



October 2, 2020

Decision-Making, Health, and Economic Impacts of New Mexico's COVID Response

Dr. David Scrase, Secretary, Human Services Department

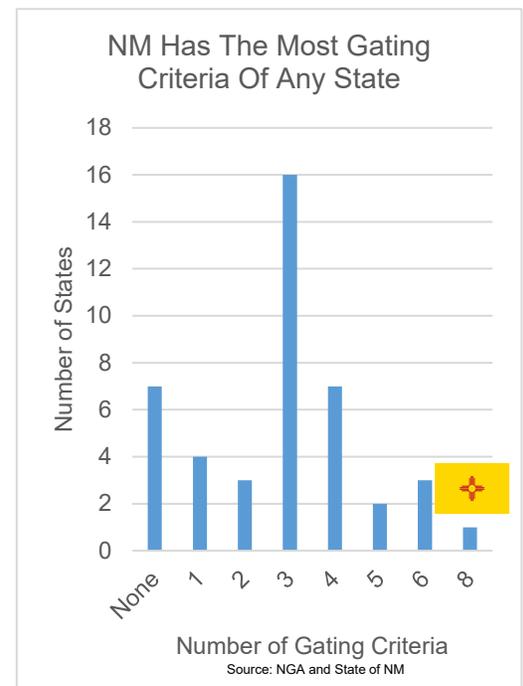
Dr. Patrick Fitch, Associate Laboratory Director, Los Alamos National Laboratory

Dr. Jim Peach, Professor Emeritus, New Mexico State University

Charles Sallee, Deputy Director, Legislative Finance Committee

New Mexico has one of the most aggressive responses to COVID-19 in the United States

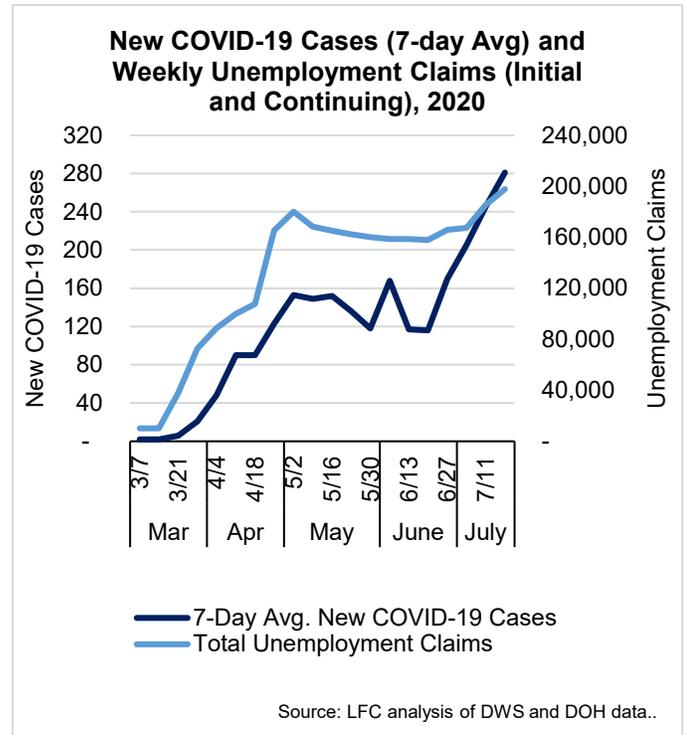
- State strategies and responses to COVID vary greatly.
- NM is one of 29 states with a statewide mask mandate.
- NM has the most gating criteria in the nation at 8, above the CDC recommended 6 criteria.
- NM ranks 37th highest in the nation in COVID prevalence rate.
- NM has 4 phases of reopening which is in line with CDC recommendations and many other states.
- 19 states are participating in multi-state pacts or partnerships, NM is not participating.
- Ongoing limits on gatherings impact how efficiently business can be conducted (see Attachment 1).
- Modeling:
 - Los Alamos National Laboratory and Presbyterian Health Services model on health impacts of COVID related policy mandates but not economic or educational impacts.ⁱ
 - According to a RAND model, eliminating all restrictions and interventions could impact gross state income by \$300 million, however projected cumulative cases would also increase by 79% by December 1.ⁱⁱ
 - The RAND model also indicates that lowering restrictions down one level (complete opening with the exception of schools) could impact the state income by \$50 million but increase cumulative cases by 6,000 by December 1.



