

LFC Requester:

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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

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

Date Prepared: 2/15/2025 *Check all that apply:*
Bill Number: HB246 Original Correction
 Amendment Substitute

Sponsor: Patricia Roybal Caballero **Agency Name and Code Number:** ECECD 61100
Person Writing Analysis: Elizabeth Groginsky
Short Title: Increase Minimum Wage **Phone:** 505-231-2997 **Email:** Elizabeth.groginsky@ecd.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NFI	NFI		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NFI	NFI	NFI		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

This act seeks to enhance labor standards by increasing the minimum wage for specific employees. Beginning January 1, 2026, the state minimum wage would be raised to \$17.00 per hour and would be adjusted each year by considering changes to the Consumer Price Index (CPI) each year. The minimum wage rate would not be adjusted downwards as a result of a decrease in the CPI. HB246 would require that the Department of Workforce Solutions post the new minimum wage on its website or otherwise notify employers of the change to the minimum wage by November 1 of each year, beginning 2026.

The provision for annual adjustment of the minimum wage is intended to account for inflation. Furthermore, this act includes the repeal of a section of the existing Minimum Wage Act.

FISCAL IMPLICATIONS

If HB246 is passed, ECECD anticipates a significant fiscal impact to ECECD's budget for grants and contracted services.

ECECD contracts with service providers to provide home visiting and early intervention, and pays child care assistance and NM PreK based on cost modeling for these services that factor in wages for early childhood educators. If HB246 were to pass, and the minimum wage was to be raised from \$12 per hour to \$17 per hour, labor costs associated with contracted services will increase. As a result, ECECD's contractors will face increased overall costs to provide services and would need to request larger budgets to maintain services for families and young children that are delivered through grants and contracts.

Though the exact fiscal impact is difficult to estimate, an increase to the minimum wage as proposed by HB246 will have significant fiscal impact across almost all of ECECD's programs. For example, ECECD's budget ask for FY26 includes an additional \$74 million dollars to increase the baseline pay for employees working in child care programs from \$15 per hour to \$18 per hour. If HB246 were to pass, similar increased labor costs could be assumed for PreK, early intervention, and home visiting providers.

Additionally, since HB246 would tie the state minimum wage to the Consumer Price Index, the minimum wage could increase each year. ECECD would need to increase its budget each year to accommodate annual increases in the state minimum wage.

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

If HB246 is enacted and ECECD does not receive additional revenues to fund the programs it administers, the department may have challenges delivering early childhood programs and services to New Mexico families and young children.

ADMINISTRATIVE IMPLICATIONS**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP****TECHNICAL ISSUES**

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The minimum wage in the state will not be increased to \$17 an hour.

AMENDMENTS