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FISCAL IMPACT REPORT

SPONSOR: M Sanchez DATE TYPED: 02/05/01 HB _____
 SHORT TITLE: Adult Correctional Officers Salary Increase SB 249
 ANALYST: Trujillo

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 12,466.0	See Narrative		Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 98, HB 8, and SB 68

SOURCES OF INFORMATION

LFC Files
 Department of Corrections (CD)
 State Personnel Office (SPO)
 Children Youth and Families Department (CYFD)

SUMMARY

Synopsis of Bill

SB249 appropriates \$12,466,000 from the general fund to CD for expenditure in FY 2002 to provide a salary increase of three dollars and fifty cents (\$3.50) per hour for Adult Correctional Officers of the following ranks: Correctional Officer I, Correctional Officer Sergeant, Correctional Officer II, Correctional Officer III and Correctional Officer IV. Any unexpended balance remaining at the end of FY 2002 reverts to the general fund.

Significant Issues

CD reports the department has experienced difficulty in recruiting and retaining correctional officers. This has resulted in the need to require correctional officers to work a high number of overtime hours each week. This appropriation would reduce turnover, the number of hours of overtime and improve recruitment.

PERFORMANCE IMPLICATIONS

Senate Bill 249 -- Page 2

SB249 does not reference performance measures include output, outcome, efficiency and quality measures.

CD reports the bill would improve the recruitment and retention of correctional officers while reducing the number of overtime hours that current correctional officers must work.

FISCAL IMPLICATIONS

SB249 appropriates \$12,466.0 from the general fund to the Corrections Department to provide a salary increase of three dollars and fifty cents (\$3.50) per hour for all positions within the correctional officer series. The amount appropriated is sufficient to provide the three dollar and fifty cents (\$3.50) per hour increase for all positions in the correctional officer series. Any unexpended or unencumbered balance remaining at the end of FY02 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

CD reports since the bill is likely to improve recruitment and retention of correctional officers. It will decrease the administrative burden upon correctional officers who are currently required to work a high number of overtime hours as well as decrease the administrative burden upon administrators who are constantly faced with the difficulty of staffing mandatory posts through the use of overtime.

TECHNICAL ISSUES

SB249 should be amended:

On line 23 after the period insert “; and correctional officer specialist”

OTHER SUBSTANTIVE ISSUES

The following information is reported on pages 601-602 of the *Report of the Legislative Finance Committee to the Forty-Fifth Legislature First Session*:

Correctional Officer Upgrade. Laws 2000, Chapter 106, appropriated \$654.7 to implement salary grade changes for correctional officer 1s on a salary-to-salary basis. CD reported this created salary compaction and morale problems for correctional officer 1s whose hourly salaries were above the new minimum and who did not receive a salary increase. The only increases were to those new correctional officer 1s whose hourly salary was below the new minimum of salary grade 17. Also, the correctional officer sergeants and correctional officer 2s, 3s and 4s did not receive a salary increase. This also has created low morale and has contributed to higher turnover rates for these levels of correctional officers. According to CD, the department was aware this could occur and requested funding in FY01 for all correctional officers based on a matrix that rewards employees for years in class and service with the department.

For FY02, CD requested a two-part correctional officer upgrade costing \$1,658.8 to address recruitment and retention problems due to national low unemployment. The first part for \$718.7 is to address retention problems by rewarding employees for time in their classification. The second part for \$938.1 would increase the correctional officer 1 minimum salary from \$9.86 to \$10.50 per hour. Employment conditions, such as pay are critical issues because they relate directly to sound, safe and secure prison operations.

On September 26, 2000, in a letter to Governor Johnson, LFC recognized an emergency and urged the executive to implement an immediate salary increase of 50 cents per hour for each correctional officer and correctional officer specialist below the rank of major. The committee encouraged the department

to implement the increase by using its budget adjustment flexibility (division and category transfer authority) to internalize the cost increases to the extent feasible. Also, the committee noted members would look favorably on a supplemental appropriation request to cover the total cost of the salary increase.

In November 2000, CD implemented a temporary salary adjustment to all correctional officers based on the following criteria:

- C A recruitment and retention differential amount up to 5.236 percent of the midpoint for correctional officer 1s that, combined with the employee's current hourly salary, is equivalent to \$10.50 per hour.
- C A recruitment and retention differential amount up to 15 percent of the midpoint for correctional officer specialist 1s that, combined with the employee's current hourly salary, is equivalent to \$10.50 per hour.
- C A retention differential amount between 0.5 percent and 5 percent of the midpoint for all correctional officer specialists based on years in class.

These adjustments were partially funded with a State Board of Finance grant of \$260.0.

The committee recommended \$1,686.4 in general fund to permanently implement the salary increases and an additional \$1.7 million for an additional 0.50 cent/hour and the additional 7 percent for all state employees.

Other Funding for Correctional Officers. The LFC recommended \$1,686.4 in general fund to permanently implement the salary increases, \$3.9 million in salary upgrades which includes \$1.7 million. The increase for correctional officers is in addition to that implemented by the CD through a Board of Finance loan. Also, the LFC recommended funding for an average salary increase of 7 percent for state employees.

SPO reports the following rationale explains why the proposals to increase Correctional Officer pay should not move their pay beyond the maximums to be established by the new pay system effective July 1, 2001.

The State Personnel Office has just gone through an exhaustive salary survey process to determine pay for various classified service occupations. Through this process, the office has determined the appropriate pay bands (i.e. minimum and maximum values) for the entire classified system. Each job within the classified service is evaluated using the Hay system of job evaluation to determine internal job worth – job worth is stated in terms of job evaluation points. Job worth and market pay is combined to determine pay for each job.

A relationship between dollar value and job evaluation points is determined through linear regression analysis. Jobs are assigned to pay bands based on the number of job evaluation points. Each pay band has a minimum, midpoint and maximum value. The midpoint value represents the average pay for similar size jobs found in the marketplace. The minimum and maximum values represent a range of pay for these size jobs. The maximum of an established pay band is the maximum dollar amount that the state is willing to pay for a job.

The minimum and maximum of the pay band represents the relative value of a job to the state. This compensation system insures internal equity of jobs of same job value as established through the job evaluation system.

At this point in time we do not know who, if anyone, will be above the maximum of the proposed pay bands in the NM.HR.2001 system.

Therefore, the State Personnel Office believes the legislature should not propose legislation that would place employees over the maximum of the pay band (i.e. their established job worth)

CYFD reports SB249 impacts adult Correctional Officer salaries only. The CYFD employs Juvenile Correctional Officers in its juvenile correctional facilities who are not included for these salary increases. It is conceivable that passage of the bill would have a negative impact on Juvenile Correctional Officers retention and recruitment.

LAT/ar/njw