

<b>LFC Requester:</b>	<b>Bachechi</b>
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**AGENCY BILL ANALYSIS  
2021 REGULAR SESSION**

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

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

*and*

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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:  
**Original**     **Amendment**      
**Correction**     **Substitute**   

**Date** 1/22/2021  
**Bill No:** SB35

**Sponsor:** Jeff Steinborn  
MINIMUM WAGE FOR  
**Short**    SECONDARY SCHOOL  
**Title:**    STUDENTS

**Agency Name and Code**    PED-924  
**Number:** \_\_\_\_\_  
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Editor    Analyst  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		
NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23		
NFI	NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	NFI	NFI	NFI			

(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:

Senate Bill 35 removes 50-4-22 (B), NMSA 1978, which previously provided a lower minimum wage for high school students working after school hours or when school is not in session.

**FISCAL IMPLICATIONS**

By removing a fifty-cent reduction in minimum wage for high school students, it is possible, but not guaranteed, that overall, employees will earn higher wages. Nonetheless, minimum wage earners generally do not earn sufficient income to pay income taxes, so no fiscal impact is projected on state revenues.

**SIGNIFICANT ISSUES**

The issue of establishing minimum wages for high school students has both positive and negative potential impacts. A 2014 study by Alex Smith, PhD, Assistant Professor of Economics at the United States Military Academy at West Point, found raising the Californian minimum wage to \$13 an hour would increase the incomes of 7.5 million families, meaning fewer would live in poverty. The study found teens who live in poverty are twice as likely to miss three or more days of school per month compared to those who do not; thus raising the minimum wage and lifting families out of poverty would mean children would miss fewer school days. The study also found that “recent experimental studies show that increasing income can improve school performance.” Increasing the minimum wage would allow teens to work fewer hours for the same amount of pay giving them more time to study and reducing the likelihood that they would drop out of high school. Smith’s study found that “an increase in the minimum wage from \$7.25 to \$10.10 (39%)... would lead to a 2-4 percentage point decrease in the likelihood that a low-SES [socio-economic status] teen will drop out.”

In contrast, other research found young adults may be shut out of the workforce if the minimum wage is increased. According to the Pew Research Center, 16 to 24-year-olds make up 50.4% of minimum wage earners, despite representing only 13.7% of the workforce as a whole. Twenty four percent of minimum wage workers are teenagers. Matthew Rousu, PhD, Associate Professor of Economics at Susquehanna University, wrote in a 2014 article that the federal minimum wage “has a devastating impact on teenagers” because firms will not pay many young workers with no skills or experience minimum wage, let alone a higher wage. Casey B. Mulligan, PhD, economics professor at the University of Chicago, stated that the teenage employment index fell

sharply after the minimum wage increase of July 2009 (a fall of about 8% in three months, while the previous drop of 8% took over a year): “This suggests that the 2009 minimum-wage increase did significantly reduce teenage employment.” According to a study by Thomas A. Mroz, PhD, and Timothy H. Savage, PhD, for the Employment Policies Institute, “those experiencing unemployment at an early age have years of lower earnings and an increased likelihood of unemployment ahead of them.”

Second, some research findings suggests raising the minimum wage would decrease high school enrollment rates and increase drop-out rates, in contrast to the evidence above suggesting the opposite. A 2009 study published in the American Journal of Economics and Sociology found that in Maryland, “a 25-cent increase in the real minimum wage... was associated with a 0.55 percent increase in the dropout rate for Hispanic” students. A 2005 study published by Cornell University found that “a longterm 10% increase in the earnings of low-skilled workers could decrease high school enrollment rates by as much as 5-7%.” According to a 2003 study by economists David Neumark, PhD, and William Wascher, PhD, in states where teens can leave school before 18, a 10% increase in the minimum wage caused teenage school enrollment to drop by 2%.

#### **PERFORMANCE IMPLICATIONS**

None.

#### **ADMINISTRATIVE IMPLICATIONS**

None.

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

None as of 1/22/2021.

#### **TECHNICAL ISSUES**

None.

#### **OTHER SUBSTANTIVE ISSUES**

None.

#### **ALTERNATIVES**

None.

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

None.

#### **AMENDMENTS**

None noted as of 1/22/2021.