



**New Mexico
Local News
Fund**

The Social Safety Net During COVID-19

A New Mexico Local News Fund Backgrounder

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Introduction

The economic shutdown caused by the COVID-19 pandemic brought renewed focus on the social safety net in 2020, highlighting its flaws and weaknesses. The “safety net” is a [patchwork of programs](#) designed to help individuals and families in need, but critics say some of the neediest still fall through the cracks.

The United States may have enough money to help everyone who needs it during the pandemic, but government assistance in general is a highly [partisan issue](#), with polls showing much more support among liberals than conservatives. In the spring, Congress [quickly passed](#) several bills to address the crisis, but with some of those programs expiring mid-summer, lawmakers [stalled](#) on further legislation in August 2020. Congress appeared closer to reaching a deal on another stimulus package in December 2020.

Many elements of the safety net are established and funded by Congress, then carried out by the states. In New Mexico, the [Human Services Department](#) administers programs serving more than 1 million people, including Medicaid and the Children’s Health Insurance Program (CHIP), the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) and others. A web page called [“I Need Assistance.”](#) directs residents to available benefits. HSD also has a [web page listing](#) the waivers and flexibilities it has applied for and whether they have been approved or denied.

Government relief programs during the pandemic helped millions of Americans, but also largely [bypassed immigrant communities](#), advocates say. Nearly [75% of undocumented workers are “essential”](#) compared to 65% of the native-born workforce. They are more vulnerable to the effects of the pandemic, but even though New Mexico’s 60,000 undocumented immigrants pay more than \$67 million in state and local taxes, [they are ineligible](#) for stimulus checks, unemployment and Medicaid.

There has been [significant debate](#) over how to structure unemployment and other benefits in order to help individuals and the economy without discouraging people from working. Under normal conditions, unemployed Americans get somewhere around 45% of their paycheck in weekly benefits. With the extra \$600 per week Congress authorized for the early months of the pandemic, about two-thirds of workers could earn more on unemployment than they had while working, [economists estimated](#). Twenty percent could earn twice their salary. But other indicators suggested that a lack of job opportunities—not the extra money—kept them from going back to work.

In New Mexico, there has been an effort to reduce the impact of the “cliff effect,” a steep drop-off in benefits that happens as people earn more money, and “churn,” when they cycle on and off of benefit programs. The cliff effect and churn are barriers to economic health for individuals, families and the state, according to a 2019 [policy brief from New Mexico First](#), which includes several policy recommendations.

Unemployment

As the virus spread across the country, schools, government offices and businesses shut down and furloughed or laid off millions of workers. In March, Congress temporarily [expanded unemployment assistance](#) because of the pandemic. The [Families First Coronavirus Response Act](#) expanded emergency family and medical leave and gave states \$1 billion for unemployment programs.

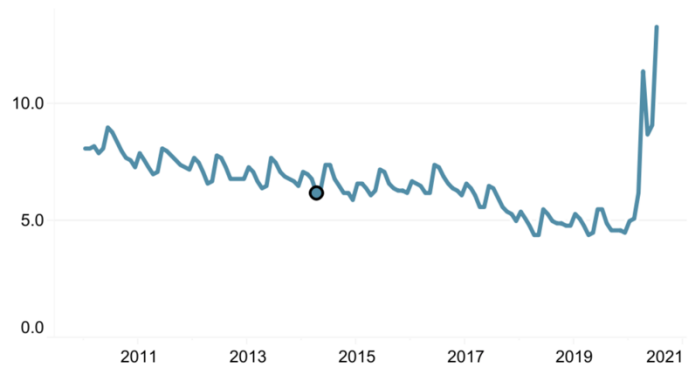
The CARES Act temporarily expanded eligibility and provided more money for a longer period of time. Pandemic Unemployment Assistance was offered to the self-employed, gig workers and others who wouldn't normally qualify. Federal Pandemic Unemployment Compensation authorized an extra \$600 per week in benefits. And Pandemic Emergency Unemployment Compensation added 13 weeks to the standard benefit period.

In New Mexico, the Department of Workforce Solutions waived the one-week waiting period before applying and waived the requirement that people getting unemployment look for another job. Demand for the unemployment payments was high, and the state's new [phone system crashed](#) after getting half a million calls in its first hours. More than 265,000 people [filed for unemployment](#) between March and August 2020, when the unemployment rate was over 12%.

As the pandemic progressed, some applicants went back to work, but others remained unemployed or working reduced hours; about 94,000 workers filed regular weekly claims in early August. Late in August the state was [set to begin processing](#) additional \$300 weekly payments as part of the [Lost Wages Assistance program](#), established by President Trump through an executive order.

Left out were workers without Social Security numbers, who [weren't eligible for unemployment](#), including some DACA designees and Temporary Protected Status recipients and applicants.

