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ISSUES FOR HEARING

Labor Market Overview, Barriers to Employment, and Workforce Programs

- New Mexico's unemployment rate has dropped since its peak of 8.5 percent in June and July of 2010 to 7 percent in March of 2012. However, employers report shortages in key areas of qualified New Mexicans to hire for skilled jobs.
- The shortage of qualified workers is only expected to get worse; for example Workforce Solutions Department (WSD) reports that New Mexico currently has about 157,100 individuals with a bachelor's degree or higher, well below the 177,100 required for future workforce needs.
- Key workforce programs include federal Workforce Investment Act (WIA) funded programs administered by the local workforce boards under WSD, the administrative entity for WIA funds, (over \$13.9 million in FY12) and Temporary Assistance for Needy Families (TANF) at the Human Services Department (HSD), which has \$33 million for employment related support in FY12. Additional federal and state money flows to the public schools and higher education for vocational and skill specific training.
- Targeted populations tend to differ for the programs, with TANF focusing on finding fairly entry-level employment for poor families, WSD and the local workforce boards have a broader mandate to help meet the needs of the unemployed as well as improve the skills of the current workforce to meet employers' evolving needs. All workforce programs rely on the state network of higher education institutions to provide client vocational and technical training.
- Research shows that many individuals, particularly TANF clients, often face barriers to employment including a lack of education, under-developed soft "people" skills, lack of childcare, transportation difficulties, and physical and mental health issues. Success of clients with multiple barriers to employment often requires intensive case management and support services.
- The WSD and the HSD continue to explore opportunities to improve coordination; a recent initiative which shows promise is the WorkKeys program which combines intensive assessment of clients' skills and remedial training with a certificate program which provides an alternative credential for employers.
- Successful public-private partnerships combine workforce development with economic development to address short and long-term community needs.

| Employment and Training Services Funded by Major Federal Workforce Program | | | |
|-----------------------------------------------------------------------------------|-------------|------------------|----------------------------------|
| Service | TANF | WIA Adult | Perkins Career/ Technical |
| Assessment/counseling | ○ | ● | ○ |
| GED assistance | ○ | ● | ○ |
| Develop job opportunities | ● | ● | |
| Job readiness skill training | ○ | ● | ● |
| Job referrals | ○ | ● | |
| Job retention training | | ○ | ● |
| Job search and placement | ○ | ● | ○ |
| Job search workshops | | | |
| Vocational training | ○ | ● | ● |
| On-the-job training | ○ | ● | ● |
| Literacy, remedial education | ○ | ○ | ○ |
| Work experience | ○ | ● | |
| Subsidized employment | ● | | |
| Key: ● = Primary Services ○ = Secondary Services | | | |
| Source: U.S. General Accounting Office (2009) | | | |

| Workforce Training and Development Programs, Sources of Revenues (in thousands) | | | | | | |
|----------------------------------------------------------------------------------------|----------------|-------------------|-------------------|----------------|-------------------|-------------------|
| Program Name | FY12 | | | FY13 | | |
| | GF | FF | Total | GF | FF | Total |
| WIA Adult | \$0.0 | \$4,105.6 | \$4,105.6 | \$0.0 | \$4,283.5 | \$4,283.5 |
| WIA Youth | \$0.0 | \$4,274.8 | \$4,274.8 | \$0.0 | \$4,433.0 | \$4,433.0 |
| WIA Dislocated Worker | \$0.0 | \$4,926.0 | \$4,926.0 | \$0.0 | \$4,476.4 | \$4,476.4 |
| TANF New Mexico Works Contract | \$0.0 | \$9,200.0 | \$9,200.0 | \$0.0 | \$9,200.0 | \$9,200.0 |
| TANF Supports: Transportation | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$500.0 | \$500.0 |
| TANF Supports: Employment Related Cost | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$700.0 | \$700.0 |
| PED's Perkins Career/Technical Education | \$406.6 | \$8,120.0 | \$8,526.6 | \$410.5 | \$8,128.0 | \$8,538.5 |
| HED's High Skills | \$338.1 | \$0.0 | \$338.1 | \$338.1 | \$0.0 | \$338.1 |
| TOTAL | \$744.7 | \$17,320.0 | \$18,064.7 | \$748.6 | \$18,528.0 | \$19,276.6 |

Notes:

(1) TANF cash assistance and childcare funding under support services and TANF administration costs are not shown.

(2) None of the programs receive other state funds or interagency funds.

LFC HEARING BRIEF

AGENCY: Workforce Solutions Department; Human Services Department; Public Education Department; and Higher Education Department.

DATE: May 3, 2012

PURPOSE OF HEARING: Labor Market Overview, Review of Employment and Training Programs, and Barriers to Employment

WITNESS: Dr. James Peach, Regents Professor, New Mexico State University; Connie Leyva, Chief, Workforce Services Bureau, Workforce Solutions Department; Heather O'Keefe, Chief Operating Officer, SL Start Programs; Steve Duran, Executive Director, Southwest Local Workforce Board; Dr. Anthony Hyde, Director, Manufacturing Technology Education Center, New Mexico State University

PREPARED BY: Mimi Aledo-Sandoval, Senior Fiscal Analyst II; Greg Geisler, Principal Analyst; and Tracy Hartzler-Toon, Principal Analyst

EXPECTED OUTCOME: Provide profile of state workforce programs and identify opportunities for improving agency collaboration in delivering programs.

