

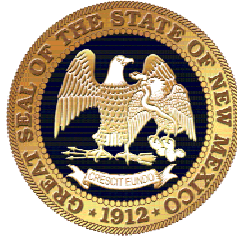
# **2005 Classified Service Compensation Report**



*December 7, 2005*

STATE OF NEW MEXICO  
STATE PERSONNEL BOARD  
SANDRA K. PEREZ, STATE PERSONNEL DIRECTOR

**Bill Richardson**  
Governor



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**Justin Najaka**  
State Compensation Manager

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# The Personnel Act

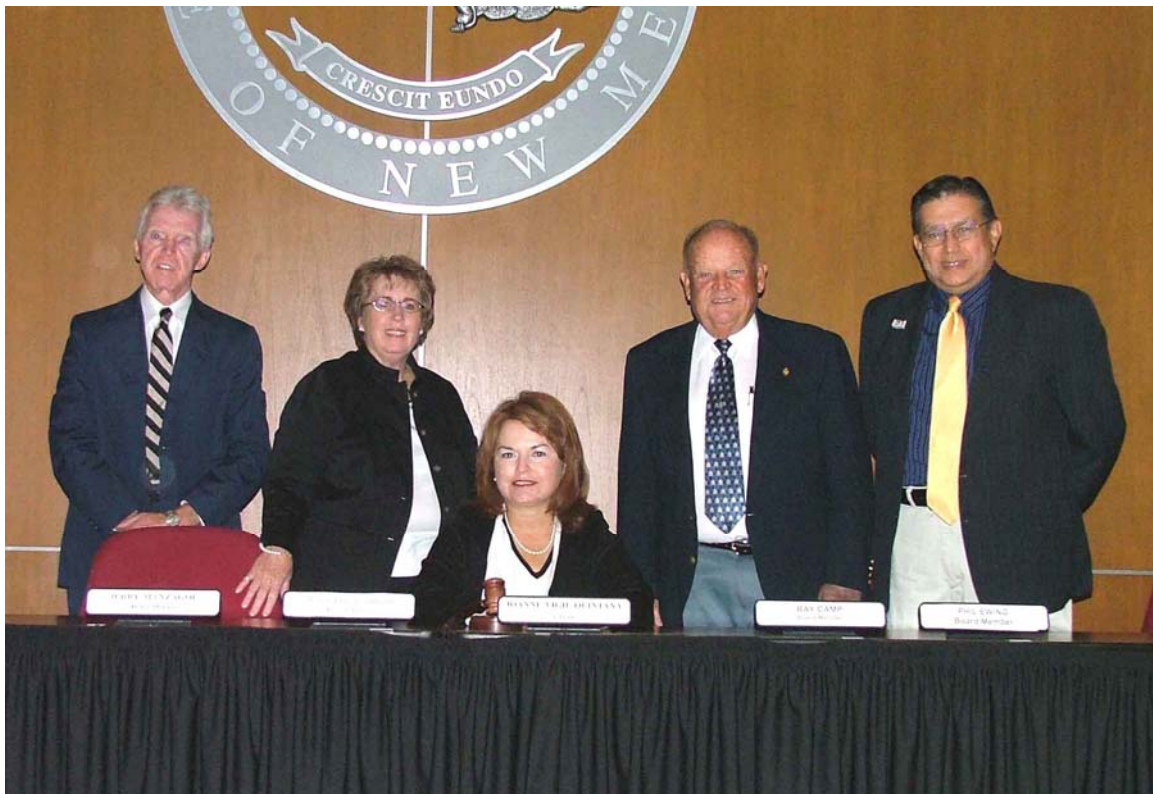
(NMSA 1978, §§ 10-9-1)

The Personnel Act was enacted by the New Mexico Legislature in 1961. Its purpose was to establish for New Mexico a system of personnel administration based solely on qualification and ability, which would provide greater economy and efficiency in the management of state agencies. This Act established the merit system we know today and was made applicable to all of the classified agencies.

The Act created the State Personnel Board (Board), which is a five-member board appointed by the Governor and confirmed by the Senate. They are appointed for five-year staggered terms. One of the responsibilities of the Board is to select, with approval of the Governor, a Director for the State Personnel Office. Another major responsibility is to promulgate rules and regulations to implement the Personnel Act.

The State Personnel Board Rule **Subsection E of 1.7.4.8 NMAC** requires the Board to adopt and submit recommendations on the classified pay system to the Governor and the Legislative Finance Committee by the end of each calendar year. This shall serve as the official report.

## The Personnel Board



State Personnel Board members, from left to right: Jerry Manzagol (Vice Chair), Mary Lou Cameron, JoAnne Vigil Quintana (Chair), Ray Camp, and Phil Ewing.

## ***EXECUTIVE SUMMARY***

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### **2005 Compensation Report**

# ***Report Highlights***

The 2005 Classified Service Compensation Report provides fact-based information on the current compensation system for the State of New Mexico. Listed below are “at-a-glance” highlights of the content within this report.

- Compensation survey sources indicate that comparator organizations plan on providing average salary increases of approximately 3.7% and adjusting salary structures by approximately 2.8%. NOTE: These are not cumulative salary increases.
- On a national level, benefit costs continue to rise at three to four times the rate of inflation. The Segal Company expects the double-digit trends that have existed for the past five years to continue through the next year. Rates for managed care medical plans are expected to increase 11.6% to 12.6% next year and prescription drug plan rates are expected to increase by approximately 13.8%.
- Two years ago, legislation was passed in New Mexico to change the insurance premium contributions for state employees. Effective July 2005, the State is covering 80% of the benefits costs for approximately 85% of state employees electing to participate in the benefits program.
- In July 2005, the average base salary was \$35,834 and average total compensation was \$51,958. Since July 2003, average salaries have increased by \$3,100 and total compensation has increased by over \$4,300.
- Based on comprehensive salary surveys published in 2005, New Mexico maintains the median position within the eight state regional comparator market for base salary and total compensation (salary and benefits).
- Turnover data indicates a decrease from 14.68% in July 2003 to 13.04% in July 2005. July 2005 data also indicates that the average time an employee spends in their job classification is 4.3 years. The average time an employee spends in an agency is 7.42 years.
- The Pay Administration section of the report describes how state agencies are using State Personnel Board approved pay mechanisms to improve recruitment and retention efforts.
- At the direction of the State Personnel Board, SPO continues to work with state agencies to ensure that career employees below the minimum of their pay band receive a salary increase moving these employees to at least the minimum of their assigned pay band. The Board also directed SPO to work with state agencies to ensure that career employees receive timely performance appraisals tied to the 1.75% salary increase in July 2005.

# ***Compensation Philosophy***

The State of New Mexico's compensation system is a stable system with a solid foundation. It is an innovative ever-evolving system that must support the state's business strategy and adapt to the social, competitive and regulatory pressures in the environment. The challenge of innovation is coupled with the need to have a compensation system with a solid foundation. The national trend in both public and private sector compensation is to simplify the system and make it more usable by employees and managers. The State Personnel Board has retained the services of Hay Management Consultants (HayGroup) annually since 1989 to assist in the refinement of the system.

The State of New Mexico's compensation philosophy as stated in the existing Classified Service Pay Plan reads as follows:

"The Compensation System (salary and benefits) for classified state government employees will be structured to support the mission of State Government and be consistent with State statutes to provide, "a high-level of responsive service in meeting the needs of its citizens." The foundation of this structure is to reward employees for their specific contributions to the achievement of organizational goals and objectives. Fiscal responsibility requires that this approach be administered in a consistent manner throughout the State's classified service based on its financial capabilities."

