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FISCAL IMPACT REPORT

ORIGINAL DATE 03/04/21

SPONSOR HCEDC LAST UPDATED _____ HB 134/HCEDC

SHORT TITLE Family-Friendly Workplace Incentive PGM. SB _____

ANALYST Bachechi

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		
N/A	\$3,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	\$260.4	\$268.2	\$528.6	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bills 20, 37, 38, and 72 and Senate Bill 198.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Workforce Solutions Department (WSD)

SUMMARY

Synopsis of Bill

House Bill 134/HCEDC appropriates \$3 million from the general fund to the Workforce Solutions Department (WSD) for expenditure in fiscal years 2022 and 2023 to establish and implement the Family-Friendly Workplace Incentive Program. The purpose of the program is to encourage small-business employers to adopt and implement family-friendly workplace policies, including paid leave, health support, flexible work schedules, and economic support. 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 new family-friendly workplace policies. The bill specifically names six family-friendly policies eligible for reimbursement under the incentive program. Only new workplace policies are eligible; not existing ones.

This bill creates a new fund, the "family-friendly workplace fund" in the state treasury. The fund revenues will consist of appropriations, gifts, grants, donations, and income from investments of the fund. The workforce solutions department shall administer the fund. The bill states, "Money in the fund shall not revert to any other fund at the end of a fiscal year." However, the appropriation language states, "Any unexpended or unencumbered balance remaining at the end of fiscal year 2023 shall revert to the general fund."

The "family-friendly workplace incentive program" is based on work done by a taskforce created pursuant to House Memorial 1 from the 2011 legislative session to encourage small-business employers to adopt and implement family-friendly workplace policies. WSD will administer awards made through the program; the bill requires WSD 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.

The effective date of the provisions of this act is July 1, 2021.

FISCAL IMPLICATIONS

This bill creates a new fund. Three million dollars \$3,000,000 is appropriated from the general fund to the family-friendly workplace fund for expenditure in fiscal years 2022 and 2023. Any unexpended or unencumbered balance remaining at the end of fiscal year 2023 shall revert to the general fund. However, the bill also contains language stating, "Money in the fund shall not revert to any other fund at the end of a fiscal year." Although the bill does not specify future appropriations, establishing a new grant program could create an expectation the program will continue in future fiscal years; therefore, this cost is scored as recurring.

The bill requires WSD to administer the new fund. WSD estimates it will need additional operating funds for administrative oversight purposes, including salaries and benefits for 3 additional FTE (a program supervisor, a program monitor, and a fiscal monitor), travel and expenses associated with statewide outreach, marketing and resource materials, program development, office supplies, equipment and overhead costs.

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 fewer 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.

According to the U.S. Small Business Administration 2020 profile of New Mexico, the state has 156,996 small businesses that employ 339,731 individuals, or 54.2 percent of the state's employees. Small business make up 99 percent of the state's businesses and firms with fewer than 20 employees have the largest share of small business employment.¹ It is unknown how many of these establishments have implemented family-friendly workplace policies.

¹<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144134/HCEDC/2020-Small-Business-Economic-Profile-NM.pdf>

WSD currently conducts business outreach services for small businesses. Services developed in response to small business requests include technical assistance and professional development 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 on small business request.

Additionally, WSD manages the AmeriCorps Program funded through the Center for National Community Service. This fund could be similar in function and scope to the fund created by this bill. 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, this bill may require a similar process, including an outreach program, marketing on “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.

PERFORMANCE IMPLICATIONS

Performance indicators are not yet defined and would be required before determining implications for program outcomes and staffing.

ADMINISTRATIVE IMPLICATIONS

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 AmeriCorps Program, estimated operational costs would include, at a minimum, one supervisor, one program monitor, and one fiscal monitor, as well as travel and expenses associated with statewide outreach, marketing and resource materials and program development.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

There are a number of bills pending before the Legislature related to promoting healthy workplaces, paid sick leave, and paid family and medical leave, as well as family friendly workplace training, including House Bill 20, creating the Healthy Workplace Act; House Bill 37, concerning paid sick leave; House Bill 38, creating the Paid Family and Medical Leave Act; and House Bill 72, concerning family-friendly workplace training.