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FISCAL IMPACT REPORT

SPONSOR Snyder DATE TYPED 2/12/04 HB _____

SHORT TITLE Unemployment Claim Examination Time Limits SB 520

ANALYST Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$150.0		\$1,200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Response Received From

New Mexico Department of Labor (DOL)

SUMMARY

Synopsis of Bill

House Bill 520 amends §51-1-8 NMSA 1978 (Laws 1936 (S.S), Chapter 1, Section 6) to make numerous technical corrections, including gender neutral language.

The bill also mandates that all claims applications for unemployment insurance benefits be examined by claims examiners within 14 days after filing with the New Mexico Department of Labor (DOL).

Significant Issues

The DOL is required to operate under United States Department of Labor (USDOL) performance guidelines for unemployment insurance claims activities. The DOL asserts that the proposed amendment is in direct conflict with these criteria and does conform to established performance criteria specified by federal regulations, which define “desired level of achievements” (DLAs).

FISCAL IMPLICATIONS

The appropriation of \$150.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the

general fund.

The DOL states that \$1.2 million will be needed for salaries and benefits to pay for 21 additional FTEs due to an increase in claims and appeals processing.

ADMINISTRATIVE IMPLICATIONS

Current DOL corrective measures, necessary to meet federal mandates, include an unemployment insurance reengineering project and a fully computerized intake system. These automation efforts will assist the DOL to promote operational efficiencies and meet the federal specified desired levels of achievement.

CONFLICT

According to the DOL, this bill conflicts with current federal regulations that define performance criteria (20 CFR-640.4 Standard for Conformity).

Pursuant to federal law, New Mexico is a “waiting week state” meaning that unemployment insurance is not paid the first week after filing. As a result, New Mexico has 21 days to issue a decision. This is the federal criteria that New Mexico is held to by United States Department of Labor (USDOL).

TECHNICAL ISSUES

According to the DOL, this bill should be clarified to specify whether the fourteen days are calendar days or working days.

OTHER SUBSTANTIVE ISSUES

The DOL stated that requiring determinations to be made within a certain time frame will decrease the quality of their determinations—thus increasing the number of appeals and decisions made by the Board of Review and Secretary. This in turn will require additional FTE’s for the Appeals Tribunal as number of claims being appealed increase.

RLG/yr