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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
53rd Legislature, 2nd Session, 2018

Bill Number SB317 **Sponsor** Morales

Tracking Number .210053.2 **Committee Referrals** SCC/SPAC/SFC

Short Title Public Employee Salary Increases

Analyst Bedeaux **Original Date** 2/2/18
Last Updated _____

BILL SUMMARY

Synopsis of Bill

Senate Bill 317 (SB317) appropriates a total of \$88.8 million to the Department of Finance and Administration (DFA), the Higher Education Department (HED), and the public school state equalization guarantee (SEG) for an average salary increase of 2.5 percent. The proposed budget must be approved by PED.

FISCAL IMPACT

SB317 appropriates \$88.8 million from the general fund for expenditure in FY19. Any unexpended or unencumbered balance remaining at the end of FY19 shall revert to the general fund. The table below summarizes the impact to the general fund.

Fiscal Impact of SB317

Fund affected	FY19 Expense	Recurring or Nonrecurring	Recipient
General Fund	(\$23,490.0)	Recurring	DFA
General Fund	(\$51,186.0)	Recurring	SEG
General Fund	(\$14,117.5)	Recurring	HED
Total General Fund Impact	(\$88,793.5)	Recurring	

Source: LESC Files

While the bill appropriates funds for salary increases for public employees of several state entities, this analysis focuses on the impact to New Mexico school districts and charter schools. The bill appropriates \$51.2 million from the general fund to the public school SEG for expenditure in FY19. All funds allocated to the SEG would be distributed equitably through the funding formula to school districts and charter schools statewide.

Based on FY18 budgeted staffing and expenditure levels, the Public Education Department (PED) estimates the cost of increasing salaries for all licensed and unlicensed employees by 2.5 percent to be \$49 million. This projection includes staff that are funded with operational dollars, which

only accounts for about 2.7 percent of food service personnel statewide and does not include transportation personnel. LESC staff estimates the cost of subsidizing a 2.5 percent salary increase for the remaining 97.3 percent of food service personnel to be \$777 thousand, and the cost of increasing salaries for transportation personnel by 2.5 percent is \$1.5 million. This brings the total cost of a 2.5 percent increase to \$51.2 million.

SB317 requires an average salary increase of 2.5 percent, which allows school districts and charter schools flexibility to prioritize funding certain personnel categories. Attachment 1 details two scenarios which satisfy this requirement. Scenario 1 shows a flat 2.5 percent increase to all school personnel salaries, while scenario 2 prioritizes wage increases for instructional assistants, bus drivers, maintenance, and food service personnel at 7.5 percent. Scenario 2 also increases teacher salaries by 2.0 percent, and other personnel at varying amounts. Other options are available to school districts provided that the average increase in salary equals 2.5 percent, but the bill does not allow the approval of budgets that disproportionately increase salary for central office administrators.

SUBSTANTIVE ISSUES

The House Appropriations and Finance Committee substitute for House Bill 2 (HAFC/HB2) includes language that would increase the minimum salaries of level 1, 2, and 3 teachers. Additional language in Section 8 of the bill includes appropriations to the state equalization of \$31.3 million to increase licensed teacher salaries by 2.5 percent, \$14.1 million to increase certified and non-certified personnel salaries by 2 percent, and \$1.5 million to increase school district and charter school transportation employee salaries by 2 percent.

SB317 differs from other wage-related bills in that it makes an appropriation to state entities to cover the costs of raising wages. If SB317 were to pass along with another bill that increases the minimum wage, the allocation in SB317 could fund the costs of increasing the minimum wage in school districts. However, wage increases would need to average 2.5 percent in each school district and charter school, meaning school districts may have to increase the salaries of non-minimum wage employees as well.

It is assumed the appropriations in SB317 would be recurring appropriations. School districts and charter schools would not be able to sustain the salary increases without recurring appropriations.

ADMINISTRATIVE IMPLICATIONS

SB317 does not give guidance on how to accomplish an average 2.5 percent increase, allowing several options for school districts to fulfill this requirement.

PED would be required to approve operating budgets of school districts and charter schools and verify that personnel received an average 2.5 percent salary increases for all school and transportation employees. Language in the bill mandates PED shall not approve a budget that fails to prioritize funding for instructional staff and that allocates salary increases for central office administrators.

RELATED BILLS

Related to HB60, Increase Minimum Wage, which increases the statewide minimum wage to \$15 per hour in FY20, adjusted annually for the cost of living.

Related to SB57, School District Personnel Minimum Salaries, which increases the minimum wage of non-certified personnel and certified educational assistants to \$16 per hour.

Related to SB206, Raise Minimum Wage, which increases the statewide minimum wage from \$7.50 to \$9 per hour, and to \$8 per hour for trainee employees during a 60-day training period. SB206 also increases the minimum wage for tipped employees from \$2.13 to \$2.63.

Related to appropriations in the General Appropriation Act, HAFB/HB2, of \$31.3 million to increase licensed teacher salaries by 2.5 percent, \$14.1 million to increase certified and non-certified personnel salaries by 2 percent, and \$1.5 million to increase school district and charter school transportation employee salaries by 2 percent.

