

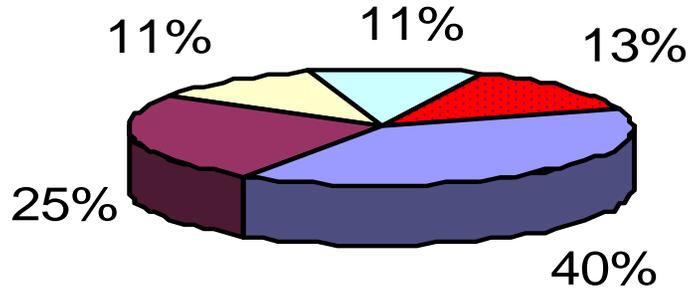
**An Eye on the Executive Branch:
National Conference of State Legislatures
Legislative Effectiveness Committee**

Presentation by David Abbey, Director
New Mexico Legislative Finance Committee
July 2009

New Mexico Legislature and Budget

- ❑ Citizen Legislature --- 30 & 60 day alternating legislative sessions.
 - ❑ No term limits for legislators.
 - ❑ LFC was established as fiscal and management arm of the New Mexico Legislature in 1957.
 - ❑ LFC staff includes legislative performance evaluation group.
 - ❑ Interim meetings held monthly throughout the state.
 - ❑ Prepare all fiscal impact reports on legislation.
 - ❑ 41.5 FTE and \$4.3 million General Fund appropriation in FY10.
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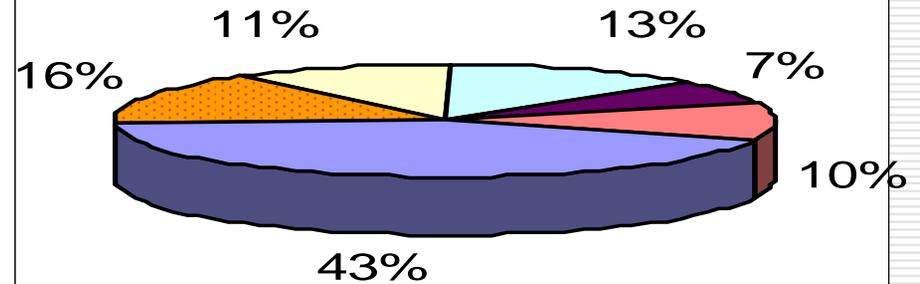
FY10 Recurring General Fund Revenues: \$5.5 billion



- Sales
- Income
- Energy
- Interest
- Other

Source: Consensus Revenue Group, Feb 2009 (Adjusted for 2009 legislation)

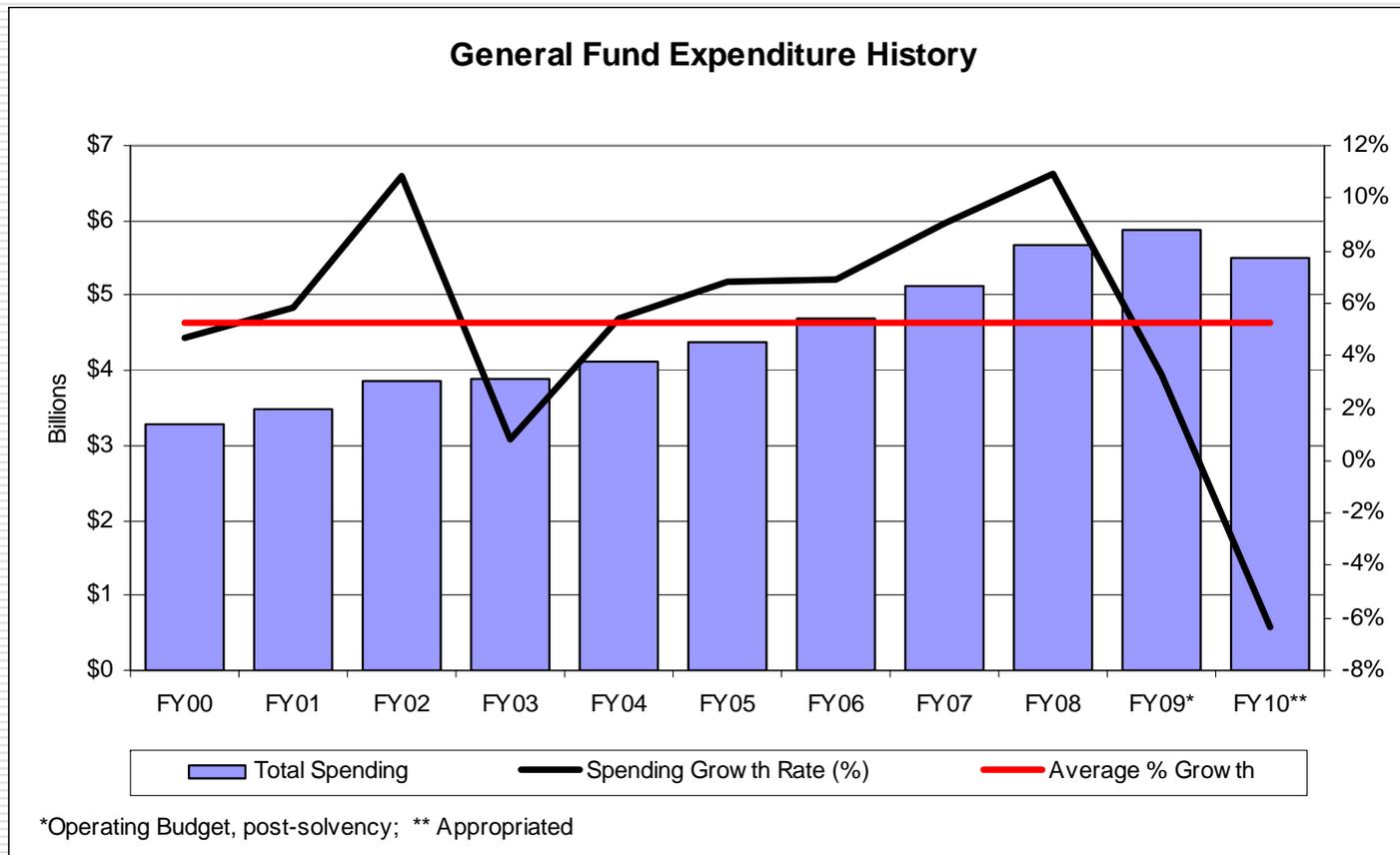
FY10 Recurring General Fund Appropriation: \$5.5 billion*



