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FISCAL IMPACT REPORT

SPONSOR Lopez **ORIGINAL DATE** 02/15/09
LAST UPDATED _____ **HB** _____
SHORT TITLE Statewide Summer Youth Employment **SB** 435
ANALYST Peery-Galon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
\$5,000.0		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)

Workforce Solutions Department (WSD)

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

Senate Bill 435 appropriates \$5,000.0 from the general fund to the Workforce Solutions Department to distribute among local workforce development boards for summer youth employment programs in keeping with the federal Workforce Investment Act. The proposed legislation contains an emergency clause for the act to take effect immediately.

FISCAL IMPLICATIONS

The appropriation of \$5,000.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

WSD noted the proposed legislation would have a direct fiscal impact on NMDWS. Funding would be required at the State Administrative Entity (SAE) level for the following: fiscal administration, program monitoring and program management. As the State Administrative Entity (SAE), WSD's projected administrative costs would be 10 percent of the total appropriation. The remaining 90 percent would be distributed to the local workforce development boards utilizing the federal Workforce Investment Act distribution formula. Ten percent of the proposed five million dollar appropriation would be five hundred thousand dollars.

EDD reported federal Workforce Investment Act funds have declined over the past six years. State general fund appropriations directly to Workforce Solutions for summer youth programs must be considered as a way to supplant the declining federal dollars.

SIGNIFICANT ISSUES

CYFD reported the Workforce Investment Act (WIA) of 1998 authorizes three funding streams: dislocated workers, adults, and youth. Eligible youth are low-income, ages 14 through 21 (although up to five percent who are not low-income may receive services if they face certain barriers to school completion or employment). Young customers also must face one or more of the following challenges to successful workforce entry: school dropout; basic literacy skills; homeless, runaway, or foster youth; pregnant or a parent; an offender; or need help completing an educational program or securing and holding a job. CYFD noted the description of eligible individuals under the Act includes youth served by CYFD. At least 30 percent of local youth funds must help those who are not in school. Programs must provide summer employment opportunities linked to academic and occupational learning. Local workforce investment boards plan and oversee the local plans and systems for program development ("Plain English" Version of the WIA, September 1998).

CYFD stated according to the 2007 NM WIA Annual Report, federal spending from the WIA in New Mexico for youth was \$4,635,209. The cost per participant was \$2,244. The total number of youth served was 2,066.

EDD stated there is a need to expose youth of NM to the world of work and the idea of being career oriented. Summer employment allows youth to learn the necessary applications to be successful in a professional work environment. Youth will be exposed to the need to be responsible and accountable for their actions as it will affect their work. The impact of the current economy on youth summer employment programs is yet to be seen. However, during the 2001 recession teen summer employment plummeted. The federal Office of Juvenile Justice and Delinquency Prevention (OJJDP) listed summer employment for youth as a key strategy for preventing youth-involved crime and gang activity.

PERFORMANCE IMPLICATIONS

CYFD has performance measures related to recidivism or re-commitment within two years following adjudication or discharge.

EDD noted enacting the proposed legislations would increase the number of youth employed in the summer months. There would be a need to monitor the quality of working conditions and completion of work assignments for employed youth during the summer months. EDD stated with the additional funding, the Workforce Solutions Department should have the resource necessary to provide additional services for summer youth programs.

ADMINISTRATIVE IMPLICATIONS

CYFD stated any necessary support from department for CYFD-involved youth eligible for participation in these programs will be absorbed by existing resources.

EDD noted the proposed legislation does not specifically earmark money for administrative purposes. However, federal dollars do allow a percentage of an appropriation for general administration, monitoring and/or management. Because there is no specific earmark for administration of funds, does this prohibit the Workforce Solutions Department from utilizing a portion of the appropriation for administration as they are accustomed to doing with Federal funds?

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 435 has a relationship with Senate Bill 417.

ALTERNATIVES

WSD reported the Federal Economic Stimulus Package proposal provides additional federal funding for the Workforce Investment Act which includes \$1.2 billion to be distributed to all states to provide youth services in order to stimulate the creation of up to one million summer youth jobs. New Mexico's percentage of any funds that may be available from the stimulus bill when it becomes law has not yet been determined. It has also not yet been determined what conditions will be attached to receipt of these funds.

EDD reported the U.S. Secretary of Labor is supposed to receive \$50 million dollars in discretionary funds for YouthBuild, a program to help at-risk youth gain education and occupational credentials while building or rehabilitating affordable housing. The funds will supplement awards to existing programs and to expand a current competition.

RPG/svb