

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 89

52nd Legislature, 2nd Session, 2016

Tracking Number: .202485.1

Short Title: Public Employee Salary Increases

Sponsor(s): Representative Luciano “Lucky” Varela

Analyst: David Craig

Date: January 27, 2016

Bill Summary:

HB 89 appropriates:

- \$8,376,700 from the General Fund to the Department of Finance and Administration (DFA) for expenditure in FY17 to provide a 1.0 percent salary increase to public employees in budgeted positions who have completed their probationary period subject to satisfactory job performance;
- \$7,097,200 from the General Fund to the Higher Education Department (HED) for expenditure in FY17 to provide a 1.0 percent salary increase to faculty and staff of four- and two-year public postsecondary educational institutions; and
- \$19,624,900 from the General Fund to the state equalization guarantee (SEG) distribution of the Public School Fund to provide a 1.0 percent salary increase to all public school employees.

Fiscal Impact:

HB 89 appropriates a total of \$35,098,800 from the general fund to DFA, HED, and the SEG for expenditure in FY17. HB 89 also appropriates unspecified amounts of funds for employees whose salaries are referenced in or received as a result of non-General Fund appropriations. Any unexpended or unencumbered balance remaining at the end of FY17 shall revert to the appropriate fund.

The appropriation to the SEG to provide all public school employees with a salary increase of 1.0 percent is based on PED projections of FY16 expenditures of licensed and unlicensed public education personnel. It also assumes benefits for these personnel cost of approximately 21.5 percent.

At a Glance:

- HB 89 helps offset any cost-of-living increases experienced by public employees since the last time salaries were increased, and may help to recruit and retain public employees.
- HB 89 appropriates over \$35 million at a time when FY17 consensus revenue forecasts are being revised downward.

- Unlike the salary increases to other public employees, the salary increases to postsecondary and public school employees are not linked to satisfactory job performance.

Substantive Issues:

Since FY10, the Legislature appropriated the following amounts to the SEG for public school employee compensation:

- \$18.6 million for a 1.0 percent increase for all certified and non-certified personnel in FY14;
- \$56.0 million for a 3.0 percent increase for all certified and non-certified personnel in FY15;
- \$2.6 million for an additional 3.0 percent increase for licensed educational assistants in FY15;
- \$10.0 million to increase minimum salaries for teacher and administrator licensure levels¹ by \$2,000 in FY15; and
- \$6.6 million to increase level one minimum teacher salaries to \$34,000 in FY16.

During the 2015 interim, the LESC convened a LESC-LFC Ad Hoc Work Group to discuss education-related issues relevant to both committees, including teacher and school employee compensation. Concerns were raised that New Mexico's entry level salary of \$34,000 is not competitive with neighboring states (multiple Texas school districts are offering \$50,000 to beginning teachers) and educator salaries have not kept pace with inflation. Additionally, some policymakers expressed a desire to target compensation increases to employees who are meeting competencies and demonstrate improved student learning.

Related Bills:

HB 18 *County Employee Salary Structure*

SB 14 *Teacher & Principal Minimum Salary Increases*

SB 152 *Minimum Salary for Certain School Personnel*

¹ Although language requiring the increased minimum for level two and level three teachers and administrators was vetoed, funding was not and remains in the base appropriation.