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## FISCAL IMPACT REPORT

SPONSOR Gonzales ORIGINAL DATE 2/13/22  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
SHORT TITLE Study Flat School Board Per Diem SM 31  
ANALYST Liu

### **ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HJM2, SB75, SM30

### **SOURCES OF INFORMATION**

LFC Files

No Response Received

Public Education Department (PED)

### **SUMMARY**

#### Synopsis of Memorial

Senate Memorial 31 requests the Legislative Education Study Committee (LESC) to study the feasibility of establishing a flat per diem rate of \$95 for school board members that attend authorized board meetings, trainings, and other gatherings. The memorial further requests LESC to report its findings to appropriate legislative interim committees by October 1, 2022.

### **FISCAL IMPLICATIONS**

Memorials do not contain appropriations, and LESC already receives funding annually to study all educational issues in New Mexico, including the laws governing the policies and costs of the education system. LESC publishes an annual report to the Legislature, which could include information that addresses the requested analysis in this memorial. As such, this memorial is scored as having no fiscal impact.

### **SIGNIFICANT ISSUES**

*Senate Bill 345.* In 2021, the state changed the rates of per diem reimbursement for in-state and out-of-state travel for certain public officials, including school board members. The new law

updated per diem amounts for nonsalaried public officers at \$45 for physical attendance at a meeting of less than four hours or for virtual attendance at a meeting or \$95 for physical attendance at a meeting of four hours or more. Prior to this change, statutory rates for per diem for nonsalaried public officials, such as school board members, was up to \$95 for board meetings.

*Senate Memorial 100.* In 2019, the Department of Finance and Administration (DFA) was charged with convening a Per Diem Task Force and providing recommendations to the New Mexico Legislature related to the reimbursement of travel costs for public officers and employees. The task force included representatives from New Mexico Counties, LFC, and the New Mexico Municipal League. Based on the work of the task force, DFA recommended aligning the Per Diem and Mileage Act with published federal per diem rates, reducing the need for future rule and law changes.

According to the task force report, the New Mexico Hospitality Association reported the average lodging rate for the Albuquerque area in December 2018 was \$93.19. The average lodging rate in Santa Fe during that same time frame was \$146.17. From a state-wide perspective, the average daily lodging rate for New Mexico was \$109.70. Due to the large discrepancy between the average daily lodging rate for New Mexico and the established per diem rate set by the Travel and Per Diem Act, the majority of reimbursement requests elect for reimbursement on an actual cost basis.

In an effort to align board member and commissioner per diem rates to federal rates set by the U.S. General Services Administration and other per diem recommendations, the task force recommended the state daily per diem rate increase from \$95 per day to \$149 per day for non-salaried public officers.

The task force noted the fiscal impact to the state from an increase in travel reimbursement costs for employees was likely to be negligible. Given the inadequacy of the current per diem rates, the majority of travelers elected reimbursement based on actual cost reimbursement (estimated to be upwards of 85 percent). An increase in travel reimbursement costs for non-salaried public officers would have a financial impact to the State of approximately \$170 thousand per year, as these reimbursement costs would have increase from \$95 to \$149. In FY19, approximately \$300 thousand was attributable to travel reimbursement costs to public officers. If the rate had been increased to \$149 in FY19, the reimbursements would have totaled \$470 thousand.

## **ADMINISTRATIVE IMPLICATIONS**

Provisions of this bill would require LESC to study the changes to per diem rates on school board member functions and provide recommendations on a \$95 rate for board member attendance at meetings, training, and other gatherings by October 1, 2022.

## **RELATIONSHIP**

This bill relates to House Joint Memorial 2, which requires LESC to convene a task force that will make recommendations on enhancing local board control of public schools; Senate Bill 75, which restricts the ability of school districts and charter schools to increase administrative budgets; and Senate Memorial 30, which requests LFC to study the growth of administrative expenditures at schools and propose legislation to limit that growth.