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FISCAL IMPACT REPORT

ORIGINAL DATE 2/23/19

SPONSOR Dow/Ruiloba **LAST UPDATED** _____ **HB** 531

SHORT TITLE Family-Friendly Workplace Incentives **SB** _____

ANALYST Kludt

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$9,000.0	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$550.0	\$550.0	\$1,100.0	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Workforce Solutions Department (WSD)

SUMMARY

Synopsis of Bill

House Bill 531 appropriates \$9 million from the general fund to the Workforce Solutions Department (WSD) to establish the Family-Friendly Workplace Incentive Program. The purpose of the program is to encourage small-business employers to adopt and implement workplace policies, including those concerning paid leave, health support, work schedules, and economic support “considered family-friendly”. Employers with 50 or fewer permanent full- and part-time employees would be eligible to receive an award up to 50 percent of the cost to the employer for adopting and implementing family-friendly workplace policies.

WSD is to work with a New Mexico organization that recognizes and supports businesses statewide that adopt and implement family-friendly workplace policies for their employees to (1) establish policies and promulgate rules for the award of money through the family-friendly

workplace incentive program; and (2) select recipients of those awards in accordance with its policies.

FISCAL IMPLICATIONS

The appropriation of \$9 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall not revert to the general fund. This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, because earmarking reduces the ability of the Legislature to establish spending priorities.

WSD reported administrative functions and implications would need to be developed and adopted as part of rule and policy promulgation. If the program were administered similarly to the WSD AmeriCorps Program, estimated operational costs would include a minimum of one supervisor, one program monitor, and one fiscal monitor; travel and expenses associated with statewide outreach, marketing and resource materials, and program development. If not administered by AmeriCorps, WSD would need to dedicate staff in another area for this program and create administrative structures in which to operate. The agency reported an additional \$550 thousand would be necessary for administration of this program.

SIGNIFICANT ISSUES

According to the U.S. Bureau of Labor Statistics, about 53 thousand establishments, or 96 percent of all establishments in New Mexico, have less than 50 employees. These 53 thousand establishments employ about 323 thousand workers. It is unknown how many of these establishments have implemented family-friendly workplace policies

WSD currently conducts business outreach services directed to small businesses. Services include targeted technical assistance and professional development specifically for to small business requests and needs and designed to assist with turnover reduction and employee retention, customer services, conflict management, and best practices in human resources. “Family-friendly workplace policies” are not currently included in WSD business outreach but could be included upon small business request.

Additionally, WSD manages the AmeriCorps Program funded through the Center for National Community Service, which could be similar in function and scope as described in HB531. AmeriCorps funds are distributed to local nonprofit entities to strengthen communities and foster civic participation through service and volunteering. Eligible agencies receiving funds through AmeriCorps are required to include a 50 percent match for program activities. Currently, the AmeriCorps program is administered by one supervisor and two program monitors. Activities include marketing and outreach, education, and fiscal and program monitoring to assure compliance with program rules and policies.

As proposed, HB531 may require a similar process, including an outreach program, marketing of “family friendly policies and best practices,” an application process, and ongoing review and management to assure compliance. Because there are no formal rules or policies at this time, WSD would require a minimum of one year to promulgate rules and formally organize a unit responsible for implementing and overseeing the program, as well as an opportunity to fully determine the cost of implementation.

Once enacted, WSD would be responsible for finding the appropriate resources from the community and establishing rules and procedures for this program. While the bill, as proposed does not identify organizations with which the department should confer, to implement this program, WSD would have to put out a call to determine best practices and concepts for a family- friendly workplace. Currently, WSD is a core partner with the Human Services Department. The TANF Works program run by HSD would be a good resource to obtain information regarding ways to implement the Family-Friendly Workplace Initiative.

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