This philosophy is based on sound compensation objectives found in most successful organizations. Those objectives are: to **attract** qualified applicants, to **retain** those employees, to **motivate** employees and to **reward** them for their specific contributions to the achievement of organizational goals and objectives.

## National Trends

Our research indicates that most organizations are planning on adjusting their salary structures in 2006 by an average of 2.8% (ranging from 2.4% - 3.2%) and providing merit increases of approximately 3.7%. Survey sources indicate that organizations as a whole across all industries plan on providing increases between 3.6% to 3.7%. WorldatWork indicates that U.S. employers plan on providing an average 3.8% general salary increase (based on survey responses from all U.S. regions and industries). In a subset of WorldatWork data, employers predict an average 2.4% general increase for the Western Region Public Administration sector. When merit and other increases are incorporated into this projection, the overall average increase for the Western Region Public Administration sector is projected to be approximately 4.1%, which is slightly higher than the national projection. This estimate is less than the 2005 Consumer Price Index for All Urban Consumers (CPI-U) of 4.7%. The Social Security Administration announced that it will provide a 4.1% Cost of Living Adjustment (COLA) to Social Security and Supplemental Security Income benefits for more than 52 million Americans in 2006.

### Industry Trends and Related Data Sources

Data Source	Structure	Salary Increase
CSCA	2.8%	3.2%
World@Work	2.5%	3.8%
CompData	3.2%	3.6%
Hay Group	2.8% - 3.0%	3.5% - 3.6%
Mercer	—	3.6%
Watson Wyatt	2.6%	3.9%
Hewitt Associates	2.6%	3.6%
ORC Worldwide	—	3.8%
Public Sector Personnel Consultants	—	4.0%
Social Security Administration	—	4.1%

The Bureau of Labor Statistics reports unemployment at 5.0% in October 2005. The recovering economy and growing job market are challenging employers to focus on attracting and retaining talent. These employers compete directly with the State of New Mexico for available talent. Employers are not solely focused on “buying” the right talent, but there is an increased emphasis on building talent from within and taking a long-term approach to growing businesses. Employers are looking more holistically at the overall reward package offered to employees and trying to find the right balance of pay, benefits, work-life experience, and careers – “*Total Compensation*”. Research shows that employees are emphasizing the importance of career development and advancement in their decision to join or stay with an organization.

Benefit costs continue to rise at three to four times the rate of general inflation. However, 2006 will mark the third consecutive year of lower projected rates for medical plans. The Segal Company expects the double-digit trends that have existed for the past five years to continue for at least the next year. The rates for all managed care plans (excluding prescription drug benefits) range from a low of 11.6% for Health Maintenance Organizations (HMO) to a high of 12.6% for high-deductible Preferred Provider Organizations (PPO). Prescription drug plan rates are expected to increase by approximately 13.8%.



# System Maintenance Information

The cost projections in the following tables (below) provide information on the fiscal impact resulting from salary increases at one-half percent increments from 1.0% to 4.5%. The Cost of In-Range Salary Adjustments for a Full Fiscal Year table calculates the cost of salary increases based on average actual classified employee salaries. The Cost of Midpoint Salary Adjustments for a Full Fiscal Year table calculates the cost of salary increases based on the midpoint of each classified employee's Pay Band or Pay Opportunity.

## Cost of In-Range Salary Adjustments for a Full Fiscal Year

Percent of Actual Salary Increase	Full Cost	General Fund (54%)
1.0%	\$ 8,438.9	\$ 4,557.0
1.5%	\$12,658.3	\$ 6,835.5
2.0%	\$16,877.8	\$ 9,114.0
2.5%	\$21,097.2	\$11,392.5
3.0%	\$25,316.7	\$13,670.9
3.5%	\$29,536.1	\$15,949.4
4.0%	\$33,755.6	\$18,228.0
4.5%	\$37,975.0	\$20,506.5

**Note:** Estimates Include State's Portion of Overall Benefit Costs

## Cost of Midpoint Salary Adjustments for a Full Fiscal Year\*

Percent of Midpoint Salary Increase	Full Cost	General Fund (54%)
1.0%	\$ 8,928.5	\$ 4,821.4
1.5%	\$13,392.8	\$ 7,232.1
2.0%	\$17,857.0	\$ 9,642.8
2.5%	\$22,321.3	\$12,053.5
3.0%	\$26,785.6	\$14,464.2
4.0%	\$35,714.0	\$19,285.6
4.5%	\$40,178.3	\$21,696.3

**Note:** Estimates Include State's Portion of Overall Benefit Costs

*NOTE: The cost projections for the In-Range Salary Adjustments and Midpoint Salary Adjustments tables (above) includes only filled, non-temporary positions which remain fairly constant each fiscal year. Vacancy savings are already included in these estimates.*

## ***TOTAL COMPENSATION***

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### **2005 Compensation Report**

# Total Compensation

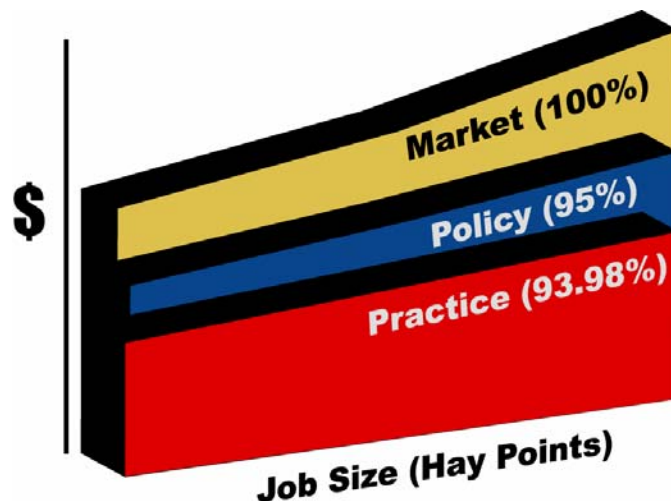
Studies conducted by WorlDatWork, the Employee Benefit Research Institute, the Society for Human Resource Management, International Personnel Management Association, National Association of State Personnel Executives, HayGroup, Towers Perrin, Watson Wyatt Worldwide, and numerous other organizations reveal that employer-provided employee benefits remain an important part of the total rewards package in attracting and retaining workers.

Total compensation can be defined as *“The complete reward/recognition package for employees, including all forms of money, benefits, perquisites, services and in-kind payments.”* The State of New Mexico provides a competitive employee benefit package that includes: employer-paid medical insurance contributions, pension (retirement) contributions, paid leave allowances for vacation days, sick days and paid holidays. Additionally, state employees can take advantage of a Section 457, Deferred Compensation Plan that allows for contributions to a tax-deferred savings program that can be used to supplement their retirement plan.

The results of the HayGroup Employee Benefits Review conducted in 2000 rank the State of New Mexico benefits package as *median or slightly above* the benefit package of the comparator market. The State Personnel Office participates in an annual benefit survey that has confirmed this trend.

The chart below shows base pay (practice) to the midpoint values of the New Mexico Classified Salary Schedule (policy) to the external comparative salary market (market). The Policy Line is considered to be competitive particularly in light of the competitiveness of the employee benefit package. In July 2005, the average statewide base pay (practice) was 93.98% of the midpoint values.

