FISCAL IMPACT REPORT

		LAST UPDATED	
SPONSOR	Dow/Armstrong/Terrazas/Mejia/Jones	**ORIGINAL DATE**	2/26/2025
SHORT TITLE	Parental Leave and Fund	**BILL NUMBER**	House Bill 446
		ANALYST	Faubion/Garcia

APPROPRIATION*
(dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
See Fiscal Implications	See Fiscal Implications	Recurring	ECECF

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

REVENUE*
(dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Contributions	-	-	$2,156.9	$4,441.6	$4,665.4	Recurring	SPPL Fund
Benefits Paid	-	-	-	($6,649.8) to ($26,599.2)	($13,604.9) to ($54,419.7)	Recurring	SPPL Fund
Lost Interest	-	-	-	Up to ($7,496.0)	Up to ($8,215.0)	Recurring	ECECF

Parentheses ( ) indicate revenue decreases.
*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
WSD Startup Costs	-	$13,750.0	-	-	-	$13,750.0
WSD Ongoing Operating Costs	-	-	$14,556.9	$14,545.6	$14,545.6	$43,648.1
Total	-	$13,750.0	$14,556.9	$14,545.6	$14,545.6	$57,398.1

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Conflicts with House Bill 11

Sources of Information

LFC Files
Various state paid family and medical leave annual and legislative reports

<u>Agency Analysis Received From</u>
Early Childhood Care and Education Department (ECECD)
Workforce Solutions Department (WSD)
State Investment Council (SIC)

<u>Agency Analysis was Solicited but Not Received From</u>
Economic Development Department (EDD)
NM Attorney General's Office (NMAG)

SUMMARY

Synopsis of House Bill 446

House Bill 446 (HB446) establishes a state-run Paid Parental Leave (PPL) program in New Mexico, providing six weeks of paid parental leave for nearly all workers in the state. This leave is funded by the early childhood education and care fund, which is amended in this bill to allow appropriations for parental leave compensation. Additionally, an optional supplemental paid parental leave program allows employees to receive three extra weeks of paid leave if they contribute to the newly created supplemental paid parental leave fund. The bill sets up administrative procedures to manage the program, including overseeing contributions, processing claims, and ensuring fund solvency.

The six-week paid parental leave is available to all eligible employees in New Mexico, including self-employed individuals who opt in but excepting federal employees. To receive the benefit, employees must apply through the Workforce Solutions Department (WSD) and meet eligibility requirements, such as having worked for at least six months in the prior year. Leave must be taken within 12 months of the birth, adoption, or first-time foster placement of a child. Compensation is calculated based on 100 percent of the state minimum wage plus 67 percent of wages above the minimum wage, up to the state's annual mean wage.

Funding for the six-week paid parental leave program comes from the early childhood education and care fund, while the three additional weeks of supplemental paid parental leave are financed by a 0.5 percent wage contribution from employees and self-employed individuals who opt into the program. Contributions for the supplemental leave fund begin on January 1, 2027, and end on January 1, 2030.

Employers are required to reinstate employees after their leave and maintain their health insurance benefits during the leave period. They cannot reduce other leave benefits or retaliate against employees for taking leave. The Workforce Solutions Department (WSD) would administer the program, ensure compliance, and handle appeals related to benefit claims. A temporary advisory committee, consisting of employer and employee representatives, would provide guidance on implementation until January 1, 2027.

The bill follows a structured implementation timeline. The advisory committee would be appointed by October 1, 2025, and the Workforce Solutions Department must finalize program rules by July 1, 2026. Employee contributions to the supplemental paid parental leave fund begin January 1, 2027, and paid parental leave benefits start on January 1, 2028. Contribution collection for the supplemental program would end January 1, 2030.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns.

FISCAL IMPLICATIONS

Paid Parental Leave

HB446 funds six weeks of paid parental leave through the early childhood education and care fund (ECECF). This is accomplished by amending the fund's allowed expenditures to include paid parental leave compensation. Specifically, Section 1 of the bill modifies the existing statute governing the ECECF to allow WSD to use money from the fund to pay for leave compensation for eligible employees and self-employed individuals.

Approximately 21.5 thousand babies are born in New Mexico each year. The paid parental analysis uses three scenarios to provide a range of potential benefit costs depending on the assumed uptake rate and reimbursement amount. LFC estimates this benefit between $100 million to $150 million in low and high uptake scenarios in the first year. These estimates grow to $115 million to $171 million by 2031 as incomes rise. For reference, if every child born in the state leads to two claims at the highest reimbursement (mean wage), it would cost nearly $300 million. This appropriation would be from the ECECF.

