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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/16

SPONSOR Sanchez, M. LAST UPDATED _____ HB _____

SHORT TITLE Development Training Funding for Veterans SB 201

ANALYST Clark

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

Parenthesis () indicate expenditure decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Veterans Services Department (VSD)

SUMMARY

Synopsis of Bill

Senate Bill 201 amends Section 21-19-13 NMSA 1978 pertaining to development training funding, commonly known as the Job Training Incentive Program (JTIP). It requires at least one-fourth of annual appropriations to be expended for training veterans and at least one-fourth for training persons 50 years of age or older. It also includes a detailed definition of “veteran” and requires the veteran was not separated from service under circumstances amounting to a dishonorable discharge.

There is no effective date of this bill. It is assumed that the new effective date is 90 days after this session ends.

FISCAL IMPLICATIONS

There is no fiscal impact.

SIGNIFICANT ISSUES

This bill might require a substantial change in how the JTIP board approves training funds for companies, because the board approves funding primarily based on company eligibility and

position eligibility without knowing in advance what particular individuals a company will hire to fill those positions. The JTIP rules require companies to receive advance approval of training funds before hiring; hires made prior to the award are disqualified from eligibility for JTIP funds. It is impossible for the board to know in advance what portion of hires will be veterans or 50 years of age or older. Because this would be an unknown, it might necessitate the JTIP board to require every company awarded funds to meet these two “one-fourth” apportionments or risk a later reduction in the amount of funding actually received to match these levels. This could reduce the effectiveness of JTIP as a business recruitment tool for economic development organizations.

EDD provided the following additional analysis.

This amendment seems to target workforce development needs rather than enhancing job creation incentives. JTIP is primarily an incentive for job creation. By reimbursing qualified economic base companies a portion of new-hire wages for a training period, JTIP funds are used to train New Mexicans while offsetting the cost of that training during the initial six months on the job. Unlike a traditional workforce training program, JTIP does not implement the training, but leaves that responsibility to the companies, who are the experts in their respective industries. The JTIP board recognizes the importance of workforce training and requires that the companies create and adhere to individual training plans for each trainee. Through the compliance process, companies demonstrate delivery and adherence to the approved training plans.

By requiring that one-fourth of any appropriation be set aside to serve each of these two specific population segments, this amendment could greatly limit the program’s ability to assist companies creating jobs, wherein funds could potentially go unused, rather than to a company that is creating jobs in other population sectors. JTIP does currently offer an additional 5 percent reimbursement above the standard reimbursement rates for trainees who are Veterans.

PERFORMANCE IMPLICATIONS

EDD notes setting aside funds for particular segments potentially withholds funds from others who are creating jobs, allowing funds to go unused. This could impact EDD’s ability to meet its performance metrics for job creation.

OTHER SUBSTANTIVE ISSUES

Statute currently requires at least one-third of annual appropriations to be expended in rural areas of the state, and other sections allow specific amounts to be used for fund administration, film training, and “green industry” training.

EDD reports there are several state and federal programs that offer workforce development and employment opportunities for both veterans and persons over 50 years of age.

Veterans:

- Workforce Investment and Opportunity Act (WIOA) on-the-job-training (OJT) through the Workforce Solutions Department (WSD)
- Apprenticeship training through the U.S. Department of Labor

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- State Personnel Office hiring preference
- Business tax credit for hiring recently returned veterans (for business owners)
- Five percent procurement advantage for veteran-owned businesses or contractors (for business owners)
- Homeless veterans' reintegration program (Goodwill Industries)

Persons 50 and older:

- Higher Education Department adult basic education programs -- nearly 2,800 adult learners between the ages of 45 and 60+ represented 18 percent of the total enrollment in FY15.
 - Beginning literacy, adult education, adult secondary education and English as a second language (ESL) programs
- Aging and Long-Term Services Department programs:
 - 50+ employment connection
 - Senior community service employment program (federal)
 - Senior employment program
- WIOA on-the-job-training (OJT) through WSD
- Apprenticeship training through the U.S. Department of Labor

JC/jle