

# Legislating For Results



NEW MEXICO  
LEGISLATIVE  
FINANCE  
COMMITTEE

The purpose of the Accountability in Government Act (AGA) is to provide for more cost-effective and responsive government services by using the state budget process and defined outputs, outcomes and performance measures to annually evaluate the performance of state government programs. The AGA traded budget flexibility for information about how state agencies economically, efficiently, and effectively carry out their responsibilities and provide services. Prior to the AGA, agency appropriations were tightly controlled by the Legislature with attention paid to individual budget line items and incremental spending of salaries, office supplies, travel, etc. After the AGA, the focus switched to results as measured by performance (inputs, outputs, outcomes, etc). To facilitate reviews of agency performance, LFC developed a dashboard report, a report card, to add emphasis and clarity to the reporting process and focus budget discussions on evidence-based initiatives and programming. While the report cards are generally good tools, there is room for improvement – in reporting results, measuring the right things, benchmarking to national and state data, developing corrective action plans, and making a stronger connection to agency budgets. To make the most of the opportunity, agencies need to more effectively use performance indicators and tools, such as cost-benefit analysis, to ensure limited resources are used to cut ineffective programs and bolster effective ones. LFC has evolved its work into a comprehensive evidence-based budget and policy framework – Legislating for Results - with performance reporting as a key element.

## **Legislating for Results Framework**

The framework includes five key areas, of which performance reporting plays a critical role. LFC incorporates policy, budget and cost-benefit analysis; research; performance reporting; and program evaluation into this framework.

***Identify priority areas and performance.*** Performance data helps highlight the need for additional oversight and attention through the budget process. LFC budget guidelines provide staff direction on using this information to aid in the LFC budget development, in addition to traditional priority funding areas for the Committee.

***Review program inventory and effectiveness.*** Agencies have significant flexibility to spend their program budgets on a variety of activities and interventions to improve government outcomes and performance. A systematic review of the evidence, either through research or performance data, on the effectiveness of these activities and interventions can identify whether agencies are spending money on what works.

***Budget Development.*** Performance information and evidence of program effectiveness is incorporated into the budget process with the intent to move money towards programs likely to work and yield a high return on taxpayer investments, where possible.

***Implementation Oversight.*** Performance reports, and other tools, are used to ensure programs are effectively implemented. The best evidence-based programs will not work as intended if poorly implemented, and monitoring the quality of implementation is critical to protect taxpayer investment.

***Outcome Monitoring.*** A combination of performance reports and program evaluations assess whether programs are achieving desired results. Outcomes can be compared to what research says should likely occur as well as compared to other states, industry or national data.

## Using Performance Data

Performance information provides a major accountability tool by identifying what a state is getting for the activities it undertakes and the funds it spends. The Legislature also intended that the AGA be used to keep the public informed on the performance of state government.

According to the National Conference of State Legislatures, performance data can be used to do the following, among the many benefits.

- Enable legislators to ask state agencies the right questions about their responsibilities—about both past performance and expected future results. Make clear which programs work and which ones do not.
- Improve oversight of state programs and policies. This helps encourage program management to recognize the need to focus on results, and indicate that the legislature is serious about considering service outcomes.
- Provide useful information about state programs that can be communicated easily and clearly to constituents.
- Provide objective evidence on outcomes of agency activities that inform the political debate. This can help enable legislators to ask meaningful questions about politically sensitive programs without the questions being misinterpreted as opposition.
- Help identify areas for potential budget reductions, increases or reallocations, including identifying the estimated consequences of such changes.
- Enhance state strategic planning efforts by encouraging a long-term focus on results (i.e., outcomes of government efforts).
- Assist legislators to develop policies by providing objective information on current conditions.
- Encourage state employees to focus on the goals and desired outcomes of their programs.

Performance information is unlikely to tell which factors caused the outcomes and to what extent each factor contributed to an outcome. Nor can this information identify how many dollars of appropriation are linked to successful achievement of an outcome. These issues require additional evaluation and investigation. In addition, performance information seldom identifies specific actions needed to correct problems. It can, however, offer useful clues as to what needs to be done and where. As a result, agencies are required to implement action plans in response to performance reporting. Good action plans should detail who, what, when, and how; and be readily available for Committee review.

## Questions for Agencies on Performance

Committee hearings during the interim and through the budget cycle provide legislators a key opportunity to use performance data and evidence to build a budget and inform policy development. Copies of the latest agency report cards and evaluation progress reports are available in LFC binders for each hearing. Possible questions for agency staff include the following.

- Is your agency/program meeting performance targets?
- How does performance compare to national and other state performance?
- How does agency performance and strategic plan inform your budget request?
- What is your agency's action plan for improved performance? Please provide a copy.
- How much of your program spending is on evidence-based interventions? And how much of your budget request is to implement or expand evidence-based interventions?
- What progress has your agency made in response to any recent LFC program evaluations?
- Do your performance measures and reports follow LFC guidelines (see next page)?

ACCOUNTABILITY IN GOVERNMENT  
Performance Measure Guidelines

Elements of Good Performance Measures	Agency Quarterly Reports	Elements of Key Agency Reports
<p>Ideal performance measures should be</p> <ul style="list-style-type: none"> <li>• <b><i>Useful:</i></b> Provide valuable and meaningful information to the agency and policymakers</li> <li>• <b><i>Results-Oriented:</i></b> Focus on outcomes</li> <li>• <b><i>Clear:</i></b> Communicate in a plain and simple manner to all stakeholders (employees, policymakers, and the general public)</li> <li>• <b><i>Responsive:</i></b> Reflect changes in performance levels</li> <li>• <b><i>Valid:</i></b> Capture the intended data and information</li> <li>• <b><i>Reliable:</i></b> Provide reasonably accurate and consistent information over time</li> <li>• <b><i>Economical:</i></b> Collect and maintain data in a cost-effective manner</li> <li>• <b><i>Accessible:</i></b> Provide regular results information to all stakeholders</li> <li>• <b><i>Comparable:</i></b> Allow direct comparison of performance at different points in time</li> <li>• <b><i>Benchmarked:</i></b> Use best practice standards</li> <li>• <b><i>Relevant:</i></b> Assess the core function of the program or significant budget expenditures</li> </ul>	<p>Each quarterly report should include the following standard items</p> <ul style="list-style-type: none"> <li>• Agency mission statement</li> <li>• Summary of key strategic plan initiatives</li> <li>• Program description, purpose and budget by source of funds</li> <li>• How the program links to key agency initiatives, objectives, and key performance measures</li> <li>• Action plan describing responsibilities and associated due dates</li> </ul>	<p>Key Measure reporting should include</p> <ul style="list-style-type: none"> <li>• Key performance measure statement</li> <li>• Data source to measure key measure results</li> <li>• Four years of historical data (if available)</li> <li>• Current quarter data (both qualitative and quantitative)</li> <li>• Graphic display of data as appropriate</li> <li>• Explanation for measures 10 percent or more below target</li> <li>• Proposed corrective action plan for performance failing to meet target</li> <li>• Action plan status</li> <li>• Corrective action plan for action plan items not completed</li> </ul>