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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/11

SPONSOR Picraux LAST UPDATED \_\_\_\_\_ HB 247

SHORT TITLE Continuing New Mexico Pay Initiative SB \_\_\_\_\_

ANALYST Archuleta

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
NA	\$50.0	Non-Rec	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>	*See Fiscal Impact	*See Fiscal Impact	*See Fiscal Impact			

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

State Auditor's Office (SAO)

State Personnel Office (SPO)

### SUMMARY

#### Synopsis of Bill

House Bill 247 appropriates \$50,000 from the General Fund to the State Auditor's Office for expenditure in Fiscal Year 2012 to continue to implement and to properly monitor the ongoing work of the New Mexico Pay Equity Initiative associated with Executive Order 2009-004.

### FISCAL IMPLICATIONS

The bill appropriates \$50,000 to the State Auditor's Office; however, SPO currently compiles and analyzes data related to pay equity and is able to continue to do so with existing staff and resources.

## SIGNIFICANT ISSUES

SPO identified the following issues: On January 28, 2009, the Executive issued Executive Order 2009-004 - Fair and Equal Pay for All New Mexicans Initiative. The Executive Order formally declared that it is the policy of the State of New Mexico to identify and combat pay inequity and job segregation, and established the Governor's Task Force on Fair and Equal Pay ("Task Force"). Executive Order 2009-049, signed by the executive in December, 2009, instituted specific gender pay equity reporting requirements for all contractors, including approved vendors and entities with price agreements with the State of New Mexico beginning July 1, 2010. The Executive Order also instituted a process for development of the Implementation Guidance.

In August 2009, the State Personnel Office conducted a pilot study of pay equity in the Executive Classified service. In September 2009, Dr. Martha Burk, Governor Richardson's Senior Policy Advisor for Women's Issues published a report titled *Gender Wage Gaps in the New Mexico Classified Workforce* which contained the following findings:

- Fully one-third of the 396 pay bands with both women and men show *no* gender pay gaps. Some departments, such as the Taxation and Revenue Department, are very close to parity in all pay bands.
- Those gender wage gaps found in the New Mexico classified workforce are moderate, and are *much lower* than national averages. Nationally, females make 77 cents to the male dollar for full-time, year-round work, resulting in a gender wage gap of 23% favoring males. Of the 396 pay bands analyzed for gender pay disparities, only 15 had gaps exceeding 20%, affecting a mere 76 individuals of 19,811 in the classified workforce (0.003%).
- While job segregation in the national workforce is a recognized factor in producing gender wage gaps, and there is a great deal of job segregation (e.g. job titles that are totally or predominately held by one gender) in a majority of New Mexico departments, such job segregation does not generally result in gender wage disparities when analyzed by pay bands. However, a diverse workforce is a goal in New Mexico, so gender segregation should be addressed to produce a more balanced workforce.
- Even though "glass ceilings" are a well-documented problem nationally, there are no apparent "glass ceilings" in the New Mexico classified workforce. This is a strong indication that promotion practices as related to gender in the state workforce are fair and equitable. However, a very small number of trends affecting both women and men in selected departments should be analyzed by management.
- Gender wage gaps were found in most departments in this study, across the majority of pay bands. Overall, the gender wage gaps slightly favored women, in both number and size.

Section 10-9-2 NMSA 1978 states the purpose of the State Personnel Act is to establish for New Mexico a system of personnel administration based solely on qualification and ability. The State Personnel Board rules are designed to effectuate the Personnel Act. The State Personnel Board rules exist to ensure employees' rights are not violated and that they are treated fairly. The classification and compensation methodology and system used by the classified service is based on compensable factors that are job related and common to all positions.

## ADMINISTRATIVE IMPLICATIONS

According to the SAO the appropriation would be used for implementation and monitoring of the New Mexico Fair and Equal Pay Initiative, including:

- 1) Assuring that filing of pay equity reports is implemented at the agency level;
- 2) Continuing interaction with General Services Department and other agencies to refine requirements and procedures as necessary;
- 3) Insure accuracy of reports under the Initiative; and
- 4) Developing criteria for determining when reports may require further scrutiny. It is likely the appropriation would be used to procure a professional services contract for these services.

DA/bym