

A Smarter, More Responsible Approach to Paid Family and Medical Leave

By Jerry Schalow, President/CEO Rio Rancho Chamber of Commerce

One of the fundamental responsibilities of government is to craft policies that are fair, effective, and sustainable. That means basing our decisions on facts, sound analysis, and a commitment to long-term success. For the past five years, New Mexico lawmakers have introduced a Paid Family and Medical Leave Act (PFML), which is a well-intentioned effort to support workers in times of need. But good intentions alone don't make good policy.

The question isn't whether we support New Mexicans who need family and medical leave. The question is whether there is a program that works and one that gives families the help they need while ensuring businesses, employees, and taxpayers aren't left holding the bill for an unsustainable system. This is the reason we need to have the legislature invest in an independent, non-partisan actuarial review using Actuarial Science to guide the way before they bring legislation that is insolvent.

Actuarial analysis is not just a bureaucratic step as it is a scientific approach for developing insurance and social benefit programs. Actuaries assess risk, project costs, and ensure financial stability, which is precisely what is needed before determining how New Mexico will fund and manage a PFML program. The Social Security Administration, Medicare, and private insurance companies all rely on actuaries to balance benefits with financial feasibility. New Mexico should follow suit before bringing back PFML legislation for a sixth time. The proposed programs over the past five years do not work in New Mexico with our lower incomes and the number of federal employees that would be omitted from PFML.

Several key factors need thorough evaluation. How much does each option cost, and how can the premiums be paid? What level of benefits can the state afford to pay from reserves or general funds? Should the program be publicly administered, privately managed, or a hybrid approach? What eligibility criteria will ensure fairness while preventing fraud and abuse? These are questions that only an actuarial study can effectively answer. Is a private insurer a better option for New Mexico?

Every insurance policy we have, including home, auto, health, and life, relies on actuarial evaluations to guide their policies to determine premium structures and project long-term solvency. Their programs were designed with financial sustainability in mind. If New Mexico fails to do the same, we risk creating a system that is either underfunded or overburdened, thus causing excessive costs for workers and businesses.

Lawmakers should be proactive rather than reactive. A PFML program without a solid actuarial foundation could lead to financial instability, business hardship, and unintended taxpayer burdens. If this legislation is to move forward, it must be based on sound financial projections and expert analysis. If PFML was offered by a private insurer, would the New Mexico Office of the Superintendent Insurance approve the company to offer this program, or would they deny them due to financial sustainability? The best way to serve New Mexico's workers and businesses is to make data-driven decisions, not ones based on assumptions as we have seen for the past five years.

For the sake of fiscal responsibility and economic stability, an actuarial study must be conducted before considering the implementation of Paid Family and Medical Leave Act. Building a system that truly benefits businesses and employees with a program that is fair, effective, and financially viable is key. An actuarial review needs funding, and the legislature needs to commit to the funding before there is any further consideration of a PFML bill.