
Paid Family & Medical Leave Task Force Report

REPORT TO ECONOMIC DEVELOPMENT & POLICY COMMITTEE

NOVEMBER 28, 2022



Paid Family and Medical Leave in a nutshell

- What is it for?
 - Bonding with a new child
 - Caring for a family member with a serious medical condition
 - An employee's own serious medical condition
 - Exigencies arising out of family member being on active-duty military service* (8 states)
 - Leave necessary due to domestic violence, sexual assault, or stalking* (4 states)
 - Bereavement* (1 state)
- What does it do?
 - Provides a percentage of income to employees while they're on PFMLA leave
- How do you pay for it?
 - Employee and employer contributions
 - Held in a trust fund administered through the Department of Workforce Solutions
- Programs have been enacted in 11 states and the District of Columbia.

Contributions and Benefits

How much would an employee and employer pay into the fund?			
	Annual salary	Yearly Contributions	
		Employee	Employer (per employee)
Minimum wage*	\$23,920	\$119.60	\$95.68
State avg. wage**	\$47,040	\$235.20	\$188.16

How much would an employee receive in income replacement?				
	Annual salary	Weekly wage	Replacement (%)	Weekly replacement
Minimum wage*	\$23,920	\$460	100%	\$460
State avg. wage**	\$47,040	\$905	67%	\$758
Max wage	\$60,000	\$1,154	67%	\$912

*State minimum wage beginning January 1, 2022

**State Ave. Wage based on Bureau of Labor Statistics Occupational Employment Survey Annual Mean May 2019

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Impacts on Healthcare and Social Service Utilization

- Access to paid leave postpartum is associated with:
 - reduced utilization of public assistance and SNAP benefits
 - decreases in child abuse hospitalizations and domestic violence incidents
 - Improved breastfeeding rates, vaccination rates, and improved parental mental health
- Workers with job protected leave stay on their employer's health insurance program, reducing Medicaid utilization.
- Family caregiving decreases length of hospital stays, emergency room usage, and nursing home utilization among elders.
- When they can take leave and treat medical conditions earlier in a disease progression, workers are less likely to leave the workforce due to permanent disability.

Economic Impacts

- Improved workforce participation for parents, unpaid family caregivers, and individuals with chronic health conditions
- Improved employee recruitment, retention, morale, and productivity
- A state-administered program allows small businesses to provide this benefit that large corporations and government entities offer, improving their ability to compete for employees
- Greater overall economic resilience to withstand disruptions like those experienced in COVID
 - States with PFML programs were able to respond more quickly to COVID, allowing people to abide by public health orders without overwhelming the states' UI systems
 - Those who were unemployed or working reduced hours in late 2021 reported that they would return to full employment more quickly if they had access to PFML

Women in the Workforce

- ▶ 2000 - Canada and U.S. had similar workforce participation among women.
- ▶ By 2018, Canada's labor force participation among women was 7.5 percentage points higher than the U.S.
- ▶ If the U.S. had kept pace, by 2018:
 - ▶ 5.5 million more women in the workforce
 - ▶ An additional \$500 billion in GDP
- ▶ The COVID “she-cession”
 - ▶ October 2021 - net loss of 2.4 million women in the workforce (1.3 million mothers) from February 2020
 - ▶ January 2022 – net loss of 1.3% from 2019 w/ higher losses among women with lower educational attainment.
 - ▶ January 2022 – Women were also more likely to report working fewer hours since the pandemic began.



NM Economic Development

➤ Netflix

- Unlimited paid family leave in the first year after birth/adoption

➤ Comcast NBCUniversal

- 12-16 weeks paid leave for the primary caregiver; 2 weeks for the non-primary caregiver

➤ Facebook

- 4 months parental leave

➤ State of New Mexico, CABQ, Federal

- 12 weeks parental leave

➤ UNM

- 4 weeks parental leave

“[Our] continued success hinges on us competing for and keeping the most talented individuals in their field. Experience shows people perform better at work when they're not worrying about home.”