BACKGROUND INFORMATION

The U.S Chamber of Commerce's Institute for Competitiveness' 2011 Annual Report states that 3.2 million jobs remain unfilled due to a lack of qualified employees. Reports by national organizations and state agencies generating labor projections and tracking unemployment identify gaps in workforce skills and training; job seekers need more career and technical training to meet the demands of existing and future jobs. Recently, Intel reported that it failed to meet its obligation to hire New Mexicans because there was an insufficient supply of qualified applicants for positions.

Meanwhile, a January 2011 General Accountability Office (GAO) report highlighted that nine federal agencies spent \$18 billion (2009) supporting 47 employment and training programs, many overlapping in purpose and targeted audience. The GAO recommended that agencies evaluate their programs for opportunities to collaborate to reach a broad national goal of increasing economic opportunity. Echoing the GAO's findings, Ed Gordon, author of *Winning the Global Talent Showdown: How Businesses and Communities Can Partner to Rebuild the Jobs Pipeline*, has observed that many of these federal programs focus on "generic skills training for the hardcore unemployed" which provide insufficient training to meet current and future employer needs for middle- and high-skilled and specifically-trained employees. National, state, and regional leaders are implementing localized, comprehensive regulatory and policy approaches to addressing specific workforce and economic needs, but these efforts are not widespread or systemic.

This brief will review the state's labor needs and the primary state-funded programs to address workforce training and development. A summary highlights policies implemented in other states and regions to meet specific labor needs and attract private-sector employers.

Current Workforce and Future Workforce Demands. According to the Workforce Solutions Department's (WSD's) Economic Research and Analysis Bureau, approximately 70 percent of New Mexico's current jobs do not require postsecondary education and most of the jobs, 88.7 percent, are in the service-providing industries.

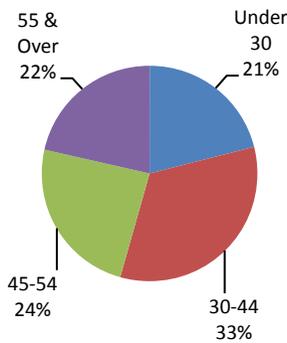
According to 2010 Census data, 33 percent of New Mexicans (352,648 adults) have an associate degree or higher, 26 percent (277,102 adults) have some college education, and 26 percent (276,077 adults) hold a high school diploma or equivalent degree. New Mexico's postsecondary attainment is behind the national average (38 percent), particularly for young adults, ages 25-24 (national average is 39 percent and New Mexico's is 27 percent). According to the WSD, the state will need at least 177,100 bachelor degree holders to meet projected future workforce needs for 2019. The gap between degree holders and the projected need is concerning because economic planners and site selectors for businesses use measures such as the workforces' education level as a key component in relocation and expansion decisions.

However, changes in technology and industrial trends will affect future workforce needs. The WSD projects that by 2019; there will be 88,388

The Georgetown University Center on Education and the Workforce suggests 58 percent of New Mexico's jobs will require some postsecondary education by 2018. This means New Mexico would need to fill nearly 292,000 vacancies (or, an estimated 166,000 jobs requiring postsecondary education or training) due to job creation, worker retirements, and other factors.

Lumina Foundation, A Stronger Nation Through Higher Education (March 2012)

Age Distribution of Unemployed Insurance Claimants (March 2012)

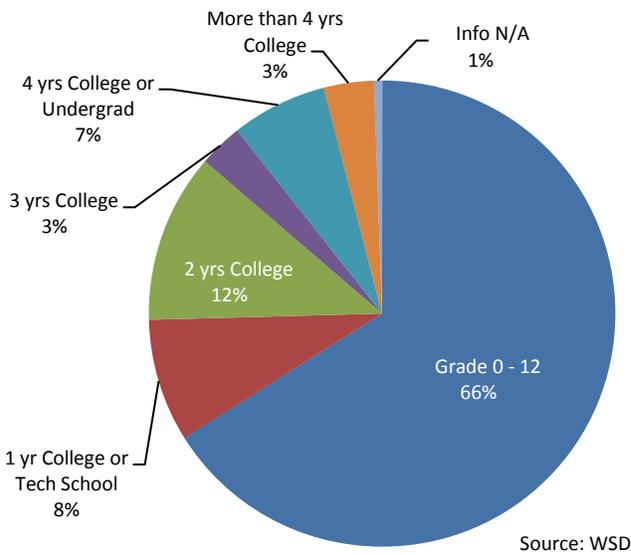


additional jobs in New Mexico. This projection is based on an annual average 1 percent employment growth. At this rate, New Mexico will not recover to the 2008 maximum employment level of 852,900 until fall of 2016.

Across a large part the state, new jobs are being added to the economy, primarily in healthcare and education services. The 2009-2019 employment projections estimate an employment increase in this industry sector of approximately 27,000 jobs. The health and social assistance sectors already face worker shortages in highly skilled occupations such as registered nurses and physicians, particularly in rural areas. There is a gap between the skills employers need and the skills of our workforce. New Mexico's training and education programs and policies are currently not aligned sufficiently to address this gap.

