

LFC Requester:	Kelly Klundt
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**AGENCY BILL ANALYSIS  
2019 REGULAR SESSION**

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

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*{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: Date 3/13/19  
 Original     Amendment     Bill No: HB46  
 Correction  Substitute   

Sponsor: Rep. Patricia Roybal Caballero    Agency Code: 924  
 Short    INCREASE MINIMUM    Person Writing    David Craig  
 Title:    WAGE    Phone: 505-827-6537    Email David.Craig@state.nm.us

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
\$17,726,621	\$41,638,400	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
0	\$17,726,621	\$41,638,400	Recurring	General Fund

(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>						

(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:

HB 64 increases the minimum wage to \$15 per hour beginning January 1, 2020. Beginning January 1, 2021 the minimum wage of \$15.00 per hour shall be adjusted by the percentage increase in the cost of living, rounded to the nearest multiple of five cents (\$.05).

#### **FISCAL IMPLICATIONS**

The total FY20 cost of HB 134 is an estimated **\$17.7 million** to increase the minimum wage of hourly wage staff **in schools** to \$15.00 an hour for half of the school year.

The total FY22 cost of HB 134 is an estimated **\$41.6 million** to increase the minimum wage of hourly wage staff **in schools** to an inflation-adjusted \$15.45 an hour.

See significant issues section for further information, including tables for a **full year** of estimated increases. Beginning in fiscal year 2021 (FY 21) and after, HB 46 proposes to link the proposed \$15.00 an hour minimum wage to the change in the consumer price index, rounding to the nearest multiple of \$0.05. For FY21, PED staff used the percentage change in the August 2018 CPI-U from the August 2017 CPI-U and rounded up to the nearest \$0.05. Applying this to the proposed FY20 new minimum wage rate of \$15.00 per hour projects a minimum wage of \$15.45 per hour in FY21. HB 46 requires the Department of Workforce Solutions to publish the adjusted rates for the next fiscal year on the agency's website.

HB 46 does not contain an appropriation. Lacking any appropriations to pay the cost of implementing the provisions of HB 46, 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 of non-certified school staff. As shown in the table below, HB 46 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. The increased cost was calculated for those staff that would see an increase in their hourly rate to \$15.00 per hour. These increases would also be subject to an associated 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 46 would not negatively impact other job classifications. However, if implemented, the provisions in HB 46 may result in school district and charter school personnel that previously made above the minimum wage not necessarily seeing a corresponding increase to their own hourly rate. Another potential impact of enacting this bill could mean that for personnel making above minimum wage before the proposed increase would take effect, wages could remain flat in order to come into compliance with the new minimum wage requirements.

FY 20 Estimated Costs for New Minimum Wage Requirements (\$15/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
<b>Instructional Assistants</b>								
Instructional Asst. Grades 1-12	960.64	\$16,637,295	\$13.45		\$18,559,565	\$1,922,270	\$442,314	\$2,364,584
Instructional Asst. Special Ed.	2662.15	\$46,631,322	\$13.60		\$51,432,738	\$4,801,416	\$1,104,806	\$5,906,222
Instructional Asst. ECE	896.54	\$15,400,646	\$13.34		\$17,321,153	\$1,920,507	\$441,909	\$2,362,415
Instructional Asst. Preschool (excludes Special Ed.)	69.61	\$758,717	\$8.46		\$1,344,865	\$586,148	\$134,873	\$721,021
<b>Non-certified Personnel</b>								
Health Assistants	292.04	\$4,792,628	\$12.74		\$5,642,213	\$849,585	\$195,489	\$1,045,074
Secretarial/Clerical/ Technical Assistants	2339.67	\$60,035,889	\$19.92		\$45,202,424	\$0	\$0	\$0
School/Student Support	111.06	\$3,598,835	\$25.16		\$2,145,679	\$0	\$0	\$0
Duty Personnel	252.58	\$7,174,190	\$22.05		\$4,879,846	\$0	\$0	\$0
Business Office Support	366.42	\$15,318,481		\$20.10	\$11,432,304	\$0	\$0	\$0
Special Ed Assistant (Non-Instructional)	26.4	\$852,889	\$25.08		\$510,048	\$0	\$0	\$0
Data Processing	375.66	\$16,389,052		\$20.97	\$11,720,592	\$0	\$0	\$0
Maintenance	883.47	\$30,696,849		\$16.70	\$27,564,264	\$0	\$0	\$0
Custodial	2278.04	\$52,339,680		\$11.05	\$71,074,848	\$18,735,168	\$4,310,962	\$23,046,130
Warehouse/Delivery	71.49	\$2,224,152		\$14.96	\$2,230,488	\$6,336	\$1,458	\$7,794
Food Service	39.3	\$974,120	\$19.24		\$759,276	\$0	\$0	\$0
Bus Drivers	156.28	\$3,796,029	\$18.86		\$3,019,330	\$0	\$0	\$0
Crosswalk Guards	139.94	\$3,086,232	\$17.12		\$2,703,641	\$0	\$0	\$0
<b>TOTAL COST INCREASE</b>								<b>\$35,453,241</b>

