



State of New Mexico  
Legislative Finance Committee,  
Department of Finance and Administration,  
and State Personnel Office

STUDY OF STATE PERSONNEL ACT AND  
CLASSIFICATION AND COMPENSATION SYSTEM

# DELOITTE PROJECT SUMMARY

LEGISLATIVE FINANCE COMMITTEE HEARING  
MAY 14, 2024



# Our Work to Date

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.



## A1: Personnel Act Review



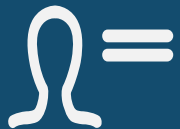
## A2: Process Review



## A4: Market Competitive Analysis



## A5: Job Classification Review



## A7: Stakeholder Engagement & Employee Survey



# Personnel Act Review

Deloitte enhanced New Mexico’s Personnel Act to meet the demands of modern HR practices and improve state governance.

## New Mexico’s Current State

Recruitment and Selection:	
Applicant Evaluation Process	●
Eligible Candidate Selection List	●
Expedited Recruitment	◐
DI&A	●
Classification:	
Establishment of Classification System	●
Audit of Classification System	◐
New & Revised Classifications	●
Compensation:	
Compensation Philosophy & Plan	●
Compensation Surveys	●

## Opportunities for Enhancement



Recruitment and Selection



Classification



Compensation

n/a	Basic	Progressing	Advanced	Leading



# Process Review

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

Developed with insights gathered from:

- Interviews with **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

## Key Takeaways



**Processes & Communication:** Lack of transparency & prolonged hiring times



**Compensation & Agency Budget:** High vacancy rates, low morale, & reduced capacity to retain a skilled workforce



**Recruiting:** Inefficient job advertising, low outreach, & limited external engagement



**Policies:** Strict minimum qualifications & complex recruitment forms



**Career Mobility:** Limited mobility & unclear professional development pathways



**Technology:** Lack of automation & advanced tracking



# Process Review *Continued*

Deloitte hosted a Future State Visioning Lab in November 2023 that brought together State Agency HR leaders:



## **TO ALIGN**

on the current state of New Mexico's recruitment and hiring process



## **TO BUILD**

an operating model that meets the State's needs



## **TO COLLABORATE**

with each other on ideas that will help enhance the recruiting and hiring process

## *Our North Star*

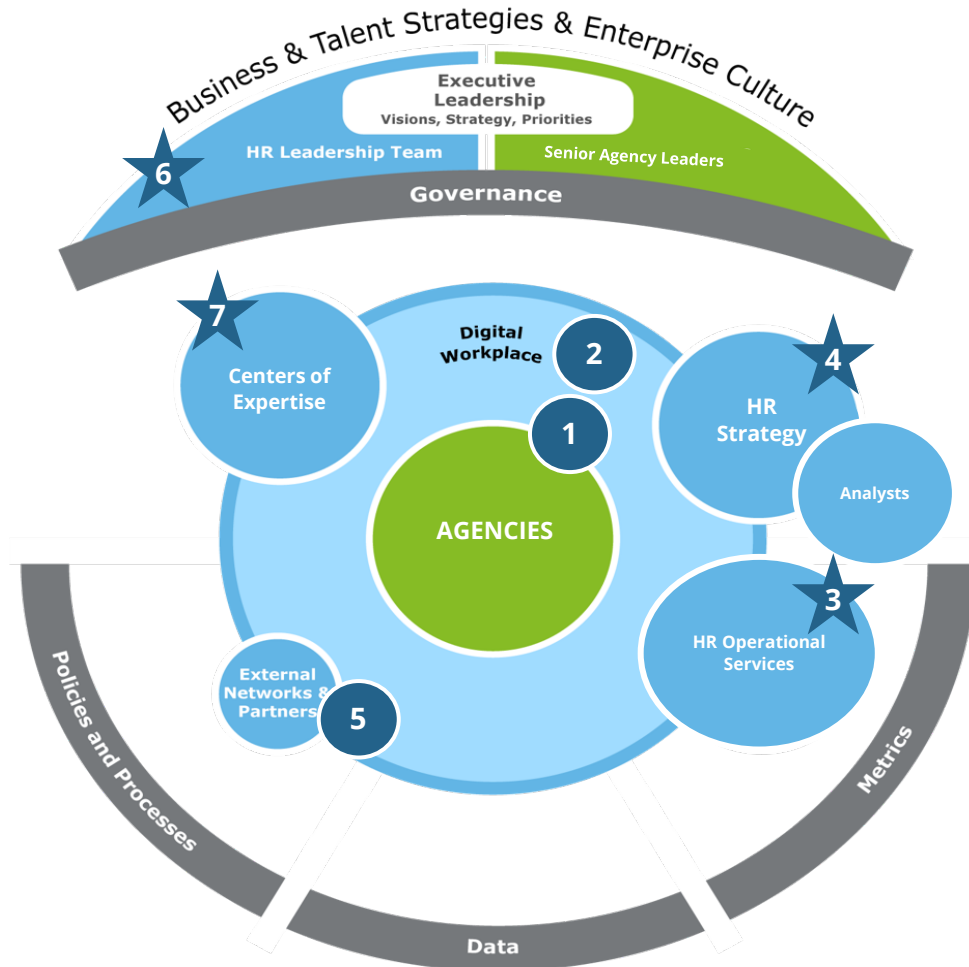


Be a collaborative and strategic partner that propels agencies forward by helping them attract, retain, and develop talent by providing resources, support, and leveraging technology to improve processes and tools.



# Process Review *Continued*

During the Future State Visioning Lab we also asked the HR leaders to identify a proposed go-forward organizational model to deliver HR services to improve recruiting, hiring, and classification processes and the employee experience.



