

DRAFT

Deloitte.



STATE OF NEW MEXICO FINAL REPORT

STUDY OF THE NEW MEXICO STATE
PERSONNEL ACT AND THE STATE'S
SYSTEM OF CLASSIFICATION AND
COMPENSATION

TABLE OF CONTENTS

Document Purpose & Current Deloitte Efforts.....	3
Executive Summary.....	4
Proposed Additional Work.....	12
Financial Case for Change.....	23
Appendix A: Personnel Act Review.....	28
Appendix B: Process Review.....	34
Appendix C: Market Competitive Analysis.....	44
Appendix D: Job Classification Analysis.....	52
Appendix E: Stakeholder Engagement & Employee Survey.....	60

DOCUMENT PURPOSE

The State of New Mexico's workforce challenges are experienced across State Agencies. Given today's talent crunch, New Mexico is exploring ways to enhance retention along with addressing the challenges around recruiting and hiring as well as current classification practices and compensation levels. **This Final Report consolidates Deloitte's current efforts and recommendations across all workstreams into one comprehensive report.** Additionally, the Report outlines proposed next steps for the State to provide leading HR services.

Current Deloitte Efforts



Personnel Act Review

Evaluate peer entities as benchmarks for HR practices, considering factors such as geographic location, population size and number of employees.



Process Review

Identify leading practices for the State to improve its recruiting, hiring, and classification processes and the employee experience.



Market Competitiveness Analysis

Confirm the State's benchmarking strategy and analyze market data for salaries and benefits to understand current competitiveness.



Job Classification Review

Conduct a comprehensive assessment of the existing job classifications within the State's personnel system to identify opportunities for enhancement.



Stakeholder Engagement & Employee Survey

Administer a State-wide Employee Engagement Survey to identify drivers of retention and attrition across State Agencies.



Executive Summary

EXECUTIVE SUMMARY: PERSONNEL ACT REVIEW SCOPE AND PURPOSE

Evaluate peer entities as benchmarks for HR practices, considering factors such as geographic location, population size and number of employees.

CHALLENGE

Adjustments can be made to the Personnel Act to align with the evolving requirements and expectations of New Mexico's HR processes.

KEY FINDINGS

- There is a disconnect in **strategic alignment** between the Personnel Act's guidelines and the goals of State HR initiatives, hindering overall HR service effectiveness.
- Current **HR technologies** lack modern automation and analytics, which results in over-reliance on manual processes.
- **Recruitment methods** are outdated, and do not leverage modern technologies and platforms, which restricts the State's ability to attract diverse talent in a timely manner.
- The **classification and compensation structures** are out of sync with the current labor market, negatively impacting talent acquisition and retention.
- Many **job descriptions** are outdated, leading to a mismatch between actual job demands and documented responsibilities.

PROPOSED NEXT STEPS

Accelerate the selection-to-offer process: Modernize and enhance the candidate evaluation and selection process by implementing an e-workflow technology, expanding the use of screening criteria, and repurposing relevant employment lists for consideration.

Incorporate auditing requirements: The State can incorporate auditing requirements as a main component of maintaining its job classification system to help each job classification reflects the nature, level, scope, and complexity of work performed.

Improve standard operating procedure documentation: Clearly document the process for how position reclassifications are handled in the form of a Standard Operating Procedure document, including eligibility guidelines and approval processes.

Further develop the State's existing compensation philosophy: Develop principles that better articulate the State's guiding statement on pay, define the markets in which it competes for talent, document its targeted pay position, and enhance language on how total compensation attracts, motivates, and retains its employees.

EXECUTIVE SUMMARY: PROCESS REVIEW SCOPE AND PURPOSE

Identify leading practices for the State to improve its recruiting, hiring, and classification processes and the employee experience.

CHALLENGE

New Mexico’s current recruiting, hiring, and classification processes are complicated, duplicative, and lengthy.

KEY FINDINGS

- The transition of the **recruiting and hiring (“R&H”) process** to SPO/DFA is hindered by a lack of transparency and efficiency. Key challenges include **cumbersome steps, bottlenecks in obtaining necessary approvals, and inconsistent communication.**
- New Mexico’s **recruitment strategies are limited and impeded by an inefficient job advertisement platform.**
- New Mexico’s **R&H process** is fairly rigid, specifically surrounding the **minimum qualifications, job requirements and various R&H forms.**
- Employees within New Mexico’s State Agencies perceive there is a **lack of career advancement opportunities.**
- Existing **HR technology systems lack advanced tracking and automation capabilities,** leading to the necessity for manual signature collection and data entry for HR actions in certain Agencies.

PROPOSED NEXT STEPS

- ★ **Implement the recommended go-forward HR Operating Model:** Implement a strategic framework that gives SPO and Agency HR a platform to better collaborate, enabling HR personnel to respond better and faster to customer needs.
- ★ **Implement HR data reporting and e-workflow technology:** Implement a human resources digital workflow tool that better enables quicker, more transparent approval processes and enhances access to data to make critical strategic decisions.
- ★ **Additional work activity, further details on pages 12-22.**

EXECUTIVE SUMMARY: MARKET COMPETITIVE ANALYSIS SCOPE AND PURPOSE

Confirm the State's benchmarking strategy and analyze market data for salaries and benefits to understand current competitiveness.

CHALLENGE

New Mexico's current compensation and benefits packages are below market on average, posing challenges in attracting and retaining top talent, especially for certain positions.

KEY FINDINGS

- While the average benchmark position is compensated 10.3% above the government market, **it is 4.7% below the general industry market** rates on average.
- On average, the State of New Mexico employee compensation is **between the market 25th percentile and market median** when compared against all industries.
- On average, compensation for employees in **14 of 26 job families**¹ that were benchmarked is **below market median** when compared against all industries.
- New Mexico currently has **11 total salary structures** with a total of **109 individual pay plans**, and have narrower pay ranges than typically seen, making proactively administrating compensation actions and movement difficult.
- More than **53% of positions are paid below** their position's pay grade midpoint.
- More than **12% of employees are paid in the first quartile** (i.e., below the 25th percentile) of their position's pay grade.
- Based on the proposed updates to the salary structure, out of the 11,451 employees covered by the benchmarking survey, **15% would have an immediate change to their base compensation** and **44% would have a proposed pay grade maximum that is higher than their current** maximum.
- The State's **medical, disability, and annual leave offerings are below** the market.
- The State's **dental offerings are above** market.

Note:
¹ Four job families (Attorney, Building Cleaning & Maintenance, Personal Care & Service, and Food Preparation & Service) were excluded from our analysis as they possess unique salary structures or were not included in our benchmarking analysis.

EXECUTIVE SUMMARY: MARKET COMPETITIVE ANALYSIS SCOPE AND PURPOSE

Confirm the State's benchmarking strategy and analyze market data for salaries and benefits to understand current competitiveness.

PROPOSED NEXT STEPS

Transition to a Single Salary Structure: Aligning with best practices, Deloitte recommends the State moves to a single salary structure for all classified employees that is based on external market rates.

Implement Consistent Increases to Midpoint Differentials: Implement more consistent increases to the midpoint differentials within the salary structure, so that when employees are placed into a higher pay grade the increased salaries are more meaningful.

Extend Pay Grade Progression: By implementing wider pay grades, the State will extend opportunities for higher future pay within grades for a majority of employees.

Re-evaluate Medical Offerings: Given Medical is a highly visible benefit, the State would benefit from understanding what concerns employees and candidates may have regarding the design or contributions. If it is a prevailing issue, the State can seek to re-evaluate the designs and cost sharing to better align with the market.

Re-assess Dental Offerings: The Dental plan offers comprehensive coverage, with some features (e.g., annual maximums) greater than the market. However, if employees don't value dental, it may be worth considering modifying contributions and repurposing employer spend to lower medical contributions.

Re-examine Vision Offerings: The vision plan is comparable to the market; however, Deloitte recommends performing a regular review of the benefit program, adjusting vision offerings, as needed, to keep the plan competitive.

Analyze Disability Offerings: Deloitte recommends reviewing the overall strategy for providing financial protection during disabilities. Today, the market has seen Short-term Disability replacing sick leave banks, offering more protection for all employees. Long-term Disability is often paid for by the employer.

Review Life Offerings: Deloitte recommends to regularly review the benefit offerings and adjust as needed based on external benchmarks to continue to remain competitive.

Re-consider Time Off Offerings: Time off is one of the most prominent benefits an organization can offer. The State's vacation policy is below market (although number of sick days offered is above). Paid Time Off (PTO), which combines vacation/sick and personal, may be a more flexible model for employees, and could be a cost effective program to consider.

 ***Proposed additional work activity, further details on pages 12-22.***

EXECUTIVE SUMMARY: JOB CLASSIFICATION ANALYSIS SCOPE AND PURPOSE

Conduct a comprehensive assessment of the existing job classifications within the State's personnel system to identify opportunities for enhancement.

CHALLENGE

The current classification system is outdated and does not adequately meet the evolving needs of the workforce. The large number of classifications causes confusion around differences and similarities of work performed from one classification to another and has created redundant classifications that may be able to be consolidated into fewer classifications.

KEY FINDINGS

- The **job classification actions and approval processes vary across Agencies** with frequent delays stemming from approvers needing addition information, the requirement of physical signatures, and hiring complications.
- The **absence of well-defined job families and sub-families** make it challenging to identify commonalities in work types and map potential career paths for employees.
- There is **not a consistent set of criteria to describe the differences in educational requirements and work contributions**, limiting the ability to identify accurate comparative labor markets.
- **Variation in position titles, grades, and levels of jobs performing** similar work is inhibiting employee career progression, clarity on expectations, and the ability to forecast future workforce planning needs.


PROPOSED NEXT STEPS


Stand up a Classification Center of Expertise (COE): Implement a COE that is directly responsible for providing resources, guidance, and Agency-wide training for the classification and reclassification request processes can help mitigate and address these gaps.

Implement a Statewide E-Workflow Tool: Implement a tool where Agencies can track, submit, and upload classification request documents, helping to streamline the approval process by increasing transparency and accountability of stakeholders to perform responsibilities in a timely manner.

Expand the use of Blanket Recruitment Waivers: Increasing the use of blanket recruitment waivers for select Agencies can help Agencies staff positions quicker and retain already vetted talent.

Expand State Agencies' Classification Action Authority: Increasing the approval authority after the creation of standardized operating procedures and job aids would help SPO reduce the approval time for certain classification actions.

 **Redesign the State's Job Architecture (JA):** Undergo a full JA redesign to update job families, job sub-families and job titles, and implement career tracks, and more standardized job levels to help promote career paths within the State.

 **Analyze Workload for Key Positions:** Evaluate the quantity of work certain positions are expected to perform.

 **Proposed additional work activity, further details on pages 12-22.**

EXECUTIVE SUMMARY: STAKEHOLDER ENGAGEMENT AND EMPLOYEE SURVEY SCOPE AND PURPOSE

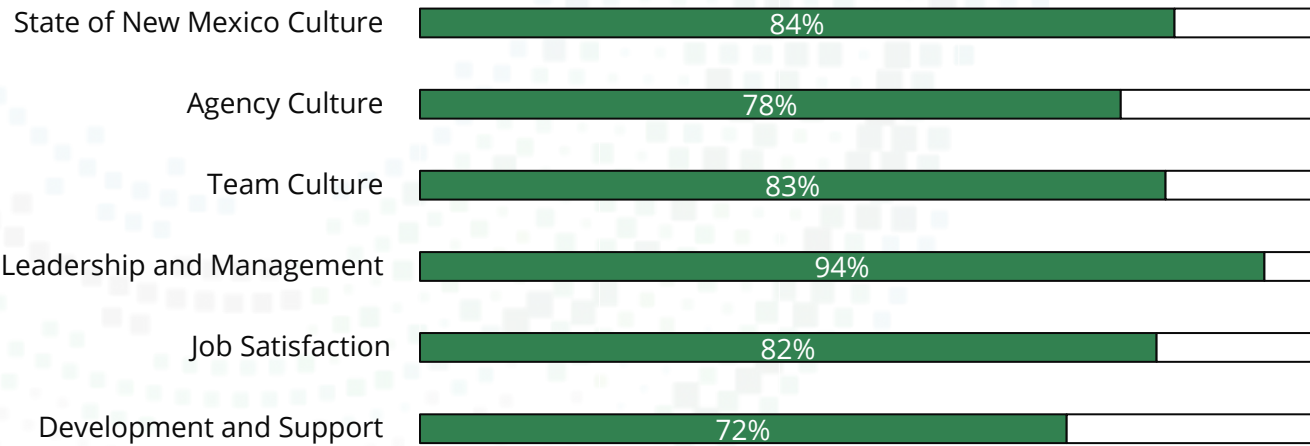
Administer a State-wide Employee Engagement Survey to identify drivers of retention and attrition across State Agencies.

CHALLENGE

With little to no employee sentiment data, leadership was struggling to identify and address workforce challenges.

KEY FINDINGS

Participants were asked their level of agreement (Agree, Slightly Agree, and Strongly Agree shown below) to positive statements related to the following themes:



Attrition:

1. Compensation
2. Lack of flexibility to work remotely
3. Negative work environment and no sense of belonging

Top 3 Reasons For:

Retention:

1. Ability to maintain a work/life balance
2. Benefits
3. Relationship with manager

From the Employee Engagement Focus Groups:

- Majority of employees identified **connection to mission and Agency** as one of the factors **they enjoyed most about being a State employee and as a top reason they continue their employment** with their Agency and the State.
- Employees stated former colleagues **left their jobs at the State for jobs that offered remote/hybrid work options.**
- Employees stated lack of a standardize onboarding training **contributed to employee turnover, especially with new hires employed by the State for under one year.**
- Several employees shared a **positive sentiment around SPO’s new management training courses**, while others were unaware that those trainings existed.