New Mexico Historical Unemployment Rate (%)
Jan 2010 Through Jul 2020



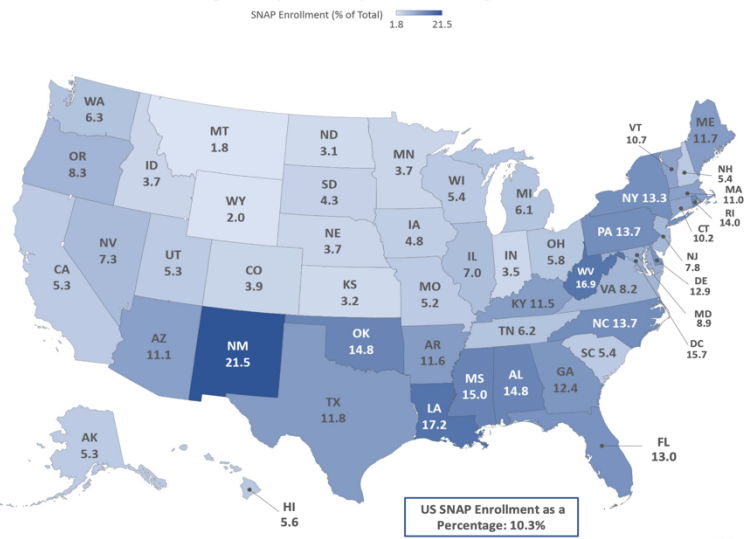
Source: NM Dept. of Workforce Solutions

Food Stamps — SNAP

New Mexico has the highest rate of food insecurity in the nation; [More than a quarter](#) of the state's children may not have reliable access to affordable, healthy food. That rate is higher in Indian Country, where it is nearly [twice](#) the national average. Before the pandemic, New Mexico had the nation's highest rate of enrollment in SNAP, also called food stamps; at 21.5% it was more than twice the national average.

Advocates argue that [SNAP is an effective, efficient way](#) to alleviate food insecurity and reduce poverty. Evidence from the 2008 recession indicates that an increase in benefits has [a swift positive impact](#) on the local economy.

Supplemental Nutrition Assistance Program Enrollment as a Percentage of Population by State as of August 2019



Source: NM Human Services Dept.

In response to the pandemic, the CARES Act added nearly \$16 billion in food assistance, and Families First gave states more flexibility. The New Mexico Human Services Department [increased food stamp benefits](#) to the maximum. (A little less than \$650 per month for a family of four.)

The state also expanded benefits for students who would normally get free or reduced-price breakfast and lunch at school. Starting in March, when schools closed, HSD introduced [Pandemic EBT \(P-EBT\)](#), which gave families \$5.70 per kid, per day they would have been in school. The program rules left it open to undocumented families and families who chose to pick up free meals at school distribution centers. Those who already had [Electronic Benefits Transfer cards](#) got the money added to their existing cards; those who didn't got new EBT cards in the mail.

Still, advocates such as NM Voices for Children [argue](#) that the state should expand eligibility to those who earn slightly more, the amount of benefits should be increased and that participants should be allowed to buy prepared (not just fresh) food with their EBT cards.

Medicaid and CHIP

Medicaid and the Children's Health Insurance Program provide health coverage for low income people, pregnant women and children, and some seniors and disabled people. About 40% of New Mexicans, [more than 750,000](#), are enrolled in Medicaid, which is funded by federal, state and local taxes, and administered by the state.

When Affordable Care Act gave states the option to expand Medicaid to people making slightly more, Gov. Susana Martinez in 2013 approved the expansion. As a result, enrollment increased by 63%, and, within three years, the uninsured rate dropped by half.

Families First [increased the amount of Medicare costs](#) that the federal government would pay by 6.2%. That directed \$330 million more to New Mexico, but is a notably smaller increase than the average 10 percent bump states got from the 2009 Recovery Act. The law required states to pay for COVID-19 testing for Medicaid recipients, but also allowed states to use Medicaid money to pay for COVID testing for the uninsured.

One loophole: The uninsured were unable to sign up for health care outside of the open enrollment periods and, though COVID testing was free, treatment was not.

Though the relief packages acknowledged Indian Country, critics said they didn't do enough to address the disproportionate rates of infection and resulting economic crises in Native communities. The CARES Act funneled \$170 million toward 1,800 health care providers in New Mexico and directed more money to the Indian Health Service.

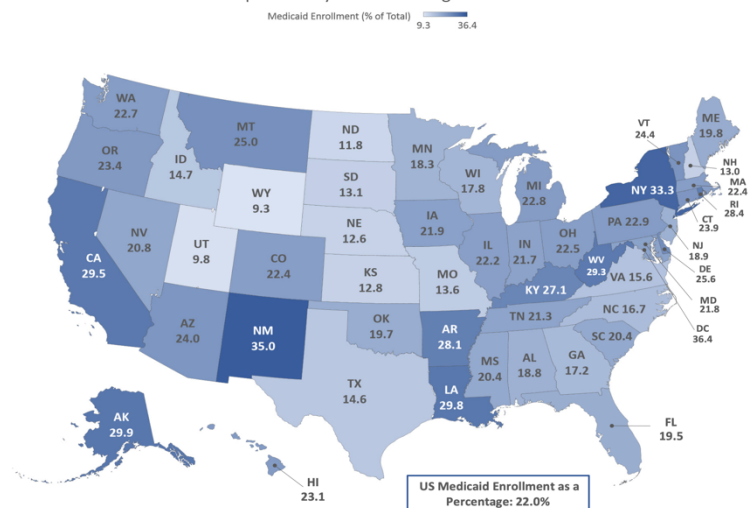
Families First authorized \$64 million for the Indian Health Service and \$3 million to urban Indian organizations across Indian Country, but New Mexico's share was a small fraction.

