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FISCAL IMPACT REPORT



SPONSOR: Lundstrom DATE TYPED: 02/06/02 HB HM 22

SHORT TITLE: Misclassification of State Employees SB _____

ANALYST: Gonzales

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to _____

SOURCES OF INFORMATION

LFC Files
 Department of Public Safety (DPS)
 State Personnel Office (SPO)

SUMMARY

Synopsis of Bill

House Memorial 22 requests the State Personnel Office and state agencies to work together to improve the recruitment and retention of state employees and to remedy the problem of misclassification of state employees. This memorial also states that a copy of this memorial be sent to the State Personnel Office and the secretaries of all executive agencies.

Significant Issues

State agencies experience high vacancy rates, for various reasons, thus creating problems in providing services to the general public. It is expected that by improving the recruitment and retention of state employees, state government will become a more experienced and capable work force.

In the past, many state employees were misclassified, meaning the person in a particular position may have been falsely classified with a difference in salary. Many times, this may have been done in order to change an employee's title in order to receive a salary increase based on the reclassification.

There have been some concerns expressed by agencies that applicants qualifications are reviewed and rated by State Personnel Office staff that in some cases have limited knowledge of the recruiting agency's mission and qualifications specified for a position by the recruiting agency. However, the State Personnel Office has expressed concerns at times agencies do not identify the correct qualifications necessary for the vacancy or have a change in necessary qualifications after applicants have been ranked.

ADMINISTRATIVE IMPLICATIONS

The requirements of this memorial would continue to need the efforts of SPO and all agencies. A successful and collaborative effort of the Executive and Legislative branch was used to implement the current classification and compensation in place for executive classified employees.

OTHER SUBSTANTIVE ISSUES

Effective July 1, 2001, the SPO and state agencies completed a massive restructuring of all the job classes and reevaluation of how each position in state government should be classified and where it should be properly positioned with respect to salary. At the same time, additional flexibility was built into the system to allow agencies to more easily address recruitment issues as well as internal alignment within their workforces. The results of this massive effort were reported to the LFC and the House and Senate in January 2002. The results showed that New Mexico is paying its executive classified employees slightly below our target of 95% of the midpoint of its comparator states.

The State Personnel Office has an audit program in place to audit state agencies' application of the compensation and classification rules and procedures. If SPO discovers employees are misclassified, corrective action is taken.

This memorial was introduced in part due to the significant complaints by agencies during FY03 legislative budget hearings as well as the significant turnover rates in agencies leading to high vacancy rates.

JMG/prr