**Market v. Policy v. Practice – July 2005**



## Insurance Changes - Total Compensation

Effective July 1, 2004, Laws 1941, Chapter 188, Section 1, was amended to change the four-tier insurance contribution brackets to a three-tier system. Certain bracket changes were effective July 1, 2004, and the remaining bracket changes were effective July 1, 2005.

As illustrated in the Year-to-Year Insurance Contributions Comparison table (below), in July 2005, employees earning under \$50,000 annually pay 20% of their insurance premium while the state pays the other 80%. Eighty-five percent of classified employees earn less than \$50,000.

Prior to July 2004, in the lowest earning level employees paid 25% of their insurance premium and the state paid the other 75%. In July 2005, only employees who earn more than \$60,000 annually will have to pay a maximum of 40% of their insurance premium compared to those earning over \$25,000 prior to July 2004.

**Year-to-Year Insurance Contributions Comparison**

Prior to July 2004			Effective July 2004			Effective July 2005		
	State	Employee		State	Employee		State	Employee
< \$15,000	75%	25%	< \$15,000	80%	20%	< \$15,000	80%	20%
\$15 - 20K	70%	30%	\$15 - 20K			\$15 - 20K		
\$20 - 25K	65%	35%	\$20 - 25K			\$20 - 25K		
\$25 - 30K	60%	40%	\$25 - 30K			\$25 - 30K		
\$30 - 35K			\$30 - 35K	70%	30%	\$30 - 35K		
\$35 - 40K			\$35 - 40K			\$35 - 40K		
\$40 - 45K			\$40 - 45K			\$40 - 45K		
\$45 - 50K			\$45 - 50K	60%	40%	\$45 - 50K		
\$50 - 55K			\$50 - 55K			\$50 - 55K	70%	30%
\$55 - 60K			\$55 - 60K			\$55 - 60K		
> \$60,000			> \$60,000			> \$60,000	60%	40%

## SAMPLE: TOTAL COMPENSATION CALCULATION

*(Based on July 2005 Salary Information)*

Average Base Salary: \$35,834.00

Employer Sponsored Benefits:

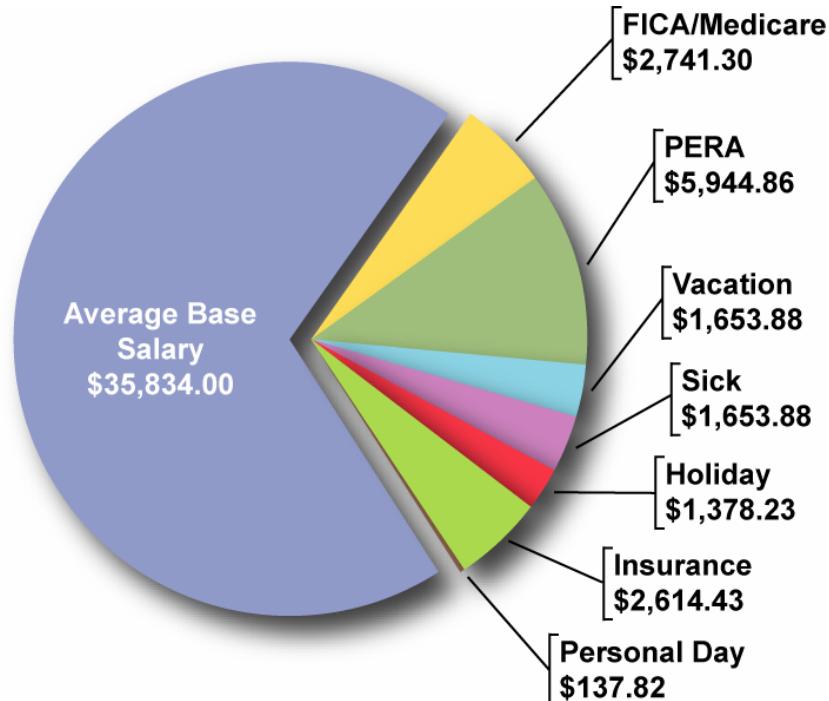
FICA/Medicare (6.2%/1.45% of gross salary)	+ \$ 2,741.30
PERA: (16.59% of gross salary)	+ \$ 5,944.86
Vacation: (96 hours per year)	+ \$ 1,653.88
Sick: (96 hours per year)	+ \$ 1,653.88
Holiday: (80 hours per year)	+ \$ 1,378.23
Insurance: (\$30,000 - \$40,000)	+ \$ 2,614.43
Personal Day (8 hours per year)	+ \$ 137.82

Total Benefits \$16,124.40

**Total Compensation (Salary + Benefits) \$51,958.40**

NOTE: The State Personnel Office selected benefit factors that are common to our comparable states in determining total compensation. Additional analysis may include factors such as the State's portion of retiree health care contributions, educational reimbursements, voting leave, etc.

