

<b>LFC Requester:</b>	<b>Sunny Liu</b>
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**AGENCY BILL ANALYSIS  
2019 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

**[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)**

*and*

**[DFA@STATE.NM.US](mailto: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** 2/20/19  
**Bill No:** SB580

<b>Sponsor:</b> <u>Sen. Campos</u>	<b>Agency Name and Code Number:</b> <u>924 PED</u>
<b>Short Title:</b> <u>SCHOOL BUS DRIVER SALARY &amp; GROSS RECEIPTS</u>	<b>Person Writing:</b> <u>Daniel Manzano</u>
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**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		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: SB-580 creates a new section in the Public School Code to require school districts and state chartered charter schools to pay bus drivers a salary of \$150 per day for each day the driver performs bus driving services. This bill requires that school bus contracts include a provision that requires contractors to also pay this mandatory salary.

SB-580 adds language to require school districts and charter schools to pay school bus contractors the appropriate gross receipts tax on payments the contractor receives that does not include school bus driving for which drivers are paid the salary mandated in this bill.

**FISCAL IMPLICATIONS**

This bill seems to be aimed at increasing the salaries of school bus drivers statewide. The Public Education Department (PED) submitted the FY20 transportation request based on FY18 expenditures which included FY18 salaries. The amount requested in the Public School Support Request may need to be adjusted to reflect the increases contained in this bill. However, the amount is indeterminate at this time. Research will need to take place in order to obtain an accurate figure of the estimated amount of the fiscal impact. Therefore the impact is indeterminate at this time.

**SIGNIFICANT ISSUES**

Pursuant to 22-16-4 NMSA 1978, school bus routes are established by the local school district. Bus routes are based on the needs of each individual school district and vary vastly throughout the state. The time, distance and number of students on each route are different and unique. Provisions within this bill may cause some inequities. According to SB-580 all school bus drivers will receive \$150 per day no matter how many hours they may work and all bus drivers will receive the same amount of compensation even if they have shorter routes or numbers of hours worked in comparison to other drivers.

This bill does not specify if the \$150 minimum salary is for to-and-from transportation only or if it includes activity bus drivers.

New Mexico Administrative Code 6.43.2.8 allows local school boards and contractors to negotiate school bus contract amounts annually on forms approved by the PED. The amount of

the negotiated contract shall include the recognition of fuel costs, operation and maintenance costs, and salary costs. Currently school bus contractors can negotiate the appropriate amount of gross receipts tax within their contracts. They can include this amount in the operation and maintenance portion of their contracts. Therefore, language in this bill pertaining to gross receipts tax may not be necessary.

## **ADMINISTRATIVE IMPLICATIONS**

PED may be required to amend NMAC 6.43.2 to incorporate the changes within this bill. The PED will have to absorb the costs associated with the rulemaking process.

## **TECHNICAL ISSUES**

Section B of this bill requires PED to ensure that the appropriate amounts are distributed to pay each bus driver the salary amount mandated in this bill. However, a school districts and charter schools transportation allocation is calculated using the total miles, total number of students and total number of school buses used on the 80<sup>th</sup> and 120<sup>th</sup> reporting dates. The amount of distribution payments is solely based on this data. If salaries are to be incorporated in the distribution formula, sections 22-8-29 and 22-8-29.1 NMSA 1978 will need to be amended so PED can collect the appropriate data and adjust the current formula.

## **OTHER SUBSTANTIVE ISSUES**

Current school bus contractors are independent entities that are responsible for hiring their own drivers. SB-580 mandates school bus contractors to pay the \$150 per day minimum salary. This may pose some legal issues as the state would be imposing a salary mandate on a private entity that is above the Federal and State minimum wage.

If this bill is enacted the Legislature may have to periodically update and amend this section of statute as the cost of inflation rises in future years.

## **ALTERNATIVES**

Research will need to take place in order to obtain an accurate figure of the estimated amount of the fiscal impact. The Legislature may consider studying and researching the impacts of this bill during the interim?

## **AMENDMENTS**

The legislature may consider adding language to specify if the \$150 minimum salary is for to-and-from transportation drivers if this is the intent of the bill. The bill as written would include both to-and-from transportation drivers as well as activity drivers.