New Mexico faces fiscal uncertainty, an unemployment rate of 11.3%, and students are losing up to a year or more of learning

- **Economy/Employment: LFC reports indicate low-wage jobs were hit the hardest and recovery will likely be slow.**

- Over 197 thousand New Mexican’s applied for unemployment benefits in July, 6 times more than during the great recessionⁱⁱⁱ.
- Industries hit hardest are accommodation and food services, retail trade, healthcare and social assistance, and national resources with a forecast of a slow recovery.
 - Active drilling rigs are down 53% compared to last year.
 - Sunport passengers are down by 75% compared to last year.
- There is a high correlation between NM unemployment claims and 7-day average of new COVID cases.



- **Education: Most NM schools are operating in a remote environment, which is not as effective as in person education, and could have long lasting negative impacts.**

- A 2020 LFC evaluation indicated that spring school closures led up to 1 year of learning loss and teachers could not contact 1 in 5 students raising the potential that dropouts may increase^{iv}.
- McKinsey & Co. estimate that an additional 2 to 9 percent of high-school students could drop out due to COVID.
- According to LFC cost benefit modeling, declines in HS graduation rates could result in increased crime, reliance on health care, and reduced earnings and tax revenue^v.
- LFC found that continued school closures through the fall could cost students up to another year of learning loss.

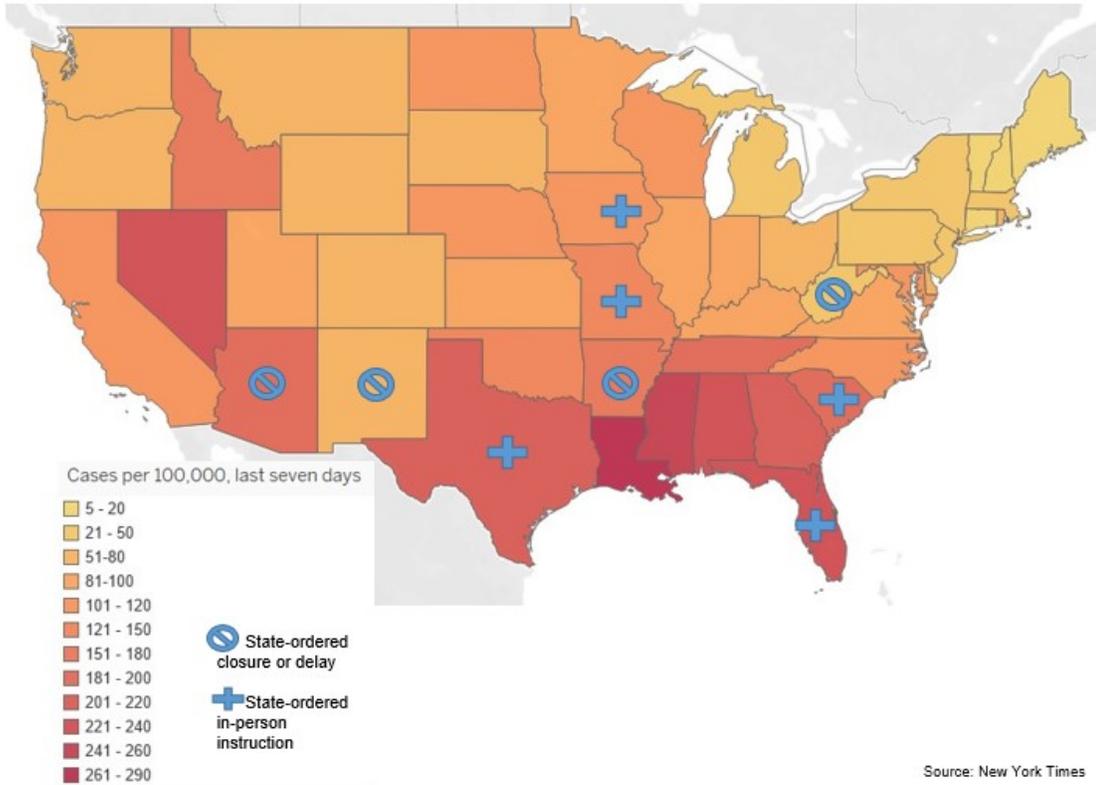
Benefits of High School Graduation

Source	Benefits to Taxpayers	Benefits to Participant
Higher education	(\$23,943)	(\$7,386)
Crime	\$1,970	-
Health care	\$34,699	(\$9,554)
Earnings	\$115,805	\$255,009
TOTAL	\$128,531	\$238,069

