



State Personnel Office

Classified Service

Pay Plan and Compensation Report

Fiscal Year 2025

December 12, 2025

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Executive Summary

The classified service workforce consists of over 18,500 employees within 68 State of New Mexico (State, or SoNM) executive agencies, boards, and commissions. The State recognizes that its employees are its most valuable assets and that these employees are critical to providing services to all New Mexicans. Employment with State government represents a career in public service, and an opportunity to deliver excellence, accountability, and efficiency throughout New Mexico.

Both private and public employers seek to attract and retain qualified and dedicated employees to transform strategy into success. Accordingly, it is critical to have a sound compensation program that is externally competitive. The State continues to experience pressure as private and other public sector organizations compete for the same workers that the State is trying to attract and retain.

Purpose of Plan and Report

The State Personnel Board (SPB) Rules require the SPB to annually review and adopt (1) a pay plan describing the SPB's compensation philosophy and how application of that philosophy is achieved, and (2) a compensation report providing a summary of the status of the classified pay system and the results of the State's annual compensation survey, including total compensation. The SPB is also required to submit the compensation report to the Governor and the Legislative Finance Committee.¹ This document serves as both the official plan and report.

The compensation report conveys economic pay trends, findings, and data derived from the compensation and benefits surveys compiled by the National Compensation Association of State Governments, local public bodies such as county and city governments, and national subscription survey data. This data is analyzed to illustrate the salary ranges, rates, average salaries, and benefits for benchmark classifications identified in the regional, eight state labor market in which our State classified service competes as an employer of choice ("Comparator Market"). The report also summarizes key findings and comparative data showing the relationship of the State's wages and compensation programs to the Comparator Market. Additionally, it presents data on State employee demographics, the use of available pay mechanisms, and industry-accepted workforce metrics for the enhancement of the classified service pay system.

¹ 1.7.4.7(J) and 1.7.4.8(E) NMAC.

Compensation Philosophy and Consistent Application

Personnel Act

The Personnel Act requires New Mexico to establish and maintain a system of personnel administration for classified employees based solely on employee qualifications and abilities that provides greater economy and efficiency in the management of State affairs.²

Compensation Philosophy

The Compensation philosophy for classified State government employees is structured to recruit, retain, and motivate a quality workforce to support the mission of State Government and provide a high level of efficient, effective, and responsive services meeting the needs of New Mexicans. Looking forward to FY 2026 the following will be adopted as the new compensation philosophy:

The State of New Mexico strives to deliver a total rewards program comprised of competitive base pay, benefits, and retirement programs that effectively attracts, retains, and rewards a high performing, diverse workforce to deliver quality services that reflect the mission and objectives of the State Government in a fiscally responsible manner.

The State Personnel Office's is responsible for the administration, oversight, and overall maintenance of the framework of the classified service pay system as well as providing consultation, analysis, and support on compensation issues in order to ensure the needs of the State are met in response to market demands.

The State Personnel Office's will further set State-wide overarching compensation rules and guidelines, leaving Agencies to make specific compensation policy on an employee level at their discretion and administer their compensation programs for their own employees in conformance with SPO Board Rule. The State aims to promote an employee-first focus while supporting Agency missions and outcomes.

The State of New Mexico competes for labor and talent at regional and local levels. To effectively recruit in diverse labor markets, retain its current workforce, and facilitate career development, the State seeks to provide compensation packages for all employee levels and positions that are market competitive.

The State recognizes it may not always be possible to compensate employees at levels commensurate with the private sector. However, it is the State of New Mexico's goal to target a competitive pay position at the 50th percentile of the appropriate regional or local target market. In addition to defining market on a geographic basis, the State defines "market" as other state and local governments and private sector companies where employees perform similar duties and carry similar responsibilities.

Overall, the State of New Mexico's total rewards program is designed to:

- Assist the State in attracting talent while preserving internal alignment and equity,

² NMSA 1978 § 10-9-2.

- Maintain a salary structure that is competitive with the market median (i.e., 50th percentile) of the public and private sector within the State of New Mexico and surrounding States in the Southwest,
- Motivate and retain employees by striving to pay employees in accordance with individual performance, and
- Support State leadership in delivering core services for constituents through state priorities.

Based on this philosophy, the State Personnel Office's must recognize, accommodate, and support the Agencies' differences in organizational structures and missions; ensure that comparable jobs within different Agencies are valued with similar methodologies when assigned to the same classification across the State; promote employee focus on Agency missions and outcomes; be market responsive and fiscally responsible; and effectively communicate pay program decisions to the workforce.

Consistent Application

To ensure consistent application of this philosophy, SPO:

- Relies on an established job evaluation methodology to consistently value classified positions based on job size and market value analysis.
- Utilizes appropriate placement analysis to consistently identify equitable pay rates for classified workers based on experience and qualifications.
- Applies SPB Rules consistently, to ensure fair and equitable compensation practices throughout the classified service.

Job Evaluation Methodology

SPO has utilized the Hay Guide Chart-Profile Method of Job Evaluation to measure the size and value of all classified service jobs for many years. This process quantifies the value of job content by using a point factor system. The total points assigned to a job through this evaluation process are then used to assign the job to the appropriate pay band and internally assess the classification in relation to others in the job catalog.

Looking forward to FY2026, an external Market-based methodology, utilizing a direct market rate median comparison to the midpoint of the pay grade, will eliminate the need for a point factor system and allow for the quick assessment of pay grade competitiveness.

SPO will also follow an annual benchmarking process review. This will allow for both an ongoing internal check of existing pay grades within a series and an external check on the current market rate median for alignment to the salary structure.

Appropriate Placement

SPB Rules require that an employee's rate of pay upon hire, in pay band adjustment, promotion, or transfer within the classified service reflect "appropriate placement" within the pay band.³ In trying to appropriately place an employee, State agencies and managers must consider certain factors, including the employee's education, experience, training, certification, and licensure; internal pay equity between the employee and co-workers in the same classification; and budget availability. By diligently performing this appropriate placement analysis, agencies maintain consistency in pay within their organizations. SPO advises agencies on appropriate placement in general utilizing the Compa-ratio of an individual's pay, or the relation of their pay to the midpoint of a pay grade. This is an industry standard measurement of compensation. The formula for Compa-ratio is (Actual Salary/Salary Midpoint) x 100 (for a percentage figure). If an employee is at 100% Compa-ratio, they are at the midpoint of the pay grade.

Compa-Ratios

When evaluating individual agencies:

- The average Compa-ratio throughout the State is 103%
- 16 executive agencies have an average Compa-ratio of less than 100%; and,
- 7 executive agencies have an average Compa-ratio of over 110%.

This indicates that the changes to the salary schedule/s allow agencies to compete with the market.

Pay Mechanisms Requiring State Personnel Director Review

SPB Rules also require State Personnel Director approval, when rates of pay or changes to pay exceed certain parameters. For example, Director approval is required before an agency can: offer a prospective employee an entrance salary in the principal contributor zone of the pay band (above 114% Compa-ratio), grant an employee an in pay band adjustment, promote an employee with a salary increase of less than 5% or more than 15%, demote an employee with a salary reduction of more than 15%, or transfer an employee with a salary increase of more than 10%.⁴ This allows SPO to stay apprised of pay trends within individual State agencies. It also enables SPO to ensure a level of consistency across the State pay system, which otherwise might be skewed by the differing levels of funding available to different agencies.

Classified Employee Pay Compared to Market

The State strives to pay a competitive public sector salary, while remaining fiscally responsible, in order to compete with both private and public employers in the Comparator Market as well as the local NM market. Currently, the State's annual classified employee average base salary is \$69,950. For FY25, the State had the opportunity to increase all salary schedules by 4% in conjunction with an increase approved through legislation. At every opportunity, SPO adjusts its salary structures in concert with salary increases approved by the Legislature in an effort to keep State pay and salary

³ 1.7.4.12(A), (C)-(D), and (G) NMAC.

⁴ 1.7.4.12(A), (C)-(E), and (G) NMAC.

structures as closely aligned with the market as possible. The Compensation and Classification Team set the pay line midpoints at or above current market, making our pay policy more competitive.

In 2001, the State's general salary schedule pay band-width was expanded to 78% to better enable employees to be promoted in pay, as their skills increased, while moving laterally within the pay band, rather than having to be promoted from one pay band to another. In FY14, SPO narrowed the pay band width to 74%, in an effort to bring the State classified service pay band width closer to the industry standard of 30%-50%. The administration at that time, working with the Legislature, budgeted vacancies at midpoint rather than at the minimum of the pay band, a practice which continues. In a continuing effort to keep the State's compensation practices in line with industry standards, the occupation specific pay lines described above have narrower pay band widths of 60% (IT), 60% (Engineering, Architecture, Attorneys, Social Services, Healthcare, Peace Officer), and 40% (Corrections, Healthcare-Physicians). The General salary schedule was reworked into ranges 40%-60%.

The salary structures are the foundation upon which State employees can be appropriately compensated. An important implementation step is for agency budgets to be funded in support of appropriate compensation.

Use of Alternative Pay Bands

As of July 1, 2025, 15% (124 APBs) of the State's job classifications within the General Salary Structure were assigned to Alternative Pay Bands (APBs). The number of APBs is an indicator that the market data for the specified classifications should be reevaluated to ensure these classifications are not behind the Comparator Market.

APBs were designed to be used on an exception basis only, to address compensation issues related to recruitment and retention that could not normally be handled within the General Salary Structure. Jobs are evaluated and assigned to pay bands to appropriately capture and maintain internal equity to other similar-sized jobs within the classified service. Going forward all APBs will be eliminated and replaced by the introduction of a new salary structure for FY26.

Looking Ahead

The state remains focused on strengthening the overall talent experience and total compensation package to become an employer of choice for New Mexicans. During FY2025 the State Personnel Office, in partnership with the Legislative Finance Committee (LFC), the Department of Finance and Administration and external consultants, worked together to reform the compensation and classification system. After a comprehensive study a full job architecture redesign was conducted to update job families, sub-families, titles, and leveling to standardize and create career paths, new to the classified service. Job Architecture ultimately streamlined the human resource function by creating consistency for job types across the organization, establishing a common language for positions, enabling data consistency for better compensation analyses and workforce planning. The new 20 grade structure was approved by the State Personnel Board, and the implementation date was August 2, 2025.

The new structure aligns with market standards and supports the recruitment and retention of a high-performing workforce. It is designed to be more market-responsive and fiscally responsible, ensuring that state employees are compensated fairly while maintaining internal equity.

To support the initial job and employee mapping, SPO and the LFC held validation workshops with HR leaders and subject matter advisors who reviewed and validated the mapping of each job and employee within their agency. Positions were mapped into the go-forward job title (classification title) based on the existing classification descriptors and not an individual's performance, education/experience, or longevity in a role. Furthermore, no employees were promoted, demoted, or received pay reductions as part of this project. The new system creates consistency in roles across agencies related to the market, and the new pay structure ranges provide greater flexibility for competitive salary offers in recruiting and retaining staff.

The following can also be cited as added value of the single, uniform structure across the state:

Operational Efficiency

- Reduces time spent on pay administration: a salary structure aligned to competitive market data can be adjusted year after year without the need to benchmark every job.
- Enables quicker response time for salary offers to support attraction of needed talent.
- Minimizes the number of market data points needed to manage pay administration by grouping jobs of similar value into one single range, reducing time spent on upkeep of multiple structures.

Consistent Governance Process

- Provides a foundation framework for making salary decisions allows control over ad-hoc pay decisions and helps manage overall cost of the pay structure.
- Helps promote pay equity: jobs with similar value (from an external market perspective and internal valuation) are put in similar pay ranges which reduce the likelihood of pay disparity for employees performing similar job duties and responsibilities.

Compensation Alignment to Market

- Allows employees to be compensated based on their experience, as indicated by external market.
- Enables high performers to be rewarded towards the top of their range.
- Allows the organization to provide competitive salaries.

Salary Surveys & Data Sources

Annual Salary Survey Purpose

Annually, SPO's Compensation and Classification Team participates in salary surveys that assess the State's labor market competitiveness. These surveys compare the State's salary structure (pay bands) and current pay practices (actual pay) with several states in the Comparator Market, as well as with NM local public bodies. Some of these surveys also compare the State's employee benefits (insurance, leave, etc.) to those of the labor market. In addition, SPO's Compensation and Classification Team reviews and analyzes numerous, credible, salary and budget reports to collect nationwide and statewide salary data. (See Appendix A).

These salary and budget reports represent a:

- Large national sample of state employees.
- Variety of job occupations (clerical, administrative, trade, counseling, law enforcement, etc.);
- Range of levels in job complexity (measured in job content points).

National Compensation Association of State Governments Salary Survey

SPO participates annually in a comprehensive salary survey of benchmark job classifications sponsored by the National Compensation Association of State Governments (NCASG). NCASG's primary objectives are to improve the validity of job matches, to improve the accuracy of data in salary surveys among states, and to reduce the number of individual surveys exchanged among the states on an annual basis. In 2025, 40 state governments participated in NCASG's annual survey, representing over one million public sector employees.

