



# Governing for Results

Presentation to the Government Restructuring Task Force

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By

Dannette Burch, Deputy Secretary, DFA  
and

Cathy Fernandez, Deputy Director, LFC

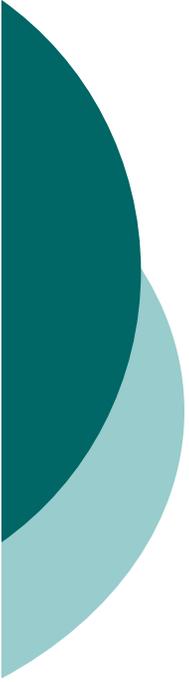
May 24, 2010



# Overview

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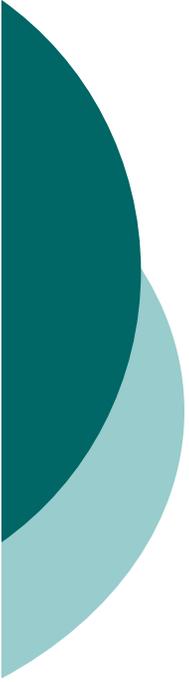
- Governing for Results
- New Mexico History
- Performance Budgeting in New Mexico
- Executive Focus
- Legislative Focus
- Conclusion
- Appendix A – Key Agencies



# Governing for Results

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- A system a government uses to focus its decisions and activities on the results, as well as the costs and physical outputs, of government activities and actions
  - Ensures taxpayer dollars are spent wisely
  - Requires accountability
  - Identifies necessary steps to achieve results
  - Focuses on what is important to the citizens



# Governing for Results

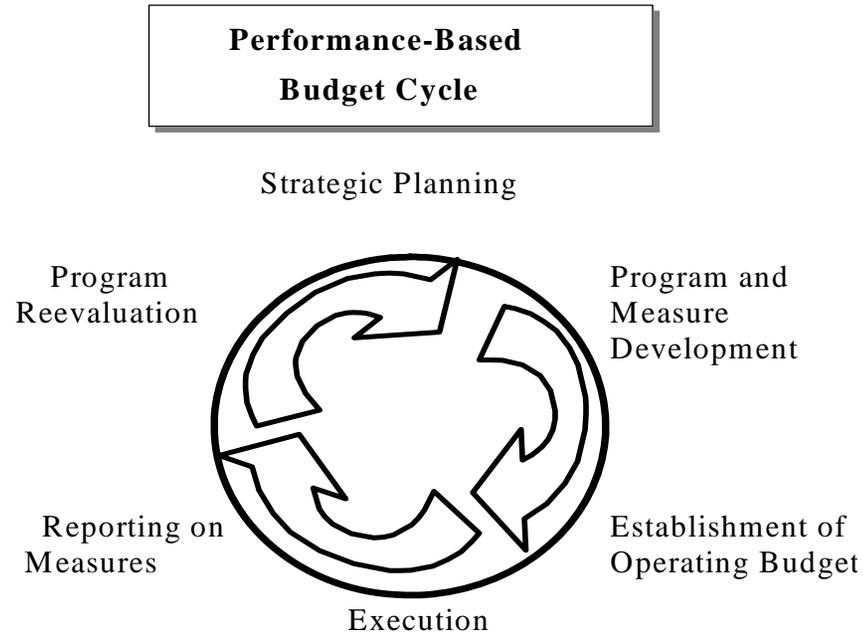
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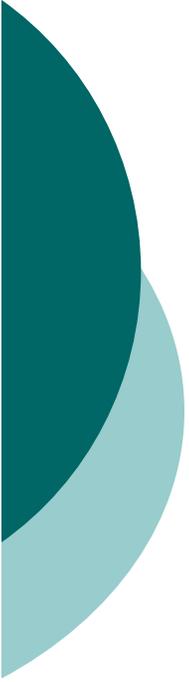
## ○ Elements

- Requires collaboration of executive and legislative branches
- Collaboration between state agencies is desirable
- Starts with strategic planning which looks ahead toward goals to be accomplished
- Ends with performance measurement and evaluation which looks back to see what was achieved
- Together the elements form a continuous process of governing for results