Given the estimates for the distribution amount, the investment revenue loss to the ECECF is about $7.5 million in 2028 and grows to $9 million by 2031. This lost revenue reduces the fund balance and would begin to reduce the distribution to the early childhood program fund in FY30.

Using money from the corpus of the ECECF would lead to a loss of investment revenue and reduced distributions to the early childhood program fund (ECPF). Because the ECECF operates as an endowment, its investment income supports essential early childhood programs, such as prekindergarten, childcare assistance, and home visiting services. Withdrawing from the corpus reduces the principal available for investment, leading to lower returns and diminished compound growth. This would directly decrease annual distributions to the ECPF, forcing difficult trade-offs between funding paid parental leave and maintaining existing early childhood programs. Without a funding cap or solvency trigger, the ECECF could face long-term sustainability risks, compromising its primary mission to support early childhood education and care in New Mexico.

The State Investment Council (SIC) indicates that if HB446 passes, and funds drawn from the ECECF, SIC may need to restructure the fund to provide additional liquidity for these distributions. Currently, the ECECF invests about 47 percent of its assets in long-term private investments that are less liquid but provide higher risk-adjusted returns. To accommodate increased liquidity needs, SIC might have to shift investments toward more liquid assets, such as short-duration fixed income, which are less volatile but also lower yielding. This would reduce the fund’s overall return expectations from the current 6.8 percent target, impacting the amount of money available for early childhood programs in future years.

The assumptions built into the claims could lead to overestimations of actual program usage and costs. The bill allows birthing parents to take up to six weeks of paid leave after the birth, adoption, or fostering of a child, but eligibility is tied to employment history—requiring at least six months of prior work—which could limit access for unemployed, part-time, or newly hired workers. Some new parents may not qualify for paid leave given their employment history. This may be a particularly relevant dynamic given New Mexico’s low labor force participation rate. Additionally, many parents may choose not to utilize this benefit if they earn more by continuing to work or have other leave accrued that pays a higher wage, or they may take shorter-duration leave than assumed in the model.

The assumptions could also underestimate usage if certain family dynamics lead to multiple claims per birth. In two-parent households, both parents may qualify separately. Some individuals may strategically opt in before a birth, take leave, then opt out, increasing claim rates beyond projections. The LFC model accommodates these variables by providing high-, middle-, and low-uptake scenarios.

One key feature of this funding mechanism is that the bill does not specify a set dollar amount for how much would be allocated to cover the costs of the six-week paid parental leave benefit. Instead, the bill obligates the ECECF to pay for the benefit, regardless of the total cost. This means, the fund must absorb the cost if more people claim paid parental leave than expected. There is no cap or trigger mechanism in the bill to reassess the sustainability of these expenditures. Unlike other paid leave proposals that set a fixed annual budget or adjust contribution rates based on solvency calculations, HB446 places the entire financial burden on the ECECF with no built-in review process.

The absence of a funding cap raises questions about long-term sustainability. While the ECECF is a well-established fund that receives revenue primarily from oil and gas revenue and investment income, its primary purpose before this bill was early childhood education and care programs. Expanding its use to cover paid parental leave means that a significant portion of the fund could be redirected away from its original mission, depending on the scale of paid leave claims. Without an actuarial analysis or periodic reassessment of expenditures, there is no guarantee the ECECF would continue to have enough resources to fund both early childhood programs and paid parental leave indefinitely.

Additionally, the bill does not establish a mechanism to increase ECECF revenue if leave claims exceed expectations. This contrasts with the supplemental paid parental leave program, which requires employee contributions to build a dedicated fund. Because the six-week paid leave program is entirely dependent on the ECECF, the state may eventually have to make difficult choices about how to allocate funds between early childhood education and paid leave benefits.

The Early Childhood Education and Care Department (ECECD)expands on this:

> Due to the sweeping applicability of the paid parental leave act to the vast majority of employed and self-employed persons in New Mexico, appropriations from the early childhood education and care fund would likely severely deplete the corpus of the fund. Since employees and self-employed individuals are eligible within 12 months of any birth, adoption, or placement of a foster child with a first-time foster parent, the estimated costs of parental leave would need to consider average birth rates, adoptions within New Mexico, and number of first-time foster parents within any given year. Calculations should also factor that for each qualifying birth, adoption, or first-time foster placement, there are likely two employees who can apply for paid parental leave.
>
> If this act is implemented, it would redirect funds from childcare needs to cover parental leave costs. If the bill aims to increase support without affecting the childcare provided to children and families, it could still reduce the fund's longevity, and services for young children and their families would be negatively impacted.