Eight State Comparator Market: Total Compensation

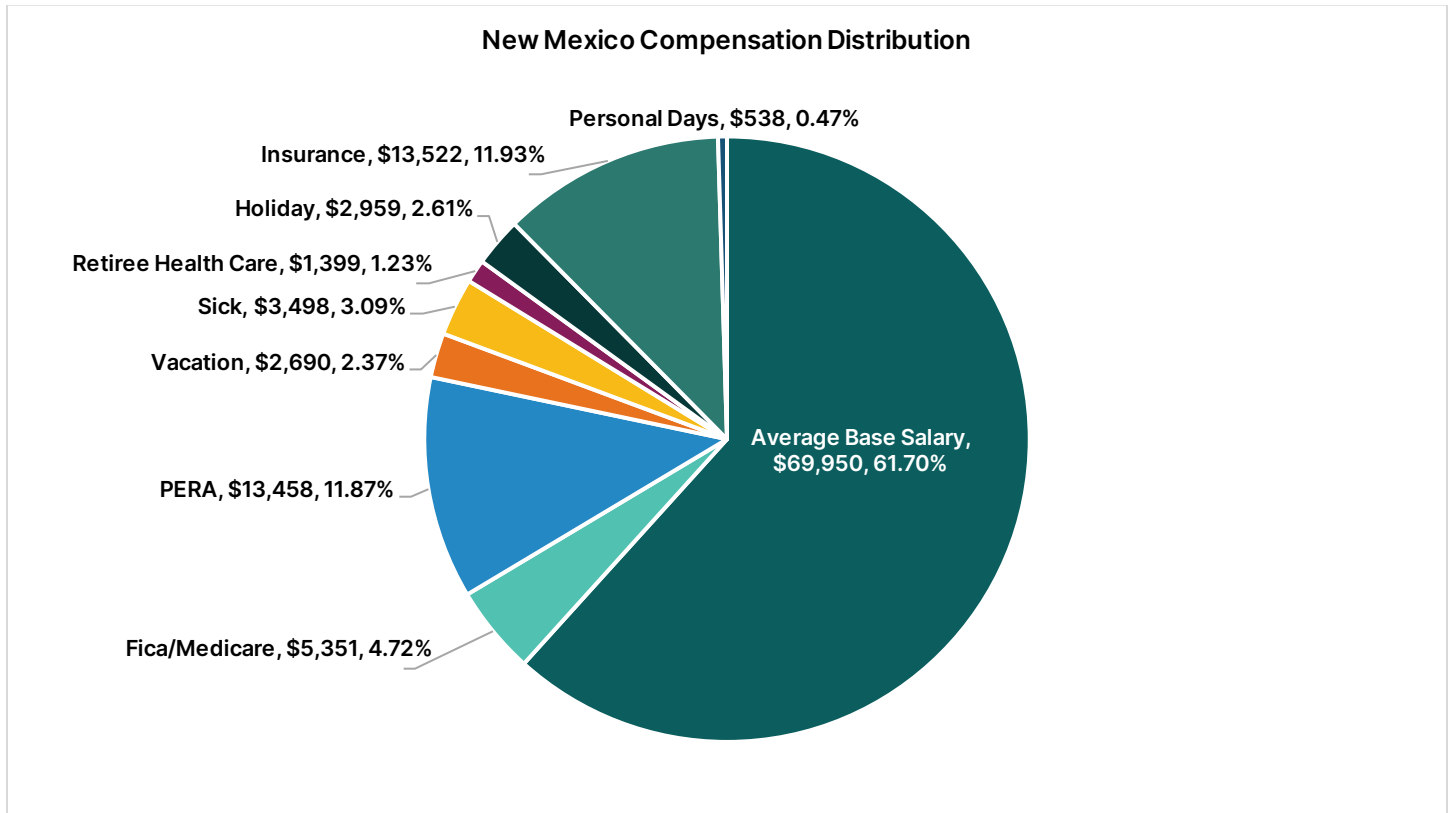
- New Mexico: \$113,366
- Colorado: \$132,465
- Kansas: \$81,075
- Wyoming: \$114,319
- Oklahoma: \$106,766
- Utah: \$123,979
- Idaho: \$92,295
- Montana: \$100,742

Total Compensation

The U.S. Bureau of Labor Statistics defines total compensation 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; and paid leave allowances for vacation days, sick days, personal days, and paid holidays. Additionally, State employees may take advantage of a Section 457, Deferred Compensation Plan and make contributions to a tax-deferred savings program that can be used to supplement their retirement plan.

Employer-provided employee benefits remain an important part of the total rewards package in attracting and retaining workers.



Total Compensation Components

Total compensation for State employees consists not only of the value and cost of the direct salary received but also includes the value and cost (for both employees and the State) of employee benefits. Total compensation includes employee benefits of health, dental, life, disability, pharmacy, and vision insurance; retirement; paid leave (annual, sick, personal days, and holiday); and compensatory time.

For the State’s classified service, the percentage of total compensation provided in direct salary is 23.4% greater than that provided in indirect benefits. Compared to the private sector, the State contributes more to its employees in both medical and retirement benefits.

Health insurance makes up a significant portion of indirect benefits and is a recruiting incentive for the State. Accordingly, the State should continue its efforts to review and manage its healthcare plan design to improve the overall health and well-being of employees and to recruit and retain employees.

The Public Employee Retirement Association (PERA) offers a defined benefit retirement program for State employees. Currently, the PERA retirement calculation considers both years of service and average highest earnings. The retirement program offered by New Mexico’s PERA is considered one of the best retirement programs in the country.

Total Classified Compensation Calculation

The list below provides a breakdown of the average total compensation components for classified employees. With an average base salary of \$69,950, this represents 61.7% of total compensation. The remaining employer sponsored indirect components of total compensation (mandated benefits, insurance, and paid time off) is averaged at \$43,416 or 38.3% of total compensation, resulting in an average total compensation annual amount of \$113,366.

Average Base Salary: \$69,950

- 61.7% of total compensation

Employer Sponsored Benefits

FICA/Medicare

- SoNM Contribution: \$5,351 (7.65% of gross salary)
- 4.72% of total compensation

PERA

- SoNM Contribution: \$13,458 (19.24% of gross salary)
- 11.87% of total compensation

Retiree Healthcare

- SoNM Contribution: \$1,399 (2% of gross salary)
- 1.23% of total compensation

Vacation

- SoNM Contribution: \$2,690 (120 hours)
- 2.37% of total compensation

Sick

- SoNM Contribution: \$3,498 (96 hours)
- 3.09% of total compensation

Holiday

- SoNM Contribution: \$2,959 (88 hours)
- 2.61% of total compensation

Insurance (Based on \$50K-\$59.999K salary tier)

- SoNM Contribution: \$13,522
- 11.93% of total compensation

Personal Days

- SoNM Contribution: \$538 (2 personal days)
- 0.47% of total compensation

Total Benefits: \$43,416 (38.3% of total compensation)

Total Compensation (Salary + Benefits):
\$113,366

Employer Costs for Employee Compensation

A breakdown of total compensation components in New Mexico compared to national trends for civilian workers, private industry, and state and local government is shown in Table 3. These costs are derived from the National Compensation Survey conducted by the U.S. Bureau of Labor Statistics and is published in the monthly Employer Costs for Employee Compensation (ECEC) report. Once average total compensation is derived, the various components can be calculated as a percentage of total compensation. This calculation allows for comparisons to be made between the State of New Mexico and national trends.

Table 1 demonstrates how New Mexico State employees' salaries and benefits compare nationally to other state and local governments nationally and the private sector. In general, New Mexico state employees are on par with other state and local government wages and salaries. This table also indicates that the average amount of paid leave provided by the State is higher than the national civilian worker average and the private industry average. The percentage of insurance costs (medical, dental, vision, etc.) paid by the State is 3.7% greater than what civilian workers are provided.

Table 1. Compensation Components

Compensation Component	Civilian Workers	Private Industry	State & Local Government	State of New Mexico
Wages and Salaries	68.7%	70.2%	61.5%	61.7%
Benefits	31.3%	29.8%	38.5%	38.3%
Paid Leave	7.5%	7.5%	7.4%	8.0%
Supplemental Pay	3.5%	4.0%	1.0%	0%
Insurance	8.2%	7.5%	11.5%	11.9%
Retirement and Savings	5.1%	3.4%	13.3%	11.8%
Legally Required	6.9%	7.3%	5.3%	4.7%

The retirement and savings component in state and local government is more than two times the national average for civilian workers.

The State of New Mexico provides a defined benefit program for its classified service employees. Defined benefit programs have been phased out in most private sector organizations and are also beginning to be used less in the public sector. The deferred earnings of defined benefit programs provide critical financial security to employees during retirement, though an issue with employer-paid retirement plans is that the employer's responsibility also continues long after employees have left the organization.

A solid retirement plan is a key factor in attracting employees to work for an organization, and it is an even larger factor in retaining employees. Due to the changes in workforce demographics, however, today's workers tend to move between different organizations more often and tend to be attracted to portable retirement plans that move with them when they leave an organization.

National Trends

Trends in compensation administration are often influenced by economic indicators at the national, regional, and local levels. Gathering and analyzing data from these multivariate sources provides a framework against which the State's compensation program can be analyzed. This analysis then informs SPO's specific compensation recommendations.

In FY 2025, organizations across all industries planned general salary increases of 2.5%-4% as reported by national compensation survey sources. (See below).

The Social Security Administration annually determines whether to grant beneficiaries a Cost-of-Living Adjustment (COLA) based on the increase in the cost of living as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) during the third quarter of the current year compared to the CPI-W during the third quarter of the last year a COLA was awarded. Since 2012, Social Security adjustments have averaged about 1% per year. In 2022, a 5.9% COLA increase, tied to a pandemic-fueled spike in inflation, was the highest in four decades. For FY 2025 a 2.5% increase was planned.

Industry Related Trends & Data Sources*

- WorldatWork: 3.8%
- Korn Ferry: 3.5%
- Mercer: 3.5%
- Willis Towers Watson: 3.5%
- Aon: 4.0%
- Salary.com: 3.5%
- Social Security Administration: 2.5%

*See Appendix A for Data Sources

Economic Data

ECI & CPI Economic Data

2016

- ECI (Civilian): 2.3%
- ECI (State and Local Gov't): 2.3%
- CPI-U: 1.5%

2017

- ECI (Civilian): 2.5%
- ECI (State and Local Gov't): 2.4%
- CPI-U: 2.2%

2018

- ECI (Civilian): 2.8%
- ECI (State and Local Gov't): 2.5%
- CPI-U: 2.3%

2019

- ECI (Civilian): 2.8%
- ECI (State and Local Gov't): 3.1%
- CPI-U: 1.7%

2020

- ECI (Civilian): 2.4%
- ECI (State and Local Gov't): 2.3%
- CPI-U: 1.4%

2021

- ECI (Civilian): 3.7%
- ECI (State and Local Gov't): 2.3%
- CPI-U: 1.4%

2022

- ECI (Civilian): 5.0%
- ECI (State and Local Gov't): 4.6%
- CPI-U: 8.2%

2023

- ECI (Civilian): 4.5%
- ECI (State and Local Gov't): 4.9%
- CPI-U: 3.7%

2024

- ECI (Civilian): 4.1%
- ECI (State and Local Gov't): 4.9%
- CPI-U: 2.6%

2025

- ECI (Civilian): 3.6%
- ECI (State and Local Gov't): 4.0%
- CPI-U: 3.0%

The U.S. Department of Labor (DOL) Bureau of Labor Statistics (BLS) tracks primary economic indicators relevant to compensation and the price of goods and services.

Employment Cost Index (ECI)

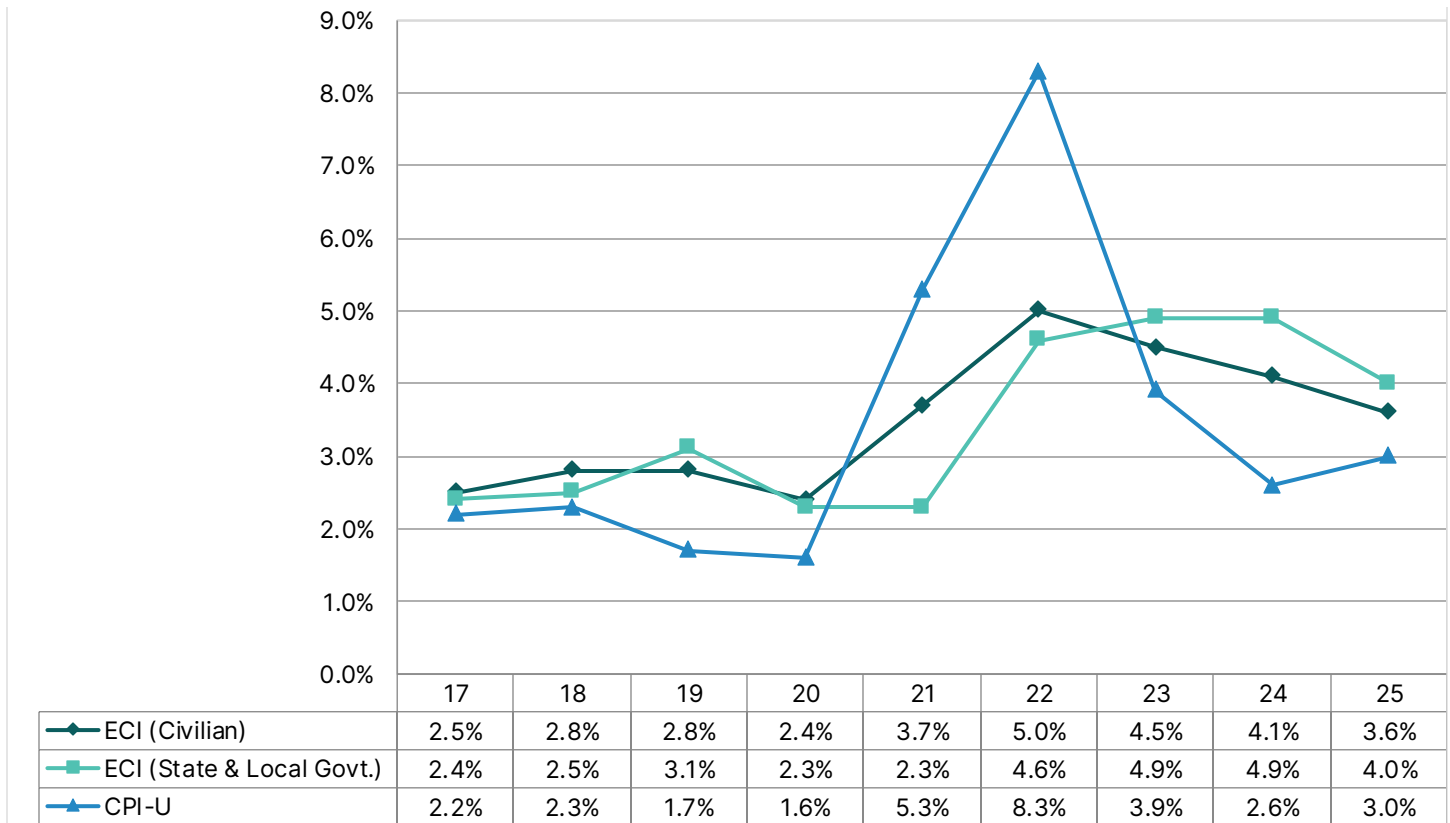
The Employment Cost Index (ECI) is an indicator measured quarterly that tracks changes in compensation costs including wages, salaries, and the cost of employee benefits for employers.

