

LFC Requester: _____

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
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(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/25/25 *Check all that apply:*
Bill Number: HB129 Original Correction
 Amendment Substitute

Sponsor: Rep. Reena Szczepanski and Rep. Patricia Roybal Caballero
Public Employee Probation Period
Short Title: _____

Agency Name and Code HCA 630
Number: _____

Person Writing Analysis: Dustin Acklin
Phone: 505-709-5571 **Email:** Dustin.acklin@hca.nm

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

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

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

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

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	-	Unknown	Unknown	Unknown	Recurring	General Fund

	-	Unknown	Unknown	Unknown	Recurring	Federal Fund
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(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Not known

Duplicates/Relates to Appropriation in the General Appropriation Act: Not known

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 129 (HB129) would reduce the period of employment probation for public employees from one year to one hundred and eighty days. It would also prohibit an additional probationary period if an employee elects to transfer or move to a different state service assignment.

FISCAL IMPLICATIONS

Although it is challenging to precisely quantify the annual operating budget impact of this bill due to many unknowns, the Health Care Authority (HCA) can highlight a potential scenario using recent data. If the probationary period is reduced, managers may be compelled to make employment decisions earlier, potentially leading to increased dismissals before employees have an opportunity to improve. This could, in turn, increase turnover.

For illustrative purposes, in the first two quarters of Fiscal Year 25, the HCA processed 18 probationary dismissals. According to the Society for Human Resource Management (SHRM), the average cost to replace a terminated employee is approximately six to nine months of salary. With the HCA's average gross monthly salary of \$5,528.63, the per-employee replacement cost would range from \$33,172 to \$49,758. Extrapolating these figures to the 18 recent dismissals suggests a total replacement cost of approximately \$597,092 to \$895,638. Although this example demonstrates the potential scope of the bill's fiscal impact, the actual costs may likely be higher if turnover increases because of shortened probationary periods and thus cannot be definitively determined at this time.

HCA Average Monthly Salary	HCA Average cost to replace terminated employee(s)	
<i>1 Employee</i>	<i>6 Months Avg. Salary</i>	<i>9 Months Average Salary</i>
\$5,528.63	\$33,171.78	\$49,757.67
<i>18 Employees</i>	<i>6 Months Avg. Salary</i>	<i>9 Months Average Salary</i>
\$99,515.34	\$597,092.04	\$895,638.06

SIGNIFICANT ISSUES

Reducing the probationary period for state employees would present multiple issues for the HCA and other state agencies. A majority of HCA positions are entry level and require extensive training, mentoring, and development for employees to be successful. (Examples of these positions include HCA employees who work in customer-facing field offices determining eligibility for complex health and safety-net services and administer child support; and employees who perform IT help desk functions, financial operations, and administrative support functions). It can take more than six months to effectively train an eligibility caseworker to correctly perform full functions of their job for all of the programs administered by the HCA, which is why workers are often trained on simpler programs first and on more complex programs once they have demonstrated competence on easier tasks.

Reducing the probationary period would restrict the HCA's ability to provide the necessary training over the appropriate period of time needed to evaluate probationary employees and determine if they will be successful in their roles. In most cases, a manager may not know if an employee is going to be successful until months 8-11 of their probationary period when they are fully trained, all corrective actions to develop the employee have been taken, and the agency is certain that they cannot be successful in their role. If an employee is unsuccessful during their probationary period, the HCA can dismiss the probationary employee in accordance with State Personnel Board Rule 1.7.11.11 NMAC. In the first two quarters of Fiscal Year 2025, HCA processed 18 probationary dismissals. More than half (66%) of those dismissals occurred after the employee's eighth month of employment, and only 5% of the 18 probationary dismissals processed by HCA happened within the employees' first six months of employment.

Reducing the probationary period would likely result in more employees being dismissed during their probationary period. The reduced probationary period would require managers to make employment decisions earlier than the current standard. The reduced time would prevent or restrict managers from providing probationary staff constructive feedback and an opportunity to improve their performance.

It is unclear how HB129 would affect the evaluation process for probationary employees. Currently State Personnel Board Rule 1.7.9.9 C. NMAC requires probationary employees to be evaluated twice during their probationary period. Reducing the probationary period would restrict managers' ability to perform these evaluations. In addition, it is not clear how this would affect the probationary employee's final evaluation. Final evaluations must be completed on the employees' anniversary date, which is the date they started in their current position. This has multiple implications and may cause confusion because reducing the probationary period would require managers to complete a final evaluation to document the successful completion of their probationary period, but this date will never be their anniversary date.

In addition, legislative increases that have been approved in recent years are dependent on the employee's successful completion of their probationary period and a successful evaluation rating.

It is unclear how reducing the probationary period, as proposed in the bill, would affect employees who are actively on probation at the time of bill implementation. This may cause a situation where multiple employees are serving different probationary periods.

PERFORMANCE IMPLICATIONS

In addition to the potential fiscal impacts, the bill could also have significant implications for both departmental performance and the well-being of employees. Goal 3 of the HCA is to "build the best team in state government by supporting employees' continuous growth and wellness." By shortening the probationary period, managers would have less time to identify performance challenges, provide constructive feedback, and support employee improvement. This compressed timeframe not only reduces opportunities for meaningful guidance and development but may also create undue pressure on probationary staff to demonstrate proficiency quickly. Employees who might otherwise benefit from targeted coaching and additional support could find themselves at a greater risk of early dismissal, adversely affecting their confidence, professional growth, and overall sense of job security. As a result, the shortened probationary period could undermine efforts to foster a culture of continuous growth and wellness, ultimately impeding the Department's goal of cultivating a high performing, engaged workforce.

ADMINISTRATIVE IMPLICATIONS

Should the probationary period for state employee be reduced to six months, multiple divisions within HCA would have to make significant adjustments to their new employee training programs. For example, the initial training program for new employees hired into our Income Support Division (the HCA's largest Division) is three months. This training is policy intensive and focuses on developing the new employee's policy knowledge for the public assistance programs and the IT and eligibility systems employees use daily. Following the initial three-month training, the employee then transitions to on-the-job training and is on 100% review for at least three additional months. During this time, the employee is exposed to simple cases and is learning to navigate HCA's eligibility system. The Division already has compressed this initial training program, and it would be difficult to refine it further without having staff feeling they are receiving the necessary training to be successful in their positions.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

The current definition of probationary period is established and consistently used in multiple Collective Bargaining Agreements (CBA), agency policy and State Personnel Board rules. If this bill is passed, there will need to be an organized effort to update relevant rules, policies, and CBAs.

OTHER SUBSTANTIVE ISSUES

None for the HCA

ALTERNATIVES

None suggested

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

None