Most of ECECD's programs are currently funded by the early childhood education and care fund. The early childhood education and care fund, which funds the early childhood education and care program fund, is a key funding source ECECD uses to administer its essential programs for families and young children, prenatal to age five. If funds in the early childhood education and care fund are appropriated for the purpose outlined in HB446, ECECD's ability to provide key services, including home visiting, early intervention, childcare assistance, New Mexico PreK, quality activities, workforce development, and infant early childhood mental health consultation may be threatened.

Supplemental Paid Parental Leave Fund Solvency

Costing out an optional insurance pool like the Supplemental Paid Parental Leave Program proposed in HB446 is particularly challenging due to the voluntary opt-in structure, which leads to adverse selection and unpredictable participation rates. In an optional system, those most likely to need the benefit—such as expectant parents or caregivers—are more likely to opt in, resulting in a higher-than-average claims rate compared to a mandatory pool that spreads risk across a larger population. This makes it difficult to accurately predict premium revenue and benefit payouts, leading to financial instability if claims exceed expectations. Additionally, without historical data or actuarial analysis to guide projections, estimating the balance between contributions and claims is highly uncertain. The short contribution window from 2027 to 2030 further complicates accurate cost forecasting because it limits the time available to adjust premiums or benefits based on actual uptake and usage patterns. This inherent uncertainty and volatility in optional insurance pools pose significant challenges to ensuring the fund's long-term solvency.

HB446 does not explicitly mention an actuarial analysis or a formal recalculation of the supplemental payroll contribution after the initial three-year contribution period (2027–2030). While the bill specifies that employee contributions for the supplemental paid parental leave program would end on January 1, 2030, it does not include a structured process for evaluating whether contributions need to continue, decrease, or be replaced with alternative funding sources.

However, the bill does imply that a financial review would take place. Specifically:

- Section 5, Subsections D and E, establish that contributions from employees and self-employed individuals would be collected for three years (2027-2030).
- Section 4, Subsection B, states money in the supplemental paid parental leave fund is appropriated for benefit payments and administrative costs but does not mention reassessment or premium adjustments.
- Section 14 directs the Workforce Solutions Department (WSD) to promulgate rules to implement the program, which could include future solvency assessments.
- Section 15 creates a temporary advisory committee to provide guidance on implementation but does not mandate an actuarial study of fund sustainability.

HB446 does not provide a clear solvency equation or automatic recalibration mechanism for the supplemental payroll contribution rate. This means that after January 1, 2030, the Legislature would need to review financial data and decide whether to extend contributions, modify funding sources, or allow the program to operate on existing reserves.

ECECD also notes that, because participation in the supplemental paid parental leave fund is on an opt-in basis, it is likely that the only employees or self-employed individuals who would participate in the program would be individuals who are planning to have children, adopt, or provide foster care in the future. New Mexicans who do not plan to have children, adopt, or provide foster care would not contribute to the fund. The bill does not specify what happens if contributions to the supplemental paid parental leave fund are inadequate to cover costs of the benefit and administration of the entire parental paid leave program.

To estimate the financial sustainability of the supplemental paid parental leave program under this bill, a model can be developed using a range of 0.25 to 1 claim per enrollee per year. This range is informed by data from Washington State's and New Hampshire paid family and medical leave (PFML) program, which found that self-employed, opt-in participants typically make between 0.5 and 1 claim per year. New Hampshire's voluntary PFML program reported a 26 percent uptake rate for individual voluntary participants. This reflects the reality that individuals who voluntarily opt into the program are more likely to use the benefit, leading to a higher claims rate than would be seen in a mandatory insurance pool. A 0.25 claim per enrollee scenario represents a lower utilization rate, assuming some participants do not need leave, while a 1 claim per enrollee scenario assumes maximum utilization, reflecting a pool heavily composed of individuals expecting to need leave. This modeling approach allows for a more accurate estimate of required contribution levels and the risk of fund depletion, accounting for adverse selection where those most likely to use the benefit are overrepresented among enrollees. New Hampshire's entire opt-in program represents only 2.19 percent of their workforce, with over half of that being state employees who are a part of an employer opt-in. Individual insurance take-up, not including employer opt-ins, is only 0.07 percent of their workforce. The model uses a 1.5 percent opt-in rate, which is likely an overestimation.