Source: Results First using New Mexico assumptions

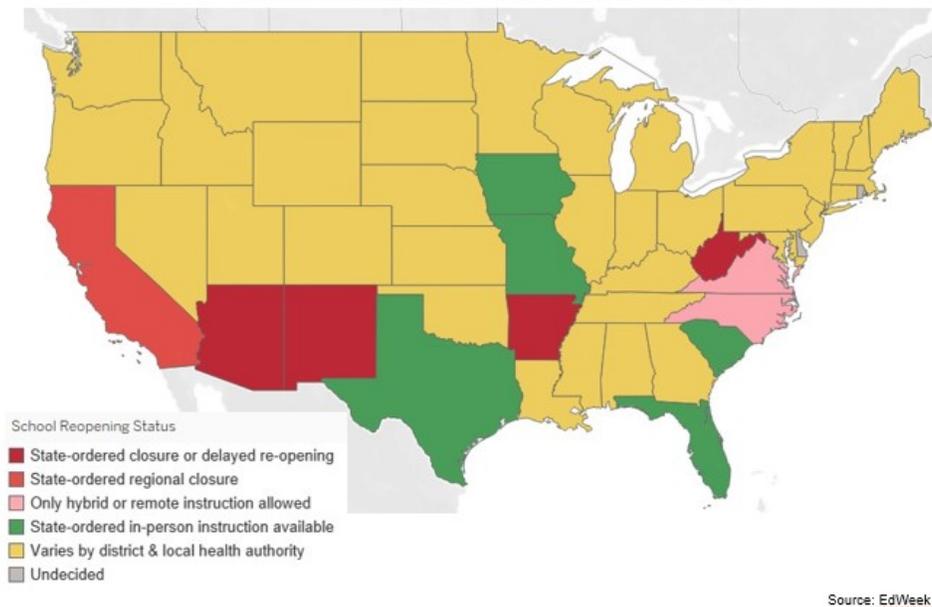
Note: Negative numbers in red reflect costs to taxpayers and/or participants

COVID-19 Cases per Capita, 7/30/20 – 8/5/20



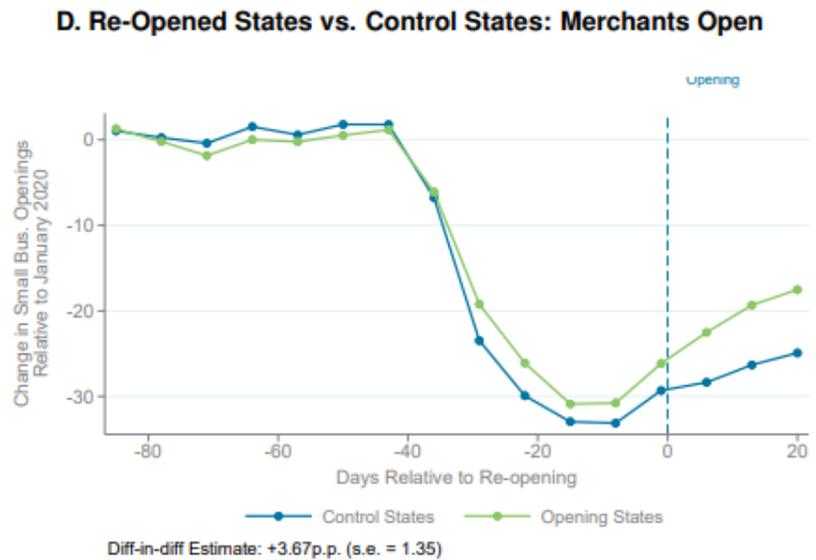
- Brookings reports that nationally there is no relationship between school district’s reopening and COVID cases per capita, but there is a strong relationship between reopening decisions and county level political support.^{vi}
- In early August New Mexico was one of only five states under a *statewide order* to keep schools closed to in-person instruction or to delay re-entry.