### Average Total Compensation



## 2005 – Central States Regional Total Compensation Analysis (Classified Only)

State (Total Comp Rank)	Average Salary	Vacation Hours	Sick Hours	Holiday Hours	Insurance				Retirement	Social Security	Total Benefit	% of Salary	Total Comp
					Health	Dental	Vision	Life					
ARIZONA (21)	\$31,960	120	96	80	\$419.00	\$15.40		\$0.20	6.90%	6.20%			
per hour	\$15.37	\$0.89	\$0.71	\$0.59	\$2.42	\$0.09		\$0.05	\$1.06	\$0.95	\$6.75	43.94%	\$22.12
ARKANSAS (18)	\$32,081	144	96	96	\$373.76				10.00%	6.20%			
per hour	\$15.42	\$1.07	\$0.71	\$0.71	\$2.16				\$1.54	\$0.96	\$7.15	46.33%	\$22.57
COLORADO (4)	\$48,360	120	80	80	\$190.20	\$14.90		\$0.16	10.40%				
per hour	\$23.25	\$1.34	\$0.89	\$0.89	\$1.10	\$0.09		\$0.04	\$2.42		\$6.77	29.11%	\$30.02
IDAHO (11)	\$36,101	120	96	80	\$525.02	\$16.08			10.39%	6.20%			
per hour	\$17.36	\$1.00	\$0.80	\$0.67	\$3.03	\$0.09			\$1.80	\$1.08	\$8.47	48.81%	\$25.83
ILLINOIS (2)	\$48,500	120	96	100	\$446.56	\$13.94	\$3.54	\$0.36	13.79%	6.20%			
per hour	\$23.32	\$1.35	\$1.08	\$1.12	\$2.58	\$0.08	\$0.02	\$0.08	\$3.22	\$1.45	\$10.96	47.02%	\$34.28
INDIANA (24)	\$28,553	120	72	104	\$280.00	\$11.39	\$3.81	\$0.13	9.20%	6.20%			
per hour	\$13.73	\$0.79	\$0.48	\$0.69	\$1.62	\$0.07	\$0.02	\$0.03	\$1.26	\$0.85	\$5.80	42.26%	\$19.53
IOWA (3)	\$47,377	120	144	88	\$471.63	\$24.55		\$0.23	5.75%	6.20%			
per hour	\$22.78	\$1.31	\$1.58	\$0.96	\$2.72	\$0.14		\$0.05	\$1.31	\$1.41	\$9.49	41.67%	\$32.27
KANSAS (19)	\$33,931	120	96	80	\$324.18	\$23.93			5.27%	6.20%			
per hour	\$16.31	\$0.94	\$0.75	\$0.63	\$1.87	\$0.14			\$0.86	\$1.01	\$6.20	38.01%	\$22.51
LOUISIANA (12)	\$35,502	144	144	80	\$373.10			\$0.46	17.10%				
per hour	\$17.07	\$1.18	\$1.18	\$0.66	\$2.15			\$0.11	\$2.92		\$8.20	48.03%	\$25.27
MICHIGAN (1)	\$47,920	136	104	96	\$346.92	\$34.17	\$5.75	\$0.21	24.52%	6.20%			
per hour	\$23.04	\$1.51	\$1.15	\$1.06	\$2.00	\$0.20	\$0.03	\$0.05	\$5.65	\$1.43	\$13.08	56.77%	\$36.12
MINNESOTA (6)	\$44,996	130	104	88	\$368.80	\$20.66			4.00%	6.20%			
per hour	\$21.63	\$1.36	\$1.08	\$0.92	\$2.13	\$0.12			\$0.87	\$1.34	\$7.81	36.09%	\$29.44
MISSOURI (25)	\$29,392	120	120	96	\$424.00			\$0.33	12.59%	6.20%			
per hour	\$14.13	\$0.82	\$0.82	\$0.65	\$2.45			\$0.08	\$1.78	\$0.88	\$7.46	52.79%	\$21.59
MONTANA (14)	\$35,739	120	96	84	\$425.00	\$28.60		\$0.13	6.90%	6.20%			
per hour	\$17.18	\$0.99	\$0.79	\$0.69	\$2.45	\$0.17		\$0.03	\$1.19	\$1.07	\$7.38	42.93%	\$24.56
NEBRASKA (16)	\$34,808	120	112	96	\$263.66			\$0.14	6.75%	6.20%			
per hour	\$16.73	\$0.97	\$0.90	\$0.77	\$1.52			\$0.03	\$1.13	\$1.04	\$6.36	38.00%	\$23.09
NEVADA (5)	\$44,556	120	120	88	\$481.19				10.50%				
per hour	\$21.42	\$1.24	\$1.24	\$0.91	\$2.78				\$2.25		\$8.40	39.23%	\$29.82
NEW MEXICO (13)	\$35,834	96	96	80	\$254.59	\$9.70	\$4.01	\$0.10	16.59%	6.20%			
per hour	\$17.23	\$0.80	\$0.80	\$0.66	\$1.47	\$0.06	\$0.02	\$0.02	\$2.86	\$1.07	\$7.75	44.99%	\$24.98
NORTH DAKOTA (22)	\$34,177	120	96	84	\$260.62			\$0.19	4.12%	6.20%			
per hour	\$16.43	\$0.95	\$0.76	\$0.66	\$1.50			\$0.04	\$0.68	\$1.02	\$5.61	34.15%	\$22.04
OKLAHOMA (17)	\$30,722	144	120	80	\$458.92	\$21.96		\$0.20	11.50%	6.20%			
per hour	\$14.77	\$1.02	\$0.85	\$0.57	\$2.65	\$0.13		\$0.05	\$1.70	\$0.92	\$7.88	53.33%	\$22.65
OREGON (9)	\$39,048	120	96	80	\$387.14			\$0.20	9.52%	6.20%			
per hour	\$18.77	\$1.08	\$0.87	\$0.72	\$2.23			\$0.05	\$1.79	\$1.16	\$7.16	37.46%	\$26.29
SOUTH DAKOTA (23)	\$31,210	120	112	92	\$415.46			\$0.21	6.00%	6.20%			
per hour	\$15.00	\$0.87	\$0.81	\$0.66	\$2.40			\$0.05	\$0.90	\$0.93	\$6.61	44.07%	\$21.62
TEXAS (19)	\$32,809	80	96	120	\$343.48			\$2.23	6.45%	6.20%			
per hour	\$15.77	\$0.61	\$0.73	\$0.91	\$1.98			\$0.51	\$1.02	\$0.98	\$6.74	45.97%	\$22.51
UTAH (8)	\$37,440	130.0	104	88	\$320.69	\$43.72		\$0.14	13.38%	6.20%			
per hour	\$18.00	\$1.13	\$0.90	\$0.76	\$1.85	\$0.25		\$0.03	\$2.41	\$1.12	\$8.45	46.92%	\$26.45
WASHINGTON (7)	\$43,284	120	96	88	\$455.88			\$0.29	2.44%	6.20%			
per hour	\$20.81	\$1.20	\$0.96	\$0.88	\$2.63			\$0.07	\$0.51	\$1.29	\$7.54	36.22%	\$28.35
WISCONSIN (15)	\$38,721	120	130	108	Varies by CB			\$0.32	4.50%	6.20%			
per hour	\$18.62	\$1.07	\$1.16	\$0.97	Agreement			\$0.07	\$0.84	\$1.15	\$5.27	28.31%	\$23.89
WYOMING (10)	\$37,474	120	96	72	\$371.52	\$10.74		\$0.29	11.25%	6.20%			
per hour	\$18.02	\$1.04	\$0.83	\$0.62	\$2.14	\$0.06		\$0.07	\$2.03	\$1.12	\$7.91	43.91%	\$25.93
Average =	\$17.88	\$1.04	\$0.90	\$0.76	\$2.17	\$0.11	\$0.02	\$0.08	\$1.60	\$1.08	\$7.42	42.06%	\$25.32
		121	105	89	\$374.46	\$20.70	\$3.43	\$0.33	9.8%				

Data Source: Table 13 Table 16 Table 17 Table 18 Table 21 Table 24 Table 25 Table 30 Table 31 Table 31

- NOTE:
- When variable rates or ranges were given for annual, sick or holidays, an average was used.
  - Average Salary: Classified salary was not reported by Nebraska in Table 13, the Average Salary for Classified and Unclassified was used in this Table.
  - Dental: If included in medical plan or left blank in Table 24 it was left blank in this Table.
  - Vision: If included in medical plan or left blank in Table 25 it was left blank in this Table.
  - Life: Monthly premium rate for \$1,000 multiplied by 40 = \$40,000 coverage. If included in medical plan or left blank in Table 30 it was left blank in this Table.

**Data Source: 2005 Central States Compensation Association Benefit Survey**

The 2005 Central States Regional Total Compensation Analysis table (above) indicates that New Mexico ranks 13<sup>th</sup> among the 25 regional states in total compensation. The State Personnel Office continues to work with other states to understand their plans and ensure a consistent baseline for reporting and comparing this type of benefit information.

## ***SALARY SURVEY***

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### **2005 Compensation Report**

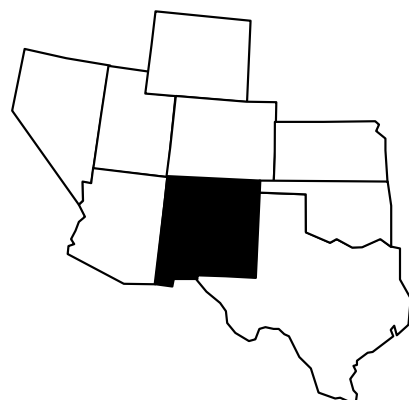
## ***Annual Salary Survey Purpose***

The purpose of conducting an annual salary survey is to determine the competitiveness of the salary structure (Pay Bands and Pay Opportunities) and the State's current pay practice (actual pay) with the average pay of the State's comparative markets and to determine the competitiveness of benefits (insurance, leave, etc.) to the markets. The State Personnel Office uses numerous key surveys to collect salary data as listed in the next section.

