

**LFC Requester:****Rachel Mercer-Garcia****AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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:** 2/6/25 *Check all that apply:*  
**Bill Number:** HB305 Original  Correction   
 Amendment  Substitute

**Sponsor:** Rep. Rebecca Dow **Agency Name and Code** HCA 630  
**Short Title:** Public Contract Reimbursements & Wages **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$0.0	NA	NA

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA	NA	NA

(Parenthesis ( ) indicate revenue decreases)

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

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Professional contracts</b>	\$0.0	\$3,500.0	\$3,591.0	\$7,091.0	Recurring	GF
<b>Professional contracts</b>	\$0.0	\$3,500.0	\$3,591.0	\$7,091.0	Recurring	FF

<b>Administrative support</b>	\$0.0	\$59.9	\$59.9	\$119.8	Recurring	GF
<b>Administrativesupport</b>	\$0.0	\$67.5	\$67.5	\$135.0	Recurring	FF
<b>Total</b>	NA	\$7,127.4	\$7,309.4	\$14,436.8	Recurring	GF/FF

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: **HB305**—aims to ensure public contracts are adjusted in tandem with increases in minimum wage and other costs that are mandated by law.

**FISCAL IMPLICATIONS**

HCA Professional Service Contract Costs

HB 305 would require the HCA to reimburse contractors and subcontractors for increases in minimum wages and any changes in statutory mandated benefits, and other costs as mandated by law. In FY 2025 HCA’s professional service contracts across all division are expected to be \$660 million, covering 561 vendors (1,507 purchase orders). HCA-MAD represents approximately \$178 million of this expenditure on its professional service contracts with 97 unique vendors (120 purchase orders). HCA’s contractual arrangements would be subject to change in the course of reflecting any future adjustments in New Mexico’s minimum wage rate, as required by HB 305.

Increases in New Mexico’s minimum wage threshold typically stem from increases in price indices (e.g. a consumer or producer price index), so that service vendors and goods producers are held harmless in making cost-of-living adjustments for services rendered or goods purchased. Based on this common practice, HCA’s professional contractual expenses would increase under HB 305 due to inflationary trends. For example, if the consumer price index increased by 2.6% in FY 2025, then professional service contracts in FY 2026 would adjust upward from \$660 million to \$667 million, an increase of \$7 million from wage increases (exclusive of changes in statutory benefits). Of course, minimum wage adjustments may often relate to specific policies besides inflationary trends. However, the specific wage implications of these policy changes would need to be understood in order to determine their fiscal impacts.

HCA Administration Costs

Given that federal funds, especially those allocated through grants or specific programs, often come with strict deadlines and time frames for expenditure, it is essential to use these funds within the required period to avoid returning them to the federal government. This creates a strong incentive for funding recipients to ensure the funds are spent appropriately, efficiently, and in compliance with federal regulations.

As the workload increases due to these time-sensitive federal funding requirements, the HCA would require one additional FTE to manage the demands effectively. Therefore, adding one FTE will ensure the proper management of funds, enabling their timely and appropriate utilization while minimizing the risk of non-compliance or fund reallocation.

Another important consideration is the impact of minimum wage rates. While most contractors are paid above the minimum wage, small contracts typically range from \$60,000 to \$120,000 annually.

Range	Classification	Hrly	Salary	Benefits	Total
75	Financial Coordinator III Contracts	38.46	80,304.48	32,121.79	112,426.27
			80,304.48	32,121.79	112,426.27
	Operating Cost \$15K per employee				15,000.00
				Total Need	127,426.27
				FF	67,535.92
				GF	59,890.35

**SIGNIFICANT ISSUES**

None

**PERFORMANCE IMPLICATIONS**

None

**ADMINISTRATIVE IMPLICATIONS**

Having to process amendments would increase workloads for contract managers, contract analysts Department of Finance and Administration budget division and General Services Division Contracts Review Bureau. Having to process amendments takes time having to obtain signatures and approvals from other agencies. Agencies may not have positions for additional staff to help with increased work loads.

No IT system impact related to this bill. As noted above, changes may result in higher HCA contract costs.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 305 would increase contractual costs to reflect minimum wage adjustments. HB 246 proposes an increase in New Mexico’s minimum wage from \$12 per hour to \$17 per hour. Accordingly, the two bills would have a co-related impact on HCA’s professional contract costs and administrative supports.

**TECHNICAL ISSUES**

N/A

**OTHER SUBSTANTIVE ISSUES**

None

**ALTERNATIVES**

N/A

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**  
**None**

**AMENDMENTS**  
**N/A**