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FISCAL IMPACT REPORT

ORIGINAL DATE 2/3/16

SPONSOR Fajardo LAST UPDATED _____ HB 216

SHORT TITLE Workforce Needs Analysis SB _____

ANALYST Dulany

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$125.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 Economic Development Department (EDD)
 Workforce Solutions Department (WSD)

SUMMARY

Synopsis of Bill

House Bill 216 appropriates \$125 thousand from the general fund to HED for expenditure in FY17 to develop and implement a workforce gap forecasting model that will identify, on a statewide basis, the:

- numbers and types of jobs that are most likely to be available in the future;
- skills, knowledge, and experience that those jobs will require;
- education and training currently being delivered; and
- corresponding deficiencies in meeting current and future workforce demands.

FISCAL IMPLICATIONS

The appropriation of \$125 thousand contained in HB 216 is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY17 shall revert to the general fund.

Although the appropriation contained in this bill is for the development of a single model, and

therefore a nonrecurring expense to the general fund, it is likely that HED will incur costs associated with updating the model in future years.

SIGNIFICANT ISSUES

HED indicates the department built a preliminary workforce gap model in 2014 using projections of job growth from WSD and that the effort proved valuable, but more work is needed to validate the projections and to ensure the matching of degree and training expectations aligns with the needs of specific job openings. This additional work might include alignment with Jobs Council efforts as well as focus groups with employers.

HED's 2015 annual report notes the department's preliminary efforts toward a workforce gap model included a study of New Mexico college graduates in the workforce. To do this, the department states, college graduate data is matched to WSD unemployment insurance data so that placement rates and median salaries can be examined by degree level, degree program, sector, institution, and industry. According to the department, several dashboards are being developed that focus on specific degree programs, institutions, and industries. The dashboards show the number of baccalaureate recipients employed:

- full-time and the median salary for up to seven years after graduation;
- full-time, part-time, or not found on the unemployment insurance database, and median salaries for one and five years after graduation; and
- full-time, by industry, with median salaries for one and five years after graduation.

HED's 2015 annual report also indicates the department was selected to participate in a new multistate project from USA Funds titled "More Effectively Linking Higher Education to the Workforce and Economic Development." The department states it will collaborate with the National Center for Higher Education Management Systems and work to refine, update, and expand the New Mexico workforce gap model under the project.

EDD notes "...closing the workforce gap can and should begin with the development and implementation of a statewide workforce gap forecasting model so there is no oversupply, over-demand, undersupply, or under-demand of workers and skills needed in the workforce."

According to WSD, every other year the department's Economic Research and Analysis Bureau publishes the *Projection Report* that identifies the statewide number and types of jobs that are most likely to be available in the future. Projections are presented for over 100 industries and about 800 occupations at the state and sub-state levels. This report also identifies the skills, knowledge and experience that those jobs will require. The *2010 – 2020 Projections Report* is available on the WSD website. The *2012 – 2022 Projection Report* has been completed and will be published and made available to the public in the near future.

WSD further notes the Economic Research and Analysis Bureau also publishes the annual *State of the Workforce* report, which examines the education and training currently being delivered to residents and discusses how there may be corresponding deficiencies in meeting future workforce demands. The *2015 State of the Workforce* is available on the WSD website. The *2016 State of the Workforce* has been completed and will be made available soon, according to the department.

Finally, WSD asserts “the efforts contained in HB 216 largely overlap with the efforts already undertaken by the Economic Research and Analysis Bureau of the Department of Workforce Solutions.”

PERFORMANCE IMPLICATIONS

HED suggests a workforce gap model may help identify areas in which public postsecondary educational institutions are over-producing or under-producing certain degrees, which may help the Legislature as it continues to implement a performance-based higher education funding formula.

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