# Governing for Results

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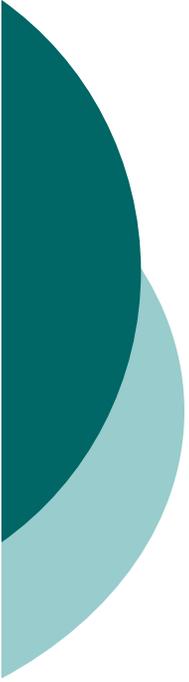




# New Mexico History

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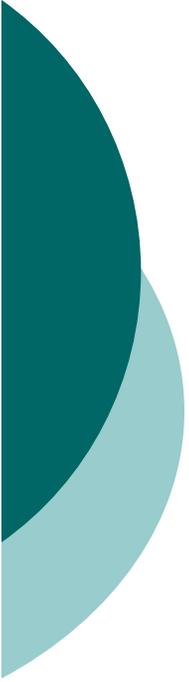
- 1993/1994 – Legislative Finance Committee and Executive piloted a few programs pursuant to a Joint Memorial passed by the Legislature
- 1999 – Accountability in Government Act Enacted (Chapter 6, Article 3A NMSA 1978)
  - Leading States: Florida, Oregon, Texas, Minnesota and North Carolina
  - New Mexico law largely modeled after Florida's law
  - In 2004 the Accountability in Government Act was amended to streamline procedures and provide focus on key agencies



# New Mexico History

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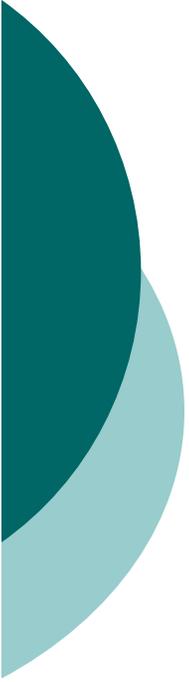
- 1995-2002 – Attempts to enact legislation to establish a long-range, strategic planning process to assist policy makers in setting direction for the State
- 2003 – House Bill 973 created the Horizons Task Force
  - Study and review strategic planning processes in other states
  - Determine the value such processes would have in New Mexico
  - Recommend to the 2005 legislature and the governor a comprehensive strategic planning process for New Mexico that represents citizens of the state from all sectors of the economy and from all geographic areas of the state in the goal setting for the state
  - The task force was never appointed, so the work was never completed



# New Mexico History

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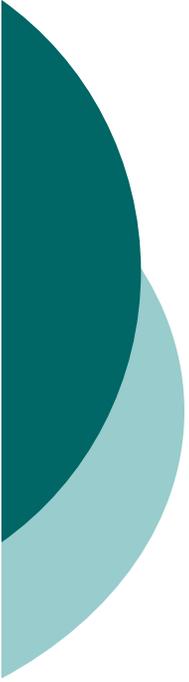
- 2003 – Legislating for Results Project – Joint effort of the National Conference of State Legislatures and the Urban Institute
  - Developed a Legislator’s Guide to Using Performance Information – During hearings, making appropriation and policy decisions, communicating with constituents
- 2005 – Government Performance Project, sponsored by Governing Magazine
  - Evaluated four management areas of Money, People, Infrastructure and Information
  - Rated New Mexico’s budgeting for performance and program evaluation as strong, and rated managing for performance as mid-level
- 2008 – Government Performance Project, sponsored by The Pew Center on the States
  - Evaluated four management areas of Money, People, Infrastructure and Information
  - Rated New Mexico’s budgeting for performance strong, dropped the rating for performance auditing and evaluation from strong to mid-level, and rated managing for performance as mid-level



