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FISCAL IMPACT REPORT

SPONSOR Lujan, B DATE TYPED 2/14/2005 HB 517

SHORT TITLE Development Training Program Funding SB _____

ANALYST Dunbar

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|---------------|-----------------------------|------|----------------------|---------------|
| FY05 | FY06 | FY05 | FY06 | | |
| See Narrative | See Narrative | | | | |

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB8; HB367
Conflicts with SB7

SOURCES OF INFORMATION

LFC Files

Responses Received From

Division of Vocational Rehabilitation (DVR)
Department of Labor (DOL)
Economic Development Department (EDD)
NM Public Education Department (NMPED)
Office of Workforce Training and Development (OWTD)

SUMMARY

Synopsis of Bill

House Bill 517 amends Section 21-19-7 NMSA 1978 to provide additional funds to the Economic Development Department for skill enhancement training and pre-employment training program for film and multimedia production companies.

The bill contains an emergency clause.

The Economic Development Department's web site identifies the Job Training Incentive Program (JTIP) as the funding provided under Section 21-19-7. The bill will allow EDD to use Job Training Incentive Program to provide New Mexicans with the necessary training to work on film and production crews in the state.

In Section 21-19-7, skill-enhancement training is added. Film and multimedia production companies and a pre-employment training program for the film and multimedia industry are included. The bill clarifies that the Public Education Department's (PED) director of the vocational education shall be a member of the Industrial Training Board, which will include the director of the Governor's Office of Workforce Training and Development. The board is expanded to include an employee of the Department of Labor. The one-year New Mexico residency requirement for training applicants is changed to "at any time" instead of immediately prior to the commencement of the training program, and the residency waiver provisions are deleted.

In Section 21-19-7-1, the rules for development funding for film and multimedia production companies are changed to include personnel who have participated in on-the-job training. The section specifies that previously required information from those companies will now be provided to the New Mexico Film Division of the Economic Development Department. The responsibility for approval and reimbursement and the establishment of a film and multimedia pre-employment training program are assigned to the Film Division. Furthermore, the Film Division shall establish a film and multimedia pre-employment training program and adopt rules implementing the program.

This bill allows for a number of administrative changes to the JTIP program in addition to the provision for Film Training. Reference is made to "fiscal implications" below.

Significant Issues

OWTD notes that the bill allows training dollars to be spent on non-residents of New Mexico and permits New Mexico film and multi-media companies to produce films in other states with New Mexico funds. On the other hand, enactment of HB517 would relieve potential employees of the residency requirement.

FISCAL IMPLICATIONS

Although the title of the bill includes the phrase "Making an Appropriation," in fact the bill contains no appropriation for the Development Training Program, also known as the Job Training Incentive Program. However, the bill would, upon an appropriation being made to the program in the General Appropriation Act (a contingency in the bill), enact into law certain statutory requirements that would govern appropriations made to the program.

This bill will provide funding for the Development Training Programs, which enhances the Job Training Incentive Program (JTIP) to allow skills upgrade training for existing employees, and also allows for pre-employment training for the film and multimedia industry

The bill adds a new Section 3 that specifies distributions of development training funds as follows:

- Up to two-thirds shall be expended in urban communities and one-third expended in non-urban communities
- Up to \$50,000 shall be used to generally administer the program
- Up to \$50,000 shall be used to generally administer the program as it relates to the film and multimedia industry
- Up to \$2 million may be used to reimburse film and multimedia production companies and to provide pre-employment training for that industry.

Currently, the unobligated balance for JTIP is \$12.8 million.

ADMINISTRATIVE IMPLICATIONS

The bill will allow available funds from previous appropriations to be used for administrative purposes (fifty-thousand dollars to generally administer the development training programs and fifty-thousand dollars to administer the provisions of the film training program).

CONFLICT, RELATIONSHIP

Conflicts with SB 7, Page 1, Section 1, 21-19-1-which identifies the labor department as the agency responsible for the administration of these funds.

Relates to HB 8 which appropriates twenty million dollars from the general fund to the development training fund.

Relates to HB 367 which appropriates ten million dollars from the general fund to the economic development department to finance pilot film business incubator for apprenticing New Mexico resident workforce training students of film and multimedia.

TECHNICAL ISSUES

The “Vocational Education Division” is now the Career-Technical and Workforce Education Bureau of the Instructional Support Division of the PED according to the agency’s reorganization request recently approved by the State Personnel Office.

DVR suggests that the bill should require that training target hard-to-employ individuals including people with disabilities and also accommodate a representative who is knowledgeable about the state’s vocational rehabilitation programs on the Industrial Training Board.

The bill gives rule-making authority for the new film and multimedia program to the new film division of the economic development department but it also requires the industrial development board to develop rules for funding film and multimedia companies.

OTHER SUBSTANTIVE ISSUES

Data provided by EDD indicate:

- JTIP assisted in the creation of 1,950 jobs in FY04 at an annual income of close to \$30,000/year (\$28,246- actual/year; or \$13.58/hour).
- So far this year, JTIP assisted in the creation of 394 jobs at an average annual salary of \$31,470 (or \$15.13/hour).
- Rural communities which have had JTIP projects this year include: Espanola, Belen (2), Taos (2), Santa Teresa, Anthony, Farmington, Las Vegas and Mora (2)

The New Mexico film industry has grown 1000% in the last two years – to a point where we are announcing nearly one film every month. These films are being produced throughout the state – Clovis, Portales, Silver City, Las Cruces, Albuquerque, Santa Fe, and inNorthern New Mexico.

Film Training Program data:

- In FY04, the Film Training Program funded 8 projects for a total of \$380,000 and 162 trained positions.
- This Fiscal Year, the Film Training Program has funded an additional 8 projects for approximately \$300,000 and 109 trained positions.

The 2002-2003 Annual Report for the JTIP indicates that 54 businesses received funding from this program. Of these, 43 were engaged in manufacturing and 11 were engaged in other types of business pursuits. Two of the recipients were postsecondary institutions.

The New Mexico Film Office provides a Workforce Training Program that provides film training courses to New Mexico residents interested in entering this industry or intermediate crew members looking to move up in their profession. Productions hiring graduates of these programs qualify for a 50% wage reimbursement for each trainee hired. The program is for production companies creating feature films, television programs, national commercials, documentaries, music videos or public service announcements.

The Film Office also offers a mentorship program designed to offer a 50% wage reimbursement to production companies who provide on-the-job training opportunities to New Mexico film crew members who are ready to move up in job classification. Both programs will certify crew members as "trainees," qualifying them for the JTIP.

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