

LFC Requester:	Sunny Liu
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**AGENCY BILL ANALYSIS
2017 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: Date January 20, 2017
Original **Amendment** **Bill No:** HB134
Correction **Substitute**

Sponsor: Rep. Christine Trujillo **Agency Code:** 924
Short Title: SCHOOL PERSONNEL **Person Writing:** Aguilar/Craig
MINIMUM SALARIES **Phone:** 505-827-6519 **Email:** Pauli.aguilar@state.nm.us

SECTION II: FISCAL IMPACT

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$52,295.3	\$52,295.3	\$52,295.3	156,885.9	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB 134 seeks to increase the minimum wage for school district cafeteria staff, bus drivers, all non-certified school personnel and licensed educational assistants from \$6.00 per hour to \$15.00 per hour beginning July 1, 2017.

FISCAL IMPLICATIONS

The total cost of HB 134 is an estimated \$52.3 million to increase the minimum wage to \$15.00 an hour for instructional assistants and non-certified personnel. See significant issues section for further information, including a table of estimated increases. Beginning in fiscal year 2020 (FY 20) and

after, HB 134 proposes to link the proposed \$15.00 an hour minimum wage to the change in the consumer price index.

HB 134 does not contain an appropriation. Lacking any appropriations to pay the cost of implementing the provisions of HB 134, these expenditures will be absorbed by school districts and charter schools, possibly requiring staff realignment to meet the salary requirements contained in the bill.

While section 22-10A-39 of the public school personnel act calls for a \$6.00 per hour hourly rate for such employees, it is probable that school districts and charters schools employing these staff members are following federal, state, county and municipal minimum wage laws. The federal, hourly minimum wage is \$7.25, the state of New Mexico's is \$7.50, the City of Santa Fe's is \$10.91 and the city of Albuquerque's is \$8.80. As a result, an increase to \$15.00 an hour would likely put pressure on districts to eliminate some educational assistants and many non-certified staff; this is particularly true given the limited additional revenues to direct toward public education.

SIGNIFICANT ISSUES

As shown in the table below, HB 134 would impact numerous school district and charter school personnel. Using the associated job codes and making some assumptions regarding contractual pay for standard 183 (nine month) or 260 day (12 month) contracts, PED staff were able to determine a statewide average hourly rate. The increased cost was calculated for those staff that would see an increase in their hourly rate to \$15.00 per hour. These increases would also be subject to an associated benefits cost increase which was also added to the total. The table also assumes that hourly rates for job codes that are above the new proposed minimum wage remain flat because, ideally, the provisions of HB 134 would not negatively impact other job classifications. However, if implemented, the provisions in HB 134 do not ensure that school district and charter school personnel making above the minimum wage would not see a reduction to the hourly rate.

Personnel Type	# of FTE	Total Current Cost	Current Hourly (7 hours a day, 183 day contract)	Current Hourly (8 hours/day, 260 day contract)	Total Cost Under HB 134 (\$15.00/hour)	Increases to Contracts	Increase to Benefits @30%	Total Cost Increase
Instructional Assistants								
Instructional Asst. Grades 1-12	1017.00	\$16,369,143	\$12.56		\$19,541,655	\$3,172,512	\$951,754	\$4,124,266
Instructional Asst. Special Ed.	2784.55	\$41,829,862	\$11.73		\$53,505,128	\$11,675,267	\$3,502,580	\$15,177,847
Instructional Asst. ECE	1025.13	\$15,885,751	\$12.10		\$19,697,873	\$3,812,122	\$1,143,637	\$4,955,759
Instructional Asst. Preschool (excludes Special Ed.)	65.68	\$1,020,406	\$12.13		\$1,262,041	\$241,636	\$72,491	\$314,126
Non-certified Personnel								
Health Assistants	276.92	\$5,033,304	\$14.19		\$5,321,018	\$287,713	\$86,314	\$374,027
Secretarial/Clerical/ Technical Assistants	2566.77	\$62,398,960	\$18.98		\$49,320,486			
School/Student Support & Duty Personnel	379.31	\$9,745,411	\$20.06		\$7,288,442			
Special Ed Assistant (Non-Instructional)	17.3	\$638,438	\$28.81		\$332,420			

Bus Drivers & Crosswalk Guards	218.09	\$3,993,415	\$14.29		\$4,190,599	\$197,184	\$59,155	\$256,340
Data Processing	346.69	\$16,054,683		\$22.26	\$10,816,728			
Business Office Support / Warehouse/Delivery	482.83	\$18,160,825		\$18.08	\$15,064,296			
Maintenance & Custodial	3369.33	\$84,297,176		\$12.03	\$105,123,096	\$20,825,920	\$6,247,776	\$27,073,696
Food Service	47.99	\$907,332	\$14.76		\$922,128	\$14,796	\$4,439	\$19,235
TOTAL COST INCREASE								\$52,295,296

Source: PED OBMS FY16 Actual Operational Expenditures by Job Class

Based on the above chart, the total additional cost for raising the minimum wage to \$15.000 per hour for instructional assistants and non-certified personnel is \$52,295,296.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

Given the limited availability of additional state revenues, it is unlikely the full cost of HB 134 could be implemented as an appropriation to the State Equalization Guarantee. As a result an increase in the minimum wage for these instructional assistants and non-certified personnel would cause revisions to Operating budgets regarding staffing levels and may include job losses. Additional administrative costs would be incurred for tracking a separate minimum wage requirement at school districts and charter schools, and by the PED to enforce a minimum wage that varies from other governmental jurisdictions.