## ***Maintaining External Competitiveness***

The effectiveness of an organization's pay system can be measured by the extent to which pay is competitive with others in the market (for the same jobs). The State Personnel Office's compensation philosophy has advocated an objective of maintaining external competitiveness.

An analysis of the marketplace is conducted to identify where employees who leave state government are being hired and to also identify where opportunities exist to attract the best potential candidates. The results of this analysis allow the State Personnel Office to target specific markets for four separate levels of jobs, two representing the technical occupation groups and two manager salary survey groups. The State Personnel Office divides the market into three salary survey groups: local; local and regional; and Central, Western and Southwestern states. Most classifications are analyzed using regional data from the eight surrounding state governments (see map to the right). New Mexico ranks 5<sup>th</sup> in base salary and total compensation when compared to the eight surrounding states. This ranking places New Mexico as average payer in the region.



**The Comparator Market**

The purpose of these salary surveys is to determine the competitiveness of the salary structure with the average pay of the comparator market and to determine how New Mexico relates to the comparator market in terms of total compensation (salary and benefits). Market data is collected from several sources: Central States Compensation Association Survey, New Mexico Department of Labor Occupational Wage Survey (which includes public and private employers), Compdata 2005 Southwest Survey, AFT Public Employees Compensation Survey and the Technology Net survey of New Mexico municipal and county governments.

Trend analysis based on economic and industry data and additional factors has been added to the information considered in the research relating to salary structure adjustments. The primary sources of data include WorldatWork Total Salary Increase Budget Survey, Central States Compensation Association Survey, Consumer Price Index (CPI) and Employment Cost Index (ECI).



# ***Salary Surveys***

The benchmark classifications identified for analysis as part of the salary survey were selected based on the following criteria:

- they represent a large sample of state employees;
- they represent a variety of job occupations (clerical, administrative, trade, counseling, law enforcement, etc.); and
- they represent a range of levels in job complexity (measured in job content points).

**New Mexico Municipal League (Hosted by TechNet):** The State Personnel Office subscribes to TechNet, an internet based company, that contracts with many municipal leagues and county associations to conduct municipal and county surveys in various states. A total of 217 classifications were surveyed.

**Central States Compensation Association Salary Survey:** The State Personnel Office participates in a comprehensive annual salary survey of benchmark job classifications sponsored by the Central States Compensation Association. The Association was established in 1984 for the purpose of improving the validity of job matches and accuracy of data in salary surveys among the states and reducing the number of individual surveys exchanged among the states on an annual basis. There are 25 State Governments that participate in this survey annually. New Mexico had job matches for 211 of the 217 benchmark classifications in the survey. Over 404,600 state workers are represented in this survey.

**New Mexico Department of Labor Occupational Wage and Salary Survey:** The 2005 survey consists of data from over 2,400 in-state private and public employers representing over 150,000 workers.

**CompData Survey (Southwest Region):** The 2005 survey contains 475 jobs in the states of Arizona, Nevada and New Mexico. A total of 166 organizations submitted data covering 58,361 employees.

## ***Comparative Market Movement/Structure Adjustments***

The State Personnel Office analyzes industry and economic data from several key sources: WorldatWork, Central States Compensation Association, HayGroup, Compdata Surveys Incorporated, Employment Cost Index (ECI), Consumer Price Index (CPI), and New Mexico Economic Data.

- ***Central States Compensation Association:*** Data from this association shows that median salaries in the survey benchmarks increased approximately 2.8% and average salaries increased 3.2%. Median salaries are a reliable indicator of how much salary structures have changed from the previous survey period. Average salary increases indicate the average (actual) increase in pay employees received. Typically, average salary increases outpace median increases.
- ***WorldatWork Total Salary Increase Budget Survey:*** WorldatWork is a global, not-for-profit professional association with more than 23,000 compensation, benefits, and human resource professionals. Founded in 1955, WorldatWork is dedicated to knowledge leadership in compensation, benefits and total rewards disciplines associated with attracting, retaining, and motivating employees. For almost three decades, the Total Salary Increase Budget Survey has been relied upon as the foundation from which corporations and government agencies project their annual salary budget increases. This report is acknowledged as one of the longest running (32 years) and most comprehensive salary surveys and being the largest salary increase budget survey of its kind (2,720 participating organizations representing approximately 13,900,000 employees). In July 2005, projections for 2006 indicated participating organizations plan to adjust salary structures upward by an average 2.5% and provide average merit increases of approximately 3.8%. Survey results indicate that 92% of organizations provided a base salary increase in 2005, up from 87% in 2004. Increased focus on variable pay appears to be offsetting base salary increases, with approximately 76% of organizations offering some sort of variable pay this year (down from 77% last year). Supporting data may be found at [www.worldatwork.org](http://www.worldatwork.org).
- ***Compdata Survey (Southwest Region):*** The 2005 survey suggests that participating organizations plan to adjust salary structures by 3.2% and provide average salary increases of 3.6% in 2006.
- ***The HayGroup:*** Hay consultants are recommending clients adjust their salary structures by 2.8% to 3.0% and provide average salary increases of approximately 3.5% to 3.6%. These figures encompass over 1,700 organizations representing over 3 million employees. Supporting data may be found at [www.haygroup.com](http://www.haygroup.com).

- **Employment Cost Index (ECI):** The ECI measures the changes in compensation costs, which include wages, salaries and employer costs for employee benefits. Annual compensation costs for civilian workers increased 3.1% for the year that ended September 2005. This is down from 3.8% for the year that ended September 2004. Annual compensation costs for state and local government workers increased 3.7% for the year that ended September 2005. This is up from 3.4% for the year that ended September 2004. Supporting data may be found at [www.bls.gov](http://www.bls.gov).
- **Consumer Price Index (CPI):** The CPI is the most widely cited index number for a price level that may be used as an indicator of the cost of living compiled by the Bureau of Labor Statistics of the U.S. Department of Labor. It is an indicator of the changing purchasing power of the dollar. Specifically, it measures the price changes of items in a fixed “market basket” of goods and services purchased by a hypothetical average family. The CPI-U (which covers 80% of the population of the United States) increased 4.7% for the 12 prior months that ended September 2005. The September index of 198.8 (not seasonally adjusted) (1982-84 = 100) was up from 189.9 (not seasonally adjusted) in the 12 months that ended September 2004. Supporting data may be found at [www.bls.gov](http://www.bls.gov).

**ECI and CPI Economic Data**  
(% for 12 Months Ended September)

Year	ECI (Civilian)	ECI (State & Local Govt.)	CPI-U
1994	3.2	3.0	2.6
1995	2.7	3.0	2.8
1996	2.8	2.5	3.0
1997	3.0	2.4	2.3
1998	3.7	3.0	1.6
1999	3.1	2.9	2.2
2000	4.3	3.3	3.4
2001	4.1	4.4	2.8
2002	3.7	3.8	1.6
2003	3.9	3.6	2.4
2004	3.8	3.4	2.5
2005	3.1	3.7	4.7

## ***PAY ADMINISTRATION***

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### **2005 Compensation Report**

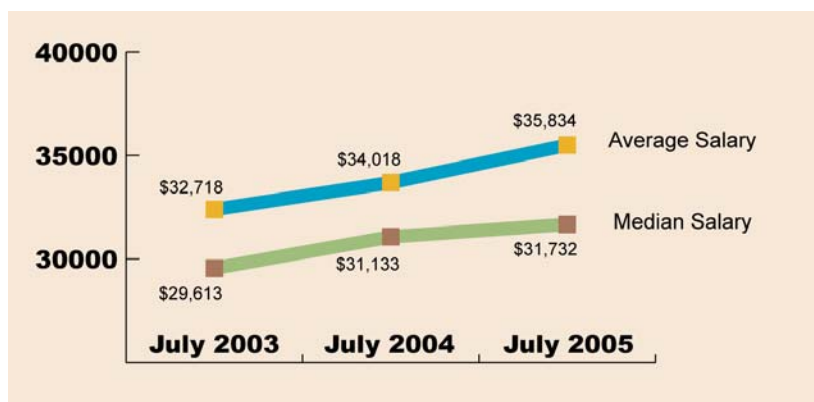
## Average Salaries, Retention and Turnover

The table below provides a “point-in-time” comparison of average salaries, retention and turnover during the last three years. Average salaries increased by over \$3,100 during the past three years. The median salary also increased by \$2,100 during the same time period. Consistent with this salary trend information, compa-ratios also suggest that classified are gradually moving toward the midpoint of their assigned Pay Band/Opportunity.

