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FISCAL IMPACT REPORT

ORIGINAL DATE 2/23/15

SPONSOR Campos LAST UPDATED _____ HB _____

SHORT TITLE Raise State & State School Minimum Wage SB 342

ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		>\$765.2	>\$765.2	>1,530.5	Recurring	Agency Operating Budgets

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

State Personnel Office (SPO)

Higher Education Department (HED)

Workforce Solutions Department (WSD)

SUMMARY

Synopsis of Bill

Senate Bill 342 proposes to amend Section 10-7-9 NMSA 1978 to provide a minimum wage of \$10.10 per hour for all state employees and every person regularly employed at a state educational institution named in Article 12, Section 11 of the Constitution of New Mexico, except student employees as defined by the Higher Education Department.

FISCAL IMPLICATIONS

SPO estimates the FY16 cost to bring all covered classified employees to \$10.10 an hour, including benefits, to be \$765,240. Currently, there are 455 classified employees making less than \$10.10 per hour.

The SPO estimate is likely the minimum cost of the proposed legislation; the HED analysis did not state if the proposed increase would have a fiscal impact on employees of institutions and the PED did not provide a response.

Because the fiscal impact on PED and higher education institutions is not known, the fiscal impact shown in the table above likely reflects the minimum cost of enactment of the provisions of SB 342.

SIGNIFICANT ISSUES

New Mexico’s surrounding states have the current minimum wages:

State	Minimum Wage	Minimum Wage for Tipped Employees	Indexed?	Notes
Nevada	\$8.25	\$8.25	YES	Minimum wage is \$7.25 if the employer offers a qualified health plan.
Colorado	\$8.23	\$5.21	YES	
Arizona	\$8.05	\$5.05	-	
New Mexico	\$7.50	\$2.13	-	
<i>Federal</i>	<u>\$7.25</u>	<u>\$2.13</u>	=	
Kansas	\$7.25	\$2.13	-	
Oklahoma	\$7.25	\$2.13	-	
Texas	\$7.25	\$2.13	-	
Utah	\$7.25	\$2.13	-	
Wyoming	\$5.15	\$2.13	-	

The provisions of SB 342 would increase the minimum wage payable by public employer to \$2.60 over the current state minimum wage.

ADMINISTRATIVE IMPLICATIONS

The classified service salary structure would need to be reviewed and adjusted upward, as appropriate, if the new minimum wage was higher than the minimum of the lowest pay range. Currently, the minimum rates of pay at pay bands 25, 30, 35 and 40 would need to be adjusted by SPO.

RELATIONSHIP

House Bill 138 provides for a series of scheduled annual increases to the state minimum wage so that it reaches at least \$10.10 per hour by 2018.

Senate Bill 10 provides for raising the state minimum wage for both public and private employees to \$8.30 per hour with an exception for trainees to be paid \$7.50 an hour for a training period not to exceed six months, with no annual increases linked to a CPI.

House Bill 20 provides for raising the state minimum wage for both public and private sector employees to \$10.10 per hour with annual increases linked to the consumer price index.

House Bill 180 does not propose to raise the minimum wage but rather would make persons 18 years old or younger covered under the New Mexico Minimum Wage Act