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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/06

SPONSOR Chasey LAST UPDATED _____ HB 20

SHORT TITLE Education Works Program SB _____

ANALYST Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

Duplicates SB 150

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Public Education Department (PED)

SUMMARY

House Bill 20 appropriates \$500 thousand from the general fund to the Higher Education Department for the purpose of increasing funding to the Education Works Program.

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 FY07 shall revert to the general fund.

SIGNIFICANT ISSUES

The Human Services Department comments:

The Education Works Program is administered by the Human Services Department. The appropriation should be made to Human Services Department and not Higher Education Department since the program is administered and eligibility is determined by Human Services Department.

Currently there are 500 slots available for the Education Works Program with an annual \$2 million budget. During state fiscal year 2005, there was a monthly participation of 450 participants in the program with a fiscal year expenditure of \$1,861,924. During the traditional school year the need for Education Works Program slots increase. In fiscal year 2005 there were less than 20 slots were available at times during the school year.

Data from the Human Services Department work program contractors for FY05 has not finalized, however during state fiscal year 2004 there were approximately 43 graduation degrees obtained by participants in the program.

These general fund dollars may be credited toward the TANF Maintenance of effort (MOE) requirement; however, under the federal Budget Reconciliation Bill for TANF reauthorization bill which is likely to pass this spring and be effective October 1, 2006, if used for cash assistance, families must be meeting the federal work participation rates of 50% all families and 90% 2-parent families. This would be difficult for participants in the Education Works Program since under federal regulation vocational/post-secondary education is limited to 12 months that individuals may obtain under the New Mexico Works program. HSD may opt to exclude some or all of these general fund dollars from the MOE requirement.

TECHNICAL ISSUES

This bill appropriates the \$500 thousand to the Higher Education Department. If the intent of the bill is just to expand the existing Education Works program then consideration should be given to making the appropriation the the Human Services Department. The infrastructure already exists to administer an expanded Education Works population and would seem more efficient.

MW/yr:nt