Unemployment. New Mexico's unemployment rate has dropped from its peak of 8.5 percent in June and July of 2010. In both November and December 2011, the unemployment rate reached a low of 6.6 percent, however, in March of this year the unemployment rate increased to 7 percent. According to the Bureau of Labor Statistics, New Mexico's measure of labor underutilization was on average 14.7 percent for 2011.

Educational Attainment of Unemployment Insurance Claimants (March 2012)

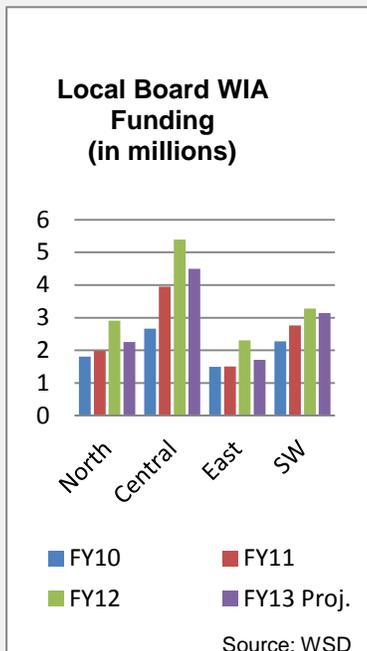


Long-Term Unemployment. In New Mexico, approximately 3,100 workers have been unemployed for a year or more. Another 6,440 have been jobless between six months and a year. The longer a worker is unemployed, the more difficult it becomes to find a job. According to the U.S. Bureau of Labor Statistics, in 2010, individuals who were unemployed for at least 27 weeks had only a 10 percent chance of becoming employed in the subsequent month, compared to 30 percent for those unemployed for less than 5 weeks.

A high level of long-term unemployment leads to economic consequences including a decline in labor force participation and a decreased tax base.

| Highest Growth Industries, 2009-2019 | |
|------------------------------------------------------|------------------------|
| | Proj. Net Gain of Jobs |
| Healthcare and Social Assistance | 27,000 |
| Accommod't'n. & Food Services | 10,040 |
| Education Services | 10,000 |
| Retail Trade | 9,000 |
| Professional, Scientific and Technical Services | 6,100 |
| Construction | 5,800 |
| Administrative Support and Waste Management Services | 4,870 |
| Finance and Insurance | 1,750 |
| Mining | 1,730 |
| Transportation & Warehousing | 1,400 |
| Real Estate, Rental & Leasing | 1,230 |

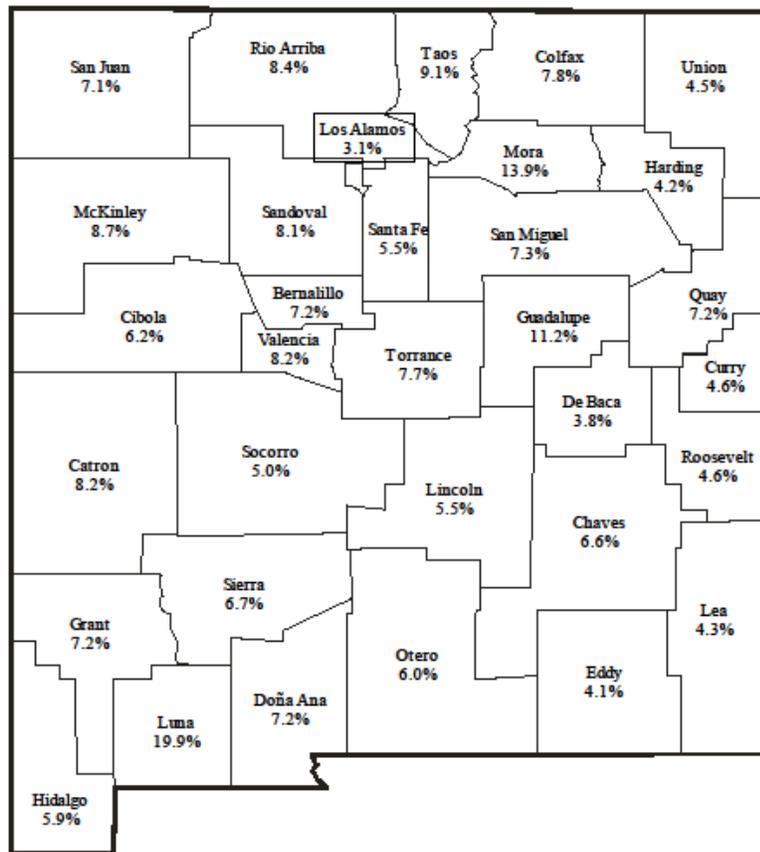
Source: WSD, 2009



Source: WSD

Individuals who have been on unemployment insurance for a considerable length of time or those who have exhausted the federal extended benefits at the maximum of 99 weeks are likely to have experienced skill set depreciation and professional networks diminish. Reports also indicate that employers tend to discriminate against the long-term unemployed. As job searches linger on, unemployed individuals become discouraged and end up dropping out of the workforce. This phenomenon, however, is taking longer to transpire due, in large part, to federal extended unemployment insurance benefits.

County Unemployment Rates, March 2012 (Not Seasonally Adjusted)



In spite of high unemployment rates, employers continue to report difficulties in filling job openings. A high long-term unemployment rate can be an indicator of labor market problems, such as a mismatch between employment and training services and the needs of employers. Effective workforce training programs target skills for growing industry sectors.

