

July 29, 2016

MEMORANDUM

TO: John Arthur Smith, Chairman, LFC
Jimmie C. Hall, Vice Chairman, LFC

Cc: LFC Members

THRU: David Abbey, Director, LFC

FROM: David Lucero, Deputy Director, LFC

**SUBJECT: Accountability in Government Status Report on Agency Proposed
Performance Measurement Changes July 2016**

As part of the annual review of programs and performance measures under the Accountability in Government Act (AGA), with direction from the Department of Finance and Administration (DFA), agencies submitted their proposed measures for FY18 on July 15th. While there are some areas of agreement, there are numerous areas where valuable performance data may be lost. Although negotiations are continuing and FY18 measures will not be finalized by DFA until August 15, 2016, this memo highlights agencies and measures LFC staff are concerned about.

Agencies designated as “Key Agencies” are required to submit quarterly performance data. DFA verbally committed to designating 21 agencies as Key Agencies, including 17 that will report data quarterly. Four others will report semi-annually: the Public Education Department, Public Schools, Higher Education Department, and Higher Education Institutions. Most agencies will no longer be required to report general administrative performance (see attachment A).

Collectively, agencies wanted to report fewer performance measures, report measures on an annual basis, and report more output than outcome measures. The agencies identified below proposed changes that lessen transparency, provide less data on how state agencies effectively carry out their responsibilities, and diminish many of the previous gains to improve accountability.

Prior to the Accountability in Government Act (AGA), agency appropriations were tightly controlled by the Legislature with attention paid to individual budget line items and incremental spending on salaries, office supplies, travel, etc. AGA traded increased budget flexibility for performance data. For FY18, where agencies will no longer be providing robust performance data, LFC staff will recommend appropriating the operating budget with multiple budget line items and more restrictive budget adjustment authority.

Human Services and Medicaid

HSD proposed several good new measures, including the rate of non-emergent use of emergency room services, number of people receiving services through value-based purchasing arrangements, number of people served by patient-centered medical homes and health homes, and number of people receiving Hepatitis C treatment. However, HSD proposed to delete measures, including the only measure for school based health centers, fall risks for the elderly, use of telehealth services, infant well child visits, and prenatal care. Finally, staff do not concur with the proposal to combine HSD's Medicaid and Medicaid Behavioral Health programs because this would further erode accountability and transparency for the \$6 billion program.

Behavioral Health

HSD proposed to delete lower quality measures and add a new Healthcare Effectiveness Data and Information Set (HEDIS) measure, the percent of people who receive follow-up visits after having been admitted to the emergency room for a diagnosis of alcohol or other drug dependence.

Health

The Department of Health proposal would discontinue measures related to the number of teens receiving family planning services, percent of preschoolers fully immunized, obesity, tobacco use, re-abuse rate of people on the DD Waiver, and death rates for alcohol use, drug overdoses, sexual assault and suicide.

Aging and Long-Term Services (ALTSD)

ALTSD's proposal deletes 17 measures including information on transitional services, quality of life measurement, benefits counseling, senior employment, transportation, senior volunteers, seniors raising grandchildren, and number of seniors receiving aging network community services. The department plans to retain ten measures on ombudsman complaints, transition assistance, calls to the aging center, and options counseling.

Children, Youth and Families

The Children, Youth and Families Department discontinued measures related to program support business operations and updated all Protective Service measures to mirror federal reporting requirements. The Early Childhood Services program consolidated child care quality measures and continued home visiting measures previously reported.

Public Safety

Judiciary District courts and statewide entities proposed deleting all but one measure in each entity, but are still working on a more robust set of replacement measures. The District Attorneys

(DAs) and Public Defender Department (PDD) requested five new measures which were discussed and agreed upon.

The Department of Public Safety (DPS) proposed to delete a few measures but reworded most other measures for clarity, most notably measures relating to state crime labs. DPS clarified operation-specific measures to report on an aggregate statewide level instead of on a full-time-equivalent basis, such as number of DWI arrests per officer. The majority of measure changes were to report measures as explanatory – a performance measure without a target. Of the 31 measures proposed, only 13 are quarterly. In DPS' largest program, Law Enforcement, the proposal reduces the number of quarterly measures to four.

The New Mexico Corrections Department (NMCD) proposed deletion of most recidivism measures, numbers of escapes, sex offenders receiving treatment, and all measures of on-time releases. However, the department added measures on Hepatitis C treatment success and timely chronic care appointments. NMCD also deleted Probation and Parole Officer and Correctional Officer turnover rate measures in favor of vacancy rate measures; LFC would like to see turnover measures remain in light of recent pay increases. Like DPS, NMCD proposed 27 measures but only 13 are quarterly.

