Accountability in Government
Selected Performance Highlights
Second Quarter, Fiscal Year 2016
Revised 3/21/16

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 second quarter of FY16. LFC 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 second quarter of fiscal year 2016 by major area:

Human Services and Medicaid

The department began reporting federal Medicaid Quality Assurance Healthcare Effectiveness Data and Information Set (HEDIS) measures based on a rolling four-quarter reporting period to help mitigate the considerable lags in managed care organization reporting times.

LFC staff have concerns the four quarter smoothing misrepresents performance levels. While final HEDIS results may improve when all claims are finally submitted, some measures, such as well-child visits and emergency room visits, lag significantly behind targets. The percent of children eligible for supplemental nutritional assistance program (SNAP) exceeds the year's target of 88 percent and parent compliance with federal TANF requirements, while still below targets, improved significantly over the past year and exceed national averages.

Behavioral Health

A performance report for Behavioral Health was not provided by the Human Services Department in time for inclusion in this report.

Health

For the second quarter, the Department of Health added three individuals to the developmental disabilities waiver while the waiting list grew by 19 over the first quarter of FY16. Additionally, only 42.8 percent of developmental disabilities waiver applicants had a service plan in place within 90 days of income and clinical eligibility determination.

Aging and Long-Term Services (ALTSD)

In the second quarter, 29,027 people were served 941,063 meals through the Aging Network program. The year-to-date total equates to 70 percent of the estimated 58,636 New Mexicans age 60 and older who are considered "food insecure," as defined by the U.S. Department of Agriculture. The department's action plan to meet this performance target is to issue guidelines in each area, require service providers to develop plans, require reporting, and train staff. However, vacancies prevented the department from meeting call center targets and the number of abuse, neglect and reexploitation investigations is below the targeted level.

Children, Youth and Families

The Children, Youth and Families Department (CYFD) continued to struggle to meet targeted performance levels in the Juvenile Justice Services (JJS) and Protective Services (PS) programs. A continued rise in the number of physical incidents in JJS facilities and a rise in repeat maltreatment in PS during the second quarter of FY16 are a concern. The Early Childhood Services (ECS) program, however, met or exceeded most FY16 targets for the second quarter, including increasing the percent of children receiving high quality child care services.

Public Safety

LFC analysis shows the prison population at the New Mexico Corrections Department (NMCD) remained stable both of the last two quarters; however, measures of inmate violence, positive drug tests or drug test refusals, and the recidivism rate increased in the second quarter.

The Department of Public Safety (DPS) has added more officers in recent years due to increased salary levels and additional recruiting efforts, but reducing vacancies and turnover remain a priority for DPS. The number of criminal investigations conducted fell when compared to previous years as DPS narrowed the measure to capture only agents specifically assigned to criminal investigations as opposed to all patrol officers or investigators involved. DPS also created a narcotics unit with specifically assigned personnel, causing a jump in the number of drug-related investigations conducted. In the 2016 session, DPS received $1.2 million to clear the rape kit backlog; the department anticipates that it will take 4 years and $1.8 million to completely resolve the backlog.

Public Education

Second quarter performance data reported by the Public Education Department (PED) shows mixed results and the quality and accuracy of reported information continues to be a concern. PED is not likely to meet targets for completing data validation audits of funding formula components or for auditing individual school districts or charter schools for funding formula and program compliance. PED reports completing no data validation audits of funding formula components in the first half of FY16. To ensure equitable distribution of the state equalization guarantee and other categorical grant funding, the department needs to focus on completing more audits more timely. Also, the FY14 audit for PED, state-chartered charter schools, and the Division of Vocational Rehabilitation (DVR) is complete and was recently released by the State Auditor's Office. The audit contains multiple opinions and 174 findings.

Higher Education

The Higher Education Department (HED) reported second quarter performance data consistent with the first quarter in most areas, although incomplete data for adult education and loan-for-service performance measures caused artificially low results in certain areas. The department demonstrated improvement in its annual audit over previous years, with an unmodified opinion and six prior-year audit findings resolved. The HED Private and Proprietary Schools Division continues to experience a decline in the number of institutions holding licenses in New Mexico due to the shifting landscape in private and proprietary school approval procedures nationwide.