- Public Education
- Higher Education
- Medicaid
- Other Health & Human Services
- Public Safety
- All Other Government

* includes Laws 2009, Ch. 124 (HB 2), Chapter 1 (HB 1)
Source: LFC Files

General Fund Spending



Legislating for Results --- Staff Smart Practices

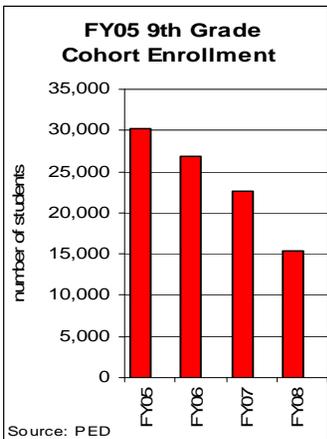
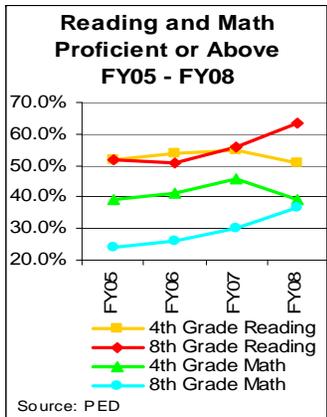
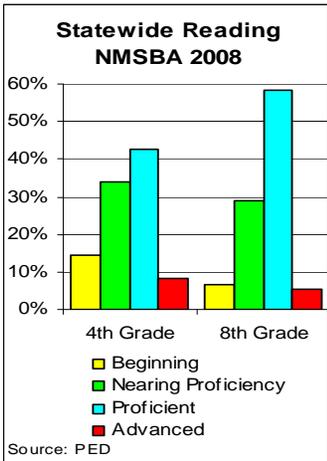
- Participate in consensus revenue estimating process.
 - Separate, detailed budget recommendation for operating and capital budgets prepared annually by LFC.
 - Performance-based budgeting
 - Program evaluation
 - Other oversight activities
 - Communications
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LFC and the General Appropriation Act

- Opportunities to develop consensus among two chambers and two parties
 - Bi-partisanship pays dividends
 - Members understand public finance issues and agency budgets
 - General Appropriation Act largely reflects LFC recommendation
 - Votes on 2009 General Appropriation Act
 - LFC (15-1)
 - House Floor (45-25)
 - Senate Floor (35-5)
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Performance-based Budgeting

- ❑ Emphasis on strategic planning/decision making based on information and data.
 - ❑ Quarterly reporting of key performance measures for key state agencies.
 - ❑ LFC report cards are tool for the Legislature to focus resources where most needed and provide information to the public about government performance.
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For FY08, three strategic elements were considered in evaluating the effectiveness of New Mexico’s public schools: student achievement, teacher quality, and student persistence. Of significance, FY08 will mark the first time that accurate graduation rate data will be available from the 2004-2005 cohort, when the measure was changed to provide more transparency and include the impact of high out-migration between the ninth and tenth grades.

