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## FISCAL IMPACT REPORT

<b>SPONSOR</b>	<u>Keller</u>	<b>ORIGINAL DATE</b>	<u>01/27/09</u>	<b>HB</b>	<u>175/aSCORC/aSFC/</u>
		<b>LAST UPDATED</b>	<u>03/21/09</u>	<b>SB</b>	<u>aHBIC</u>
<b>SHORT TITLE</b>	<u>In-Plant Training Program Availability</u>				
		<b>ANALYST</b>	<u>Lucero</u>		

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Economic Development Department (EDD)

Public Education Department (PED)

### SUMMARY

#### Synopsis of HBIC Amendment

House Business and Industry Committee (HBIC) amendment to SB175, as amended, deletes SFC amendment #2. The amendment adds that the Director of the Instructional Support and Vocational Education Division can designate a designee. The amendment replaces the Secretary of Workforce Solutions with the Director of the Business Services Division of the Workforce Solutions Department or the director's designee.

#### Synopsis of SFC Amendment

Senate Finance Committee (SFC) amendment:

1. Allows the secretaries Economic Development Department and Higher Education Department to designate someone to represent the department on the "industrial training board";
2. Deletes the secretary, or secretary's designee, of Workforce Solutions from the board;
3. Adds a second director of the instructional support and vocational education division of the public education department or the director's designee;
4. Deletes the employee of the Workforce Solutions from the board; and
5. Defines the term "educated in New Mexico" to mean "having at least an associate's degree from an accredited two-year or four-year post-secondary educational institution in New Mexico".

#### Synopsis of SCORC Amendment

Senate Corporations and Transportation Committee (SCORC) amendment deletes the word "Native" in reference to "Native New Mexicans" in the title of the bill.

Synopsis of Original Bill

Senate Bill 175 amends several sections of the Industrial Training Program (21-19-7 NMSA 1978), which is administered by the Economic Development Department (EDD). This bill amends the Act to update the industrial training board membership language to reflect changes in other sections of statute which have occurred over the past few years. Specifically this bill:

- Updates and specifies the secretary of Workforce Solutions is a member of the board,
- Updates and specifies the secretary of Higher Education is a member of the board,
- Updates and specifies that an employee of Workforce Solutions is a member of the board.
- Updates the Agency name from “vocational education division” to instructional support and vocational education division of the PED

Additionally, the bill amends Section 21-9-7.1 NMSA to specify that training applicants shall have been born or educated in New Mexico.

**FISCAL IMPLICATIONS**

EDD reports that his bill will not have any additional fiscal impact on the program.

**SIGNIFICANT ISSUES**

The HBIC amendment corrects a drafting error in the SFC amendment regarding the board membership and the Instructional Support and Vocational Education Division and adds a representative of the Workforce Solutions Department back to the board.

The SFC amendment may have inadvertently added a second representative from the Instruction Support and Vocational Education Division of the Public Education Department to the board. The amendment resolves the technical issue identified below.

JTIP reimburses qualifying companies 50 to 80 percent of the wages paid to newly hired employees for up to six months. The program also provides an incentive for companies to hire eligible trainees; those that have lived in New Mexico for one continuous year at any time of their lives.

**ADMINISTRATIVE IMPLICATIONS**

EDD reports that current JTIP Policy states:

To be eligible for JTIP, trainees must be new hires to the company, must have been residents of the State of New Mexico for at least one continuous year at any time prior to employment in an eligible position, must be currently domiciled in New Mexico (domicile is your permanent home; it is a place to which a person returns after a temporary absence), and must be of legal status for employment. Trainees must not have left a public school program in the three months prior to employment, unless they graduated or completed a GED.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to HB7

### **OTHER SUBSTANTIVE ISSUES**

JTIP is primarily a company recruitment tool. EDD and the Economic Development Partnership, a private nonprofit created in statute, market the program to prospective companies as an incentive to relocate or expand operations in New Mexico.

According to EDD:

The following companies are among the many that have located and/or expanded in New Mexico based in large part on the availability of JTIP funds – Signet Solar (Belen), Results (Las Vegas), Pre-Check (Alamogordo), American Medical Alert Corp. (Clovis), Menlo Logistics (Santa Teresa), Hewlett Packard (Rio Rancho), Fidelity Investments (Albuquerque), Schott Solar (Albuquerque), and Verizon Wireless (Albuquerque). These companies alone have committed to create approximately 5,500 jobs over the next few years.

As of January 1, 2009, the development training fund had a cash balance of \$13.2 million. Of this amount \$12.5 is obligated, leaving a balance of about \$790-thousand for the remainder of FY09. This balance may not be sufficient to cover the projects in the pipeline for JTIP and film industry for the remainder of the fiscal year.

### **TECHNICAL ISSUES**

While EDD administers the Job Training Incentive Program (JTIP), the Industrial Training Board establishes policies and makes expenditure decisions at monthly meetings. The board will have to enact policy in order to align with the changes outlined in SB175. Specifically, the board will have to establish policy to define the word “educated.” For instance, does one define “educated” as a graduate of an elementary, secondary, or post-secondary institution, or an individual who might have merely taken continuing education classes?

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