The long-term unemployed will need considerable support and training to become reemployed. In light of forthcoming decreases in federal funding for WIA and Wagner-Peyser services, services providers will need to strategically leverage the various employment and training funding streams to provide services which best match employer needs and yield the greatest return on investment.

State Workforce Development Board

The state board was created, in part, to carry out the following duties:

- Develop a five-year state plan (updated annually)
- Review local plans
- Develop allocation formulas for adult and youth employment training program funds to local areas
- Develop comprehensive state performance measures to assess the effectiveness of workforce investment activities

The board is scheduled to meet on a bi-monthly basis in 2012.

STATE WORKFORCE TRAINING AND DEVELOPMENT PROGRAMS

Workforce Investment Act Funding and Services. One of the primary functions of the federal Workforce Investment Act (WIA) was to align federally funded workforce programs more directly with the needs of local employers by establishing local workforce boards. 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 WIA provides for a variety of workforce development and training services. For FY12, the federal WIA distribution is \$13.9 million; however WIA funding is projected to fall to \$11.6 million in FY13. This decrease will have an impact of the local workforce board’s ability to provide services.

| Federal WIA Funds, by Region | | | | | |
|------------------------------|-------|---------|-------|-------|--------|
| Fiscal Year (in millions) | North | Central | East | SW | Total |
| 2010 | \$1.8 | \$2.7 | \$1.5 | \$2.3 | \$8.3 |
| 2011 | \$2.0 | \$4.0 | \$1.5 | \$2.8 | \$10.3 |
| 2012 | \$2.9 | \$5.4 | \$2.3 | \$3.3 | \$13.9 |
| 2013 Projected | \$2.3 | \$4.5 | \$1.7 | \$3.1 | \$11.6 |

Services for adult and dislocated workers paid by WIA funding include core services such as job search assistance, resume preparation, and labor market information; intensive services such as comprehensive assessment, individual career counseling, and case management; and training services which provide 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 paid work-experience, mentoring, basic skills trainings, occupational skills trainings, life skills, and academic enrichment.

Performance measures do not provide a full picture of the WIA services. Currently, only outcome measures such as the percent of participants who entered employment, employment retention, and wages earned are reported. Self-service users at one-stop centers are not included in the data collection for performance measures.

The collocation of workforce and welfare services could increase efficiencies; however it could also serve to detract high-wage employers from using the employer-focused services provided at the one-stop centers. The local workforce boards and the WSD have had difficulties dismissing the perception that employers who use one-stop centers mainly seek low-skilled workers. This perception has been fueled by the collocation of services such as unemployment insurance and TANF at the one-stop centers.

Southwestern Region: Workforce Data. The Southwestern Workforce Region consists of seven counties: Catron, Doña Ana, Grant, Hidalgo, Luna, Sierra, and Socorro. Agriculture, including chile production, and copper

**State Workforce
Development Board
(March 2012)**

Governor Susana Martinez;
Sen. John Sapien; Sen. Vernon Asbill; Rep. David Doyle; Rep. Rick Miera; Secretary Celina Bussey, WSD; **Secretary Jon Barela,** Economic Development Department; **Secretary Sidonie Squier,** Human Services Department; **Secretary-Designate Hanna Skandera,** New Mexico Public Education Department; **Board Chairman John Rockwell,** Sierra Peaks and MARPAC; **Chris Baca,** Youth Development, Inc.; **Helen Quintana,** CYFD; **Becky Rowley,** Clovis Community College; **Dr. Kathi Winograd,** Central New Mexico Community College; **Bob Grassberger,** UNM Organizational Learning & Instructional Technology; **Lillian Brooks,** Department of Indian Affairs; **Glenn Walters,** New Mexico Higher Education Department; **Doug Calderwood,** Aging and Long-Term Services Department; **Dale Dekker,** Dekker/Perich/Sabatini; **Greg Trapp,** NM Commission for the Blind; **Kari Mitchell,** Las Cruces Machine & Engineering; **Dave Sepich,** Springtime Janitorial Service; **Tim Rabon,** Mesa Verde Enterprises, Inc.; **Drew Dolan,** Titan Development; **Ann Kelleher,** Intel; **Barbara Roe,** Christus St. Vincent Regional Medical Center; **Bryn Davis,** Sapphire Energy, Inc.; **Mike Stratton,** C&S Oil Company; **Sharon Rogers,** DRB Electric, Inc.; **Michael Kozeliski,** Prepfire Solutions, LLC; **Joan Schlueter,** On Site Hiring Consultants

mining provide many jobs in this area. New Mexico Institute of Mining and Technology, New Mexico State University, and Western New Mexico University are also important sources of employment in the region.

The Southwestern local workforce board has prioritized the following industries: healthcare, mining, manufacturing, construction, information technology, hospitality and tourism, and aerospace.

From 2000 to 2010, this region experienced the highest employment growth rate out of all of the four regions, 14.7 percent. The region has also consistently registered the highest unemployment rates among the four WIA regions.

Based on regional employment projections produced by the WSD’s Economic Research & Analysis Bureau, employment in the agriculture industry in the southwestern counties is anticipated to decline by approximately 21 percent between 2009 and 2019, likely due to scientific and technological advancements in crop and livestock production and relatively high labor costs in the United States.

