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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 2/2/16

**SPONSOR** Ivey-Soto                      **LAST UPDATED** \_\_\_\_\_                      **HB** \_\_\_\_\_

**SHORT TITLE** Minimum Salary For Certain School Personnel                      **SB** 152

**ANALYST** Elkins

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

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>			\$40,252.9	\$40,252.9	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public School Insurance Authority (PSIA)  
 Education Retirement Board (ERB)  
 Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 152 amends the Public School Code by increasing the minimum wage rate to \$15 per hour through FY18 for school district cafeteria staff and school bus drivers, whether under contract or employment, and all noncertified school personnel and licensed educational assistants. Beginning in FY19 and each subsequent fiscal year, the minimum wage rate shall be adjusted by the consumer price index published by the United States Department of Labor. The effective date of the provisions of this act is July 1, 2017.

### FISCAL IMPLICATIONS

According to PED:

The total cost of SB152 would be \$40,252.9 annually to increase the minimum wage to \$15.00 an hour for instructional assistants and non-certified personnel. SB152 does not address a budget increase for districts and charters to cover the increase in pay for the employees mentioned; which may place an undue burden on districts and charters to meet the salary expectation.

PED has access to only general data regarding non-certified personnel. Generally, these include custodial staff, administrative staff, cafeteria staff, and school bus drivers. Contracts vary depending on the type of non-certified staff being employed. The below analysis on cost of implementing SB152 for non-certified staff excluding data processing, business office support, warehouse delivery, maintenance and custodial staff is based on a nine month contract (183 days). The analysis for data processing, business office support, warehouse delivery, maintenance and custodial staff is based on a 12 month contract (260 days). It should be seen as a generous estimate. Based on the above chart, the total cost for raising the non-certified personnel minimum wage would be \$24,607,031.

Non-Certified Personnel Fiscal Impact of SB152

Type of Non-certified Personnel	# of FTE	Total Current Cost	Current Hourly 7 hours/day, 183 day contract	Current Hourly 8 hours/day, 260 day contract	Total Cost under SB152 (\$15.00/hr)	Benefits @30 %	Difference
Health Assistants	288.09	\$5,030,877	\$13.63		\$504,772	1.30	\$656,203
Secretarial/Clerical/ Technical Assistants	2,515.22	\$61,440,191	\$19.07		\$48,329,952		0
School/Student Support & Duty Personnel	349.64	\$9,106,089	\$20.33		\$6,718,333		0
Special Ed Assistant (Non-Instructional)	13.76	\$535,008	\$30.35		\$264,398		0
Bus Drivers & Crosswalk Guards	206.00	\$3,467,466	\$13.14		\$3,958,290	1.30	\$638,071
Data Processing	376.69	\$17,249,666		\$22.02	\$11,752,728		0
Business Office Support /Warehouse/Delivery	466.27	\$18,165,711		\$18.73	\$14,547,624		0
Maintenance & Custodial	3,295.76	\$84,928,440		\$12.39	\$102,827,712	1.30	\$23,269,053
Food Service	37.41	\$685,215	\$14.30		\$718,833	1.30	\$43,704
					Total Cost		\$24,607,031

SOURCE: PED

There are currently 5,323 licensed educational assistants in New Mexico making an average salary of \$13.23 an hour. The increase to \$15.00 an hour would cost districts \$12,035,303. When a benefits cost estimate is included (at 30%), the total cost to districts is \$15,645,894.

Impact of SB152 on Districts for Instructional Assistants

		Number of hours on contract (183 days @ 7 hours/day)	Average Salary	Hourly Wage	# of Instructional Assistants	Total	Benefits @ 30%	Total with Benefits
Instructional Assistants	Present	1,281	\$16,954	\$13.23	5,323	\$90,246,142	1.30	\$117,319,985
	SB152	1,281	\$19,215	\$15.00	5,323	\$102,281,445	1.30	\$132,965,879
					Difference	\$12,035,303	Difference w/ Benefits	\$15,645,894

SOURCE: PED

## SIGNIFICANT ISSUES

According to PED, while section 22-10A-39 of the public school personnel act calls for a \$6.00 per hour hourly rate for such employees, it is probable that school districts and charters schools employing these staff members are following federal, state, county and municipal minimum wage laws. The federal, hourly minimum wage is \$7.25, the state of New Mexico's is \$7.50, the City of Santa Fe's is \$10.84 and the city of Albuquerque's is \$8.75. As a result, an increase of \$15.00 an hour would likely put pressure on districts to eliminate some educational assistants and many non-certified staff; this is particularly true given the limited available revenues to direct toward public education.

PSIA notes the employer contribution amount for employees enrolled in PSIA long term disability (LTD) will increase as salaries increase for school employees. Although the LTD premium cost is not huge, it will slightly increase the employer contribution amount toward LTD premiums for school employees enrolled in LTD.

According to ERB, in determining costs and liabilities, ERB's actuary employs various assumptions about the future, including an assumption regarding the rate of inflation and salary increases called wage inflation. Thus, ERB already anticipates salary increases when preparing its actuarial valuations. ERB expects that the salary increases proposed in SB 152 would have a minor positive impact on the actuarial status of the educational retirement fund.

CE/al