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FISCAL IMPACT REPORT

SPONSOR Morales **ORIGINAL DATE** 2/2/18
LAST UPDATED _____ **HB** _____
SHORT TITLE Public Employee Salary Increases **SB** 317
ANALYST Jorgensen

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	\$88,793.5	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 317 appropriates \$88.8 million from the general fund for the purpose of providing all Legislative, executive, judicial, educational, and higher education employees a 2.5 percent pay increase in FY19.

FISCAL IMPLICATIONS

The appropriation of \$88.8 million contained in this bill is a recurring expense to the general fund. The appropriations will be made to the Department of Finance and Administration (DFA), the state equalization guarantee, and the Higher Education Department (HED) for distribution to employees.

The Department of Finance and Administration estimated that an increase of 2.5 percent would cost \$85.5 million. The distribution amounts appearing in SB317 and the DFA cost estimates are shown in the table below:

Employees	SB317	DFA Estimate	Difference
Judicial, Legislative, Executive	\$ 23,490.0	\$ 20,990.0	\$ 2,500.0
Public School	\$ 51,186.0	\$ 50,410.0	\$ 776.0
Higher Education	\$ 14,117.5	\$ 14,117.5	\$ -
Total	\$ 88,793.5	\$ 85,517.5	\$ 3,276.0

SIGNIFICANT ISSUES

SB317 appropriates \$23.5 million for legislative, judicial, (including court, district attorney, and public defender), executive, and public safety employees including State Police and Attorney General employees. Salary increases will be directed to employees in budgeted positions who have completed their probationary period subject to satisfactory job performance. Most state employees are subject to a one-year probationary period, however, State Police officers are subject to a two-year probationary period. DFA estimates the general fund cost of a 1 percent salary increase as follows: \$120 thousand for legislative employees; \$1,976 thousand for judicial employees; \$6,300 for executive branch employees.

Departments which do not receive salary funding through the general fund, such as the New Mexico Department of Transportation, would not receive an appropriation.

SB317 specifies that the Public Education Department shall not approve the operating budget of a school district or charter school that does not provide an annual salary increase for all school and transportation employees.

SB317 specifies that HED will provide a salary increase for all faculty and staff of two-year and four-year public post secondary institutions, but does not mention special schools including the New Mexico Military Institute, New Mexico School for the Blind and Visually Impaired, and New Mexico School for the Deaf.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The 2018 General Appropriation Act includes an across-the-board salary increase of 2 percent for all legislative, judicial, executive, and educational employees in addition to targeted compensation increases for teachers, public safety occupations, social workers, and nurses.

CJ/jle/al