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### FISCAL IMPACT REPORT

SPONSOR:	Wilson	DATE TYPED:	02/08/00	HB	
SHORT TITLE:	Require NM WORKS Act Applicant Job Search			SB	374
				ANALYST:	Taylor\Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00		
		See Narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB 244

### SOURCES OF INFORMATION

LFC files

Human Services Department

## **SUMMARY**

### Synopsis of Bill

SB 374 amends the New Mexico Works Act, Section 27-2B-4 NMSA 1978, to require certain applicants for the New Mexico Works cash assistance program to "make employment contacts and to submit employment applications"( job search) while the application is pending approval. All persons subject to participation in work program activities must go through job search unless they meet one of the following conditions:

- •Live in counties with the unemployment rates of 10% or more or whose population is less than 6,000;
- •Live more than 65 miles from a Department of Labor employment office
- •Are single parents with children under the age 4;
- •Are exempt from work program requirements; or
- •Are already employed at time of application

### Significant Issues

The Department of Labor (DOL) maintains that the job search function belongs in their agency and note that DOL provides the more practical venue for job seekers to register for employment.

## **FISCAL IMPLICATIONS**

HSD estimates that during FY 01, the applicant job search requirement will result in 1200 applicants finding employment.

The department believes that HSD budget items for transportation and child care expenses will increase because of the up-front job search, thus reducing the need for cash assistance. The HSD Fir does not quantify the impact.

### **ADMINISTRATIVE IMPLICATIONS**

The department stipulates that the job search requirement will be administered by the Income Support Division eligibility staff. The department believes that the increased workload to eligibility staff will be offset by caseload reductions resulting from employments.

Currently the department contracts out employment services to contractors. The department does not provide information as to why the department is not considering contracting the job search requirement to these contractors.

Also, the department presently has a job search component as part of the work participant requirements through its NM WORKS contractors. These individuals can receive cash assistance with child care and transportation as well as other services offered through the HSD contractors. The department did not provide any data on the number of cases that are being closed due to job search activities and the number of individuals that have found employment by participating in such activities.

DOL staff insists that their agency should administer the employment registration procedure because the infrastructure is in place to deliver this service.

### **CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP**

The bill is a duplicate to HB 244

### **OTHER SUBSTANTIVE ISSUES**

Advocates are concerned that the applicants do not have the resources to provide for up-front transportation costs or child care and then wait for reimbursement.

Advocates are also concerned that the bill contradicts the purpose of the NM WORKS Act which is to "focus on addressing the barriers to participation in work activities."

Other areas that are disturbing to some advocates are:

- there is not a method for screening applicants for job readiness or to identify barriers to employment except for the applicant to request a waiver. The experience of the contractors is that NM WORKS recipients do not disclose barriers like domestic violence until much later in the process than at the point of application.
- that the department does not provide assistance with the job search requirement
- that the bill lacks definition of an "applicant" and the bill gives HSD broad powers to decide how many employment contacts will be required and how those contacts are verified. Prior job search requirements instituted in 1996 and 1997 raises cautions about the applicant job search concept. For example, some applicants job search contacts were not accepted by the eligibility worker which required the recipient to make several trips to the same employer. In addition, some employers were becoming upset with the number of individuals requiring signatures on verification forms.

The Human Services Department (HSD) reports that national studies of applicant job search projects conducted by the Manpower Research Development Corporation found that these projects were effective in reducing welfare dependency and increasing family income. Descriptions of some of those job search projects were not provided by the department. The HSD Fir does not address whether these projects were up-front job search (while application was pending) or as part of work program activity for individuals who were recipients of assistance. NM has a job search component for recipients of assistance as noted above.

Although the department indicates that the program will only be implemented in limited areas, they do not identify those areas or provide information on approximate numbers of individuals who will be exempt from this requirement.

HSD specifies that the job search requirement will not delay the processing of applications for Food Stamps or Medicaid. Job search related to transportation costs will be reimbursed by HSD in accordance with existing program rules. Child care costs for applicant job seekers will be reimbursed by the department at established rates.

HSD describes the following advantages when a person secures employment during applicant job search:

- applicant would be eligible for the same earned income deductions as NM WORKS program recipients
- applicants would be eligible for earned income deductions
- applicants can decide whether or not to continue with the application for assistance

## **AMENDMENTS**

The department suggests the following amendment:

Under sub section D, the term "wavier" should be changed to "exemption" to comport with Section 27-2B-5 .

DOL proposed that the bill be amended to allow for NM WORKS applicants to register for work in their agency.

## **POSSIBLE QUESTIONS**

A questions arises pertaining to the current contractors who provide employment services. If a person finds and accepts employment through up-front job search but is still eligible for and opts to receive cash assistance, will the recipient be referred to the current employment contractors and will the contractors be reimbursed for offering employment services to this recipient?

BT/njw