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FISCAL IMPACT REPORT

ORIGINAL DATE 3/13/07

SPONSOR SEC LAST UPDATED _____ HB _____

SHORT TITLE Summer Youth Employment Program SB 294/SECS

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$5,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Relates to HB 419
Relates to Appropriation in the General Appropriation Act

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$250.0	\$250.0	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of Workforce Training and Development (OWTD)
Children, Youth and Families Department (CYFD)
Youth Conservation Corps (YCC)

SUMMARY

Synopsis of Bill

Senate Bill 294 appropriates five million (\$5,000,000) from the general fund to Office of Workforce Training and Development for fiscal year 2007 and 2008 to fund a statewide summer youth employment pilot program. The pilot shall be administered by the local boards established in accordance with the federal Workforce Investment Act of 1998. There is an emergency clause attached to this bill.

FISCAL IMPLICATIONS

The appropriation five million (\$5,000,000) contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund. There is an emergency clause attached to this bill.

If enacted, the appropriation and the program would be administered by OWTD. This would entail executing award agreements with the Local Area Boards as provided in the bill; processing payment requests for funding under the programs; monitoring and overseeing the programs; and ensuring that rules and regulations are adhered to in the administration of the program.

The amount of funding indicated as “additional fiscal impact” (\$500,000) represents five percent of the appropriation. This amount could be deducted from the appropriation amount or could be appropriated above the current proposed \$5.0 million appropriation. OWTD does not currently have general fund supporting the administrative costs to administer a program of this magnitude. A five percent administrative cost is considered the minimum amount required to administer the program and report on its outcomes.

The proposed appropriation contained in this bill is related to the \$2.5 million recommended in the Governor’s Executive Budget Recommendation as part of the FY08 OWTD operating budget for a year-round youth employment program. The recommended appropriation is one of the Governor’s initiatives for OWTD during Fiscal Year 2008.

SIGNIFICANT ISSUES

As reported by the United States Department of Labor (USDOL) August 25, 2006, the youth labor force of 16-24 olds working or actively looking for work grows sharply between April and July of each year. During these months, large numbers of youth take or search for summer jobs and many graduates enter the labor market to look for or begin permanent employment. This past summer the youth labor force grew by 3.2 million to a total of 24.7 million in July. In July 2006, 2.8 million youth were unemployed. The youth unemployment rate (11.2%) was about the same in July 2005. These numbers support the need for additional youth employment opportunities.

This information, compounded by future labor market trends, provide strong indications for the need to expose and prepare the youth of New Mexico to the world of work and career-oriented employment through the provision of work experience employment activity training and services. OWTD supports the proposed bill to provide summer employment opportunities to the youth of Northern New Mexico.

The federal Office of Juvenile Justice and Delinquency Prevention (OJJDP) has identified “alternative activities,” notably including summer and after-school employment opportunities for older youth, as a key strategy for preventing and dissociating gang involvement and for reducing youth-involved property crime.

PERFORMANCE IMPLICATIONS

Enacting the proposed legislation will substantially increase the number of youth employed in the summer months. Passage of this bill would increase the need to monitor the successful completion of the work assignments and the quality of the assigned work sites.

ADMINISTRATIVE IMPLICATIONS

Although not specified, it is anticipated that OWTD would retain up to five percent of the appropriation for administrative costs to support the activities associated with administering the program, including fiscal administration and compliance monitoring.

Administratively, OWTD would be required to develop new rules to comply with the proposed legislation. The new rules would mirror existing rules addressing youth employment, but they will apply only to the “Summer Youth Employment Program”.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill is related to SB 294.

TECHNICAL ISSUES

If enacted, the appropriation and the program would mark the first time that the WIA Local Area Boards would be administering a non-WIA program. However, it is not beyond the capabilities of the Local Area Boards to administer State programs, although the Local Board accounting practices would be required to accommodate fund tracking for the State appropriations separate from that of the WIA funds currently administered by the Boards.

OTHER SUBSTANTIVE ISSUES

Senate Bill 294 provides \$5,000,000 for a Summer Youth Employment Initiative that started in FY06/07 at the request of Governor Richardson. At that time the Youth Conservation Corps (YCC) program provided \$131,457 towards the Summer Youth Employment Initiative and employed 27 individuals. Four projects were located at Heron Lake State Park, Coyote Creek State Park, Sugarite Canyon State Park and Storrie Lake State Park. The non-profit Rocky Mountain Youth Corps (RMYC) sponsored two projects employing 20 individuals with projects at Wagon Mound and Springer. Funding for RMYC’s projects came from OWTD and New Mexico Commission on Community Volunteerism (NMCCV). OWTD transferred \$50,000 to NMCCV and NMCCV then added \$25,000.

The Youth Conservation Corps (YCC) provides statewide jobs to New Mexico youth between the ages of 14 to 25. In the program year just completed, YCC employed over 700 youth in 35 projects; at least 3/4 of these youth were employed through the summer months. The YCC Act requires that the projects be of lasting value and are designed to improve New Mexico’s natural, historical, and cultural resources. Local citizens recognized the contributions made by these youth to the overall health and well being of their community. Nothing can replace the feelings of pride generated in these youth by being recognized in their community for a job well done.

ALTERNATIVES

YCC has an overhead cost of 5-8% and is an effective and efficient youth employment program. The program was implemented in 1992 and is an established model for youth employment in New Mexico. The OWTD could partner with YCC or use the YCC model to distribute the funds.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Summer employment opportunities for the youth of New Mexico will continue to be limited to existing summer jobs.

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