The New Mexico Department of Labor United States Bureau of Labor Statistics based on data from the Quarterly Census of Employment and Wages – First Quarter 2005 reports the average private and government wages and salaries in New Mexico averaged \$30,992. Private industry average salaries in New Mexico were \$29,692 and average federal, state and local government salaries averaged \$35,100. Based on data from the National Compensation Survey, the United States Bureau of Labor Statistics reports a national average salary of \$37,877 in June 2005. The private industry average salary was \$35,797 and the average state and local government salary was \$50,275 for the same time period.

The average years in agency and within job class indicate an improvement in employee retention. This trend may be influenced by the efforts of several state agencies to increase employee retention in key job classifications. Employee retention is also influenced by regional economic factors that are reflected in private sector job growth and unemployment rates. Consistent with this employee retention data, the statewide classified employee turnover rate decreased by 1.5% during the same time period.

**New Mexico Classified Employees Statistics**



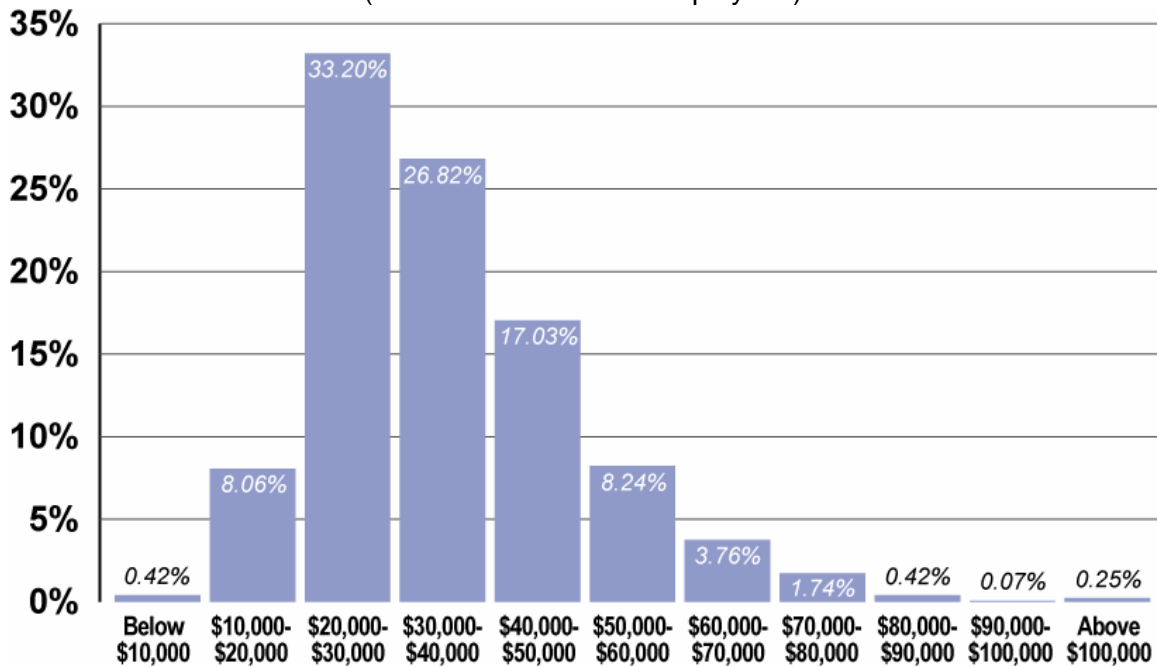
	July 2003	July 2004	July 2005
Average Salary	\$32,718	\$34,018	\$35,834
Median Salary	\$29,613	\$31,133	\$31,732
Average Compa-Ratio	90.95%	92.94%	93.98%
Total # of Employees*	19,413	19,589	20,005
Average Years in Agency	7.03	7.05	7.42
Average Years in Job Class	3.92	4.06	4.30
Average Turnover Rate	14.68%	14.31%	13.04%

**\*Note: Data set includes Temporary Employees**

### CLASSIFIED EMPLOYEE SALARY DISTRIBUTION

The chart and table below illustrates the number of classified employees in each \$10,000 earning bracket. The average classified annual salary is \$35,834.

**Classified Employees by Salary Distribution**  
(% of Total Classified Employees)



Salary Range	# of Employees	% of Total	Running Total
Below \$10,000	79	0.42%	0.42%
\$10,000 - \$20,000	1,523	8.06%	8.48%
\$20,000 - \$30,000	6,275	33.20%	41.67%
\$30,000 - \$40,000	5,069	26.82%	68.49%
\$40,000 - \$50,000	3,219	17.03%	85.52%
\$50,000 - \$60,000	1,558	8.24%	93.76%
\$60,000 - \$70,000	711	3.76%	97.52%
\$70,000 - \$80,000	328	1.74%	99.26%
\$80,000 - \$90,000	80	0.42%	99.68%
\$90,000 - \$100,000	13	0.07%	99.75%
Above \$100,000	47	0.25%	100.00%
<b>Total</b>	<b>18,902</b>	<b>100.00%</b>	

*Does not include Temporary employees. Data as of 11/8/05.*

# ***Pay Administration***

## ***PROMOTIONS***

The State Personnel Office reviews and approves all promotions with less than 5% increase and over 15% increase. During FY05, we approved 11 promotions under 5% and 97 over 15%. The majority of the promotions SPO reviewed ranged from 20% to 35% with less than 10% over a 35% increase. Promotions are an integral to employee development and career growth.

## ***SALARY UPON TRANSFER***

During FY05, the State Personnel Office processed 167 Increase Upon Lateral Transfers (IULT). This is a new rule that allows employees to be eligible for a salary increase when they transfer from one position to another within the same Pay Band/Opportunity. The transfer may be within the same agency or to another agency. The hiring agency must document how the job is different and provide the rationale supporting the Compa-Ratio and Proficiency Zone requested.

## ***IN PAY BAND/OPPORTUNITY ADJUSTMENTS***

Departments use In-Pay Band/Opportunity Adjustments (IPBs) to provide increases (up to 10% of a single employee's salary within a fiscal year) to employees whose performance demonstrates that they should be appropriately placed at a higher Compa-Ratio. This pay mechanism provides agencies with the flexibility to reward employees for a higher-level of demonstrated job performance within the Pay Band/Opportunity. The Department of Finance and Administration reviews all IPBs to ensure that requesting agencies have adequate budget to fund these salary adjustments.

