

## **Accountability in Government Selected Performance Highlights Third Quarter, Fiscal Year 2016**

Pursuant to the Accountability in Government Act (AGA), quarterly reports are required of key agencies, including performance measures and results approved by the Department of Finance and Administration (DFA) and other measures agencies consider important to operations. Each quarter, LFC analysts review agency performance reports and develop report cards for select measures.

This report presents agency performance in the third quarter of FY16. LFC staff is increasing efforts to provide benchmark data comparing New Mexico results to those of neighboring states or national averages, and this performance report now also includes a quarterly investment report.

Performance of note in the third quarter of fiscal year 2016 by major area:

### **Human Services and Medicaid**

New Mexico performance for infants who had six or more well-child visits and newborns whose mothers received a prenatal care visit in the first trimester is quite low and the reasons complex; however, one promising approach could be leveraging Medicaid for home visiting as recommended by Johnson Group Consulting, Inc., nationally recognized for work in maternal and child health policy.

HSD submitted a number of organizational objectives and strategies to address ongoing concerns with application and eligibility programs within the Income Support Division. For example, the department will release an RFP for one or more consultants to assist with compliance with court orders and federal law, application processing, and training.

### **Behavioral Health**

HSD reports it continues to see increased use of behavioral health services since the implementation of Centennial Care and the expansion of Medicaid to those under 138 percent of the federal poverty level. Preliminary numbers for FY16 show about equal numbers of unduplicated individuals served as the same time in FY15, despite that in FY16 NM Corrections Department claims were no longer processed through the Behavioral Health Collaborative and OptumHealth.

The Collaborative reported exceeding the national benchmark of 34.3 percent for adults diagnosed with major depression who received continuous treatment for 180 days with an antidepressant medication, but fell short of its target for people receiving substance abuse services within 30 days of their initial visit.

## **Health**

The Epidemiology and Response Program increased the number of Naloxone kits distributed, exceeding the total number of kits distributed during FY15. A bill passed during the 2016 legislative session ensured wider access to Naloxone by removing prescription requirements for the drug.

In quarter three, the percent of long-term care patients experiencing one or more falls with injury in Department of Health facilities remained too high. The department stated that this was due to a change in the way the department counts falls, and it is now including all patients who fall with injury. The measure on falls should be split into two measures – major injury, minor injury – to match national benchmark data for long-term care facilities in the future.

Recent actions should allow the Developmental Disabilities Support Program to disengage from the Jackson lawsuit and settle the Waldrop lawsuit. The GAA of 2016 included a \$6.8 million appropriation for expenses related to the two lawsuits. The appropriations will fund additional FTE for financial operations, program management for outside review and outreach, regional liaison support to individuals and providers, and training for regional staff, case managers and providers. Settlement mandates are expected to increase client service levels, improve program infrastructure, and provide technical assistance to service providers to improve service delivery systems to clients.

## **Aging and Long-Term Services (ALTSD)**

ALTSD's state plan on aging includes goals such as effectively coordinating services for older New Mexicans, supporting evidence based health promotion, and enhancing public and private partnerships. It is difficult to assess the department's success at accomplishing these goals due to little meaningful performance monitoring. Recent program evaluations of the department stated that performance outcomes are not tracked and data is not used for strategic planning purposes. The department has the means to provide a more robust set of performance data, but does not.

Recommended additional measures would focus on adult maltreatment, repeat maltreatment, investigator caseloads, and Adult Protective Services post

maltreatment service provider outcome data. Improved performance monitoring in the Aging Network would track service outcomes like the effect of respite care on longevity of the caretaker, and would report these as performance measures to give a better idea about the Aging Network's capacity and its adequacy in meeting the needs of the senior population.

## **Children, Youth and Families**

The Children, Youth and Families Department (CYFD) improved performance on several measures during the third quarter, especially in the Juvenile Justice Services and Early Childhood Services programs. However, the Protective Services program continued to struggle in reducing repeat maltreatment. Turnover rates for direct service FTE also rose, compounding workforce stability concerns.