– Tawni Cranz, Netflix Chief Talent Officer

2022 PFML Task Force

Task Force Composition

- 17 of 19 Task Force slots were filled through a call for application process
 - 7 advocacy organizations
 - 2 labor unions
 - 5 chambers of commerce
 - 1 small business owner
 - Acequia Association
 - UNM Bureau of Business and Economic Research
- Despite repeated outreach by NMDWS, SWLC, and Kesselman-Jones, we were unable to identify representatives for the African American Chamber of Commerce & Tribal Government

Task Force Meetings

Task Force met for a total of approximately 12 hours via Zoom, focused on areas of concern raised in Committee hearings in past sessions and administrative costs and economic modeling.

- June 24 - Organizing meeting
- July 18 – Definitions
- August 3 – Request Process & Communications
- August 16 – Economic Modeling
- August 31 – Administration
- September 12 – Final Recommendations

All meetings after the organizing meeting were announced publicly and open to public participation. Videos are available through the NMDWS website.



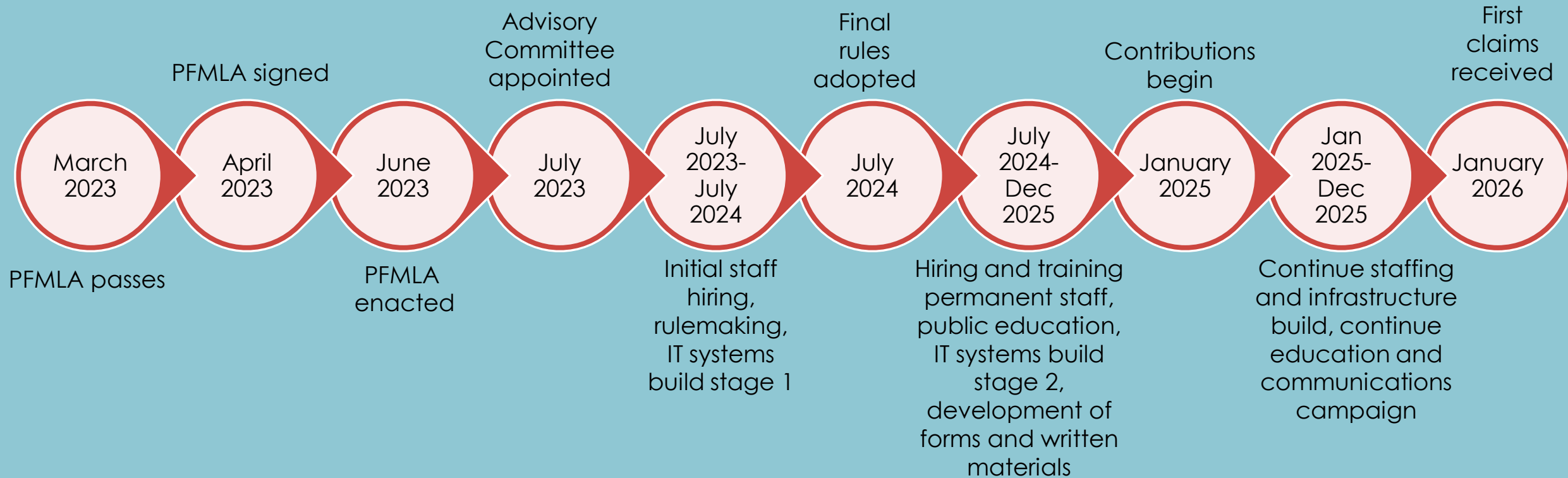
Task Force Decision-making

- The Task Force used 2021 HB38 as amended as the starting point for bill discussions. Task Force decisions were crafted as recommended revisions to that version of the bill.
- To the extent possible, we sought to achieve consensus, defined as 80% concurrence or neutrality.
- Areas with broad consensus were set aside to focus on other areas.
- On areas without broad consensus, a draft recommendation was prepared and distributed to the Task Force members prior to the September 12 meeting on final recommendations.
- An online survey was prepared with each of those draft recommendations, and members were asked to vote – “agree, neutral, disagree” on those issues.

