

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Herrera/Baca/Romero, GA./Gurrola/Moya ORIGINAL DATE 2/3/25

BILL

SHORT TITLE Raise School Employee Minimum Wage NUMBER House Bill 201

ANALYST Mabe/Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Public School Districts	No fiscal impact	At least \$28,229.5	At least \$28,229.5	At least \$56,459.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to House Bill 94, House Bill 156

Sources of Information

LFC Files
 Legislative Education Study Committee (LESC) Files

Agency Analysis Received From
 Educational Retirement Board (ERB)
 Regional Education Cooperatives (REC)

Agency Analysis was Solicited but Not Received From
 Public Education Department (PED)
 Public School Insurance Authority (NMPSIA)

SUMMARY

Synopsis of House Bill 201

House Bill 201 (HB201) raises the minimum wage to \$15 per hour, or a minimum salary of \$30 thousand for all public school employees, whether licensed or unlicensed. This bill is endorsed by LESC.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025. The bill specifies that it applies to the 2025-2026 school year and subsequent school years.

FISCAL IMPLICATIONS

The bill does not contain an appropriation but would require public schools to ensure all school personnel salaries are at least \$30 thousand annually or ensure hourly pay for all employees is at least \$15. Based on the latest available personnel data from PED's operating budget management system (OBMS), the estimated cost of implementation is \$28.2 million to the general fund on a recurring basis, including the estimated cost of benefits. This fiscal impact does not account for variation between individual school employee salaries but estimates the cost required to bring all groupings of employees to an average of \$30 thousand by OBMS job code in each district and charter.

This analysis only counts employees whose salaries are primarily paid out of state equalization guarantee (SEG) or operational funds. Employees fully paid out of federal funds are not included in the analysis, which may pose an increased cost to districts and charters not receiving a commensurate increase in federal aid for these positions. For example, many cafeteria workers are paid out of federal funds for school meals and often are paid for minimum wage jobs. The estimated costs of raising wages for these positions is not included in this fiscal impact.

The fiscal impact of this analysis also does not factor in projected salary increases proposed within the executive, LFC, and LESC budget recommendations, which will reduce the estimated additional operating budget impact if enacted. None of the recommendations include any appropriations for purposes outlined in this bill. Additionally, the provisions of this bill would require all personnel to be paid a minimum annual salary of \$30 thousand, or \$15 per hour, regardless of whether they are full-time or part-time workers.

SIGNIFICANT ISSUES

Current statute sets the minimum wage rate for noncertified school personnel at six dollars per hour. This statute, enacted in 2003, has not been updated to reflect the current minimum. While New Mexico's current state minimum wage rate is \$12 per hour, the state has required school personnel to be paid at a minimum rate of \$15 per hour through language in the General Appropriations Act since FY23. HB201 would update the statute to reflect this \$15 hourly rate or allow schools to provide an annual minimum salary of \$30 thousand.

The Massachusetts Institute of Technology (MIT)'s Living Wage Calculator shows the statewide living wage in New Mexico for one full-time working adult is \$20.10 and for one full-time working adult supporting a child is \$34.83 an hour. Living wages also differ by county, creating unique challenges for each district to attract and retain school employees based on regional cost-of-living differences. While provisions of this bill would bring the salary floor to \$15 an hour, it remains far below MIT's benchmark for a living wage.

As LESC notes in their analysis, increasing minimum salaries may also attract more educational assistants and bus drivers. Surveys in New Mexico indicate these positions are in high demand. According to New Mexico State University's 2024 New Mexico Educator Vacancy report there were 356 educational assistant vacancies and an LESC 2023 transportation study found that almost every district in the state needed bus drivers.

The Federal Labor Standards Act currently sets the federal minimum wage at \$7.25 per hour.

States are allowed to set a higher minimum wage, and if an employee is subject to both state and federal minimum wage laws, they are entitled to the higher wage rate. Thirty states, including New Mexico, have a higher state minimum wage rate, while 13 states have a minimum wage equal to the federal rate of \$7.25. The remaining seven states do not have a state minimum wage but must abide by the federal rate for covered employees. The District of Columbia has the highest minimum wage at \$17.50 per hour.

ADMINISTRATIVE IMPLICATIONS

PED will need to ensure that schools are paying all employees the increased minimum wage rate.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB201 relates to House Bill 94, which adjusts maximum class loads for kindergarten through third grade and may affect overall staffing within schools and House Bill 156, which raises minimum salaries for educators.

RM/sl/sgs/SL2