EXECUTIVE SUMMARY: STAKEHOLDER ENGAGEMENT AND EMPLOYEE SURVEY SCOPE AND PURPOSE

Administer a State-wide Employee Engagement Survey to identify drivers of retention and attrition across State Agencies.

PROPOSED NEXT STEPS

- ★ **Establish unified, State-wide Marketing and Branding Strategy:** Develop a marketing and branding strategy for the State while taking into account Agency-specific branding; emphasize benefits for working at the State and highlight the variety of roles and work an employee can do in a fulfilling career with the State to help attract a larger number of qualified candidates.
- ★ **Evaluate telework options and combine with real estate strategy:** Conduct an evaluation across Agencies to determine feasibility and impact of telework and hybrid work options based on role and service; review State’s real estate strategy to optimize usage of existing space while providing flexibility for employees.
- Increase State-wide and Agency communication efforts:** Create an organizational culture that integrates change management for all projects that impact employees to elevate transparency surrounding operations and policy changes.
- Regularly gather employee sentiment data:** Conduct routine employee engagement activities and “stay” surveys to better inform strategies to retain employees.
- ★ **Implement onboarding program and build awareness for existing professional development curriculum:** Implement a standardized State-wide onboarding program to accelerate employee productivity and build awareness of the existing training catalog to help employees’ professional development.
- Formalize role progression and expand rotational programs:** Redesign the classification system to group jobs by similar knowledge, skills, and abilities to enhance career progression.
- Define state-wide desired outcomes of performance management to enable consistent evaluations:** Explore options to use performance evaluations to further differentiate pay for top performers and provide managers with performance management trainings to help facilitate more consistent performance evaluations.
- Establish a succession planning framework:** Provide additional mentorship and support to identified high-performing/high-potential employees to prepare them for the next role.

★ ***Proposed additional work activity, further details on pages 12-22.***

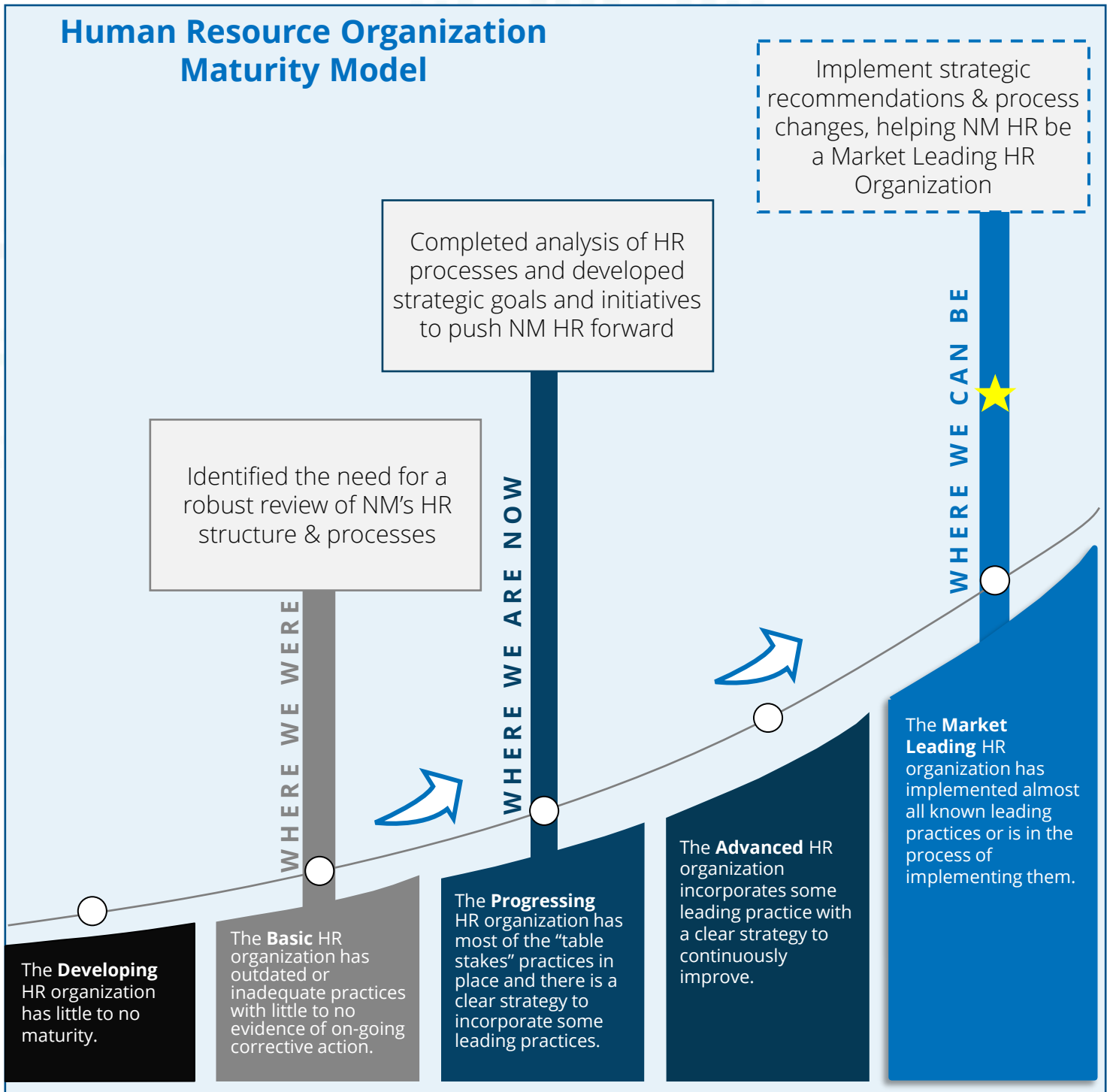


Proposed Additional Work the State Can Perform

NEW MEXICO'S COMMITMENT TO PROGRESS

The **State of New Mexico** has shown great commitment to enhancing how HR services are provided across the State by engaging assistance to further explore the current challenges in the HR offering. Furthermore, the State has invested the time and effort through a high level of engagement to help craft the next steps to address the current challenges.

The State now has the opportunity to **keep the momentum going** by **implementing the changes** identified during the process review phase and **move towards a more efficient HR operating model** with the state-wide HR function (i.e., SPO and Agency HR) having more time to handle strategic HR activities, and being less bogged down by transactional, low-value add activities.








THE BUSINESS CASE FOR CHANGE

The **State of New Mexico** has the opportunity to become a more modernized, **leading HR organization in State government**.

At the center of New Mexico's effort is the improvement of overall HR operations and services delivery, ultimately supporting a better employee experience. By making the changes to the current HR Operating Model, adding key technology elements, and redesigning its Job Architecture, the State will be better equipped to meet these objectives.

To build upon the State's workforce efforts, Deloitte and State leaders identified the following overarching goals and the key activities to reach these goals:

-  **Enhanced oversight and governance** by Senior Agency Leaders and State-wide HR Leadership
-  **Increased collaboration and cohesion** among central HR initiatives and Agency-specific HR activities
-  **Better HR data reporting** and more efficient HR processes and workflows
-  More **accurate** employee classifications reflective of the duties and responsibilities of work performed
-  Better measurement and **review of work performed**

IDENTIFIED ACTIVITIES

1. Redesign the State's Job Architecture (JA)
2. Implement the recommended go-forward HR Operating Model
3. Implement HR data reporting and digital workflow technology
4. Analyze the workload for key positions
5. Conduct study to understand employee preferences on Total Rewards
6. Establish unified, State-wide marketing and branding strategy
7. Evaluate telework options and combine with real estate strategy
8. Implement onboarding program and build awareness for existing professional development curriculum

NEXT STEPS TO PROVIDE LEADING HR SERVICES

Deloitte recommends the State undertakes the following activities to **improve its HR operations** and enhance the employee experience.

1

Redesign the State's Job Architecture

According to a survey by WorldatWork, 41% of organizations are currently updating or redesigning their job architecture programs. These updates typically include refining job structures, titles, and leveling, which are essential for enhancing internal operations and external competitiveness.¹

What needs to occur: Undergo a full JA redesign to update job families, job sub-families and job titles, and implement career tracks, and more standardized job levels to help promote career paths within the State
Where we heard it: Classification review and weekly status updates
Why it's important: JA supports the job evaluation process, facilitates identifying professional development needs, makes career paths clearer for employees, improves the ability to report and analyze workforce data, and makes benchmarking compensation to the external market easier
Key activities: JA Redesign Planning; Conducting Employee Mapping Sessions; Developing Career Tracks, Job Families & Sub-families; Creating Job Leveling Guides and Job Title Glossary; Implementation of JA Redesign; Monitoring & Adjusting
Potential deliverables: Go-Forward Career Tracks, Job Families & Sub-Families Plan; Job Leveling Guides; Job Title Glossary; Employee Mapping Session Report
Estimated duration: 8-12 months
Key considerations: Redesigning the State's JA would need to maintain a balance between the standardization of job families and sub-families for operational efficiency and the customization needed to accommodate specific Agency roles and functions

2

Implement the recommended go-forward HR Operating Model

According to Forbes Advisor's Key Statistics and Trends in 2024, 46% of HR leaders report recruiting is their top priority. For a company to succeed, it needs talented workers and it's the HR department's job to find them.²

What needs to occur: Implement a strategic framework for HR across the State that gives SPO and Agency HR a platform to better collaborate, enabling HR personnel to respond better and faster to customer needs, such as classification requests and recruiting and hiring assistance
Where we heard it: Future State Visioning Lab
Why it's important: Increases collaboration amongst all HR personnel, allows SPO to act as a strategic advisory body, enhances the digital workplace to improve efficiency, centers HR around Agency needs and priorities
Key activities: Developing the Strategic Framework; Implementing Digital Solutions; Pilot Testing; Creating a Communication Strategy; Training HR Personnel
Potential deliverables: Pilot Testing Evaluation Report; Communication Strategy Implementation Plan; Training Program Materials; Performance Metrics Dashboard
Estimated duration: 18-24 months
Key considerations: Integrating new digital tools with the existing technological infrastructure would need to consider Agencies' unique needs to facilitate a smooth transition, and mitigate any disruption in HR services

Notes:

¹ [The Current Leading Practices in Building Job Architecture | WorldatWork](#)

² [Key HR Statistics And Trends In 2024 – Forbes Advisor](#)

NEXT STEPS TO PROVIDE LEADING HR SERVICES

Deloitte recommends the State undertakes the following activities to **improve its HR operations** and enhance the employee experience.

3

Implement HR data reporting and e-workflow technology

According to a survey by BCG involving over 100 CHROs, a staggering 94% of HR decision makers struggle to keep up with evolving technology trends in human capital management. This highlights a critical need for integrated solutions that simplify talent management and enhance strategic HR functions.¹

What needs to occur: Implement a human resources digital workflow tool that better enables and enhances access to data and HR service delivery
Where we heard it: Interviews, Future State Visioning Lab, survey results, and focus groups
Why it's important: Existing systems lack advanced tracking and automation capabilities, leading to manual signature collection and data entry. Additionally, the HR technology lacks reporting and analytics, forcing HR personnel to manually track metrics
Key activities: System Analysis & Planning; System Design & Development; Implementation & Integration; Training & Change Management; Monitoring & Support
Potential deliverables: Technology Implementation Plan; Customized E-Workflow System; Reporting Dashboard; Training & Change Management Strategy; Integrated HR System
Estimated duration: 18-24 months
Key considerations: Designing a user-friendly and accessible system, promoting adoption across Agencies would be need to minimize the learning curve and disruptions to current operations

4

Analyze the workload for key positions

According to APA's 2021 Work and Well-being Survey of 1,501 U.S. adult workers, nearly 3 in 5 employees reported negative impacts of work-related stress, including lack of interest, motivation, or energy (26%) and lack of effort at work (19%). Meanwhile, 36% reported cognitive weariness, 32% reported emotional exhaustion, and an astounding 44% reported physical fatigue— a 38% increase since 2019.²

What needs to occur: Evaluate the quantity of work certain positions are expected to perform
Where we heard it: January LFC Hearing
Why it's important: There is a perception that while on paper salaries may appear to be competitive to the external market, the required level of work for certain positions (largely due to vacancies and understaffing) is much higher than normal, leading to retention challenges competitive salaries alone cannot fix
Key activities: Workload Assessment; Employee Feedback Collection; Report Generation; Efficiency Improvement Planning; Implementation of Workload Distribution Guidelines; Monitoring & Evaluation
Potential deliverables: Workload Assessment Report; Efficiency Improvement Plan; Workload Distribution Guidelines; Employee Feedback Summary
Estimated duration: 3-4 months
Key considerations: Accurately assessing positions' scope of work and alignment with compensation (i.e., checking that roles are not overburdened) is necessary to address retention challenges

Notes:

¹ [The \\$12 Billion Opportunity in HR Technology | BCG](#)

² [Burnout and stress are everywhere \(apa.org\)](#)

NEXT STEPS TO PROVIDE LEADING HR SERVICES

Deloitte recommends the State undertakes the following activities to **improve its HR operations** and enhance the employee experience.

