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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/26/06

SPONSOR Komadina LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Expand Education Works Program Eligibility SB 107

ANALYST Weber

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Human Services Department (HSD)

### SUMMARY

Senate Bill 107 would amend state statute 27-2D-4, NMSA 1978 of the Education Works Act to expand eligibility. The Education Works Act currently restricts eligibility to individuals who do not have a bachelor's degree. This would amend state statute to remove that restriction, and the receipt of more than one degree from this program. This amendment further allows individuals participating in this program to obtain a graduate or post-graduate degree.

### SIGNIFICANT ISSUES

Human Services notes that The Education Works Program provides cash payments to a benefit group that must contain at least one child. Participation is limited to benefit groups who meet a financial standard of need of 85% of the Federal Poverty Guideline. The financial standard of need for the Education Works Program mirrors the TANF program for low-income families. The Education Works Program is limited to twenty-four (24) months participation. Participants may have an extension of one to two school terms if it will lead to a degree if state funds are available. The Education Works Program does not pay for tuition, books or expenses related to obtaining a degree.

Currently there are 500 slots available for the Education Works Program at an annual FY 2006 \$2,000.0 budget. During state FY 2005, there was an average monthly participation of 450 participants in the program with a fiscal year expenditure of \$1,861,924. The participants in the program currently have access to the program through universities and community colleges state-wide.

Data from the Human Services Department work program contractors for FY05 has not finalized. However, during state fiscal year 2004 there were approximately 43 graduation degrees obtained by participants in the program as reported by work program contractors.

Expanding eligibility for the Education Works Program could increase opportunities to low-income families who could not otherwise obtain a graduate or post-graduate degree. The New Mexico Lottery Scholarship Program only is available for undergraduate programs.

General fund dollars utilized in the Education Works Program currently may be credited toward the TANF Maintenance of Effort (MOE) requirement. New federal requirements that are likely to be passed this spring under the federal Budget Reconciliation Bill for TANF reauthorization will increase TANF work participation rates to 50% of all families receiving TANF and 90% of all two-parent families. If funding for the Education Works Program is used towards the MOE requirement, participants of the Education Works Program must meet TANF work participation requirements. This would be difficult for participants in the Education Works Program since under federal regulation vocational/post-secondary education is limited to 12 months that individuals may obtain under the New Mexico Works program. HSD may opt to exclude some or all these general fund dollars from the MOE requirement.

#### **OTHER SUBSTANTIVE ISSUES**

Without additional resources the bill may have the unintended consequence of limiting the number of persons attending institutions for a two or four year degree. As HSD notes over \$1.8 million of the \$2 million appropriation was expended. If eligibility is expanded to include graduate degrees without additional resources the effect would be fewer slots for participants without any post secondary degree.

MW/yr