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FISCAL IMPACT REPORT

SPONSOR Chandler/Roybal **ORIGINAL DATE** 2/05/2020
Caballero **LAST UPDATED** _____ **HB** 333
SHORT TITLE Study Parental Paid Family & Medical Leave **SB** _____
ANALYST Chilton

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$1,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB16

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Workforce Solutions (DWS, to related HB16)

Office of the Attorney General (NMAG)

University of New Mexico (UNM)

SUMMARY

Synopsis of Bill

House Bill 333 appropriates \$1 million from the general fund to the Department of Workforce Solutions for the purpose of studying and making recommendations regarding the establishment of a paid family and medical leave program in New Mexico.

The recommendations contained in House Bill 16, based on an analysis by UNM's Bureau of Business and Economic Research, envisioned robust solvency of the fund (and indeed, a surplus of revenues over payouts of \$144 in the first year), assuming a 0.5 percent contribution from all employees and 0.4 percent from all employers. The study proposed in HB333 would presumably look at the assumptions used by the UNM's Bureau of Business and Economic Research and make additional calculations to assure the solvency of the fund over time.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2021 shall revert to the general fund.

DWS submitted an agency analysis for House Bill 16, estimating the cost for a full program at \$56.25 million for the first year. Its estimate of costs for performing the study required in HB333 has not yet been received.

SIGNIFICANT ISSUES

Inability to take leave in situations such as the birth of a new baby into a family, the serious illness or death of a family member, or the serious illness of the employee herself/himself seriously compromise the physical and emotional well-being of the person affected, as well as that person's ability to function productively in the work environment. Despite that, many employees continue to work under such circumstances because they cannot do without income during those periods of stress. A family- and medical-leave act would contribute to the well-being of employees, perhaps also the benefit of employers, albeit at a potentially high up-front cost.

The proposed study envisioned under House Bill 333 would study the economic assumptions made in designing the program and assure the financial sustainability of a family- and medical-leave program. It would also look at means of investing proceeds from the employer and employee assessments.

According to DWS, in its response to related HB16, "Not enacting legislation to provide for a source of income when employees are otherwise unable to receive wages is detrimental to the health and wellbeing of New Mexico employees, especially those without benefits available through work, and impacts the NM economy as a whole."

RELATIONSHIP

Relates to House Bill 16, which would establish a PFML program.

LAC/al