# Performance Based Budgeting in New Mexico

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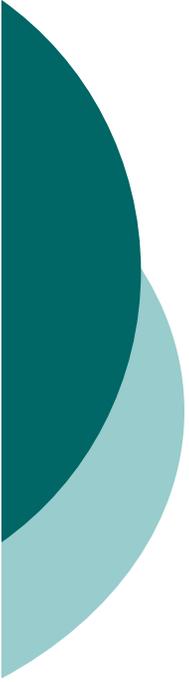
- Accountability in Government Act applies to all state agencies and higher education institutions; statewide measures are also developed for public education
- Strategic planning
  - No statewide strategic plan
  - Accountability in Government Act does not explicitly require strategic planning; requirement is implicit
  - State Budget Division requires individual state agency strategic planning
    - Mid to Large agencies involve stakeholders



# Performance Based Budgeting in New Mexico

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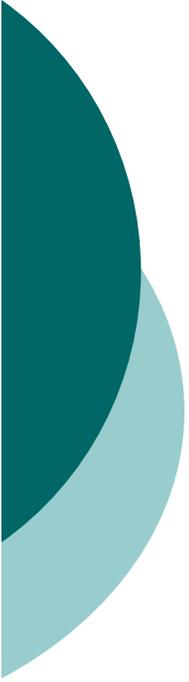
- Program planning
  - Based on strategic plan
  - Prior to 1999, state agencies' budgets were structured by function/entity
  - Agencies restructured from functions/entities to programs
  - Result was consolidation of functions into programs and expenditure categories, providing more budget flexibility
  - Budgets still prepared at line-item level, but within each program



# Performance Based Budgeting in New Mexico

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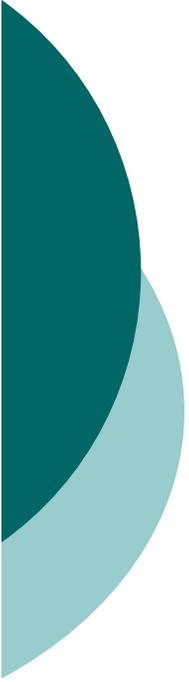
- Performance Measures
  - Prior to budget request submission
    - Changes proposed by agencies
    - Reviewed by State Budget Division and Legislative Finance Committee Staff
    - Approved by SBD
    - Proposed targets for approved measures submitted with annual budget request
    - SBD and LFC separately review proposed targets and make separate recommendations to the legislature



# Performance Based Budgeting in New Mexico

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- Performance Measures, continued
  - Legislature's budget process
    - SBD and LFC staff present respective target recommendations to House Appropriations and Finance Committee
    - HAFC adopts one of the two recommendations or its own
    - Subset of measures included in the budget bill



# Performance Based Budgeting in New Mexico

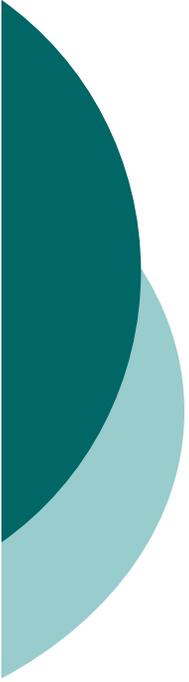
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## ○ Implementation

- Identify key agencies and key measures for quarterly reporting
- Establish monitoring plans to ensure data that supports a performance measure is available, valid and reliable

## ○ Reporting

- Key agencies report quarterly on key measures
- All agencies report annually on all measures



# Performance Based Budgeting in New Mexico

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## ○ Evaluation

- SBD and LFC staff
  - Review quarterly and annual reports
  - Include evaluations in respective budget recommendations for the subsequent fiscal year
- Reports and evaluations inform analysts in their determinations about subsequent year measures/targets
- Some LFC performance reviews focus on data quality and others tend to be issues-focused
- LFC issues quarterly report cards