Consumer Price Index—All Urban Consumers (CPI—U)

The Consumer Price Index—All Urban Consumers (CPI—U) is tracked monthly and is a measure of the changing purchasing power of the dollar. The number reflects the average change in the prices paid by urban consumers for a fixed market basket of goods and services. The index is principally used as an indicator of inflation.

For the period ending September 2025, the CPI-U, which covers 93% of the population of the United States, was reported as 3.0% (See Figure 1). Supporting data may be found at www.bls.gov.

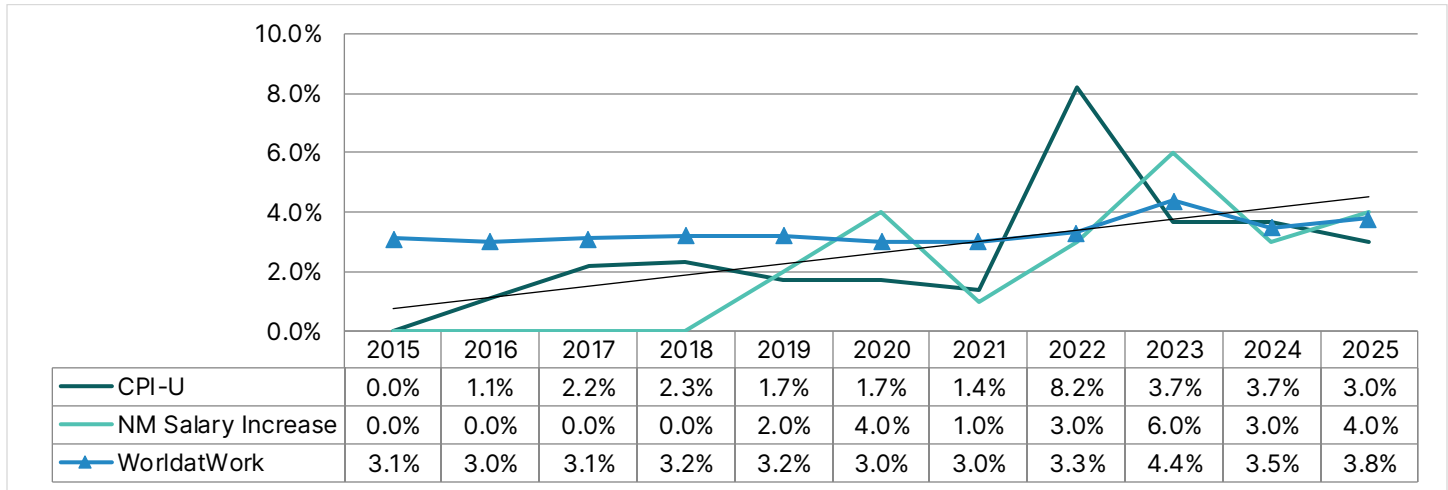
Figure 1. ECI & CPI Economic Data



It is useful to compare these national wage data trends against New Mexico’s salary increase history to identify patterns and develop recommendations when necessary.

Figure 2 below compares the history of CPI-U rates, and the national wage increases as reported by WorldatWork against legislatively authorized salary increases in New Mexico. The Figure demonstrates that New Mexico has not kept pace when compared to these two wage and economic data points. According to WorldatWork, in 2025, leading compensation industries have reported organizations providing an average 3.8% salary increase. World at Work reports a consistent trend that the numbers are moving back to pre-pandemic norms, signaling caution as employers face ongoing economic and labor market uncertainty. Although modest, we see that NM is maintaining the increases but now matching the 2020 figure at a 4% increase.

Figure 2. CPI vs Legislative Increase vs WorldatWork



National Trends

The US DOL BLS annually tracks the ECEC (Employer Costs for Employee Compensation), which includes measures of wages and salaries, across all private and state and local government workers. This data provides another benchmark against which to compare New Mexico classified employee salaries.

- Nationally, as of June 2025, the ECEC reports the average salary for private industry is **\$68,681** and the average salary for state and local government is **\$81,764**.
- New Mexico’s average classified employee salary as of this report is **\$69,950**. (This is the NM average base salary for FY25 and does not include benefits. The total rewards figure for SONM employees is \$113,366.)

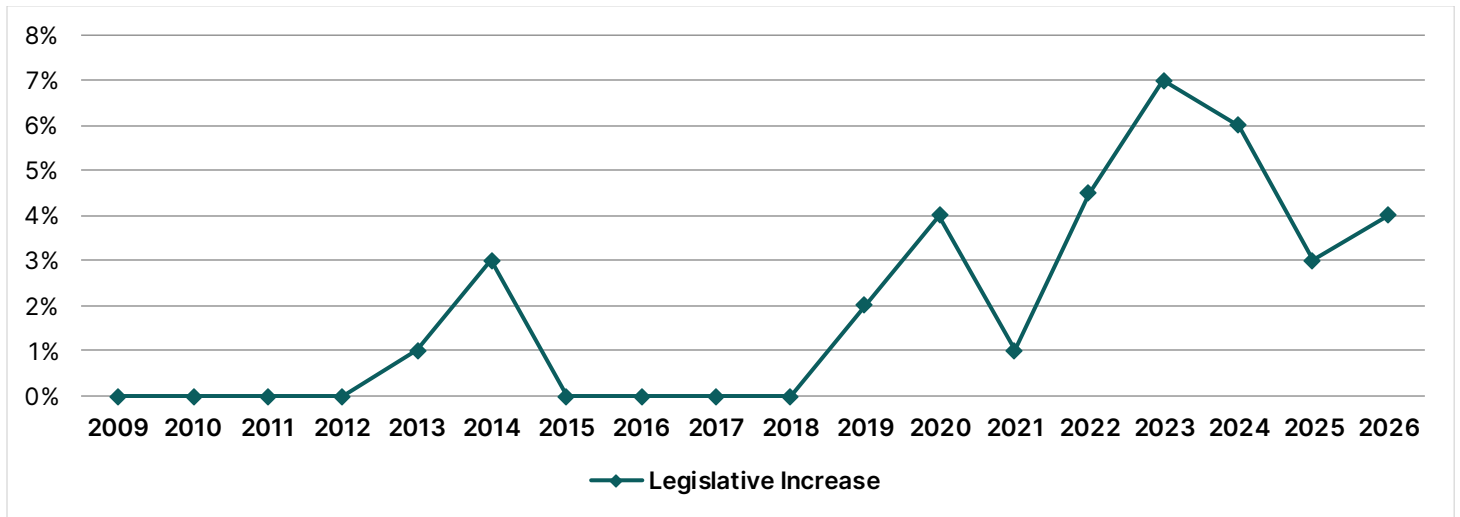
Average Annual Wages (not including benefits)

- USDOL ECEC Total Government: \$81,764
- USDOL ECEC Private Industry: \$68,681
- NM Classified Employees: \$69,950

New Mexico Legislatively Authorized Salary Increases

Figure 3 shows the legislatively appropriated salary increases for Fiscal Year 2026 and each of the past 17 fiscal years. The salary increase amounts include general salary increases for all classified State employees, as well as any supplemental increases appropriated for narrower groups of classified State employees for the years that they were provided. Specific information for each year can be found in Appendix B.

Figure 3. Legislative Increase History



New Mexico Classified Employee Average & Median Salary Comparison

FY25 data reflects that nearly 42% of New Mexico’s classified employees earned between \$40,000 and \$60,000 annually. Supplemental information may be found in Figure 4 and Table 2.

Figure 4. Classified Employees by Salary Distribution

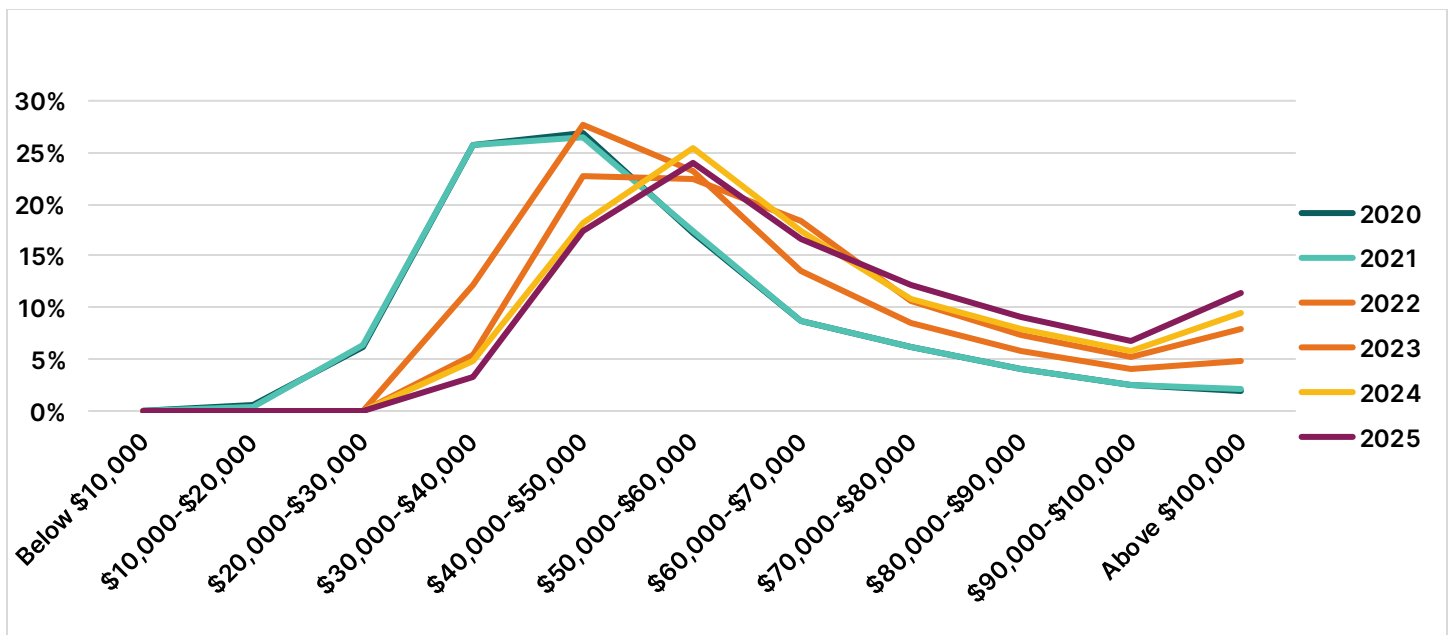


Table 2. Classified Employees by Salary Distribution

Salary Range	2020	2021	2022	2023	2024	2025
Below \$10,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
\$10,000-\$20,000	0.6%	0.5%	0.0%	0.0%	0.0%	0.0%
\$20,000-\$30,000	6.3%	6.4%	0.0%	0.0%	0.0%	0.0%
\$30,000-\$40,000	25.7%	25.7%	12.2%	5.4%	4.9%	3.3%
\$40,000-\$50,000	26.9%	26.5%	27.7%	22.7%	18.2%	17.5%
\$50,000-\$60,000	17.2%	17.3%	23.2%	22.3%	25.4%	24%
\$60,000-\$70,000	8.6%	8.7%	13.6%	18.4%	17.4%	16.7%
\$70,000-\$80,000	6.2%	6.2%	8.5%	10.6%	10.8%	12.1%
\$80,000-\$90,000	4.0%	4.1%	5.8%	7.4%	8.0%	9.0%
\$90,000-\$100,000	2.5%	2.5%	4.1%	5.2%	5.8%	6.7%
Above \$100,000	2.0%	2.1%	4.8%	8.0%	9.5%	11.5%

Average Salary Data by Pay Band

Appendix D shows the number of State classified employees, the average salary, and the average compa-ratio in each pay band. Compa-ratios for employees in the recently implemented occupation-based pay lines are generally lower. This is a result of those pay lines being implemented with higher, market-based midpoints.

