

LFC Requester:	Jorgensen
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**AGENCY BILL ANALYSIS
2022 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 February 11, 2022
Bill No: SB125/aSFC

Sponsor: Sens. Munoz and Padilla
State Employee Minimum
Short Title: Wage

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		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY22	FY23	FY24		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

Public Schools (SEG)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		(\$10,072.0)	(\$11,993.1)	(\$22,065.1)	Recurring	SEG

(Parenthesis () Indicate Expenditure Decreases)

PED Operating Budget

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis of SFC Amendment: Senate Bill 125 as amended by the Senate Finance Committee (SB125/aSFC) ensures licensed and unlicensed public school employees would be subject to the \$15 minimum wage, and increases the minimum wage rate by 2 percent in FY24 and each subsequent fiscal year.

Synopsis of Original Bill: Senate Bill 125 (SB125) raises the minimum wage for all state employees to \$15 per hour, effective July 1, 2022.

FISCAL IMPLICATIONS

Based on salary data submitted by school districts and charter schools in Worksheet 4, PED staff estimate the cost of increasing the minimum wage to \$15 per hour for all public school personnel in FY23 would be \$10.1 million. PED's analysis assumes this would be the fiscal impact following a 7 percent raise for all personnel, a proposal included in House Bill 2 as amended by the House Appropriations and Finance Committee (HB2/aHAFC). PED staff estimate the impact would increase to nearly \$12 million in FY24 when the minimum wage rate increases by 2 percent to \$15.30 per hour.

HB2/aHAFC includes \$10.2 million to increase the minimum wage to \$15 per hour in FY23, an amount sufficient to cover the provisions of SB125/aSFC.

PED staff report the department currently does not have any employees making below \$15 per hour. The department estimates it would not be impacted by SB125/aSFC.

Increasing salaries for the lowest paid employees has the potential to create salary compaction. SB125/aSFC may place pressure on school districts and charter schools to increase the wages of

other employees, even if they are already above a salary of \$15 per hour, to preserve meaningful differences in salary based on experience, performance, or tenure. The fiscal impact of salary compaction is difficult to estimate. HB2/aHAFC includes \$10.1 million in targeted funding for hard-to-staff educational personnel, an amount designed to offer school districts some flexibility in making pay increases above new statutory requirements.

SIGNIFICANT ISSUES

PED staff estimate there are approximately 3,900 public school employees statewide that are paid below \$15 per hour. A vast majority of the salary increase would be realized by custodians, followed by special education instructional assistants and maintenance personnel.

SB125/aSFC may serve to recruit and retain instructional support staff and other necessary school personnel 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. Additionally, the SOAR report cited more than 450 vacancies among educational/instructional assistants. The Covid-19 pandemic has exacerbated those conditions, and recent teacher and school leader 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

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

N/A

AMENDMENTS

N/A