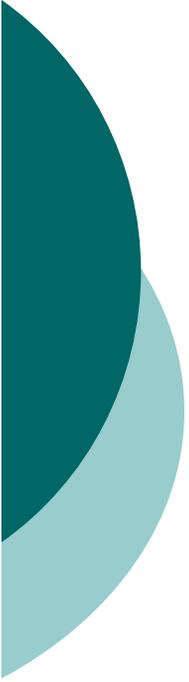


# Focus of Executive and Legislature

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## ○ Executive

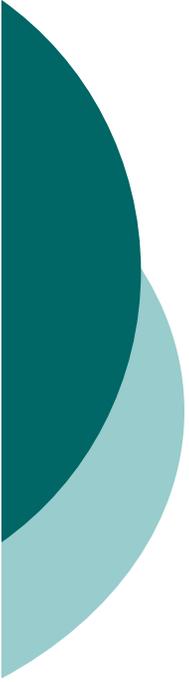
- Developed six papers organized around important policy areas of schools, economic development, public safety, health, environment and services
- Papers included goals, tasks required to achieve goals and identified measures to the benefits to citizens
- Papers required active participation of cabinet, were consistent with and folded into the AGA process, and were used to support budget development



# Executive Focus

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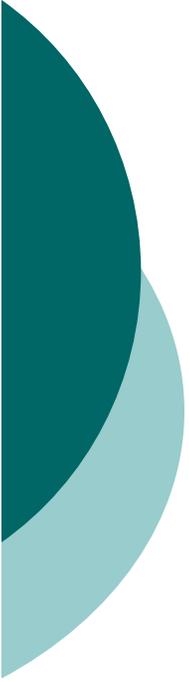
- Health Solutions New Mexico
  - Ensure more people covered; enroll more eligible children in Medicaid
  - Provide options for low income childless adults
- Energy Efficiency and a Clean Energy Economy
  - Invested in weatherization and Smart Energy programs
  - Invested in green buildings
  - Implemented numerous tax credit programs



# Executive Focus

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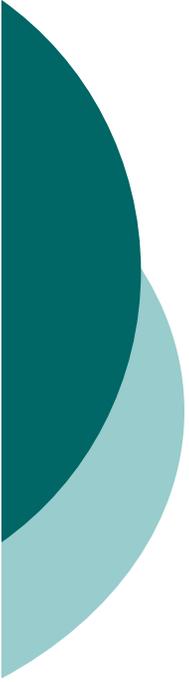
- Juvenile Justice System Improvements – Cambiar New Mexico
  - Goals for regionalization (secure regional facilities across the state)
  - Retrofit existing facilities (create smaller, safer and more nurturing living units)
  - Develop individualized service plans to address needs, strengths and risks
  - Staff facilities with youth care specialists (retrained with clinical and therapeutic skill sets)
  - Programming (education, Medical/behavioral health services)



# Legislative Finance Committee Focus

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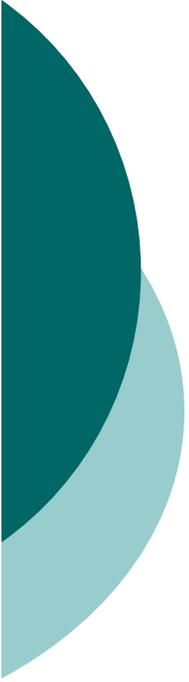
- Report Cards – Developed during 2006 interim to add greater emphasis and clarity to the reporting process
  - Tool for Legislature to assess quarterly activity and have a dialogue with the agency on performance
  - Provides the public with information about performance
- Similar to OMB model of Green, Yellow, Red rating system – highlights areas of success (green), opportunities for improvement (yellow) and areas in need of attention/improvement (red)
  - Rating criteria published
  - Report cards reviewed by LFC team of senior staff and management
  - Report cards provided to agencies for comment and input
- Performance Auditing
  - Some performance reviews issues-based, others results-based, some are combinations of the two



# Conclusion

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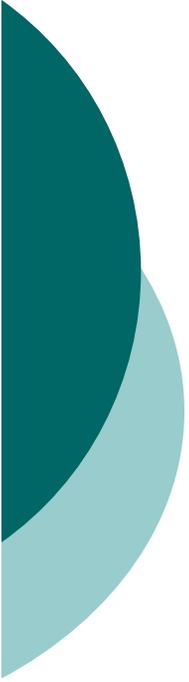
- New Mexico has made respectable progress on its governing for results system
- Most larger, more sophisticated agencies are disaggregating their data (providing details at lower levels) to make resource decisions; for example, one agency found higher teenage pregnancy rates in a southern area so it shifted prevention funding from other areas to the southern area
- New Mexico is far from the ideal governing for results system recommended by The Urban Institute's April 1, 2001, "Making Results-Based State Government Work"