Key Recommendations

- Include additional causes for leave:
 - Bereavement following the loss of a child
 - Leave necessary due to domestic violence, sexual assault, or stalking
- Include minimum increments of leave of four hours
- Include a solvency adjustment formula that includes benefits paid in the prior fiscal year, administration costs in the prior fiscal year, and net assets remaining in the fund
- Include a provision waiving the employer contribution for businesses with fewer than five employees and the equivalent of the employer contribution for self-employed individuals. (This covers nearly 66% of businesses.)
- Set a minimum of 90 days of employment before requiring job protection during leave
- Extend Implementation Timeline to allow time for education, employer support, and training
 - First contributions - January 1, 2025
 - First disbursements - January 1, 2026

Implementation Timeline



Year 1 Implementation costs

- NMDWS estimates FY2024 appropriations requirements of \$36.5 million
- Rulemaking, assessment, RFP
- IT system development
- Operations build
- Facilities and infrastructure build

Initial Estimated Project Costs	
Planning Activities: Rulemaking, Assessments & RFP Process	\$1,500,000.00
IT Systems PFML Build	\$32,000,000.00
Operations PFML Build	\$1,500,000.00
Facilities & Infrastructure Build	\$1,500,000.00
TOTAL	\$36,500,000.00

Year One Staffing Cost Breakdown	
Program Officer	\$150,000.00
Project Manager	\$115,000.00
Admin Person	\$70,000.00
Actuary	\$150,000.00
Policy Analyst (2)	\$190,000.00
Legal Consultant	\$140,000.00
Contract Support	\$575,000.00
Travel	\$25,000.00
Supplies including IT set up	\$60,000.00
Facilities	\$25,000.00
TOTAL	\$1,500,000.00

Year 2 Implementation costs

- NMDWS estimates FY2025 appropriations requirements of \$45 million
- Hiring permanent staff
- Staff training
- Employer & employee education
- Completion of IT build
- Development of forms and written materials
- Communications campaign
- Collection of contributions begins

Labor Category	FTE
Division Director	1
Division Management	3
Supervisors	10
Business Analyst/Testers	10
Customer Service Agent – Specialist	9
Customer Service Agent – Advanced	20
Customer Service Agent – Basic	40
Customer Service Agent – Operational	60
Tax Specialists	13
Quality Control	4
Collections Specialist	4
Adjudication Law Judges	13
Administrative Support	6
Attorney	4
Paralegal	2
Policy Analyst	2
Trainer	2
Public Relations Coordinator (PB65)	2
Economist	2
Financial Coordinator	2
Accountant & Auditor	1
State Investigator	6
TOTAL ESTIMATED FULL-TIME EQUIVALENT (FTE)	216

Permanent Staffing Model Estimate

Modeling - Economic Considerations

- Premium on Wages paid by Employer 0.4%
- Premium on Wages paid by Employee 0.5%
- 6 months to contribute
- Max time 12 weeks, Duration for Model 100%
- Max pay out is for \$60,000
- Initial Fixed Costs Estimate, Amortization over 7 years.
- 2020 Base year Initial Claims 35,000. Population Births & Disability Claims.
- FORUNM - Employment projection applied moving forward.
- UNM GPS - Population estimate applied moving forward.
- Inflation projections applied to wages and administrative costs

NM Population			Updated						
2000	1,821,204		Average History % Chg	Inflation	Updated		ADJINC Factor		
2001	1,831,690	0.58%	0.73%		New Mexico Total Wage & Salary Dist		CPI-U		
2002	1,855,309	1.29%		2019	1.8%		2.8%		1.8
2003	1,877,574	1.20%		2020	1.3%		1.013		1.3
2004	1,903,808	1.40%		2021	4.7%		1.047		4.7
2005	1,932,274	1.50%		2022	6.7%	IHS formerly Global Insight	1.067		6.7
2006	1,962,137	1.55%		2023	5.5%	FORUNM	1.055		5.5
2007	1,990,070	1.42%		2024	2.6%		1.026		2.6
2008	2,010,662	1.03%		2025	1.5%		1.015		1.5
2009	2,036,802	1.30%		2026	2.1%		1.021		2.1
2010	2,064,552	1.36%		2027	2.2%		1.022		2.2
2011	2,080,450	0.77%		2028					
2012	2,087,309	0.33%		2029					
2013	2,092,273	0.24%		2030					
2014	2,089,568	-0.13%	Comment:						
2015	2,089,291	-0.01%	IRS Table 2 - Individual Income and Tax Data by State, 2018, Line 30 Amount Salaries and wages in AGI	Updated					
2016	2,091,630	0.11%		Wages	IRS Wages	Wage Growth Foreca	QCEW		
2017	2,091,784	0.01%		2018	34,686,083	5.0%	37,143,471,078		
2018	2,092,741	0.05%		2019	36,872,187	6.3%	39,350,857,379		
2019	2,096,829	0.20%	GPS projections PS Ann % chg	2020	37,808,741	2.5%	39,384,777,287		
2020	2,117,566	0.99%	2,106,981 0.074%	2021	38,753,959	2.5%			
2021	2,115,877	0.12%	Decided to remove the -	2022	40,071,594	3.4%			
2022	2,118,416	0.12%		2023	41,474,099	3.5%			
2023	2,120,958	0.12%		2024	42,967,167	3.6%			
2024	2,123,503	0.12%		2025	44,556,952	3.7%			
2025	2,126,052	0.12%	2,125,258	2026	46,250,116	3.8%			
2026	2,128,603	0.12%	0.87%	2027	48,007,621	3.8%			
2027	2,131,157	0.12%		2028					
2028	2,133,714	0.12%		2029					
2029	2,136,275	0.12%		2030					
2030	2,138,838	0.12%	2,136,414						



