



# Accountability in Government Act

Under the Accountability in Government Act, enacted in 1999, state agencies and the Legislature moved from a budgeting process based on the costs of salaries, supplies, travel, and eight other line items to a process focused on performance. In exchange for greater flexibility in how they spend their funding, agencies must identify their core services (programs), the missions of those programs, and ways to measure whether the program is fulfilling its mission.

## Performance-Based Budgeting

The bottom line of performance-based budgeting is the effective use of taxpayer dollars. By measuring performance—quantifying what an agency does and the results—and setting goals, policymakers and the public can see whether a program is working and cost-effective. Performance reports serve as the foundation in the LFC’s overall “legislating for results” policy and budgeting frameworks.

Performance measures fall into five categories: An outcome measure looks at whether a program is having an impact on its clients or society. An output measure reports the number of goods produced or clients served. Efficiency and quality measures consider the way the service is provided, both cost and caliber. Finally, explanatory measures are for information only and do not include targets.

In LFC policy, ideal performance measures should provide meaningful information, focus on results, communicate clearly, reflect current efforts and progress, capture valid data, provide accurate and consistent information over time, allow for cost-effective data collection, allow for change to be measured over time, and use targets that reflect best practices.

While the committee is focused on measures that focus on the impact on New Mexicans, the measures in the LFC’s General Appropriation Act recommendation to the Legislature are a consensus developed by LFC analysts and the executive and do not always reflect that focus.

The Accountability in Government Act was amended in 2019 to prioritize agency use of evidence-based and “promising” programs that research shows could become evidence-based. Under the amendments, select agencies must also produce, as part of their budget request, an inventory of

programs and subprograms that indicates which programs are supported by evidence of effectiveness.

## Reporting

To facilitate reviews of agency performance and improve transparency for the public, LFC produces a “report card” based on the quarterly agency performance reports to add emphasis and clarity to the process and focus budget discussion on successful initiatives and programs. In the report cards, each measure and the program overall are rated as green, yellow, or red. Criteria for rating performance consider not only whether the program has met or exceeded its target, but also the quality of the measure, whether performance has improved or declined, economic conditions, and other factors, including those outside the control of the program.

While the report cards are generally good tools, particularly as a way of communicating agency performance to the public, LFC staff are alert to potential for improvement—in measuring the right things, benchmarking to national and state data, developing corrective action plans, and making a stronger connection to agency budgets.

Notably, while report cards show what is or is not working, they do not tell policymakers why a program is struggling. Lack of funding and poor implementation, as well as fundamental flaws in the approach, can cause a program to fail.

## LegisStat

LFC has been building on the existing legislating for results framework through a first-of-its-kind, legislatively driven performance improvement hearing process called LegisStat. The LegisStat process focuses on a key set of priority performance issues using existing quarterly reporting from state agencies. LegisStat combines performance reporting and action plans with regular meetings to track progress on accomplishing those plans.

### For More Information:

- Agency report cards, LegisState briefs, and more in-depth information on the act are available on the LFC website homepage: [https://www.nmlegis.gov/Entity/LFC/Agency\\_Report\\_Cards\\_And\\_Accountability](https://www.nmlegis.gov/Entity/LFC/Agency_Report_Cards_And_Accountability).
- The Accountability in Government Act is Article 3A of Chapter 6 of the New Mexico statutes.

**Typical Report Card Measures and Results**

| Fictional Program         |            | FYXX Actual | FYXX Actual | FYXX Target | Q1  | Q2  | Q3  | Rating |
|---------------------------|------------|-------------|-------------|-------------|-----|-----|-----|--------|
| Budget: \$xxx,xxx         | FTE: x,xxx |             |             |             |     |     |     |        |
| Services provided on time |            | 97%         | 91%         | 100%        | 94% | 95% | 96% | Y      |
| Clients who got better    |            | 54%         | 52%         | 80%         | 51% | 51% | 51% | R      |
| Program Rating            |            | G           | Y           |             |     |     |     | Y      |