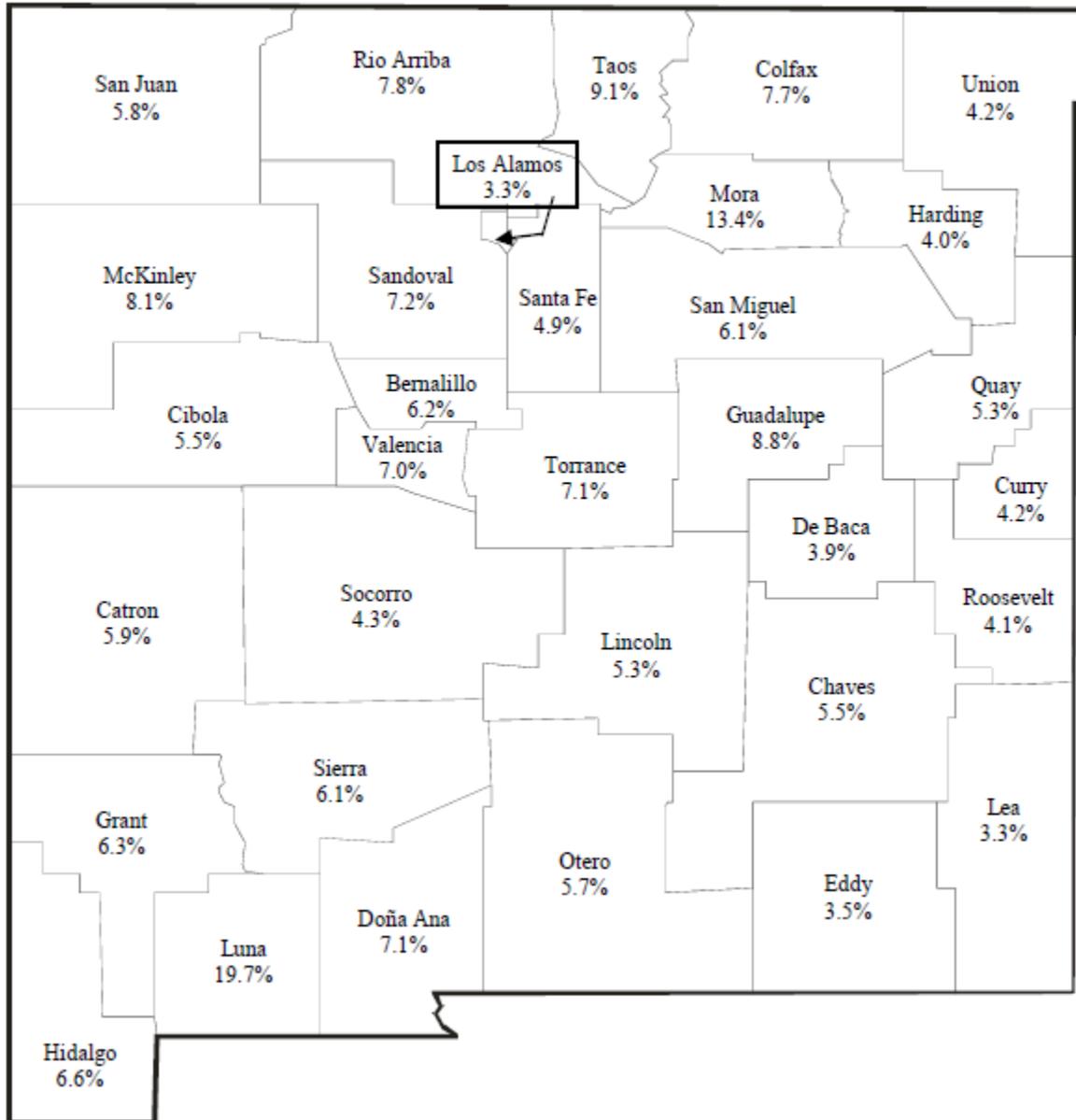
APPENDIX B

FY14 Summary of Workforce Training Programs						
	Description	General Fund (millions)	OSF (millions)	ISF/IAT (millions)	Federal (millions)	Total (millions)
Public Education Department	Apprenticeship Assistance	\$ 0.2	\$ -		\$ -	\$ 0.2
	Early College High School Initiative	\$ 0.5	\$ -		\$ -	\$ 0.5
	Workforce Readiness Initiative	\$ 0.5	\$ -		\$ -	\$ 0.5
	Carl Perkins				\$ 8.2	\$ 8.2
Workforce Solutions Department	WIA Adult				\$ 3.5	\$ 3.5
	WIA Dislocated Worker				\$ 3.6	\$ 3.6
	WIA Youth				\$ 3.6	\$ 3.6
	Verteran Programs				\$ 1.0	\$ 1.0
	Trade Adjustment Assistance Program				\$ 3.7	\$ 3.7
Higher Education Department	High Skills	\$ 0.3	\$ -	\$ -	\$ -	\$ 0.3
TOTAL		\$ 1.5	\$ -	\$ -	\$ 23.6	\$ 25.1

Source: LFC Files

APPENDIX C

County Unemployment Rates, April 2013
(Not Seasonally Adjusted)



Source: WSD

APPENDIX D

WORKFORCE INVESTMENT ACT (WIA)

FY 14				
WIA ADULT	Administration	Program	Total Allocation	Projected Participant #
Central	\$138,410	\$1,245,691	\$1,384,101	550
Eastern	\$54,548	\$490,928	\$545,476	100
Northern	\$73,886	\$664,975	\$738,861	230
Southwestern	\$79,731	\$717,581	\$797,312	250
Total	\$346,575	\$3,119,175	\$3,465,750	1130
WIA DISLOCATED WORKER				
WIA DISLOCATED WORKER	Administration	Program	Total Allocation	Projected Participant #
Central	\$169,545	\$1,525,901	\$1,695,446	1370
Eastern	\$41,667	\$375,000	\$416,667	195
Northern	\$80,764	\$726,867	\$807,631	345