Average Salary Data by Agency

Appendix E presents data similar to the section above, grouped by State agency. The average compa-ratio by agency for classified employees ranges from 85% compa-ratio, to 113%. The average compa-ratio for all employees is approximately 100%.

Structure Adjustment History

Below shows each salary schedule's implementation date, as well as its last adjustment date and the percent it was adjusted. Because salary structures are the foundation upon which State employees can be appropriately compensated, the schedules must continually be measured and adjusted to maintain a competitive compensation structure.

NCASG reported a 5.5% average structure adjustment across all benchmark classifications.

General

Implementation Date: July 2001
Last Adjusted: July 2024 – 3%
Current FTE: 12,285

Corrections

Implementation Date: July 2016
Last Adjusted: July 2024 – 3%
Current FTE: 1,003

Information Technology

Implementation Date: August 2016
Last Adjusted: July 2024 – 1%
Current FTE: 844

Engineering, Surveyor

Implementation Date: July 2017
Last Adjusted: July 2024 – 0%
Current FTE: 979

Architect

Implementation Date: July 2017
Last Adjusted: July 2024 – 1%
Current FTE: 5

Social Services

Implementation Date: August 2018
Last Adjusted: July 2024 – 5%
Current FTE: 697

Attorneys

Implementation Date: August 2018
Last Adjusted: July 2024 – 3%
Current FTE: 390

Healthcare

Implementation Date: December 2021
Last Adjusted: July 2024 – 0%
Current FTE: 1,310

Healthcare Physician

Implementation Date: April 2022
Last Adjusted: July 2024 – 3%
Current FTE: 38

Peace Officers

Implementation Date: April 2022
Last Adjusted: July 2024 – 0%
Current FTE: 214

Business

Implementation Date: October 2022
Last Adjusted: July 2024 – 3%
Current FTE: 338

Scientist

Implementation Date: October 2023
Last Adjusted: July 2024 – 2%
Current FTE: 42

Salary Structure

In order for an organization, especially a large one, to manage pay efficiently and effectively, it must simplify the administration of pay into a practical system. To accomplish this, organizations group individual classifications that have the same approximate job size or “worth” into pay bands.

Each classification is then assigned to the appropriate pay band. A pay range sets the upper and lower bounds of possible compensation for individuals whose jobs fall within a specific pay band. Pay bands act as a control device by identifying the lower and upper ranges of pay that the State is willing to pay for a particular job.

Classified Employee Compa-Ratio

Below, in Figure 5, the distribution of State classified employee Compa-ratios is illustrated. The distribution normally resembles a bell-shaped curve, with the number of employees spread evenly throughout the distribution. Over the last four fiscal years, average new hire Compa-ratio has varied slightly. (See Figure 6)

Figure 5. Breakdown of Employee Compa Ratio

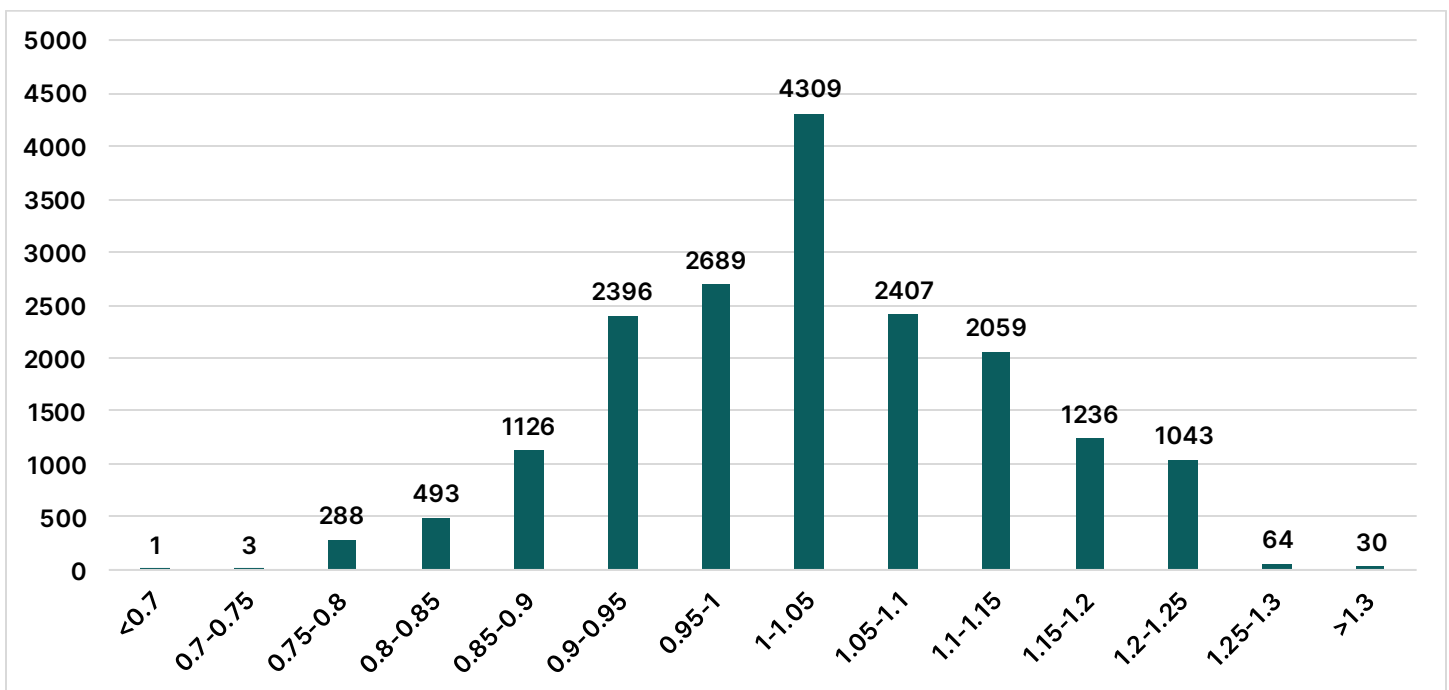
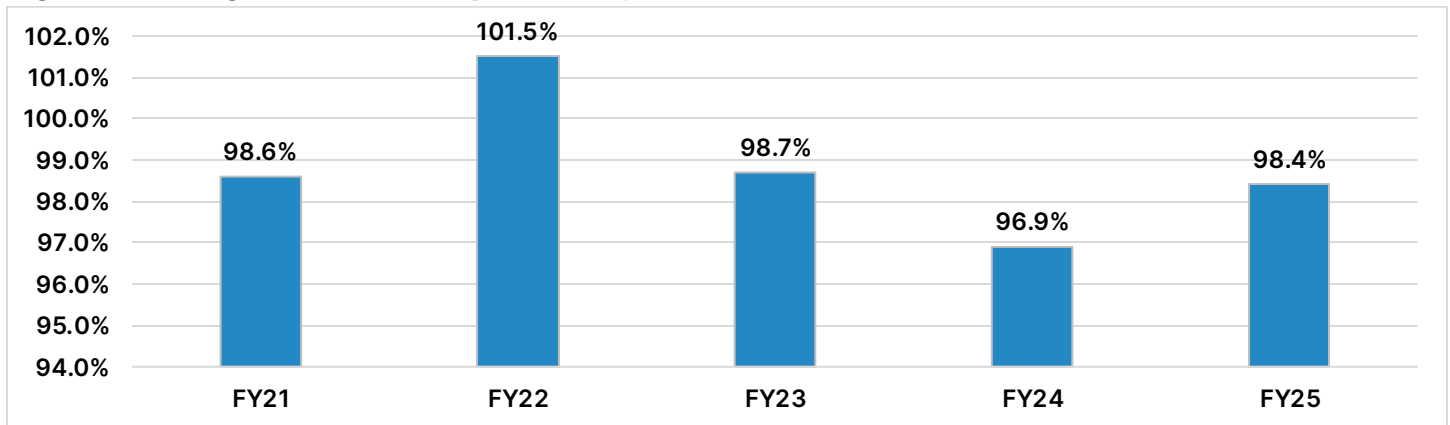


Figure 6. Average New Hire Compa-Ratio by Fiscal Year



Alternative Pay Bands (APB)

An APB assignment is used when the current market rate for a classification significantly exceeds the pay band assigned. Assignments are typically utilized due to external market pressures, such as the low supply and high demand for labor (labor shortage). The solution is to “temporarily” assign the classification to a higher pay band for a limited time until either the market pressures recede, or the actual employer-generated pay for employees catches up to the market rate, and the APB assignment is no longer needed. A complete list of all job classifications assigned to APBs prior to the implementation of the new salary structure can be found in Appendix I.

Pay Administration

Pay Mechanisms

The SPB Rules provide pay mechanisms that enhance recruitment and retention efforts by providing agencies with several tools to attract and retain a qualified workforce. The various pay mechanisms are explained and listed below:

- **Temporary Recruitment Differentials (TREC)s**⁵, are increases in hiring pay authorized for positions documented as being critical to the business needs of an agency and for which the agency has demonstrated and documented recruitment difficulty. Agencies need to demonstrate continued justification for a TREC to SPO biennially.
- **Temporary Retention Differentials (TRET)s**⁶, are increases in pay authorized for positions documented as being critical to the business needs of an agency and from which an employee's departure would disrupt the agency's ability to fulfill its mission. TRETs may be approved for up to one year.
- **Temporary Salary Increases (TSI)s**⁷, are used when an employee temporarily accepts and consistently performs additional duties which are characteristic of a job requiring greater responsibility and accountability, making it a higher valued job. A TSI is a short-term salary measure that may be used until the conditions of the additional duties and responsibilities cease to exist and may not be extended beyond a one-year period.
- **In-Pay Band Salary Adjustments (IPBs)**⁸, provide agencies the latitude to make recommendations to the State Personnel Director for a permanent base compensation increase once per fiscal year for employees whose performance has demonstrated placement at a higher Compa-ratio. This pay mechanism allows flexibility for agencies to provide salary growth within the pay band. The Department of Finance and Administration (DFA) reviews the requests to ensure current and future agency budget availability.

Figure 7 below shows the State's level of use of each of these pay mechanisms from FY20 through FY25. The low numbers of temporary pay mechanisms (TREC, TRET, and TSI) reflect SPO's ongoing efforts to ensure that State agencies are following SPB Rules. Temporary pay mechanisms are reviewed and authorized for various limited periods of time, on a case-by-case basis, in accordance with SPB rules and depending on agency budgetary constraints as monitored by DFA. IPBs bring employees closer to compa-ratios and correct internal alignment and appropriate placement issues.

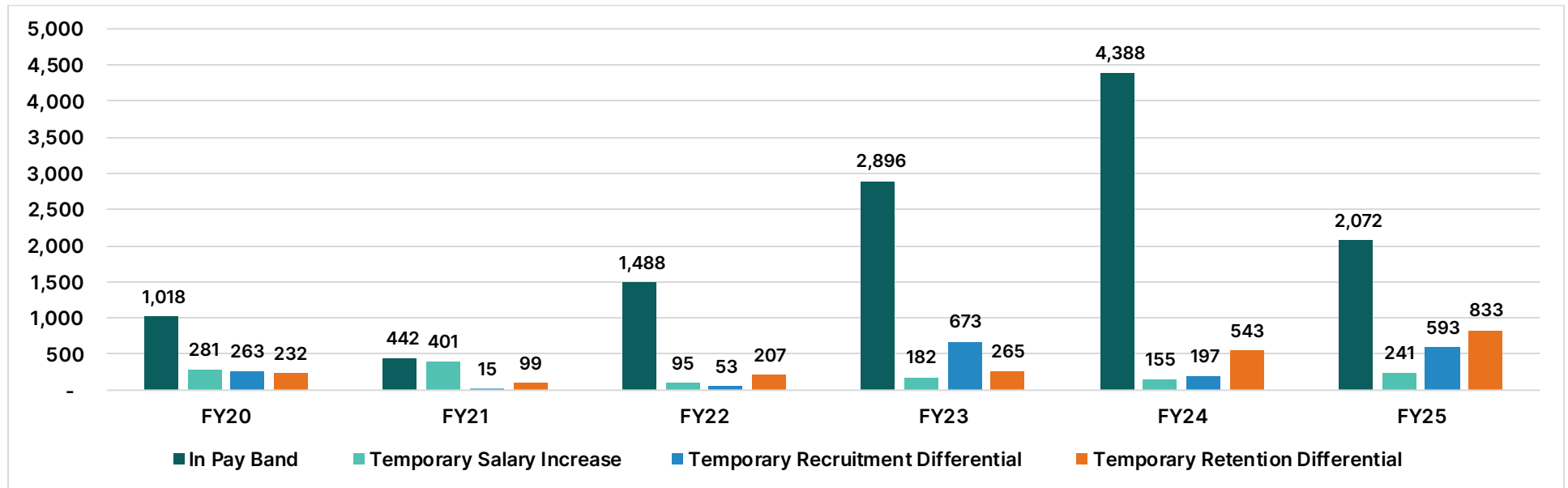
⁵ 1.7.4.13(A) NMAC.

⁶ 1.7.4.13(B) NMAC.

