

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

FISCAL IMPACT REPORT

BILL NUMBER: House Bill 124

SHORT TITLE: New Americans Division in WSD

SPONSOR: Reps. Parajon, Szczepanski, Lara, and Gurrola and Sen. Nava

LAST UPDATE: 2/2/2026 **ORIGINAL DATE:** 2/2/2026 **ANALYST:** Gygi

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
WSD	\$0	\$0	At least \$250.0	At least \$250.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Higher Education Department

Workforce Solutions Department

Agency or Agencies That Were Asked for Analysis but did not Respond

Attorney General

Department of Finance and Administration

Economic Development Department

Agency or Agencies That Declined to Respond

State Personnel Office

SUMMARY

Synopsis of House Bill 124

House Bill 124 (HB124) amends Section 9-26-3 NMSA 1978 (Workforce Solution Act) to create the Office of New Americans as a division of the Workforce Solutions Department. In addition, the bill changes language to change the name of “business services” to “the unemployment insurance” division. The bill adds the following definition:

“New Americans” means people residing in the United States who are not citizens of the United States or who were not citizens of the United States at birth.

The bill outlines the new division’s duties and annual reporting requirements, including an analysis of the economic impact, status, population, and workforce numbers of new Americans in the state. The annual reporting is set to take effect on August 1, 2027, and must be completed

by July 1 every year thereafter.

Lastly, HB124 establishes a temporary provision requiring the division to study and report on the state refugee resettlement program. The division shall report its findings to the committee that studies economic rural development and policy by December 1, 2026.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

WSD is not requesting an appropriation for the office in FY27 because of continued grant funding.

Beginning in FY28, funding will be required to operate the New Americans Division at current levels, estimated at \$250 thousand annually. The office currently has two staff, both grant-funded.

LFC's analysis for this FIR indicates it is possible for the costs to exceed those forecasted by WSD. If the existing office is established as a new division, it is possible the program would grow and expenses would be meaningfully greater. Further, once a program is escalated to a division in the state budget, the agency will have limited flexibility in moving money between initiatives and spending categories.

SIGNIFICANT ISSUES

According to WSD:

In New Mexico, 10.2 percent of residents and 12.9 percent of workers are immigrants. Foreign-born workers make up an even larger share of the workforce in critical industries, including agriculture (21 percent), construction (24 percent), and manufacturing (18 percent). Those workers pay an estimated \$771.1 million in state and local taxes.

In 2024, WSD established the Office of New Americans using grant funding to better engage with and support this key sector of the state's workforce and economy. The office is part of a national network of similar offices in 23 states convened by the American Immigration Council and the World Education Service. This affiliation gives WSD access to a national network of experts and best practices on state immigration policy.

In that time, the office has:

- Trained over 400 businesses on the latest federal immigration policy changes,
- Created a training program for U.S. Department of Justice accredited representatives, expanding career pathways and improving legal service capacity in the state,
- Coordinated a partnership agreement with the Mexican Consulate in Albuquerque to improve enforcement of rights for all workers, and
- Led research aimed at improving the departments understanding of the needs and strengths of the state's immigrant workforce.

HB124 will formalize the role and placement of the office in WSD. Otherwise, according to

WSD:

The state will be at risk of failing to attract and retain immigrant workers, which could exacerbate workforce shortage concerns for businesses in key industries in the state and reduce New Mexico's income tax base. New Mexico may fall behind competitiveness with neighboring states in attracting the only growing segment of the workforce in coming years.

Refugee Resettlement Report

HB124 requires the New Americans Division to make a recommendation on how to improve coordination between WSD's workforce experts and the state's refugee resettlement system. WSD reports:

The primary goal of the resettlement system is to help refugees secure employment that allows them to be self-sustaining. WSD provides relevant services to a wide range of workers, including unemployed and dislocated youth and adults in the state. Other states, like Utah, have seen great success from a stronger partnership between federally funded workforce programs and the ORRS [federal Office of Refugee Resettlement].

ADMINISTRATIVE IMPLICATIONS

Following the example of the government results and opportunity fund, WSD set up the New Americans Office as a pilot program to explore what the needs and opportunities would be. The agency states: "Seeing the success of the past year, the administration determined it was the right time to formalize the office as a 'division.'"

However, the agency has only operated the program for a little over a year so performance is difficult to assess. The only data provided to LFC for this analysis is related to outputs, not outcomes. A rigorous evaluation of the program would include outcome data for individuals served, such as increased employment, wages, or job tenure, using a control group.

The Department of Workforce Solutions would administer this program. Additional departments and agencies named in the bill may be required to support this program, including the Higher Education Department, which submitted analysis to LFC. The State Personnel Office did not submit a formal analysis but stated in an email: "Should HB124 pass, [WSD] will have to create classified positions to fill the New Americans Division and SPO will expedite the creation of these positions and will support [WSD] in retaining new Americans joining the state of New Mexico workforce."

OTHER SUBSTANTIVE ISSUES

The State Demographer's Office estimates that since 2020 international migration has accounted for all population growth in New Mexico, offsetting loss of residents migrating to other states and an increase in the death rate. The U.S. Congressional Budget Office estimates net immigration will become an increasingly important source of population growth nationally, with a January 2026 report stating, "Without immigration, the [United States] population would begin to shrink in 2030."

ALTERNATIVES

Carving out a new division may limit WSD's flexibility in spending. The agency could continue to operate the New Americans program within an existing program.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB124 is not passed, the New Americans program will not be permanent in New Mexico.

KG/hg/ct