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FISCAL IMPACT REPORT

ORIGINAL DATE 02/14/13

SPONSOR Rodriguez LAST UPDATED _____ HB _____

SHORT TITLE Workforce Development and Dropout Prevention SB 383

ANALYST Aledo-Sandoval

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$44.0	\$44.0	\$88.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Workforce Solutions Department (WSD)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 383 (SB 383) appropriates \$500 thousand from the general fund to the Workforce Solutions Department (WSD) for the purpose of contracting with a New Mexico company or organization with demonstrated success in implementing workforce development and dropout prevention programs. SB 383 also requires the WSD to partner with state school districts on ways to enhance academic remediation services for at-risk students, implement dropout prevention strategies and provide students with career exploration and employable skills training that aligns with enrollment in post-secondary education programs or career pathway opportunities leading to entry-level positions with business partners.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2014 shall revert to the general fund.

According to the WSD, administration of this funding would require the following actions: (1) issuing a request for proposal; (2) monitoring and maintaining oversight of administration and implementation of the contract; and (3) ensuring the services and outcomes outlined in SB 383 are accomplished. The agency estimates the administrative costs associated with implementation of this bill at \$44 thousand.

SIGNIFICANT ISSUES

The Public Education Department (PED) states that the intent of this funding is to allow New Mexico public school district personnel to refer high-risk students for participation in the program and allow them to be served based on their determined at-risk status. This program differs from the Workforce Investment Act (WIA) funded program at the WSD in that WIA eligibility requirements call for support to only allow low-income youth to participate in their programs, whereas SB 383 does not limit access to programs based on eligibility or low income status. The basic criteria to be served through WIA for workforce development programming and dropout preventions is that a student must have an identified risk factor and must be low income based on the 70 percent of the *Low Living Standard Income Level* (LLSIL) established by the US Department of Labor. SB 383 could expand support to at-risk youth not currently served under WIA.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Although, the WSD states that there is a potential duplication of effort in existing services currently provided through the Workforce Investment Act programs, as discussed in the section above, WIA eligibility restricts the at-risk youth population that is served to low-income youth.

OTHER SUBSTANTIVE ISSUES

The PED provided the following information:

According to the National Dropout Prevention Center, one high school student drops out of secondary school every nine seconds and the rate at which students drop out between grades nine and ten has tripled over the last thirty years. The U.S. Department of Education, National Center for Education Statistics lists the national dropout rate in the school year 2010-2011 as 7.4 percent.

MAS/svb