⁷ 1.7.4.12(L) NMAC.

⁸ 1.7.4.12(C) NMAC.

Figure 7. Pay Mechanisms Utilized by Fiscal Year



Classified Service Demographics

Figures 8-11 below detail the level of education, ethnicity, gender, and age demographics of State classified employees.

Figure 8. Classified Employees by Education Level

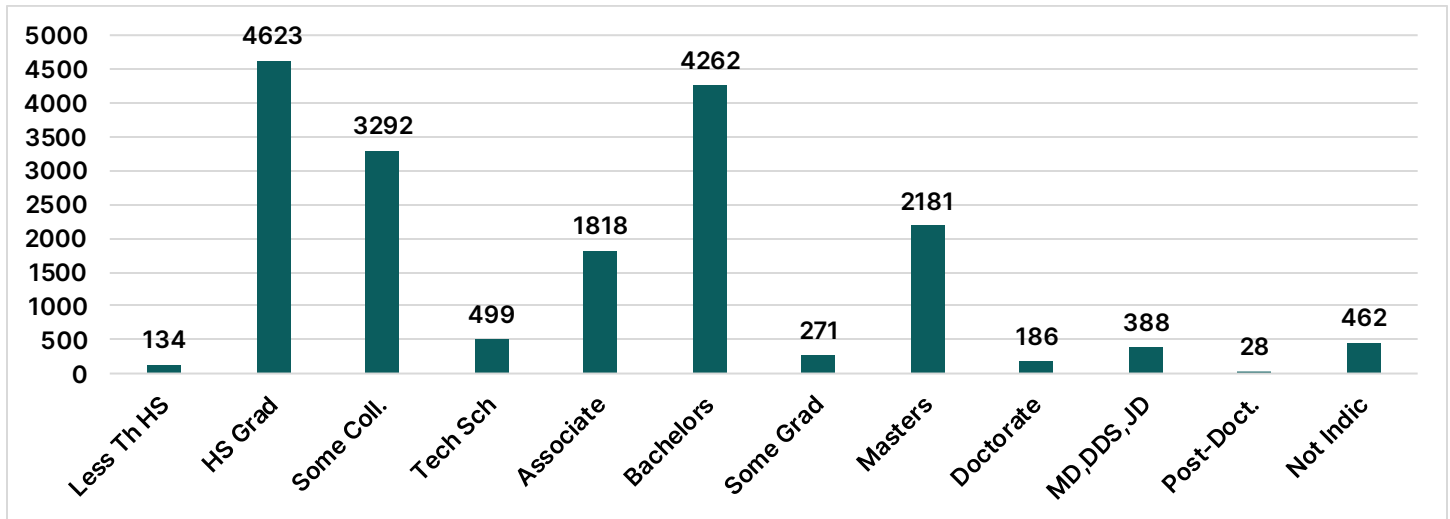


Figure 9. Classified Employees by Ethnicity

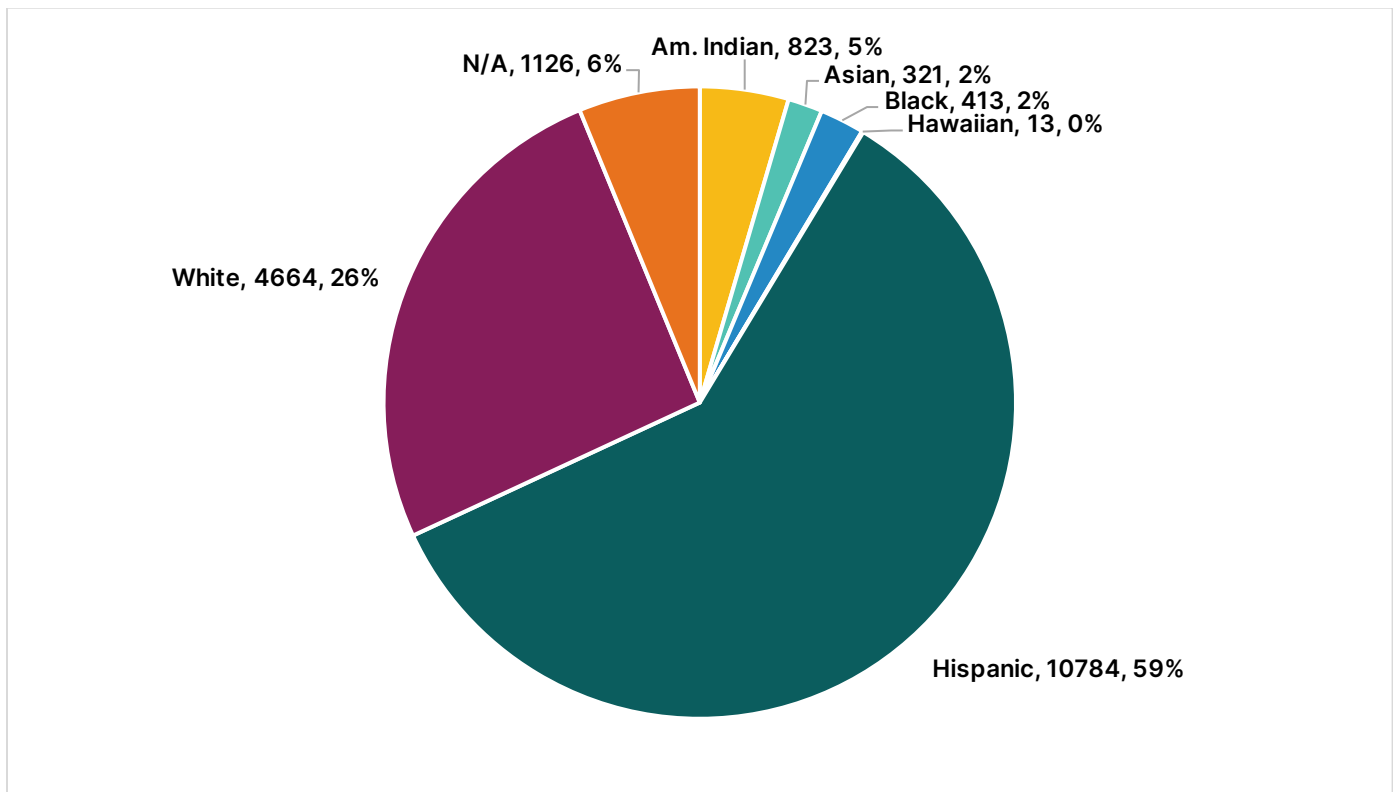


Figure 10. Classified Employees by Age

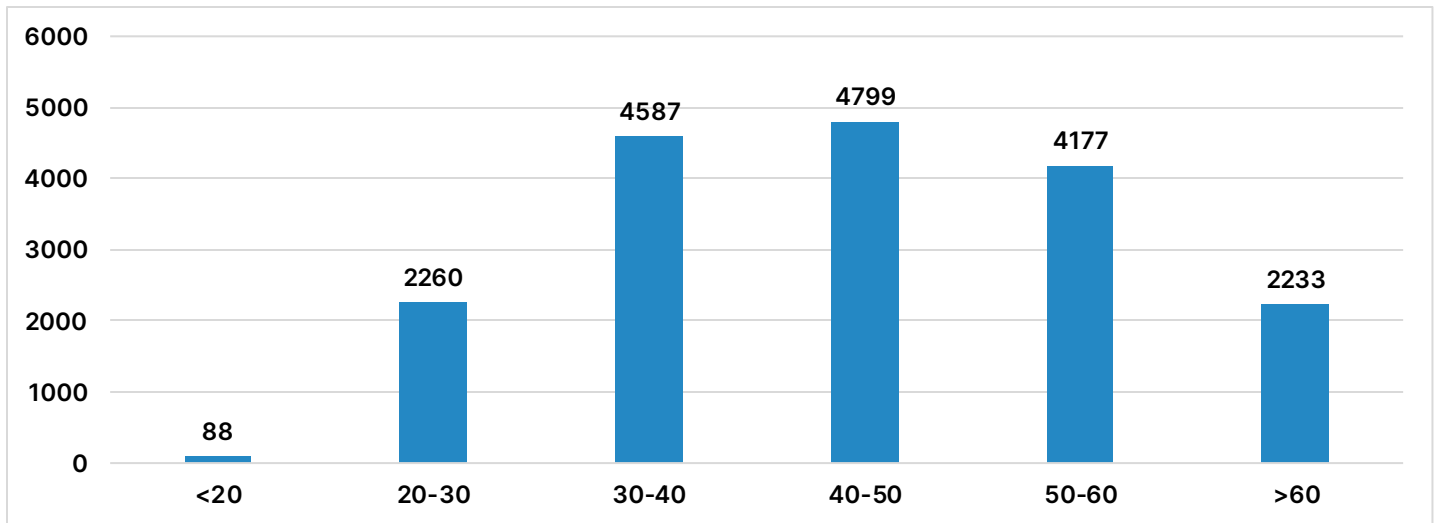
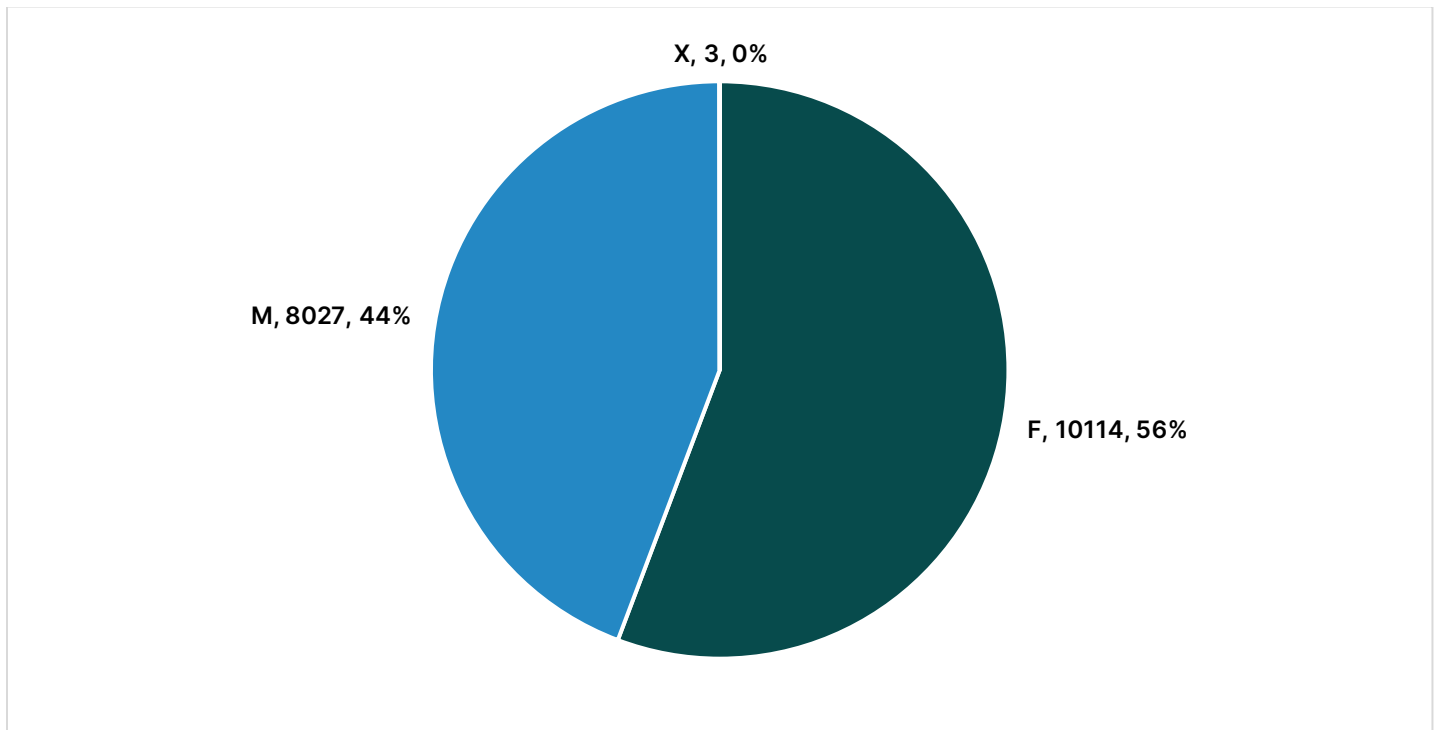


Figure 11. Classified Employees by Gender



County-by-County Population vs. Classified Demographics

Appendix J shows that in nearly all New Mexico counties, the State classified employee average salary is competitive and higher than the overall average salary in the county. There are a few instances, however, where that is not the case. In Eddy and Lea counties, for example, traditional oil and gas producing areas, average State classified employee salaries are significantly less than average county salaries. Starting salaries for oil and gas employees are typically in the \$60,000 range. State classified

service salaries also have difficulty competing against the technology centers located in Sandoval, Los Alamos, and Valencia counties, as those counties are home to Intel, Los Alamos National Laboratory, and Facebook respectively.

Leave Accruals and Payouts

Annual Leave

One of the State’s many employee benefits is paid time off. Employees may use accrued leave and be paid for the hours they are absent from work due to vacation (annual leave) or being sick (sick leave). Sick leave may also be used to care for sick family members.

Classified employees accrue annual leave as outlined in the SPB Rules, based on their tenure. For example, employees with less than three years of service accrue 80 hours of annual leave per year, while those with over 15 years of service accrue nearly 160 hours per year. During FY25, State employees used approximately 1.86 million hours of earned annual leave.