5

Conduct study to understand employee preferences on Total Rewards

A recent Gallup poll revealed that a significant number of employees value emotional support at work over a higher salary. This finding highlights the importance of understanding employee preferences in shaping effective total rewards programs.¹

What needs to occur: Determine the most efficient way to combine total rewards program features based on employee preferences to deliver meaningful rewards in a cost-effective manner

Where we heard it: Interviews and focus groups

Why it's important: Understanding the aspects of total rewards (e.g., compensation, benefits, time off, retirement, etc.) to determine the optimal areas for State investment will help to recruit and retain talent

Key activities: Employee Surveys & Interviews; Data Analysis; Rewards Optimization Strategy Development; Cost Analysis; Strategy Implementation; Report Generation

Potential deliverables: Rewards Optimization Survey Report; Cost Analysis

Estimated duration: 2-3 months

Key considerations: Prioritizing representing the diverse workforce and allowing the study to capture a wide range of perspectives and preferences would be critical to inform a comprehensive, inclusive rewards strategy

6

Establish unified, State-wide marketing and branding strategy

A 2022 report by LinkedIn reveals that companies with strong employer brands are 43% more likely to attract top talent. This emphasizes the need for a robust and appealing employer branding strategy to attract the best candidates for State jobs.²

What needs to occur: Develop a marketing and branding strategy for the State while taking into account Agency-specific branding; emphasize benefits for working at the State and highlight the variety of roles and work an employee can do in a fulfilling career with the State

Where we heard it: Future State Visioning Lab, focus groups, and survey results

Why it's important: Increased awareness of the State as an employer and an intentional effort to elevate the brand can increase the number and quality of candidates for open positions

Key activities: Market Research; Brand strategy Development; Marketing Strategy Development; Media Planning; Implementation of Branding & Marketing Strategies; Metrics & Analytics Framework; Monitoring & Adjusting

Potential deliverables: Unified Branding Guidelines; Integrated Marketing Strategy; Digital & Traditional Media Plans; Metrics & Analytics Framework

Estimated duration: 3-4 months

Key considerations: Effectively communicating the unique value of working for the State and accurately highlighting the diverse opportunities and benefits available can be prioritized to help messaging resonate with potential candidates

Notes:

¹ [Gallup 2023 Workplace Report: Employee Engagement at All Time High - The National CIO Review](#)

² [Employer Branding Resources | LinkedIn Talent Solutions](#)

NEXT STEPS TO PROVIDE LEADING HR SERVICES

Deloitte recommends the State undertakes the following activities to **improve its HR operations** and enhance the employee experience.

7

Evaluate telework options and combine with real estate strategy

According to a 2023 study by Upwork, an estimated 36.2 million Americans, or 22% of the workforce, will be remote by 2025. This represents a significant increase from pre-pandemic levels, highlighting the need to adapt workplace strategies.¹

What needs to occur: Conduct an evaluation across Agencies to determine feasibility and impact of telework and hybrid work options based on role and service; review State’s real estate strategy to optimize usage of existing space while providing flexibility for employees
Where we heard it: Focus groups and survey results
Why it’s important: Providing flexible working locations will increase employee engagement and retention, making the State more competitive in the market for talent and may reduce operating (i.e., real estate) costs
Key activities: Evaluation of Telework & Hybrid Work Options; Real Estate Strategy Review; Development of Telework Strategy; Real Estate Optimization Planning; Technology & Security Recommendations; Policy Creation; Implementation Roadmap; Performance Review
Potential deliverables: Telework Feasibility & Strategy Assessment; Real Estate Optimization Plan; Technology & Security Recommendations; Employee Policy & Guidelines; Implementation Roadmap
Estimated duration: 3-4 months
Key considerations: Effective performance management (i.e., expectations, monitoring, and evaluation), a review of the existing technological infrastructure and security protocols, and an understanding of the impacts on organizational culture and collaboration would need to be considered before implementing any flexible working arrangements

8

Implement onboarding program and build awareness for existing professional development curriculum

A 2021 report by the Association for Talent Development (ATD) found that organizations with strong onboarding programs experience a 50% reduction in turnover for new hires within the first six months.²

What needs to occur: Implement a standardized State-wide onboarding program to accelerate employee productivity and build awareness for the existing training catalog to help employees’ professional development
Where we heard it: Survey results, focus groups
Why it’s important: Employees struggle to adjust to their new roles at the State without a robust onboarding program and are unaware of the existing trainings offered that can positively help their professional development
Key activities: Needs Assessment; Benchmarking; Strategy & Content Development; Training Catalog Promotion; Technology Assessment; Feedback Mechanisms; Pilot program; Program Evaluation
Potential deliverables: Onboarding Program Design; Onboarding Packets; Training Needs Assessment Report; Curriculum Redesign Proposal; Learning Objectives & Interactive Content; Assessment Tools & Instructor Guides; Technology Integration & Communication Strategy
Estimated duration: 3-4 months
Key considerations: The State may need to tailor relevant training content to meet the diverse needs of new hires across different roles

Notes:

¹ [Future Workforce Report 2022 | Upwork](#)

² [What is Onboarding? | ATD](#)

REDESIGN THE STATE'S JOB ARCHITECTURE

Redesigning the State's Job Architecture (JA) can help streamline the HR function by:

- Creating a **consistent framework** for job types across the organization
- Establishing a **common language** for positions to enhance **understanding of employees' duties and responsibilities**
- Enabling **data consistency** for better **compensation analyses, workforce planning, staffing, and selection**
- Providing a framework to **integrate compensation programs and job structure**

IMPLEMENTING JOB ARCHITECTURE

Conduct JA Design Workshops	<p>The first step in redesigning JA is conducting workshops that involve stakeholders, subject matter experts, and process owners to discuss and define the scope, business, and strategic objectives of the job architecture design. It serves to align the team, identify potential pain points, and discuss leading practices.</p>
Finalize the Go-Forward Job Catalogue	<p>Next, finalizing and documenting the future job roles, responsibilities, and structures into a job catalogue is crucial reference for future HR processes such as retirement, performance management, and career development.</p>
Complete Initial Job Mapping	<p>After defining the current state and future objectives, the next step is creating a detailed map of the existing job roles and responsibilities. Mapping identifies gaps, redundancies, or misalignments in current roles and designs a more effective and efficient future state.</p>
Facilitate Job Validation Workshops with JA Core Team	<p>Lastly, a validation workshop with the JA Core Team is conducted. The workshop is often comprised of HR and business leaders, who review and validate the initial job mapping. Their validation and expertise help align the proposed job architecture and attuned to the State's needs.</p>

IMPLEMENT THE RECOMMENDED GO-FORWARD HR OPERATING MODEL

Implementing the go-forward HR operating model for New Mexico can help make HR services more efficient across the State of New Mexico by:

- Enhancing **transparency**, allowing HR (both SPO and Agency HR) to efficiently manage activities in a collaborative manner and maintain clear accountability
- **Fostering stakeholder engagement and adaptability**, through strategic change management practices, to prepare the State workforce for new operational methodologies.

IMPLEMENTING THE HR OPERATING MODEL

<p>Determine HR Transformation Transition Team</p>	<p>As leaders of the HR Transformation, the State can stand up an HR Transformation Team comprised of diverse stakeholders (e.g., Agency HR, Agency Leaders, LFC, SPO, DFA, etc.) that is dedicated to driving the HR Transformation and is responsible for providing oversight and making decisions on important implementation activities. This group may also work to gather executive buy-in, executive sponsorship, Agency buy-in and partnerships, and vendor partnerships.</p>
<p>Prioritize Agencies for Implementation</p>	<p>Implementation may need to occur over time in waves. Deloitte recommends determining the appropriate process for implementation, using the sequencing options provided in the Implementation Roadmap and Final Report Appendix.</p>
<p>Immediately Begin Executing Change Management Team</p>	<p>The best implementations are those that include effective stakeholder engagement, and an effective and consistent change management strategy. It is important that the State begins regularly communicating decisions and updates about implementation activities as early as possible, to increase stakeholder buy-in and prepare the State for the proposed Future State HR Operating Model.</p>

PROPOSED ADDITIONAL WORK THE STATE CAN PERFORM

IMPLEMENT HR DATA REPORTING AND E-WORKFLOW TECHNOLOGY

Implementing a statewide E-Workflow Tool can help Agencies streamline the HR request approval processes by:

- Enabling HR Employees to **submit, track, and upload HR requests in one central place** for approval
- **Increasing transparency and accountability of all stakeholders** to perform their responsibilities in a **timely manner**
- Analyze process flows more easily to identify and **fix process bottlenecks more quickly**

PROCURING AN E-WORKFLOW TOOL

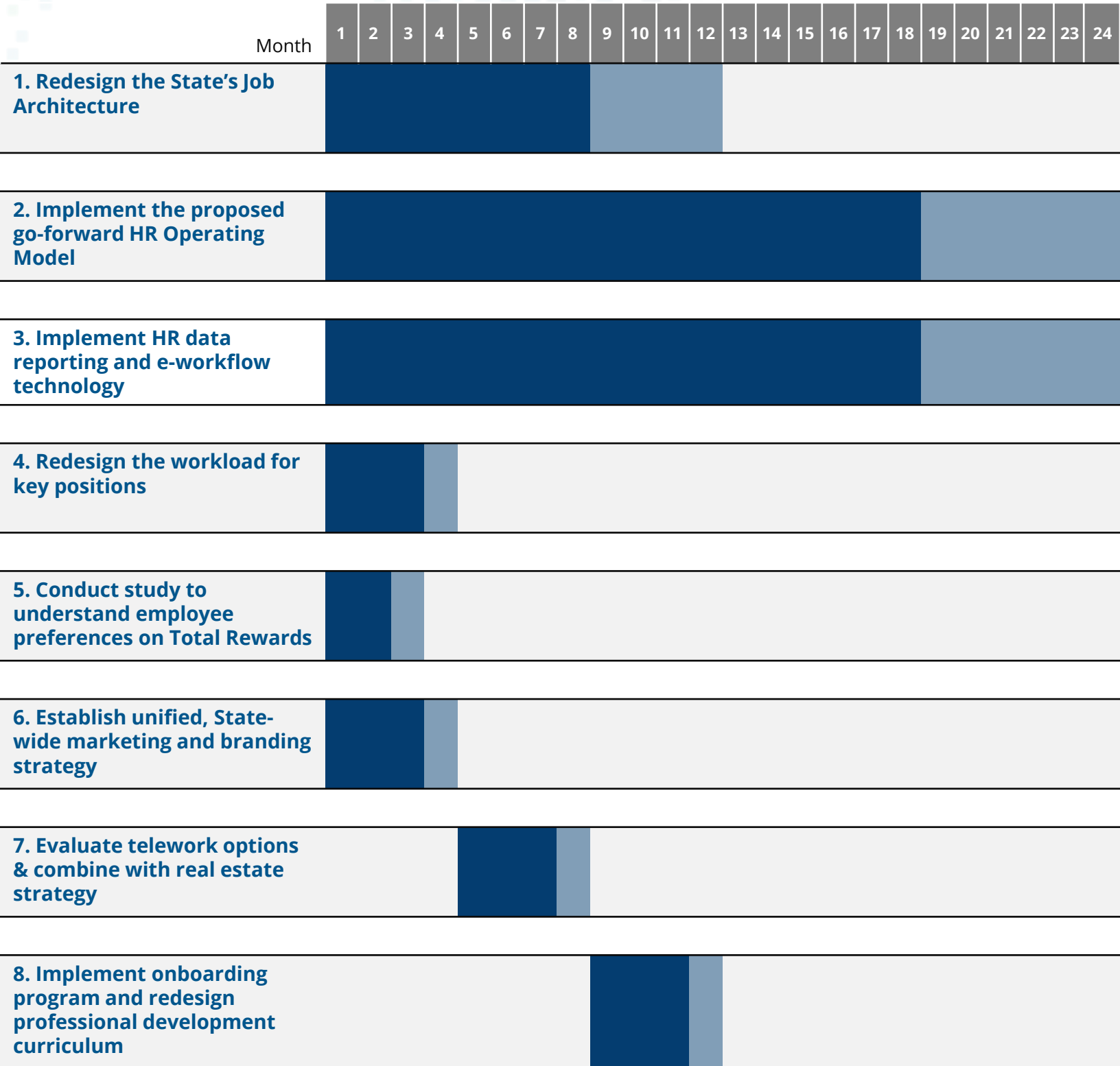
<p>Determine the Requirements the State Needs in an E-Workflow Tool</p>	<p>The first step in procuring an e-workflow tool is to complete a review of the current HR processes to identify gaps, areas of improvement and the necessary requirements needed for the tool to help enhance processes and efficiency.</p>
<p>Evaluate E-Workflow Tools Based on State of New Mexico HR Requirements</p>	<p>Next, evaluate the tools capabilities against NM HR requirements, considering features, scalability and integration abilities with existing HR systems</p>
<p>Implement E-Workflow Tool</p>	<p>Assemble a team to implement the e-workflow tool and modify the tool (as needed) to meet the requirements of the State; thorough business acceptance testing and user acceptance testing cycles need to be completed before officially launching the tool.</p>

PROPOSED ADDITIONAL WORK THE STATE CAN PERFORM

	Illustrative lower timeline
	Illustrative upper timeline

IMPLEMENTATION ROADMAP

Based on our initial estimation, we anticipate that the following tasks could align with the illustrative timeframes shown below.



While the proposed timeline suggest sequencing of these 8 activities, it is important to note that practical implementation may require further discussions to align on optimal sequencing and timing for each task.



***Financial Case for Change:
Proposed HR Operating Model
and Technology Implementation***

SCOPE

The scope of the financial case for change includes current state and future state costs for the HR function, including associated HR IT systems costs. The analysis includes investment costs for the implementation of the proposed HR operating model, including newly created HR IT positions. The cost analysis is conducted over a five-year timeframe.

The scope of services evaluated in the business model varies by function:

Function	Scope
Human Resources Personnel	HR was treated as a shift in the operating model (i.e., not a consolidation or centralization), with Agencies retaining strategic HR decision making responsibilities.
Human Resources Information Technology	Suggested HR Information Technology systems to support the transformation were included in the financial case and cost analysis.