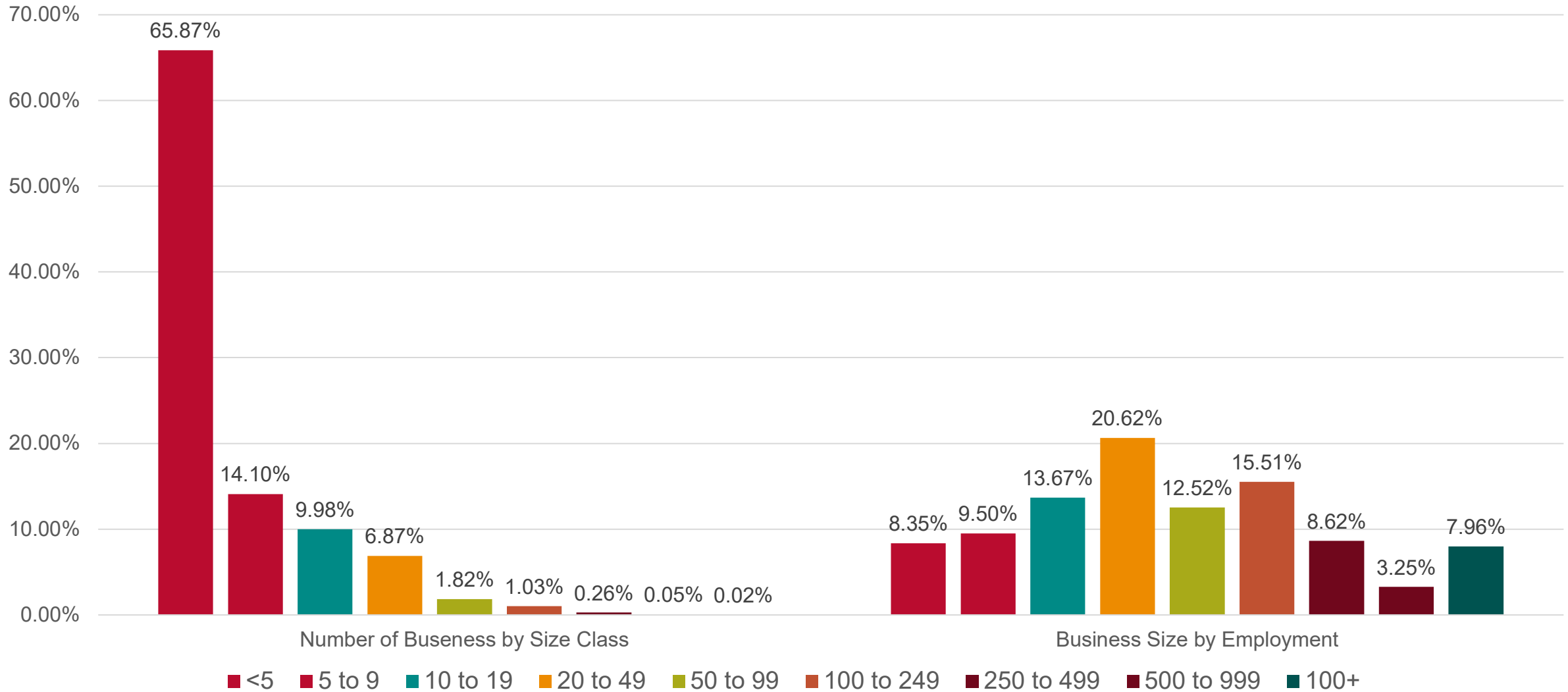
What the Fund Looks like

Summary Paid Family Leave Estimates Revised 1/24/2022

Based on 2020 U.S. Census American Community Survey 1-Year PUMS Experimental

	Estimated	Estimated	Estimated	Estimated
	2023	2024	2025	2026
Eligible Workers (Weeks based)	846,469	859,234	871,247	883,184
Eligible Claims by Workers	35,126	35,168	35,211	35,253
Average Weekly Payout	\$ 819	\$ 840	\$ 853	\$ 871
Admin cost per employee	\$ 69.62	\$ 70.37	\$ 70.44	\$ 70.94
Admin cost per claim	\$ 1,677.66	\$ 1,719.21	\$ 1,742.91	\$ 1,777.38
Employer average premium per employee	\$ 247.03	\$ 253.45	\$ 257.25	\$ 262.65
Cost paid family leave	\$ 345,172,718	\$ 354,572,185	\$ 360,322,637	\$ 368,330,880
Administrative Cost	\$ 58,929,610	\$ 60,461,780	\$ 61,368,706	\$ 62,657,449
Amortization of Fixed Costs DWS	\$ 8,152,373	\$ 8,152,373	\$ 8,152,373	\$ 8,152,373
Total Est. Cost	\$ 412,254,701	\$ 423,186,338	\$ 429,843,716	\$ 439,140,702
Total Est. Collections	\$ 427,896,529	\$ 451,430,838	\$ 463,168,040	\$ 470,115,560
Balance¹	\$ 15,641,828	\$ 28,244,500	\$ 33,324,323	\$ 30,974,858
Total Wages Paid	\$ 49,515,283,291	\$ 50,802,680,657	\$ 51,564,720,866	\$ 52,647,580,005

New Mexico Business Size Class 2021*



Model - different levels business size

100% duration and exclusion of 5<

Total Est. Cost	\$ 412,254,701	\$ 423,186,338	\$ 429,843,716	\$ 439,140,702
