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FISCAL IMPACT REPORT

SPONSOR Serrato/Chandler **ORIGINAL DATE** 1/21/22
LAST UPDATED 1/26/22 **HM** 3
SHORT TITLE Paid Family and Medical Leave Task Force **SB** _____
ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$160.0		\$160.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Memorial 1

SOURCES OF INFORMATION

LFC Files

Responses Received From

Worker's Compensation Administration (WCA)

Department of Workforce Solutions (DWS)

SUMMARY

Synopsis of Bill

House Memorial 3 directs the Department of Workforce Solutions (DWS) to convene a task force of enumerated members to develop recommendations for the enactment and implementation of a paid family and medical leave act, including the establishment and administration of a paid family and medical leave trust fund to be administered by that department, and to present its report and recommendations to the governor, Legislative Finance Committee, Legislative Health and Human Services Committee, and other appropriate legislative interim committees by October 1, 2022.

Members to be included in the task force

- 1) A statewide nonprofit offering legal services to females;
- 2) A statewide non-profit expert in children's issues;
- 3) New Mexico Public Health Association;
- 4) A statewide nonprofit with legal and policy expertise for older people;
- 5) A statewide nonprofit focusing on perinatal issues;

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- 6) An organization focusing on persons with disabilities;
- 7) Two statewide organizations representing labor, at least one representing health care employees;
- 8) Native American tribal government;
- 9) American Indian Chamber of Commerce in New Mexico;
- 10) Two statewide organizations representing business;
- 11) A statewide organization representing Hispanic business owners;
- 12) A statewide organization representing LGBT individuals;
- 13) A statewide organization representing African-American business owners; and
- 14) UNM Bureau of Business and Economic Research.

The Speaker of the House and the President Pro Tempore of the Senate would each appoint one business owner.

FISCAL IMPLICATIONS

DWS estimates the cost to that department for task force development and the studies required to evaluate the feasibility and cost of a family and medical leave program as follows: “The costs of conducting a comprehensive study to determine the initial costs of implementing a paid family and medical leave program, the estimated yearly costs and revenue for an ongoing program, and continued implementation of the program is estimated to be \$160,000 to contract support, including IT support, to determine long-term impact of this program to employers and workers.”

SIGNIFICANT ISSUES

The language of the preamble to the memorial gives the following reasons for its enactment:

- 1) Evidence shows that states with enacted family and medical leave programs (FMLPs) did better at the onset of the Covid-19 pandemic.
- 2) Outcomes of young children are better when FLMPs are available.
- 3) In the absence of FMLPs, New Mexicans with serious medical problems or disabilities feel they must delay medical treatment.
- 4) Single mothers and people of color shoulder the greatest burdens in caring for other family members, including the elderly.
- 5) Women throughout the United States have been forced to leave their workplaces because of the caregiving burden.
- 6) FMLPs would help with worker recruitment and retention.
- 7) The federal Family and Medical Leave Act covers only 4 percent of New Mexico businesses, having fewer than 50 employees.
- 8) These same small employers have difficulty affording leave programs on their own.
- 9) A state-administered FMLP is less expensive for employers than privately funded programs.

According to analysis of the 2021 Family and Medical Leave Act (2021 HB38), family and medical leave would be an important benefit to families through at least two generations. The time to adequately recover from a medical illness or procedure or an injury or to care for a relative recovering from illness or injury would likely pay dividends in terms of future health, and the ability to spend time with a newborn or newly adopted or newly fostered infant or child would likely pay dividends in terms of family functioning and child development.

WSD commented on a 2021 bill (HB38) which would have established an FMLP: “The purpose of this bill is to provide resources to employees during times of family or medical necessity. 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 New Mexico economy as a whole. It is therefore important that any proposed legislation is adequately funded and efficiently administered to ensure solvency for the fund throughout all economic climates. The consequences of not enacting viable legislation that provides for income during family medical leave periods are significant in that individuals could be left without adequate resources to support their families and would have to make the decision whether to sacrifice certain costs including basic necessities or whether to return to work too soon against medical advice.”

According to the National Council of State Legislatures (<https://www.ncsl.org/research/labor-and-employment/state-family-and-medical-leave-laws.aspx>), “Multiple bills related to paid and unpaid family and medical leave were enacted by over 30 states in the last several years. These bills fall into three main categories: Family Medical Leave, states who only have pregnancy leave statutes, and, in response to the 2020 pandemic, Covid-19 specific statutes.” The same source goes on to state that “Research has found that caring and nurturing relationships between infants and adults support healthy development long into the future. While polls show overwhelming bipartisan support for paid family and medical leave, the United States is the only developed country without a national paid leave policy. Some states are responding to the need for parents to bond with their babies by implementing their own policies.” Details of New Mexico’s and other states’ bills regarding family and medical leave are summarized on the NCSL site noted above.

DUPLICATION

Senate Memorial 1.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

HSD states “Establishing and implementing a successful paid family and medical leave program is a massive undertaking with many moving parts, similar to running a UI program. Accurately and objectively determining what fiscal and other critical resources are necessary to operate such program is vital. Therefore, if HM3 is not passed, then the state will continue to founder in its efforts to advance paid leave legislation due to a lack of essential data to guide lawmakers.”

LC/al/rl