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FISCAL IMPACT REPORT

SPONSOR SFC **ORIGINAL DATE** 2/10/22 **LAST UPDATED** 2/15/22 **HB** _____
SHORT TITLE State Employee Minimum Wage **SB** CS/CS/SB7/SHPACS/
SFCS/aHLVMAC
ANALYST Jorgensen

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$5,000.0	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
State		\$8,180.4	\$8,180.4	\$16,360.8	Recurring	Various
Public Education		\$10,500.0	\$10,500.0	\$21,000.0	Recurring	Various
Higher Education		\$8,300.0	\$8,300.0	\$16,600	Recurring	Various
Total		\$26,980.4	\$26,980.4	\$53,960.8	Recurring	Various

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act
Relates to Senate Bill 125

SOURCES OF INFORMATION

LFC Files

Responses Received From

Early Childhood Education and Care Department (ECECD)

General Services Department (GSD)

Human Services Department (HSD)

State Personnel Office (SPO)

SUMMARY

Synopsis of HLVMAC Amendment

The HLVMAC amendment to SB7 adds a \$5 million appropriation from the general fund to the Department of Finance and Administration to provide an hourly minimum wage of \$15 per hour to all state employees. The funding may not be used for legislative, judicial, public, or higher education salaries.

Synopsis of Original Bill

The Senate Finance Committee substitute for Senate Health and Public Affairs Committee Substitute for Senate Bill 7 (SB7) establishes a minimum wage of \$15 per hour for all state, public education, public charter school, and higher education employees. The salary increases shall be effective the first full pay period after July 1, 2022.

FISCAL IMPLICATIONS

The appropriation contained in SB7 is a recurring expense to the general fund. Funding for this purpose is already included in Section 8 of the General Appropriation Act. This appropriation may not be used to increase the minimum wage for workers in the legislative or judicial branch, or for workers in public education or higher education institutions.

LFC analysis based on budgets for all legislative, judicial, and executive agency personnel records indicates there are 1,640 individuals earning less than \$15.00 per hour and the total annual cost to increase these salaries to a minimum of \$15.00 per hour is \$8,180.4 million. LFC estimates that the cost for higher education institutions would be approximately \$8.3 million and the cost for public education entities is \$10.5 million. These amounts are shown in the estimated additional operating budget impact table.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB7 duplicates an appropriation in the General Appropriation Act. The GAA includes \$52.6 million for a 7 percent salary increase as well as sufficient funding for a wage of \$15.00 per hour for all state, public education, and higher education employees. The original request of the State Personnel Office was \$39.8 million to implement a minimum wage of \$15 and increase salaries of state employees by 4 percent to 7 percent.

Current language in Section 8(B) of the General Appropriation Act states: “This appropriation includes sufficient funding to provide all affected employees an hourly salary of at least fifteen dollars (\$15.00).”

SB7 relates to Senate Bill 125 which sets a \$15.00 per hour minimum wage for state, public education, and higher education employees.