

LFC Requester: _____

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

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(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: 02/07/2025 *Check all that apply:*
Bill Number: HB246 Original Correction
 Amendment Substitute

Sponsor: Patricia Roybal Caballero
Agency Name and Code Number: Aging and Long Term Services Department 62400
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NA	NA	NA	NA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

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

(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		122.5	122.5	367.5	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 246 (HB 246) proposes to increase the minimum wage starting on January 1, 2026, to \$17.00 an hour for certain employees and provides an annual adjustment to the minimum wages based on inflationary measures. Beginning January 1, 2027, and on January 1 of each successive year, the minimum wage rate shall be adjusted by multiplying the minimum wage as of January 1, 2026, by a fraction, the numerator of which is the consumer price index ending in September of the previous year and the denominator of which is the consumer price index ending September 2025. Additionally, HB 246 adds a definition for the “consumer price index.”

Additionally, HB 246 removes most of the employee exemptions from the Minimum Wage Act. HB 246 retains four exemptions: 1) an individual employed in a bona fide executive, administrative or professional capacity and forepersons, superintendents and supervisors; 2) salespersons or employees compensated upon piecework, flat rate schedules or commission basis; (3) G.I. bill trainees while under training; and 4) any employee employed in agriculture if the employee is employed as a hand-harvest laborer and is paid on a piece-rate basis in an operation that has been, and is customarily and generally recognized as having been, paid on a piece-rate basis in the region of employment.

FISCAL IMPLICATIONS

In FY25 the Aging and Long-Term Services Department (ALTSD) received a General Fund appropriation of \$294,000 dollars to operate the New Mexico Senior Employment Program (SEP). This program provides on-the-job and other vocational training to low-income New Mexicans, 55 and older. Participants in the New Mexico Senior Employment program are paid minimum wage for on-the-job assignments.

Halfway through FY27 the minimum wage would increase from \$12.00 to \$17.00 an hour, a 41.66% increase, if HB 246 is adopted. The current budget for SEP requires that at least 75% of expenditures be used for participant wages and fringe benefits. Therefore, the appropriation for SEP would need to increase in proportion to the minimum wage. Specifically, in order to meet the minimum wage increase proposed in HB 246, SEP would need a 29.40% increase, which equates to an additional \$122,480.40 in FY27. Further, each year thereafter, the budget would need an additional increase based upon the consumer price index calculation contained within HB 246.

SIGNIFICANT ISSUES

ALTSD has not included in its FY26 request, the 41.66% (\$122,480.40) increase required to meet the minimum wage requirements set out in HB 246. Currently, SEP has 64 participants and without additional funding allocated to the program in FY26 it would result in five (5) SEP positions being eliminated in FY26. Further, without additional funding in FY27, if HB 246 is adopted, it would result in a loss of 18 positions in SEP.

In addition, ALTSD operates the New Mexico Senior Community Service Employment Program,

a parallel program, with a grant from the US Department of Labor. This program will be affected in the same way.

An additional concern to be noted is that in New Mexico, particularly in rural areas, there is a lack of paid caregivers, placing some older adults and those with disabilities at risk of institutionalization due to the lack of necessary care or supervision. Caregiving has been a historically low-wage job with few benefits, creating a high turn-over rate.¹ However, by increasing the minimum wage, it may increase the number of caregivers thereby potentially reducing risks of abuse, neglect and exploitation for older and disabled populations.

As the population ages, more people are providing caregiving often unpaid to family and friends. About 1 in 3 adults in the United States is an informal or family caregiver.² Many paid caregivers are caring for their own relatives and are at high risk for caregiver burn out. Increasing the minimum wage could positively impact physical, mental, and financial health of caregivers, therefore reducing caregiver stress, a known factor leading to abuse, neglect, and exploitation.

Historically, vacancies are high in the area of caregiving. Often in rural New Mexico, many caregivers use their own vehicles and gas to travel to remote areas to serve clients. This increase would help supplement the costs caregivers assume.

Finally, HB 246's removal of exemptions from the definition of employee in the Minimum Wage Act is consistent with the evolution of these exemptions in the Minimum Wage Act; this evolution has been one of removing these exemptions to offer the same, or more, protections to workers as are provided by the federal Fair Labor Standards Act (FLSA).³ Specifically, the removal of exemptions for employees of "charitable, religious, or nonprofit organizations that reside on the premises of group homes" and for "food processing workers," would bring the Minimum Wage Act into closer alignment with the FLSA.⁴

PERFORMANCE IMPLICATIONS

Output performance measures for ALTSD will decrease in proportion to the decrease in positions in both the federal and state-funded senior employment programs. Outcome measures, configured as percentages, should remain steady, as both the numerator and denominator of these measures will decrease proportionately.

A significant reduction in the number of SEP program participants could result in a necessary reduction of administrative staff. Further, it would decrease the number of job opportunities and related training for low-income seniors.

ADMINISTRATIVE IMPLICATIONS None identified for ALTSD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

¹ <https://www.nmdcc.org/purpose-and-statement-of-goals/#:~:text=High%20job%20turnover%20occurs%20as,worker%20shortages%20and%20high%20turnover.>

² <https://www.mayoclinic.org/healthy-lifestyle/stress-management/in-depth/caregiver-stress/art-20044784>

³ "Reaping the Rewards of Hard Work: Eliminating the New Mexico Minimum Wage Act's Exemption for Workers Paid on a Piecework, Flat Rate, and Commission Basis," *New Mexico Law Review*, 53 N.M. L. Rev. 483, 503-04.

⁴ *Id.*

OTHER SUBSTANTIVE ISSUES

Budgetary increases for SEP will likely be necessary for each year to account for the consumer price index calculation contained within HB 246.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS