

LFC Requester:	Sunny Liu
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**AGENCY BILL ANALYSIS
2019 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment** _____
Correction _____ **Substitute** _____

Date 2/18/19
Bill No: HB397

Sponsor: Rep. Linda M. Trujillo
 Rep. Christine Trujillo

Agency Code: 924

Person Writing Analysis: David Craig

Short Title: SCHOOL EMPLOYEE MINIMUM SALARIES

Phone: 505-827-6537 : **Email** David.Craig@state.nm.us

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
	\$5,950.4	\$5,950.4	Recurring	General Fund (SEG)

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HB46, Executive Budget Recommendation
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB 397 amends section of the Public School Personnel Act, 22-10A NMSA 1978, to increase the minimum wage rate for school personnel to \$12 per hour and expands application of the law from noncertified to all personnel.

FISCAL IMPLICATIONS

The total FY20 cost of HB 397 is an estimated \$5.95 million to increase the minimum wage of staff in schools to \$12.00 an hour. This is based upon a 184 day 7-hour contract for instruction related hourly staff and a 260 day, 8-hour contract for year-round staff. The analysis assumes that salaried staff are making above \$12 per hour.

HB 397 does not contain an appropriation. Lacking any appropriations to pay the cost of implementing the provisions of HB 397, these expenditures will be absorbed by school districts and charter schools through their state equalization guarantee appropriation, possibly impacting the compliance with other mandated expenditure requirements.

SIGNIFICANT ISSUES

There is no statewide database of school personnel hourly wages. Currently, the PED uses yearly wage data reported for staff to analyze impacts of hourly wage data. As shown in the table below, HB 397 would impact numerous school district and charter school personnel. Using the associated job codes, statewide salaries and making some assumptions regarding contractual pay for standard 184- (nine month) or 260-day (12 month) contracts, PED staff was able to estimate a statewide average hourly rate for common job classes that have hourly employees. PED assumed all salaried staff are currently paid more than \$12 per hour. The increased cost was calculated for those staff that would see an increase in their hourly rate to \$12 per hour. These increases would also be subject to an associated employer benefits cost increase which was also added to the total. The table also assumes that hourly rates for job codes that are above the new proposed minimum wage remain flat because, ideally, the provisions of HB 397 would not negatively impact other job classifications. However, if implemented, the provisions in HB 397 may result in school district and charter school personnel already making above the minimum wage seeing a reduction in wages.

Estimated Costs for New Minimum Wage Requirements (\$12/hour)

Personnel Type	# of FTE	Total Current Salaries Expense	Current Est. Hourly (7 hours a day, 184 day contract)	Current Est. Hourly (8 hours/day, 260 day contract)	Total Cost to new Minimum Wage	Increases to Salaries Expense	Increase to Benefits @23.01%	Total Cost Increase
Instructional Assistants								
Instructional Asst. Grades 1-12	960.64	\$16,637,295	\$13.45		\$14,847,652	\$0	\$0	\$0
Instructional Asst. Special Ed.	2662.15	\$46,631,322	\$13.60		\$41,146,190	\$0	\$0	\$0
Instructional Asst. ECE	896.54	\$15,400,646	\$13.34		\$13,856,922	\$0	\$0	\$0
Instructional Asst. Preschool (excludes Special Ed.)	69.61	\$758,717	\$8.46		\$1,075,892	\$317,175	\$72,982	\$390,157
Non-certified Personnel								
Health Assistants	292.04	\$4,792,628	\$12.74		\$4,513,770	\$0	\$0	\$0
Secretarial/Clerical/ Technical Assistants	2339.67	\$60,035,889	\$19.92		\$36,161,940	\$0	\$0	\$0
School/Student Support	111.06	\$3,598,835	\$25.16		\$1,716,543	\$0	\$0	\$0
Duty Personnel	252.58	\$7,174,190	\$22.05		\$3,903,876	\$0	\$0	\$0
Business Office Support	366.42	\$15,318,481		\$20.10	\$9,145,843	\$0	\$0	\$0
Special Ed Assistant (Non-Instructional)	26.4	\$852,889	\$25.08		\$408,038	\$0	\$0	\$0
Data Processing	375.66	\$16,389,052		\$20.97	\$9,376,474	\$0	\$0	\$0
Maintenance	883.47	\$30,696,849		\$16.70	\$22,051,411	\$0	\$0	\$0
Custodial	2278.04	\$52,339,680		\$11.05	\$56,859,878	\$4,520,198	\$1,040,098	\$5,560,296
Warehouse/Delivery	71.49	\$2,224,152		\$14.96	\$1,784,390	\$0	\$0	\$0
Food Service	39.3	\$974,120	\$19.24		\$607,421	\$0	\$0	\$0
Bus Drivers	156.28	\$3,796,029	\$18.86		\$2,415,464	\$0	\$0	\$0
Crosswalk Guards	139.94	\$3,086,232	\$17.12		\$2,162,913	\$0	\$0	\$0
TOTAL COST INCREASE								\$5,950,453

Source: PED OBMS FY18 Actual Operational Fund, Salary Expense by Job Class

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This proposal reflects the Executive’s proposal to raise all minimum salaries of hourly wage staff in schools to \$12.00 per hour.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

Current law in Section 22-10A-39 of the Public School Personnel Act calls for a \$6.00 per hour hourly rate for employees and HB 397 amends this section of law. However, school districts and charters schools must adhere to federal, state, county and municipal minimum wage laws. The current federal hourly minimum wage is \$7.25, the state of New Mexico's is \$7.50, the City of Santa Fe's is \$11.40 and the city of Albuquerque's is \$9.20.* Amending this provision of law would serve to create a higher minimum hourly wage for school personnel compared to other hourly wage employees in the state.

ALTERNATIVES

Eliminate language in 22-10A-39 NMSA 1978 regarding a specific minimum wage for these employees and allow minimum wage laws at other governmental levels, including the State at 50-4-22 NMSA 1978, to determine hourly wages.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS

* The City of Albuquerque's minimum wage rate is \$8.20 if the employer provides healthcare and/or childcare benefits to the employee during any pay period and the employer pays an amount for these benefits equal to or in excess of an annualized cost of \$2,500.00.