



State Employee Compensation

State employee compensation is an important factor in the smooth operations of state government and, through tens of thousands of jobs with a total annual payroll of more than \$2 billion, a significant contributor to the state's economy. Employee compensation includes not only pay but also benefits, such as paid leave, retirement and insurance. The appeal of that package greatly impacts state government's ability to recruit and retain qualified and skilled employees.

Total Compensation

While salary is the most visible part of the state's compensation package, it is only about 60 percent of the total cost of an employee's compensation. That means for every dollar in pay, a state employee receives about 70 cents in benefits. In addition to paying for Medicare and social security benefits, the state offers health insurance to all full-time employees, picking up from 60 percent to 80 percent of the cost of the premium, depending on salary level. The state also contributes to employee pension plans and to the retiree healthcare program.

The Legislature has several options for changing state employee compensation. On salaries, the Legislature may fund salary increases targeted to one particular job type or agency, increases based on performance, or across-the-board increases. The Legislature can also impact take-home pay by changing the state's share of the cost of retirement or medical and other insurance premiums. In addition, the Legislature can change the value of the benefits package by altering the health insurance benefits offered or by changing retirement benefits—increasing the number of years before an employee is eligible, for example.

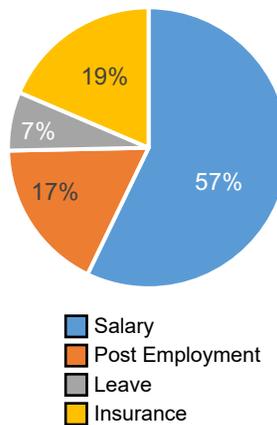
Classifying Jobs

The State Personnel Office classifies jobs based on a system reflecting the complexity of each job. The system accounts for the amount of technical, managerial, and problem-solving skills a job requires, as well as the level of accountability for the position.

Once the job is scored, the position is assigned to a pay band, which determines the pay range, or the minimum and maximum possible salary for the position. The middle of the pay

range, or mid-point, should reflect the average salary of jobs within the pay band. Salary adequacy is often expressed as a percentage of the mid-point and is called a compa-ratio. The compa-ratio takes the actual salary of the employee divided by the pay range mid-point; a salary equal to the mid-point will have a compa-ratio of 1.0. In 2021, the average compa-ratio for new employees was 0.98, meaning the midpoint of the pay range had become entry level pay. This restricts the ability of state agencies to provide salary increases to employees because an individual's compa-ratio cannot exceed 1.2. These narrow pay ranges may contribute to employee turnover.

Elements of Total Compensation



Competitiveness

The State Personnel Office reviews and updates salary schedules to ensure competitiveness; however, these comparisons include only salary, and benefits are not included when determining appropriate compensation. The state of New Mexico provides a larger proportion of its total compensation in the form of benefits than do other employers, both public and private.

The office uses occupation groups to better target salary structure changes to reflect the broader labor market. The use of groups allows salary increases to be targeted to occupations, for example, legal professionals or engineers and architects.

For More Information:

- For more information on state personnel policy, including a list of job classifications and categories, visit www.spo.state.nm.us.
- For a list of positions and salaries, with cumulative totals and sortable by agency and exempt or classified, visit <https://ssp3.sunshineportalnm.com/#employees>