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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/15/17

SPONSOR Ely LAST UPDATED \_\_\_\_\_ HM 48

SHORT TITLE Continue Parental Paid Leave Working Group SB \_\_\_\_\_

ANALYST Iglesias

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	R or NR **	Fund Affected
<b>Total</b>	indeterminate	indeterminate	indeterminate	indeterminate	Nonrecurring	Agency Operating Budgets

Parenthesis ( ) indicate expenditure decreases. \*\* R = recurring; NR = non-recurring

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Workforce Solutions (DWS)

### SUMMARY

House Memorial 48 seeks to continue the work following House Memorial 2 from 2015 which convened a parental paid-leave working group to develop recommendations of a publicly managed parental leave program in New Mexico. This memorial outlines recommendations as a result of the working group convened from House Memorial 2 (2015), noting that findings and recommendations were presented to the legislative health and human services committee in October 2016. The findings and recommendations presented in October 2016 outlined a NM program to provide employee contributions to a fund and reimbursement as a portion of that employee's salary for 12 weeks of leave when caring for a seriously ill family member or bonding with a newborn child, newly adopted child, or newly placed foster child.

This memorial requests the parental paid-leave working group continue developing recommendations for establishing a parental paid-leave and paid family-and medical-leave program for New Mexico. The memorial also requests the working group continue to develop recommendations as to the state agency that would manage the paid leave program, as well as recommendations on implementation of such a program over a three-year period, beginning in July 2019. The memorial recommends implementation of a pilot program for the public sector in year one, 2019.

This memorial also calls for the working group to present recommendations to the legislative health and human services committee prior to December 31, 2017, for approval of a pilot

program in the public sector that could be voted on in the second session of the fifty third legislature in 2018.

### **FISCAL IMPLICATIONS**

Costs appear to be limited to the value of “staff time” related to the state agencies involved, so cost is indeterminate, and will vary by each agency and the individuals assigned to participate in the working group. There could possibly be no fiscal impact and participation in such a working group and any additional research or reporting involved would fall under normal course of business in administering duties as a public agency.

### **SIGNIFICANT ISSUES**

This memorial references the previous House Memorial 2 from 2015, which noted that paid family-leave programs provide substantial benefits to children and the families of children and that other states with paid family leave programs have improved levels of job retention, employee loyalty, and morale without increases in cost. No support for this proposition is referenced in this memorial.

The Workforce Solutions Department (WSD) notes this memorial does not provide any guidance regarding amounts to be paid by employees or the requisite time period employees must work to become eligible for a paid family-leave program. It also does not provide any guidance on a determination of the contribution amounts by employees necessary to create a solvent fund for payments under the plan and the significant cost in administering such a plan. The administration of a paid family-leave program would necessarily involve an initial determination of benefits as well as an appeals process, should benefits be denied, to employees if the proposed leave does not fall within the parameters of the program. Benefit determination and the appeals process would involve very significant costs for administering, in addition to the significant costs necessary to fund the program benefits.

WSD states that, while this memorial only seeks to continue the working group to develop recommendations for a paid family-leave program, the short time frame for coming up with a firm recommendation by 2017 for introduction into the legislature in 2018, with a pilot program to be implemented in 2019, raises concerns that such plan recommendations will not be fully vetted in the time frame contemplated by this memorial.

### **ADMINISTRATIVE IMPLICATIONS**

This memorial references that a copy of the memorial will be provided to the Secretary of the Workforce Solutions Department in addition to a number of other New Mexico departments and interested public agencies and organizations. The Workforce Solutions Department would likely be involved in continued discussions with the working group tasked with providing recommendations by the end of 2017, as discussed above.

DI/jle