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**PUBLIC EDUCATION DEPARTMENT
BILL ANALYSIS
2023 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 03/02/23

Bill No: [HB533/HAFCS](#)

Sponsor: Romero
Short Title: PUBLIC PEACE, HEALTH, SAFETY & WELFARE

Agency Name and Code

Number: PED - 924

Person Writing: Gregory Frostad

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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
Total	None	\$32,000.0	\$40,000.0	\$72,000.0	Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in the General Appropriation Act Companion to House Bill 2 House Appropriations and Finance Committee Substitute (HB2/HAFCS) which appropriates \$32 million to the Statewide Equalization Guarantee (SEG) distribution from the General Fund (GF).

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: The House Appropriations and Finance Committee Substitute for House Bill 533 (HB533/HAFCS) amends [Section 10-7-4 NMSA 1978](#) and [Section 22-29-10 NMSA 1978](#), increasing the minimum group insurance contributions school districts and charter schools are required to pay for their employees’ healthcare benefits, as follows:

- 80 percent or more of the cost of insurance for employees earning less than \$50,000;
- 70 percent or more of the cost of insurance for employees earning \$50,000 or more, but less than \$60,000;
- 60 percent or more of the cost of insurance for employees earning \$60,000 or more.

The bill retains a cap of employer contributions at 80 percent for all school district and charter school employees covered by the Public School Insurance Authority Act, which excludes Albuquerque Public Schools.

This bill does not contain an effective date. Laws go into effect 90 days after the adjournment of the Legislature enacting them, unless a later date is specified. If enacted, this bill would become effective June 16, 2023.

FISCAL IMPLICATIONS

For the lowest paid 50 percent of school district and charter school employees who participate in NMPSIA health insurance, HB533/HAFCS increases the employer’s contributions for their health insurance premiums and increases take-home pay.

School districts and charter schools pay the employer share of employee premiums from their operating budgets with revenue from the State Equalization Guarantee (SEG) distribution. The provisions of HB533/HAFCS would cost school districts and charter schools collectively a total of \$24 million assuming no enrollment growth. With a projected 5 percent increase in enrollment beginning in 2024 the cost is projected at \$32 million. HB2/HAFCS currently includes \$32 million to increase the minimum employer contributions for employee group benefits.

Statewide school staff data for FY23 show the distribution of salaries across salary brackets.

Current Statutory Requirements		HB533/HAFCS All Staff SY23		HB533/HAFCS	
Employee Salary	Minimum Employer Percent		Employee Salary	Minimum Employer Percent	
\$14,999.99 or less	75	2	\$49,999.99 or less	80	
\$15,000 to \$19,999.99	70	5			
\$20,000 to \$24,999.99	65	11			
\$25,000 or more	60	19	\$50,000 to \$59,999.99	70	
		13			
		50	\$60,000 or more	60	
Average Employer Percent	63		Average Employer Percent	70	

SIGNIFICANT ISSUES

Early-career educators with Level I licenses making less than \$60,000 and others with salaries below the median in public schools are likely to see the greatest benefit in take-home pay with provisions of HB533/HAFCS. The provisions of the bill have no effect on the benefits for Level II and III certified staff. Matching the employer share of benefits for school employees to that of other state agencies' employees, as this bill proposes, is unlikely to make a significant change in teacher recruitment and retention; however, it will likely significantly increase recruitment and retention for school support staff such as bus drivers, cooks, and educational assistants.

Governor Lujan Grisham and the state Legislature enacted historic pay increases for New Mexico teachers last year, making New Mexico the most competitive in the Southwest for teacher salaries, but high employee health care costs continue to consume take-home pay. More dramatically increasing the employer share of health insurance premiums would keep teacher compensation competitive and ensure that hardworking educators keep more of their paycheck, further incentivizing educator positions in New Mexico and supporting student learning by continuing to grow the state's education workforce.

Any increased coverage of education staff health insurance premiums would be coupled with \$139.2 million proposed in HB2/HAFCS for five percent pay increases for all public education staff, further cementing New Mexico as a state that values and compensates educators. Further, with the state working to shore up the teaching force by improving salaries and benefits, there is an expectation that vacancy rates may shrink with additional employees entering NMPSIA coverage with additional financial liabilities in future years.

PERFORMANCE IMPLICATIONS

This bill would improve recruitment and retention of some key school staff, such as instructional assistants which will lead to improved student academic outcomes.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Conflicts with HB36, School Group Insurance Contributions

Conflicts with HB102, Health Care Insurance for Educators

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

None.