

Stimulating New Mexico's Economy and Helping Unemployed Workers:

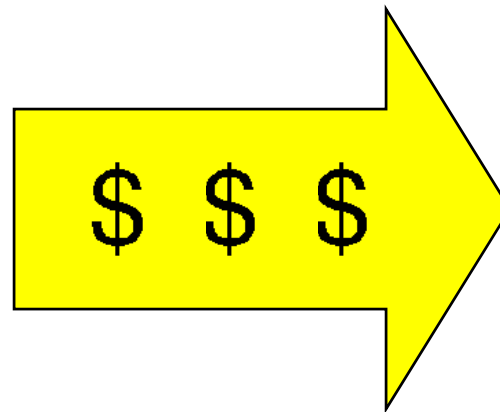
*Maintaining and Expanding the
2003 Reforms to the
UNEMPLOYMENT
INSURANCE SYSTEM*

2003 Reforms to NM Unemployment Insurance:

- Powerful Economic Stimulus
- Boosts Economic Development
- Provides Employer Tax Cuts
- Supports Unemployed Workers
- Helps Local Communities

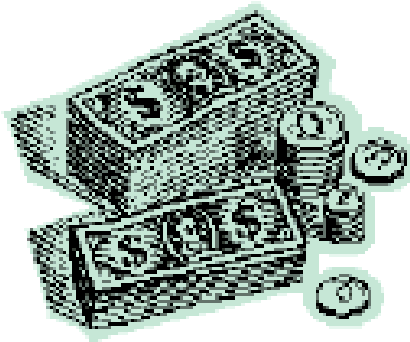
Economic Stimulus Effect of UI Benefits

\$1.00
paid to each
worker in
UI benefits



\$1.70
in NM
personal
income

New Mexico still has the
MOST SOLVENT
UI trust fund
in the nation.