To properly calculate and evaluate the financial sensibility of the proposed HR operating model, the following cost categories were determined, with each category containing multiple cost elements as follows:

Function	Type of Cost	Scope*	Specific Data Point
HR Personnel	Recurring	New Mexico HR Personnel Costs (SPO and Agency HR)	Cost of HR personnel (salaries + benefits)
HR Information Technology Implementation	Stand-up	Software Costs	Costs associated with purchasing HR IT software and licensing fees for associated users
	Stand-up	New Hire Costs	Costs associated with hiring New Mexico employees whose sole job responsibilities lie in supporting the new HR technology
	Transitional	Consulting Costs	Costs associated with hiring consultants to perform implementation and upgrades
	Transitional	Change Management / Communications Costs	Costs associated with hiring consultants to assist with change management and communications activities related to implementation
	Recurring	Savings	Man hours saved via HR information technology implementation
Baseline (i.e., current)	Recurring	Baseline (i.e., current) costs	The current costs for HR personnel costs, projected into the future

RETURN ON INVESTMENT

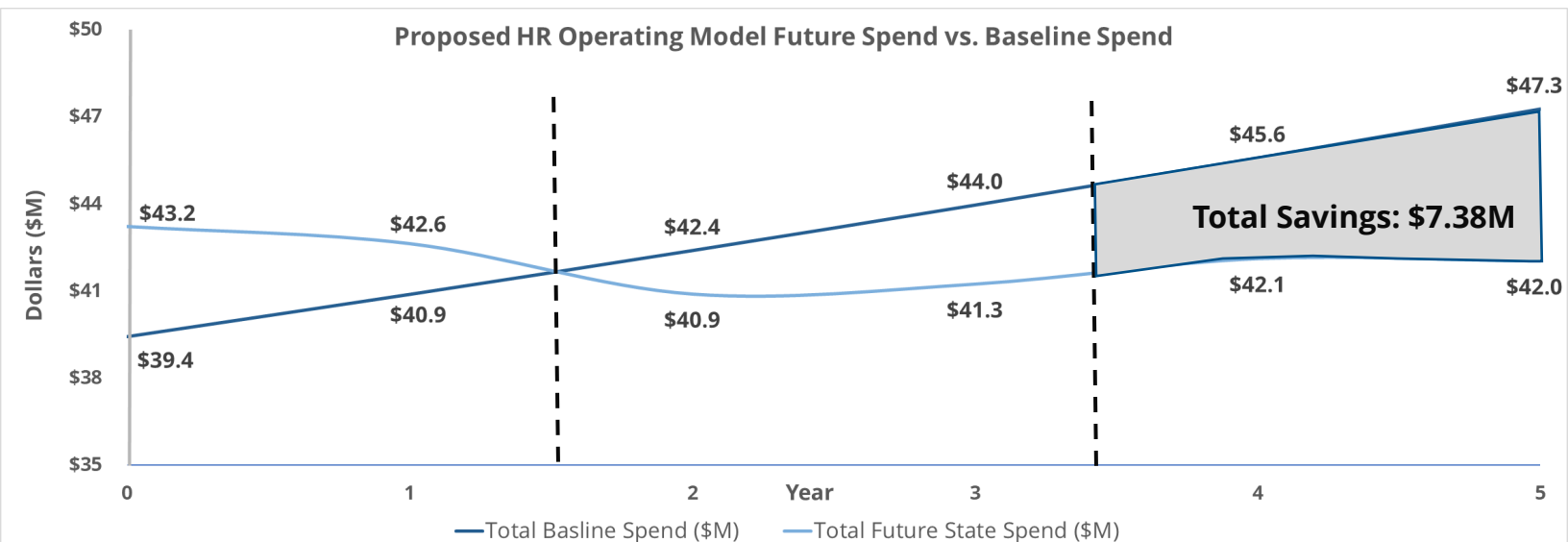
An estimate of the five-year outlay for the HR Transformation Project, including HR personnel and HR IT systems costs, is condensed into the following cost bucket on the graph below:

- **Total Baseline Spend:** The dark blue line denotes the current (i.e., baseline) HR personnel and IT costs projected into the future
- **Total Future State Spend:** The light blue line signifies the HR personnel and IT costs of the recommendations projected into the future
- **Equal Spend Point:** The black dotted line highlights the point between Years 1 and 2 where, after an initial investment, the annual spend of the future state recommendations will equal the current state spend
- **Break-even Point:** The gray dotted line denotes the point in between Years 3 and 4 where the State of New Mexico will see a positive financial impact of the recommendations

By the end of Year 5, the State of Tennessee is expected to save roughly 8.3% in HR personnel costs through the HR operating model implementation, inclusive of consistent annual increases of 3.7%.¹ This represents over \$3.9M. Cumulatively, the State of Tennessee would see nearly \$8.8M in HR personnel-related cost savings, and nearly \$7.4M in total savings, by the end of Year 5.

These personnel driven savings are reflective of meeting a target ratio of 60:1 employees-to-HR professionals, which is based on the benchmark Deloitte uses for High Impact Operating Model organizations. Currently, the State of New Mexico has a 53:1 employee-to-HR professional ratio. The cost analysis includes an initial increase in employees that offset any net decrease in employees in Year 1 to account for the HR IT system needs and then ultimately achieves the target ratio through not refilling positions that become vacant through natural, voluntary attrition (i.e., **Deloitte does not recommend involuntary separations of State government employees**). Deloitte’s High Impact Operating Model Organizations benchmark is typically 64:1 for organizations.

The graph below displays the return on investment for the baseline and future state costs, not including strategic savings cost avoidance.



Note:

¹ Source: WorlDatWork 2023-2024 Salary Budget Survey results for Public Administration industry

COST ANALYSIS

The table below details the calculated costs for the next five (5) years for in-scope services. It is critical to note that any decrease in total HR employees will be the result of not filling positions that become vacant due to natural, voluntary attrition. As voluntary attrition occurs, the State should continuously evaluate reorganization opportunities. Given the State’s annual turnover rate of 17.8%¹, the decrease of 27 total HR employees over 5 years (representing a total of 8.3% decrease) is feasible. The cost analysis was conducted to demonstrate the proposed implementation timeline and scope of services based on the results of the design phase:

Year	Total HR Employees ^{2,3}	Baseline HR Personnel Costs (\$M) ⁴	Future State HR Personnel Costs (\$M)	Personnel Cost Savings (\$M)
0	325	\$39.4	\$39.4	\$0.0
1	324	\$40.9	\$40.7	\$0.2
2	320	\$42.4	\$41.8	\$0.6
3	313	\$44.0	\$42.3	\$1.7
4	308	\$45.6	\$43.2	\$2.4
5	298	\$47.3	\$43.4	\$3.9
			Total	\$8.8

Year	Future State HR Personnel Costs (\$M)	Future State Stand-up Costs (\$M)	Future State Transitional Costs (\$M)	Total Value of Hours Saved (\$M) ⁵	Total Future State Costs (\$M)
0	\$39.4	\$1.0	\$2.8	\$0.0	\$43.2
1	\$40.7	\$2.0	\$1.4	\$1.5	\$42.6
2	\$41.8	\$0.3	\$0.3	\$1.5	\$40.9
3	\$42.3	\$0.3	\$0.1	\$1.5	\$41.3
4	\$43.2	\$0.3	\$0.1	\$1.5	\$42.1
5	\$43.4	\$0.1	\$0.1	\$1.5	\$42.0

Through Deloitte’s proposed Future State HR Operating Model design and recommendations, the State of New Mexico can enhance its HR service delivery and make work more effective by utilizing leading technology, while avoiding unnecessary costs.

Benefits of the Proposed HR Operating Model

Enhanced HR Service Delivery



Leading Technology



Avoidance of Unnecessary Costs



Notes:

- ¹ Based on the State Personnel Office’s Key Quarterly Performance Measures Report Quarter 4, Fiscal Year 2023
- ² Based on State of New Mexico-provided number of 295 HR employees plus an estimation of employees performing HR work in non-HR titles comprising an additional 10% of identified employees
- ³ Inclusive of HR IT personnel
- ⁴ Assumes a constant 295 total HR Employees and a consistent average annual salary increase of 3.7% per employee
- ⁵ Based on assumption of 3 cases per employee that can be addressed via a case management system, resulting in total time savings amongst all parties of 30 minutes per case

ASSUMPTIONS

Data was collected leveraging a variety of sources, including data calls, publicly available data, previous Deloitte experience, and industry benchmarks.

The cost analysis provided in prior sections details the financial feasibility of executing the HR Transformation in a way that the implementation team feels meets the requirements of the transformation. These figures may change as new information is learned in the future. Assumptions were used to provide the basis for determining the financial feasibility of the mission. The baseline service-level costs were rolled up to the functional level and ultimately to the Department-level for an overall view of the quantitative impact of the transformation as follows:

Function	Data Element	Source	Assumption(s)
Human Resources	Total number of HR personnel (SPO and Agency HR)	State of New Mexico Employee Census, effective 10/1/2023	Assume there are additional employees (10% of total identified HR employees) who are performing HR work in non-HR titles/job codes
	HR personnel benefits spend	United States Bureau of Labor Statistics	Assume State of New Mexico's value of benefits as a percentage of wages is in line with the market
	Annual Salary Increases	Industry Benchmark (WorldatWork Projected Salary Budget Increases for 2024)	Assume State of New Mexico would be categorized under the Public Administration sector-specific data Assume there will be consistent annual increases over the next 5 years
Information Technology	Projected HR IT Software Costs	Previous Deloitte Experience	Assume costs for IT implementation are in line with previous projects Deloitte has supported
	Projected HR IT Consultant Costs	Previous Deloitte Experience	Assume consulting firm would do a majority of the implementation work with State of New Mexico resources supporting
	Projected HR IT New Hire Spend	Previous Deloitte Experience	Assume State of New Mexico would hire 4 new employees in Year 1, and 2 additional employees each year from Years 2-4 to support HR IT implementation
	Projected Change Management / Communications Costs	Previous Deloitte Experience	Assume consulting firm would work with State of New Mexico resources to support change management and communications strategy around implementation roll out
	Number of HR-related Cases per Employee	Previous Deloitte Experience	Assume, on average, employees have 3 cases per year that could be solved more effectively with a case management system
	Current Hours Spent per Employee Case	Previous Deloitte Experience	Assume, on average, current total time for all parties involved in a case is 2 hours
	Projected Hours Spent per Employee Case	Previous Deloitte Experience	Assume, on average, future total time for all parties involved in a case would be 1.5 hours



Appendix A: Personnel Act Review

PERSONNEL ACT REVIEW SCOPE AND PURPOSE

Deloitte worked with the State of New Mexico to **review and analyze New Mexico's Personnel Act and the administrative rules** issued by the State Personnel Board pursuant to the Personnel Act. Deloitte has recommended opportunities to enhance the existing guidelines and has provided commentary on current processes and procedures to help align New Mexico's Personnel Act to leading practices.

A1: PERSONNEL ACT REVIEW OVERVIEW

Deloitte worked alongside the LFC, DFA, and SPO to execute the scope of this work as part of our overall Personnel Act project.

WEEK 1



Initiate review by **identifying market-leading standards** and selecting peer entities for comparison to **streamline the enhancement** of New Mexico's Personnel Act.

WEEK 2



Delve into **current practices** under the Personnel Act, **evaluating functions and policies** to identify improvement opportunities.

WEEKS 3-5



Engage in in-depth market research on **leading practices** across similar entities and engage Deloitte experts for **targeted insights** and innovative solutions.

WEEKS 6-8



Consolidate research findings, expert advice, and comparative analyses into a **detailed report** with **policy review, market comparisons, and strategic recommendations** for the Personnel Act going forward.









































APPROACH

Deloitte and representatives from the State of New Mexico’s Legislative Finance Committee (LFC), Department of Finance and Administration (DFA), and State Personnel Office (SPO) aligned on the 10 peer States that would be reviewed and analyzed:

10 Peer Comparison States				
Arizona	Colorado	Idaho	Montana	Nevada
Oklahoma	South Dakota	Texas	Utah	Washington

Recruitment and Selection Maturity Matrix

Deloitte’s Recruitment and Selection Maturity Matrix provides a framework for measuring recruitment and selection maturity across four key dimensions that were identified as themes containing important elements in the Personnel Act and similar policies. Each dimension is assessed and assigned a level of maturity based on information reviewed in New Mexico’s Personnel Act, State Personnel Board Rules, and similar publicly available policies for the peer States below. This assessment identifies key areas of success and improvement to prioritize HR initiatives. This assessment does not determine how “good” or “bad” each State’s HR processes are.

	Applicant Evaluation Process	Eligible Candidate Selection List	Expedited Recruitment	DI&A
New Mexico				
Arizona	n/a	n/a	n/a	n/a
Colorado				
Idaho				
Montana				
Nevada				
Oklahoma				
South Dakota				
Texas				
Utah				
Washington				































				
Not referenced	Basic	Progressing	Advanced	Leading

CLASSIFICATION

Effective job classifications help attract and retain key talent by enhancing the employee experience and by providing opportunities for skill development, career mobility, and performance management. Industry-leading classification policies provide a job classification framework and compensation structure that is scalable to all roles in the organization. Creating and standardizing job classifications provide employees with career track vision, clarity, and transparency.

Classification Maturity Matrix

Deloitte’s Classification Maturity Matrix provides a framework for measuring classification maturity across three key dimensions that were identified as themes containing important elements in the Personnel Act and similar policies. Each dimension is assessed and assigned a level of maturity based on information reviewed in New Mexico’s Personnel Act, State Personnel Board Rules, and similar publicly available policies for the States below. This assessment identifies key areas of success and improvement to prioritize HR initiatives. Similar to the Recruitment and Selection Maturity Matrix, this assessment does not determine how “good” or “bad” an HR process is.