During FY05, SPO reviewed and processed 1,142 IPBs. This number does not include those IPBs approved by agencies that have been granted authority by SPO to process IPBs independently (Office of the State Engineer, New Mexico Department of Game and Fish, State Land Office, and the Workers' Compensation Administration).

## ***ALTERNATIVE PAY BANDS***

Alternative Pay Bands (APB) are used to address compensation related to recruitment and retention issues. A job may be evaluated for internal equity using the Hay Guide-Chart Method of Job Evaluation. External forces of market supply and market demand may place salary pressure in occupations where high demand exceeds the limited supply of labor. In this case, the State Personnel Board "temporarily" assigns a job classification to a higher pay band until either the salary structure *catches up* with the external labor market price for a job, market pressures ease with either greater supply or lower demand, or a combination of these factors. Job classifications are reviewed annually to determine which jobs require APB assignments. There are currently 117 job classifications with an APB. At the December 2005 State Personnel Board meeting, staff will be recommending 27 additional APBs.

### **TEMPORARY RECRUITMENT DIFFERENTIAL**

In FY2005, the State Personnel Office processed 206 Temporary Recruitment Differentials (TRD). TRDs are tied to the position (not the employee) and are based on a percentage of the job classification's Pay Band/Opportunity midpoint value and are valid up to two years. Even though TRDs may be up to 15% of midpoint, not all are 15% as each Department uses them differently according to their specific needs. Examples as shown below:

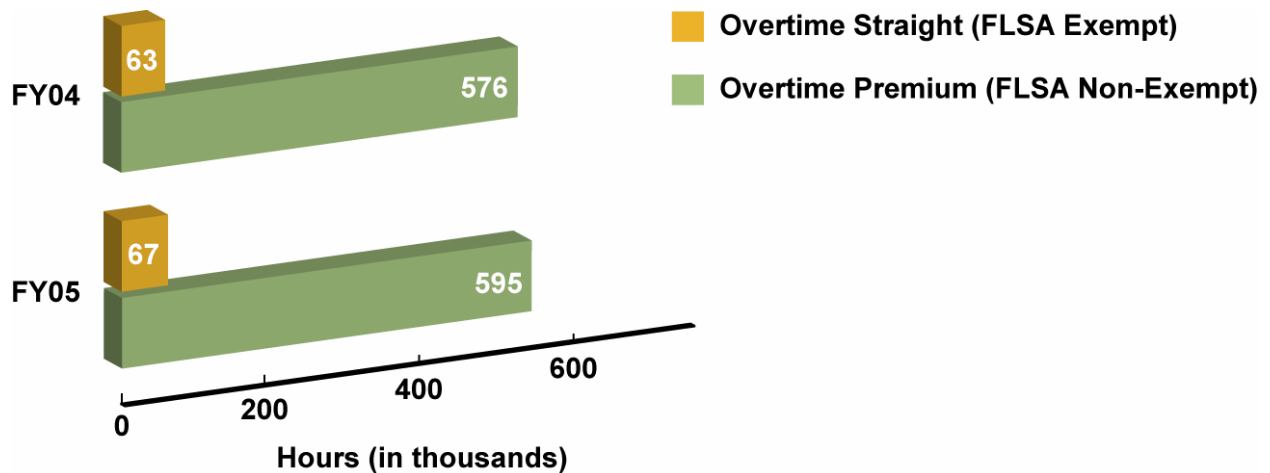
- The **Public Defender Department** had 48 TRDs (23.3% of all TRDs processed). These were provided to Attorneys in all outlying areas of the state, except Albuquerque and Santa Fe. The Department reports that this mechanism has reduced turnover in these areas resulting in more manageable caseloads.
- **Miner's Colfax Medical Center** (MCMC) provided 16 TRDs (7.9% of all TRDs processed) to Nurses, Radiological Technicians and Medical & Clinical Lab Technicians. This helped to reduce turnover at MCMC as it is in a rural setting and competes with two other neighboring hospitals in Raton and Trinidad, Colorado. MCMC has recently requested assistance from the State Personnel Office on approaches for making their salaries more competitive.
- The **Department of Health** used 62 TRDs, (30% of all TRDs processed). These were provided primarily for Nurses (RNs and LPNs), Clinical Psychologists, Pharmacists and Psychiatrists. This has greatly reduced the turnover in positions critical to hospital operations.
- The **Children, Youth and Families Department** requested 60 TRDs, (29% of all TRDs processed). The Department uses these principally for their Psychologist and Social Worker positions. The Department has established a formula that automatically triggers TRDs for Social Workers, when the vacancy rate rises above a certain level in any field office. By having this mechanism "pre-approved" through the State Personnel Office, CYFD is able to address office vacancy issues in a timely manner.
- The **Department of Corrections** has identified ongoing vacancy rates over the last two years for Correctional Officer positions at the New Mexico State Penitentiary and requested that SPO "pre-approve" TRDs for these positions for a period of two years to reduce turnover. This allows the Department to offer TRDs to candidates when making an employment offer.
- The **Taxation and Revenue Department** identified vacancy problems with Court, Municipal and Licensing Clerks in their Los Alamos Motor Vehicle Office and requested TRDs for their employees. Los Alamos is a more difficult place to recruit due to the presence of Los Alamos National Labs.



## OVERTIME

Agencies paid (not including accrued compensatory time) over 662,000 hours of overtime to FLSA non-exempt employees in FY2005. Cash payments totaled over \$10.7 million in FY2004 and over \$12.6 million in FY2005. This equates to approximately 1.5% of total classified payroll. In many instances, overtime is required to meet deadlines for special projects or emergency situations. In some classifications, overtime is anticipated due to the nature of the work. Agencies, such as the Department of Corrections, Department of Health, and the Children, Youth and Families Department, that employ correctional officers or healthcare workers in 24-hour facilities often rely on overtime to meet accreditation standards and federal funding requirements focusing on service delivery.

Overtime Hours Paid – Statewide



***EMPLOYEES BELOW PAY BAND/PAY OPPORTUNITY MINIMUM:***

As of November 8, 2005, 198 career employees in 18 agencies were below the minimum of their Pay Band/Pay Opportunity. Ten of these agencies have two or fewer employees below minimum. These employees represent 1.05% of the classified workforce. Many of the employees below their Pay Band/Pay Opportunity were on probationary status when the 1.75% salary adjustment was implemented on July 2, 2005. Upon receiving a satisfactory performance rating, these probationary status employees will receive a 1.75% increase on their anniversary date.

***EMPLOYEE ABOVE PAY BAND/PAY OPPORTUNITY MAXIMUM:***

As of November 8, 2005, the classified service had a total of 157 employees over the maximum of their Pay Band/Pay Opportunity. These employees represent 0.83% of the classified workforce. Many of these employees received Temporary Salary Increases or legislatively authorized increases that increased their salaries above their assigned Pay Band/Opportunity maximum.

***PROPER PAY BANDS***

At the direction of the State Personnel Board, SPO is continually working with state agencies to ensure that occupations and employees are assigned to a proper pay band. This involves studying occupational roles and describing them properly to achieve accurate job evaluations, market pricing, and assignments to an appropriate pay band. SPO's Human Resources staff work directly with state agencies to reclassify employees who may be inappropriately classified.

***EMPLOYEE EVALUATIONS***

The State Personnel Board directed SPO to work with state agencies to ensure that all career employees receive the 1.75% pay increase in July 2005. The raise is contingent upon "satisfactory" job performance using the Employee Development and Appraisal (EDA) instrument. SPO has been working with agencies to complete all outstanding EDAs and administer the corresponding 1.75% increases. Immediately after the increase took effect on July 4, 2005, there were 608 eligible employees who had not yet received their increases. As of November 18, 2005, there were 36 employees who still had not received the July 2005 salary increase. Employees who receive a late increase also receive retro-active pay back to the initial date when the salary increase became effective.

