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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/26/09

SPONSOR Stewart LAST UPDATED \_\_\_\_\_ HB 18

SHORT TITLE School District Clerk Minimum Salaries SB \_\_\_\_\_

ANALYST Varela

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$4,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

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

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>			\$0.01	\$0.01	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

House Bill 18 appropriates four million dollars (\$4,000,000) from the general fund to the public education department for the purpose of providing a minimum salary for clerks, secretaries, secretary-bookkeepers and bookkeepers in school districts. The compensation increase is to be effective the first pay period after July 1, 2009.

### FISCAL IMPLICATIONS

The appropriation of four million dollars (\$4,000,000) contained in this bill is a recurring

expense to the general fund. Any unexpended or unencumbered balance remaining at the end of 2010 shall revert to the general fund.

In 2006, the Office of Education Accountability (OEA) conducted a study regarding the funding needed to achieve the proposed minimum salary levels for clerks, secretaries, and bookkeeper personnel. The study indicated that the cost of reaching the minimum salary level for these personnel to be between \$4.7 million and \$6.3 million. These calculations vary because districts vary on the length of the contracts they have with secretaries, clerks, and bookkeepers. These calculations are based on the survey data collected by the House Memorial 36 taskforce in FY06 and included an average 5 percent increase for FY07. In addition, the survey data collected by the House Memorial 36 taskforce classified clerks, secretaries, and bookkeepers as Entry, Intermediate, or Advanced differently than the classification proposed in House Bill 18. The survey data collected by the taskforce classified these positions as Entry Level (1-3 years experience); Intermediate Level (3-7 years experience); and Advanced Level (7 or more years of experience). In contrast, House Bill 18 classified these positions as Entry Level (0-5 years experience); Intermediate Level (5-10 years experience); and Advanced Level (10-25 years experience).

PED states that, if House Bill 18 is passed, the increase in salaries for unlicensed school employees would need to be included in the public school support funding of state equalization guarantee for future years. The OEA has not conducted a study since 2006. Additional operating costs will be incurred depending on the level of experience of unlicensed school employees since the study. It is unclear how the number of unlicensed school employees and related levels of experience have changed since OEA conducted the initial study.

## **SIGNIFICANT ISSUES**

In 2005, the Legislature passed House Memorial 36, School Secretary and Clerk Salary Study, which requested that the OEA conduct a study to assess the appropriate salaries for the skill Levels required of school districts secretaries, clerks, and bookkeepers and to recommend a salary schedule process for these employees. OEA convened a taskforce that examined these questions, gathered survey information and other data from all 89 school districts, and presented their findings to the LESC in November 2005.

The taskforce found that about 55 percent of the 2,794 secretaries, clerks and bookkeepers included in the survey could be classified as advanced in that they had 7 or more years of experience, high complexity of job performance requirements, high responsibility level, and minimal supervision. In addition, the taskforce found that about 40 percent earned between \$6 and \$10 an hour.

The taskforce made a number of recommendations to the LESC including:

- People in these categories should receive no less than an average 8 percent increase in compensation for FY07
- A minimum of \$7.50 an hour
- School districts should create salary schedules that encourage career development across the entry, intermediate, and advanced skill Levels of secretaries, clerks, and bookkeepers

### **House Bill 18 – Page 3**

- The PED should collect and make available detailed data about secretaries, bookkeepers, and clerks including such factors as number of years of experience, length of contract, grade or skill level, salary schedules, and other information that may be useful
- The PED should not approve any school district budget that does not meet the intent of these recommendations. Further, the Legislature should consider ways to ensure that the public school appropriation is adequate for each school district to meet these requirements.
- The Legislature should consider providing funding to support the continuation of the taskforce to monitor and further study the implementation of these recommendations.

### **TECHNICAL ISSUES**

It is unclear how the number of unlicensed school employees and related levels of experience have changed since OEA conducted the study in 2006.

### **POSSIBLE QUESTIONS**

What is the effect of recent minimum wage increases enacted since the study and how do they effect the minimum salary requirements stipulated in House Bill 18?

PV/mc