FISCAL IMPACT REPORT

	ORIGINAL DATE 01/21/15	
SPONSOR Papen	**LAST UPDATED** 03/18/15	**HB**
SHORT TITLE Job Training		**SB** 164
	ANALYST Clark	

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	**FY16**		
	$12,000.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates HB 309
Relates to HB 2

SOURCES OF INFORMATION
LFC Files

Responses Received From
Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

Senate Bill 164 appropriates $12 million from the general fund to the development training fund for expenditure in fiscal year 2016 and subsequent fiscal years for the Job Training Incentive Program (JTIP), administered by the Economic Development Department (EDD).

FISCAL IMPLICATIONS

The appropriation of $12 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

SIGNIFICANT ISSUES

JTIP provides funds for classroom and in-plant training for new employees, existing employees moving to higher-skill positions (the Step-Up program), and interns. Funding primarily goes directly to businesses to offset a portion of new employees' wages during their on-the-job

training period. See "Appendix A" for a list of FY14 JTIP expenditures.

EDD supplied the following information in its analysis.

> A historical review of JTIP shows that on average JTIP has expended $4.7 million per year. Going back to 2000, JTIP's expenditures reflect the following:
> - Average projects funded per year: 46
> - Average obligation per project: $213 thousand
> - Average investment per trainee: $5,500
> - Average expenditure (actual draw-downs) per year: $4.8 million

PERFORMANCE IMPLICATIONS

EDD notes that if the agency meets its goal of creating 1,000 jobs through JTIP in FY15 and the average investment per JTIP trainee is $5,500, the program would require $5.5 million to meet the minimum job creation needs. As of mid-year FY15 (December), JTIP has met just over 50 percent of its job creation goal by funding 510 jobs.

ADMINISTRATIVE IMPLICATIONS

There would be no additional administrative duties. EDD administers JTIP funds and the Industrial Training Board is responsible for establishing policy, promulgating rules, and making expenditure decisions.

DUPLICATION, RELATIONSHIP

The bill duplicates HB 309.   The appropriation also relates to and partially duplicates appropriations in HB 2, which contains $7.5 million for JTIP -- $2 million in the recurring base budget and $5.5 million in a nonrecurring special appropriation.

