

AN ACT

RELATING TO STATE BUDGETS; ENACTING THE ACCOUNTABILITY IN GOVERNMENT ACT; AMENDING, REPEALING AND ENACTING SECTIONS OF THE NMSA 1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--Sections 1 through 8 of this act may be cited as the "Accountability in Government Act".

Section 2. FINDINGS AND PURPOSE.--

A. The legislature finds that agencies should:

(1) be granted sufficient statutory authority and flexibility to use their resources in the best possible way in order to better serve the citizens of New Mexico through the efficient delivery of services and products and the effective administration of governmental programs;

(2) be held accountable for the services and products they deliver in accordance with clearly defined missions, goals and objectives;

(3) develop performance measures for evaluating performance and assessing progress in achieving goals and objectives, and those measures should be integrated into the planning and budgeting process and maintained on an ongoing basis;

(4) have incentives to deliver services and

products in the most efficient and effective manner and, if appropriate, recommend the restructuring of ineffective programs or the elimination of unnecessary programs;

(5) have their performance in achieving desired outputs and outcomes and in efficiently operating programs measured and evaluated in an effort to improve program coordination, eliminate duplicate programs or activities and provide better information to the governor, the legislature and the public; and

(6) strive to keep the citizens of this state informed of the public benefits derived from the delivery of agency services and products and of the progress agencies are making with regard to improving performance.

B. The purpose of the Accountability in Government Act 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.

Section 3. DEFINITIONS.--As used in the Accountability in Government Act:

A. "agency" means a branch, department, institution, board, bureau, commission, district or committee of the state;

B. "approved program" means a program included in

an approved list of programs issued by the division pursuant to Section 4 of the Accountability in Government Act;

C. "baseline data" means the current level of a program's performance measures established pursuant to guidelines established by the division in consultation with the committee;

D. "committee" means the legislative finance committee;

E. "division" means the state budget division of the department of finance and administration;

F. "outcome" means the measurement of the actual impact or public benefit of a program;

G. "performance-based program budget" means a budget that identifies a total allowed expenditure for a program and includes performance measures, performance standards and program evaluations;

H. "performance measure" means a quantitative or qualitative indicator used to assess the output or outcome of an approved program;

I. "performance standard" means a targeted level of an output or outcome as indicated by performance measures; and

J. "program" means a set of activities undertaken in accordance with a plan of action organized to realize identifiable goals and objectives based on legislative

authorization.

Section 4. PROGRAM IDENTIFICATION.--

A. Prior to May 1 of each year, each agency that is required to submit a performance-based program budget request in the subsequent fiscal year shall identify and submit to the division and committee a list of agency programs. The division, in consultation with the committee and the agency, shall review the list, make any necessary changes and issue an approved list within thirty days of receipt. The division shall send a copy of the approved list to the committee.

B. The program list submitted by an agency shall be accompanied by:

(1) the constitutional or statutory direction and authority for each program;

(2) identification of the users of each program;

(3) the purpose of each program or the benefit derived by the users of the program; and

(4) other financial information as required by the division in consultation with the committee.

Section 5. PERFORMANCE MEASURES.--

A. Prior to June 1 of each year, the division, in consultation with the committee, shall develop instructions for the development of performance measures for evaluating

approved programs.

B. Prior to July 1 of each year, each agency required to submit a performance-based budget request in the subsequent fiscal year shall submit to the division the proposed performance measures for each approved program. The agency shall identify the outputs produced by each program, the outcomes resulting from each program and baseline data associated with each performance measure. The division, in consultation with the committee and the agency, shall review the proposed performance measures, make necessary changes and issue approved performance measures within thirty days of receipt. The division shall send a copy of the approved performance measures to the committee.

Section 6. SCHEDULE FOR SUBMISSION OF PERFORMANCE-BASED PROGRAM BUDGET REQUESTS.--

A. State agencies shall submit performance-based program budget requests pursuant to a schedule to be developed by the division, in consultation with the committee. No later than September 1, 1999 and each September 1 thereafter, the agencies shall submit performance-based program budget requests for the subsequent fiscal year to the division and to the committee based on that schedule.

B. The division shall develop the state agency schedule so that all agencies, including the judicial branch

of government and institutions of higher education, are implementing performance-based program budgeting by the end of fiscal year 2004.

Section 7. PERFORMANCE-BASED PROGRAM BUDGET REQUESTS.--

A. The division, in consultation with the committee, shall develop instructions for those agencies required to submit performance-based program budget requests. The instructions shall be sent to the agencies on or before July 1 of each year and shall be in addition to any other forms required by Section 6-3-18 NMSA 1978. The instructions shall require that performance-based program budget requests contain the following:

(1) a summary of each approved program, including a justification for the program;

(2) for each approved program, an evaluation of the agency's progress in meeting the performance standards. The evaluation shall be developed as prescribed in the budget instructions;

(3) for each approved program, the outputs, outcomes, baseline data, performance measures and historic and proposed performance standards;

(4) if a performance audit has been conducted on an approved program during either the present or any of the immediately preceding two fiscal years, any

responses that the agency may have to the audit and any actions that the agency has taken as a result of the audit; and

(5) any other information that the division believes may be useful to the division or the legislature in developing a budget for the agency.

B. On or before September 1 of each year, each agency required to submit a performance-based program budget request shall submit the request to the division and the committee in the form and manner prescribed in the budget instructions. Budget requests submitted pursuant to this section shall be in lieu of those required by Section 6-3-19 NMSA 1978.