By basing assumptions on Washington State and New Hampshire's observed claim rates, this model provides a realistic framework for evaluating fund solvency and premium sufficiency under varying participation and usage scenarios.

Low Uptake Scenario					
	2027	2028	2029	2030	2031
Eligible Workers		18,174	18,270	18,336	18,403
Leave Claims		4,543	4,567	4,584	4,601
Annual Benefits Paid		**$ 13,299,602**	**$ 13,910,230**	**$ 14,495,918**	**$ 15,227,663**
Estimated Revenue to FMLA Fund	**$ 4,313,830**	**$ 4,479,737**	**$ 4,668,184**	**$ 4,853,325**	**$ 5,045,810**
Calendar Year Cash Flow	**$ 4,313,830**	**$ (8,730,270)**	**$ (9,148,683)**	**$ (9,545,526)**	**$ (10,080,937)**
Fund Balance Prior Year	$ -	$ 4,313,830	$ (4,416,441)	$ (13,565,124)	$ (23,110,649)
FMLA Fund Balance (deficit)	**$ 4,313,830**	**$ (4,416,441)**	**$ (13,565,124)**	**$ (23,110,649)**	**$ (33,191,586)**

Middle Uptake Scenario					
	2027	2028	2029	2030	2031
Eligible Workers		18,174	18,270	18,336	18,403
Leave Claims		11,813	11,875	11,919	11,962
Annual Benefits Paid	**$ -**	**$ 34,578,965**	**$ 36,166,599**	**$ 37,689,386**	**$ 39,591,923**
Estimated Revenue to FMLA Fund	**$ 4,313,830**	**$ 4,479,737**	**$ 4,668,184**	**$ 4,853,325**	**$ 5,045,810**
Calendar Year Cash Flow	**$ 4,313,830**	**$ (30,099,228)**	**$ (31,498,415)**	**$ (32,836,060)**	**$ (34,546,113)**
Fund Balance Prior Year	$ -	$ 4,313,830	$ (25,785,399)	$ (57,283,814)	$ (90,119,874)
FMLA Fund Balance (deficit)	**$ 4,313,830**	**$ (25,785,399)**	**$ (57,283,814)**	**$ (90,119,874)**	**$ (124,665,987)**

High Uptake Scenario					
	2027	2028	2029	2030	2031
Eligible Workers		18,174	18,270	18,336	18,403
Leave Claims		18,174	18,270	18,336	18,403
Annual Benefits Paid		**$ 53,198,408**	**$ 55,640,922**	**$ 57,983,671**	**$ 60,910,650**
Estimated Revenue to FMLA Fund	**$ 4,313,830**	**$ 4,479,737**	**$ 4,668,184**	**$ 4,853,325**	**$ 5,045,810**
Calendar Year Cash Flow	**$ 4,313,830**	**$ (48,629,076)**	**$ (50,879,374)**	**$ (53,033,279)**	**$ (55,763,924)**
Fund Balance Prior Year	$ -	$ 4,313,830	$ (44,315,247)	$ (95,194,621)	$ (148,227,900)
FMLA Fund Balance (deficit)	**$ 4,313,830**	**$ (44,315,247)**	**$ (95,194,621)**	**$ (148,227,900)**	**$ (203,991,824)**

Risk: Uptake Rates. Predicting uptake rates for this program is challenging. Participation rates would likely be influenced by demographics (e.g., age, gender, and family planning), income levels, and the availability of employer-provided benefits, as well as public awareness and cultural norms surrounding parental leave. Additionally, the cost of contributions (0.5 percent of wages) may be prohibitive for lower-income workers, while higher-income employees may find the benefit more appealing. Because the bill does not mandate an actuarial analysis or recalculation of the contribution rate after 2030, there is significant financial uncertainty. If uptake is higher than expected, the fund could face shortfalls, while lower uptake could result in surplus reserves but may also indicate that the program is underutilized. This uncertainty underscores the importance of close monitoring and potential legislative adjustments to ensure the program's long-term sustainability.

In Executive Order 2019-036, the governor created a 12-week paid parental leave program for state employees after employees complete one full year in the position. The Legislature passed a similar policy for legislative staff in 2022. In the executive order, the qualifying reasons for taking leave are following the birth or adoption of a child. The uptake rate for the state's parental leave policy in 2023 was about 3 percent. The University of New Mexico (UNM) reported between 4 and 5.5 percent uptake rate for its paid parental leave and paid extended sick leave program across university entities.

