

<b>LFC Requester:</b>	<b>Jorgensen</b>
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**AGENCY BILL ANALYSIS  
2022 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:*

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

**Date** January 25, 2022

**Bill No:** SB101

**Sponsor:** Sen. Pope  
School Group Insurance  
**Short Title:** Contributions

**Agency Name and Code Number:** PED – 924  
**Person Writing** John Sena  
**Phone** 505-570-7816    **Email:** John.Sena@state.nm.us

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$10,591.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY22	FY23	FY24		
N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	<b>FY22</b>	<b>FY23</b>	<b>FY24</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: conflicts with House Bill 59 (HB59), School Group Insurance Contributions.  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

Senate Bill 101 (SB101) would adjust New Mexico’s system of tiered group insurance contributions for school districts, charter schools, and participating entities in the New Mexico Public School Insurance Authority (NMPSIA). The bill would create a new tier for the lowest paid employees and adjust the tiers upward as follows:

<b>Tier</b>	<b>Current Law (Employer Contribution Rate)</b>	<b>SB101 (Employer Contribution Rate)</b>
1	Employees making less than \$15,000 (75%)	Employees making less than \$25,000 (80%)
2	Employees making between \$15,000 and \$20,000 (70%)	Employees making between \$25,000 and \$30,000 (75%)
3	Employees making between \$20,000 and \$25,000 (65%)	Employees making between \$30,000 and \$35,000 (70%)
4	Employees making more than \$25,000 (60%)	Employees making between \$35,000 and \$40,000 (65%)
5		Employees making more than \$40,000 (60%)

**FISCAL IMPLICATIONS**

SB110 appropriates \$10.6 million from the general fund to the state equalization guarantee (SEG) for distribution to school districts and charter schools in FY23.

Data in the PED’s Operating Budget Management System (OBMS) suggest school districts and charter schools participating in NMPSIA spent \$178 million on health, medical, dental, vision, and disability premiums in FY21. STARS data suggest 10 percent of public education employees make less than \$25,000 annually, with the remaining employees distributed among SB101’s other tiers. PED staff estimate cost of SB101 for budget entities participating in NMPSIA is \$8 million.

Albuquerque Public Schools (APS), the state’s largest school district, does not participate in NMPSIA but may incur additional costs to retain educators and educational personnel as the district is pressured to compete with NMPSIA’s new benefit structure. PED staff estimate the excess \$2.6 million included in SB101’s appropriation is sufficient to cover increased benefits at APS comparable to the increase for NMPSIA-covered entities.

**SIGNIFICANT ISSUES**

SB101 proposes to adjust employer contributions toward employee health insurance benefits to levels more appropriate for modern salaries. PED staff estimate 90 percent of employees are in the highest tier in current law, earning a salary greater than \$25,000 per year. Under SB101, an estimated 83 percent of employees would be in the highest tier, earning more than \$40 thousand per year, with 17 percent of employees distributed among the remaining tiers.

SB101 may serve to recruit and retain teachers at a time where educational vacancies are extraordinarily high. New Mexico State University's Southwest Outreach Academic Research (SOAR) Evaluation and Policy Center in the fall of 2021 reported more than 1,000 teacher vacancies across the state. Nearly 300 of those vacancies were for special education teachers, while there were 279 elementary teacher vacancies, 197 high school teacher vacancies, and 179 middle school teacher vacancies. Across all grade levels, the demand was highest for math teachers, with 84 vacancies, followed by 77 science vacancies and 56 English language arts vacancies. The Covid-19 pandemic has exacerbated those conditions, and recent teacher testimony before the Legislative Education Study Committee (LESC) indicated increasing vacancies in the months after the SOAR report was published.

#### **PERFORMANCE IMPLICATIONS**

N/A

#### **ADMINISTRATIVE IMPLICATIONS**

N/A

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

SB101 conflicts with HB59, School Group Insurance Contributions, which proposes to abandon the tiered insurance contribution in favor of an across-the-board 80 percent contribution rate for employees at all salary levels.

#### **TECHNICAL ISSUES**

N/A

#### **OTHER SUBSTANTIVE ISSUES**

The executive budget recommendation for FY23 includes a \$21.7 million increase to the SEG to increase insurance benefits by 9 percent, which is based on NMPSIA projections. The Legislative Finance Committee (LFC) and LESC did not recommend fully funding this request, instead proposing insurance increases of \$12 million and \$9 million respectively. However, the LESC recommendation included an additional \$10.6 million to increase the employer share of health insurance premiums consistent with the provisions of SB101.

#### **ALTERNATIVES**

N/A

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

N/A

**AMENDMENTS**

N/A