

Accountability in Government Selected Performance Highlights Fourth Quarter, Fiscal Year 2020

Background

Pursuant to the Accountability in Government Act (AGA), quarterly reports are required of key state agencies, including performance measures and targets approved for each fiscal year by the Department of Finance and Administration (DFA) in consultation with LFC, as well as other measures important to agency operations. Since early 2019, LFC staff has worked together with DFA and agencies to help advance agency reporting. DFA's input has been useful for building a more collaborative approach to performance reporting, although LFC retains responsibility for the content and format of the final report cards.

Though these report cards are a helpful oversight mechanism for the Legislature, performance measurement is most useful as a tool for agency decision-making. Each report card notes if the agency has an action plan to address performance. LFC staff are taking this idea a step further, working with the Center for Government Excellence (GovEx) at Johns Hopkins University and the secretaries of select agencies to develop strategies for performance management in the future.

Additionally, LFC staff has developed a state performance dashboard showing key indicators of New Mexico performance broken down by the following domains: economic well-being, education and child welfare, health and environment, public safety, infrastructure, and government operations. The state performance dashboard will help the state focus on key agency activities that improve statewide outcomes.

Agencies indicate the COVID-19 global health emergency continues to effect performance in the fourth quarter, with closures and remote working conditions in effect since early March. Some agencies are projecting lower performance or no measurement of performance in the fourth quarter, while others continue to meet targets and reporting requirements.

Agency performance measures are listed in tables in the body of the report cards, along with a green, yellow, or red rating that indicates how well agencies are progressing in meeting performance targets. Where relevant and timely data is available, LFC analysts may add national or regional benchmarks to provide context for the state's outcomes. Yellow and red ratings indicate the data is insufficient for LFC analysts to readily recognize progress or problems or an early warning that an agency is not on track to meet a target by fiscal year end.

Performance of note for the fourth quarter of FY20 by major area includes:

Public Safety (*NMCD page 51, DPS page 55*)

Rates of inmate-on-inmate and inmate-on-staff assaults resulting in serious injury increased significantly in FY20 compared with FY19, on par with the 10-year high in assaults seen in FY18. The average vacancy rate among public correctional officers in FY20 was 10 percentage points higher than FY15. And the three-year recidivism rate for inmates released from NMCD's custody remained steady between FY19 and FY20, it has increased 10 percentage points over the past decade. NMCD proposed removing all these measures for FY22.

NMCD has failed to effectively manage the COVID-19 pandemic at Otero County Prison Facility, where almost 90 percent of the population has been infected, resulting in the deaths of four inmates. While COVID-19 cases remain relatively low at other facilities, it is unclear whether this is due to low rates of infection or low rates of testing.

Driving-while-intoxicated arrests by the New Mexico State Police (NMSP) decreased in both FY19 and FY20, likely due to decreased enforcement operations; however, alcohol-involved traffic fatalities in FY20 were on par with FY18 levels (with a spike in FY19), suggesting that decreasing DWI enforcement operations may not be aligned with drunk driving rates. Targeted pay increases appear to have helped NMSP attract and retain officers, leading to a decreased vacancy rate among commissioned state police officers in FY20, but reductions in personnel funding in the Department of Public Safety's revised FY21 operating budget will make it more difficult to implement a new officer pay plan.

The forensic chemistry unit was able to significantly improve its productivity despite lower staffing levels this year than in FY19, in part as a result of the COVID-19 pandemic, while the latent fingerprint unit experienced a 70 percent drop in productivity between the third and fourth quarters of FY20 despite having no additional vacancies or staff turnover during that time, which was also partially a result of the pandemic.

Department of Health (*page 38*)

Since the onset of the pandemic, the Public Health Program has provided drive through COVID-19 testing sites and testing at various sites. The program has performed over half of the 30 thousand COVID-19 tests statewide, averaging 800 to 1,000 tests per day.

The Epidemiology and Response Program reports the suicide rate in New Mexico has consistently been more than 50 percent higher than national rates. The state had

the second-highest age-adjusted suicide rate in 2018, and deaths by suicide increased by 6.7 percent compared to an increase across the nation of 1.4 percent.

Public Education (*page 50*)

Schools switched to distance learning and the state waived standardized testing requirements for FY20. As such, traditional measures of student performance like math and reading proficiency rates were not reported. The state's four-year high school graduation rate improved to 74.9 percent and Native American students saw the greatest improvement in graduation rates from the prior year (3.8 percentage point increase).

Fewer schools are projected to participate in prekindergarten and extended learning programs, and students may lose 3 months to a full year of learning due to closures and remote learning. The lack of performance reporting may hamper demonstrations of progress toward addressing *Martinez-Yazzie* education sufficiency case findings.