Risk: Insufficient Contributions. This bill also allows individuals to opt into the supplemental program. However, individuals only need to pay into the fund for six months to qualify for benefits, opening the door for people, especially those who are expecting a child or intending to adopt or foster, to pay in for six months, claim the benefit, and then opt out of the system. In fact, other states have found extremely high uptake rates for opt-in participants because they can make an informed decision on enrollment. For example, in Washington the uptake rates for elective individuals are eight to 16 times higher than other covered employees, with an average of between 0.5 and one claim submitted per employee per year. Washington requires elective participants to enroll in the program for a minimum of three years to alleviate solvency issues from "dine and dash."

The bill caps the income that can be taxed for the program at the social security taxable income level, which is $176.1 thousand in 2025.[1] This renders the SPPL payroll premium regressive, as those with income higher than $176 thousand are taxed at a lower rate than those at lower incomes. Additionally, taxes on higher incomes help sustain the fund, and capping the income level that can be taxed may not be prudent in a low-income state. However, the maximum weekly benefit is capped at the average wage, so it may not be fair to tax all income, especially once the amount paid into the fund far exceeds the benefit one could possibly claim.

2025 Estimated Benefit and Contribution Amounts, by Income

	Weekly Wage	Weekly Contribution (.5%)	Weekly Benefit	Annual Wage	Annual Contribution (.5%)	3-Week Benefit
Minimum Wage	$500.00	$2.50	$500.00	$26,000.00	$130.00	$1,500.00
Average Wage	$1,176.92	$5.88	$953.54	$61,200.0	$306.00	$2,860.62
High Wage (at taxable limit)	$3,386.54	$16.93	$1,176.92	$176,100.0	$880.50	$3,530.76

Appropriations

HB446 encumbers the early childhood education and care fund by obligating it to fund six weeks of paid parental leave, regardless of the total cost or future revenue fluctuations. This creates a mandatory appropriation requirement for future Legislatures.

There are no appropriations included in this bill for start-up costs. If the Legislature adopts this bill, funding would need to be included in the General Appropriation Act of 2025 or other legislation.

The General Appropriation Act, as adopted by the House, includes a $35 million special appropriation from the general fund to the paid family and medical leave fund, for expenditure in fiscal year 2026, to implement the Paid Family Medical Leave Act, contingent on passage of a paid family medical leave bill. The appropriation would provide WSD with funding for start-up costs associated with implementing the program. However, the appropriation would not cover all projected start-up costs, and WSD would likely request additional start-up and recurring operating costs in future years. The language in this appropriation may need to be adjusted to

[1] https://www.ssa.gov/oact/cola/cbb.html

apply to the parental leave program proposed in this bill.

Workforce Solutions Department

According to the Workforce Solutions Department (WSD), the estimated cost associated with this new program for the first fiscal year would be approximately $13.75 million. This includes direct operational staffing, IT Infrastructure support, and indirect cost for operational sustainment—such as facilities and administrative services.

Activities	Planning/Rule Making/ Initial Contract Awards/ Start IT build	Operational Builds and IT and Facilities, Half Operations	Full implementation, O&M, post-implementation improvements
Milestones	Rulemaking Complete 6/30/2026	Premium Collections Begin 1/1/2027; New Governor 1/1/27	Benefits begin 1/1/28
IT	$ 10,000,000	$ 7,000,000	$ 5,000,000
Ops	$ 1,000,000	$ 4,645,514	$ 6,636,448
Totals	$ 11,000,000	$ 11,645,514	$ 11,636,448
With AS&T	$ 13,750,000	$ 14,556,892	$ 14,545,560

WSD used a variety of methods to compute staffing, including receiving data from states with existing programs, evaluating the bill for program requirements and modeling staffing based on the unemployment insurance staffing structure. Direct comparison to other states is difficult because no other state houses the contributions, benefit administration, appeals, and enforcement all in one agency. The fiscal implications of the bill are less than those of a parental and medical program because of the limited scope of the bill. A complex administrative system to track employees and employers would still be necessary. However, this system would not need the features required to determine medical claims, and proof submitted with an application to substantiate birth or adoption would be considerably simpler. The system would still contain protected information, but it may not include information protected by the federal patient privacy law called HIPAA.