Student Achievement. For FY08, fewer schools entered the school improvement cycle; however, an increasing number of schools are moving into restructuring. Considerable differences continue between measurements of student proficiency as measured by the New Mexico Standards-Based Assessment (NMSBA), with the number of students scoring below proficient increasing for fourth graders and remaining troubling for all other groups. The majority of data related to student achievement is the result of the annual standards-based assessment.

Measure	FY07 Actual	FY08 Target	FY08 Actual	FY08 Rating
Percent of elementary school students who achieve the school-year No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts	56%	59%	46.1%	R
Percent of middle school students who achieve the school-year No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts	47.8%	53%	42.6%	R
Percent of elementary school students who achieve the school-year No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics	41.9%	44%	34.5%	R
Percent of middle school students who achieve the school-year No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics	27.3%	35%	22.4%	R
Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools	49.3%	43%	50.1%	R
Current year’s cohort graduation rate using the four-year cumulative method	N/A	80%	62.4%	R
Overall Program Rating				R

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Clovis, NM 88101
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Deputy Superintendent
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DISTRICT ACCOUNTABILITY
RESULTS

NMSBA - Math		
	Proficient or Above	
	4 th	8th
FY08	49.2%	33.2%
FY07	54.1%	28.1%
FY06	51.6%	28.9%
FY05	48.7%	24.0%

NMSBA - Reading		
	Proficient or Above	
	4 th	8th
FY08	55.5%	62.2%
FY07	57.7%	52.5%
FY06	57.3%	51.6%
FY05	58.2%	56.2%

2008 Graduation Rate
 4 year cohort
 (estimated, PED will report actual rates
 on 7/1/2009)

84.3%

Percent of 2007 High School Graduates
 Taking Remedial; Classes in New
 Mexico Institutions of Higher Ed.
 (based on 228 students of a graduating
 class of 467)

51.7%

SY09 Budgeted Expenditures – SEG Operational

	Expenditure
Direct Instruction	\$35,307,606
Support Services	\$11,206,733
Non-Instructional Support	\$10,950,112
Total Operational	\$57,464,451

District AYP Report

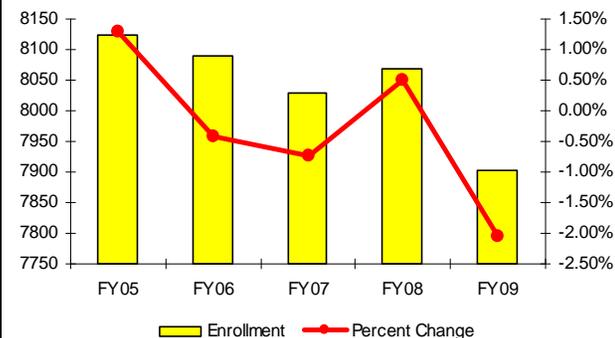
	2007-2008	2006-2007
Barry E.S.	Made AYP	Made AYP
Bella Vista E.S.	Did Not Make AYP (SI-1)	Did Not Make AYP
Cameo E.S.	Did Not Make AYP (R-2)	Did Not Make AYP (R-1)
Clovis H.S.	Did Not Make AYP (R-1)	Did Not Make AYP (CA)
Highland E.S.	Made AYP	Made AYP
James Bickley E.S.	Did Not Make AYP	Made AYP
La Casita E.S.	Did Not Make AYP (SI-1)	Did Not Make AYP
Lockwood E.S.	Did Not Make AYP (CA)	Did Not Make AYP (SI-2)
Marshall M.S.	Did Not Make AYP	Did Not Make AYP (SI-2 Suspended)
Mesa E.S.	Made AYP	Made AYP
Parkview E.S.	Did Not Make AYP	Made AYP
Ranchvale E.S.	Made AYP	Made AYP
Sandia E.S.	Made AYP	Made AYP
W.D. Gattis Freshman	Did Not Make AYP (R-2)	Did Not Make AYP (SI-2 Suspended)
Yucca M.S.	Did Not Make AYP	Did Not Make AYP (SI-2 Suspended)

