Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

| SPONSOR | Smith/Larranaga ORIGINAL DAT LAST UPDATE | | | | |
|------------|--|-------------------|---------|----------|--|
| SHORT TITI | LE Increase State Off | icer Compensation | SB | 176 | |
| | | | ANALYST | Esquibel | |

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY18 | FY19 | FY20 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|-------|------|--------|---------|----------------------|---------------------------|--|
| | | \$67.4 | \$134.8 | \$202.2 | Recurring | General Fund |
| | | \$6.1 | \$12.2 | \$18.3 | Recurring | Other State Funds-Land Maintenance Fund |
| Total | | \$73.5 | \$147.0 | \$220.5 | | |

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From
New Mexico Attorney General's Office (NMAG)
Secretary of State (SOS)
State Land Office (SLO)
State Personnel Office (SPO)

SUMMARY

Synopsis of Bill

Senate Bill 176 (SB176), endorsed by the Legislative Finance Committee, amends Sections 8-1-1 and 8-3-3 NMSA 1978 to provide a ten percent compensation increase for elected officials for new terms beginning on or after January 1, 2019. The funding would be for half of FY19.

The bill applies to the following positions:

- Governor
- Lieutenant Governor
- Secretary of State

Senate Bill 176 – Page 2

- State Auditor
- State Treasurer
- Attorney General
- Commissioner of Public Lands
- Public Regulation Commissioners

FISCAL IMPLICATIONS

SB176 is companion legislation to House Bill 2 that includes, contingent on passage of legislation, compensation funding totaling \$67.4 thousand from the general fund and related other state funds to fund a half-year of the salary and benefit increases provided for in SB176. Currently, statute designates the compensation paid to elected state officers as follows:

| Office Held | Current | Proposed | Above | Benefits 35% | Revenue Source |
|---------------------|--------------|--------------|--------------|---------------|------------------------|
| | Compensation | Compensation | Current | (FICA, PERA, | |
| | | Increase 10% | Compensation | retiree | |
| | | | | healthcare, | |
| | | | | group health) | |
| 356 Governor | \$110,000 | \$121,000 | \$11,000 | \$3,900 | General Fund |
| 360 Lieutenant | \$85,000 | \$93,500 | \$8,500 | \$3,000 | General Fund |
| Governor | | | | | |
| 370 Secretary of | \$85,000 | \$93,500 | \$8,500 | \$3,000 | General Fund |
| State | | | | | |
| 308 State Auditor | \$85,000 | \$93,500 | \$8,500 | \$3,000 | General Fund |
| 394 State Treasurer | \$85,000 | \$93,500 | \$8,500 | \$3,000 | General Fund |
| 305 Attorney | \$95,000 | \$104,500 | \$9,500 | \$3,400 | General Fund |
| General | , | | | | |
| 539 Commissioner | \$90,000 | \$99,000 | \$9,000 | \$3,200 | Other State |
| of Public Lands | | | | | Funds-Land |
| | | | | | Maintenance |
| | | | | | Fund |
| 430 Public | \$90,000 | \$99,000 | \$9,000(X5)= | \$3,150(X5)= | General Fund |
| Regulation | | | \$45,000 | \$15,800 | |
| Commissioners (5) | | | | | |
| TOTAL | | | \$108,500 | \$38,300 | \$146,575 |
| FY19 HALF- | | | \$54,300 | \$19,200 | \$73,500 |
| YEAR TOTAL | | | | | (\$67,400 |
| | | | | | GF/\$6,100 OSF) |

SIGNIFICANT ISSUES

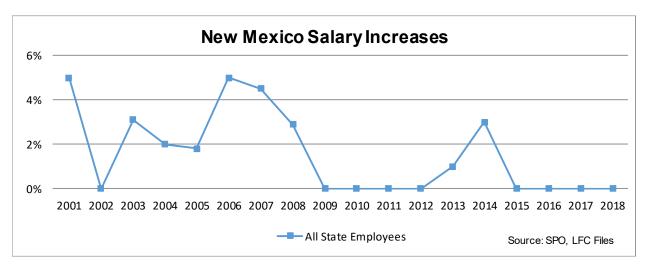
Compensation for these positions is statutorily established and any changes need to be made via an independent piece of legislation.

Article 4, Section 27, provides that elected officials cannot have their compensation increased during their term; any changes would have to occur after their next election.

At current salary levels, most of these positions are among the lower-paid key professional positions in state government; for example, the average cabinet secretary earns approximately \$120 thousand.

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The elected officials designated in SB176 have not had salary adjustments since 2002 according to the State Personnel Office. State employees have had multiple salary adjustments since 2002 (see below), and when compounded over time, these state employees' adjustments equate to a 32 percent increase.



OTHER SUBSTANTIVE ISSUES

Largely because of fiscal circumstances facing the state since the recession, there have not been any modifications to these elected officials' compensation levels since 2002.

According to information reported in the Council of State Governments (CSG) *The Book of the States 2017*, the average annual salary for a governor is \$138 thousand, the average annual salary for a lieutenant governor is \$85 thousand as several have alternative pay options, the average annual salary for a secretary of state is \$100 thousand, the annual average salary for an attorney general is \$127 thousand, and the average annual salary for a state treasurer is \$104 thousand.

RAE/jle/al/jle