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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/22

SPONSOR Pope LAST UPDATED _____ HB _____

SHORT TITLE School Group Insurance Contributions SB 101

ANALYST Jorgensen

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$10,591.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Higher Education		\$185.6	\$185.6	\$371.2	Recurring	Various
Special Schools		\$7.2	\$7.2	\$14.4	Recurring	Various
Public Schools		\$6,786.3	\$6,786.3	\$13,572.6	Recurring	Various
Total		\$6,979.2	\$6,979.2	\$13,958.3		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Public Schools Insurance Authority (PSIA)

SUMMARY

Synopsis of Bill

Senate Bill 101 (SB101) makes changes to the employer contribution rates paid on behalf of employees covered under the Public Schools Insurance Authority. The bill adds another insurance coverage tier and changes employer contribution rates as follows:

NMPSIA Current		SB101	
Annual Salary	Employer Share	Annual Salary	Employer Share
<15,000	75%	<25,000	80%
15,000-20,000	70%	25,000-30,000	75%
20,000-25,000	65%	30,000-35,000	70%
25,000+	60%	35,000-40,000	65%
		40,000+	60%

SB101 affects only those employees covered under PSIA and does not apply to those covered under Albuquerque Public Schools.

The effective date of this bill is October 1, 2022.

FISCAL IMPLICATIONS

The appropriation of \$10.6 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2023 shall revert to the general fund.

PSIA found the cost to increase the employer contributions would result in the following differences across plan participants:

Summary of Anticipated Changes in Employer Contributions by Employer

(dollars in thousands)

		Current Employer Contributions			
Salary	Employer Share	Higher Ed	Other	School	Total
<15,000	75%	11.0	-	2,281.4	2,292
15,000-20,000	70%	50.4	-	13,729.8	13,780
20,000-25,000	65%	323.8	5.3	11,863.4	12,193
25,000+	60%	16,803.3	1,887.8	158,387.8	177,079
Total		17,188.5	1,893.2	186,262.4	205,344.1

		Proposed Employer Contributions			
Salary	Employer Share	Higher Ed	Other	School	Total
<25,000	80%	404.7	6.5	31,991.4	32,403
25,000-30,000	75%	692.3	51.2	10,475.9	11,219
30,000-35,000	70%	1,496.0	27.3	5,647.8	7,171
35,000-40,000	65%	1,791.8	93.5	4,212.6	6,098
40,000+	60%	12,989.4	1,721.9	140,721.0	155,432
Total		17,374.1	1,900.4	193,048.8	212,323.3

Difference		185.6	7.2	6,786.3	6,979.2
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Senate Bill 101– Page 3

As shown in the table above, the total increased costs to employers for implementation of the provisions of SB101, based on plan enrollment as of January, 2022, would be \$6.8 million. The analysis separates the costs by affected institutions as shown in the estimated additional operating budget table. This analysis does not take into account rate increases for FY23 and FY24 and is solely based on FY22 plan premiums.

SB101 makes an appropriation directly to the state equalization guarantee so only public schools would be receive additional funding to pay the costs of the increased contributions.

Funding in the state equalization guarantee is distributed based on enrollment, of which APS typically represents about 25 percent. Therefore, in order to sufficiently fund the \$6,786.3 thousand cost to PSIA-covered public schools, an appropriation to the SEG of \$9,048.4 would have to be made.

SIGNIFICANT ISSUES

APS’ employee and employer contributions are as follows:

Salary	Employer	Employee
<39,500	80%	20%
39,500-45,000	70%	30%
45,000+	60%	40%

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