

**Memorandum of Understanding
between
The State of New Mexico
and
American Federation of State, County and Municipal Employees,
New Mexico Council 18**

This Memorandum of Understanding (“MOU”) is made between the State of New Mexico and American Federation of State, County and Municipal Employees, *New Mexico Council 18* (collectively referred to as the “Parties”).

The Parties hereby agree:

1. This MOU shall be effective when fully executed by the Parties hereto and shall remain in effect through December 31, 2024.

2. The outcome of the Parties’ negotiations on general wage increases for Fiscal Year 2023 is memorialized as follows:

The Governor’s Budget Recommendation for Fiscal Year 2023 will include:

- a salary increase for Employees compensated through the classified service General Salary Schedule based on Employee compa-ratio and pay band on the scale provided in Exhibit A to this MOU, provided that no Employee shall receive a salary increase of less than four percent (4%) or earn an hourly wage of less than \$15.
- a salary increase of four percent (4%) for Employees compensated through one of the eight established classified service occupational salary schedules, provided that no Employee shall earn an hourly wage of less than \$15.

3. Accordingly, Article 12, Section 1(C) of the tentatively agreed upon 2022 Agreement Between the State of New Mexico and American Federation of State, County and Municipal Employees, *New Mexico Council 18*, shall be amended as follows:

C. Fiscal Year 2023. In accordance with State statute, the Governor’s Budget Recommendation will include:

- a salary increase for Employees compensated through the classified service General Salary Schedule based on Employee compa-ratio and pay band on a scale to be determined by the State Personnel Office, provided that no Employee shall receive a salary increase of less than four percent (4%) or earn an hourly wage of less than \$15.
- a salary increase of four percent (4%) for Employees compensated through one of the eight established classified service occupational salary schedules, provided that no Employee shall earn an hourly wage of less than \$15.

Any changes to general wages shall be subject to legislative appropriation.

4. This MOU shall not be altered, changed, or amended, except by instrument of writing executed by both Parties.

For American Federation of State, County and Municipal Employees
New Mexico Council 18:



Connie Derr, AFSCME Council 18 Executive Director

2/8/22
Date

For the State of New Mexico:



Ricky Serna, Acting Director, State Personnel Office

2.8.22
Date

Executive Compensation Recommendation

Currently, there are about 16,800 classified employees split into the following salary schedules. There are about 12,000 within the General Salary Schedule and 4,800 within one of eight Occupational Salary Schedules

The recommendation will increase the minimum hourly rate of pay to \$15. Currently there are about 1,200 workers that make less than \$15/hour. The proposal is also designed to address compaction issues that arise from simply moving the lowest paid workers to a target rate of pay. This is achieved through the following two strategies.

General Salary Schedule Employees

Strategy 1: Increase compensation for all Employees based on their Compensation Ratio (Compa-Ratio).

Compa-Ratio = Hourly rate ÷ Hourly mid-point of pay band. This strategy helps all Employees move within their pay band using the scale below.

| | | | | | | | | |
|--------------------|---------|---------|---------|-----|-----|-----|-----|-----|
| Compa-Ratio | .55-.88 | .89-.92 | .93-.94 | .95 | .96 | .97 | .98 | .99 |
| Multiplier | 18% | 16% | 15% | 13% | 12% | 11% | 10% | 9% |

| | | | | |
|--------------------|--------|-----------|-----------|-------|
| Compa-Ratio | 1-1.01 | 1.02-1.03 | 1.04-1.05 | >1.06 |
| Multiplier | 8% | 6% | 5% | 2.5% |

Note: The lowest increase an Employee can receive is 4%.

Strategy 2: Apply an additional percentage increase based on the Employee's pay band.

| | | | | | | | | | | |
|-------------------|-----|-----|-----|-----|----|----|----|------|----|------|
| Pay Band | 25 | 30 | 35 | 40 | 45 | 50 | 55 | 60 | 65 | >65 |
| Multiplier | 25% | 22% | 20% | 18% | 8% | 3% | 3% | 2.5% | 2% | 1.5% |

Summary of Outcomes

| | Before | After | Change | Avg. % Increase |
|------------------------|----------------|----------------|---------------|-----------------|
| Avg. Hourly All | \$24.07 | \$25.80 | \$1.73 | 7% |
| Avg. Hourly PB 25 | \$11.79 | \$15.63 | \$3.84 | 33% |
| Avg. Hourly PB 30 | \$12.43 | \$16.19 | \$3.75 | 30% |
| Avg. Hourly PB 35 | \$13.44 | \$17.00 | \$3.56 | 26% |
| Avg. Hourly PB 40 | \$14.70 | \$17.84 | \$3.14 | 21% |
| Avg. Hourly PB 45 | \$16.36 | \$18.09 | \$1.72 | 11% |
| Avg. Hourly PB 50 | \$17.29 | \$18.58 | \$1.29 | 7% |
| Avg. Hourly PB 55 | \$19.30 | \$20.69 | \$1.39 | 7% |
| Avg. Hourly PB 60 | \$20.98 | \$22.50 | \$1.52 | 7% |
| Avg. Hourly PB 65 | \$24.00 | \$25.41 | \$1.41 | 6% |
| Avg. Hourly PB 70 | \$26.70 | \$28.13 | \$1.43 | 5% |

Remains 5% avg. through PB 95

Occupational Salary Schedules

Occupational Salary Schedules are the result of a market analysis that determines competitive pay for a specific occupation cluster. There are currently eight (8) Occupational Salary Schedules. It is being proposed that a 4 percent (4%) increase be applied to Employees within the Occupational Salary Schedules. The 4 percent (4%) recommendation is equal to the minimum pay increase possible for Employees within the General Salary Schedule (above two Strategies).