

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov).

FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/22

SPONSOR Roybal Caballero LAST UPDATED _____ HM 22

SHORT TITLE Study Low-Income Basic Income SB _____

ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
State Funding		\$53.8		\$53.8	Nonrecurring	General Fund
Federal Funding		\$53.8		\$53.8	Nonrecurring	Federal Funds
Total		\$107.7		\$107.7		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)
Human Services Department (HSD)

No Response Received

Department of Workforce Solutions (DWS)

SUMMARY

Synopsis of Memorial

House Memorial 22 asks DWS and HSD to convene a task force to study the need, impact, and implementation of a basic income for low-income New Mexicans.

FISCAL IMPLICATIONS

There is no appropriation in House Memorial 22.

HSD estimates its costs in complying with the memorial's requests as follows:

The Human Services Department's Income Support Division (HSD/ISD) assumes that

the task force created by HM22 would require dedicated staff time from the HSD/ISD to participate. HSD/ISD estimates its cost as follows: The estimated additional budget impact shown in the table above is for 0.25 FTE of 5 different types of HSD staff (an Economist-Advanced, a Staff Manager, two Social & Community Coordinators and a Bureau Chief for a total cost of approximately \$107,700.00.

SIGNIFICANT ISSUES

The memorial documents the following in support of its request for a study of a basic income for low-income New Mexicans:

1. New Mexico has the second highest prevalence of poverty in the nation, and almost one-fourth of all New Mexico children live below the poverty level.
2. New Mexico has a high unemployment rate, cited as 7.2 percent in September 2021, and recently updated to 5.8 percent by DWS.
3. Almost thirty percent of New Mexicans are in jobs paying less than the federal poverty level
4. Numerous cities and countries have instituted universal basic incomes for their residents, as has the Choctaw Nation. The cities of Las Cruces and Santa Fe are among those considering a basic income for their residents. Studies have shown that basic income programs improve well-being and result in increase, not a decrease, in employment.

The memorial defines “universal basic income” as a payment from government to each citizen.

In an article on a Universal Basic Income from the University of North Carolina (<https://college.unc.edu/2021/03/universal-basic-income/>), the following points were made:

- Universal basic income is a regular cash payment by the government that is given on a monthly or annual basis. It’s unconditional in several respects. In contrast to many other welfare programs that you only get when you prove your willingness to work, a UBI would be unconditional in that respect. It would also be unconditional on what money you make, what you have in general and on what contribution you made to finance the UBI. Finally, it would be unconditional on your family situation, on whether you’re married or not.
- UBI is probably best conceived as a floor to stand on, not as a safety net. A safety net is only meant to catch you when you need it, which requires some institution to test whether you really need it, and that opens up all these worries about paternalism, bureaucracy and so on, whereas the UBI would be a floor to stand on for everybody.
- UBI is a platform to stand on and to build a life on. But it’s not something that’s going to allow you to live a great life. The sort of numbers that we’re talking about are, at most, \$1,000 a month per person. People will still have a strong motivation to work.

In an LFC study from October 2021, the conclusion was “LFC staff found that more research is needed regarding guaranteed income as the effects of these limited pilots has been mixed. For instance, research shows that while there are likely positive social effects from a guaranteed income, the effects on the labor market and earnings for is uncertain. Additionally, nationally there are a number of pilots targeting different populations, and it is uncertain which population will benefit the most from a guaranteed income.”

ADMINISTRATIVE IMPLICATIONS

HSD indicates that “The creation of the task force to study a basic income for low-income households will require dedicated staff time from the HSD [Office of the Secretary] to participate on a regular basis, for planning, participating, researching, developing and reporting recommendations for a basic income program for New Mexico to the Legislature by November 1, 2022.”

POSSIBLE QUESTIONS

As noted by HSD, “HM22 as written does not define the members to be included in the task force. Member information is needed to calculate the cost of staffing to determine the funding needs for salaries and level of effort for this task force.”

LAC/acv/rl