Higher Education (*page 64*)

Colleges and universities are on track to produce more awards with fewer resources, maintaining similar number of awards as prior year. Since the introduction of the outcome-based funding formula, institutions have focused on assisting students in obtaining a postsecondary credential.

Statewide, the number of public college and university employees has declined by 5.7 percent, or 1,181 full-time positions, from 2012 (20.8 thousand employees) to 2018 (19.6 thousand employees). Importantly, the trends reveal shifts between part-time and full-time employees, shifts from administrative staff positions to management or faculty, and in some cases, shifts into student-centered positions.

Natural Resources (*EMNRD page 26, OSE page 29, NMED page 43*)

Though state parks are now open for day-use, several weeks of closure in the spring and an ongoing prohibition on camping suppressed visitation and reduced self-generated revenue by roughly \$1.2 million compared to FY19. Park visitation, however, has been on a downward trend for 5 years; the total number of visitors in FY20 is 75 percent of what it was in FY16.

The Office of the State Engineer reports that 66 publicly owned dams regulated by the Dam Safety Bureau are in need of rehabilitation, have the potential to cause loss of life in a failure or incident, have auxiliary spillway capacity that is less than 70 percent of the regulatory requirement, and are deficient based on safety criteria with a condition rating of unsatisfactory, poor, or fair. The estimated total rehabilitation

cost of the 10 highest priority dams is at least \$88 million. Oral arguments for *Texas v. New Mexico* have been rescheduled for October 5, 2020.

The Environment Department (NMED) Food Program has shifted to enforcing statewide restrictions for indoor dining and providing guidance to food establishments on safely operating during the pandemic. NMED's Occupational Health and Safety Bureau leads the majority of the state's rapid responses, which ensure employers are following proper safety precautions to prevent the transmission of COVID-19 at their workplaces. NMED has conducted 1,149 of the state's 1,871 rapid responses since May.

Children, Youth and Families *(page 47)*

Since March, abuse, neglect and domestic violence referrals and reports have declined and concerns about underreporting and negative behavioral health outcomes have grown. Repeat maltreatment rates remain higher than the national average; however, CYFD ended FY20 with repeat maltreatment rates at their lowest levels since 2013. The on-going implementation of a new safety assessment and service matrix, to aid investigators in making the right decisions about family needs, should help improve performance.

The Juvenile Justice Services program exceeded its target for clients completing probation, ending the year with close to a 94 percent success rate. CYFD's new "Fostering Connections" initiative, will allow older youth that have left field supervision to receive supports such as housing and medical insurance, which are both factors in achieving long term success.

The Behavioral Health program saw a 12 percent increase in services delivered Community Behavioral Health Clinicians. These services are essential for system involved children and youth who often have high levels of acute trauma. In FY21, the program will add 10 new clinician positions allowing for more involvement and engagement in protective service cases.

Human Services and Medicaid *(page 34)*

The federal Families First Coronavirus Response Act (FFCRA) included a 6.2 percentage point increase in the regular Medicaid matching rate in response to the COVID-19 pandemic. States who received the 6.2 percentage point increase were required to continue Medicaid eligibility for any individuals who were enrolled as of March 18, 2020, or became enrolled during the public health emergency.

The Medicaid program enrolled 29.7 thousand new members between March 30, 2020, and June 30, 2020. A total of 860.7 thousand New Mexicans were enrolled in Medicaid as of July 1, 2020.

The Child Support Enforcement Division reported its child support collections for FY20 were up from about \$138 million to \$156 million due to intercepting federal FFCRA and Coronavirus Aid, Relief and Economic Security (CARES) Act stimulus funds checks that went out to non-custodial parents.

Taxation and Revenue Department *(page 13)*

The Taxation and Revenue Department (TRD) fell short of FY20 collection targets for collectible outstanding balances and collectible audit assessments. The department began using a new data analytics tool in FY20 to facilitate collections, but detailed information on collection outcomes is not yet available.

Wait times in Motor Vehicle Division (MVD) offices and call centers remained above targets. MVD call volume was up by 10 percent between the second and fourth quarters. MVD did not report office wait time data for the fourth quarter, a period in which MVD offices were open by appointment only. It is not clear how much transaction volume from the MVD has shifted to MVD Express offices.

During FY20, TRD continued to update IT systems as required by 2019 legislation authorizing numerous tax code changes. For FY21, the agency received \$8.4 million for enhancements to its combined reporting in GenTax, its tax administration software system, including required tax changes.

Economic Development and Tourism *(Tourism page 21, EDD page 23)*

EDD did not meet the targets for overall jobs created, rural jobs created, and jobs created through the use of Local Economic Development Act (LEDA) funds. The Film Program also missed both targets for FY20, as production came to a halt in March.

