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## FISCAL IMPACT REPORT

SPONSOR Smith/Larranaga ORIGINAL DATE 1/30/18  
 LAST UPDATED 2/10/18 HB \_\_\_\_\_

SHORT TITLE Increase State Officer Compensation SB 176

ANALYST Esquibel

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

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$67.4	\$134.8	\$202.2	Recurring	General Fund
		\$6.1	\$12.2	\$18.3	Recurring	Other State Funds-Land Maintenance Fund
<b>Total</b>		\$73.5	\$147.0	\$220.5		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Attorney General's Office (NMAG)  
 Secretary of State (SOS)  
 State Land Office (SLO)  
 State Personnel Office (SPO)

### SUMMARY

#### Synopsis of Bill

Senate Bill 176 (SB176), endorsed by the Legislative Finance Committee, amends Sections 8-1-1 and 8-3-3 NMSA 1978 to provide a ten percent compensation increase for elected officials for new terms beginning on or after January 1, 2019. The funding would be for half of FY19.

The bill applies to the following positions:

- Governor
- Lieutenant Governor
- Secretary of State

- State Auditor
- State Treasurer
- Attorney General
- Commissioner of Public Lands
- Public Regulation Commissioners

**FISCAL IMPLICATIONS**

SB176 is companion legislation to House Bill 2 that includes, contingent on passage of legislation, compensation funding totaling \$67.4 thousand from the general fund and related other state funds to fund a half-year of the salary and benefit increases provided for in SB176. Currently, statute designates the compensation paid to elected state officers as follows:

Office Held	Current Compensation	Proposed Compensation Increase 10%	Above Current Compensation	Benefits 35% (FICA, PERA, retiree healthcare, group health)	Revenue Source
356 Governor	\$110,000	\$121,000	\$11,000	\$3,900	General Fund
360 Lieutenant Governor	\$85,000	\$93,500	\$8,500	\$3,000	General Fund
370 Secretary of State	\$85,000	\$93,500	\$8,500	\$3,000	General Fund
308 State Auditor	\$85,000	\$93,500	\$8,500	\$3,000	General Fund
394 State Treasurer	\$85,000	\$93,500	\$8,500	\$3,000	General Fund
305 Attorney General	\$95,000	\$104,500	\$9,500	\$3,400	General Fund
539 Commissioner of Public Lands	\$90,000	\$99,000	\$9,000	\$3,200	Other State Funds-Land Maintenance Fund
430 Public Regulation Commissioners (5)	\$90,000	\$99,000	\$9,000(X5)= \$45,000	\$3,150(X5)= \$15,800	General Fund
<b>TOTAL</b>			<b>\$108,500</b>	<b>\$38,300</b>	<b>\$146,575</b>
<b>FY19 HALF-YEAR TOTAL</b>			<b>\$54,300</b>	<b>\$19,200</b>	<b>\$73,500 (\$67,400 GF/\$6,100 OSF)</b>

**SIGNIFICANT ISSUES**

Compensation for these positions is statutorily established and any changes need to be made via an independent piece of legislation.

Article 4, Section 27, provides that elected officials cannot have their compensation increased during their term; any changes would have to occur after their next election.

At current salary levels, most of these positions are among the lower-paid key professional positions in state government; for example, the average cabinet secretary earns approximately \$120 thousand.

The elected officials designated in SB176 have not had salary adjustments since 2002 according to the State Personnel Office. State employees have had multiple salary adjustments since 2002 (see below), and when compounded over time, these state employees’ adjustments equate to a 32 percent increase.



### OTHER SUBSTANTIVE ISSUES

Largely because of fiscal circumstances facing the state since the recession, there have not been any modifications to these elected officials’ compensation levels since 2002.

According to information reported in the Council of State Governments (CSG) *The Book of the States 2017*, the average annual salary for a governor is \$138 thousand, the average annual salary for a lieutenant governor is \$85 thousand as several have alternative pay options, the average annual salary for a secretary of state is \$100 thousand, the annual average salary for an attorney general is \$127 thousand, and the average annual salary for a state treasurer is \$104 thousand.

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