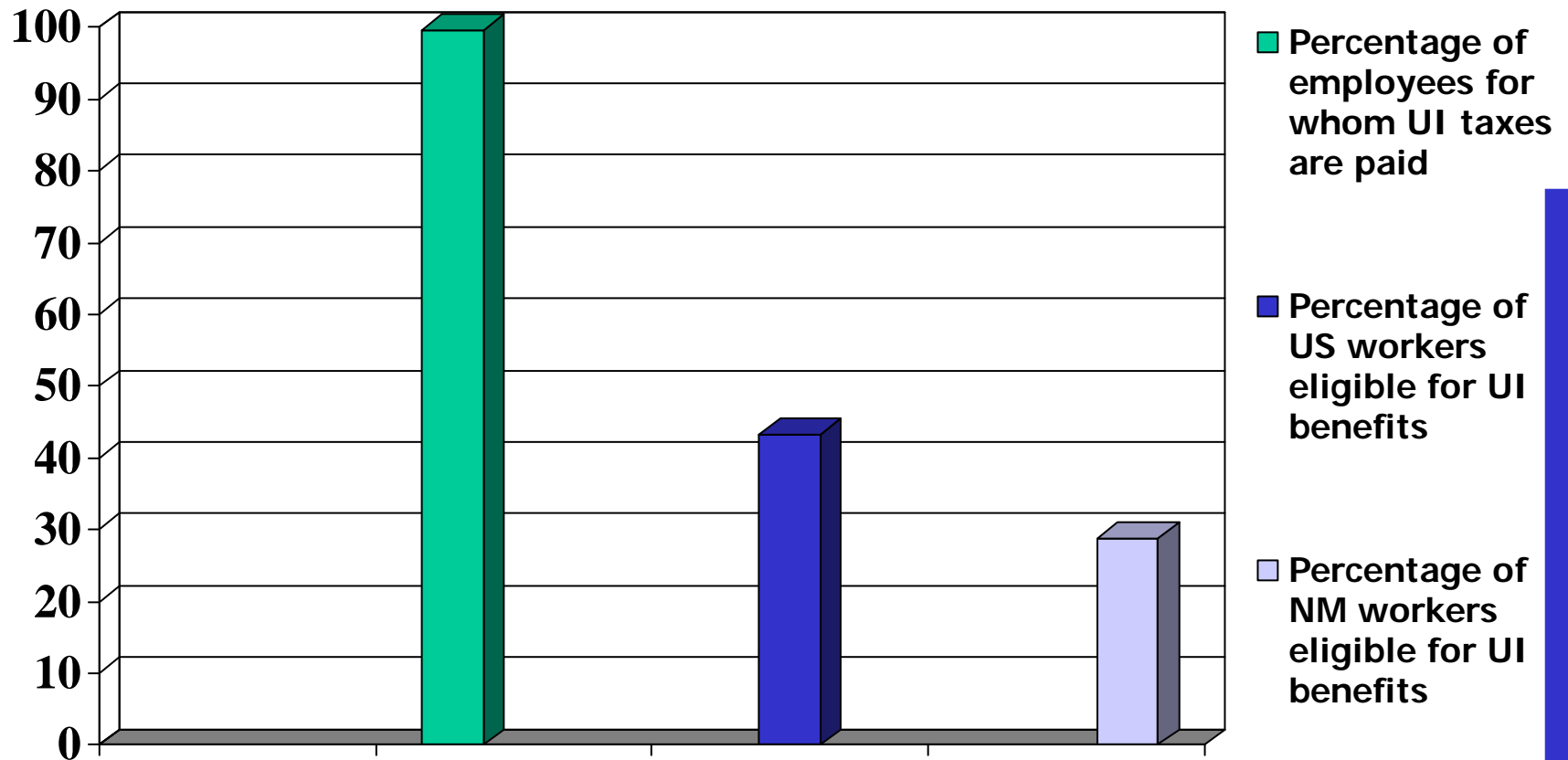


> \$574,000,000 in the
3rd quarter of 2006.

NM state government acted aggressively and responsibly to improve Unemployment Insurance benefits and eligibility for unemployed workers in the 2003 legislative session.

Eligibility for UI in New Mexico is still so restrictive that 75% of unemployed workers in New Mexico do not receive UI benefits as of the 3rd quarter of 2006.

Comparison of the % of employees for whom UI taxes are paid, and the % of employees actually eligible to receive benefits:



NM's UI benefits
are still low, even after the
2003 improvements...

we have the 36th **LOWEST**
weekly benefit
amount in the nation.

New Mexico's average UI benefit amount of \$241/week or \$12,500/year is 25% below the poverty level for a family of three of \$16,600



New Mexico employer's UI taxes
were cut dramatically in 2000.

MOST employers got
at least a 50% tax cut
(\$40 million a year).

UI changes enacted in 2003 ended up providing NM employers a tax cut of \$24,200,000 a year, while benefit increases ended up costing \$10.4 million.

Some accepted “best practices” from other states were incorporated in the 2003 New Mexico UI benefit plan...

The 2003 Benefit Reforms

Made the following six significant changes to the UI benefit system:

1.) Extended UI benefits to spouses of active-duty military

(Actual cost – \$65,000)

2.) Allowed UI benefits for full-time students and those in job training programs

(Actual cost – \$370,000)

3.) Used the most recent quarter of work in determining work history for UI benefits ('Alternate Base Period')

(Actual cost – \$2.2 million)

4.) Provided UI benefits for persons who are forced to leave their job because of domestic violence

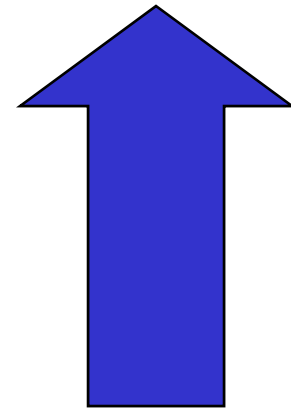
(Actual cost – \$70,000)

5.) Enacted a “dependent child allowance” of \$15 per week per dependent child (up to 4 children)



(Actual cost –
\$4.5 million)

6.) Raised the UI benefit amount by 5%



(Actual cost – \$3.2 Million)

Cost of the 2003 Benefits

Dependent Allowance	\$4.5 million
Domestic Violence Victims	\$67,300
Full Time Students	\$367,500
Military Spouses	\$64,800
Alternate Base Period	\$2.2 million
Weekly Benefit Amount Increase	\$3.20

Total cost: **\$10.4 million**

NM Voices Proposed Changes for 2007 Legislative Session

- Increase dependent allowance by \$5 per dependent per week
- Increase weekly benefit amount percentage by one percentage point
- Eliminate the one week wait for new UI applicants

1.) In order to shield business from a possible tax increase, employers' "experience rating" were held harmless on the domestic violence reform and the dependent child allowance enacted in 2003

2.) Create a new employer tax schedule "0" to lower taxes for employers

(Actual cost –
\$24.2 million)

3.) Lower the tax rate paid by new start-up companies from 2.7% to 2.0% to boost economic development

(Actual cost unavailable)

Cost of the 2003 Reforms

Employer tax cuts	\$24,200,000
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Changes in eligibility and benefits for workers	\$10,400,000
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Total cost:	\$34,600,000
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All reforms will
SUNSET
in January 2008.

That's why it is essential to
remove the sunset clause in
the 2007 legislative session.

If you think the system
is working,
ask someone who isn't...

NM can and should
do more for its economy and
its unemployed workers.

The Unemployment Insurance Reform Coalition:

New Mexico VOICES for Children

NM Human Needs Coordinating Council

New Mexico Women's Agenda

New Mexico Federation of Labor, AFL-CIO

New Mexico Coalition Against Domestic Violence

Lutheran Office of Governmental Ministry-NM

**And – more than 100 endorsing organizations
from all across New Mexico!**