2007-2008 Student Demographics

	Clovis Municipal Schools		Statewide	
Female	3,879	48.2%	157,911	48.9%
Male	4,172	51.8%	165,190	51.1%
Caucasian	2,994	37.2%	95,275	29.5%
African American	764	9.5%	8,424	2.6%
Hispanic	4,111	51.1%	179,180	55.5%
Asian/Pacific Islander	114	1.4%	4,441	1.4%
Native American	68	0.8%	35,780	11.1%
English Language Learners	767	9.5%	59,903	18.5%
Students with Disabilities	1,098	13.6%	48,691	15.1%
Free/Reduced Lunch	5,573	69.2%	205,601	63.6%
Migrant	36	0.4%	616	0.2%

Source: STARS 120 day data

Enrollment Data with Annual Percent Change



Source: PED STAT Book

Data on District Land Valuation and Levies

Residential Valuation	\$314,952,249
Non-Residential Valuation	\$211,516,706
Total Valuation	\$526,468,955
Total Mills Outstanding	9.62
Total Bond Capacity	\$31,562,280
Total Indebtedness	57.8%
State Share of PSCOC Projects	\$7,341,964

Source: PED (As of 12/31/2008)

Performance Highlights, 2009, Q3

- At the Human Services Department, the Income Support Program continues to struggle to meet the work participation rates in the Temporary Assistance for Needy Families (TANF) program, even after targets were adjusted down for FY09.
 - The Corrections Department continues to post a red rating for the profit/loss margin of the Corrections Industries Division. Although breakeven is a target, the division showed a 29.4 percent loss in 2009, Q3.
 - A recent call to the Taxation and Revenue Motor Vehicle Division call center by LFC staff resulted in a near instantaneous answer. The department reports reduced employee turnover has led to shorter wait times and improved customer service at the call center.
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Ten year anniversary of AGA --- Executive Survey

- Most agencies responded positively about AGA.
 - Information is being used to make improvements, set goals, streamline procedures and set action plans to improve future performance.
 - Concerns about FY10 targets and expectations due to budget cuts and hiring freeze
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Program Evaluation

Audit group within Budget shop:

- ❑ value in budget making
- ❑ teeth in legislative oversight

Education

- ❑ *Three-tiered Teacher Licensure System and Achievement Gap*
 - \$280 million spent on new career ladder and teacher compensation since FY04.
 - Higher qualified and better paid teachers not producing significant differences in student achievement.
 - Achievement gap larger than reported.
 - ❑ *State Assessment/Testing Program*
 - Demonstrated costs could be lowered, rigor maintained
 - Informed budget discussions during legislative session and new testing contract RFP
 - ❑ *School Districts*
 - Albuquerque: Helped identify \$2.6 million in over funding for special ed.
 - Rio Rancho: Identified inappropriate use of \$1.9 million in supplemental funding, impact of undervalued land on state costs for school construction & expensive bus contract (district brought services back in-house).
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Program Evaluation, cont.

Health care

- ❑ *Medicaid Managed Care*
 - \$107 million in savings that should have accrued to the state
 - Need for more transparency, competition, performance incentives and payment methods to slow medical spending
- ❑ *Behavioral Health Collaborative*
 - \$11 million in questionable payments to vendor; legislation to boost accountability.
- ❑ *Nursing Home Licensing*
 - Slow and inadequate investigations

General Government

- ❑ State Purchasing: Sole source purchase of airplane.
- ❑ Capital Outlay: Unused water systems

Information Technology

- ❑ Statewide Accounting System
 - ❑ Student and Teacher Accountability Reporting system
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Other Oversight Activities

- Budget Adjustment Requests
 - Capital Outlay Monitoring ---- red, yellow and green status reports
 - IT Reviews
 - Agency Hearings
 - Staff briefs
 - ARRA
-

Hearings and Briefs

- Economic Development Survey
 - Report Card Hearing
 - LFC Staff Work Group – ARRA
 - Investment Performance
 - 3rd party marketers
 - Derivatives/auction rate securities
 - Film Industry Tax Incentives
 - Border Field Trip
 - Nuevo Casas Grandes, Chihuahua, Mexico --- Key to Understanding Neighboring States
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Communications and Transparency --- Informing Legislators and the Public

- Director's activity reports
 - Policy, management and performance analysis, Volume I
 - Budget recommendations, Volume II
 - Data and Graphs, Volume III
 - Post-session Review
 - Newsletter
 - Website, including revenue tracking, quarterly investment earnings, and finance facts
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Conclusion

- LFC uses high performing organization approaches
 - Not rocket science, not major innovation
 - Revenue estimating, legislative budget recommendation, performance-based budgeting, program evaluation, oversight activities, communications and transparency are among the tools to address difficult challenges facing Legislature now and over next few years.
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Questions/Comments

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