	Establishment of Classification System	Audit of Classification System	New and Revised Classifications
New Mexico			
Arizona	n/a	n/a	n/a
Colorado			
Idaho			
Montana			
Nevada			
Oklahoma			
South Dakota			
Texas			
Utah			
Washington			





















 Not referenced	 Basic	 Progressing	 Advanced	 Leading
--	---	---	--	---

COMPENSATION

A compensation philosophy provides direction for how organizations provide equitable and adequate compensation and serves as the foundation for a comprehensive compensation plan. A well-written compensation philosophy clearly articulates its guiding statement on pay, defines the market in which an organization competes for talent, documents its targeted pay position, and incorporates language on how compensation can act as a tool to attract, motivate, and retain its employees.

Compensation Maturity Matrix

Deloitte’s Compensation Maturity Matrix provides a framework for measuring compensation maturity across two key dimensions that were identified as themes containing important elements in the Personnel Act and similar policies. Each dimension is assessed and assigned a level of maturity based on information reviewed in the New Mexico Personnel Act and NMAC Rules, and similar policies for the states referenced in the chart below, as outlined in the Sources section of this document. This assessment identifies key areas of success and improvement to prioritize HR initiatives. Similar to the Recruitment and Selection Maturity Matrix and Classification Maturity Matrix, this assessment does not determine how “good” or “bad” an HR process is.




	Compensation Philosophy & Plan	Compensation Surveys
New Mexico		
Arizona	n/a	n/a
Colorado		
Idaho		
Montana		
Nevada		
Oklahoma		
South Dakota		
Texas		
Utah		
Washington		

 Not referenced	 Basic	 Progressing	 Advanced	 Leading
--	---	---	--	---

KEY FINDINGS & RECOMMENDATIONS

To comply with the Personnel Board rules, the Director of the State Personnel Office must conduct an annual compensation survey and provide an annual report to the Governor. Deloitte recommends that the State of New Mexico further develop its processes to define the strategy on how it will use market data to compare its current compensation levels to the market and how the State uses the results of the benchmark compensation study to establish its current pay position against market and steps to achieve the desired pay position. The State should use the results of the benchmark compensation study to inform any necessary updates to the salary schedules approved by the State Personnel Board.

The State of New Mexico should also establish a formal market data strategy, including parameters around how it determines which survey(s) to use (e.g., number of data points in sample sizes, proper data scopes (e.g., industry, organization size, location), and data reporting elements (e.g., targeted percentiles)), defining a good survey benchmark match, the number of survey matches needed, etc.

	New Mexico's Strengths	Opportunities for Enhancement
Recruitment and Selection 	<ul style="list-style-type: none"> There is a structured selection and hiring process across the State Preference is given to New Mexico residents and veterans 	<p>To effectively recruit for vacant positions within the classified service, the State of New Mexico should accelerate the selection-to-offer process by modernizing and enhancing the candidate evaluation and selection process by expanding the use of screening criteria and repurposing relevant employment lists for consideration. The State of New Mexico should review their technology capabilities to understand how they are leveraging technology to automate the recruitment and selection process and increase transparency.</p>
Classification 	<ul style="list-style-type: none"> Classification plan is approved annually by the personnel board Agencies may request classification reviews, classification studies, and/or classification re-evaluations A job evaluation committee applies the job evaluation and measurement process to all newly created or revised classifications 	<p>To comply with providing a consistent, yet flexible system for the classification of State positions that supports the mission of State Agencies, the State of New Mexico should incorporate auditing requirements as a major component of maintaining its job classification system to confirm each job classification reflects the nature, level, scope, and complexity of work performed. This will enable the State of New Mexico to classify and compensate jobs in a consistent, equitable manner. The State of New Mexico should also clearly document the process for how position reclassifications are handled in the form of a Standard Operating Procedure document, including eligibility guidelines and approval processes.</p>
Compensation 	<ul style="list-style-type: none"> State desires to provide compensation that is externally competitive and internally equitable Compensation surveys comprised of private and public entities are conducted annually 	<p>To support the State of New Mexico's goal of rewarding employees for their specific contributions to the achievement of organizational goals and objectives while maintaining fiscal responsibility, the State of New Mexico should further develop its existing compensation philosophy and detail principles that would enable the State of New Mexico to clearly articulate its guiding statement on pay, define the markets in which it competes for talent, document its targeted pay position, and enhance language on how total compensation attracts, motivates, and retains its employees.</p>



Appendix B: Process Optimization Review

PROCESS REVIEW SCOPE AND PURPOSE

Deloitte identified leading practices for the State to improve its recruiting, hiring, and classification processes and the employee experience.

Deloitte worked with the Legislative Finance Committee (LFC), Department of Financial Administration (DFA), State Personnel Office (SPO), and personnel representing multiple State Agencies to identify current state HR operating model challenges to co-create a future state HR operating model for process improvement. Together, the **Current State Assessment, Future State Visioning Lab and Future State Recommendations Report demonstrate the wide-ranging opportunities available to New Mexico as it focuses in on becoming an employer of choice.**

A2: PROCESS REVIEW OVERVIEW

Deloitte worked alongside the LFC, DFA, and SPO to execute the scope of this work as part of our overall Personnel Act project.

WEEK 0



Lay the framework for **project management** activities, including a work plan with **timelines** and the review of the **data call** to support the analysis of operations and processes.

WEEKS 1-8



Gather **stakeholder insights** to gain a better understanding of the State's **current recruitment and hiring process.**

WEEKS 9-11



Identify leading practices for the State to improve its HR processes and employee experience. Assess feasibility of proposed HR operating models with a **Future-State Visioning Lab.**

WEEKS 12-24



Deliver **Recommendations Report** for implementing a **new HR operating model** based on insights gathered and tested during the previous phases of work.

CURRENT PROCESS SUMMARY

LFC, DFA, and SPO partnered with Deloitte to conduct a comprehensive assessment of people, processes, and technologies driving the recruiting and hiring process. 45 Representatives from over 16 State Agencies were included in stakeholder engagement activities including Agency-specific interviews and a Future State Visioning Lab. The results of this assessment found significant enhancement opportunities, particularly in the areas of **processes, communications, compensation, Agency budget, recruiting, policies, career mobility, and technology.**

Processes & Communications

The transition of the hiring process to SPO/DFA is **hindered by a lack of transparency and efficiency.** Key challenges include cumbersome steps, **bottlenecks in obtaining necessary approvals, and inconsistent communication.** These difficulties are particularly evident during the signature collection phase, resulting in significant delays. The inefficiencies and lack of clarity in the process contribute to prolonged hiring times, **adversely affecting the experiences of both HR customers and candidates.** Candidates often lose interest due to the protracted nature of the process, especially during the poorly structured and untimely interview phase. The inefficacy of the process not only impedes immediate hiring goals but also hurts the overall image of the State as an attractive employer.

Developed with insights gathered from:



Interviews with **over 35 Agency and HR professionals** providing hiring services statewide.



Review of **organizational documents** including organizational charts, HR policies and procedures, and technology capabilities.



Assessment of **current state HR operating model,** including processes and technologies.

Compensation & Agency Budget

The **compensation packages offered by the State are generally perceived as non-competitive** with market standards, often leading to candidates rejecting job offers from Agencies due to perceived inadequate salary offerings. Additionally, there is a tendency to forgo hiring for other roles in order to allocate budget for higher salaries in certain positions, creating a disparity in compensation and budget distribution. This contributes to elevated vacancy rates and a reduced ability to efficiently fill crucial roles. The lack of widespread knowledge about these packages outside of current state employees and the absence of recruitment efforts or partnerships exacerbate this issue. It adversely affects the morale of current staff and constrains the State's capacity to sustain a skilled and diverse workforce. In the long run, these issues **may lead to a decline in the quality of services provided by the State and the potential loss of talented individuals** to more competitive employers.

CURRENT PROCESS SUMMARY

Recruiting

New Mexico's recruitment strategies are limited and impeded by an inefficient job advertisement platform. The **low visibility of job postings, lack of proactive outreach, inconsistent use of social media, and limited engagement with external partners**, has resulted in smaller applicant pools. State Agencies face challenges in staffing efficiently with the required talent, oftentimes creating opportunity for existing State employees to apply for the job. By not bringing in new talent, this adversely affects the State's overall **operational effectiveness, causes delays in service delivery and places an increased burden on existing staff**.

Policies

New Mexico's hiring process is fairly rigid, specifically surrounding the minimum qualifications, job requirements and various recruiting and hiring ("R&H") forms. The strictness around the minimum qualifications and job requirements **lead to the exclusion of potentially qualified candidates** who may lack certain specific criteria, such as a specified number of years of experience, despite possessing the essential skills and capabilities for the role. Additionally, the various R&H **policy forms convolute and prolong the R&H process, frequently resulting in a several month process**. The policies hamper Agency's capacity to fill roles with the most suitable candidates, adversely affecting workforce quality and the efficiency of service delivery.

Career Mobility

Employees within New Mexico's State Agencies perceive there is a **lack of career advancement opportunities**. This perception is fueled by restricted internal mobility options and a lack of clearly defined pathways for professional development. The **perceived stagnation in career growth significantly contributes to elevated turnover rates**, as skilled employees often seek opportunities outside their current Agencies for promotion and higher pay. This internal competition and turnover intensifies the difficulty in retaining a stable, experienced workforce, ultimately undermining long-term organizational effectiveness and knowledge retention.

Technology

New Mexico is currently grappling with technology-related challenges, particularly with systems like SHARE HCM, which pose significant obstacles to its overall effectiveness. The **existing system lacks advanced tracking and automation capabilities**, leading to the necessity for manual signature collection and data entry for HR actions in certain Agencies. Furthermore, the HR **technology in place falls short in terms of reporting and analytics**, forcing HR personnel to manually track metrics. This manual approach to tracking metrics results in decision-making based on intuition and experience rather than data-driven insights.


These technological deficiencies create bottlenecks in the hiring process, causing delays and inaccuracies in candidate tracking and status updates. Consequently, the **candidate experience is negatively impacted**, and the overall effectiveness of the State's recruitment efforts is undermined. Ultimately, this situation has adverse effects on the quality of public service delivery.

FUTURE STATE VISIONING LAB

As part of the Process Review task, the Deloitte team conducted a Future State Visioning Lab in November 2023 to **identify leading practices for the State to improve its HR processes, employee experience, and assess the feasibility of proposed HR operating models. The lab was attended by 30 representatives from 16 State Agencies.**

LAB RESULTS

HR North Star: Participants drafted future state HR ‘north star’ statements and reviewed SPO’s current mission, vision, and values. The below statement summarizes participants ‘north star’ statements.

 ***Be a collaborative and strategic partner that propels Agencies forward by helping them attract, retain, and develop talent by providing resources, support, and leveraging technology to improve processes and tools***



Technology Needs for the Future: To achieve the future state vision, participants identified what technology capabilities may be needed. The following key solutions were identified:

-  **Artificial Intelligence** to review resumes and applications
-  **Interview/Scheduling Tool** that allows candidates to complete an initial phone screen when convenient for them
-  **Stay Interviews/Surveys** to better understand employee sentiment
-  **Career Landing Page that** organizes positions by type of role or job family

Importance of Stakeholder Engagement & Buy-In: Participants shared valuable insights on ways to recognize and gain stakeholder engagement and buy-in.

Summary: Active engagement and buy-in from stakeholders will be key to the State’s HR transformation. Ensuring communications, budget support, and managing internal and external perceptions will all contribute to a successful transformation.

Characteristics of Transformation Champions:

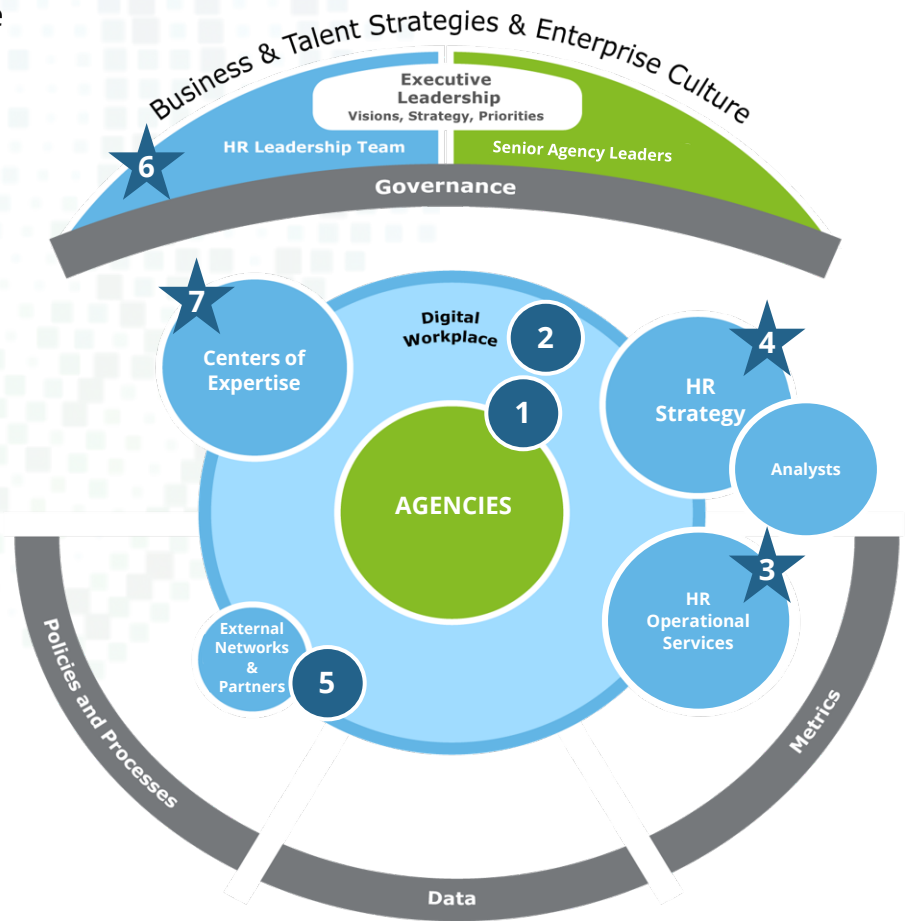
- “Advocate”
- “Visionary”
- “Resilient”
- “Optimistic”

PROPOSED HR OPERATING MODEL

The image depicts how each of the recommended HR operating components would work together in the future state, based on participants' designs from the November Future State Visioning Session. The below model is a **hybrid design, derived largely from the operating efficiency and business centric model.**

Model Core Elements:

- 1 **THE AGENCY** is at the center of the model, driving a critical focus on business-centric service delivery
- 2 **DIGITAL WORKPLACE** empowers and connects the workforce
- 3 **HR OPERATIONAL SERVICES** deliver inquiry, data, and specialized services, generating capacity for other HR components
- 4 **HR STRATEGY** use data and insights to deploy workforce solutions that help the Agency execute its HR strategies
- 5 **EXTERNAL NETWORKS & PARTNERS** extend the HR community beyond its walls and add more credibility to workforce solutions
- 6 **HR LEADERSHIP** partners directly with Agency leadership to set the HR vision, culture and priorities that deliver the overall human resources strategy to support all State services
- 7 **CENTERS OF EXPERTISE (COE)** Leverages industry leading practices to provide enterprise expertise with critical HR capabilities



★ *Additional component details on the following pages.*

Notes:

- 1 This model does not encompass employees within the legislative and judicial sectors.
- 2 The Department of Agriculture is fully integrated into our process optimization efforts, although is not reflected in the compensation data.

