

LFC Requester:	SIMON, JOSEPH
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: Feb 5 *Check all that apply:*
Bill Number: HB264 Original Correction
 Amendment Substitute

Sponsor: P. Roybal Caballero
Short Title: State Employees Benefits – Min. Wage, PFML, Telework
Agency Name and Code: State Personnel Office 378
Number: _____
Person Writing: Dylan K. Lange
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
None	None		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
None	None	None		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	Unknown	Unknown		Recurring	

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB264 sets a minimum wage for state employees and employees of the state's institutions of higher education at \$15/hour, sets state employee annual leave accrual rates and provides for state employee paid parental leave and remote work policy.

Each July 1 adjusts \$15/hour minimum wage by the change in the CPI (increases only).

Sets annual leave accrual rates at:

- (1) 4.62 hours/pay period for employees with under 3 years of cumulative employment;
- (2) 5.54 hours/pay period for employees with 3 but less than 7 years of cumulative employment;
- (3) 6.46 hours/pay period for employees with 7 but less than 14 years of cumulative employment; and
- (4) 7.39 hours/pay period for employees with 14 or more years of cumulative employment.

Effective July 1, 2026, makes state employees eligible for paid parental leave of at least 12 weeks following the birth, adoption or upon gaining custody of a child. Both parents, including the domestic partner of a parent, if eligible, shall receive the leave.

Requires state agencies to implement a remote work program. Purpose is to enhance recruitment and retention of diverse workforce from rural areas. Declares the remote work location as an approved designated duty station. Requires employees in remote work locations to be full-time NM residents.

If any of the above conflict with a current collective bargaining agreement, the provision does not apply.

Amends State Personnel Board's rule-making authority to include rules to designate positions eligible for full-time remote work or part-time, or hybrid, remote work for an approved work site.

FISCAL IMPLICATIONS

Larger annual leave accrual rates will impact budget liability. Under the proposed bill, the top-tier state employee would accrue 24 days per year of paid leave or nearly 5 weeks per year. This will impact the liability agencies have if an employee retires or quits with a large annual leave balance that must be paid out with a cap of 240 hours.

SIGNIFICANT ISSUES

HB264 establishes remote work an entitlement for public employees. Rather than an entitlement, remote work is an opportunity for government employers to have sole discretion to grant, if and only if, remote work fully aligns with the employers' business and operational needs. Requiring remote work would also involve requirements for certain positions to have their physical

workplaces inspected by management. Data protections and data transfer issues are not mentioned in this proposal and would need to be priorities for remote work, which would be better addressed by DoIT.

Paid Parental Leave is substantively duplicative to existing Paid Parental Family Medical Leave as established in Executive Order 2019-036 effective January 1, 2020, and amended Executive Order 2020-062 issued and effective September 2, 2020. The major change in HB264's Paid Parental Leave is that it removes the probationary period restriction in the amended Governor-issued EO, making state employees eligible for paid parental leave on day 1 of their employment.

Section 5 amends NMSA 1978, Section 10-9-13 G. The additional language is more restrictive and removes flexibility for rulemaking around all types of leave. The current language in the NMAC encompasses what proposed additional language restricts.

Section 1

Subsection A of HB264 indicates the CPI increase will apply to state employees earning \$15 per hour. Currently, there are no state employees earning that lower wage, so this language in Section 1 is unnecessary.

Subsection B. Tying wage increases for those earning minimum wage to increases in the CPI, and not decreases, potentially would not be sustainable. It is also unclear whether this is in addition to or in place of increases approved and allocated by the Legislature. This may cause issues of compaction at the agency level and add to the potential sustainability of budget based on each agency.

Section 1(C), Section 2(C), Section 3(B) and Section 4(F)

This is language is superfluous as NMSA 1978, Section 10-7E-17(C) already states that “a collective bargaining agreement that provides greater rights, remedies and procedures to public employees than contained in a state statute shall not be considered to be in conflict with that state statute.”

Section 2

Subsections B through E seemingly create definitions, conditions, and eligibility for remote work, but then Section 5(K) authorizes the State Personnel Board to enact rules regarding the eligibility of positions to remote work. Should the Legislature implement a remote work program, the State Personnel Board, as the entity responsible for the administration and oversight of the classified service personnel system, would be in a better position to enact the rules necessary to effectuate remote work.

Section 4

Subsection A. The language “Notwithstanding any statute or rule to the contrary” sounds as if a state agency has the authority to enact its own rules implementing a remote work program.

Section 5

Subsection E. of HB264 conflicts with HB129 changing probationary period from 1 year to 180 days.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

The authority to set salary schedules (to include the minimum of each pay band) is given to the State Personnel Board by the State Personnel Act. This allows for flexibility to adjust to market changes annually.

The State Personnel Board already sets accrual rates for annual leave. This would take away the board's authority.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

HB264 does not state that employees must work in New Mexico, or the work location has to be in New Mexico. SHARE/DFA would be in a better position to discuss the feasibility of the creation of SHARE work locations, potentially the need to create thousands of work locations as remote locations include out of state. Some employees live in neighboring states and HB264 states the employee must be a full-time resident of NM.

The effective date for HB264 is July 1, 2025. DFA and SHARE teams would be better able to determine budgetary issues, constraints, etc.

Timeline for SPO may need to be extended based on rule and policy changes that will be needed if HB264 becomes law.

OTHER SUBSTANTIVE ISSUES

Section 2

Subsection A. HB264 states the goal of the proposed annual leave accrual rates to be competitive with other public sector employers. Based on the proposed accrual rates, this is competitive with the accrual rates for State of New Mexico exempt employees, not other public employers surveyed.

Subsection B. Based on the proposed accrual rate and current agency data, the chart below shows the number of employees in each segment.

Current accrual rates, CLSS only:

Accrual Rate	Yrs of Service	Count of Empl	% of Empl
3.08 (10 days)	< 3 yrs	5453	30.7%
3.69 (12 days)	3 -7 yrs	3790	21.3%
4.61 (15 days)	7 - 11 yrs	2628	14.8%
5.54 (18 days)	11 - 15 yrs	1730	9.7%
6.15 (20 days)	> 15 yrs	4152	23.4%

Proposed accrual rates, CLSS only:

Accrual Rate	Yrs of Service	Count of Empl	% of Empl
4.62 (15 days)	< 3 yrs	5453	30.7%
5.54 (18 days)	3 -7 yrs	3790	21.3%
6.46 (20 days)	7 - 14 yrs	4098	23.1%
7.39 (24 days)	> 14 yrs	4412	24.9%

HB264 adds a minimum of one additional week of paid leave to all classified employees. The top tier accruing 24 days of paid leave or nearly 5 weeks per year.

HB264 could become a logistical problem for agencies who may be faced with excessive leave requests and may lead to an agency without enough employees to cover workloads at the end of a calendar year. By rule, employees who have more than 240 hours of accrued leave will not be carried forward to the next calendar year. With additional leave, agencies may need to hire additional FTE to ensure sufficient coverage.

ALTERNATIVES

Leave Accrual - Consideration may be given to those in the earlier years of service being able to accrue at the higher rate. The result is new employees can accrue leave at a higher rate more quickly, which may assist agencies with recruitment and retention efforts as employees will not have to wait as long to take leave.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS