

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

## FISCAL IMPACT REPORT

<b>SPONSOR</b>	<u>Brandt</u>	<b>LAST UPDATED</b>	<u>2/27/2025</u>
	Youth Apprenticeship Internship	<b>ORIGINAL DATE</b>	<u>2/27/2025</u>
<b>SHORT TITLE</b>	<u>Opportunity Pgm</u>	<b>BILL</b>	
		<b>NUMBER</b>	<u>Senate Bill 317</u>
		<b>ANALYST</b>	<u>Garcia</u>

### APPROPRIATION\* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
\$25,000.0		Nonrecurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Program Administration (WSD and Local Workforce Boards)</b>	\$100.0	\$1,249.90	\$1,249.9	\$2,500.0	Recurring	General Fund
<b>Internships/Apprenticeships</b>	No fiscal impact	\$11,250	\$11,250	\$22,500.0	Nonrecurring	General Fund
<b>Total</b>	<b>\$100.0</b>	<b>\$11,750.0</b>	<b>\$11,750.0</b>	<b>\$25,000.0</b>		<b>General Fund</b>

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in the General Appropriation Act

Relates to House Bill 528

### Sources of Information

LFC Files

#### Agency Analysis Received From

Workforce Solutions Department (WSD)

Economic Development Department (EDD)

## SUMMARY

### Synopsis of Senate Bill 317

Senate Bill 317 establishes a “youth internship opportunity program” at the America’s Job Centers of New Mexico (formerly Workforce Connections Centers) operated by the Workforce Solutions Department. The program aims to increase youth employment opportunities and

develop in-demand skills in industries, such as health care, trades, information technology and agriculture and foster workforce readiness.

Internships and apprenticeships must be registered with the applicable America's Job Center New Mexico. Employers who seek to participate in the program shall submit a job description and meet eligibility requirements in consultation with the applicable local workforce development boards and Workforce Solutions Department (WSD). Participants shall be employees of the applicable America's Job Center New Mexico and will be matched with eligible employers, who will provide a qualified mentor and supervisor.

Youth seeking participation in the program shall apply through a process that prioritizes:

- Low-income or at-risk youth;
- Underserved populations; and
- Students enrolled in career technical education courses during the school year.

Senate Bill 317 requires participants receive an hourly wage between \$15 and \$17 per hour, paid biweekly for up to four hundred hours and must achieve "measurable skills or certifications." The bill requires the America's Job Centers of New Mexico to track certain outcomes and participant performance measures and submit an annual report to the legislature and governor.

Senate Bill 317 appropriates \$25 million from the general fund to the Workforce Solutions Department, through the America's job centers New Mexico to conduct youth internship opportunity programs. The bill would allow for expenditure in fiscal years 2025 through 2027. Any unexpended or unencumbered balance remaining at the end of fiscal year 2027 shall revert to the general fund.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## **FISCAL IMPLICATIONS**

The appropriation of \$25 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall revert to the general fund.

WSD analysis suggests the agency would likely need to hire a program coordinator to administer the program, and the four local workforce boards would also likely each need to hire a coordinator, at a cost of roughly \$100 thousand each, totaling \$500 thousand annually. The appropriation contained in the bill allows for expenditure beginning in FY25, and thus the analysis above expenditures of \$100 thousand in FY25 related to hiring program coordinators for a portion of the year. WSD assumes that, with a 10 percent administrative cost, the program would create roughly 3,700 internships, and the analysis in the tables above spreads the costs over internships evenly between FY26 and FY27.

## **SIGNIFICANT ISSUES**

WSD reports the agency is supportive of expansion of internships and pre-apprenticeships, though WSD reports the bill contains a variety of technical problems.

WSD suggests the bill appears to intend to address work-based learning for young adults but uses the term “apprenticeship.” Apprenticeships are “earn while you learn” program registered under both New Mexico and federal law with the Workforce Solutions Department through the state’s Apprenticeship Office and involve providing very specific learning and work requirements. Apprenticeships generally require participants to be over the age of 18. WSD suggests the bill might instead use the term “pre-apprenticeships,” which are not registered through the Apprenticeship Office or regulated by the state or federal government and are commonly companion programs to internships.

