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FISCAL IMPACT REPORT



SPONSOR: Aragon DATE TYPED: 02/08/02 HB _____

SHORT TITLE: Strategic Planning Task Force SB SJM 74

ANALYST: Burch

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		See "Fiscal Implications" section of this report			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC files

Administrative Office of the Courts (AOC)

Administrative Office of the District Attorneys (analysis not received as of the date of this writing)

Taxation and Revenue Department (analysis not received as of the date of this writing)

Department of Finance and Administration (DFA)

General Services Department (GSD)

Tourism Department

Economic Development Department

Regulation and Licensing Department (analysis not received as of the date of this writing)

Energy, Minerals and Natural Resources Department (EMNRD)

State Engineer/Interstate Stream Commission

State Agency on Aging

Human Services Department (analysis not received as of the date of this writing)

Labor Department (LD)

Department of Health (DOH)

Department of Environment (DOE)

Children, Youth and Families Department (CYFD)

Corrections Department (CD)

Department of Public Safety (DPS)

State Department of Public Education

SUMMARY

Synopsis of Bill

Senate Joint Memorial 74:

- Requests the Legislative Council to create a New Mexico Strategic Planning Task Force composed of 21 New Mexicans from all areas of the state, reflecting the cultural, social and economic diversity of the state to develop (1) a statewide vision; (2) broad goals; and (3) performance measures, benchmarks and targets;
- Provides that the strategic planning process include (1) broad-based, diverse, statewide participation and input; (2) information gathering, including an assessment of current conditions and trends in New Mexico, regionally, nationally and internationally; (3) an analysis of New Mexico's strengths, weaknesses, opportunities and threats; and (4) a review of long-range plans and planning efforts conducted by state and local agencies and the private sector;
- Provides that the vision, goals and performance measures developed pursuant to this joint memorial be used to guide state agency strategic planning and performance-based budgeting decisions; and
- Requests the participation of state and local governmental entities.

Finally, the task force is requested to reports its assessment and recommendation for a long-range vision of New Mexico, including goals and performance measures with targets and benchmarks, to the Legislative Finance Committee and the Legislative Council by November 30, 2002.

Significant Issues

The joint memorial recognizes that state government has transitioned to performance-based budgeting, based on individual agencies' strategic plan and without a common vision or plan. It also, recognizes that a broad-based public strategic planning process would provide a vehicle for a more unified vision and realization of shared goals for the long-term future of New Mexico by creating a framework for prioritizing needs, allocating resources and assessing progress. Also, the 17th New Mexico First Town Hall recommended the development of a results-oriented, statewide strategic plan.

FISCAL IMPLICATIONS

The statewide strategic planning processes undertaken by other states have been substantial and the requirements contained in the joint memorial make the task even more challenging. There are no provisions for the expenses of the task force. The expenses of the task force might be paid from the appropriation contained in Subsection B of Section 3 of House Bill 1 (Feed Bill) enacted this year for legislative interim expenses.

ADMINISTRATIVE IMPLICATIONS

Staff of the LFC, Department of Finance and Administration, many state agencies and local governments may be involved in supporting the work of the task force.

OTHER ISSUES

In 1994, the New Mexico Horizon's Task Force was created to (1) determine the value of a strategic planning process, (2) recommend a process for New Mexico that involves the greatest number of citizens from all sectors of the economy and from all geographic areas in the setting goals for the state, and (3) review how performance-based budgeting and other budgeting process can assist in the implementation of a strategic plan. The task forces recommendations were to (1) establish a framework for a broad-based strategic planning process through the state, (2) create a horizons commission to conduct and coordinate strategic planning, and (3) provide adequate funding to develop and implement strategic planning in New Mexico over the next five years. The task force reported that performance-based budgeting that allocates both dollars and staffing to achieve specific objectives based on program goals is a key tool for implementing a government's strategic plan.

Also in 1994, joint memorials were passed in each house directing the LFC to conduct performance budgeting pilot tests. The memorials contemplated performance-based budgeting as a vehicle for the Legislature to assure that strategic planning objectives are implemented. Ideally, the strategic planning process developed by the Horizons Task Force would have dovetailed with a performance budgeting system. The pilots conducted with the cooperation of the executive included the Motor Vehicle Division of the Taxation and Revenue Department, the Mental Health in the 90's and Families First programs of the Department of Health, the Children's Mental Health/Managed Care Program of the Children, Youth and Families Department and the Project Forward Program of the Human Services Department. None of these pilot programs were actually implemented.

A bill introduced in 1995 creating the New Mexico Horizons Commission, and in subsequent years, bills introduced creating the New Mexico Futures Commission, were either vetoed by the governor or did not pass. All the bills established a strategic planning process for New Mexico that invariably would have included some form of performance-based budgeting.

During the 1998 interim, the LFC Strategic Planning Subcommittee directed LFC staff to work with the State Budget Division and eight selected agencies to conduct a performance-based budgeting pilot. The programs selected for the pilot were: (1) Tax Administration Program of the Taxation and Revenue Department, (2) Group Health Benefits Program of the General Services Department, (3) Recruitment Program of the Economic Development Department, (4) Fisheries Management Program of the Department of Game and Fish, (5) all programs managed by the Division of Vocational Rehabilitation, (6) all program managed by the Public Health Division of the Department of Health, (7) Road Construction and Maintenance programs of the State Highway and Transportation Department, and (8) Financial Aid Program managed by the Commission on Higher Education.

A December 18, 1998 memorandum from LFC staff to the LFCE reported the results of the pilot. Generally, performance measures were successfully developed for most programs, but were sketchy for others such as the Tax Administration Program, the Group Health Benefits Program and the Road Construction and Maintenance programs.

In 1999, the Accountability in Government Act, an LFC-sponsored bill, was enacted. It uses the state's budget process, without the benefit of statewide strategic planning, to define outputs, outcomes and performance measures which will be evaluated annually to determine the performance of state government programs and provide more cost-effective and responsive government services.

The Accountability in Government Act requires that performance-based budgeting (PBB) be fully implemented over a period of four years. For FY01, 9 agencies converted to PBB, for FY02, a total of 22 agencies converted to PBB (all the cabinet, plus Administrative Office of the Courts, State Agency on Aging, State Engineer, Commission on Higher Education and State Department of Public Education), for FY03, the entire executive branch of government (plus some public school and higher education measures were developed) will convert to PBB and for FY04, the legislative branch, judicial branch and remaining public schools and higher education institutions will convert to PBB.

In 2000, Senate Joint Memorial 4 was passed and required that strategic plans be coordinated among the State Agency on Aging, Human Services Department, Department of Health and Children, Youth and Families Department. Also, during the 2001 interim, a cross-agency strategic planning process for health programs, headed by the Department of Finance and Administration and Legislative Finance Committee was begun.

As reported in the LFC Fiscal Summary to the Legislature in January 2002, the PBB process is not flawed fundamentally. It still has yet to produce uniform results. It is incumbent on both LFC and DFA to continue this process of cooperation and, with three full years of experience, to move the process forward by developing a higher quality product with emphasis on the external customer and not the internal agency processes. By continuing to focus on performance and results, managers and policymakers increasingly will be able to identify successful programs, priorities, duplicate programs and implement effective resources allocation.

DKB/ar