SPO's role in the Proposed HR Model components are detailed on the following page.

SPO'S ROLE IN THE PROPOSED HR OPERATING MODEL

In the table below, we examine SPO's responsibilities within the proposed HR operating model, **based on the responsibilities of SPO as outlined in the Personnel Act**. It is important to note that depending on the Agency's size and personnel, **some of these actions can be owned by SPO or the Agency's HR department**.

Core Element	SPO	Agency HR	Agency Leaders
HR Operational Services:			
HR Administration	✓	✓	✓
HR Strategy:			
Talent Acquisition Strategy	✓	✓	✓
Performance Management Strategy	✓		
Professional Development & Training Strategy	✓		
Resource Analysis	✓		
HR Leadership:			
HR Transformation, Strategy, & Planning	✓		
External Insights	✓		
Center of Expertise (COE):			
<i>Note: SPO, Agency HR, and Agency Leadership would benefit from a collaborative approach to developing the COE(s)</i>			
Classification & Compensation	✓		
HR Service Delivery	✓		✓
Workforce Analytics	✓		✓
Employee Relations	✓		
Professional Development	✓	✓	✓

The proposed HR Operating Model would bolster SPO's ability to set State-wide guidelines and parameters for key HR strategies and activities; the Agencies would retain the ability to administer strategies and activities to best fit their unique needs so long as they fit within the parameters.

NMAC RULING ON CORE ELEMENTS OF THE PROPOSED HR OPERATING MODEL

The table below documents the relevant **NMAC rules** and how they inform SPO’s role within the proposed HR Operating Model.

Core Element	NMAC Ruling
HR Operational Services:	
HR Administration	Pursuant to the provision of Subsection A of Section 10-9-12 NMSA 1978, the director shall supervise all administrative and technical personnel activities of the state.
HR Strategy:	
Talent Acquisition Strategy	1.7.5.9 RECRUITMENT: A. The director shall establish a means to effectively advertise and recruit for vacant positions within the classified service.
Performance Management Strategy	1.7.9.9 PERFORMANCE APPRAISAL: A. Managers and supervisors must successfully complete a director-approved course of study on employee performance appraisal within 90 days of appointment as a supervisor.
Professional Development & Training Strategy	1.7.1.15 TRAINING AND DEVELOPMENT: The director shall establish, pursuant to direction from the board, and maintain a training and development work plan. The board will review the training and development work plan on an annual basis.
SPO Resource Analyst	<i>Not referenced in NMAC rules</i>
HR Leadership:	
HR Transformation, Strategy, & Planning	Pursuant to the provision of Subsection A of Section 10-9-12 NMSA 1978, the director shall supervise all administrative and technical personnel activities of the state.
External Insights	<i>Not referenced in NMAC rules</i>
Center of Expertise (COE):	
<i>Note: SPO, Agency HR, and Agency Leadership would benefit from a collaborative approach to developing the COE</i>	
Classification & Compensation Analyst	The director, pursuant to direction from the board, shall establish, maintain and, in conjunction with State Agencies, administer a classification plan for all positions throughout the classified service
HR Service Delivery	<i>Not referenced in NMAC rules</i>
Workforce Analytics	<i>Not referenced in NMAC rules</i>
Employee Relations	The State Personnel Office (SPO) was selected by the Governor as the union contract administrator to ensure proper guidance, training and oversight for all State Agencies.
Professional Development	1.7.1.15 TRAINING AND DEVELOPMENT: The director shall establish, pursuant to direction from the board, and maintain a training and development work plan. The board will review the training and development work plan on an annual basis.

ENABLING THE HR OPERATING MODEL USING HRIT

The below table provides **human resources information technology (HRIT) recommendations to consider to better enable and enhance service delivery** under the proposed future state HR operating model.

Technology Considerations	Illustrative Examples
<p>1. Automated, digital workflows</p>	<ul style="list-style-type: none"> • Digital signature collection • Digital workflows for handoffs and automated notifications • Automated email distribution based on defined rules • Automated filing
<p>2. HR Data Reporting and Workforce Analytics</p>	<ul style="list-style-type: none"> • Workforce composition dashboard • Workforce planning dashboard • Analytics tools/dashboards for monitoring competency changes from learning and development efforts • Employee sentiment data (e.g., stay survey results, employee engagement survey results)
<p>3. Self-Service Portal</p>	<ul style="list-style-type: none"> • Non-HR employees can utilize for case submission and management (e.g., new hire request) • New hire onboarding forms • Automated filing for forms uploaded to portal • Self-service tools (e.g., succession planning tool, classification, etc.) • Machine learning platform for writing better job postings
<p>4. HR Resource Portal</p>	<ul style="list-style-type: none"> • Resources on existing recruitment efforts and hiring mechanisms • Templates/guides for developing hiring plans • Upskilling/reskilling plan template • On-demand trainings • Access to past job requisition requests to inform new submissions • Organizational charts

NEXT STEPS: 90-DAY ACTION PLAN

To facilitate a successful implementation of the proposed future state HR operating model and enabling technology investments, **a strategic 90-day action plan has been outlined.**



First 30 Days

Align on the high-level organizational structure


- **Circulate proposed structure and recommendations:** Distribute the proposed HR operating model to key stakeholders to facilitate transparency and to solicit initial feedback.
- **Conduct working sessions with stakeholders:** Schedule and conduct interactive sessions with stakeholders to collect their input, address concerns, and gain consensus on the proposed model. Adjustments should be made based on the feedback received to confirm alignment with business objectives and stakeholder expectations.



30- 60 Days

Decide on the key governance considerations

- **Establish HR governance project management responsibilities:** Define clear roles and responsibilities for the HR governance project management team to facilitate structured and efficient project progression.
- **Confirm HR governance body members and schedule meetings:** Identify and confirm members of the HR governance body, establishing a regular meeting schedule to facilitate ongoing communication and project alignment.
- **Set parameters for prioritization and document prioritized list of initiatives:** Establish criteria for prioritizing which components to implement immediately and document a list based on these parameters to focus efforts effectively.
- **Determine the reporting structure for each HR operating model component:** Define and document the reporting structure for each component within the HR operating model to help establish clarity and accountability.
- **Establish component placement:** Clarify where each component fits (e.g., at the SPO or Agency level), ensuring alignment with overall business strategy.



60-90 Days

Begin to explore options to acquire a digital workflow tool

- **Review current state HR operations:** Analyze the current HR processes and technology enablers against the desired future state to identify clear opportunities for process enhancements and efficiency improvements.
- **Research available digital workflow tools:** Investigate available digital workflow tools that offer employee self-service capabilities, focusing on those that align with HR's operational needs and strategic objectives.
- **Evaluate tools based on features, scalability, and integration capabilities:** Assess potential digital workflow tools based on their features, scalability, and ability to integrate with existing systems, ensuring they can support current needs and future growth.
- **Develop a shortlist of potential tools for further consideration:** Compile a list of tools that meet the evaluation criteria for further in-depth analysis and stakeholder review.



Appendix C: Market Competitive Analysis

MARKET COMPETITIVE ANALYSIS SCOPE AND PURPOSE

Deloitte conducted a comprehensive compensation and benefits analysis for the State of New Mexico, aimed at evaluating and enhancing staff salaries, benefits, and overall compensation structures to facilitate competitiveness, fairness, and alignment with market standards and organizational goals.

A4: MARKET COMPETITIVE ANALYSIS

Deloitte worked alongside the LFC, DFA, and SPO to execute the scope of this work as part of our overall Personnel Act project.

WEEKS 0-10



Evaluate the salary market data for **225 existing classifications** to conduct a review of **competitive compensation rates**.

WEEKS 11-14



Review and analyze the State's current benefit plans and **conduct a comparative analysis** against identified peer states.

WEEKS 15-17



Merge salary and benefits analyses to provide a **holistic view** of total compensation and **develop actionable** recommendations for **salary and benefit improvements**.

WEEKS 18-19



Deliver comprehensive implementation roadmaps for the proposed changes, focusing on **enhancing state competitiveness, employee recognition, and rewards**.

WEEKS 20-22



Summarize and finalize future reward program adjustment, ensuring they are ready for legislative review and **align with evolving market conditions**.

THE CURRENT BENEFIT OFFERINGS

Deloitte worked with the State of New Mexico to **review and analyze** the market competitiveness of salary and benefits. The benefits were benchmarked against market surveys based on **region, industry, and employer size**, as well as against **5 comparator states** (Arizona, Colorado, Oklahoma, Texas, Utah).

Current State Key Themes



Medical Plan

The State has multiple plan options allowing employees to select a design that meets their specific needs and budget. The program has **greater cost sharing than comparators**.



Disability (Leaves, Voluntary STD & LTD Offerings)

The Leaves policy offers comprehensive Voluntary STD is **at market**, however Voluntary LTD benefit % payment and maximum duration **can be improved**.



Dental Plan

The Dental Plan designs are **above market**, and the carrier boasts an extensive network of dentists, which means employees have a wide choice of providers.



Basic, Supplemental & Dependent Life Insurance

New Mexico provides a comprehensive Life Insurance coverage which is **comparable to what is offered in the market**.



Vision Plan

The vision plan offers **comprehensive coverage** and includes benefits for eye exams, glasses, frames and contact lenses.



Time Off (Vacation/Sick/Holidays)

The State has a traditional vacation plan. The number of days provided was **below benchmarks**.

	Program Offered	Vendors Utilized
Medical (Including prescription)	5 plan options: 3 PPO plans and 2 HMO plans	Presbyterian Health Services, Blue Cross Blue Shield (BCBS), Cigna and CVS Caremark for the pharmacy
Dental	1 plan option	Delta Dental
Vision	1 plan option	Eye Med
Life Insurance (including dependent and supplemental)	Basic Life: \$50k Supplemental Life: up to \$500k Dependent Life: 250k for spouse, \$15k for children	The Hartford
Short-term and Long-term Disability	STD: 60% of weekly earnings LTD: 40% of monthly earnings	Erisa Administrative Services Inc. (EASI)
Time Off Policy (Traditional Plan)	Holidays/ Sick Days/ Vacation	Administered In-House

BENEFIT OFFERINGS RECOMMENDATIONS

Deloitte worked with the State of New Mexico to **review and analyze** the market competitiveness of salary and benefits. The benefits were benchmarked against market surveys based on **region, industry, and employer size**, as well as against **5 comparator states**.

Medical

The State of New Mexico's medical offerings are **below the market**.

Medical is a very visible benefit, so the State can seek to better understand what concerns (if any) employees (or candidates) voice regarding the design or contributions. If it is a prevailing issue, the State can seek to re-evaluate the designs and cost sharing to better align with the market.

Dental

The State of New Mexico's dental offerings are **mostly above market**.

The Dental plan offers comprehensive coverage, with some features (e.g., annual maximums) greater than the market. No changes are needed, however, if employees don't value dental, it may be worth considering modifying contributions and rediverting employer spend to lower medical contributions.

Vision

The State of New Mexico's vision offerings are **at market**.

The Vision Plan is comparable to the market, so no changes need. However, Deloitte recommends doing a regular review of the benefit program, making adjustments (as needed) to keep the plan competitive.

BENEFIT OFFERINGS RECOMMENDATIONS

Deloitte worked with the State of New Mexico to **review and analyze** the market competitiveness of salary and benefits. The benefits were benchmarked against market surveys based on **region, industry, and employer size**, as well as against **5 comparator states**.

Disability

The State of New Mexico’s short-term disability plan is at market, while the long-term disability plan is **below market**.

Deloitte recommends reviewing the overall strategy for providing financial protection during disabilities. Today, STD has replaced sick leave banks, offering more protection for all employees. LTD is often paid for by the employer.

Life

The State of New Mexico’s current basic life, supplemental, and dependent insurance policies are competitive and **at market**.

Deloitte recommends to regularly review the benefit offerings and make adjustments as needed based on external benchmarks to continue to remain competitive.

Time Off

The State of New Mexico’s annual leaves are below market, while holidays are **at market**.


Time off is one of the most prominent benefits an organization can offer. The State's vacation policy is below market (although sick days is above). PTO, which combines vacation/sick and personal, may be a more flexible model for employees, and could be a cost effective program to consider.


