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Workforce Board Consolidation

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- Recently the state Workforce Solutions Department and the State Workforce Development Board published a report titled “Making the Case for the Transformation and Redesign of the New Mexico Workforce Development System” and recommended consolidating the state’s four workforce development boards into two. The paper relies on information from the August 2020 LFC spotlight, “Workforce Development, Post Covid-19 Pandemic”, citing the state’s poor U.S. ranking for employment and earnings outcomes.
- Recommendations from the publication would create a metro board and a rural area board. The metro board would serve Sandoval, Santa Fe, Bernalillo, and Dona Ana Counties while the rural area board would serve the remaining New Mexico counties.
- Poor performance was cited as the primary reason for consolidating workforce boards. However, the report cited several opportunities including:
 - Reduced administrative costs leading to increased funding for job seekers,
 - Improvements in labor market alignment allows for services to be tailored to the needs of similarly situated communities in rural or urban areas,
 - Improved monitoring and use of state resources in the oversight of two boards rather than four, and
 - A simplified two board system would improve strategic planning, coordination, and communication.
- The proposed timeline for the consolidation begins with orientations for chief elected officials and others starting in late March 2021, continuing with consultations and negotiations with Local Workforce Development Boards through August 2021, and concluding with full implementation by July 2022.

Key Performance Issues

As a result of unprecedented UI payments since the start of the pandemic, the state’s unemployment trust fund is insolvent and is borrowing from the federal government to stand up the fund until likely replenishment with American Rescue Plan Act revenue. Out of the \$3 billion in estimated unemployment benefit claims paid out, the department overpaid an estimated \$250 million in unemployment insurance (UI) benefits including \$133 million in fraudulent payments, according to a recent LFC evaluation.