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

The impact for FY20 would be half the total cost increase in the table above, **\$17,726,621**.

**FY21 Estimated Costs for New Minimum Wage Requirements (\$15.45/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
<b>Instructional Assistants</b>								
Instructional Asst. Grades 1-12	960.64	\$16,637,295	\$13.45		\$19,116,352	\$2,479,056	\$570,431	\$3,049,487
Instructional Asst. Special Ed.	2662.15	\$46,631,322	\$13.60		\$52,975,720	\$6,344,399	\$1,459,846	\$7,804,245
Instructional Asst. ECE	896.54	\$15,400,646	\$13.34		\$17,840,787	\$2,440,141	\$561,477	\$3,001,618
Instructional Asst. Preschool (excludes Special Ed.)	69.61	\$758,717	\$8.46		\$1,385,211	\$626,494	\$144,156	\$770,651
<b>Non-certified Personnel</b>								
Health Assistants	292.04	\$4,792,628	\$12.74		\$5,811,479	\$1,018,851	\$234,438	\$1,253,289
Secretarial/Clerical/ Technical Assistants	2339.67	\$60,035,889	\$19.92		\$46,558,497	\$0	\$0	\$0
School/Student Support	111.06	\$3,598,835	\$25.16		\$2,210,050	\$0	\$0	\$0
Duty Personnel	252.58	\$7,174,190	\$22.05		\$5,026,241	\$0	\$0	\$0
Business Office Support	366.42	\$15,318,481		\$20.10	\$11,775,273	\$0	\$0	\$0
Special Ed Assistant (Non-Instructional)	26.4	\$852,889	\$25.08		\$525,349	\$0	\$0	\$0
Data Processing	375.66	\$16,389,052		\$20.97	\$12,072,210	\$0	\$0	\$0
Maintenance	883.47	\$30,696,849		\$16.70	\$28,391,192	\$0	\$0	\$0
Custodial	2278.04	\$52,339,680		\$11.05	\$73,207,093	\$20,867,413	\$4,801,592	\$25,669,005
Warehouse/Delivery	71.49	\$2,224,152		\$14.96	\$2,297,403	\$73,251	\$16,855	\$90,106
Food Service	39.3	\$974,120	\$19.24		\$782,054	\$0	\$0	\$0
Bus Drivers	156.28	\$3,796,029	\$18.86		\$3,109,909	\$0	\$0	\$0
Crosswalk Guards	139.94	\$3,086,232	\$17.12		\$2,784,750	\$0	\$0	\$0
<b>TOTAL COST INCREASE</b>								<b>\$41,638,400</b>

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

The impact for FY21 would be the total cost increase in the table above, \$41,638,400, since this analysis assumes no appropriation for FY20.

**PERFORMANCE IMPLICATIONS**

**ADMINISTRATIVE IMPLICATIONS**

While there may not be any direct administrative implications to the Public Education Department, the Department of Workforce Solutions (DWS) is directly impacted. The bill requires DWS to publish adjusted minimum wage rates by November 1 each year to take effect the following January 1 (p.2, lines 16-19). The DWS should provide input regarding any implications affecting compliance with the requirement.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

This proposal does not reconcile with 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**

Section 22-10A-39 of the Public School Personnel Act calls for a \$6.00 per hour hourly rate for employees and HB 46 does not amend 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.\*

## **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 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.