

Small Business Facts NM Paid Family & Medical Leave Act

HB11



NEW MEXICO
PAID FAMILY &
MEDICAL LEAVE
COALITION

WHAT IS THE “FUND” & HOW MUCH WILL IT COST ME AND MY EMPLOYEES?

The PFML fund is like an insurance program consisting of contributions from employers & employees. Employers contribute 0.4% (four tenths of one percent) of employee wages to the fund, while employees contribute 0.5% (five tenths of one percent).

A quick way to calculate your bottom line is by inputting employee quarterly wages and multiplying the dollar amount by 0.004 for employers or 0.005 for employees.

HOW DO CONTRIBUTIONS WORK FOR TIPPED POSITIONS?

The employer & employee contributions are based on what's on the employee's paystub.

MY BUSINESS HAS FEWER THAN FIVE EMPLOYEES & I'M EXEMPTED FROM PAYING INTO THE FUND. WILL MY EMPLOYEES HAVE ACCESS?

While you are exempted from paying, your employees will still pay 0.5% into the fund. After 6 months of payment, employees will be eligible for leave compensation if they have a qualifying event.

WHAT IS THE LEVEL OF ADMINISTRATIVE BURDEN?

The New Mexico Department of Workforce Solutions (DWS) takes care of the administration of the program. Employers will be responsible for:

- Submitting employer and employee contributions to DWS on a quarterly basis
- Providing notice to DWS when the employee has returned to work.

No calculations are required from the employer or employee. The notice of return to work must be submitted to DWS within 10 business days. The employee is responsible for submitting their qualifying event and obtaining approval before they can collect.

WILL I HAVE TO PAY MY EMPLOYEE WHILE THEY'RE ON LEAVE?

No. The fund will compensate the employee.

HOW DOES THIS WORK FOR PART-TIME WORKERS?

All employees who pay into the fund will have access to PFML. The amount of compensation they receive is proportional to their earnings, even if they are a part time worker. If they hold multiple part-time jobs, they will be able to receive combined compensation for all part-time employment.

PFMLA Small Business Facts

HOW WILL I COVER THE WORK WHILE AN EMPLOYEE IS ON PFML?

PFML is created to address long term needs. This structure allows employers to plan ahead for coverage & temp work. Money from the fund will help cover employee compensation, meaning employers have more money to hire temp workers or pay others overtime to cover the work.

WHAT SAFETY NETS ARE IN PLACE FOR BUSINESS OWNERS?

- Employees must have a qualifying event & submit official documentation to DWS for approval.
- Not everyone will qualify for the maximum leave time. (ie: a medical professional will determine the appropriate amount of leave time)
- Employers are only required to hold the position of the employee if they've been with the employer for at least 180 days.
- The employee must have paid into the fund for at least 6 months prior to leave.
- PFML is calculated on a "rolling" year.

DO I INCLUDE THE AMOUNT I RECEIVE FROM BUSINESS PROFIT IN MY CALCULATIONS AND/OR PAYMENTS TO DWS?

No. But if the owner is also employed by the business via a W-2, those wages will be included in the contribution rate. That employee/owner will also have access to the fund.

I ALREADY PROVIDE MY EMPLOYEES WITH A SIMILAR PROGRAM. WILL I STILL NEED TO PARTICIPATE?

If you provide a substantially similar program, you may request a waiver.

Other states with PFML have found that employers eligible to receive a waiver often choose to enter the state program because it saves them money and shifts the administrative burden to an outside entity.

WILL CONTRIBUTIONS TO THE FUND EVER RISE? BY HOW MUCH?

Contributions are projected to decrease over the years rather than increase, however, safeguards are in place to protect against large year-to-year fluctuations in contribution rates, ensuring no change in rates will exceed 0.1% annually.

New Mexico is starting its fund at a 0.9% employer+employee contribution rate. No state with PFML has ever gone above a 1.2% rate.

WHAT PREVENTS NEW EMPLOYEES FROM TAKING PAID LEAVE AS SOON AS THEY START THE JOB?

An employer is not required to hold a position for an employee unless they have been employed for at least 180 days.

For questions: Contact Roberto Rivas, SWLC, rrivas@swomenslaw.org