

FOR IMMEDIATE RELEASE

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House Republicans Call on Governor to Rescind Federal Unemployment Benefit and Create a New Return-to-Work Bonus

Santa Fe, NM - Today, the House Republican Leadership wrote to Governor Michelle Lujan Grisham requesting that her Administration rescind the supplemental \$300 per week federal unemployment benefit and create a new \$1,200 return-to-work bonus as an incentive to encourage New Mexicans to reenter the workforce.

Employers across the state are finding it difficult to find new employees, and many of these businesses believe the current labor shortage is due to the \$300 per week extra unemployment benefit. While the extra \$300 per week federal benefit served a useful purpose during the pandemic when New Mexico's small businesses and other employers were laying off employees, now that the state's economy is almost completely reopened and hiring has returned to normal, this extra unemployment benefit is acting as a disincentive for workers to take jobs, and are hindering the state's economic recovery from the pandemic's economic shutdowns.

The House Republican Leadership team are pushing this return-to-work incentive after hearing yesterday of the administrative failings at the Department of Workforce Solutions (DWS) during a Legislative Finance Committee (LFC) hearing. LFC's staff estimated DWS has overpaid \$250 million in unemployment benefits. This mismanagement coupled with the department's inability to handle the number of unemployment claims proves it is time for the state to redirect efforts to getting New Mexicans back to work.

To date, more than 21 states have announced intentions to rescind this extra federal unemployment benefit sometime this summer to help address labor shortages in their states. Three states (Montana, Arizona, and Oklahoma) have also announced the creation of a return-to-work bonus to provide a positive incentive for workers to take unfilled jobs. These bonuses would typically be paid to formerly unemployed workers who have been at a new job for at least a month.

"Now is the perfect time to eliminate this disincentive for people to get back to work as there are thousands of jobs across New Mexico that are going unfilled," said Republican Floor Leader Townsend (R-Artesia). "Employers want and need new employees to get their businesses back open completely, and eliminating this extra benefit while at the same time creating a new return-to-work bonus should make a huge difference in getting our economy back on stable ground."

A copy of the letter sent to the Governor is attached.

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State of New Mexico
House of Representatives

State Capitol
Santa Fe

May 20, 2021

The Honorable Michelle Lujan Grisham
Governor, State of New Mexico
State Capitol, Room 400
490 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Dear Governor:

We are writing to request that your Administration rescind the supplemental \$300 per week federal unemployment benefit as soon as possible and in its place create a one-time \$1,200 return-to work bonus once an unemployed worker has been on the job for a month. We believe both actions will greatly encourage New Mexicans to reenter the job market and significantly help the thousands of small businesses and other employers across our state who are trying to address an ongoing labor shortage. We have heard from employers across the state that the extra \$300 unemployment benefit is adversely affecting their ability find people who are willing to work and have resulted in them not being able to meet customer demands for goods and services.

While the extra \$300 per week benefit served a useful purpose during the height of the pandemic when employers were not rehiring, now that the New Mexico economy is beginning to recover in a post-pandemic environment, the extra benefit is creating an economic disincentive for people to stay at home and not return to work. Now is the perfect time to rescind this extra benefit and provide a return-to-work bonus as there are countless "Help Wanted" signs throughout New Mexico which are going unanswered. The suggested \$1,200 return-to-work bonus, in turn, will help those families who may still be struggling with pandemic-related financial issues, yet provide a strong economic incentive to accept a job that will no longer necessitate their families depending upon continued government assistance.

As you are likely aware, there are 21 states which have announced that sometime this summer they will be ending the supplemental \$300 per week unemployment benefit, while at the same time creating new incentives for their people to return to work. For example, the return-to-work bonus idea has been suggested by Montana, Arizona, and Oklahoma and we believe it is an idea that makes sense for encouraging New Mexicans to get back to work and allowing our economy to grow without having to deal with a large number of unfilled jobs.

We strongly encourage your Administration to consider our request as it is time to encourage people to get back to work and help New Mexico recover fully from the pandemic shutdowns.

Sincerely,

Handwritten signature of James G. Townsend in blue ink.

James G. Townsend
Republican Leader

Handwritten signature of Rod Montoya in black ink.

Rod Montoya
Republican Whip

Handwritten signature of Rebecca Dow in black ink.

Rebecca Dow
Caucus Chair