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## FISCAL IMPACT REPORT

SPONSOR Luciano "Lucky" Varela DATE TYPED 02/04/05 HB 48

SHORT TITLE Public Employee Cost of Living Increases SB \_\_\_\_\_

ANALYST Moser

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$73,179.7			Recurring	General Fund
	\$13,375.7			Recurring	Various

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to: HB 7, SB 222, and SB 263

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

*Report of the Legislative Finance Committee to the Forty-seventh Legislature, First Session, January 2005 for Fiscal Year 2005 – 2006, Volume I, pp. 96 – 101.*

Responses Received From  
 Department of Transportation  
 Department of Corrections  
 NM State Personnel Office

### SUMMARY

#### Synopsis of Bill

House Bill 48 appropriates \$73,179.7 million from the general fund and at least \$13,375.7 million from various other agency funds to the department of finance and administration for the purpose of providing a 3% salary increase to public employees. The salary increases apply to public school employees (with the exception of teachers receiving a three tier increase), faculty and staff at public post-secondary educational institutions, executive classified employees, executive exempt employees, legislative permanent employees, judicial employees and district attorney employees. Contingent upon presentation to the LFC of acceptable personnel policies

that address disciplinary actions and overtime the department of public safety would be appropriated an additional 2% salary adjustment of \$640 thousand. The bill contains language to ensure employees whose salaries are funded from non-general fund appropriations will be covered by the same salary increase provision provided in the bill.

The salary increase would be effective the first pay period after July 1, 2005.

### Significant Issues

The salary increase is important to help offset rising expenses, such as the increases in health insurance premiums and general cost of living issues as evidenced by increases in the consumer price index growth.. The increase would also assist all agencies and public school and higher education institutions to recruit and retain employees and help maintain equity and remain competitive with comparator markets.

According to the State Personnel Office combined with the net result of the increase in benefits to come in July 2005 for the health insurance (1.47%), the 3% COLA proposed actually results in a 4.47% increase for classified service employees.

### **FISCAL IMPLICATIONS**

The appropriation of \$73,179.7 million from the general fund and at least \$13,125,644 from various other agency funds contained in this bill is a recurring expense to the respective funds. Any unexpended or unencumbered balances remaining at the end of fiscal year 2006 shall revert to the general fund or other designated fund.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

This bill relates to the compensation increase in the General Appropriation Act, as introduced, which included a 2.0 % compensation increase for faculty and staff at public post-secondary educational institutions and a 1.25 % compensation increase for all other public employees as referenced above.

### **OTHER SUBSTANTIVE ISSUES**

This bill provides for a cost-of-living increase. Each employee would receive a salary increase, even those who have unacceptable performance.

**EM/lg**