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FISCAL IMPACT REPORT

SPONSOR Tallman **LAST UPDATED** _____
ORIGINAL DATE 2/2/23
BILL
SHORT TITLE NM Work and Save Board Changes **NUMBER** Senate Bill 185
ANALYST Faubion

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
--	\$250.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent version of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	--	\$125.0	\$125.0	\$250.0	Recurring	WSD
Total		\$125.0	\$125.0	\$250.0		

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent version of this legislation.

Relates to House Bill 166 and Senate Bill 194.

Sources of Information

LFC Files

Responses Received From

State Treasurer's Office (STO)
 Workforce Solutions Department (WSD)

SUMMARY

Synopsis of Senate Bill 185

Senate Bill 185 (SB185) proposes to move the New Mexico Work and Save Board from the State Treasurer's Office (STO) to the Workforce Solutions Department (WSD). SB185 contains a temporary provision transferring all functions, personnel, money, appropriations, records, furniture, equipment, supplies, and other property of the New Mexico Work and Save Board from the STO to WSD for use by the board; the provision specifically provides that all contractual obligations remain binding on the board.

Additionally, SB185 changes the board member composition and the appointing authorities. The proposed board member appointing changes would result in three members appointed by the executive branch, three members appointed by the Speaker of the House, and three members appointed by the president pro tem of the Senate. SB185 outlines how future appointments would be made on the expiration of current members' terms.

Senate Bill 185 appropriates \$250 thousand from the general fund to WSD to fund two additional FTE to administer the work and save program.

This bill does not contain an effective date, and as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

Senate Bill 185 appropriates \$250 thousand from the general fund to WSD to fund 2 additional FTE to administer the Work and Save Program. Currently, the Work and Save executive director is employed by STO in a government-exempt position and has been funded in STO's budget since the enactment of the New Mexico Work and Save Act in 2020. The exempt position would not transfer to WSD, and the executive director would need to be funded by WSD or the Legislature. The board anticipates launching the retirement plan marketplace in July 2023 and estimates the need for at least 1 additional FTE to assist in the operation of the marketplace and the preparation for launch of the IRA program, to include ongoing education, outreach, and marketing.

WSD anticipates an additional \$125 thousand of administrative costs to the department as a result of absorbing the work and save program.

SIGNIFICANT ISSUES

Oversight of pension and retirement plans is not directly related to the mission and current scope of work of WSD. It is unclear how the Work and Save Board would benefit from being transferred from the state's banker to an agency that does not have direct expertise in managing investments and pension funds.

WSD notes the following:

This program has no relationship to the areas of focus or existing programs administered by the Department of Workforce Solutions. DWS has no existing supports to assist this program and sees no benefit to the program or its participants resulting from a transfer. DWS may not have sufficient space for two full time employees who shall administer the provision of the New Mexico Work and Save Act. DWS may not have sufficient space for STO's staff (or their assets and resources) either if they are transferred to workforce solutions department.

The Work and Save Program and board do not have a separate appropriation or budget

independent of the Treasurer's Office. It is unclear whether the board would be able to transfer any money, appropriations, furniture, equipment, supplies, and other property from STO to WSD because it was likely acquired with general STO budget appropriations. The exception may be any unexpended funds from a \$400 thousand nonrecurring special appropriation for FY23 that was appropriated specifically for the implementation of the work and save program.

During the 2020 regular session, the Legislature, with a unanimous vote in the Senate and all but one vote in the House, adopted Laws 2020, Chapter 7 (House Bill 44), which created the Work and Save Program to allow for a voluntary savings program for private sector and nonprofit employees, as well as for self-employed individuals, through a retirement savings plan purchased through a web-based marketplace maintained by the agency. According to the fiscal impact analysis provided by STO during the 2020 regular session, costs associated with the new program could be absorbed in the existing operating budget and self-sustained by fees charged participating financial service firms. In FY22, \$150 thousand of recurring funds were appropriated to STO for the Work and Save Program and approximately \$540 thousand of vacancy savings have been identified for programmatic use over FY22 and FY23. A \$400 nonrecurring special appropriation was approved for FY22-FY23 for the implementation of the Work and Save Program. STO transferred \$157.5 thousand in FY22 and \$25 thousand in FY21 from personnel and employee benefits for the Work and Save Program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB185 relates to House Bill 166 and its duplicate Senate Bill 185, which would mandate private employers offer the Work and Save plan to their employees.

JF/al/hg