

<b>LFC Requester:</b>	<b>Chenier</b>
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**AGENCY BILL ANALYSIS  
2023 REGULAR SESSION**

**SECTION I: GENERAL INFORMATION**

*Check all that apply:*

Original  Amendment   
 Correction  Substitute

Date Prepared: 02/01/23  
 Bill No: [HB25/HLVMCS](#)

<p><b>Sponsor:</b> <u>HLVMC</u></p> <p><b>Short Title:</b> <u>MINIMUM WAGE INCREASE &amp; INDEXING</u></p>	<p><b>Agency and Code Number:</b> <u>PED - 924</u></p> <p><b>Person Writing:</b> <u>Gregory Frostad</u></p> <p><b>Phone:</b> <u>(505) 470-5752</u> <b>Email:</b> <u>gregory.frostad@ped.nm.gov</u></p>
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
None	None	N/A	NFA

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
None	None	None	N/A	NFA

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	None	None	Indeterminate	Indeterminate	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Conflicts with:

[HB28, State Minimum Wage Cost-of-Living Increase](#)

Relates to Appropriations Contained in the General Appropriation Act: Relates to minimum salaries for school employees as enumerated in the General Appropriations Act.

**SECTION III: NARRATIVE**

## **BILL SUMMARY**

Synopsis: The House Labor, Veterans and Military Affairs Committee Substitute for HB25 (HB25/HLVMCS) would increase the statewide minimum hourly wage of \$12.00/hr. to \$13.50/hr. on January 1, 2024; \$15.50/hr. on January 1, 2025, and by an annual adjustment effective on January 1, 2026, and every January 1<sup>st</sup> thereafter tied to the percentage increase in the consumer price index.

The bill also provides for a minimum wage for tipped employees beginning on January 1, 2023, and enduring until December 31, 2025, of \$3.00/hr. Beginning on January 1, 2026, and every January 1<sup>st</sup> thereafter, the minimum wage for tipped employees would be adjusted by an amount tied to the percentage increase in the consumer price index – all urban consumers for the previous year (CPI-U).

The committee substitute adds a definition of the consumer price index and makes technical changes to clean-up language in statute.

## **FISCAL IMPLICATIONS**

HB25/HLVMCS would have no impact on the state education budget, and, by extension, to school districts or charter schools. Per the General Appropriations Act of 2022, during the 2022-2023 school year, education personnel have been receiving a minimum hourly wage of \$15.00.

The introduced version of HB2, the General Appropriations Act of 2023, contains \$139.1 million to provide a 5 percent salary increase for all educational employees for FY24. This increase would effectively raise the minimum hourly wage for currently employed educational employees to \$15.75/hr., above the minimum called for in the committee substitute. As such, the provisions contained in the committee substitute would have no fiscal impact for FY24, and very little impact in FY25. The impact for FY25 may need to be included in the Public School Support request next year.

It is possible that the annual increases beyond FY25 will have an impact, but this will be visited annually by the PED and it is anticipated that appropriation increase will be requested as needed.

The current \$15.00/hr. minimum was implemented in the General Appropriations Act of 2022 and is not codified in statute. Although unlikely, this minimum could drop in subsequent years.

## **SIGNIFICANT ISSUES**

Minimum salaries for school staff remain a perennial point of discussion as the ability to recruit and retain school staff continues to be difficult. In 2025, when the minimum wage for the state overtakes the minimum wage for school employees, it may be more difficult to recruit for lower-paid school positions.

The provisions of this bill conflict with Section 22-10A-39 NMSA 1978 which sets a \$6.00 minimum wage for all non-certified school employees.

## **PERFORMANCE IMPLICATIONS**

Reducing the minimum wage differential between schools and other employers may negatively affect the ability to attract and retain workers in schools and thereby impede growth in student outcomes.

**ADMINISTRATIVE IMPLICATIONS**

N/A

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Conflicts with [HB28, State Minimum Wage Cost-of-Living Increase](#), which proposes to tie the minimum wage to the CPI-U for incremental annual increases.

**TECHNICAL ISSUES**

The provisions of this bill relating to minimum wage changes take effect on January 1<sup>st</sup> of a given year. School district and charter school contracts run from Jul 1 – June 30 and do not provide for mid-year changes. The Legislature may wish to consider changing the effective date for changes to July 1. This would align with the contract terms for school districts and charter schools and give other employers statewide time to determine the percentage tied to the CPI and time to implement payroll changes.

**OTHER SUBSTANTIVE ISSUES**

N/A

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

N/A