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FISCAL IMPACT REPORT

SPONSOR Lopez DATE TYPED 02/23/05 HB _____

SHORT TITLE Second Semester for Education Works Program SB 691

ANALYST Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

SUMMARY

Human Services Department

Synopsis of Bill

Senate Bill 691 amends a section of the Education Works Act, Section 27-2D-4 E, NMSA 1978 (being Laws 2003, Chapter 317, section 4), changing the time limit for participation in the Education Works Program. Current statute limits participation in the program for no more than twenty-four months, except that a recipient may participate in the Education Works Program for one additional term following the twenty-four month limit if doing so will result in the recipient earning a degree. New language would allow for a recipient to participate for two additional academic terms following the twenty-four month limit if doing so will result in a degree and at the discretion of the Director.

Significant Issues

The following is contributed by the Human Services Department.

SB 691 does not include any appropriation for the Education Works Program for allowing for

participation beyond the twenty-four month limit. Since there are no additional funds for the program, recipients participating beyond twenty-four months may limit the number of slots available for new participants into the program that is currently set at 500 statewide.

The proposed language indicates a second term is based on the recipient earning a degree and at the discretion of the director, which in the definitions section of the act is the Director of the Income Support Division. The conditions for discretion are not defined, which allows for varied reasons to limit participation two additional terms beyond the twenty-four month period such as fiscal, high participation of new enrollments into the Program, and other reasons determined appropriate by the Director.

Currently, there are 500 slots available for the Education Works Program at an annual FY \$2 million budget. During State Fiscal Year FY04, there was a monthly participant average of 450 participants in the program with a FY expenditure of \$1,874,132.

Preliminary data from the Human Services Department work program contractors indicates that during state FY04 there were 43 graduation degrees obtained by participants in the program. Approximately 63% of participants have obtained employment with an average annual income of \$22,522.

Individuals who meet eligibility criteria may also participate in secondary vocational education in the New Mexico Works Program in accordance with New Mexico Works Act, Section 27-2B-5, NMSA 1978 (being Laws 1998, Chapter 8), which limits education as a primary work activity to no more than 12 months and allows education as a secondary activity without restriction.

FISCAL IMPLICATIONS

With the annual current budget set by an appropriation of temporary assistance for needy families funds, the amount available for this program is fixed. Extension of the time limit for participation may limit the availability of new positions for the program. As suggested by HSD the current annual spending is near the annual appropriation making this scenario possible. Only state maintenance of effort funds are available for this program as federal funds are not allowed by TANF regulation.

MW/lg:yr