# Improvements

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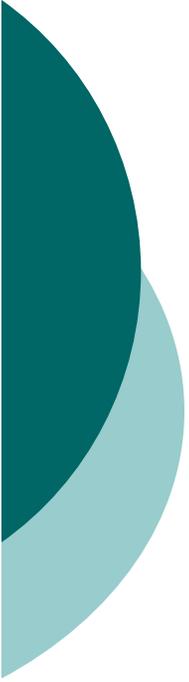
- Focus on using data and results to inform budgetary and policy decisions – rather than to rate success or failure
  - Requires analysis and interpretation
- Improvements to assure accountability and credibility of the performance system
  - Requires time and resources
  - Focus more on what is important (the Pareto Principal)
  - Continue developing better outcome measures and ensure they gauge the core functions of agency programs
  - Greater attention to action plans to reach desired levels of performance
  - Provide incentives for accountability
  - Implement a better evaluation system
    - Use benchmarks to rate performance
    - Better use of data and results to make budgetary and policy decisions
- Despite the narrowed focus on key agencies and key measures during the interim, New Mexico spends a lot of effort on process and 100+ state agencies' and higher education institutions' compliance with the Accountability in Government Act



# Improvements

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- State Comparative Performance Measurement Project – CSG in partnership with the Urban Institute – initiative that collects, analyzes and publishes comparative outcome data
  - Each state can use the data to compare its outcomes and results to other states and identify improvements
  - Initial data collection in two service areas – Transportation and Human services
    - Transportation – roads & bridges
    - Human Services – child welfare (foster care and adoption services) and public assistance (SNAP and TANF)
  - Examples:
    - Traffic Fatalities per 100 million annual vehicle miles traveled
    - Percent of children reunited with their families in less than 12 months
    - Earnings gain for employed TANF recipients



# Resources

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Memo to Cabinet Secretaries, Agency Heads and Chief Financial Officers re: Accountability in Government Act/Performance and Accountability Requirements, 2007:

<http://www.budget.nmdfa.state.nm.us/content.asp?CustComKey=202061&CategoryKey=202062&pn=Page&DomName=budget.nmdfa.state.nm.us>

Legislative Finance Committee Report Cards:

<http://www.nmlegis.gov/lcs/lfc/lfcreportcards.aspx?Date=9%2f30%2f2009+12%3a00%3a00+AM>

Pew Government Performance Project, 2008:

[http://www.pewcenteronthestates.org/uploadedFiles/PEW\\_WebGuides\\_NM.pdf](http://www.pewcenteronthestates.org/uploadedFiles/PEW_WebGuides_NM.pdf)

Governing Magazine Government Performance Project, 2005:

<http://www.governing.com/archive/gpp/2005/nm.htm>

Urban Institute, Making Results-Based Government Work, April 2001:

<http://www.urban.org/publications/310069.html>

State Comparative Performance Measurement Project, CSG & Urban Institute, 2009

<http://www.csg.org/programs/policyprograms/CPM.aspx>

# APPENDIX A

<b>Key Agencies:</b>			
218	Administrative Office of the Courts	624	Aging and Long-Term Services Department
333	Taxation and Revenue Department	630	Human Services Department
337	State Investment Council (Investments)	631	Workforce Solutions Department
341	Department of Finance and Administration (Capital Outlay Planning and Implementation)	665	Department of Health
350	General Services Department (Information Technology Issues)	667	Department of Environment
352	Educational Retirement Board (Investment)	690	Children, Youth and Families Department
361	Department of Information Technology	770	Corrections Department
366	Public Employees Retirement Association (Investments)	790	Department of Public Safety
378	State Personnel Office	805	Department of Transportation
394	State Treasurer (Investments)	924	Public Education Department
419	Economic Development Department	950	Higher Education Department
521	Energy, Minerals and Natural Resources Department	95X	Higher Education Institutions
550	State Engineer	993	Public School Support