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FISCAL IMPACT REPORT

SPONSOR	<u>Garratt</u>	LAST UPDATED	<u>1/23/25</u>
	Reasonable Assurance for Higher Ed	ORIGINAL DATE	<u>1/23/25</u>
SHORT TITLE	<u>Employees</u>	BILL	
		NUMBER	<u>House Bill 67</u>
		ANALYST	<u>Jorgensen</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
WSD	No fiscal impact	\$50	\$50	\$100	Recurring	WSD Operating
Education Institutions	No fiscal impact	Indeterminate	Indeterminate	Indeterminate	Recurring	Various operating funds

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

Workforce Solutions Department (WSD)

Higher Education Department (HED)

University of New Mexico (UNM)

New Mexico Institute of Mining and Technology (NM Tech)

SUMMARY

Synopsis of House Bill 67

House Bill 67 (HB67) changes the statutory requirements for employees of New Mexico educational institutions to receive unemployment benefits between academic terms. Under current law, employees who are between academic terms are not eligible for unemployment insurance (UI) benefits if they have a “reasonable assurance of rehire” during the next academic term. Reasonable assurance of rehire currently means the individual has a historical pattern of reemployment in the same capacity as the preceding term and a reasonable anticipation that employment will be available in the future. HB67 creates a five-part eligibility test to determine the chance of reemployment, including the following elements:

1. The educational institution has made a written, oral, or implied offer of employment in the following academic year or term.
2. The offer of employment was made by an individual with actual authority to make such an offer.

3. The offered employment is substantially the same position or is in a higher position than the previous employment.
4. The consideration for the offered employment is at least 90% of what the claimant earned in the then-current academic year or term.
5. The offer of employment is not contingent on factors within the institution's control, including course programming, allocation of available funding, final course offerings, program changes, and facility availability.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

HB67 does not contain an appropriation and any increase in costs resulting from enactment would have to be paid from existing budgets. Multiple entities will be impacted, but the extent of the new costs is unknown. The Workforce Solutions Department (WSD) anticipates additional costs of \$50 thousand for training, program administration, and IT system updates. The majority of the impact will be on educational institutions who may see an increase in UI premiums if the provisions of the bill result in increased UI claims being paid. Because the potential increase in UI premium costs for employers is unknown, the fiscal impact to educational institutions is indeterminate.

SIGNIFICANT ISSUES

WSD notes the proposed language in HB67 removes the less well-defined factors of the statute and replaces them with definite criteria to be used in determining “reasonable assurance.” The provisions of reasonable assurance in the new legislation are consistent with the federal requirements that govern unemployment compensation benefits under U.S. Code 3304(a)(6)(A).

The University of New Mexico (UNM) reports:

As written, it is not clear how [WSD] will interpret contingency factors within the institution’s control as outlined in Section 51-1-5 NMSA 1978. At UNM, our temporary part time faculty letters of understanding include the following contingency language:

You acknowledge that cancellation of classes due to under enrollments, significant midyear budget rescissions (as determined by UNM administration) or other necessary changes in the work schedule of the department, may result in revision or cancellation of this agreement. Please check with your department, college, or branch campus administrators for specific policies they may have regarding minimum enrollments and/or class cancellations related to online or other specialized courses.

As written, the legislation is not clear to the extent that class cancellation due to insufficient enrollment, significant budget reductions, or other schedule changes are considered to be a “factor within the educational institution’s control”. If these factors are determined to be “within the educational institution’s control”, then it is likely that the legislation will lead to increases in unemployment claims and expenditures for the periods not worked in between terms.

ADMINISTRATIVE IMPLICATIONS

WSD reports enactment of HB67 will require additional training for agency employees and administrative law judges as well as modifications to IT systems. NM Tech notes that the provisions of HB67 may increase administrative costs and require additional employees or staff time.

CJ/hj