Figures 12 and 13 show actual annual leave usage, in hours and cost, from FY19 through FY25:

Figure 12. Total Hours of Annual Leave Taken Per Fiscal Year

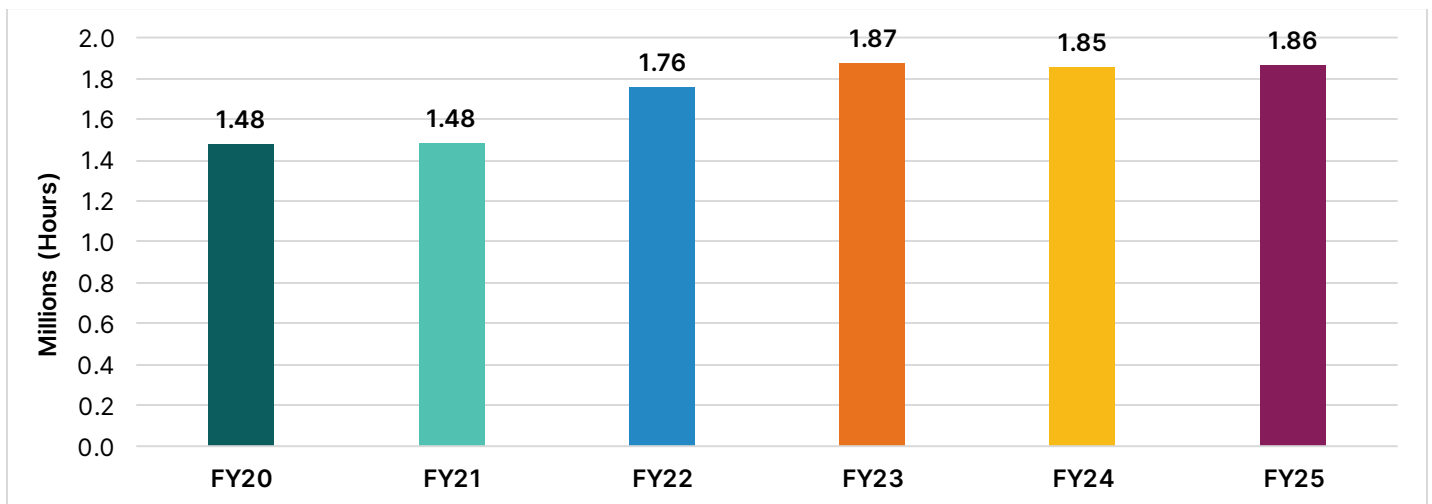
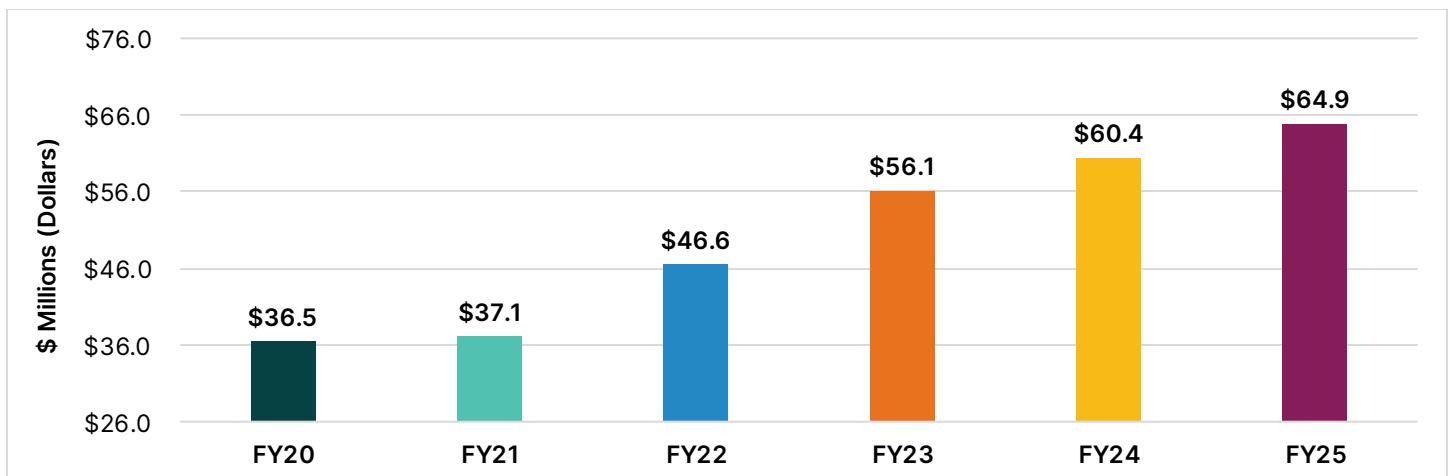


Figure 13. Total Cost of Annual Leave Per Fiscal Year



When employees separate from State service, they are eligible to cash out up to 240 hours of annual leave at their current hourly payrate. Any additional hours over 240 are forfeited at the time of separation, as well as at the end of each calendar year for active employees.

Figures 14 and 15 below show that employees who separated from the State classified service cashed out a total of \$5,900,000 of annual leave in FY25.

Figure 14. Classified Employee Annual Leave Hours Payout

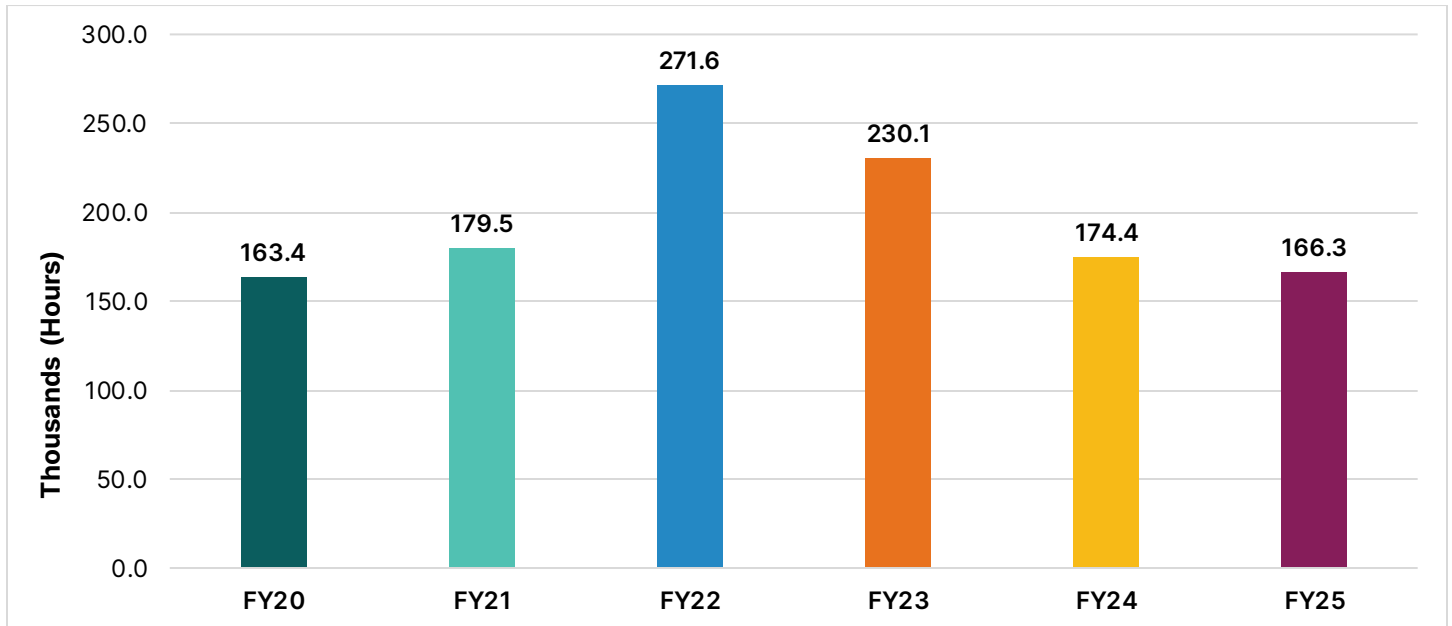
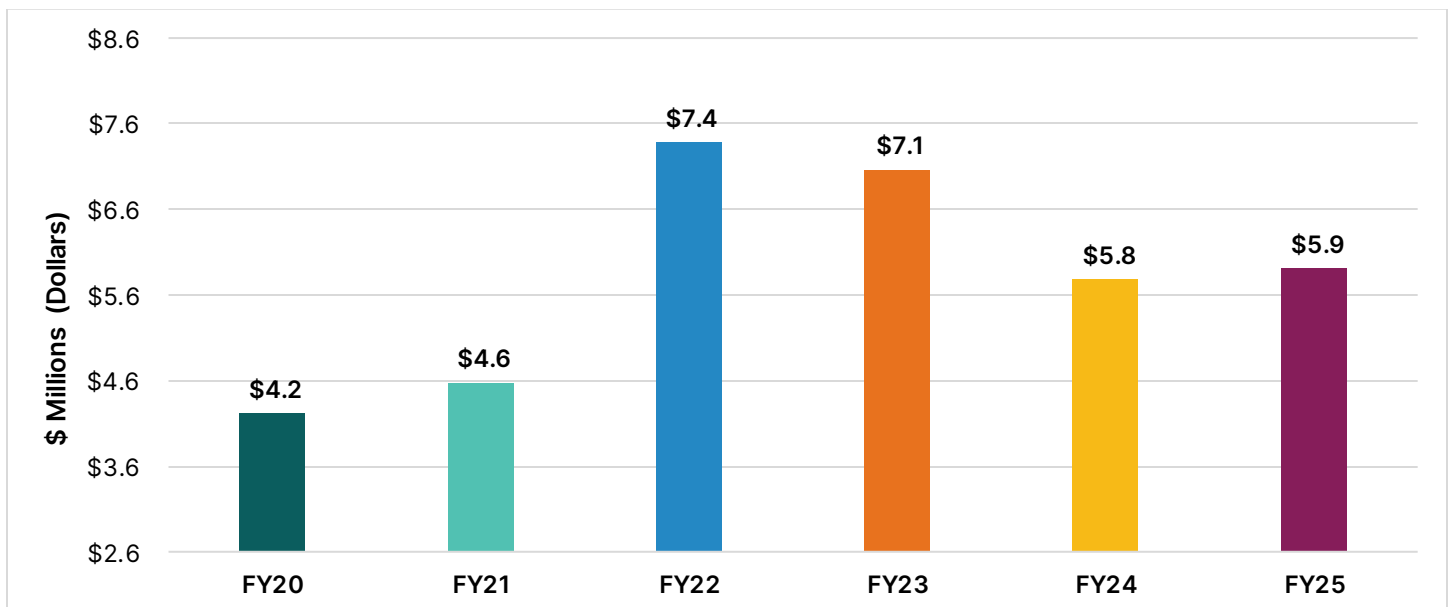


Figure 15. Classified Employee Annual Leave Cost of Payout



Sick Leave

In FY20, the SPB approved an increase to the sick leave accrual rate, setting the new rate at 4 hours per pay period (up from 3.69 hours per pay period) for a total of 104 hours per year. The actual usage of sick leave and cost for FY19 through FY25 are shown on Figures 16 and 17. In FY24, employees used approximately 1.62 million hours of sick leave.