Public Education

The Public Education Department's proposal for Public School Support (PSS) would delete or consolidate measures on student proficiency rates, graduation rates, college remediation, and truancy rates. For example, PED proposed combining all student proficiency measures into a single measure. PED's request for Public School Support would make it harder to track important issues such as student performance, the achievement gap, and college remediation. LFC staff proposed adding measures on teacher effectiveness, American Indian proficiency and graduation, the percent and number of eligible children served in K-3 Plus, the number of teachers receiving merit pay awards, and PED led professional development for teachers and administrators. For department operations, the PED proposal would delete 26 of 30 performance measures.

Higher Education

The Higher Education Department (HED) submitted requested changes that LFC and DFA staff agree upon. The measures more closely align to the department's current initiatives and remain mostly similar to previous measures.

HED solicited input from the higher education institutions for FY18 measures and consolidated the input into four measures per institution. DFA and LFC staff have tentatively agreed on two additional measures per institution as a baseline. DFA and LFC staff are soliciting additional input from institutions concerning their research and public service projects that receive over \$1.0 million in annual general fund support. The University of New Mexico submitted slightly different measures than the other four-year institutions, and staff have tentatively agreed to align all four-year measures. Community colleges submitted some measure ideas, but did not provide

a comprehensive list of requested measures. As a result, DFA staff offered an extension for the community colleges to agree on performance measures.

The special schools updated several measures to reflect a more quantifiable performance picture (e.g. measures rooted in nationally recognized assessments). New Mexico Military Institute added two measures to better align with other high school and community college measures.

Natural Resources

The Environment Department requested to delete a number of measures, including the percent of days with good or moderate air quality, occupational fatality and injury rates, and the percent of facilities with discharge permits where monitoring shows compliance with groundwater standards. Measures were significantly reduced and improved last year at this time: for FY16 the agency had 50 measures, but this was reduced to 29 measures for FY17.

The Energy, Minerals and Natural Resources Department proposed to delete measures, including the percent of inspections showing compliance by oil and gas facilities and mining operations. These were new measures agreed upon during 2015 negotiations for FY17 and are key to showing the effectiveness of the agency's efforts on its primary responsibilities.

Economic Development and Tourism

The Economic Development Department proposed to discontinue reporting two fundamental measures, including the number of businesses participating in JTIP and the average hourly wage of jobs funded by JTIP.

The Tourism Department proposed to delete two measures, including the percent change in visitors to New Mexico and the percent of visitors who choose New Mexico as their primary destination.

Workforce Solutions Department

The Workforce Solutions Department discontinued measures related to program support but continued all unemployment and workforce training measures as required by the U.S. Department of Labor.

General Government

The General Services Department proposed to discontinue reporting on a number of measures that LFC staff agreed with for the most part, except for those related to employee health costs and premium increases.

The State Personnel Office proposed discontinuing all of the 16 existing performance measures and replacing them with five new measures covering SPO-specific processes. Among the discontinued measures are the average time to fill positions, turn-over rates, and percent of new

employees completing their probationary period. These measures provide important insight into the efficiency of the state's labor force and are valuable tools for assessing the needs of the personnel system. SPO stated they would continue providing this information in a report format, but did not specify when it would be reported, annually or quarterly.

The Taxation and Revenue Department requested to delete many output and outcome measures and change others to explanatory measures. For instance, the department proposes to change the measures: personal income tax returns filed on time and percent of questionable refund tax returns stopped vs. total returns processed to explanatory measures. Both of these measures provide useful information regarding FTE utilization and its effect on budget recommendations.

The Department of Finance and Administration (DFA) proposed to adopt almost all changes suggested by the LFC, adding a few new measures of their own, some language changes, and deleting two measures, including a measure on counties and municipalities timeliness for budget approval by the Local Government Division (LGD), and counties and municipalities operating under a conditional certification during the fiscal year.

Summary of FY18 changes to key reporting agencies

UPDATED 7/26/16

Current Key Agencies	FY17	DFA FY18 changes*
Administrative Office of the Courts	Quarterly	Quarterly; now rolled into 'judiciary' with PDD
Aging and Long-Term Services Department	Quarterly	Quarterly
Children, Youth and Families Department	Quarterly	Quarterly
Corrections Department	Quarterly	Quarterly
Department of Health	Quarterly	Quarterly
Department of Information Technology	Quarterly	Annual
Department of Public Safety	Quarterly	Quarterly
Department of Transportation	Quarterly	Quarterly
Economic Development Department	Quarterly	Quarterly
Energy, Minerals and Natural Resources Department	Quarterly	Quarterly
Environment Department	Quarterly	Quarterly
General Services Department	Quarterly	Quarterly
Higher Education Department	Quarterly	Semi-annual
Higher Education Institutions	Quarterly	Semi-annual
Human Services Department	Quarterly	Quarterly
Office of State Engineer	Quarterly	Quarterly
Public Education Department	Quarterly	Semi-annual
Public Schools	Quarterly	Semi-annual
State Personnel Office	Quarterly	Quarterly
Taxation and Revenue Department	Quarterly	Quarterly
Tourism Department	Quarterly	Quarterly
Workforce Solutions Department	Quarterly	Quarterly
		<i>* reporting for key programs only, excluding administrative operations</i>