LFC Requester:	

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original ___ **Amendment** ____
Correction ___ **Substitute** ____

Date 1/23/24
Bill No: HB 6 + SB3

Sponsor: Chandler, Serrato, Stewart, and Roybal Caballero

Agency Name and Code Number: Council of University Presidents 993

Short Title: Paid Family & Medical Leave Act

Person Writing Therese J Graham

Phone: ____________ **Email** Therese@nmcup.us

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis ( ) Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY
Synopsis:

The bill creates a paid family and medical leave fund within the Workforce Solutions Dept. to pay an eligible employee a percentage of the employee's salary to allow the employee to bond with a new child or to care for a family member; limiting the time allowed for paid family and medical leave; excepting certain employees; providing for administration of the program by the workforce solutions department; preempting similar programs; creating a temporary advisory committee; and making an appropriation.

FISCAL IMPLICATIONS

DIRECT EMPLOYER COSTS FOR HB6/SB3 (PFMLA Contributions)

Instn	***Year 1***	***Year 2***	***Year 3***	***TOTAL***	*Rec/Non*	*Fund*
ENMU	299.5	314.5	330.2	944.2	recurring	GF
NMHU	0.0	0.0	0.0	0.0	recurring	GF
NMSU	1,195.6	1,255.4	1,318.1	3,769.1	recurring	GF
NMT	160.0	334.0	351.0	845.0	recurring	GF
NNMC	36.5	38.7	41.0	116.2	recurring	GF
UNM	3,221.6	3,382.7	3,551.8	10,156.1	recurring	GF
WNMU	279.4	294.8	311.1	885.3	recurring	GF
Total	$ 5,192.6	$ 5,620.0	$ 5,903.3	$ 16,715.9	recurring	GF

Notes: *Data for NMHU was not available at the time this FIR was prepared.*
Projected costs for years 2 & 3 assume a 5% increase per year.
UNM's numbers include UNM HSC and its branches.
NMSU's submission did not indicate whether branches were included.

The table above shows estimated direct costs for six of the seven CUP institutions, reflecting the employers' PFMLA contribution at 0.4% of wages. First-year direct costs for the six institutions that submitted data would total almost $5.2 million and over a three-year period (assuming the employers' contribution rate is unchanged) would amount to just over $16.7 million.

These numbers pale in comparison to the substantial accrued leave costs or liabilities that institutions would incur with the current bill, as explained by NM Tech below.

Additional administrative costs will likely be minimal.

NMTech states: "This bill will have a significant financial impact on the institution if it is not fully funded by the state. The total additional cost of the employer contributions is estimated to average $343 thousand per year over three years, assuming a 5% annual salary increase. If premiums are calculated to increase in the future, the additional cost to the institution will be higher. In addition, this bill will require the institution to accrue leave while employees are on their PFMLA leave. As a result, the institution is estimated to incur an average of $904 thousand in additional liabilities or costs per year, or $2.7 million to $3.6 million over three years, assuming a 5% annual salary increase"

SIGNIFICANT ISSUES

UNM states: “As proposed, the bill provides for a lower threshold for eligibility than the federal Family Medical Leave Act. Specifically, the bill requires only that an employee pay into the Fund for six months during any twelve-month period to be eligible for PFML, whereas Federal FMLA requires an employee work for 1,250 hours in the twelve-month period preceding the leave. As such, part-time employees who are unable to meet the hours-worked requirement for Federal FMLA will likely meet eligibility criteria for PFML, increasing leave benefits available to these employees.”

NMSU states: Unless a waiver is received from participation in the program, as the bill allows, and in conjunction with other university leave programs already in place, participating employees will have an unprecedented amount of leave. Among other available leave, NMSU regular full-time employees accrue 21 days of leave per fiscal year and 12 days of sick leave (prorated for less than 1.00 FTE), up to 3 days of compassionate leave, holiday leave, etc., and eligible employees can participate in the NMSU sick leave bank, which allows for up to 70 days of paid leave.”

NMTech states: “This bill requires employees to contribute 0.5% of their wages to the PFMLA fund for the first three years. The estimated cost to employees of the institution 4 is approximately $1.3 million over three years. After the first three years, employees are required to contribute 55% of the premium set by the Secretary. All of this may add to the burden on employees.”

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS