

August 24, 2016

MEMORANDUM

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

THROUGH: David Abbey, Director, LFC

FROM: David Lucero, Deputy Director, LFC

SUBJECT: Accountability in Government Status Report on Final DFA Performance Measurement Changes, August 2016

The annual review of programs and performance measures under the Accountability in Government Act (AGA) has been the subject of considerable review this year, through the efforts of both LFC staff and the Department of Finance and Administration (DFA).

Staff of both agencies have worked together in an attempt to maintain the most important measures for key agencies for FY18, while at the same time reducing the sheer volume of measures by weeding out less-useful measures. LFC staff have been challenged to find the right balance, and make certain enough meaningful measures, reported with appropriate frequency, remain in place to ensure sufficient accountability and transparency is maintained.

This process of top-to-bottom review is not unusual and is, in fact, the national standard of practice. LFC Director Abbey participated in a recent National Conference of State Legislatures (NCSL) panel on performance based budgeting, where New Mexico was recognized as a leader for developing and maintaining our agency report cards. However, the panel also agreed that performance measurement requires perennial revitalization and continuous attention in order to remain current and useful to agency and legislative budgeting and oversight.

This year's work has been time-consuming, and there remain some areas where LFC staff do not concur with DFA changes. Overall, more than 600 less-useful measures were eliminated and several were converted to informational explanatory type measures. These areas are summarized below. As the recommendations for FY18 operating budgets are put together, LFC staff will monitor the agency budget requests and may recommend some operating budgets with multiple budget line items and more restrictive budget adjustment authority where measures were diminished.

Human Services and Medicaid

A number of low-quality measures were deleted for HSD programs for FY18. New measures include an efficiency measure for child support enforcement, several new measures for Medicaid including members who have received treatment for Hepatitis C, and two new measures within

the Income Support Division to evaluate TANF work programs that help clients train for and obtain new employment.

Behavioral Health

LFC and DFA agreed not to combine Medicaid Behavioral Health with the Medical Assistance Division but rather leave them as separate programs to maintain expenditure transparency. Within the Behavioral Health Services Division, the department added two new HEDIS measures addressing follow up treatment after hospitalization for mental health issues.

Health

Many of the department's outcome measures were either discontinued or were made into explanatory measures. LFC staff provided the department with a list of measures that would improve the department's reporting with the department adding only one measure, on the percent of pharmacies certified to dispense Naloxone. Measures on teen pregnancy, school based health center well exams, and infant pertussis were discontinued. New measures on teen pregnancy outreach, school based health center visits, smoking, diabetes, and tribal health councils were added.

Aging and Long-Term Services (ALTSD)

The department's FY18 performance measures will retain many of last year's measures except several of the less useful measures were discontinued. LFC staff asked the department to add new more useful measures to align performance with the department's strategic plan. The department proposed and LFC staff agreed to add a measure for the average cost per client served in the Aging Network.

Children, Youth and Families

In FY18, the Children, Youth and Families Department (CYFD) will begin reporting new federal child protective service measures and will consolidate early childhood services measures. The Juvenile Justice Services program will remain relatively similar to FY17. Program Support measures will be removed in FY18.

Public Safety

Judiciary The courts requested more measures than DFA preferred, resulting in a compromise to label them explanatory. Some of the measures that LFC staff asked for are under review for FY19. The District Attorneys submitted what DFA and LFC staff suggested, but have doubts they will be able to measure what they submitted. LFC staff tried to contact the president of the DA Association and other DAs to get input on the measures in question, but received no responses. The Public Defender Department's submissions are agreed to by all parties.

The Department of Public Safety (DPS) DFA retained all measures LFC wanted to keep and agreed on new measures proposed by DPS. DPS split some measures that counted more than one task into two new measures to improve accountability. Forensic science measures were previously calculated by the number of cases completed per full-time-equivalent (FTE). The

agency removed the FTE language to more accurately capture the scope of work being done within the forensic laboratories.