## ***LIST OF BENCHMARK SURVEY CLASSES***

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**2005 Compensation Report**

# ***List of Benchmark Survey Classes***

Accountants & Auditors (O)  
Administrative Law Judges, Adjudicators, & Hearing Officers (A)  
Administrative Law Judges, Adjudicators, & Hearing Officers (O)  
Administrative Services Managers - General  
Aircraft Mechanics & Service Technicians (O)  
Airline Pilots, Copilots, & Flight Engineers (O)  
Anthropologists & Archeologists (O)  
Appraisers & Assessors of Real Estate (O)  
Architects, except Landscape & Naval (O)  
Automotive Service Technicians & Mechanics (O)  
Bookkeeping, Accounting & Auditing Clerks (O)  
Budget Analysts (O)  
Business Operations Specialists (A)  
Business Operations Specialists (O)  
Carpenters (O)  
Chemists (A)  
Child, Family & School Social Workers (O)  
Civil Engineering Technicians (A)  
Civil Engineering Technicians (O)  
Civil Engineers (A)  
Civil Engineers (B)  
Civil Engineers (O)  
Claim Adjusters, Examiners & Investigators (O)  
Clergy (O)  
Clinical, Counseling and School Psychologists (A)  
Clinical, Counseling and School Psychologists (O)  
Compensation, Benefits & Job Analysis Specialists (O)  
Compliance Officers, Except Ag, Construction, Health & Safety & Trans (O)  
Computer & Information Services Managers – Line  
Computer & Information Services Managers - Staff  
Computer Operators (O)  
Computer Software Engineers, Systems Software (A)  
Computer Software Engineers, Applications (O)  
Computer Software Engineers, Applications (A)  
Computer Support Specialists (O)  
Construction and Building Inspectors (O)  
Construction Managers – Staff  
Correctional Managers – Staff  
Correctional Managers – General  
Correctional Officers & Jailers (O)  
Correctional Officers & Jailers (A)  
Court, Municipal & License Clerks (O)  
Data Base Administrators (A)  
Dental Hygienists (O)  
Dentists, General (A)  
Detective and Criminal Investigators (O)  
Dietitians & Nutritionists (O)

Division Director -State Parks Division (Exempt)  
 Economists (A)  
 Education Administrators (O)  
 Electrical Engineers (O)  
 Electricians (O)  
 Eligibility Interviewers, Gov't Programs (A)  
 Eligibility Interviewers, Gov't Programs (O)  
 Employment, Recruitment and Placement Specialists (A)  
 Employment, Recruitment and Placement Specialists (O)  
 Engineering Managers – General  
 Engineering Managers – Executive  
 Environmental Engineers (A)  
 Environmental Engineers (O)  
 Environmental Scientists & Specialists (O)  
 Environmental Scientist & Specialist Managers – Administrative/Operations  
 Environmental Scientists & Specialists, Including Health (O)  
 Epidemiologists (O)  
 Executive Secretary & Administrative Assistants (O)  
 Executive Secretary & Administrative Assistants (A)  
 Family & General Practitioners (A)  
 Financial Analysts (A)  
 Financial Analysts (O)  
 Financial Analysts (O)  
 Financial Examiners (O)  
 Financial Managers – General  
 Fish & Game Wardens (O)  
 Food Services Managers – Line  
 Forensic Science Technicians (A)  
 Forensic Science Technicians (O)  
 Foresters (O)  
 General & Operations Managers - General  
 Geological & Petroleum Technicians (O)  
 Graphic Designers (A)  
 Health & Safety Engineers, Except Mining Safety (O)  
 Health Educators (O)  
 Healthcare Support Workers, All Other (O)  
 Heating, Air Conditioning & Refrigeration (O)  
 Highway Maintenance Workers (A)  
 Highway Maintenance Workers (O)  
 Highway Patrol Major (Exempt)  
 Highway Patrol Trooper – Patrolman (Exempt)  
 Human Resource Manager – Line  
 Human Resource Manager – Administrative/Operations  
 Human Resources, Training & Labor Relations Specialists (A)  
 Human Resources, Training & Labor Relations Specialists (B)  
 Human Resources, Training & Labor Relations Specialists (O)  
 Hydrologists (A)  
 Information and Records Clerk, All Other (O)  
 Janitor & Cleaner, Except Housekeepers (O)  
 Landscape Architects (A)

Landscape Architects (O)  
Lawyers (A)  
Legal Secretary (A)  
Librarians (O)  
Library Managers – Administrative/Operations  
Library Technicians (A)  
Licensed Practical & Vocational Nurses (O)  
Maintenance & Repair Workers General (O)  
Management Analysts (A)  
Management Analysts (O)  
Market Research Analysts (O)  
Mechanical Engineers (O)  
Medical & Clinical Laboratory Technicians (O)  
Medical & Clinical Laboratory Technologists (O)  
Medical & Health Services Managers – Staff  
Medical & Health Services Managers – General  
Medical Records & Health Information Technicians (O)  
Microbiologists (A)  
Mining & Geological Engineers, Including Mining Safety Engineers (A)  
Mining & Geological Engineers, Including Mining Safety Engineers (O)  
Museum Monument Manager – Line  
Museum Technicians and Conservators (O)  
Natural Sciences Coordinators (O)  
Natural Sciences Managers – Line  
Network & Computer Systems Administrators (A)  
Network Systems & Data Communications Analysts (O)  
Nursing Managers – Staff  
Nursing Managers – Line  
Nursing Managers – General  
Occupational Health & Safety Specialists (A)  
Occupational Therapists (O)  
Office Clerk, General (A)  
Patrol Sergeant (Exempt)  
Pharmacists (O)  
Photographers (A)  
Physical Therapists (O)  
Physician Assistants (O)  
Plant Managers – Staff  
Plumbers, Pipe Fitters & Steam Fitters (O)  
Police, Fire & Ambulance Dispatchers (O)  
Probation Officers & Correctional Treatment Specialists (A)  
Probation Officers & Correctional Treatment Specialists (O)  
Property Real Estate / Community Association Managers – Staff  
Psychiatric Technicians (A)  
Psychiatric Technicians (B)  
Psychiatric Technicians (O)  
Psychiatrists (A)  
Public Relations Specialists (O)  
Purchasing Agents, Except Wholesale (O)  
Radiological Technologists & Technicians (O)

Registered Nurses (A)  
Registered Nurses (O)  
Rehabilitation Counselors (O)  
Secretary, Except Legal, Medical & Executive (O)  
Security Guards (O)  
Social & Community Service Coordinators (A)  
Social & Community Service Managers – Administrative/Operations  
Social & Community Service Managers – Line  
Social and Community Service Coordinators (A)  
Social and Community Service Managers – Line  
Social and Human Service Assistants (O)  
Speech Language Pathologists (O)  
Stationary Engineers and Boiler Operators (O)  
Statisticians (A)  
Substance Abuse & Behavioral Disorders Counselors (O)  
Surveyors (O)  
Tax Examiners, Collectors & Revenue Agents (A)  
Tax Examiners, Collectors & Revenue Agents (O)  
Technical Writers (A)  
Training & Development Specialists (O)  
Veterinarians (A)  
Zoologists & Wildlife Biologists (O)