## **Public Safety**

LFC analysis shows the prison population at the New Mexico Corrections Department (NMCD) remained stable both of the last three quarters. Measures of inmate violence and recidivism remain high while the measure of positive drug tests or drug test refusals fell. Measures of release eligible inmates incarcerated past their release date also remain on target.

The Department of Public Safety (DPS) continues to focus on recruiting and retaining new officers by changing the agency's standard testing method to a nationally validated model, expediting background check processes, and reassessing physical testing. The measure of DWI arrests per officer is below target, but there is no definitive cause for the lower arrests. At the end of 2014, the Centers for Disease Control and Prevention (CDC) showed that New Mexico's DWI death rates were 45 percent higher than the national average; however, since 2014, New Mexico's DWI death rate has fallen 28 percent.

## **Public Education**

New Mexico received an overall grade of "C" in the National Council of Teacher Quality 2015 State Teacher Policy Yearbook, an improvement over 2011 and 2013 when the state's grade was a "D+". According to the report, New Mexico made progress in the areas of teacher preparation program accountability, alternate route eligibility, alternate route usage and providers, and licensure advancement based on evidence of teacher effectiveness.

Results on the 2015 National Assessment of Educational Progress show within New Mexico, the performance gap for Hispanic students and free/reduced-price

lunch students in the fourth grade and eighth grade is not significantly different from the gap in 2000 for math and in 1998 for reading.

For summer 2016, 272 schools serving 18,949 students received initial awards for K-3 Plus. Due to flat funding, districts and charter schools received the same amount of funding for summer 2016 as they did for summer 2015 and no new programs were added.

Data reported by PED in the third quarter report shows mixed results and accuracy of reported information continues to be a concern. PED resumed data validation audits of funding formula components and program compliance, auditing five local education agencies in the third quarter.

PED took an average of 35 days to process federal reimbursements to school districts and charter schools in the third quarter, or 9 days longer than the average in FY15 and 11 days over the FY16 target. Processing time affects cash flow of many school districts and charter schools, especially those with small cash balances. PED indicates the increase in time is primarily due to an increase in questioned costs for noncompliance and personnel turnover.

## **Higher Education**

The Higher Education Department significantly improved third quarter performance for adult education measures, while student loan-for-service compliance remains stagnant. Quarterly performance measures for the department continue to present a challenge due to the nature of the programs the department administers, particularly because these programs' success is dictated by the academic year.

Higher education institutions report one performance measure each spring. Four-year institutions report fall-to-spring retention rates, while two-year colleges report fall-to-fall retention rates for the prior year. Targets for these measures are not set at the state level; the institutions set these targets themselves. Retention rates at four-year institutions remain relatively stable, though some have dipped slightly. Two-year institutions vary greatly in their retention performance, both when compared to each other and compared over time.

While retention rates at four-year institutions are a good predictor of graduation rates, LFC staff are unable to find a similar correlation among two-year institutions. This suggests the need for further study and perhaps additional performance measures that more reliably predict future student success. This

becomes especially important as the cost to pursue a college degree increases due to tuition increases.

## **Natural Resources**

Forest and watershed restoration efforts did not progress as planned in the second and third quarters, primarily due to heavy mountain snowstorms. State parks continued to see stronger visitation than in prior years and per visitor revenue increased to a level not seen since FY14.

Dam inspections are expected to reach the annual target, but 121 high hazard dams have some deficiency, like inadequate spillway capacity, deferred maintenance, age, or design limitations. The Legislature appropriated \$1 million to plan, design, and construct high hazard dam repairs statewide in 2017.

The number of New Mexicans receiving drinking water from systems that do not meet health-based standards decreased to 31 thousand. Following trends from prior fiscal years, water infrastructure projects funded and the amount loaned through the Environment Department's loan programs increased dramatically in the third quarter, surpassing annual targets.