State Directives on School Reopening as of Aug. 5, 2020



State ordered reopening of economies have modest impact on economic activity but consumer confidence is key to economic recovery^{vii}

- Some studies have drawn case study comparisons to illustrate that state A's (e.g. NM) economic recovery is comparable to state B (e.g. AZ or CO) under different timeframes of reopening.^{viii}
- However, research has also shown that re-opened states have seen a significant increase in merchants open.
- State ordered reopening of economies have modest impact on employment and merchants open but consumer confidence is key to economic recovery.^{viii}
- Addressing root health concerns and targeting employment assistance to sectors suffering largest job losses are potential effective strategies.^{iii & viii}



Source: Chetty et al. 2020

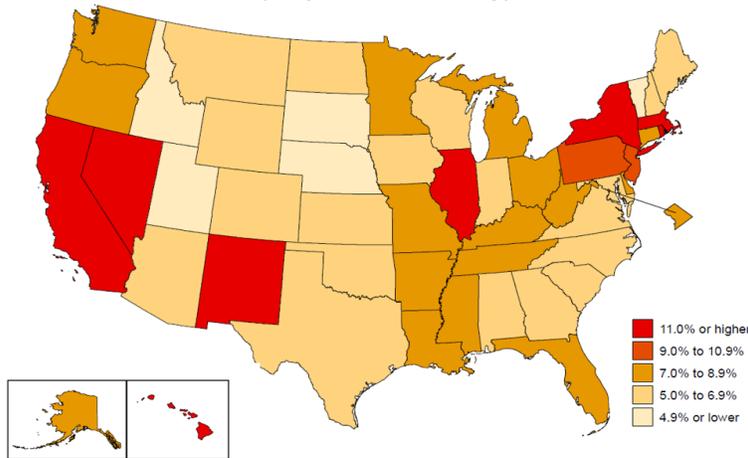
New Mexico should consider incorporating economic considerations into health policy and build an economic dashboard to track progress of recovery.

- Although health considerations will likely win out over economic considerations, knowing the potential impact of closure policies will help policymakers pivot to policies encouraging economic recovery.
- One of the keys to economic recovery will be increasing consumer confidence.
- Research indicates that some policies already employed are high cost and only effective on the short term.
 - PPP loans increased employment at small businesses by only 3% implying a cost of \$290 thousand per job.^{vi}
 - Stimulus payments to low-income families increased consumer spending but did not greatly increase spending to businesses most effected by COVID.
- WA, UT, and MO have established economic recovery dashboards tracking key metrics including employment, business, support programs, and consumer behavior (by state and county). See Attachment 2 for an illustration of the WA dashboard.
- Potential metrics that could be incorporated into a statewide COVID recovery dashboard are in the next section.



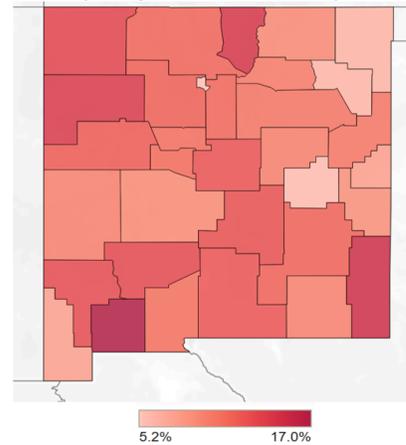
NEW MEXICO COVID-19 ECONOMIC RECOVERY DASHBOARD

**August 2020 Unemployment Rates,
(8.4 percent Nationally)**



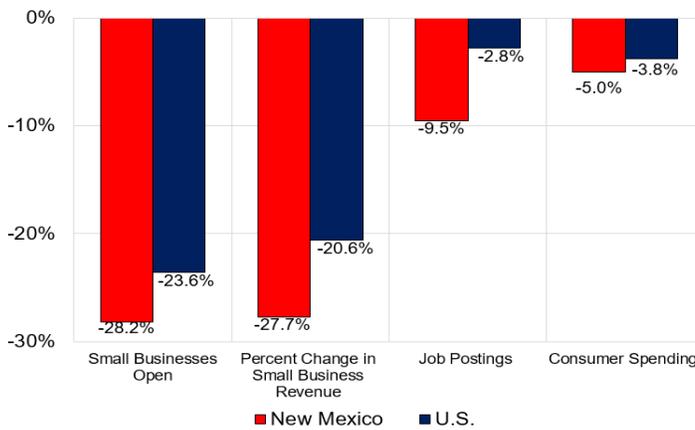
Source: US Department of Labor Data.

