

# HOW THE FEDERAL GOVERNMENT'S COVID-19 RESPONSE IMPACTS NEW MEXICO



## UNEMPLOYMENT INSURANCE



### BY THE NUMBERS:

Unemployment insurance (UI) provides income to eligible workers who are laid off from their jobs, helping workers maintain health insurance, pay their bills, and continue purchasing goods and services, which helps them avoid experiencing homelessness and hunger, and helps keep many businesses afloat. Prior to the pandemic, New Mexico had a relatively low unemployment rate. But things changed quickly:

- **134,513** New Mexicans filed for UI benefits between March 7 and May 2,<sup>1</sup> out of a workforce of **835,800**.
- UI claims shot up by **2,272%** from the pre-virus period.<sup>2</sup>
- The unemployment rate is projected to reach **16.2%** by July 2020.<sup>3</sup>

### WHAT'S INCLUDED:



Families First provides:

- \$1 billion in federal funding – of which New Mexico will get about \$5.26 million – to help with the increased administrative costs. To qualify, states have to meet certain criteria like waiving the work search requirement and 1-week wait, which New Mexico has done.
- Full federal funding of extended benefits and technical assistance for states wanting to set up a shared work program, which is where employers can reduce the hours and wages of all their workers as opposed to laying off a portion of them. Workers with reduced hours are then eligible for pro-rated UI benefits.<sup>4</sup>

The CARES Act focuses on expanding eligibility and increasing the level of benefits and how long they are available through three new programs:

1. *Pandemic Unemployment Assistance (PUA)* extends UI to people who are currently not eligible for state benefits, like those who are self-employed or gig workers, for example.
2. *Pandemic Emergency Unemployment Compensation (PEUC)* extends state UI benefits by 13 weeks.
3. *Pandemic Unemployment Compensation (PUC)* provides an additional \$600 per week to all state UI, PUA, and PEUC recipients through the end of July.

The CARES Act also provides incentives for state work-sharing programs:

- The federal government will fund 50% of the work sharing cost for states, like New Mexico, that do not have a work-sharing program.



# WHO'S LEFT OUT:

## Many immigrant workers and their families

- Immigrant workers without Social Security numbers are not eligible for UI benefits. Those immigrants who are eligible must have valid authorization to work here when they apply for UI, while they are receiving UI benefits, and during the base period that states use to determine whether laid-off workers qualify. This can leave out DACA and temporary protected status (TPS) recipients and applicants, many of whom are “essential” workers.



# WHAT'S NEXT:

These expansions of UI eligibility and aid are important, but many improvements are still needed because this is temporary relief for a system that is long overdue for reform. Between long-term problems and the pandemic, state systems are overwhelmed, workers are having to wait a long time before receiving benefits, many workers are still left out, and even when relief comes, it may not be adequate. While some of these issues may be dealt with in the next round of federal reform, policymakers at all levels must address the gaps in unemployment insurance to ensure that it is available to all New Mexicans who need it. Federal and state relief should be continued until the labor market recovers instead of being set on arbitrary timelines, shared work programs should be established, and governments at all levels should consider creating relief funds to give a hand up to displaced workers ineligible for UI (such as immigrants), like what was done in California<sup>5</sup> and Minneapolis.<sup>6</sup> By strengthening unemployment insurance provisions with state, local, and federal policies, we can help New Mexico's displaced workers by providing necessary income for families that is then spent in communities all across the state.



1 “Updated state unemployment numbers: More than a quarter of the workforce has filed for unemployment in six states,” Economic Policy Institute (EPI), April 30, 2020

2 Ibid

3 “Nearly 20 million workers will likely be laid off or furloughed by July,” EPI, April 1, 2020

4 “Work Sharing: An Alternative to Layoffs,” National Employment Law Project, 2016

5 “Governor Newsom Announces New Initiatives to Support California Workers Impacted by COVID-19,” Office of Governor Gavin Newsom, April 15, 2020

6 “Minneapolis creates \$5 million COVID-19 relief fund available to undocumented residents,” *Minnesota Reformer*, April 3, 2020