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FISCAL IMPACT REPORT

SPONSOR Rubio **LAST UPDATED** _____
ORIGINAL DATE 2/10/2023
SHORT TITLE Study Unemployment Benefits for Ineligible **BILL NUMBER** House Bill 215
ANALYST Chenier

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$200.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From

Workforce Solutions Department (WSD)

Human Services Department (HSD)

Department of Public Safety (DPS)

SUMMARY

Synopsis of House Bill 215

House Bill 215 appropriates \$200 thousand from the general fund to WSD to study and prepare a report on the opportunities for and barriers to extending unemployment insurance (UI) to workers who are excluded from UI.

The bill, through temporary provisions, creates a task force to study and prepare a report regarding the feasibility of providing income assistance or wage replacement to excluded workers or workers who have lost employment or income due to the downsizing of an extractive industry. The report shall be provided to the governor and presented to the sustainable economy task force of the Economic Development Department, Legislative Finance Committee, Legislative Health and Human Services Committee, and Revenue Stabilization and Tax Policy Committee.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The appropriation of \$200 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

SIGNIFICANT ISSUES

WSD provided the following:

Currently, WSD offers services for workers who are displaced from employment due to a layoff that resulted from a business closure through the Workforce Innovation and Opportunity Act to cover costs of retraining and other compensation, in addition to UI benefits for those that meet eligibility criteria. This study would solely be directed at providing unemployment benefits to those who are not otherwise eligible.

Unemployment eligibility, while defined under New Mexico statutes, is governed by federal law and regulated by the U.S. Department of Labor and includes criteria such as bona fide employment from an employer that contributes to the Unemployment Trust account. Self-employed individuals are not included in that population which the USDOL laws and regulations contemplate because they do not contribute to the UI Trust fund. Money from the UI Trust cannot be used to pay for the benefits to persons who are not eligible. The task force study will need to investigate how these non-UI benefits may be funded.

Individuals contemplated by this task force are not eligible for state or federal UI benefits, because they will not meet federal UI eligibility requirements. Concurrently, the UI staff, resources, or systems cannot be used to benefit for non-covered individuals. Therefore, the task force should include in its scope of inquiry the possible ways these types of unemployment benefits may need to be funded and administered outside of the UI system and its associated funding.

ADMINISTRATIVE IMPLICATIONS

HSD said due to the Covid-19 Public Health Order (PHO), HSD has implemented system changes which has allowed for coding of WSD benefit changes in category types. Currently HSD has received waivers from federal partners that assisted low-income families to have access to obtain public assistance. As the PHO is unwinding, HSD priority is to ensure that proper communication and processes are in place to assist constituents with these changes being implemented. As the activities move forward HSD would not have the resources to assist in this study to be completed by December 1, 2023.

TECHNICAL ISSUES

WSD said the term “low wage industries” may require further clarification to indicate industries which shall be included in the task force’s scope of inquiry. Similarly, task force members may find it helpful if the term “extractive industry” is further defined.