**August 2020 Unemployment Rates,
(11.3 percent Statewide)**



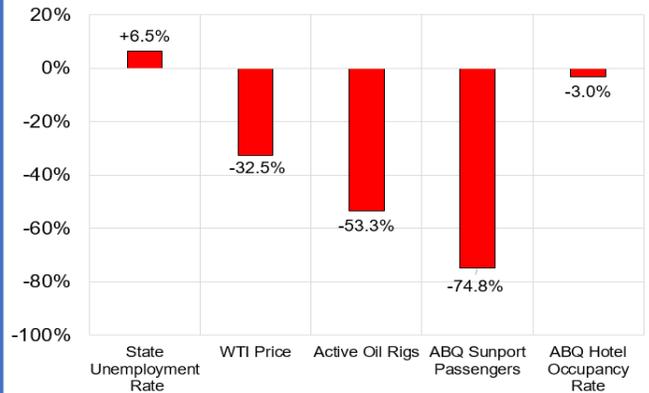
Source: New Mexico Workforce Solutions Department

**Percent Change in Key Economic Indicators
(January to September 2020)**



Source: LFC analysis of tracktherecovery.org data.
Note: Comparison date is September 13 for all indicators except Job Postings which is September 18.

**Percent Change in
New Mexico Key Economic Indicators
(August 2019 to August 2020)**



Source: LFC analysis of UNM BBER data and WSD data.

ⁱ LANL U.S. Forecasts: <https://covid-19.bsvgateway.org/#link%20to%20forecasting%20site>

ⁱⁱ Rand State Policy Evaluation Tool: <https://www.rand.org/pubs/tools/TLA173-1/tool.html>

ⁱⁱⁱ LFC 2020 Workforce Development Report: https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/Spotlight%20-%20Workforce%20Development%20Post%20Covid-19%20Pandemic.pdf

^{iv} LFC 2020 Learning Loss Report: https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/Spotlight%20-%20Learning%20Loss%20Due%20to%20COVID-19%20Pandemic.pdf

^v LFC Results First Educational Interventions: https://www.nmlegis.gov/Entity/LFC/Documents/Results_First/Results%20First%20Costs%20and%20Benefits%20of%20Selected%20Evidence-based%20Interventions%20in%20Public%20Education.pdf

^{vi} Brookings. School reopening plans linked to politics rather than public health: <https://www.brookings.edu/blog/brown-center-chalkboard/2020/07/29/school-reopening-plans-linked-to-politics-rather-than-public-health/>

^{vii} The Economic Impacts of COVID-19: Evidence from a New Public Database Built from Private Sector Data, Chetty, et al. (2020): https://opportunityinsights.org/wp-content/uploads/2020/05/tracker_paper.pdf

Attachment 1: NM legislators grapple with internet woes, fewer meetings.

SANTA FE  NEW

santafenewmexican.com

Locally owned and independent

MEXICAN

\$1.50

N.M. legislators grapple with internet woes, fewer meetings

Away from Roundhouse, state lawmakers discover working virtually has challenges

By Jens Gould
jgould@sfnewmexican.com

When Rep. Micaela Lara Cadena logs into virtual committee meetings from home, she knows she might only be able to stay on until 10 a.m.



Micaela Lara Cadena

That's because her children start their online classes then and her internet connection can't support all the activity. Her video cuts out repeatedly, and the legislator either keeps trying to sign back in or gives up completely.

"I live in Mesilla, 10 minutes outside our state's second-biggest city, and the only internet I can get comes through a phone line," the Democrat said, referring to her town near Las Cruces. "There's no broadband, no fiber optics."

Her struggles are just one example of the challenges legislators have faced as the abnormalities of life during the coronavirus pandemic in New Mexico have extended to lawmaking.

This year, legislators have scheduled fewer interim com-

Please see story on Page A-4

Legislators

Continued from Page A-1

mittee meetings than normal and have held most virtually. They say both of those developments have made it more difficult to get their legislative work done ahead of next year's session.

"There is no question that trying to prepare a legislative agenda when everyone's meeting virtually and meeting less is hard," said Senate Majority Leader Peter Wirth.

