

| FY26 | FY27 | FY28 | or Nonrecurring | |
|-------------|-------------|-------------|----------------------------|-----|
| N/A | N/A | N/A | N/A | N/A |
| | | | | |
| | | | | |

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY26 | FY27 | FY28 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|-------------|-------------|-------------|------------------------------|--|--------------------------|
| Total | N/A | N/A | N/A | N/A | N/A | N/A |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 47 (HB47) amends Section 1074 New Mexico Statutes Annotated (NMSA) 1978 to revise group insurance contribution requirements for school districts and charter schools and to establish uniform 80 percent (80%) employer contributions for state agencies, subject to existing statutory conditions.

The bill also amends Section 222910 NMSA 1978 to change group insurance contribution requirements within the Public School Insurance Authority (PSIA) Act, generally setting employer contributions to at least 80 percent (80%) for school districts, charter schools, and certain participating entities. HB47 further requires the Legislative Education Study Committee (LECS), in collaboration with other entities, to study the sustainability of insurance programs for public school employees.

Lastly, HB47 appropriates seventy-three million one hundred fifty-three thousand nine hundred dollars (\$73,153,900) from the General Fund to the Public School Fund for FY27 for the State Equalization Guarantee Distribution.

The New Mexico Higher Education Department's (NMHED) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

FISCAL IMPLICATIONS

HB47 appropriates seventy-three million one hundred fifty-three thousand nine hundred dollars (\$73,153,900) from the General Fund to the Public School Fund for expenditure in FY27 for the State Equalization Guarantee Distribution, with any unexpended balance at the end of FY27 reverting to the General Fund.

The appropriation does not flow through NMHED and does not directly fund public colleges and universities or NMHED programs. Changes to contribution structures for school districts and charter schools could affect future discussions about employer contribution levels and benefit parity across sectors. However, HB47 does not change contribution limits or direct appropriations for higher education institutions, beyond reiterating that institutions may contribute up to eighty percent of the cost of employee insurance.

SIGNIFICANT ISSUES

HB47 explicitly notes that higher education institutions may contribute up to 80 percent (80%) of the cost of the insurance of all employees, which clarifies the upper bound on institutional contributions within the broader group insurance framework.

While the bill's core focus surrounds K12 school districts and charter schools, higher education employers operate in the same statewide labor market, and enhanced contribution levels for school employees may influence expectations for benefit competitiveness at public colleges and universities. The required study of the sustainability of public school employee insurance programs includes an analysis of combining those programs with other public group health insurance programs, including the potential integration of PSIA, the Health Care Authority, and Albuquerque Public Schools plans. This analysis may have implications for future benefit alignment or consolidation efforts, including potential impacts on higher education entities.

PERFORMANCE IMPLICATIONS

HB47 does not outline specific performance measures. However, the required study must evaluate the sustainability of public school employee insurance programs and the actions necessary for integration by June 30, 2029. A report is due October 1, 2026. No performance measures are assigned to NMHED or higher education institutions, and there are no direct higher education performance implications from this legislation.

ADMINISTRATIVE IMPLICATIONS

The LESC will administer the required study in collaboration with specified agencies, none of which include NMHED. HB47 does not assign new duties to NMHED or appropriate funds for NMHED-administered programs. Any administrative impact on NMHED is expected to be negligible.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB47 may relate to other 2026 legislation addressing public employee health insurance, state employee benefits, or consolidation of insurance programs. The bill references the Health Care Purchasing Act, Public School Insurance Authority Act, and Cafeteria Plan Act. From NMHED's perspective, the bill does not appear to conflict with higher education statutes or other pending higher education legislation.

TECHNICAL ISSUES

HB47 maintains existing statutory references to higher education institutions in Section 10-7-4 NMSA 1978, including the provision allowing institutions to contribute up to 80 percent (80%) of insurance costs.

No technical issues affecting higher education are evident in the bill.

OTHER SUBSTANTIVE ISSUES

While HB47 does not directly affect NMHED or higher education institutions, policymakers should note that public colleges and universities operate under different group insurance frameworks than K-12 school districts. Future consolidation efforts in public employee insurance may prompt discussions about potential impacts on higher education. HB47 presents no substantive issues for NMHED.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB47 is not enacted, school districts and charter schools will continue making group insurance contributions under the current tiered salary structure rather than a flat 80 percent (80%) contribution for all employees. The required study on sustainability and potential integration of public school insurance programs would not occur, and seventy-three million one hundred fifty-three thousand nine hundred dollars (\$73,153,900) appropriation to the state equalization guarantee distribution would not be made. Higher education would not be directly impacted, as the bill does not change statutory provisions governing higher education group insurance contributions.

AMENDMENTS

N/A