WSD assumes the bill intends to expand pre-apprenticeship programs and internships and notes such programs support the development of workplace skills of young people and may improve the state’s workforce capacity. WSD currently administers pre-apprenticeship programs, and WSD notes the Youth Internship Opportunity Program created by the bill could compliment those existing programs.

The Economic Development Department (EDD) identifies similar issues with the program terms used in the bill. EDD notes the bill identifies “registered internships or apprenticeships,” even though there are no formal training programs for individuals under the age of 18 approved by an America’s Job Center New Mexico. EDD suggests “apprenticeships are a model for both workforce development and adult learning (18 years of age and older) that provides apprentices with a full-time job, structured wage increases, systematic opportunities for mentored hands-on learning, and accompanying related technical instruction.”

EDD also notes the existing youth program offered through America’s Jobs Centers deliver a comprehensive array of services that focus on assisting youth between the ages of 14 and 24 and who experience disadvantages or barriers to employment.

WSD reports the agency does not currently regulate pre-apprenticeship programs but has developed standards for its internal pre-apprenticeship programs that could be adapted to meet the requirements of this bill. WSD notes:

The local workforce development boards have varying degrees of success with operating youth programs, and the flexibility of this program would make it a good companion to the highlight regulated opportunities under the Workforce Innovation and Opportunity (WIOA) Act.

## **ADMINISTRATIVE IMPLICATIONS**

WSD noted support for the proposed model of making particular pre-apprenticeship programs available through local workforce development boards. To do this, WSD notes the agency would need to contract with the four local workforce development boards, who would in turn either operate the program or contract with an external partner. WSD notes the boards use the same data tracking system as the agency.

The bill also note participants will be employees of America’s Jobs Centers. In the WSD pre-apprenticeship program, pre-apprentices are WSD employees. However, WSD is unsure if the local workforce boards could undertake the level of administration needed to employ the participants and instead suggested WSD be the employer.

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The appropriation contained in SB317 is not included in the HAFC substitute for the General Appropriation Act (GAA). However, the GAA currently contains the following related appropriations:

- \$40 million to the Public Education Department (PED) for career and technical education (SEG);
- \$10 million to PED for summer youth internships;
- \$500 thousand to WSD for intensive outreach for out-of-school youth (Section 5);
- \$600 thousand to WSD for pre-apprenticeships in STEM or that are pathways to registered apprenticeships (Section 5); and
- \$9.7 million to WSD for apprenticeship programs (Section 4).

In addition, the General Appropriations Act of 2024 contained the following appropriations through the Government Results and Opportunity (GRO) fund that will be available to agencies in FY26:

- \$600 to WSD thousand for pre-apprenticeships;
- \$2 million to WSD for a career exploration truck (Be-Pro-Be-Proud); and
- \$20 million to HED for workforce training courses, student intern, and apprenticeship programs

Relates to House Bill 528, which would create a high school internship grant program at the Workforce Solutions Department and appropriate \$10 million to a newly created fund for the program.

## TECHNICAL ISSUES

WSD highlights additional concerns related to the phrasing of placement of programs articulated in Senate Bill 317 that the agency suggests could be resolved:

The bill's stated goal is to have the four local workforce development boards administer the Youth Internship Opportunity Program. However, the bill uses the term "America's Jobs Centers" which are places, rather than entities. WSD, local workforce boards, and contracted partners who operate WIOA Youth, Adult and Dislocated Worker programs occupy the America's Jobs Centers. WSD staff is managed through area managers under WIOA Title III (Wagner-Peyser), and America's Jobs Centers are managed by four "one-stop operators" with which the four local workforce boards contract. America's Jobs Center (as places) cannot run programs or accept funds.

## OTHER SUBSTANTIVE ISSUES

WSD notes the New Mexico Minimum Wage Act does not establish a lower wage specifically for minors, meaning they are generally entitled to at least the state-mandated minimum wage, which is currently \$12/ hour. While the wages proposed in SB317 exceed the current minimum wage, it is possible the state's minimum wage will increase during the period of the appropriation. At least one bill introduced during this legislative session (House Bill 246) could potentially increase the minimum wage beyond the wages proposed in SB317. WSD notes the bill could be amended to note wages must meet or exceed the applicable minimum wage.

RMG/rl/SL2