SOURCES OF INFORMATION

- LESC Files

TCB/rab

**Scenarios Satisfying an Average 2.5 Percent Salary Increase
for Certified and Non-certified Personnel**

Job Code	Job Title	FY18 Total Estimated Wages and Benefits	Scenario 1: Flat 2.5 Percent Increase	Scenario 2: "Average" 2 Percent Increase		
1	1111 Superintendent	\$22,211,836	2.5%	\$555,296	0.5%	\$111,059
2	1112 Principals	\$96,859,959	2.5%	\$2,421,499	0.5%	\$484,300
3	1113 Administrative Associates	\$18,625,701	2.5%	\$465,643	2.5%	\$465,643
4	1114 Administrative Assistants	\$15,332,619	2.5%	\$383,315	2.5%	\$383,315
5	1115 Assoc. Supt.-Fin./Bus. Mgr.	\$12,305,658	2.5%	\$307,641	0.5%	\$61,528
6	1211 Coordinator/Subject Matter	\$25,801,908	2.5%	\$645,048	1.0%	\$258,019
7	1212 Library/Media Specialists	\$14,268,042	2.5%	\$356,701	1.0%	\$142,680
8	1213 Library/Media Assistants	\$6,560,058	2.5%	\$164,001	7.5%	\$492,004
9	1214 Guidance Counselors/Social Workers	\$69,285,175	2.5%	\$1,732,129	1.0%	\$692,852
10	1215 Registered Nurses	\$15,640,819	2.5%	\$391,020	2.0%	\$312,816
11	1216 Health Assistants	\$6,389,255	2.5%	\$159,731	7.5%	\$479,194
12	1217 Secretarial/Clerical/Technical Assistants	\$74,220,076	2.5%	\$1,855,502	2.5%	\$1,855,502
13	1218 School/Student Support	\$3,983,567	2.5%	\$99,589	2.5%	\$99,589
14	1219 Duty Personnel	\$8,827,798	2.5%	\$220,695	2.5%	\$220,695
15	1220 Business Office Support	\$19,291,522	2.5%	\$482,288	2.0%	\$385,830
16	1311 Diagnosticians	\$16,798,547	2.5%	\$419,964	2.0%	\$335,971
17	1312 Speech Therapists	\$26,640,412	2.5%	\$666,010	2.0%	\$532,808
18	1313 Occupational Therapists	\$9,430,206	2.5%	\$235,755	2.0%	\$188,604
19	1314 Physical/Recreational Therapists	\$4,984,372	2.5%	\$124,609	2.0%	\$99,687
20	1315 Psychologists/Counselors	\$8,851,504	2.5%	\$221,288	1.0%	\$88,515
21	1316 Audiologists	\$1,072,512	2.5%	\$26,813	1.0%	\$10,725
22	1317 Interpreters	\$2,532,684	2.5%	\$63,317	1.0%	\$25,327
23	1318 Specialists	\$2,025,105	2.5%	\$50,628	1.0%	\$20,251
24	1319 Special Education Assistants	\$973,345	2.5%	\$24,334	7.5%	\$73,001
25	1411 Teachers 1-12	\$849,867,407	2.5%	\$21,246,685	2.0%	\$16,997,348
26	1412 Teachers Special Education	\$198,320,296	2.5%	\$4,958,007	2.0%	\$3,966,406
27	1413 Teachers Early Childhood Education	\$74,426,665	2.5%	\$1,860,667	2.0%	\$1,488,533
28	1414 Teachers Preschool	\$3,011,652	2.5%	\$75,291	2.0%	\$60,233
29	1415 Teachers Vocational and Technical	\$27,496,199	2.5%	\$687,405	2.0%	\$549,924
30	1416 Teachers Other Instruction	\$54,301,122	2.5%	\$1,357,528	2.0%	\$1,086,022
31	1422 Teachers Gifted	\$29,355,304	2.5%	\$733,883	2.0%	\$587,106
32	1511 Data Processing	\$21,598,052	2.5%	\$539,951	2.0%	\$431,961
33	1614 Maintenance	\$39,242,309	2.5%	\$981,058	7.5%	\$2,943,173
34	1615 Custodial	\$66,151,598	2.5%	\$1,653,790	7.5%	\$4,961,370
35	1616 Warehouse/Delivery	\$2,745,667	2.5%	\$68,642	7.5%	\$205,925
36	1617 Operational Food Service	\$862,139	2.5%	\$21,553	7.5%	\$64,660
37	1618 Athletics Salaries	\$4,207,687	2.5%	\$105,192	5.0%	\$210,384
38	1619 Adult Education	\$66,309	2.5%	\$1,658	0.5%	\$332
39	1620 Recreation	\$323,373	2.5%	\$8,084	5.0%	\$16,169
40	1621 Summer School/After School	\$394,143	2.5%	\$9,854	5.0%	\$19,707
41	1622 Bus Drivers	\$2,442,231	2.5%	\$61,056	7.5%	\$183,167
42	1623 Crosswalk Guards	\$3,195,899	2.5%	\$79,897	7.5%	\$239,692
43	1624 Activities Salary	\$1,372,922	2.5%	\$34,323	5.0%	\$68,646
44	1625 Extended Services	\$3,760	2.5%	\$94	7.5%	\$282
45	1711 Instructional Assistants 1-12	\$21,692,586	2.5%	\$542,315	7.5%	\$1,626,944
46	1712 Instructional Assistants Special Education	\$53,693,138	2.5%	\$1,342,328	7.5%	\$4,026,985
47	1713 Instructional Assistants Early Childhood	\$19,087,873	2.5%	\$477,197	7.5%	\$1,431,590
48	1714 Instructional Assistants Preschool	\$1,434,900	2.5%	\$35,873	7.5%	\$107,618
49						
50	Transportation	\$58,167,555	2.5%	\$1,454,189	2.5%	\$1,454,189
51	Non-operational Food Service		2.5%	\$776,707	2.5%	\$776,707
52						
53	GRAND TOTAL SALARIES & BENEFITS	\$2,016,373,466		\$51,186,044		\$51,324,993

Source: LESC Analysis of PED Data