Southwestern Region Unemployment. In February 2012, the region had an unemployment rate of 9.1 percent; higher than both New Mexico’s rate of 7 percent and the United States rate of 8.4 percent.

The table below shows the funding breakout of the Southwestern local workforce board’s \$3 million WIA distribution. The board contracts with several providers, including the WSD. The WSD’s contract to provide WIA services for the local board constitutes nearly 45 percent of the total budget. The budgeted administrative and indirect costs comprise 16 percent of the total budget.

**Southwestern Area Workforce Development Board
Current Fiscal Year Funding Distribution (in thousands)**

| Service Provider | Workforce Investment Act | | | | Total |
|----------------------------------------------|--------------------------|-------------------|------------------|-----------------------|------------------|
| | Program | | | | |
| | Adult | Dislocated Worker | Youth | Indirect Cost/ Admin. | |
| Alamo Navajo School Board | | | \$75.6 | \$4.4 | \$80.0 |
| Families & Youth, Inc | | | \$328.0 | \$36.4 | \$364.4 |
| Help -NM, Inc. | | | \$461.6 | \$50.7 | \$512.4 |
| Workforce Transitions Services Division, WSD | \$787.4 | \$475.3 | | \$113.8 | \$1,376.5 |
| Administrative Entity – SCCOG | \$187.7 | \$116.4 | \$143.6 | \$31.0 | \$478.8 |
| Fiscal Agent – SCCOG Board | | | | \$168.1 | \$168.1 |
| | | | | \$80.0 | \$80.0 |
| TOTAL | \$975.1 | \$591.7 | \$1,008.8 | \$484.4 | \$3,060.2 |
| Percent of Total | 31.9% | 19.3% | 33.0% | 15.8% | 100.0% |

Note: Administrative Entity and Fiscal agent services provided by the South Central Council of Governments

Soft-Skills – Barriers to Employment. The WSD is actively collaborating with employers to align services and training to meet employers’ needs.

Eligibility for WIA Services

Adult –Must be 18 year 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 meets 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 a 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,

Employers who interface with the local workforce connection centers state that many of the barriers to employment are in the soft-skill category. An informal survey of business representatives and business liaisons at the local workforce offices was conducted in April. The survey asked representatives and liaisons that work with the local businesses what are the skills, traits, and basic needs most requested by employers. The majority of responses included soft-skills such as a strong work ethic, the ability for an employee to show up to work every day, on time, follow instructions, pass a drug screen and a criminal background check, have a valid driver’s license, possess a positive attitude and interpersonal skills, and personal hygiene and appropriate attire. The hard skills listed included locating information, applied math, basic computer literacy and typing skills, and reading for information.

Temporary Assistance for Needy Families (TANF) Workforce Program.

For FY12, New Mexico received a total federal block grant for TANF of \$120.2 million – a base grant of \$110.6 million and a contingency fund grant of \$9.6 million. Another \$12.5 million was available at the start of FY12 from TANF prior year funds. In broad terms, TANF funds are expended for cash assistance (62 percent), support services (29 percent) and administration (about 9 percent). Although New Mexico reduced cash benefits by 15% in FY11, cash benefits have remained a high state priority given the approximately 17,871 cases (43,863 individuals). The current caseload, though declining, remains almost 45% higher than before the recession. Over time, the amount spent on support services (primarily daycare) has declined by almost 50% with the reduction of carryover balances of federal funds and the end of stimulus and other one-time federal funding.

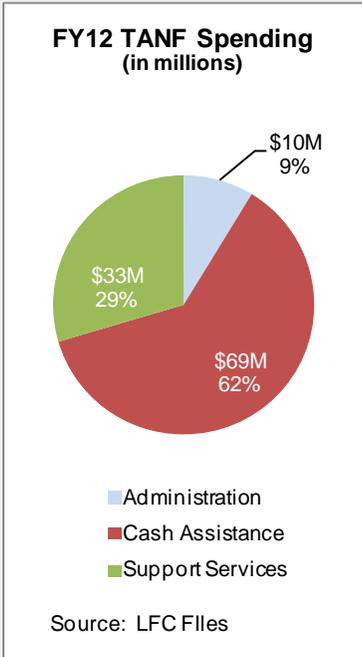
Self Sufficiency. TANF is targeted at the very poor (income below the 85 percent federal poverty guideline). TANF clients are generally limited to 60-months in a lifetime for cash assistance. During this time, most TANF recipients are required to work or participate in a work-related activity, and states must report to the federal government (and are judged on) the program’s work participation rate. To assist clients in meeting work requirements, TANF offer support services – e.g., transportation and childcare – and referrals to programs to alleviate barriers to work – e.g., education, substance abuse treatment and domestic violence prevention services.

The principal means for helping TANF clients find work is through NM Works, a program contracted to SL Start. SL Start’s 170 employees (co-located at HSD income support offices) coordinate the work and work-related support services for clients and track whether clients are meeting the work requirements of TANF. SL Start meets with each client in person and completes a detailed assessment and a plan of action for TANF clients. Failure to meet the terms of the client work participation agreement may lead to a reduction of a client’s benefits.

Tracking Performance. The department’s performance measures in the TANF area generally focus on short-term outcomes. The measures do not gauge whether the program helps clients achieve self-sufficiency and succeed after TANF. The existing FY12 measures are:

- Percent of TANF parent recipients who meet federally required work participation rates (target: 50%)

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.



