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FISCAL IMPACT REPORT

SPONSOR Trujillo, CH/Trujillo, L ORIGINAL DATE 1/25/17
LAST UPDATED 1/31/17 HB 134

SHORT TITLE School Personnel Minimum Salaries SB _____

ANALYST Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$52,295.3	\$52,295.3	\$104,590.6	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB160 and SB35

Conflicts with HJR5

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Education Retirement Board (ERB)

Regional Education Cooperatives (REC)

SUMMARY

Synopsis of Bill

House Bill 134 amends the Public School Code by increasing the minimum wage rate to \$15 per hour through FY19 for school district cafeteria staff and school bus drivers, whether under contract or employment, and all noncertified school personnel and licensed educational assistants. Beginning in FY19 and each subsequent fiscal year, the minimum wage rate shall be adjusted by the consumer price index published by the United States Department of Labor. The effective date of the provisions of this act is July 1, 2017.

FISCAL IMPLICATIONS

According to PED, the total cost to school districts and charter schools of increasing the minimum wage rate to \$15 per hour for non-certified personnel and licensed educational assistants would be approximately \$52.3 million annually, beginning in FY19. The bill does not include an appropriation to cover the increase in pay for the employees mentioned, which may place additional burden on public schools to meet the salary expectation.

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PED has access to only general data regarding non-certified personnel. Generally, these include custodial staff, administrative staff, cafeteria staff, and school bus drivers. Contracts vary depending on the type of non-certified staff being employed. The below analysis is a generous estimate on the cost of implementing the wage increase for non-certified staff is based on a nine month contract (183 days), excluding data processing, business office support, warehouse delivery, maintenance and custodial staff. The analysis for data processing, business office support, warehouse delivery, maintenance and custodial staff is based on a 12 month contract (260 days).

Personnel Type	# of FTE	Total Current Cost	Current Hourly (7 hours a day, 183 day contract)	Current Hourly (8 hours a day, 260 day contract)	Total Cost Under HB 134 (\$15.00/hour)	Increases to Contracts	Increase to Benefits @30%	Total Cost Increase
Instructional Assistants								
Instructional Asst. Grades 1-12	1,017.0	\$16,369,143	\$12.56		\$19,541,655	\$3,172,512	\$951,754	\$4,124,266
Instructional Asst. Special Ed.	2,784.6	\$41,829,862	\$11.73		\$53,505,128	\$11,675,267	\$3,502,580	\$15,177,847
Instructional Asst. ECE	1,025.1	\$15,885,751	\$12.10		\$19,697,873	\$3,812,122	\$1,143,637	\$4,955,759
Instructional Asst. Preschool (excludes Special Ed.)	65.7	\$1,020,406	\$12.13		\$1,262,041	\$241,636	\$72,491	\$314,126
Non-certified Personnel								
Health Assistants	276.9	\$5,033,304	\$14.19		\$5,321,018	\$287,713	\$86,314	\$374,027
Secretarial/ Clerical/ Technical Assistants	2,566.8	\$62,398,960	\$18.98		\$49,320,486			
School/Student Support & Duty Personnel	379.3	\$9,745,411	\$20.06		\$7,288,442			
Special Ed Assistant (Non-Instructional)	17.3	\$638,438	\$28.81		\$332,420			
Bus Drivers & Crosswalk Guards	218.1	\$3,993,415	\$14.29		\$4,190,599	\$197,184	\$59,155	\$256,340
Data Processing	346.7	\$16,054,683		\$22.26	\$10,816,728			
Business Office Support / Warehouse/ Delivery	482.8	\$18,160,825		\$18.08	\$15,064,296			
Maintenance & Custodial	3,369.3	\$84,297,176		\$12.03	\$105,123,096	\$20,825,920	\$6,247,776	\$27,073,696
Food Service	47.9	\$907,332	\$14.76		\$922,128	\$14,796	\$4,439	\$19,235
TOTAL	12,597.6	\$276,334,706				\$292,385,910	\$12,068,146	\$52,295,296

Source: PED OBMS FY16 Actual Operational Expenditures by Job Class

There are currently 4,892 licensed instructional assistants in New Mexico making an average salary of \$11.98 an hour. The increase to \$15.00 an hour would cost districts \$18.9 million. When a benefits cost estimate is included at 30 percent, the total cost to districts is \$24.6 million.

SIGNIFICANT ISSUES

According to a 2016 PED analysis of a similar bill, Section 22-10A-39 NMSA 1978 of the Public School Personnel Act calls for a \$6.00 per hour hourly rate for such employees, but it is probable that school districts and charters schools employing these staff members are following federal, state, county and municipal minimum wage laws. PED and REC note an hourly wage increase to \$15.00 per hour would likely put pressure on districts to eliminate some educational assistants and many non-certified staff positions, especially if no new revenue is directed toward public education.

According to ERB, in determining costs and liabilities, ERB's actuary employs various assumptions about the future, including an assumption regarding the rate of inflation and salary increases called wage inflation. Thus, ERB already anticipates salary increases when preparing its actuarial valuations. ERB expects that the salary increases proposed in the bill would have a minor positive impact on the actuarial status of the educational retirement fund.

RELATIONSHIP, CONFLICT

This bill relates to HB160, which requires school districts to employ school nurses, and SB35, which provides an appropriation for public school funding. The bill conflicts with HJR5, which prohibits the enforcement of new mandates on public schools without sufficient funding.

SL/sb/al/jle