WSD's best estimate of staffing is 94 people, including all claims, supplemental leave plan, appeals, and complaint-related staff. This is partially based on estimates the Paid Family and Medical Leave program would receive about 45 thousand claims per year, and New Mexico has about 22 thousand births per year. The staffing estimate is less than half (42 percent) of the staffing estimate for other proposed paid leave programs that include both parental and medical leave. As noted above, while IT costs would be somewhat less, the system development costs are estimated to be more than half (58 percent) of the costs estimated for that program. WSD is not sure whether the language of the ECECF would allow for appropriations for the program created by HB446.

WSD's most significant concern overall is how the program is to be sustained given that:

- All administrative costs are to be paid from the supplemental paid parental leave fund.

- HB446 does not provide for a solvency determination in connection with the program or for the supplemental paid parental leave fund.
- HB446 does not provide the authority for WSD to increase contributions to the supplemental paid parental leave fund.
- HB446 does not provide for contributions to the supplemental paid parental leave fund after 2030.
- HB446 does not provide for appropriations for the program. It is unclear what would happen if the Legislature failed to appropriate funds for the base leave program.

The most significant administrative issue identified by WSD is how the department or any administrator manages the accounts for the program. Without all employers and employees paying into the program, the administrator would not have wage records and employment verification. Yet, those items would be needed to establish a claim for base leave and calculate compensation. If the intent is that the administrator must reach out to the employer for these records each time a claim is filed, then the 10 business days for processing is insufficient. There are also no provisions for dealing with nonresponse from an employer. WSD would hesitate to rely solely on self-certification of wages and employment, due to the potential for abuse. WSD assumes it would ultimately still be necessary to create an administrative system that would enable tracking of wages for all employers and employees covered by the act. It would likely be necessary to establish wage reporting through rule. Unemployment insurance records could not be used for this purpose without a statutory change that would need to be approved by the U.S. Department of Labor. Also, the bill covers employers not covered by unemployment insurance.

HB446 does not contain a mechanism for employers to opt out of the base leave program. Employers who already provide equal or better plans would nevertheless be required to participate in the program. Administrative and outreach costs are to be funded from the supplemental paid parental leave fund, which contains contributions from employees and self-employed individuals who opt into the fund. The supplemental paid parental leave fund can also accept appropriations. It is unclear what happens if the fund does not have adequate resources to support administration of the program.

HB446 does not create a dedicated fund for receiving appropriations for the base paid parental leave program. This type of fund would be essential for keeping the contributions of opt-in employees segregated from the state funding that would support the base parental leave program.

SIGNIFICANT ISSUES

Workforce

This bill could improve labor force participation in New Mexico. Research published in the *American Economic Review* suggests short-duration paid leave in the months directly proceeding and following a birth increases the labor force attachment of women who otherwise would exit the labor force temporarily in the months around a birth. Analysis of the impact of paid leave laws in California and New Jersey concluded short leave is unlikely to alter the behavior of women who were planning to exit the labor force for prolonged periods after a birth; however, reducing a brief interruption following a birth may have long-term employment benefits for affected women who intended to remain in the labor force.

The Public Education Department notes that paid leave could help recruit and maintain the educator workforce in New Mexico. As of 2024, statewide New Mexico public schools have 737 teacher vacancies. Nearly three-quarters (74 percent) of the educator workforce in New Mexico identifies as female, and women across the United States disproportionally identify as the primary caretakers of children and other family members. In 2024, almost 60 per cent of unpaid caregivers and over 80 per cent of paid caregivers identify as women while, according to the Pew Research Center, women comprise approximately 77 percent of public education teachers. Guaranteed paid family leave for qualifying events would be an added benefit for teacher recruitment efforts.

Other Significant Issues

- In Executive Order 2019-036, the governor created a 12-week paid parental leave program for state employees after employees complete one full year in the position. The Legislature passed a similar policy for legislative staff in 2022.
- In 2019, the state enacted Section 10-16H-1 NMSA 1978, which expanded state employee and public-school employee use of accrued sick leave for extended family members.
- In 2021, in Section 50-17-1 NMSA 1978 the state enacted the Healthy Workplaces Act requiring all public and private employers to allow employees to accrue earned sick leave of 64 hours per year.
- As of January 2025, 13 states and the District of Columbia offer paid family and medical leave. All state programs are funded through employee-paid payroll taxes, and some are also partially funded by employer-paid payroll taxes.
- Federal social security disability benefits apply to those with a terminal diagnosis or if the disability diagnosis is determined to last at least 12 months.
- The bill does not include guardrails around WSD’s authority to adjust the benefit in the event of surpluses in the fund as opposed to adjusting the rate.

JF/RMG/hj/hg/sgs