Figure 16. Total Sick Leave Hours Taken Per Fiscal Year

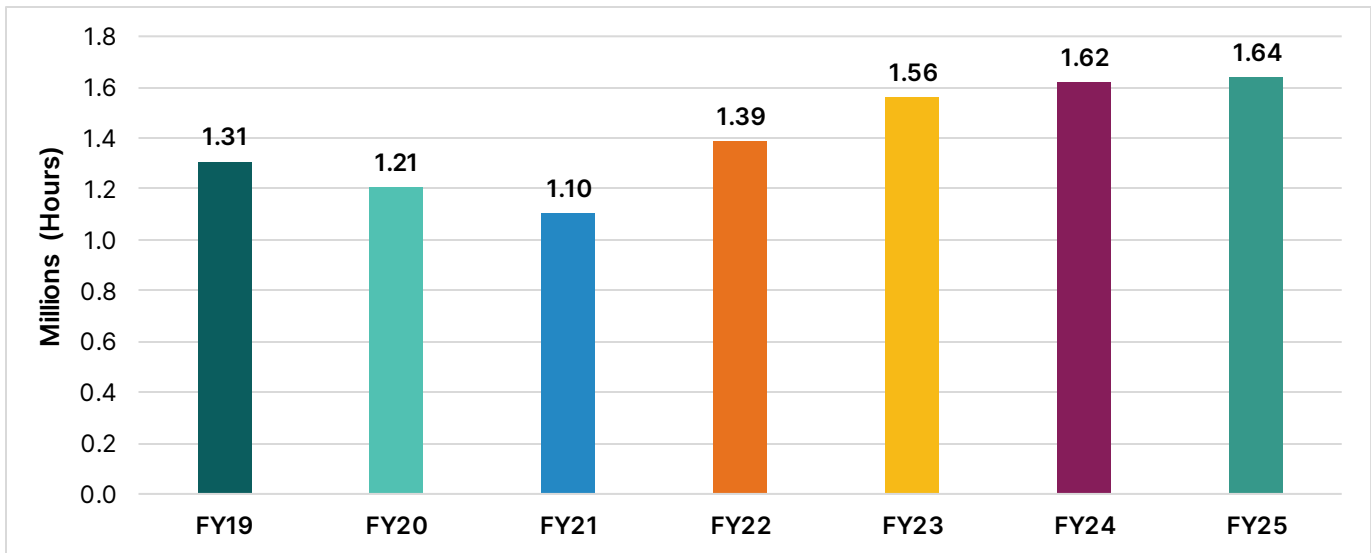
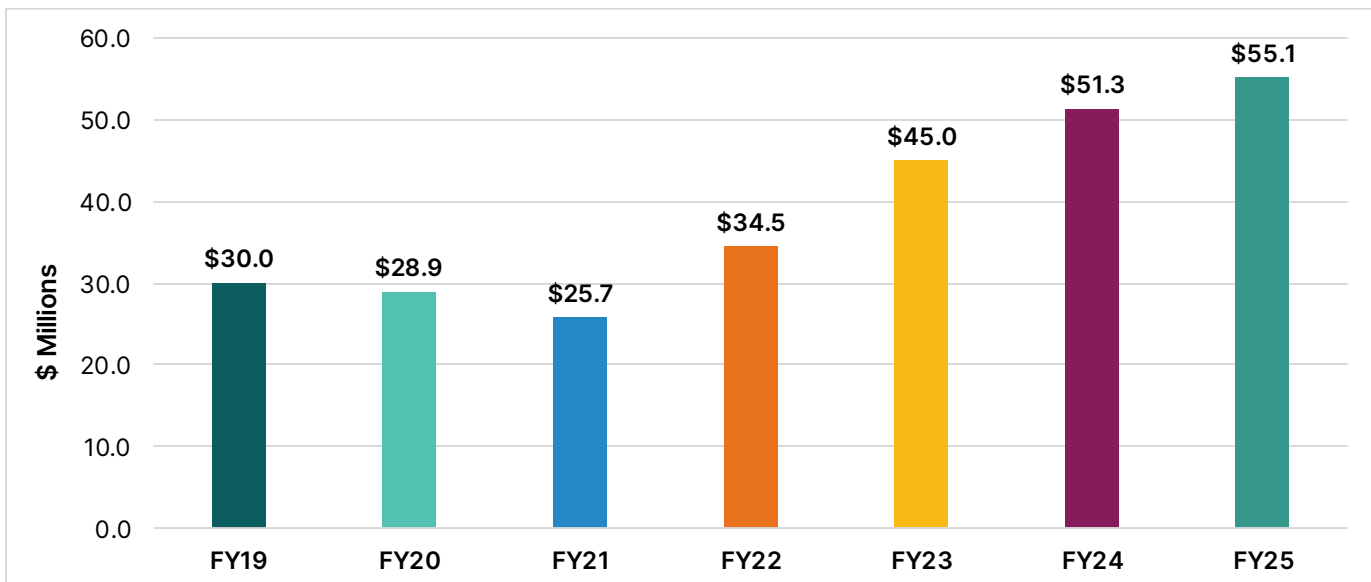


Figure 17. Total Cost of Sick Leave Per Fiscal Year



Employees are eligible to cash out accrued sick leave over 600 hours once per fiscal year, either in July or January, at one-half their hourly rate for up to 120 hours of sick leave. At the time of retirement,

employees can cash out accrued sick leave over 600 hours at one-half their hourly rate for up to 400 hours of sick leave. Figures 18 and 19 below show the total sick leave hours cashed out from FY19 to FY25. In FY25, agencies cashed out 57,000 hours of sick leave for active employees and 4,000 hours of sick leave for employees who were retiring.

Figure 18. Total Hours of Sick Leave Buy Back by Fiscal Year

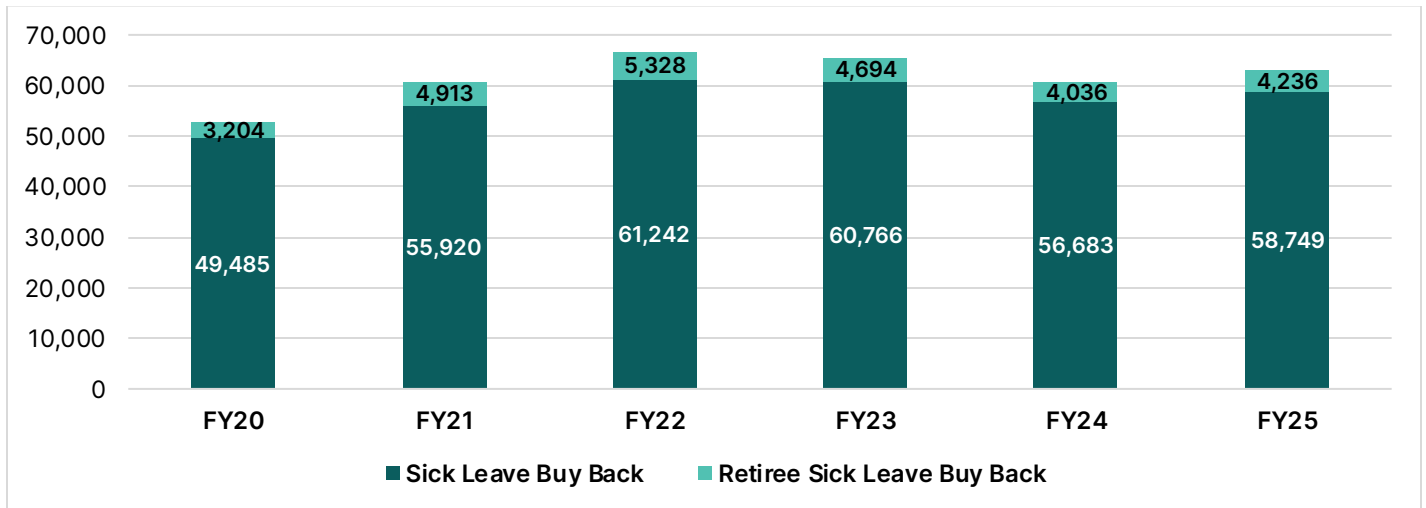
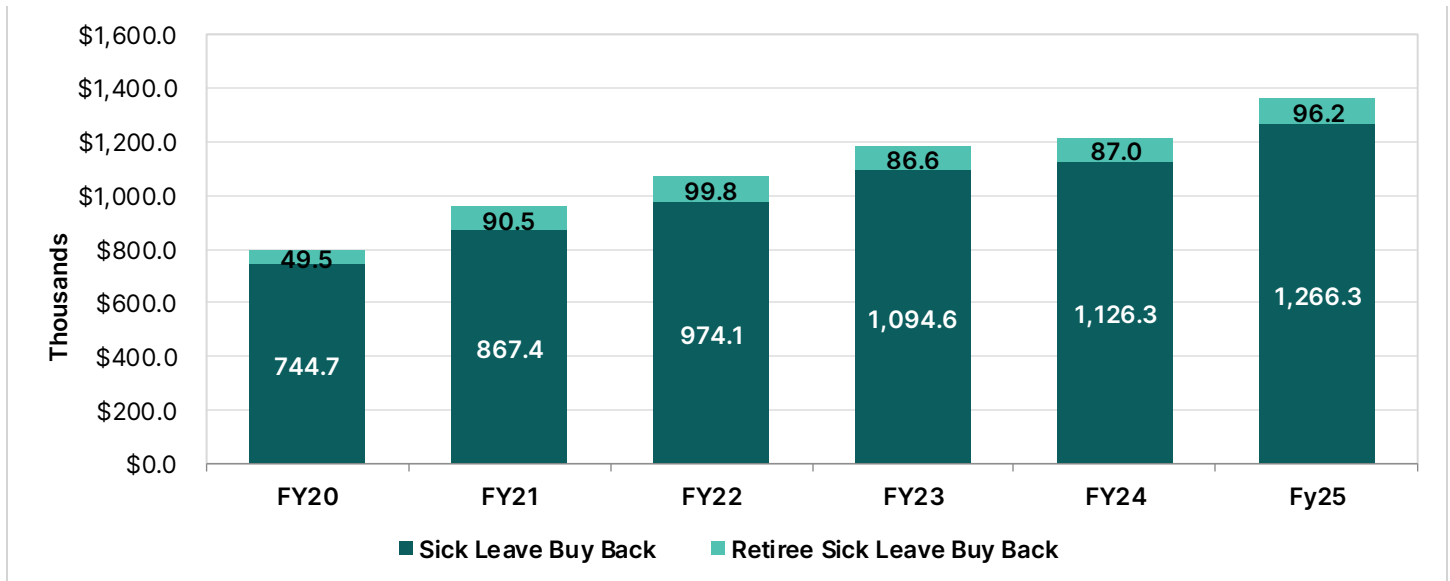


Figure 19. Total Cost of Sick Leave Buy Back by Fiscal Year



Overtime

Agencies are expected to assign work in a responsible manner to avoid the need for overtime. Managers and supervisors typically use existing staff resources to meet work demands; however, understaffing, special projects, or emergency situations may require employees to work additional hours. Whether to allow overtime is left largely to the discretion of the agencies. The Fair Labor Standards Act (FLSA) requires that non-exempt employees be compensated for any additional hours worked over 40 in a workweek, at 1.5 times their salary. Agencies may also allow employees to accrue compensatory time in

lieu of cash payment. FLSA exempt employees (those not covered by the overtime provisions of FLSA) may be compensated for overtime according to agency policy.

There is a correlation between vacancy rates and overtime hours worked. If an agency has a vacant position, employees may be required to do the work that would normally be done for that position by working additional hours.

Figures 20 and 21 below depict the usage and cost of State classified service employee overtime from FY20 through FY25. During FY25, together FLSA non-exempt and FLSA exempt employees were paid over \$43 million dollars in the form of either a cash payment or compensatory time off.

Figure 20. Overtime Usage by Fiscal Year

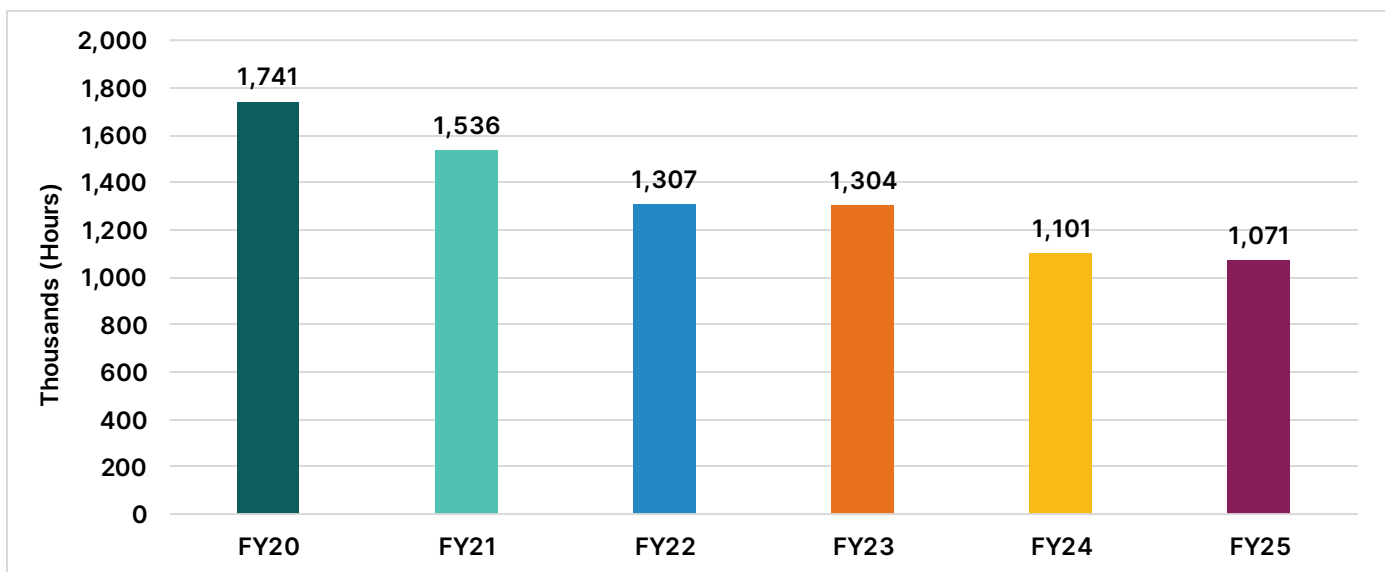
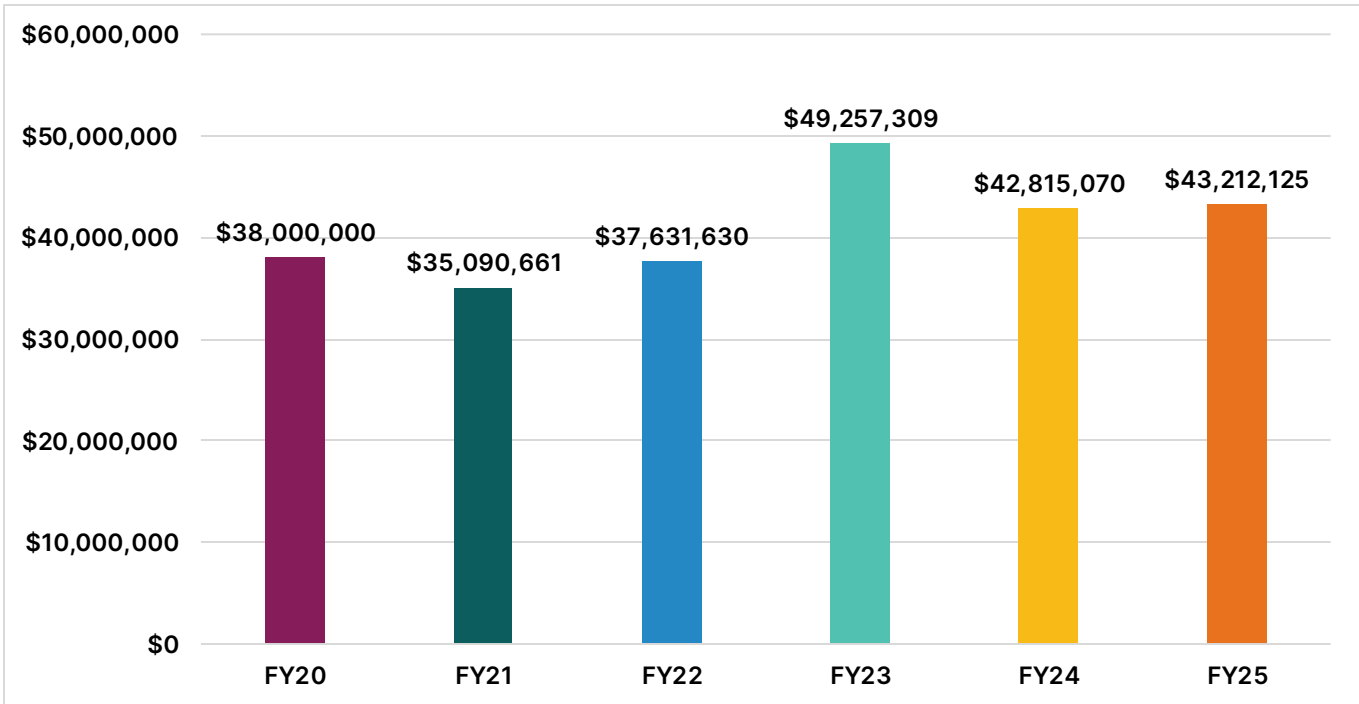