Southwestern	\$65,024	\$585,215	\$650,239	230
Total	\$357,000	\$3,212,983	\$3,569,983	2140
WIA YOUTH				
WIA YOUTH	Administration	Program	Total Allocation	Projected Participant #
Central	\$163,468	\$1,471,215	\$1,634,683	420
Eastern	\$49,580	\$446,219	\$495,799	62
Northern	\$61,071	\$549,642	\$610,713	150
Southwestern	\$86,042	\$774,380	\$860,422	175
Total	\$360,161	\$3,241,456	\$3,601,617	807
TOTAL ALLOCATIONS				
TOTAL ALLOCATIONS	Administration	Program	Total Allocation	Projected Participant #
Central	\$471,423	\$4,242,807	\$4,714,230	2340
Eastern	\$145,795	\$1,312,147	\$1,457,942	357
Northern	\$215,721	\$1,941,484	\$2,157,205	725
Southwestern	\$230,797	\$2,077,176	\$2,307,973	655
Total	\$1,063,736	\$9,573,614	\$10,637,350	4077

APPENDIX E

WIA Performance FY2013/Q3 (Rolling Quarter Calculation)												
Measure	Central		Northern		SW		Eastern		State		Source: WSD	
	#	%	#	%	#	%	#	%	#	%		
Entered Employment - Adult	64	64%	62	58%	56	89%	59	87%	241	71%		
Employment Retention - Adult	934	94%	128	77%	75	93%	54	74%	1,191	91%		
Average Earnings - Adult		\$33,217		\$17,787		\$15,333		\$17,374		\$30,071		
Entered Employment - Dislocated Worker	161	77%	75	69%	96	71%	25	74%	357	73%		
Employment Retention - Dislocated Worker	141	89%	56	79%	74	93%	28	88%	299	88%		
Average Earnings - Dislocated Worker		\$16,210		\$13,943		\$15,615		\$21,248		\$16,194		
Youth Placed in Employment/Education	168	54%	104	65%	125	62%	17	59%	440	57%		