Section 8. PERFORMANCE-BASED PROGRAM BUDGETS.--

A. For each agency required to submit a performance-based program budget request, the governor's proposed budget submitted pursuant to Section 6-3-21 NMSA 1978 and the committee's budget recommendation pursuant to Section 2-5-4 NMSA 1978 shall contain:

(1) a budget recommendation for each approved program;

(2) a summary, including the outputs and outcomes, of each approved program;

(3) performance measures and performance standards for each approved program;

(4) an evaluation of the performance of each approved program; and

(5) any other criteria deemed relevant by the governor or the committee.

B. For each agency required to submit a performance-based program budget request, the governor's proposed budget submitted pursuant to Section 6-3-21 NMSA 1978 and the committee's budget recommendation pursuant to Section 2-5-4 NMSA 1978 may contain recommendations regarding incentives or disincentives for agency performance. Incentives or disincentives may apply to all or part of an agency and may apply to any or all of an agency's approved programs.

C. Pursuant to Section 6-3-7 NMSA 1978, the division shall prescribe forms and approve operating budgets for agencies funded by performance-based program budgets; however, the division shall not take any action that hinders an agency from operating under a performance-based appropriation or that is otherwise inconsistent with the purposes of the Accountability in Government Act. Notwithstanding the provisions of Sections 6-3-23 through 6-3-25 NMSA 1978, and absent specific authorization in the general appropriation act or other act of the legislature, no funds may be transferred either into or out of a performance-based program budget.



D. No later than July 1 of the year in which a state agency begins operating under a performance-based program budget, the agency shall develop, in consultation with the division, a plan for monitoring and reviewing the agency's programs to ensure that performance data are maintained and supported by agency records.

Section 9. Section 6-3-15 NMSA 1978 (being Laws 1955, Chapter 114, Section 6, as amended) is amended to read:

"6-3-15. STATE BUDGET DIVISION DIRECTOR--POWERS AND DUTIES.--The director of the state budget division shall:

A. administer the provisions of Sections 6-3-1 through 6-3-22 NMSA 1978 and make rules and regulations necessary in that administration;

B. prepare a tentative budget and submit it to the governor;

C. assist the governor in the preparation of the budget;

D. obtain from each state agency information on budgetary and financial problems, including costs of operation, past income and expenditures and present financial condition;

E. require periodic reports from all state agencies giving detailed information regarding applications for federal money or federal grants-in-aid or regarding federal money or federal grants-in-aid received, including

details of programs, matching requirements, personnel requirements, salary provisions and program numbers as indicated in the catalog of federal domestic assistance of the federal funds applied for and of those received;

F. review data submitted by any state agency for use in the budget;

G. supervise the printing of the budget;

H. cause the budget to be indexed;

I. examine for budgetary purposes, if he deems it necessary, all bids, contracts, plans, specifications, blueprints, records, invoices, documents and correspondence relating to the enlarging, maintenance and operation of state institutions; and

J. through his agents and employees, visit each state agency whenever it is necessary to determine the financial needs of the agency."

Section 10. Section 6-3-18 NMSA 1978 (being Laws 1955, Chapter 114, Section 9, as amended) is amended to read:

"6-3-18. BUDGET FORMS.--On or before June 15 of each year, the state budget division shall send to each state agency forms that provide for the following information:

A. revenue or anticipated revenue, from all sources for the fiscal year last completed, the current fiscal year and for the succeeding fiscal year, including among other things:

- (1) grants from the federal government;
- (2) gifts and grants from private sources;
- (3) income from investments;
- (4) proceeds from sale of bonds or other instruments of indebtedness;
- (5) income from sale of land;
- (6) income from sale of personal property;
- (7) income from lease of land or lease of personal property;
- (8) income from services;
- (9) income from fees, licenses, fines, penalties, tuition, royalties and other charges;
- (10) income from athletic activities and related enterprises; and
- (11) income from each tax collected;

B. expenditures or anticipated expenditures for the current fiscal year and for the two succeeding fiscal years, including among other things:

- (1) capital expenditures consisting of:
  - (a) additions to plant or office;
  - (b) repairs and replacements;
  - (c) permanent equipment; and
  - (d) other; and
- (2) operational expenditures consisting of:
  - (a) operation and maintenance of

institution, office or building;

(b) supplies and equipment;

(c) personal services;

(d) travel; and

(e) other;

C. appropriation requested for the succeeding fiscal year, with a statement as to the functions and activities of each agency, division and bureau;

D. if increased appropriations are requested, the reason therefor; and

E. citation of statutory authority for functions and activities of the agency, a summary statement as to the workload of the agency and such other information as is specified by the state budget division."

Section 11. Section 6-3-19 NMSA 1978 (being Laws 1955, Chapter 114, Section 10, as amended) is amended to read:

"6-3-19. AGENCIES TO COMPLETE BUDGET FORMS.--Each state agency shall fill out the budget forms provided for in Section 6-3-18 NMSA 1978 in the manner prescribed by the state budget division. Each state agency, in completing the budget forms, shall include information for all divisions, subdivisions and offices of the agency. Related agencies, upon approval of the state budget division, may join in submitting one set of budget forms. Completed budget forms shall be returned to the state budget division not later than

September 1 in each year."

Section 12. Section 6-3-21 NMSA 1978 (being Laws 1955, Chapter 114, Section 12) is amended to read:

"6-3-21. PREPARATION OF THE BUDGET.--

A. The governor shall prepare the budget and submit it to the legislative finance committee and each member of the legislature not later than December 15 of each year. In the preparation of the budget the governor may:

(1) change the tentative budget by adding new items, increasing or decreasing or eliminating items;

(2) obtain advice and assistance from any state agency; and

(3) hold hearings on the budget.

B. Any budget hearings conducted by the governor shall be open to the public. The governor may require the attendance of any head of an agency, whether elective or appointive. At the hearings, any officer or agency may protest budget items.