The New Mexico Corrections Department (NMCD) The department's FY18 performance measures include all of last year's measures except one redundant measure. Many of the department's outcome measures were made into explanatory measures to maintain reporting. The department added two new healthcare performance measures on chronic care management and hepatitis C treatment as well as a measures of inmate employment through Corrections Industries. DFA and LFC staff agreed on retaining most measures.

Public Education

DFA, LFC, and the Public Education Department (PED) reached consensus for Public School Support performance measures, maintaining indicators on student proficiency rates, graduation rates, college remediation, and truancy. Performance measures relating to charter schools were consolidated into overall public school performance, and LFC staff proposals to add measures on teacher effectiveness and American Indian proficiency and graduation rates were included. For departmental operations, PED agreed to keep nine measures and add five measures on K-3 Plus service, teacher merit pay award numbers, and professional development numbers.

Higher Education

Higher Education Department The total number of measures for the Higher Education Department decreased significantly, eliminating several measures showing how the department meets basic functions, such as approving capital outlay draws. New measures for the department target the department's strategic initiatives, such as on-time degree completion, postsecondary credential attainment, and improved financial control.

Higher Education Institutions Measures for higher education institutions were aligned more closely across sectors, allowing more comparability between New Mexico's colleges and universities. Measures were added for agencies previously under the radar of the Accountability in Government Act, such as the New Mexico Department of Agriculture. New for FY18, all research and public service projects over \$1.0 million in annual general fund support were included in the FY18 final approved performance measures.

Natural Resources

Environment Department's final approved measures for FY18 retain many of the measures the department requested to discontinue but as explanatory measures, including air quality, groundwater discharge permit compliance, and river restoration efforts. Classifying these measures as explanatory means there will not be a performance target. LFC staff is still concerned that explanatory Environment Department measures may not be reported with appropriate frequency but awaits determination of which will be reported quarterly.

The Energy, Minerals and Natural Resources Department will continue to report on oil and gas and mining facility inspections and violations in FY18. 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. The agency also agreed to begin reporting on the number of volunteer hours dedicated to state parks beginning in FY18.

Economic Development and Tourism

The Economic Development Department The agency's final submission resulted in deleting 14 measures. The agency changed average hourly wage of jobs funded by JTIP from outcome to explanatory, requiring no target. The agency is also discontinuing to measure the number of businesses participating in JTIP.

The Tourism Department The agency's final submission resulted in deleting 13 measures, including percent increase of gross receipts tax revenue from accommodations revenues and percent of visitors who choose New Mexico as their primary destination. LFC staff would prefer for both measures to remain, even as explanatory, however the agency feels that these measures are out of the agency's control.

Workforce Solutions Department

The department performance measures will remain relatively unchanged in FY18 as a majority of measures are federally required. LFC and DFA staff agreed to remove some business process measures that the agency will continue to track internally.

General Government

The General Services Department The agency originally requested to stop all quarterly reporting, but a compromise was reached: four programs will remain quarterly and the rest will report annually. DFA, LFC and agency staff decided upon four measures per program. LFC staff was disappointed the Facilities Management Division did not want to add measures related to facility condition assessments and space occupancy, considering investments made upgrading asset management systems. However, LFC staff have been given access to the web-based system and Capital Buildings Planning Commission's property inventory which will provide the same information more frequently.

The State Personnel Office The State Personnel Office (SPO) requested virtually all of its measures be discontinued in the AGA stating the agency cannot directly control the outcomes. LFC and DFA recommend continuation of the statewide personnel measures, though most of them will be designated as explanatory and will not include a target for purposes of AGA.

The Taxation and Revenue Department Most changes to measures for the Taxation and Revenue Department converted measures to explanatory, but will still be reported concurrent with AGA. The department reports most are beyond control of the agency, for example, "the number of personal income taxes filed electronically."

The Department of Finance and Administration (DFA) Consensus was reached to delete more than half of measures that provided no useful information or were administrative in nature. Two new measures were added.