Welfare — TANF

Relatively few New Mexicans (about 27,000) are served by Temporary Assistance for Needy Families, compared to the much bigger Medicaid (840,000) and SNAP (450,000).

Several states adjusted the rules for welfare payments (formally known as Temporary Assistance for Needy Families or [TANF](#)),

Medicaid and CHIP Enrollment (Comprehensive Coverage Only) as a Percentage of Population by State as of August 2019



Source: NM Human Services Dept.

according to a [survey by the Urban Institute](#). Some elected not to reduce benefits because families received extra unemployment or [coronavirus stimulus checks](#). Others acted to broaden eligibility, tap or expand short-term benefit funds, and increase training opportunities.

Housing Assistance

The CARES Act provided help for renters and homeowners, but didn't do enough to protect New Mexicans facing housing insecurity, [New Mexico Voices for Children argues](#). For example, the CARES Act temporarily [suspended evictions](#) for nonpayment of rent and [suspended foreclosures](#) on federally-backed mortgages. But undocumented immigrants, half of whom own their own homes, aren't eligible for the federally backed loans that were guaranteed accommodations due to the pandemic.

The New Mexico Supreme Court also [issued two orders](#) limiting evictions. The New Mexico Mortgage Finance Authority began offering rental assistance from the [New Mexico Housing Trust Fund](#), some of which is designated to short-term help for tenants affected by COVID-19.

Still, there remain significant housing challenges. The New Mexico Mortgage Finance Authority oversees U.S. Department of Housing and Urban Development programs that help low-income people find affordable housing. The MFA oversees three [regional housing authorities](#), which serve rural areas, and [municipal housing authorities](#), which manage houses and apartments in urban areas. Housing programs fall into three categories: [subsidized rental properties](#), "public housing" through the Low Rent Program, and "[Section 8](#)," or the Housing Choice Voucher Program.

A New Mexican would have to work 73 hours a week at minimum wage in order to afford fair market rent for a two-bedroom apartment here, according to [a 2020 report](#) from the National Low Income Housing Coalition. The average renter earns about \$14 per hour, but would need to make more like \$16.37 in order not to spend more than the recommended 30% of their income on housing. But more than a quarter of New Mexico kids live in a household that [pays more than 30%](#) for housing, and more than 10,000 kids are homeless at some point during the school year. The most expensive places to live include Los Alamos County, Santa Fe and the housing-crunched oil patch of Lea, Eddy and Curry counties.

The CARES Act also included \$8.2 million more for the Low-Income Home Energy Assistance Program (LIHEAP), which helps people earning less than 150 of the federal poverty level pay their energy bills. Payments start at about \$80 per month and go up to \$560, [based on a matrix](#) that includes how much energy costs are as a percentage of income, and how many children and elderly or disabled people live in the house.

In addition, several [utility providers pledged](#) not to disconnect customers who couldn't pay their bills during the pandemic. The state's largest electric provider, PNM, operates the [Good Neighbor Fund](#), which includes donations from ratepayers, and helps pay bills for customers who show they're having a financial emergency. [They give out](#) about \$500,000 per year. Normally, the fund can add as much as \$150 to LIHEAP to help a family pay their electric bill. During the pandemic, [PNM said](#) it was giving as much as \$550 in assistance.

Further Reading

[H.R. 6074: Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020](#) (March 4, 2020. Provided \$8.3 billion in emergency funding for public health, small business loans and flexibility in Medicare.)

[H.R. 6201: Families First Coronavirus Response Act](#) (Enacted March 18, 2020. Targeted at individuals and families, with expanded unemployment, Medicaid and food aid, plus free coronavirus testing and paid leave.)

[H.R. 748: Coronavirus Aid, Relief, and Economic Security Act](#) (March 27, 2020. Authorized stimulus checks of \$1,200 for Americans making \$75,000 a year or less, increased unemployment benefits by \$600 per week through July.)

[H.R. 266: Paycheck Protection Program and Health Care Enhancement Act](#) (April 24, 2020. Nearly \$500 billion to help small businesses pay their workers.)

[Cliff Effects and Churn](#), a 2019 policy brief from New Mexico First, which includes a useful overview of benefit programs in New Mexico.

[Essential but Excluded](#), a report on immigrant families and COVID relief, from NM Voices for Children

Undocumented Workers: The Essential, Exposed, and Expendable, in [Harvard Political Review](#)

[The social safety net: The gaps that COVID-19 spotlights](#) —The Brookings Institution

[Can the U.S. Safety Net Handle the Covid-19 Pandemic and Recession?](#) — Johns Hopkins University