JC/bb/aml/je

APPENDIX A

Job Training Incentive Program (JTIP) Approved and Obligated Expenditures for FY14						
Company	Budget	New Jobs	Average Wage	City	County	Type of Business
@Pay LLC	$ 180,006	7	$ 44.64	Albuquerque	Bernalillo	Service-Technology
Plenish, Inc. (Amendment)	$ 11,040	2	$ 11.50	Taos	Taos	Manufacturing
Ideum, Inc	$ 104,065	5	$ 28.25	Corrales	Bernalillo	Manufacturing/Software
MSDSPro, LLC	$ 5,773	1	$ 14.92	Rio Rancho	Sandoval	Manufacturing/Software
AerSale, Inc.	$ 3,230	n/a	n/a	Roswell	Chaves	Service
Plenish, Inc.	$ 1,555	n/a	n/a	Taos	Taos	Manufacturing
JackRabbit Systems, Inc.	$ 112,979	6	$ 34.99	Santa Fe	Santa Fe	Service-Technology
Lavu, Inc.	$ 55,750	10	$ 18.75	Albuquerque	Bernalillo	Service-Technology
CTS Electronic Components	$ 64,898	3	$ 37.24	Albuquerque	Bernalillo	Manufacturing
Knockout Mtl Wrx, LLC	$ 7,480	2	$ 13.50	Albuquerque	Bernalillo	Manufacturing
P4Q USA	$ 64,506	13	$ 14.24	Albuquerque	Bernalillo	Manufacturing
Qynergy Corporation	$ 12,286	1	$ 19.73	Albuquerque	Bernalillo	Service-Technology
Leprino Foods	$ 89,731	13	$ 13.71		Chaves	Manufacturing
PPC Solar (Amendment)	$ 6,000	1	$ 12.50	Taos	Taos	Service-Green
xF Technologies, Inc.	$ 17,874	1	$ 29.50	Albuquerque	Bernalillo	Manufacturing-Green
CustomerCentrix, LLC	$ 56,690	3	$ 32.45	Albuquerque	Bernalillo	Service-Technology
Prime Therapeutics, LLC	$ 332,526	47	$ 21.06	Albuquerque	Bernalillo	Service
nanoMR, Inc.	$ 64,228	3	$ 37.98	Albuquerque	Bernalillo	Manufacturing
Qynergy Corporation (Interns)	$ 10,500	2	$ 15.00	Albuquerque	Bernalillo	Service-Technology
ClosedWon (Amendment)	$ 39,874	2	$ 34.86	Albuquerque	Bernalillo	Service-Technology
Southwest Steel Coil	$ 53,500	n/a	n/a	Santa Teresa	Dona Ana	Service
Titan Aerospace Holdings	$ 189,035	11	$ 25.90	Moriarty	Torrance	Manufacturing
Dynamic Systems & Research	$ 3,944	n/a	n/a	Albuquerque	Bernalillo	Service
FRST, Inc.	$ 46,020	1	$ 58.90	Alamogordo	Bernalillo	Manufacturing
Ultramain Systems, Inc.	$ 83,368	8	$ 19.50	Albuquerque	Bernalillo	Service-Technology
Ultramain Systems, Inc. (Interns)	$ 10,000	2	$ 15.00	Albuquerque	Bernalillo	Service-Technology
Cummins Natural Gas Engines	$ 13,855	2	$ 14.72	Clovis	Curry	Manufacturing
Solaro Energy, Inc.	$ 36,392	5	$ 12.60	Socorro	Socorro	Manufacturing
Yfab, Inc.	$ 105,794	6	$ 32.42	Albuquerque	Bernalillo	Manufacturing
ClosedWon, LLC	$ 80,748	4	$ 34.86	Albuquerque	Bernalillo	Service-Technology
Lowe's Customer Support Center	$1,761,645	422	$ 15.85	Albuquerque	Bernalillo	Service-Call Center
TriLumina Corporation	$ 41,858	2	$ 36.16	Albuquerque	Bernalillo	Manufacturing
HT MicroAnalytical, Inc.	$ 22,313	1	$ 37.26	Albuquerque	Bernalillo	Manufacturing
Alliance Data Systems, Inc.	$ 738,788	181	$ 13.32	Rio Rancho	Sandoval	Service-Call Center
DHF Technical Products	$ 173,412	25	$ 14.97	Rio Rancho	Sandoval	Manufacturing
National Water Services, Inc.	$ 6,544	1	$ 16.50	Santa Fe	Santa Fe	Manufacturing-Green
Vitality Works, Inc.	$ 53,252	3	$ 30.45	Albuquerque	Bernalillo	Manufacturing
Ultramain Systems, Inc. (Interns)	$ 16,000	3	$ 18.00	Albuquerque	Bernalillo	Service-Technology
Ultramain Systems, Inc. (Amendment)	$ 45,199	4	$ 22.12	Albuquerque	Bernalillo	Service-Technology
xF Technologies	$ 113,521	7	$ 26.15	Albuquerque	Bernalillo	Manufacturing-Green
National Water Services	$ 9,694	1	$ 17.25	Santa Fe	Santa Fe	Manufacturing-Green
Bendix King	$ 788,712	28	$ 49.19	Albuquerque	Bernalillo	Manufacturing
Project Performance Company	$ 94,501	3	$ 47.57	Albuquerque	Bernalillo	Service-Technology
Fidelity Employer Services	$1,346,990	258	$ 16.29	Albuquerque	Bernalillo	Service-Call Center
Canon IT Services	$ 88,373	29	$ 13.68	Albuquerque	Bernalillo	Service-Call Center
P4Q USA	$ 32,640	10	$ 12.70	Albuquerque	Bernalillo	Manufacturing
NM Consortium	$ 6,000	1	$ 15.63	Los Alamos	Los Alamos	Service-Green
AerSale	$ 174,226	21	$ 20.02	Roswell	Chaves	Service
CN Wire Corporation	$ 537,626	79	$ 14.47	Santa Teresa	Dona Ana	Manufacturing
Ideum, Inc.	$ 147,101	7	$ 28.62	Corrales	Bernalillo	Manufacturing/Software
National Water Services, Inc.	$ 15,692	1	$ 26.50	Santa Fe	Santa Fe	Manufacturing-Green
Still Solutions, Inc.	$ 16,241	1	$ 24.43	Albuquerque	Bernalillo	Service-Technology
Vitality Works, Inc.	$ 46,803	5	$ 20.65	Albuquerque	Bernalillo	Manufacturing
Spa Enrichment Strategies, LLC	$ 18,952	2	$ 17.00	Albuquerque	Bernalillo	Manufacturing-Green
Neptune Aviation Services	$ 86,617	5	$ 22.65	Alamogordo	Otero	Service
Lavu, Inc.	$ 39,366	8	$ 17.29	Albuquerque	Bernalillo	Service-Technology
Santa Fe Spirits	$ 3,760	1	$ 11.50	Santa Fe	Santa Fe	Manufacturing
PreCheck, Inc.	$ 236,450	35	$ 12.00	Alamogordo	Otero	Service
CAaNES, LLC	$ 101,452	4	$ 41.70	Albuquerque	Bernalillo	Service-Technology
Compass Components	$ 89,512	14	$ 12.50	Deming	Luna	Manufacturing
Prime Therapeutics, LLC	$ 151,010	32	$ 15.00	Albuquerque	Bernalillo	Service
Totals*	$8,867,896	1,355	$ 17.32			

Notes: Highlighted companies are in rural areas. Projects with "n/a" are Step-Up projects, reimbursing a portion of the cost of training for existing employees.

Source: Economic Development Department