In Lara Cadena's case, after 10 a.m. she often resorts to calling into her meetings by phone instead of watching through videoconference, but that makes it harder to engage with panelists and fellow legislators.

During a recent meeting of the Legislative Health and Human Services Committee, she wanted to ask Human Services Secretary Dr. David Scrase a pressing question about Medicaid funding.

"But I couldn't see them, nor could they see me," she said later, "which also meant when I did engage, I wasn't able to see any reaction or response from my colleagues."

In a separate meeting of the Economic and Rural Development Committee, Lara Cadena wanted to ask panelists a question about the topic of broadband. But she wasn't able to pose her question.

"I wanted to talk about internet access, but I couldn't because I was on the phone only and the chair didn't know I wanted to speak," she said.

In New Mexico, summer and fall are usually chock full of interim legislative meetings in which committees hear from state officials and experts as they begin crafting bills for the next session. Usually, the gatherings are held in different parts of the state, not just in Santa Fe.

This year, legislators significantly pared back the frequency of interim meetings and nearly all of them have been held virtually or at the Capitol.

"Most committees are close to one-third [the frequency] of last year," said Raúl Burciaga, director of the Legislative Council Service. "No one has gone over half."

Technical problems also have surfaced since early on in the pandemic, with some legislators struggling to use videoconference platforms or dealing with weak internet connections.

During one of the first virtual committee meetings held in the spring, loud audio feedback occasionally drowned lawmakers' voices. Some legislators had trouble unmuting themselves to vote, and they had to speak over the sounds of sneezing and barking dogs.

Difficulties have continued off and on over the summer, as rarely a meeting goes by without at least one complaint about videoconferencing.

In late August, the Cabinet secretary for the Department of Finance and Administration was only a few minutes into a presentation when a committee chairman interrupted her.

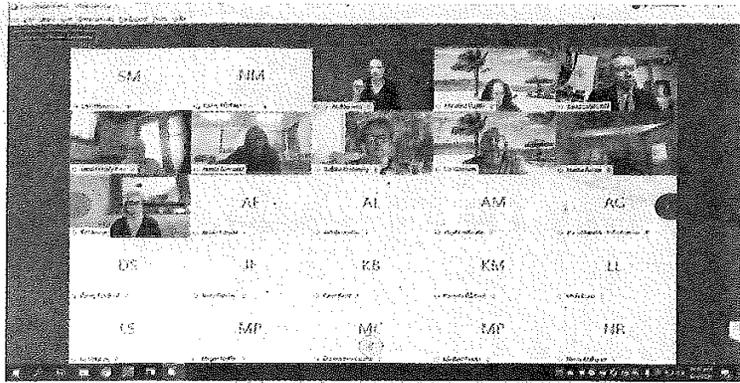


IMAGE FROM NEW MEXICO LEGISLATURE WEBCAST

At a recent virtual meeting of the Legislative Health and Human Services Committee, many lawmakers appeared without their video screens turned on.

are viewing this by video that the presentation is not showing up on the screen," Sen. John Arthur Smith told Debbie Romero, who was participating remotely. "Is there anything you can do to assist them with that?"

"Let me see," Romero responded, followed by several long pauses during the Legislative Finance Committee meeting.

"Hopefully that will work this time, Mr. Chair," she eventually said.

"No, it hasn't," Smith said, cutting her off.

Perhaps legislative staff could help, Romero suggested, followed by another pause.

"We just need to go ahead," said Smith, a Democratic senator from Deming. "It just reflects the flaws of totally relying on video."

The complaints continued during other hearings the following day.

"I'm having trouble today with these kinds of virtual meetings," Rep. Patty Lundstrom, D-Gallup, said while asking the state's early childhood secretary a question. "There's been some disruption in our connectivity."

The Legislative Council Service has offered one-on-one trainings with legislators to help them better navigate the various technologies.

Even when there aren't technical difficulties, legislators say the virtual nature of most meetings makes it tough to spark the same level of debate and exchange they usually have when meeting in person.

"It's just not the same interaction and personal time that you spend building legislation, working on things," said Wirth, D-Santa Fe. "That's the reality of legislating during COVID."

The majority leader drew a contrast between the virtual interim meetings and June's special session, when the Senate met in person. He said the physical proximity helped give form to the legislation that was ultimately passed.