NM Works contractor SL Start was hired last summer for a period not to exceed 4 years. FY12 contract compensation is projected at \$9.2 million.

As identified in a 2006 LFC evaluation, additional measures about the success of TANF clients that would be useful include:

- Percent of NM works participants leaving TANF for work.
- Percent of former NM works participants maintaining employment for six months, one year and two years.
- Change in former NM works participants' earnings 12 months after leaving TANF.

- Percent of TANF two parent recipients who meet federally required work participation requirements (target 60%)
- Percent of TANF clients who receive a job (target: 50%).
- Percent of TANF participants employed in one quarter during the report year who are still employed the next 6 months (target: 55%).

Participation rates in mandatory work participation activities (job search, community service, etc.) is historically around 50%. In March 2012, 1,385 TANF clients were under sanction for failure to meet work participation requirements. In terms of employment, HSD has struggled in the past to consistently report employment data. However, SL Start reports 1,978 new full and part time employments for clients since January, which represents 37% of the 5,323 TANF clients who are actively looking for work (a group that excludes child-only cases, those with exemptions, and those not in compliance).

Common Barriers to Employment for TANF Clients and Remedies. A 2011 Urban Institute review of studies of TANF clients found that most TANF clients have at least one barrier to work and many have multiple barriers. Barriers cited by many TANF clients include:

- No high school diploma (or GED)
- Work limiting health condition
- Responsibility for disabled child or parent
- Extended period of unemployment
- Substance abuse/criminal records

A national study found that recipients with two barriers were 30 percentage points less likely to be employed and recipients with three or more barriers were 45 percentage points likely to be employed. The Urban Institute noted that most of the TANF caseload needs counseling as well as work opportunities. Success for TANF clients with barriers to employment often requires intensive case management and support services.

NM Works for TANF Clients. In comparing the NM Works approach to other workforce programs, it is clear that the emphasis is on getting clients employed (and off TANF) more than a longer-term focus on skills development. To some extent this is a necessity given the federal 5-year lifetime limit on receiving TANF benefits. SL Start's strategy is to "use work experience, combined with life skill development, education, and support to place parents in suitable, sustainable employment." In addition to the assessment process, SL Start tracks client compliance with meeting mandatory hour requirements for job related activities and provides life skills training.

Approach for Placing TANF Clients in Jobs. TANF clients are required to sign up for a VOSS account through the New Mexico Workforce Connections system which facilitates on-line job searches, but HSD implemented a requirement in the SL Start contract that they have a job developer in each of the six regions. These job developers maintain a database of job opportunities and actively work with employers to obtain job interviews for TANF clients. These job developers work closely with individual case managers who

**TANF Caseload Profile
March 2012**

- 17,871 cases (43,863 recipients)
- 6,013 child only cases
- 91% of cases are women
- 70% are between the ages of 20 and 39.
- 66% of clients are on TANF for less than 12 months; only 10% greater than 3 years

**Key Results of 2009 HSD
Survey of NM TANF Clients**

- **Type of problem experienced in last year:**
 - 1) food insecurity
 - 2) transportation issues
 - 3) utilities cut-off
 - 4) housing issues
 - 5) health/mental health issues
- **Type of support needed to become self-sufficient:**
 - 1) affordable housing
 - 2) employment
 - 3) reliable childcare
 - 4) pay off debt
 - 5) health insurance
- **Most valuable support services:**
 - 1) childcare
 - 2) energy assistance
 - 3) gas cards
 - 4) housing
 - 5) food support
- **Most useful NM Works activities**
 - 1) job search
 - 2) work experience
 - 3) employment
 - 4) GED
 - 5) life skills classes

manage an average of 88 TANF clients (excluding exempt clients such as kids). As noted above, SL Start helped placed 1,978 TANF clients in jobs this year. The average starting wage of job placements in March was \$8.61 an hour, with a high of \$8.87 in the Northwest part of the state and a low of \$8.32 in the Southeast.

TANF Related Job Supports. Along with food stamps, Medicaid health and behavioral health services, and cash assistance, TANF funded work related support services play a critical part in supporting the stability of TANF households. Key supports include:

- Childcare: TANF funding for childcare is \$23.7 million. According to HSD, 3,541 TANF clients received childcare assistance in March 2012. Another 907 food stamp clients and transitioning-off TANF clients received childcare assistance. Of note, there are 10,805 TANF eligible clients (not on TANF) receiving childcare benefits in March.
- Transportation: \$25 monthly gas cards/bus vouchers.
- Employment related expenses: Special clothing, tools, testing fees related to new employment (\$300 lifetime benefit).

Of note, the transportation and employment-related expenses benefits are fully restored after suspension in FY11—HSD used savings from the SL Start Contract to restore the benefits this spring and the GAA includes \$1.2 million for these items in FY13.

Near-Term Outlook for TANF. FY12 is a transition year for the TANF program. SL Start came on board in August and the program now has a single contractor which should improve program accountability. Adding job development to the contract is a new approach which bears monitoring, and in the second year of the contract additional program changes based on SL Start’s gained experience should be expected.

