NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD: Fourth Quarter, FY22

State Personnel System

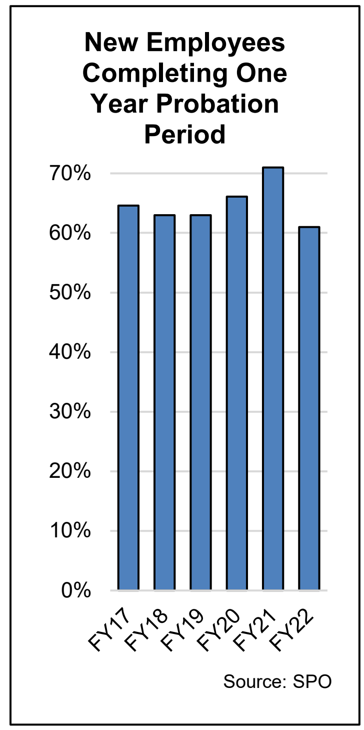
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

The state continues to face challenges related to employee recruitment and retention. The State Personnel Office (SPO) reports the classified service vacancy rate is 22.8 percent, up from 20 percent in FY21 and 21 percent in FY22. State agencies continue to take longer to fill vacant positions, with "time to fill" averaging 64 days in the fourth quarter, an improvement on the 72 days reported at the beginning of FY22. Once positions are filled, fewer employees are completing their probationary period, with only 57 percent completing it in the third quarter, despite new hires being offered salaries above pay band midpoints.

SPO has created a task force with agency human resources officers to reduce the time it takes to fill vacant positions. One factor could be agencies increasing the time a job is posted in an effort to find more qualified applicants in a tight job market. To better identify which agencies have longer time-to-fill results, SPO has said it will work to improve agency access to performance data. The agency should provide regular follow-up and support to help agencies not meeting targets to improve internal procedures. Additionally, the Legislature should consider agency performance in filling vacant positions as part of the FY24 budget process.

At SPO's request, a number of measures are classified as explanatory, meaning they do not have performance targets. However, ratings were given based, in part, on prior year performance.



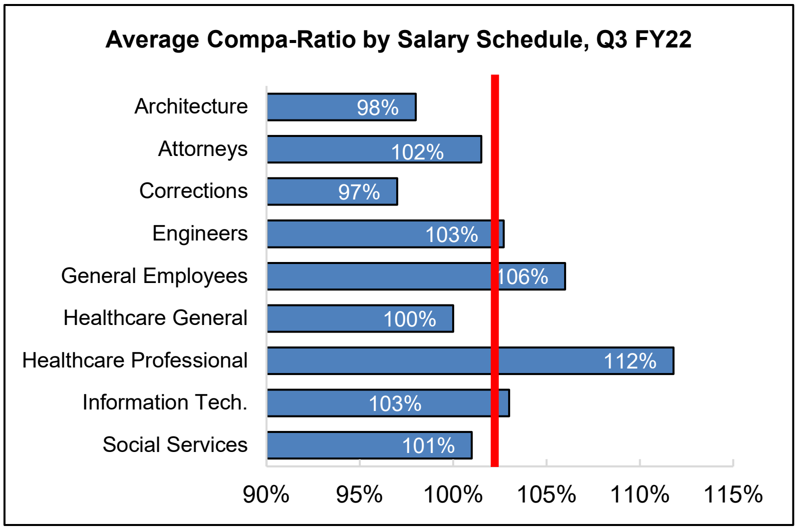
New Employees Completing One Year Probation Period

Budget: $3,875.9 **FTE: 44**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Classified service vacancy rate*	21%	19.9%	N/A	22.8%	R
Average days to fill a position from the date of posting*	56	50.5	N/A	69	R
Average state classified employee compa-ratio	103%	103%	100%	105%	R
New employees who complete their first year of state service*	66%	71%	N/A	61%	R
Classified employees voluntarily leaving state service*	12%	13%	N/A	19.5%	R
Classified employees involuntarily leaving state service*	2%	1.6%	N/A	1%	
Number of hires external to state government*	NEW	1,996	N/A	2,969	G
Program Rating	Y	R			R

*Measure is classified as explanatory and does not have a target.

SPO's quarterly report does not include information on salary competitiveness or turnover by job type, but measures of compa-ratio, or salary divided by midpoint of salary range, continue pointing to salary inadequacy for some employees. While compa-ratio for occupation-specific salary schedules are generally competitive, the average compa-ratio is 106 percent for employees on the general salary schedule. The Personnel Board recently took action to increase the pay band ranges for some healthcare professional pay, which is not reflected in the data and will likely lower the average for healthcare professionals.



For FY23, on average, state employees received a 9 percent salary increase, although increases varied from as little as 4 percent to as high as 30 percent, depending on an employee's pay band and compa-ratio. This increase was on top of an across-the-board 3 percent increase effective in April 2022. Notably, employees on occupational salary schedules received an across-the-board 4 percent increase, despite high vacany rates and turnover among some of these professions, including correctional officers and child protective service employees. For FY24, the Legislature may need to consider targeted pay increases in these areas to aid recruitment and retention.

Teleworking Policies. A recent LFC evaluation of the state's personnel system found the state may not be taking advantage of a potential recruitment tool by building a system of remote work that reflects the modern job market. Although some employees continue to work from home on a part-time basis, the state does not have a formal, statewide teleworking policy, and allows individual agencies to set policies. Evidence suggests current job seekers consider teleworking policies when choosing places to work; lack of permanent policies may harm competitiveness and lead to ad hoc policies more likely to impact agency service delivery.While it is not possible for many state employees to function remotely, an April 2022 review of state records showed 26 percent of employees were teleworking more than half of the time under current nonmandatory teleworking policies. Meanwhile, the state is spending $71 million annually to provide 3.7 million square feet of office space, including space for employees working teleworking for most of the time. While in the short term, current teleworking polices have likely helped state agencies retain employees who may have left state employment if forced to return full-time, on a long-term basis the state should investigate ways to use telework where appropriate.