## Proposed HR Operating Model

- 1 THE AGENCY
- 2 DIGITAL WORKPLACE
- 3 HR OPERATIONAL SERVICES
- 4 HR STRATEGY
- 5 EXTERNAL NETWORKS & PARTNERS
- 6 HR LEADERSHIP
- 7 CENTER OF EXPERTISE (COE)

## Notes

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



# Market Competitive Analysis

Deloitte confirmed the State's benchmarking strategy and analyzed market data for salaries and benefits to ensure competitiveness.

## Current Benefit Offerings

	Below Market	At Market	Above Market
Medical	●		
Dental		●	●
Vision		●	
Disability	●		
Life		●	
Time Off	●	●	

## Current Compensation Offerings



Average benchmark position is compensated **10.3%** above the government market



Average benchmark position is compensated **4.7%** below the general industry market



**11** total salary structures with a total of **109** individual pay plans



**15%\*** of employees will have an immediate change to their base compensation



**44%\*** of employees would have a proposed pay grade maximum that is higher than their current maximum

\*Out of the 11,451 employees covered by the benchmarking survey.





# Market Competitive Analysis Continued

Deloitte confirmed the State's benchmarking strategy and analyzed market data for salaries and benefits to ensure competitiveness.

Structure Component	Current State of New Mexico Practice	Proposed Go-forward Approach
Type of Structure Used	Hay methodology	Market-based
Number of Structures	11, including structures created for specific professions (e.g., Attorneys, IT)	1, covering all classified positions and employees
Number of Total Pay Grades	109	20
Pay Grade Titles	Mix of numbers and letters	Numbers, starting at 1 and increasing to 20
Pay Grade Width	30% at the lower range to 60% at the upper	40% at lower levels increasing to 70% at higher pay grades
Midpoint Differentials	Inconsistent from pay grade to pay grade, between 2.7% to 34.2%	Consistent, ranging from 10% at lower levels to 15% at higher pay grades

## Opportunities for Enhancement



Transition to a single salary structure



Implement consistent increases to midpoint differentials



Extend pay grade progression



Re-evaluate benefit offerings to match evolving employee needs





# Job Classification Review

Deloitte reviewed existing job classifications and optimized the job classification framework to align with New Mexico's evolving needs and policies of their workforce.

## New Mexico's Current State



Lack of job categorization



No documented career tracks



Inconsistent job to level/grade alignment



Lack of standardization in job titling

## Opportunities for Enhancement



Stand up a classification center of expertise



Implement a statewide e-workflow tool



Redesign the state's job architecture (JA)



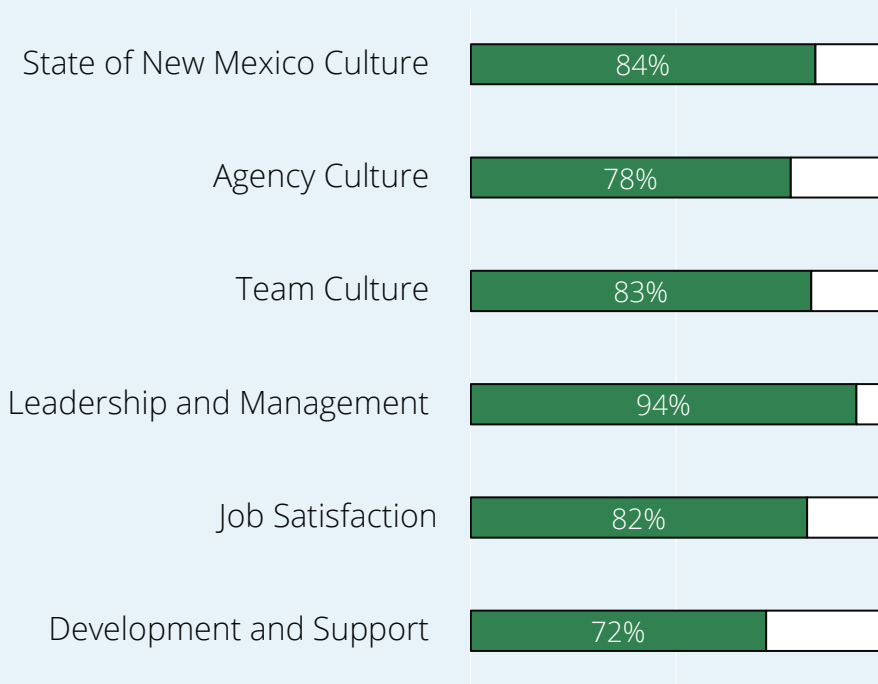
Analyze workload for key positions



# Stakeholder Engagement & Employee Survey

Deloitte administered a State-wide Employee Engagement Survey to explore drivers of retention and attrition across State agencies.

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



## Top Reasons for...

### Attrition:

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

### Retention:

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

## Opportunities for Enhancement



Establish unified, state-wide Marketing and Branding Strategy



Evaluate telework options and combine with real estate strategy



Implement onboarding program and build awareness for existing professional development curriculum



# Key Takeaways and Opportunities for New Mexico

Deloitte has identified the following activities the State can undertake to improve its HR operations and enhance the employee experience.

## *Most Impactful Opportunities*



Redesign the State's Job Architecture



Implement the HR Operating Model developed from Agency HR leaders' input in the Future State Visioning Session



Procure and implement an HR data reporting and digital workflow technology



Analyze the workload for key positions



Conduct study to understand employee preferences on Total Rewards



Establish unified, State-wide marketing and branding strategy



Evaluate telework options and combine with real estate strategy



Implement onboarding program and build awareness for existing professional development curriculum