THE CURRENT STATE SALARY STRUCTURE


Deloitte Consulting LLP (“Deloitte”) is working with the State of New Mexico to review select components of its compensation program, including its salary structure.

Pay Structure	Count of Employees	Min	Max	Average Compa-ratio
Main	11,878	\$33,072	\$103,524	0.994
A	6	\$58,317	\$89,021	0.955
B	295	\$43,626	\$112,993	0.989
C	987	\$34,408	\$109,569	0.998
E	859	\$32,252	\$105,051	1.057
H	1,293	\$33,072	\$125,555	0.940
I	747	\$33,986	\$124,331	0.962
L	317	\$58,886	\$86,139	1.040
P	208	\$43,080	\$109,590	0.943
S	668	\$39,545	\$77,805	1.067
X	41	\$132,472	\$318,343	1.072

Key Takeaways

- 

11 total salary structures with **109** individual pay grades, which can be difficult to track and administer across thousands of employees
- 

11,878 Employees aligned to the “Main” Pay Structure (Pay Grades 25-96)
- 

18 employees exceed the current salary max

Aligning with best practices, Deloitte recommends that the State of New Mexico move to a single salary structure based on external market rates for all classified employees

“Main” Pay Structure:

Grade	Min	Midpoint	Max	Midpoint Differential	Pay Grade Width
25	\$33,072	\$38,033	\$42,994	-	30%
30	\$33,250	\$39,069	\$44,888	2.7%	35%
35	\$34,068	\$40,882	\$47,695	4.6%	40%
40	\$34,157	\$42,697	\$51,236	4.4%	50%
45	\$35,607	\$44,509	\$53,411	4.2%	50%
50	\$36,332	\$46,323	\$56,314	4.1%	55%
55	\$37,029	\$48,138	\$59,246	3.9%	60%
60	\$40,018	\$52,024	\$64,029	8.1%	60%
65	\$46,591	\$60,568	\$74,545	16.4%	60%
70	\$53,165	\$69,115	\$85,064	14.1%	60%
75	\$59,739	\$77,661	\$95,582	12.4%	60%
80	\$66,312	\$86,206	\$106,099	11.0%	60%
85	\$72,885	\$94,751	\$116,616	9.9%	60%
90	\$79,459	\$103,297	\$127,134	9.0%	60%
95	\$91,771	\$119,302	\$146,834	15.5%	60%
96	\$103,524	\$134,581	\$165,638	12.8%	60%

Pay Grade Midpoint:

Pay grade midpoint differentials are anywhere from 2.7% to 34.2% with no consistency in increases.

New Mexico can implement more consistent increases to the midpoint differentials, so that when employees are placed into a higher pay grade the increased salaries are more meaningful.

Pay Grade Width:

Pay grade widths are more consistent going from 30% at the lower range to 60% at the upper, which is nearly in line with market leading practices.

New Mexico can extend pay progression opportunities by implementing wider pay grades.

SALARY STRUCTURE RECOMMENDATIONS

Deloitte confirmed market matches for 225 positions using publicly-available documents found on the State Personnel Office’s website, which helped inform our proposed go-forward salary structure by using external market data to measure pay range widths and midpoints.

Key Findings

- On average, employee compensation is between the market 25th percentile and market median when compared to all industries
- More than 53% of employees are paid below to their position’s pay grade midpoint
- More than 12% are paid in the 1st quartile of their position’s pay grade
- Out of the 225 roles benchmarked (11,451 employees): 12% of employees would have an immediate change to their compensation and 66% of employees would have a proposed pay grade maximum that is higher than their current maximum

Deloitte recommends the following adjustments to NM’s salary structures:

Pay Grade	Minimum	Midpoint	Maximum	Pay Grade Width	Midpoint Differential
20	\$264,978	\$357,721	\$450,463	70%	15%
19	\$230,416	\$311,061	\$391,707	70%	15%
18	\$200,362	\$270,488	\$340,615	70%	15%
17	\$174,227	\$235,207	\$296,187	70%	15%
16	\$151,502	\$204,528	\$257,554	70%	15%
15	\$136,808	\$177,850	\$218,893	60%	15%
14	\$118,963	\$154,652	\$190,341	60%	15%
13	\$103,446	\$134,480	\$165,514	60%	15%
12	\$89,953	\$116,939	\$143,925	60%	15%
11	\$78,220	\$101,686	\$125,153	60%	15%
10	\$70,738	\$88,423	\$106,108	50%	10%
9	\$64,308	\$80,385	\$96,461	50%	10%
8	\$58,462	\$73,077	\$87,692	50%	10%
7	\$53,147	\$66,434	\$79,720	50%	10%
6	\$48,315	\$60,394	\$72,473	50%	10%
5	\$45,753	\$54,904	\$64,054	40%	10%
4	\$41,594	\$49,913	\$58,231	40%	10%
3	\$37,813	\$45,375	\$52,938	40%	10%
2	\$34,375	\$41,250	\$48,125	40%	10%
1	\$31,250	\$37,500	\$43,750	40%	10%

Range widths increase as you move up the pay grade schedule.

Midpoint differentials increase by steps from 10% to 15%.

SALARY STRUCTURE RECOMMENDATIONS

Deloitte confirmed market matches for 225 positions using publicly-available documents found on the State Personnel Office’s website, which helped inform our proposed go-forward salary structure by using external market data to measure pay range widths and midpoints.

Deloitte recommends the State of New Mexico **makes the structure changes** shown on the prior page and **implements position pay grade changes** based on a combination of the external market value and the internal valuation of each position.

Furthermore, Deloitte recommends that the State of New Mexico **bring employee salaries** that are **currently below their new pay grade minimum to at least the grade minimum**. The estimated cost of these increases is **\$12.864m**.

Job Family	Total Classified Employees	Total Cost to Bring to Minimum	Average Cost to Bring to Minimum
Manager	1,633	\$3,936,181	\$2,410
Architecture & Engineering	368	\$787,033	\$2,139
Office & Administration Support	1,484	\$2,794,299	\$1,883
Life, Physical & Social Science	670	\$974,844	\$1,455
Engineer, Surveyor, Water Resources & Architect	642	\$869,496	\$1,354
Legal	138	\$162,038	\$1,174
Production	94	\$101,101	\$1,076
Education & Training	164	\$165,502	\$1,009
Healthcare Practitioners & Technical	85	\$68,265	\$803
Business & Financial Operations	2,515	\$1,953,326	\$777
Protective Service	321	\$201,995	\$629
Coordinators	799	\$249,787	\$313
Health Care	1,334	\$263,819	\$198
Human Resources	295	\$46,005	\$156
IT	747	\$81,233	\$109
Community & Social Services	2,263	\$179,306	\$79
Statistics & Mathematics	82	\$5,501	\$67
Installation, Maintenance & Repair	185	\$7,065	\$38
Attorney	318	\$12,075	\$38
Farming, Fishing & Forestry	137	\$1,011	\$7
Food Preparation & Serving	84	\$300	\$4
Transportation & Material Moving	101	\$334	\$3
Construction & Extraction	866	\$2,740	\$3
Building Cleaning & Maintenance	236	\$300	\$1
Social Services (CPS)	568	\$0	\$0
Corrections	987	\$0	\$0
Peace Officers	91	\$0	\$0
Arts, Sports & Media	50	\$0	\$0
Sales & Related Occupations	33	\$0	\$0
Personal Care & Service	9	\$0	\$0
TOTAL	17,299	\$12,863,559	\$744



Appendix D: Job Classification Analysis

JOB CLASSIFICATION SCOPE AND PURPOSE

Deloitte conducted an in-depth review and analysis of job classifications within the State of New Mexico, including evaluating current state classifications, assessing alignment with modern workforce requirements, and ensuring compliance with relevant policies and regulations.

A5: JOB CLASSIFICATION ANALYSIS OVERVIEW

Deloitte worked alongside the LFC, DFA, and SPO to execute the scope of this work as part of our overall Personnel Act project.

WEEKS 0-3



Review and analyze the State's **classification structure** and conduct a current State assessment to understand the **policies that govern each classification action**.

WEEKS 4-7



Compare job classification **processes and procedures** across 10 peer states to document **market leading practices**.

WEEKS 7-10



Review and analyze the State's 847 current **existing classifications** and determine **potential updates to job architecture** where needed.

WEEKS 11-16



Identify opportunities for enhancement to the State's **classification practices** and **create a comprehensive job architecture framework for all State employees**.

WEEKS 17-18



Deliver a roadmap for improving the classification structure and job architecture and documenting any **downstream impacts** the updates may have on the State.

INTRODUCTION

Deloitte worked with the State of New Mexico to **review and analyze the job classification structure and job classifications** for the State of New Mexico’s classified personnel system.

Our Approach



ASSESS CURRENT STATE

Reviewed documents related to classification and compensation:

- New Mexico Administrative Code and State Personnel Act
- 15+ supporting documents (Employee Census data, Workforce Planning Log, etc.)

Conducted conversations with executives at the State Personnel Office and select State Agencies regarding:

- Employee Census Data Analysis
- Classifications Approval Flow
- Specific uses of classification actions that are unique to NM State Personnel rules



RESEARCH PEER STATES

Reviewed documents related to compensation and classification:

- Arizona
- Colorado
- Idaho
- Montana
- Nevada
- Oklahoma
- South Dakota
- Texas
- Utah
- Washington



DEVELOP TAILORED RECOMMENDATIONS

Developed 4 (four) tailored recommendations to enhance the current classifications process, which will be covered in more detail in subsequent slides:

- Stand up a Classification Structure Center of Expertise
- Implement a Statewide E-Workflow Tool
- Expand the Use of Blanket Recruitment Waivers
- Expand State Agencies’ Classification Action Authority

Classification Actions Reviewed

Reclassification

Promotion

Underfill

**Interim Appointment/
Temporary Appointment**

**Creating New
Position**

Transfer

Doublefill

**Demotion/ Salary Upon
Reduction**

THE CURRENT CLASSIFICATION SYSTEM

The State of New Mexico’s Personnel Act and the New Mexico Administrative Code (NMAC) Rules established **the current classification system to provide a uniform and flexible classification system** that supports the mission of State Agencies, is adaptable to change, and helps align all positions to their appropriate classification.

Administrative Rules

The State of New Mexico’s NMAC Rules state that the classification plan **must be approved annually** by the board and must describe the board’s classification philosophy and provide the foundation for ensuring consistent application of that philosophy. Agencies may also request classification reviews, classification studies, and/or classification re-evaluations.

Into the Numbers

The current classification system **covers and includes:**

120 AGENCIES

31 JOB FAMILIES

800 + JOB CLASSIFICATIONS



~17,000 EMPLOYEES

Promotions and Reclassifications are **the most requested actions** SPO approves.

Promotions

19%  10 Days 
of all classification actions SPO approved Average approval time

Reclassifications

16%  26 Days 
of all classification actions SPO approved Average approval time

While the **State Personnel Office (SPO) is the sole approving authority** for **four of the eight classification actions**, the Department of Finance and Administration’s (DFA) involvement is currently required in many cases.

		Approval Needed	
		SPO	DFA
Classification Actions	Reclassification	✓	✓ (Upward Only*)
	Creating a New Position	✓	✓
	Promotion	✓ (<5% or >15%)	
	Transfer	✓	
	Underfill	✓	
	Double-fill	✓	✓
	Demotion/Salary Upon Reduction	✓	
	Interim Appointments/ Temporary Appointment	✓	✓

*Upward meaning to a classification with a higher pay band.

CLASSIFICATION SYSTEM RECOMMENDATIONS

Below are four **key recommendations** resulting from the current state assessment and peer analysis conducted.

Stand up a Classification Center of Expertise

While some Agencies may be well-equipped to submit classification requests, there are other Agencies that **SPO consistently must ask for additional information**.

Standing up a Classifications Center of Expertise that is directly responsible for providing resources, guidance and Agency-wide training for the classification request process can help mitigate and address these gaps.

Implement a Statewide E-Workflow Tool

State Agencies report that **having physical documents signed is often the longest part of the approval process**.

Implementing a statewide E-Workflow Tool where Agencies can submit, track, and upload classification request documents for SPO and DFA to approve could streamline the approval process by increasing transparency and accountability of stakeholders to perform their responsibilities in a timely manner.

Expand the Use of Blanket Recruitment Waivers

Hiring process delays are a large problem disclosed by the State Agencies. SPO already employs the use of Blanket Recruitment Waivers to help **streamline the hiring process** for select Agencies that need to bring staff on as underfills.

Expanding the use of Blanket Recruitment Waivers for select Agencies could help Agencies staff positions quicker and retain already vetted talent.

Expand State Agencies' Classification Action Authority

Peer State job classification systems show varied approaches to classification action approval. While some states restrict approval authority to the central HR director, others **give Agencies more approval autonomy**, by delegating approval authorities.

SPO could reduce the approval times for certain classification actions by expanding the approval authority after the creation of standardized operating procedures and job aids.

THE CURRENT CLASSIFICATION STRUCTURE

The State of New Mexico has elements of a well-structured classification system but has the opportunity to further **build out key structural elements of their classifications**.

	✓ Exists	❖ Exists in some places	New Mexico	Leading Practice
Job Families The highest level of categorization for a specific type of work that requires similar skill-sets and competencies.			✓	✓
Job Sub-Families A sub-group within a job family that represents a narrower area of work.			❖	✓
Career Tracks Broad job categories that define and enhance career mobility.				✓
Stated Job Levels Groups of jobs within a career track defined by the amount of responsibility, knowledge, and skills required.				✓
Job Title Naming Conventions A name or term that briefly defines and conveys the multiple characteristics of a job or position.			❖	✓

Current State Key Themes



Lack of Job Categorization

The absence of clear definitions for job families and an overall lack of job sub-families make it difficult to identify commonalities in types of work as well as job progressions and may limit opportunities for internal career mobility.