"There's lots of different moving pieces that you can't move when you're all looking at a screen," Wirth said.

As far as the frequency of meetings, the change is notable.

By this time last year, the Indian Affairs Committee already had met four

to Shiprock. During the interim this year, they've met only twice so far, both times at the Roundhouse with virtual access.

The Investments and Pensions Oversight Committee had three meetings by mid-September 2019; this year, it's only had one.

Having meetings over the internet instead of traveling to different parts of the state takes away from meeting constituents and seeing firsthand how they're affected by various issues, legislators said.

"I feel the greatest downside is not being able to travel the state to witness firsthand the topics of discussion and to hear directly from those affected," said Rep. Patricia Roybal Caballero, D-Albuquerque.

Some legislators do see upsides to the changes, noting they believe there were too many interim meetings in the past.

"I'm a strong believer in reducing the number of interim committees to begin with," Smith said.

Wirth also said he had a "long-term goal" of looking at which interim committees might be extraneous.

"We have such a large number of interim committees, and that's an issue that's been out there for a while," he said. "That's something we do need to look at."

The decreased frequency of meetings also allows legislators to be more efficient with their time, Roybal Caballero said.

"If anything, having fewer meetings and holding them virtually has challenged us to be more succinct, clear, brief and prepared in the panel presentations and with our questions to allow everyone to have equal time and opportunity to be heard including, most importantly, the public," she said.

Lara Cadena also noted that despite her connectivity challenges, it has been helpful not to have to drive several hours to Northern New Mexico from the Las Cruces area for a meeting, as she had to during last year's interim period.

"The virtual environment sounds fantastic and can be because it takes out some of those driving times," she said.

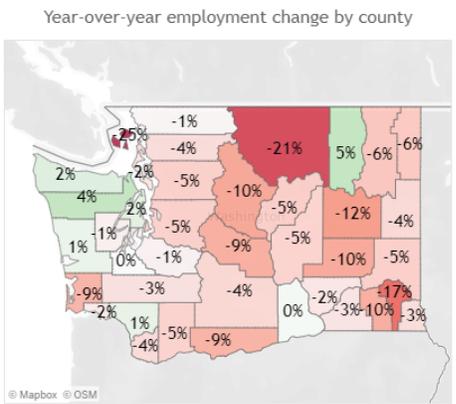
Wirth said a number of senators have told him they like being able to log in from home, too.

"But," he added, "you lose a huge

Attachment 2: WA and MO COVID Economic Recovery Dashboards

Economic Recovery Dashboard Best viewed in full screen

		Current Level	% Change	Absolute Change	Trend
Employment Detailed views	Total Employment	3,630K	-4% ▼	-140K	
	Unemployment Rate	8.4%	4.3% ▲		
	Job Postings		-41% ▼		
Business Detailed views	Taxable Retail Sales	\$15,816M	-5% ▼	-\$887M	
	Taxable Business Income	\$59.77B	-12% ▼	-\$8.50B	
	Export Volume	\$2.75B	-45% ▼	-\$2.27B	
Support Programs Detailed views	Basic Food ² Participants	944.4K	16% ▲	129.4K	
	TANF ³ Participants	72.5K	33% ▲	18.1K	
Consumer Behavior Detailed views	Credit Card Spend		-8% ▼		
	Time Outside Home		-8% ▼		



Click a county to view county-specific statistics in the table to the left - click in the gray area outside Washington to clear the filter

1. Change over time period shown in trend-line. Time periods differ due to differences in publication schedules. Percentage change reflects change over last 12 months or since the first available month in last 12 months.
 2. Supplemental Nutrition Assistance Program (SNAP) and State Food Assistance Program (FAP)
 3. Temporary Assistance for Needy Families

The Economic Recovery Dashboard is a visualization tool that uses an assortment of data sources to track Washington state's economic recovery and resiliency. It displays the latest available data on employment, businesses, government assistance programs, and consumer behavior, helping monitor the economic impact of COVID-19 across Washington state. This dashboard is intended to provide the public access to key metrics that may help inform policy and economic recovery initiatives. As this dashboard is still evolving, we may update the available views and data sources where possible. Updates are made on a monthly basis.

Dashboard last updated: September 23, 2020