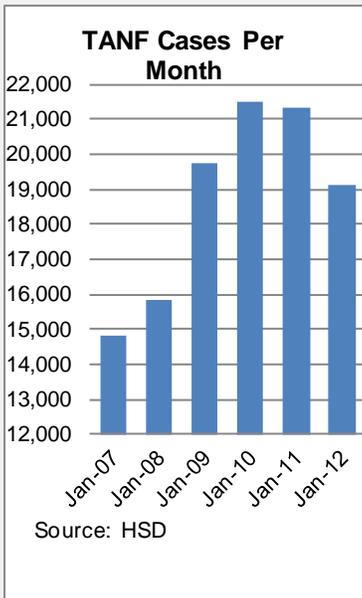
At the same time, program finances have stabilized and the program is projecting a surplus of \$21 million in federal funds, or 18% of the program, by the end of FY12. Contributing to the surplus is a drop in the number of cases from 10% in the past year (from 19,940 to 17,871) and a drop in cash assistance payments from \$79 million in FY11 to a projected \$67 million in FY12

Given this improvement in finances, HSD should consider providing additional work supports, or perhaps restoring a portion of the 15% cut in cash benefits. Activists have lobbied to restore the suspended transition bonus program, which provided a \$200 monthly cash payment for those working 30 hours a week who no longer meet TANF eligibility requirements. HSD should also consider reinstating reimbursements for vocational training and education in cases where Pell grant funding is unavailable.

State Use of Workforce Skills-Assessment Tool. Both WSD and HSD are using and promoting WorkKeys, a tool used to assess a worker’s skill level in a variety of dimensions including math, reading for information, locating information, writing, and teamwork. WorkKeys also provides a career readiness certificate if an individual passes the reading, math, and locating information assessments with a score of 4 or high on all three

Education Works is a \$1.4 million 100% general fund supported alternative for TANF clients who are in college. It gives up to 24 months of cash assistance for low-income families who are working towards a degree.

In 2012 HSD is moving towards a universal engagement approach. All TANF clients, even those with work exemptions, will be required to actively engage in work-related self-improvement activities



assessments. The certificate can serve as a skills-based credential for individuals who lack a high school diploma or GED. Used in 42 states, WorkKeys allows for a skills-based hiring system.

WSD Implementation of WorkKeys. In January, New Mexico entered into a 3-year unlimited license for WorkKeys and the assessments are now available in every local workforce connection center. Central New Mexico Community College, Santa Fe Community College, and New Mexico State University-Doña Ana Community College will soon offer testing to the community as well.

Business representatives and business liaisons funded by WIA and Wagner-Peyser are promoting the WorkKeys assessment with local employers, economic development professionals, and industry associations. By using the WorkKeys assessments, businesses have been able to decrease turnover and training costs.

The WSD has partnered with Educate+Innovate, a non-profit organization that brings together industry leaders and educators to increase student interest and achievement in science, technology, engineering, and mathematics (STEM) fields, in using WorkKeys. Educate+Innovate pays for the state's WorkKeys' license and covers the cost of producing employer-specific WorkKeys profiles (job analysis) for employers looking to hire ten employees or more. This is a cost savings for employers of approximately \$3,500 per job profile.

HSD/WSD Collaboration. In March 2012, the WSD and SL Start conducted a mini-pilot study in Carlsbad to assess the prospects of using the WorkKeys' assessments with TANF clients to facilitate employment. Many TANF clients do not possess credentials such as high school diplomas or GEDs.

The pilot began with 22 TANF recipients, however only 13 registered to take the WorkKeys assessments; of those 13, only seven of those tested. Five of the seven scored high on the assessments, and the remaining two are receiving remediation via the KeyTrain program. Staff from local workforce development office worked with several employers to match the assessment skill level with the employer identified skill needs and is working to find employment for the five TANF recipients who have attained the WorkKeys credential. Two of the five have been hired and are transitioning off TANF support.

SL Start and the WSD are looking to roll-out this partnership statewide. Identified concerns include the manpower necessary to locate employers and get buy-in for the WorkKeys assessments and establishing a mechanism enforceable by SL Start to hold TANF recipients accountable for their participation.

Education. The state administers two education-directed workforce training programs, in addition to individual programs administered by secondary schools and postsecondary institutions.

Career Technical and Workforce Education Bureau. The Public Education Department's (PED's) Career Technical and Workforce Education Bureau administers the state's career and vocational education (vocational education

**Carl Perkins Career & Technical Funding
Est. FY13 Basic Grant Allocations
(in thousands)**

Largest Public School Recipients

| | |
|----------------------------|------------|
| Albuquerque | \$905.6 |
| Las Cruces | \$232.4 |
| Gadsden | \$190.8 |
| Gallup-McKinley | \$183.2 |
| Santa Fe | \$142.9 |
| % Total Basic Grant | 53% |

Largest Postsecondary Recipients

| | |
|----------------------------|------------|
| CNM CC | \$1,364.6 |
| NMSU-DACC | \$534.6 |
| San Juan Coll. | \$231.2 |
| SFCC | \$153.7 |
| ENMU-Ros. | \$120.3 |
| % Total Basic Grant | 77% |

Source: PED

Goals for Reauthorizing Federal Perkins Career and Technical Education Act:

- improving alignment between CTE programs and labor market needs
- funding collaborative efforts between secondary and postsecondary schools, employers, and industry programs
- setting common metrics defining and measuring student knowledge and skills
- supporting innovative systemic reforms of state policies and practices to improve CTE and increase certificate and degree attainment to meet national attainment goals.