No Documented Career Tracks

A lack of a consistent set of criteria to describe differences in educational requirements and work contributions can limit the ability to identify accurate comparative labor markets and may limit the development of possible career paths.



Inconsistent Job to Level/Grade Alignment

Variation in position titles, grades, and levels of jobs performing similar work inhibits career progression, clarity on expectations, and the ability to forecast future workforce planning needs.



Lack of Standardization in Job Titling

Due to variation in job titling practices, there is inconsistency in the current classification structure, which can lead to positions performing work outside their expected duties and responsibilities, limited career progression, and instances of pay inequity for employees performing similar work.

CLASSIFICATION STRUCTURE RECOMMENDATIONS

Deloitte recommends **designing a comprehensive Job Architecture* (JA) framework** to further support the State's classification system. Below are the six specific key JA design recommendations resulting from the career track analysis conducted.

Create Formal Career Tracks

The State of New Mexico **does not have formalized career tracks** for its classifications.

Deloitte recommends formally documenting career tracks to clearly indicate consistent criteria (e.g., education, years of experience, decision making and impact, etc.) for movement through a job progression.

Create Job Leveling & Leveling Framework

The State of New Mexico has **limited formalized job leveling practices** for its classifications.

Deloitte recommends further building out job levels and its leveling framework with a job leveling guide, with a consistent number of levels across different career tracks, to clearly showcase progression within a classification series.

Refine Job Families

While a majority of New Mexico's existing classifications are mapped to appropriate job families, **some of the job families may not be appropriate for New Mexico's overall employee segments.**

Deloitte recognizes opportunities and recommends to further refine the overall job family structure and the mapping of select positions based on similarities in job content.

CLASSIFICATION STRUCTURE RECOMMENDATIONS

Deloitte recommends **designing a comprehensive Job Architecture* (JA) framework** to further support the State’s classification system. Below are the six specific key JA design recommendations resulting from the career track analysis conducted.

Create Job Sub-Families

The State of New Mexico currently has sub-families broken out within some job families, but **do not have all classifications aligned to a sub-family.**

Deloitte recommends further breaking down the refined job families into more in-depth categories to create job sub-families and align all classifications based on similarities in knowledge, skills, and abilities

Create Job Title Naming Consistency

The State of New Mexico’s current job title naming structure can be described as a mix between job titles and working titles with **no clear definition of job titles.**

Deloitte recommends New Mexico create a job title glossary to establish a common understanding of and facilitate consistent use of commonly used job titles across the State and expand the use of working titles where necessary.

Consolidate/Build Out Classifications

At the beginning of the engagement, the State of New Mexico’s current classification system included over 200 classifications with **zero current incumbents.** (SPO has since retired inactive classifications.)

Deloitte recommends continually reviewing and retiring unused classifications, as well as consolidating (and in some cases building out) classifications to identify instances where positions are performing similar duties and responsibilities and provide further clarity, where necessary.



*Appendix E:
Stakeholder Engagement &
Employee Survey*

STAKEHOLDER ENGAGEMENT AND EMPLOYEE SURVEY SCOPE AND PURPOSE

Deloitte worked with the Legislative Finance Committee (LFC), Department of Financial Administration (DFA), State Personnel Office (SPO), and the Department of Information Technology (DOIT) to administer a State-wide employee engagement survey to gather feedback and insights from employees across the State of New Mexico to **better understand and address workforce challenges**.

A5: STAKEHOLDER ENGAGEMENT AND EMPLOYEE SURVEY OVERVIEW

Deloitte worked alongside the LFC, DFA, and SPO to execute the scope of this work as part of our overall Personnel Act project.

WEEKS 1-12



Finalize survey approach, including survey platform, logistics, survey questions, and communications accompanying the survey.

WEEKS 13-17



Administer a State-wide Employee Engagement Survey to explore drivers of retention and attrition across State Agencies.

WEEKS 18-20



Validate initial survey findings through focus group interviews, addressing culture, job satisfaction, professional development, and leadership.

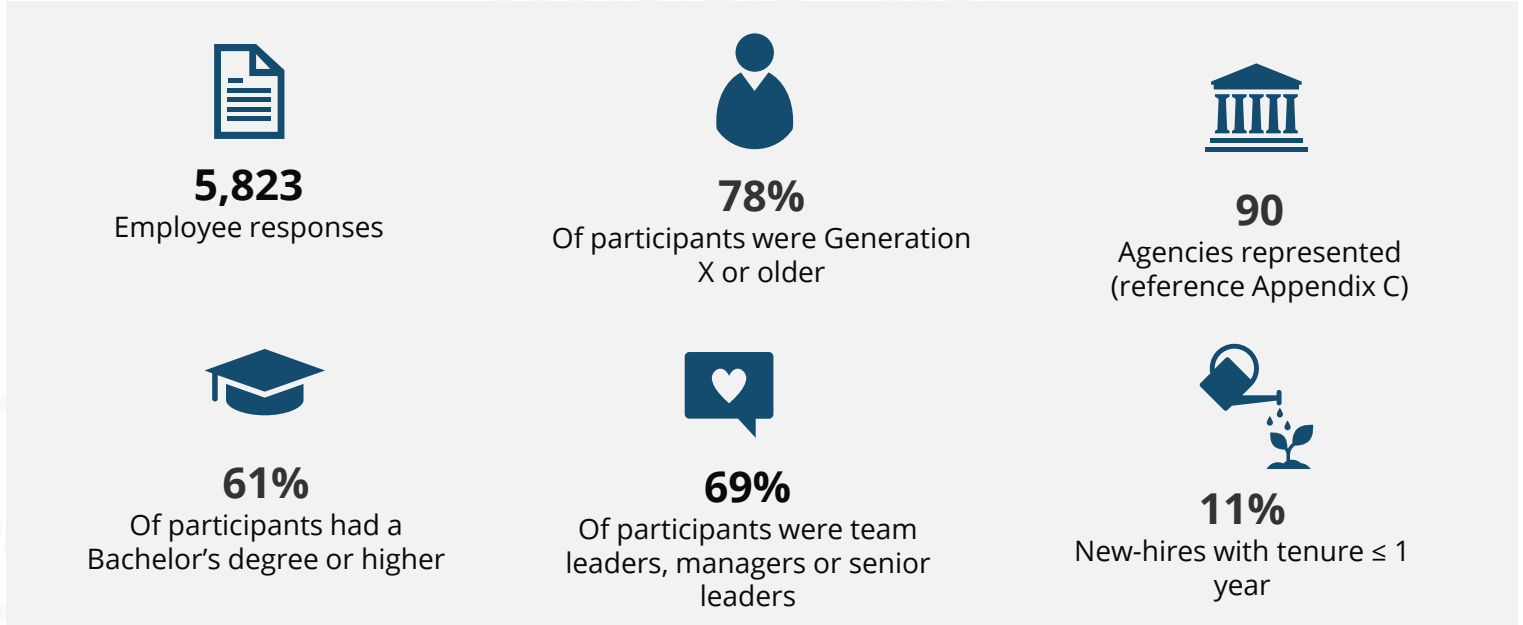
WEEKS 21-23



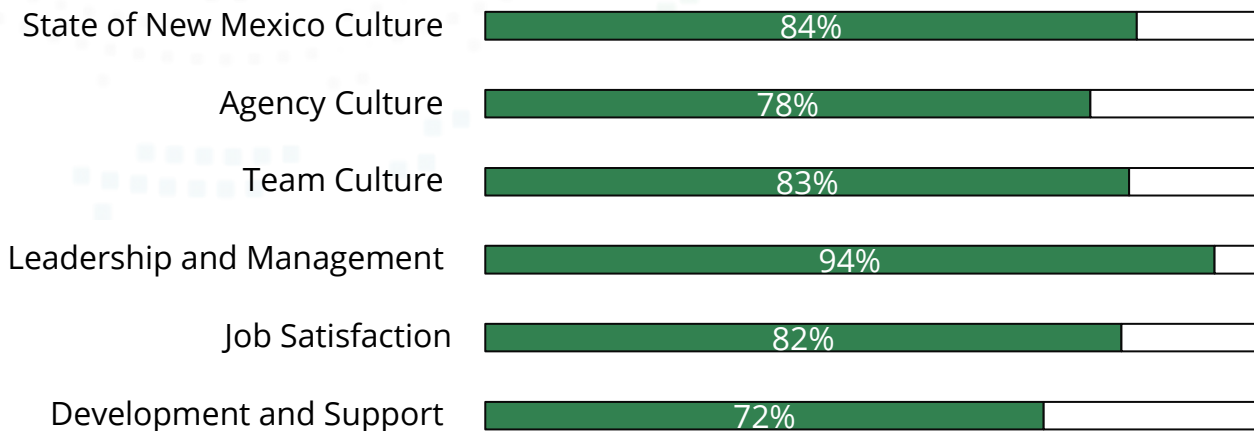
Synthesize survey and interview insights into a **comprehensive Findings and Recommendations Report**, highlighting recommendations based on insights gathered from the survey and focus groups.

SUMMARY INSIGHTS: ENGAGEMENT SURVEY RESULTS

Results of the Employee Engagement Survey are summarized below and includes participation statistics, agreements across Likert scale questions to positive statements organized by theme, and top 3 reasons identified around attrition and retention.^{1,2}



Participant were asked their level of agreement (Agree, Slightly Agree, and Strongly Agree shown below) to positive statements related to the following themes:



Attrition:

1. Compensation
2. Lack of flexibility to work remotely
3. Negative work environment and no sense of belonging

Top 3 Reasons For:

Retention:

1. Ability to maintain a work/life balance
2. Benefits
3. Relationship with manager

Notes:

¹ A Likert scale is a type of survey question that offers a range of answer options from one extreme attitude to another.

² See Appendix A: Employee Engagement Survey Approach for more information on Likert Scales and additional information on the questions asked

TOP 5 RETENTION DRIVERS

Participants were asked to rank their top reasons for continuing to **remain employed with the State**.

Insights

- Top retention drivers align closely with job satisfaction, benefits outside of compensation, and relationship with their manager.

Top 5 Reasons to Stay

#1 Work/Life Balance

Participant would stay for the ability to maintain a work/life balance.

40% of participants ranked Work/Life Balance in their top 5 reasons for retention.

#2 Benefits

Participant would stay for the overall benefit/benefits of which I can take advantage.

32% of participants ranked Benefits in their top 5 reasons for retention.

#3 Relationship with Manager

Participant would stay due to their positive relationship with their manager.

31% of participants ranked Relationship with Manager in their top 5 reasons for retention.

#4 Positive Work Environment

Participant would stay for a positive work environment and a sense of belonging in the workplace.

30% of participants ranked Positive Work Environment in their top 5 reasons for retention.

#5 Leverage Skills & Interests

Participant would stay for the opportunities to perform job responsibilities that match my interests and leverages my strengths.

27% of participants ranked Leverage Skills & Interests in their top 5 reasons for retention.

TOP 5 ATTRITION DRIVERS

Participants were asked to rank their top reasons they would **leave State employment**.

Insights

- Attrition drivers relate to job satisfaction, compensation, and negative work environments.
- Notably, Work Environment, Work/Life balance, and Relationship with Manager are listed in both retention and attrition drivers.
- The most ranked number one reason for employee considering leaving State employment is compensation.

Top 5 Reasons to Leave

#1 Compensation

Participant would leave due to compensation.

43% of participants ranked Compensation in their top 5 reasons for attrition.

Employees within the Business & Financial Operations and Community & Social Services most frequently listed compensation as a top attrition factor.

#2 Lack of Location Flexibility

Participant would leave due to a lack of flexibility to work remotely.

41% of participants ranked Lack of Location Flexibility in their top 5 reasons for attrition.

Employees within the Business & Financial Operations, IT, and Manager Occupations most frequently mentioned location flexibility as a top attrition factor.

#3 Negative Work Environment

Participant would leave due to a negative/toxic work environment and no sense of belonging.

39% of participants ranked Negative Work Environment in their top 5 reasons for attrition.

Employees within Office & Administration Support and Business & Financial Operations most frequently mentioned a negative work environment as a top attrition factor.

#4 Work/Life Balance

Participant would leave due to lack of ability to maintain work/life balance resulting in burnout.

31% of participants ranked Work/Life Balance in their top 5 reasons for attrition.

Employees within Community & Social Services and Manager Occupations most frequently mentioned work/life balance a negative work environment as a top attrition factor.

#5 Relationship with Manager

Participant would leave due to their poor relationship with their manager.

26% of participants ranked Poor Relationship with Manager in their top 5 reasons for attrition.

Employees within Business & Financial Operations and Peace Officers most frequently mentioned a poor relationship with their manager as a top attrition factor.

SUMMARY INSIGHTS: FOCUS GROUP RESULTS

In addition to data analysis and survey results, **the team conducted 11 focus groups**. High-level findings from across these focus groups are summarized below.



1,092 (19%)

Employees opted in to participate



88

Participants randomly selected



35%

Of participants were Millennials or Gen Z¹



34

Agencies represented



40%

Of participants had 6 or more years of experience with the State



36%

Of participants were team leads, managers, and senior leaders

Aside from the overall employee consensus around drivers of attrition and retention, additional themes emerged from the focus groups:

Drivers of Retention:

Strong connection to Agency mission

"I find the work that my Agency does meaningful"

Job security

"There is a strong sense of job security, which I do not think you can find in the private sector"

Job duties

"I enjoy the work that I do"

Drivers of Attrition:

Lack of leadership transparency

"Upper management is selective on what they communicate, but expects full transparency from junior staff or employees under them"

Limited opportunities for career advancement

"If you want a promotion, you either Agency hop or leave the State"

Commuting

"I commute over 160 miles one way to the office"

Note:

¹ Gen Z: Born 2005 or after; Millennials: Born 1995 - 2004