The Economic Development Division awarded 15 companies \$12.9 million in LEDA funds in FY20, and created 2,891 jobs. The Job Training Incentive Program (JTIP) board approved 69 businesses for funding in FY20, including 20 in rural communities, with a total of \$18 million in awards, and exceeded the target of workers trained with 2,202. The average hourly JTIP wage was \$19.32.

The Workforce Solutions Department reports jobs in the leisure and hospitality sector dropped by 24.2 percent, the second-largest decline in the state. The change

in employment in the leisure and hospitality sector significantly missed the annual target, due to hotel capacity being capped at 50 percent.

General Government (*GSD page 17, SPO page 20, DOT page 58*)

The General Services Department reports increasing fund balances in the risk funds, an indication that rates charged to agencies for liability, property, and workers' compensation insurance are more than sufficient to pay program costs. However, the group health benefits program finished FY20 with a dangerously low fund balance and is on track for a multi-million dollar shortfall in FY21; though decreased utilization due to COVID-19 may improve the financial position of the program as elective procedures are delayed or cancelled.

The State Personnel Office reported a slight increase in the vacancy rate despite the imposition of a statewide hiring freeze in April. The deteriorating jobs market also likely contributed to an increase in the number of state workers completing their first year of service. New Mexico has a higher percentage of government employment than the national average (21.4 percent versus 15.5 percent). The dependence on government employment likely lessened the impact of the economic contraction in the second quarter of 2020 as public sector employees are less likely to be laid off than their private sector peers.

The Department of Transportation (DOT) reports 92 percent of construction projects were completed on time. Total project cost was 1 percent higher than the estimated project budget, indicating DOT is effectively planning, designing, and managing projects to control costs. Funding increases appropriated by the Legislature allowed maintenance crews to vastly exceed the target for roadway preservation. While preservation activity increased, road conditions have deteriorated for the past several years, a reflection of historic funding shortfalls as construction cost increases outpaced revenue increases.

Courts and Justice (*page 9*)

Workload in the criminal justice system plummeted in the fourth quarter. Criminal justice partners anticipate workload to sharply increase in the upcoming fiscal year as previously delayed cases begin to move through the courts.

The district attorneys did not submit a unified priorities budget as requested by the Legislature for the 2019 legislative session and were unable to validate performance data by the report card deadline, earning an overall "red" rating for all agencies. The Public Defender Department continues robust reporting, and saw the lowest vacancy rates in the agency in the last five years (at just under 9 percent) for the fourth quarter.

Investments (page 68)

For fiscal year 2020, the value of New Mexico's combined investment holdings for the pension and permanent funds declined by \$1.1 billion, or 2.1 percent, to end the year at \$51.729 billion. Over the last five years, the state's combined investment holdings grew \$6.4 billion, or 14.1 percent.

One-year returns ranged from a drop of -1.5 percent (PERA) to a gain of 0.24 percent (LGPF). Over the last 10 years, average investment returns ranged from 7.49 percent (PERA) to 7.99 percent (LGPF). With recent market volatility following the onset of the COVID-19 pandemic, all funds underperformed their targets for the 1-, 3-, and 5-year periods. However, all funds outperformed their target rates for the 10-year period.

When comparing to peer funds greater than \$1 billion on a net of fees basis, all funds performed in or near the lowest quartile for the quarter and one-year period and below the median for the three-year period. Due to lower-risk profiles, the funds performed well relative to peers last quarter when the market was in a downturn, but conversely, when riskier assets rally as they did in the second quarter of 2020, the funds do not participate in the market run-up in the same magnitude as peer funds. The ERB fund and permanent funds performed at or near the median for the five-year period, and all funds performed at or near the median for the 10-year period. The PERA fund was the worst performing, with returns in the lowest quartile for every period other than the 10-year.

Information Technology Projects

Information Technology Projects data will be available in the Volume I session publication.

Workforce Solutions

At the time of this report, LFC had not received the Workforce Solutions performance report for the first quarter of FY20. The majority of the data used to measure the agency's performance is reported through the U.S. Department of Labor, and is not released until 30 to 60 days after the end of the quarter. When the agency performance report is received, the WSD fourth quarter report card will be posted at [https://www.nmlegis.gov/Entity/LFC/Performance Dashboard](https://www.nmlegis.gov/Entity/LFC/Performance%20Dashboard).

Behavioral Health

At the time of this report, LFC had not received the Behavioral Health Services Division (BHSD) performance report for the fourth quarter of FY20. This is a recurring issue with BHSD and detracts from LFC efforts to report agency outcomes and effectiveness in a timely manner. When the agency performance report is received, the BHSD first quarter report card will be posted at <https://www.nmlegis.gov/Entity/LFC/Performance Dashboard>.