Figure 21. Overtime Cost by Fiscal Year



Appendix

Appendix A – Industry & Economic Data Sources

Appendix B – Legislative Fiscal Year Increase in Detail

Appendix C – NCASG Benchmarks

Appendix D – Average Salary Data by Pay Band

Appendix E – Average Salary Data by Agency

Appendix F – 2024 Year Comparator Market Average Classified Salary

Appendix G – FY25 Classified Service Salary Structure

Appendix H – FY26 Salary Structure

Appendix I – Alternative Pay Band Assignments

Appendix J – County-by-County Population vs. Classified Demographics

Appendix A – Industry & Economic Data Sources

WorldatWork Total Salary Increase Budget Survey (United States participating members)

WorldatWork is a nonprofit human resources association focused on compensation, benefits, work-life effectiveness, and total rewards. WorldatWork has more than 70,000 members and subscribers worldwide. Their Salary Budget Survey is the #1 source in the industry, as well as the longest and largest survey of its kind. WorldatWork projects an average salary increase of three and six tenths percent (3.6%) across all US industries.

Supporting data may be found at www.worldatwork.org.

Korn Ferry HayGroup (United States participating member)

Korn Ferry is a global management and consulting firm providing a range of HR services to companies in 110 countries. They are a leading provider of compensation data, strategy, and services across all major industries and employment sectors. Korn Ferry projects a three and five tenths' percent (3.5%) average base salary increase across all industries.

Supporting data may be found at www.kornferry.com

Mercer (United States participating member)

Mercer is a global human resources consulting firm providing services from strategy to implementation. Mercer is a leading provider of compensation and benefits information created from one of the largest warehouses of employer-reported data, with benchmark data representing 17 million employees from over 6,000 organizations. Mercer projects an average salary increase of three - and five tenths' percent (3.5%) across all industries.

Supporting data may be found at www.imercer.com.

Willis Towers Watson (United States participating member)

Willis Towers Watson is a global advisory, broking, and solutions company with over 46,100 employees in more than 140 countries. The Willis Towers Watson General Industry Salary Budget Survey found salary increases are expected to hold steady, with projections for exempt, non-management employees at three and five tenths' percent (3.5%).

Supporting data may be found at www.willistowerswatson.com.

Aon (United States participating member)

The Aon U.S. Salary Increase Survey of approximately 1,000 U.S. companies indicates that organizations plan on providing four percent (4.0%) salary increase across all industries.

Supporting data may be found at www.aon.com.

Salary.com:

Salary.com is the leading software-as-a-service provider of cloud-based compensation market data and analytics. Founded in 1999, the Company serves approximately 4,000 business-to-business customers worldwide with its market-leading CompAnalyst platform. Salary.com projects that the median annual salary increase will be at three and five tenths' percent (3.5%) across all industries.

Supporting data may be found at www.salary.com.

United States Bureau of Labor Statistics

The Bureau of Labor Statistics of the U.S. Department of Labor is the principal Federal agency responsible for measuring labor market activity, working conditions and price changes in the US economy. Its mission is to collect, analyze, and disseminate essential economic information to support public and private decision-making. As an independent statistical agency, BLS serves its diverse user communities by providing products and services that are objective, timely, accurate, and relevant.

Supporting data may be found at www.bls.gov.

National Compensation Association of State Governments

National Compensation Association of State Governments (NCASG) annually conducts the National Compensation Survey, Benefits Survey, and the Executive Survey and prepares reports for member states.

New Mexico Department of Workforce Solutions

The New Mexico Department of Workforce Solutions (DWS) is responsible for economic research and analysis, business development and outreach, employment outreach and transition programs, workforce services programs, and labor compliance programs. The Economic Research and Analysis Bureau of DWS publishes a wide variety of reports and data on labor market information. The Bureau measures labor market activity, working conditions, and price changes in the statewide economy.

Supporting data may be found at www.dws.state.nm.us

Appendix B – Legislative Fiscal Year Increases in Detail

Date: 7/1/2025

Legislative Increase: 4.00%

General Fund Appropriation: \$48,985,800

The Legislature appropriated forty-eight million nine hundred eighty-five thousand eight hundred dollars (\$48,985,800) for incumbents in agencies governed by the State Personnel Act, the New Mexico state police career pay system, attorney general employees, workers' compensation judges and executive exempt employees;

Date: 7/1/2024

Legislative Increase: 3.00%

General Fund Appropriation: \$43,837,900

The Legislature appropriated forty-three million eight hundred thirty-seven thousand nine hundred dollars (\$43,837,900) for incumbents in agencies governed by the State Personnel Act, the New Mexico state police career pay system, attorney general employees, workers' compensation judges and executive exempt employees;

Date: 7/1/2023

Legislative Increase: 5.00% and 1.00%

General Fund Appropriation: \$42,328,700

The Legislature appropriated forty-two million three hundred twenty-eight thousand seven hundred dollars (\$42,328,700) for incumbents in agencies governed by the State Personnel Act, the New Mexico state police career pay system, attorney general employees, workers' compensation judges and executive exempt employees;

Date: 7/1/2022

Legislative Increase: \$15 min 4.00% avg.

General Fund Appropriation: \$57,621,500

The Legislature appropriated fifty-seven million six hundred twenty-one thousand five hundred dollars (\$57,621,500) for incumbents in agencies governed by the State Personnel Act, the New Mexico state police career pay system, attorney general employees, workers' compensation judges and executive exempt employees;

Date: 4/1/2022

Legislative Increase: 3.00%

General Fund Appropriation: \$4,702,800

The Legislature appropriated four million seven hundred two thousand eight hundred dollars (\$4,702,800) for incumbents in agencies governed by the State Personnel Act, the New Mexico state police career pay system, attorney general employees, workers' compensation judges and executive exempt employees;

Date: 7/1/2021

Legislative Increase: 1.50%

General Fund Appropriation: \$9,004,600 & \$3,000,000

Nine million four thousand six hundred dollars (\$9,004,600) to provide incumbents in agencies governed by the State Personnel Act, the New Mexico state police career pay system, attorney general employees, workers' compensation judges and executive exempt employees with an average salary increase of one and one-half percent; Three million dollars (\$3,000,000) to provide salary increases in addition to the one and one-half percent for frontline health and social service employees employed by state agencies;

Date: 7/1/2020

Legislative Increase: 1.00%

General Fund Appropriation: \$1,700,000

The Legislature appropriated one million seven hundred thousand dollars to the department of finance and administration to distribute to executive, legislative and judicial agencies to provide a one percent salary increase to cover cost increases of employee benefits for employees earning an annual salary of less than fifty thousand dollars (\$50,000);

Date: 7/1/2019

Legislative Increase: 4.00%

General Fund Appropriation: \$21,611,200

The Legislature appropriated twenty-one million six hundred eleven thousand two hundred dollars to provide incumbents in agencies governed by the State Personnel Act, the New Mexico state police career pay system, attorney general employees, workers' compensation judges and executive exempt employees with an average salary increase of four percent.

Date: 7/1/2018

Legislative Increase: 2.00%

General Fund Appropriation: \$21,611,200

The Legislature appropriated from the general fund to the department of finance and administration for expenditure in fiscal year 2020 to provide salary increases to employees in budgeted positions who have completed their probationary period subject to satisfactory job performance.

Date: 7/1/2018

Legislative Increase: 1.00%

General Fund Appropriation: \$102,800

The Legislature appropriated an additional 1% from the general fund to the department of finance and administration for expenditure in fiscal year 2020 to provide salary increases to employees in budgeted positions who are earning less than twenty-five thousand dollars per year on a full-time equivalent basis.

Date: 7/1/2017

Legislative Increase: 0.00%

General Fund Appropriation: -

Date: 7/1/2016

Legislative Increase: 0.00%

General Fund Appropriation: \$4,500,000

The Legislature appropriated \$4.5 million to the Corrections department specifically for the purpose to "...implement and occupationally based salary structure that brings staff salaries to the minimum of the pay bands and to provide targeted salary increases to custody staff for the purpose of reducing compaction and improving employee recruitment and retention ...".

Date: 7/1/2015

Legislative Increase: 0.00%

General Fund Appropriation: -

Date: 7/5/2014

Legislative Increase: 3.00%

General Fund Appropriation: \$15,973,968

\$13,973,968 GF to provide a 3% salary increase effective the first full pay period after 7/1/2013 for both union & non-union classified employees who have completed their probationary period and subject to a satisfactory job evaluation. Employees who reach the end of probationary status between 7/5/14 and 6/30/15 will receive this increase effective the first pay period following anniversary date. An additional \$2,000,000 GF was given for salary adjustments in specific classified job classification to be identified by SPO & DFA as trouble with recruitment & retention

Date: 7/6/2013

Legislative Increase: 1.00%

General Fund Appropriation: \$8,197,068

Additional 3% was given to commissioned officers in the Motor Transportation Division for a total of 4%.

Date: 7/1/2011

Legislative Increase: 0.00%

General Fund Appropriation: -

Date: 7/1/2010

Legislative Increase: 0.00%

General Fund Appropriation: -

Date: 7/1/2009

Legislative Increase: 0.00%

General Fund Appropriation: -

Date: 7/1/2008

Legislative Increase: 2.90%

General Fund Appropriation: -

Date: 7/1/2007

Legislative Increase: 4.50%

General Fund Appropriation: \$29,661,100

Bring 86 employees to \$7.50/hr. 5% to MTD/SID Officers at DPS "in lieu" of FY08 pay package.

Additional 5% to Adult Correctional Officers and Public Defender Attorneys.

Additional 4% to Probation/Parole Officers, Librarian, Librarian Asst., Librarian Tech., Livestock/Meat

Inspector, Dispatcher, Security Guard, Forensic Scientist O & A roles, Highway Maintainers, Civil Engineering Tech. Also, HSD FAA's, & CSLA. DOH Chemist; Microbiologist; Life, Physical & Social Science Tech., and Medical Scientist-Except Epidemiologist.

Date: 7/1/2006

Legislative Increase: 5.00%

General Fund Appropriation: \$23,097,100

MTD/SID Officers at the Department of Public Safety. \$129,600 for MTD Officers and \$182,600 for SID Officers. This resulted in an average 18.0% increase for MTD and an average 20.2% increase for SID.

Date: 7/1/2005

Legislative Increase: 1.80%

General Fund Appropriation: \$11,408,100

Public Defender Attorneys – 1.75% + an additional 3.25% = 5.0%. Commissioned Officers at DPS = 5.0%. This includes MTD & SID Commissioned Officers. Adult Probation & Parole Officers at the Department of Corrections 3.25% then the 1.75% General Salary Increase on top of the 3.25%. MVD Clerks at the Taxation & Revenue Department. \$585,000 given directly to agency in expansion request to bring clerks to 85% Compa-ratio. Game and Fish Department: \$1,250,000 given to provide internal salary increases to Conservation Officers and other agency staff. Worked with department to develop internal pay plan.

Date: 7/1/2004

Legislative Increase: 2.00%

General Fund Appropriation: \$9,100,600

Date: 7/1/2003

Legislative Increase: 3.10%

General Fund Appropriation: \$5,810,000

**Full cost includes state paid benefits.*

Appendix C-J

Appendix C through Appendix J can be found in the Excel Workbook linked [here](#).