## **Economic Development and Tourism**

The Economic Development Department (EDD) ended the third quarter with 0.4 percent year-over-year job growth for the state, a gain of 3,000 jobs. While small, this gain is the highest level of growth since September 2015. However, the Economic Development Department had its lowest job creation quarter of the year, announcing 126 new jobs during the third quarter.

The Tourism Department showed that the leisure and hospitality industry led employment growth in the state for the third quarter, reaching 5.3 percent job growth, or 4,800 jobs gained, compared to the overall state average of 0.4. This marks the third quarter in a row in which the industry has led overall job growth for the state on a percentage basis.

## **Workforce Solutions Department**

The Workforce Solutions Department (WSD) showed stable performance during the third quarter. In particular, services for dislocated workers met nearly all performance targets. The agency also reported the Unemployment Insurance (UI) trust fund balance continued to grow to \$248 million, although trust fund balance data from the U.S. Department of Labor indicates New Mexico is well below both regional and national averages.

## **General Government**

General Services Department (GSD) improved on several measures including the financial health of the risk funds; stabilizing group medical insurance costs; and maintaining state-owned facilities and systems. Challenges stem from agencies with poor hiring practices or inadequate oversight resulting in costly conflicts that impact the risk funds; agencies making their own procurement decisions instead of more centralized control resulting in avoidable procurement violations; and agencies occupying state-owned facilities at no cost and with little incentive to meet state space standards, which increases utility and maintenance costs for GSD.

Reflecting recent efforts to better target high-yield audits, the Audit and Compliance Division (ACD) within the Taxation and Revenue Department was just \$500 thousand shy of the all-time high of \$146.4 million in audit assessments (in FY13) by the close of the third quarter. Overall collections of current year assessments, about \$183.3 million, exceed third quarter FY15 collections.

The State Personnel Office (SPO) reported the statewide vacancy rate increased one percent to 15.5 percent in the third quarter. Additionally, the time to fill vacant positions remains persistently high at 69 days, the same as FY15, but well above the 55 day target.

## **Information Technology**

The Taxation and Revenue Department's (TRD) Motor Vehicle Division (MVD) successfully launched the driver component of its new IT system, Tapestry, in late FY15. Throughout the process, MVD has kept wait times below target at most times. The second phase involves replacing the vehicle services component and is on track to be rolled out September 2016. However, the loss of software support option for dealer support vendors, and the unknowns surrounding the partner support structure increases project risk. MVD does not have the budget or infrastructure to offer interim support. TRD is estimating \$2 million for quarterly maintenance and support with annual license fees of \$1.1 million and \$9 hundred thousand for post implementation stabilization services.

TRD and the State Land Office (SLO) decided to replace the oil and natural gas administration and revenue database (ONGARD) system with the Severance Tax and Royalty systems as separate products. TRD has initiated a sole source procurement with FAST, the GENTAX vendor, for the Severance Tax module. SLO has yet to issue a request for proposals (RFP) for the Royalty system solution. TRD underestimated the available funding from the 2012 appropriation (extended

in 2014) and is to provide LFC staff a funding and expenditure reconciliation; the remaining time to expend this funding expires at the end of FY16.

The Department of Information Technology (DoIT) completed the Statewide Integrated Radio Communication Internet Transport System (SIRCITS) project at a cost of \$56 million. The National Telecommunications and Information Administration (NTIA) no longer requires the return of funds, however, DoIT must return any interest earned.

The Children, Youth and Families Department (CYFD) pushed the completion date back for the Enterprise Provider Information Constituent Services (EPICS) project an additional year. CYFD does not have the data requirements for the unique ID and data warehouse components of Phase 3 – Race to the Top (RTTT). The Public Education Department (PED) is managing this effort through a RFP. LFC's performance evaluation of EPICS determined project planning is incomplete and total costs unknown, placing federal dollars at risk. CYFD has redirected EPICS Juvenile Justice Service (JJS) development team to other related development and Phase 3 JJS Roster Management will not be deployed to production.

## **Investments**

The complete *LFC Investment Report for the Quarter Ending March 31, 2016*, is attached.