

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original Amendment _____
Correction _____ Substitute _____

Date 01/17/2024

Bill No: HB0084

Sponsor: Joy Garratt
Short _____
Title: _____

Agency Name
and Code
Number:

New Mexico State University/954

Person Writing

Clayton Abbey

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	44,000	Recurring	

(Parenthesis () Indicate Expenditure Decreases)

Note: Appropriation amount is for all of Higher Education. It is unclear of the portion that would be allocated to the NMSU system.

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$8,273	\$8,273	\$24,820	Recurring	

(Parenthesis () Indicate Expenditure Decreases)

Additional Detail of costs by campus:

	Additional Cost of Minimum Compensation by Campus								
	Regular Faculty Salaries	Regular Faculty Benefits	Total Cost Regular Faculty	Count	Temporary Faculty Salaries	Temporary Faculty Benefits	Total Cost Temporary Faculty	Count	Total Cost
Alamogordo	\$ -	\$ -	\$ -	-	\$ 476,990	\$ 105,794	\$ 582,784	110	\$ 582,784
Dona Ana	\$ 186,686	\$ 67,207	\$ 253,893	26	\$ 2,071,490	\$ 463,125	\$ 2,534,615	645	\$ 2,788,508
Grants	\$ 9,147	\$ 3,293	\$ 12,440	4	\$ 626,178	\$ 142,161	\$ 768,339	114	\$ 780,779
Main	\$ 1,961,705	\$ 706,214	\$ 2,667,918	137	\$ 1,188,360	\$ 264,916	\$ 1,453,276	495	\$ 4,121,194
Total Cost	\$ 2,157,538	\$ 776,714	\$ 2,934,251	167	\$ 4,363,018	\$ 975,996	\$ 5,339,014	1,364	\$ 8,273,266

Note also that this does not include the additional FTE required for Human Resources administration.

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

House Bill 84 establishes a minimum compensation amount for regular and temporary faculty at Higher Education institutions as follows:

	Regular Full-Time 9-month	Temporary
4-Year Institutions	\$ 60,000	\$2,000 per credit hour
2-Year Institutions	\$ 55,000	\$1,833 per credit hour

The bill includes an appropriation for all of higher education totaling \$44,000,000 to fund the minimum compensation.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

The following information was utilized for the fiscal impact calculations:

- Regular faculty data is current year as of 1/17/2024.
- The minimum compensation amount was pro-rated for any 12-month regular faculty (\$80,000 for NMSU Main Campus and \$73,333 for Alamogordo, Dona Ana, and Grants).
- This does not include the cost of compression created by bringing up only those faculty who are paid below the minimum and leaving all other faculty at the same rate of pay. Compression results when employees at different levels and different rates of pay are now paid at the same level. For example, an employee may start earning the same rate of pay as their supervisor or a faculty member at a higher rank. Additional adjustments will need to be made to rectify these situations. created by bringing up only those faculty who are paid below the minimum and leaving all other faculty at the same rate of pay.
- Temporary faculty are from Spring 2023 and Fall 2023 semesters. Summer was excluded.

If not fully funded, establishing a minimum compensation amount that could not be funded internally would likely result in fewer temporary faculty. This would have a significant impact on the University's ability to offer enough courses to meet student demand and would directly impact student retention and graduation.

SIGNIFICANT ISSUES

HB84 will have potential positive and negative impacts in its attempt to increase the minimum compensation for non-temporary and temporary faculty. On the positive end of the spectrum, we would lead the market and be more competitive in recruitment and in retention of newly hired non-temporary and temporary faculty in a tight labor market. We may therefore be able to offer additional courses and expand programs. However, this bill does not address some powerful secondary impacts including salary compression, equity, seniority, engagement, and morale of long-term and tenured faculty. In addition, retirees that have returned to the workforce and supplement our collective faculty would potentially lose the ability to continue teaching to work under the \$15,000 provision of the return-to-work program. Undoubtedly, the institution would lose vast experience and knowledge that are not easily replaced due to the labor shortages and new faculty with less life and teaching experience to benefit our students.

Other key points:

- Primarily, salary compression occurs when the gap between employee earnings shrinks as the bottom of the salary range is increased and there are no corresponding raises for those over the minimum.
- This bill would mean that in some cases, our active seasoned faculty will be making potentially the same or insignificantly higher salaries compared to new incoming faculty.
- The relevant factors for hiring and/or retaining the most highly qualified faculty including education level, certifications, specialties, skill-level, teaching experience, institutional knowledge, title, rank, and seniority do not appear to be appropriately considered with this proposed bill.
- Those faculty that have larger class sizes, complex courses, more consistent time with students are also not considered with this bill.
- In addition, if the minimum compensation is raised, there is a high probability that there will be a change in the salary tier for benefit rates to affected faculty. This creates the

potential of higher benefit costs for said faculty and dependents. The ERB contribution (the employee and NMSU) to retirement can and will be impacted as well. If tier thresholds need to be adjusted, this will have significant budgetary impact.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS:

House Bill 84 would create a need for a minimum of 1 FTE to address the initial changes, assess impact to other positions and to support the need for continued administration.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS