



NEW MEXICO
STATE PERSONNEL OFFICE



State Personnel Office FY24 Budget Request

October 18, 2022





State Personnel Office Mission and Vision

State Personnel Office Vision

To create an inclusive workforce supporting innovation and achievement while serving the state of New Mexico.

State Personnel Office Mission

A trusted partner expertly leading the way in human resources practices and services that enhance the employee experience.

State Personnel Office Values

Diversity, Partnership, Consistency, Balance, Innovation, Resourceful, Credible, Engaged, Responsive, and Respectful.





Budget Categories

Revenues

- 111 – General Fund Transfers
- 112 – Other Transfers – HR Shared Services and Compensation Increases

Expenses

- 200 – Costs for employee salaries and benefits
- 300 – Contracts and professional services (audit and legal services)
- 400 – Operating costs (office supplies, travel, training, IT and telecom services)





Changes to Revenue

- State Personnel's HR Shared Services Division provides customer service in the form of day-to-day HR function and support for those State executive agencies that do not have in-house HR.
- The State Personnel Office expects its FY23 Operating Budget to include \$182,000 in revenue from HR Shared Services that was not appropriated in HB2. We will be requesting Budget Adjustment Request (BAR) authority during the 2023 Legislative Session to budget these revenues into our 200's category for FY23.
- State Personnel's FY24 Request reflects an increase over FY23, which is entirely attributable to the inclusion of the revenue for HR Shared Services. The increase to the General Fund includes the FY23 Compensation allocation, which is now included in our Base General Fund Budget.
 - The annual cost for agencies utilizing HR Shared Services ranges between \$2.5 and \$39.0, depending on the size of the agency.
 - The average annual cost of one HR-Advanced FTE, with benefits, is \$80.5. State Personnel's provision of HR Shared Services to 14 agencies, therefore, saves approximately \$520.9 for the State.

Revenues Category	Authorized	Actuals	Authorized	Requested Budget
	FY22	FY22	FY23	FY24
111	\$ 3,700.1	\$ 3,700.1	\$ 4,109.7	\$ 4,117.6
112	\$ 150.8	\$ 183.1	\$ 7.9	\$ 182.0
120	\$ -	\$ -	\$ -	\$ -
130	\$ -	\$ -	\$ -	\$ -
150	\$ -	\$ -	\$ -	\$ -
Total Budget	\$ 3,850.9	\$ 3,883.2	\$ 4,117.6	\$ 4,299.6





Changes to Expenses

- Personal Services and Benefits have increased due to salary increases in FY22 and FY23.
- The FY24 Contractual Services remain flat. The FY23 increase was due to an increased need for professional service contracts, including contracts for increased social media advertising, training and mediation services.
- The FY24 Other Expenses decrease is attributable to a reduction in employee travel, both in-state and out-of-state, as well as a concerted effort to review IT service charges and inactivate email, cell phone and desk phone services no longer needed.

Expenses Category	Authorized	Actuals	Authorized	Requested Budget
	FY22	FY22	FY23	FY24
200	\$ 3,504.1	\$ 3,410.3	\$ 3,806.7	\$ 4,007.2
300	\$ 51.0	\$ 38.8	\$ 76.0	\$ 76.0
400	\$ 295.8	\$ 304.0	\$ 234.9	\$ 216.4
500	\$ -	\$ -	\$ -	\$ -
Total Budget	\$ 3,850.9	\$ 3,754.2	\$ 4,117.6	\$ 4,299.6





Agency Priorities in FY23

- Fill existing vacancy to expand opportunities that encourage diversity in the workplace.
- Increase the impact of Talent Acquisition efforts through paid marketing and coordination with agencies.
- Continue to work with agencies to provide recruitment and retention tools to address critical vacancies and agency-specific needs.
- Automate the process through which personnel actions are routed and processed across agencies.
- Implement strategies that allow for stakeholder feedback and process improvement measures.





2022 Legislative Program Review

Finding	Recommendation	Response
The executive's plan to distribute salary increases for FY23 is highly uneven and leaves some of the hardest-to-fill positions with the smallest raises.	SPO should develop a more equitable way to distribute future legislated pay increases based on merit and filling critical, hard-to-staff positions.	The FY23 legislative pay increase was successful in what it set out to accomplish. It raised the minimum wage within the State of New Mexico classified service to \$15 per hour and simultaneously avoided compaction. The plan methodically applied graduated percentage increase multipliers based on both the pay band and compa-ratio of employee base salary. To ensure fairness, the FY23 pay increase plan also ensured all State of New Mexico employees a salary increase of at least 4%.
	SPO should rework lower pay bands into wider widths to ensure the equitable potential for in-pay-band increases and ensure the pay bands include employees with salaries currently above their authorized pay bands.	The lower pay band widths are in line with industry standards. The prior general salary schedule widths were abnormally wide and heavily under used. Having a sufficient number of classifications is an important retention tool, as it expands opportunities for employees to be promoted into a higher position.





2022 Legislative Program Review (Cont'd)

Finding	Recommendation	Response	Action Date
After major reductions in job classifications over two decades ago, SPO now manages classifications for nearly 1,200 different positions.	SPO should develop an action plan for reviewing all classifications annually per guidelines from the Society for Human Resource Management, deauthorize unused classifications, and adjust pay bands where necessary to eliminate the use of alternative pay bands.	SPO will develop a formal action plan to evaluate and review classifications as appropriate. Unused classification families are reviewed and inactivated routinely. Alternative pay bands are used because they are an effective tool to meet market pressures surrounding specific jobs without having to adjust the entire salary schedule. By definition "alternative pay band" means a pay band based on current market rate for benchmark jobs in the relevant labor market(s).	12/31/2022





2022 Legislative Program Review (Cont'd)

Finding	Recommendation	Response
Though SPO has the authority to approve or disapprove some HR activities, most of the HR workforce is concentrated in state agencies. The time it takes SPO to process requests from agencies has increased over the last five years, with some actions requiring approval by multiple different entities.	SPO should consider further expanding the delegation of HR approvals, as it has to NMED, to other agencies with sufficient HR capacity.	Most actions processed by agencies do not require State Personnel Office approval. It takes the State Personnel Office an average of only 11 days to complete its approval process on the limited personnel actions we see. Recent delegations of HR approvals delegations have not proven successful.





2022 Legislative Program Review (Cont'd)

Finding	Recommendation	Response
In focusing on HR transactions, SPO has forgone opportunities to play a higher, strategic role in improving state personnel management.	SPO should provide agencies with guidance to conduct, analyze, and disseminate results of ongoing employee engagement and exit surveys.	The State Personnel Office worked with agency HR managers on a uniform exit survey for all executive agencies. The State of New Mexico Exit Survey launched in late November 2021. The State Personnel Office Quality Assurance and Data Analytics Team began sharing survey responses with respective agency HR managers in December 2021.
	SPO should consider implementing a mandatory systemwide telework policy to promote fairness across agencies and market it to potential employees as a benefit.	A statewide Non-Mandatory Telework Policy was negotiated with the Unions and has been in effect since June 2021 for agencies to utilize at their discretion.

