

# Simulation Model Estimates for New Mexico SB 11 (2023)

## *Paid Family and Medical Leave Act*

Policy parameters based on amendments proposed as of March 5, 2023

- Up to 12 weeks per year for bonding with a new child, caring for family members, or the employee's own serious health condition.
- Private employees and state or local government employees are covered; self-employed individuals may opt-in.
- Covered workers are eligible if they have worked and contributed to the fund for at least 6 of the last 12 months.
- Benefits are calculated as 100 percent of the wages that the individual would have earned for their usual work hours at minimum wage (currently \$12 per hour) plus 67 percent of higher wages.
- Maximum weekly benefits are equal to the state average weekly wage.

## Simulation Model Estimation

- Worker Paid Leave Usage Simulation ([Worker PLUS](#)) is an open-source simulation tool that can be used by researchers and federal, state, and local policy makers to estimate the effects of various worker leave scenarios and policy options on worker leave-taking behavior, and to estimate the benefits paid as well as costs of administering any given program.
- Worker PLUS employs public microdata from the Department of Labor's Family and Medical Leave Act (FMLA) Employee Survey to train models for individual-level leave needs and behaviors and simulates specific leave-taking behavior and outcomes using demographic data from the five-year American Community Survey (ACS) Public Use Microdata Sample (PUMS) for the New Mexico workforce.
- Current version is based on the 2016-2020 ACS for estimating the New Mexico workforce. Earnings and benefits are estimated in 2020 dollars unless otherwise specified.
- Benefit take up rates specified by the analyst were selected based on previous analyses of simulating recent state paid family and medical leave programs (Washington, Massachusetts, and Connecticut) to determine rates that best reproduce administrative reports on claims and benefits paid.
- All self-employed reporting at least 6 months of employment in the previous year are included in the estimates for benefits. Future analyses could omit them or model their participation at some anticipated level. (Both would require additional guidance from the legislative or administrative staff. By including all self-employed, these estimates likely represent an upper bound on claims and benefit costs.)

## Simulation Results

- Based on the simulation model results, about 37,000 workers would claim program benefits for 40,000 family and medical leave reasons each year under the proposed policy.

- Approximately 4.8 percent of all workers or 5.3 percent of eligible workers would experience a covered family or medical need, take leave from work, and have an approved application for paid family and medical leave benefits.

	Claims Paid	Percent of All NM Covered Workers	Percent of Eligible NM Workers*
Own Health	16,093	2.1%	2.3%
Maternity	3,391	0.4%	0.5%
Parental Bonding	16,089	2.1%	2.3%
Child's Health	1,459	0.2%	0.2%
Spouse's Health	1,442	0.2%	0.2%
Parent's Health	1,441	0.2%	0.2%
Total Claims	39,915	--	--
Total Workers Claiming Benefits	37,032	4.8%	5.3%

\*Eligibility based on at least 26 weeks of employment in previous 12 months.

Source: Estimates based on Worker PLUS simulation model using 2018 FMLA Employee survey and 2016-2020 American Community Survey.

- Paid family and medical leave benefits would cost \$147.4 million (2020 dollars).
- Costs for benefit administration would add \$8.8 million based on reports from other state paid family and medical leave programs and estimating as 6 percent of benefits paid.
- Adjusting these costs for projected growth in New Mexico's employment and wages, in 2026 benefit payments would be \$148 million and administration would be \$8.9 million.
- Using the Quarterly Census of Employment and Wages, New Mexico wages paid by private employers with at least 5 employees, state, and local governments totaled \$34.4 billion. Applying the revenue calculations in the bill would provide \$322.5 million for the paid family and medical leave program.

#### Additional Costs Not Estimated in the Worker PLUS Simulation Model

- Costs for Safe Leave uses of the policy.
- Additional costs for children born, adopted, or placed in calendar year 2025 whose parents claim benefits after January 1, 2026, but within the first 12 months. If 25 percent additional bonding leaves were claimed in the first year of benefits, New Mexico would expect 4,300 additional claims paid (4,000 estimated in 2020) at a cost of \$22 million (\$14 million estimated in 2020) in 2026 after adjusting for growth in employment and wages.
- Repayment of general revenues appropriated for start-up costs.