U.S. Dept. of Education, Investing in America's Future: A Blueprint for Transforming Career and Technical Education (April 2012)

or CTE) program. The state's program, delivered by secondary and postsecondary institutions and other eligible entities, is funded with federal and state funds. In FY12, the state allocated \$8.12 million in federal funds and \$443 thousand in state general fund and other appropriations for career and technical education, and the budget for FY13 is the same.

Consistent with federal and state law and regulations and the state's 5-year plan for career and technical education (CTE), PED distributes program funding equally between secondary schools and higher education institutions to support a school's or institution's program plan. The PED also retains some funding for administrative purposes and for a separate grant program, High Schools that Work. The state had received an additional average \$835 thousand in federal funds for a technology preparation program through FY11, until the federal government terminated this vocational education program.

Schools and institutions must use grant funds to improve vocational education programs and provide supplemental or other services that may be needed for special populations of students to succeed in vocational education. Generally, institutions use CTE funding as initial or "seed" money for new programs. Schools and institutions can spend these grant funds on upgrading curriculum, purchasing equipment, guidance and career counseling, remedial courses, apprenticeship programs, specific job training where jobs are available, and other instruction-related purposes. Secondary schools use such funds to enhance and expand dual credit and apprenticeship programs. Higher education institutions and a consortium of institutions frequently initiate or improve programs in high-demand workforce areas or purchase training equipment commonly used in industry as identified by program advisory committees or faculty.

The federal law authorizing vocational education programs is due to be reauthorized in 2013, and the U.S. Department of Education has offered a blueprint for the reauthorization. As reported in the January 2011 GAO report, most state programs, like New Mexico's CTE program and other workforce development programs, fail to require collaboration between schools, institutions, agencies, and employers or leveraging funds to achieve statewide and national educational and economic development goals. The PED's bureau chief for College and Career Readiness participates in the national organization of CTE program directors and is involved in reauthorization discussions.

High Skills Program. The Higher Education Department (HED) receives state general fund appropriations to administer the High Skills Program, a grant program to help subsidize community colleges' non-credit workforce training programs. Employers frequently contract with area community colleges to provide workforce training that does not result in a certificate or degree, and a High Skills grant can support the institution's instructional costs of providing such training. For FY12 and FY13, HED received \$338.1 thousand in general fund appropriations to administer the grant program; the program received a high of \$600 thousand in FY06.

**Common Characteristics
of Successful
Public/Private Partnerships**

- targets a specific industry or cluster of occupations
- intervenes through a credible organization or set of organizations
- supports workers in improving their employment-related skills
- meets the needs of employers
- creates lasting change in the labor market system to benefit workers and employers.

Source: Aspen Institute, Where Labor Supply Meets Labor Demand: Connecting Workforce Development to Economic Development in Local Labor Markets (Aug. 2011)

“The [workforce training problem] is going to be solved at the local level, through regional talent and innovation networks formed through the collaboration of American free market enterprise, educational institutions and communities.”

Ed Gordon, *author*

In the past, the independent two-year and branch institutions submitted a funding proposal to the HED based on each institution’s ratio of eligible credit hours to the total number of eligible credit hours for the academic year. The HED will determine how FY13 funds will be distributed in August 2012 once academic year 2011-2012 data is available. Further, there are no performance measures attached to these grants nor do institutions report these funds separately as part of their annual operating budget or report of actuals.

**PARTNERSHIPS INCREASE WORKFORCE TRAINING
EFFECTIVENESS**

Private/Public Partnerships. Private-public partnerships or workforce intermediaries develop to address a commonly-identified problem; include representatives from for-profit and non-profit organizations, governments, educational institutions; rely on collaboration and build on partners’ missions and strengths; and feature multi-faceted solutions to problem. National reports show that, where problems are addressed independently by governments or organizations and without a coordinated effort or use of funds, solutions are not long lasting or broadly transformative.

Successful private-public partnerships combine workforce development with economic development to address both short and long term community needs. Where a specific industry or career cluster is the focus, a partnership or workforce intermediary can make significant, measurable progress to meet the community’s need. For example, the Baltimore Alliance for Careers in Healthcare was formed to address the industry’s annual demand of over 300 new highly-skilled workers. The alliance brought together nine hospitals, five federal and state agencies, five educational institutions, nine other non-profit organizations and seven local foundations to commit over \$500 thousand to develop employer-based career pathways, provide basic skills courses and occupational training in healthcare careers, and help participating hospitals to implement career coaching programs. Other states and regions have used an industry-focus for efforts in manufacturing (Pennsylvania), bio-technology and healthcare (San Francisco), construction and technology (Central Texas), aviation services (New York City).

In New Mexico, most employer needs are being addressed with tailored programs or training services directed and contracted for by the employer. These programs are frequently between employers and community colleges. Another opportunity for the state to incentivize employer training programs is in the higher education funding formula for institutions, which recognizes the importance of improving the state’s economic opportunities by increasing the education levels of residents and particular educational tracks (science, technology, engineering, math, and health care). However, this formula effort is not connected to other educational training programs, like the state’s CTE program; other workforce development programs; or tax, regulatory, and other reforms to improve the economic climate.

MAS:GG:THT/svb