Total Est. Collections	\$ 412,110,752	\$ 435,162,551	\$ 446,411,027	\$ 452,826,580
Balance ¹	\$ (143,949)	\$ 11,976,213	\$ 16,567,311	\$ 13,685,878

90% duration (10.8 weeks) and exclusion of 5<

Total Est. Cost	\$ 377,737,429	\$ 387,729,119	\$ 393,811,453	\$ 402,307,614
Total Est. Collections	\$ 412,110,752	\$ 435,162,551	\$ 446,411,027	\$ 452,826,580
Balance ¹	\$ 34,373,323	\$ 47,433,432	\$ 52,599,574	\$ 50,518,966

90% duration and exclusion of 10<

Total Est. Cost	\$ 377,737,429	\$ 387,729,119	\$ 393,811,453	\$ 402,307,614
Total Est. Collections	\$ 394,150,886	\$ 416,653,722	\$ 427,346,162	\$ 433,156,482
Balance ¹	\$ 16,413,457	\$ 28,924,603	\$ 33,534,710	\$ 30,848,869

90% duration and exclusions 20<

Total Est. Cost	\$ 377,737,429	\$ 387,729,119	\$ 393,811,453	\$ 402,307,614
Total Est. Collections	\$ 368,213,058	\$ 389,923,077	\$ 399,812,484	\$ 404,748,721
Balance ¹	\$ (9,524,371)	\$ 2,193,957	\$ 6,001,032	\$ 2,441,107

80% (9.6 weeks) duration and exclusion 20<

Total Est. Cost	\$ 343,220,157	\$ 352,271,901	\$ 357,779,189	\$ 365,474,526
Total Est. Collections	\$ 368,213,058	\$ 389,923,077	\$ 399,812,484	\$ 404,748,721
Balance ¹	\$ 24,992,901	\$ 37,651,176	\$ 42,033,295	\$ 39,274,195

Note: Washington average duration 7.5 weeks for 2021.



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