Natural Resources

Acres of forest and watershed treated through the second quarter was at just 23 percent of the annual target, but was slightly improved compared to the first half of FY15. The Energy, Minerals and Natural Resources Department nearly tripled the number of acres treated from the first to second quarters, but snowpack in higher elevations and wet, muddy roads have slowed contractors' ability to reach work sites, conditions which will likely persist through the spring. Visitation to state parks remained strong in the second quarter of FY16 compared to the same period in FY15, and projects to exceed the annual target by 1.4 million visitors and exceed FY15 visitation by 621 thousand, but self-generated revenue per visitor remained below the annual target.

The New Mexico Environment Department's performance regarding inspection activities, and most measures of compliance, are on pace to meet the annual targets. However, some key measures raise concerns. While the agency was able to timely address nearly all serious worker health and safety violations, the number of violations increased nearly four-fold from the first to the second quarter, from 61 to 236. Further, 57 thousand New Mexicans were being served by water systems not meeting health-based standards in the second quarter according to the agency.

Economic Development and Tourism

New Mexico gained just 2,600 jobs year-over-year at the end of the second quarter, and the 0.3 percent growth rate remains less than one-sixth the national average. However, the leisure and hospitality industry was a bright spot, leading employment growth in the state for the second straight quarter and reaching 4.9 percent job growth, or 4,800 jobs, year-over-year.

Workforce Solutions Department

The Workforce Solutions Department (WSD) improved performance across a majority of programs during the second quarter of FY16, including timeliness of claims determinations and payments. However, the UI call center experienced a significant rise in wait times to both file a new claim and file weekly certifications for existing claims. The agency reported increased wait times due to rising claims in the mining industry, including oil and gas exploration and extraction workers.

General Government

The state personnel office started the process of developing a new framework for a revised salary structure years ago but has little to show for it; the structure has not been implemented and many of the salary studies necessary to align state salaries to market rates have not been completed. Meanwhile, up to half of state positions are either assigned to an alternative pay band outside of the current structure or are misclassified to justify higher salaries resulting from chronic lack of regular salary structure adjustment. In the second quarter, SPO reported the average vacancy took 67 days to fill, two days less than the FY15 high of 69 days, but significantly higher than the target of 55 days. Additionally, only 70 percent of new hire employees complete their one-year probationary period.

Information Technology

The Taxation and Revenue Department completed a business impact analysis in preparation to begin replacing the state's oil and natural gas administration and revenue database system ONGARD. The biggest risk for the project involves the availability of tri-agency subject matter experts; it is essential that key oil and gas experts from the Energy, Minerals, and Natural Resources Department, State Land Office, and TRD be available to define the future state of ONGARD.

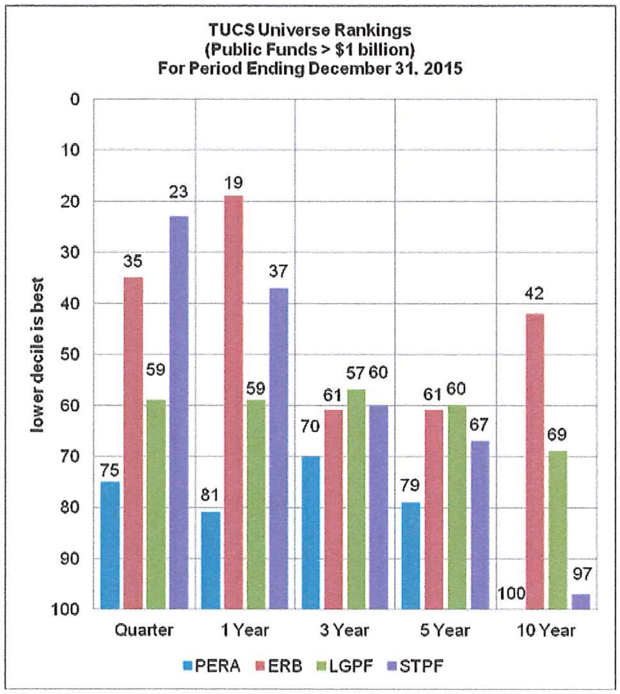
The Department of Information Technology SHARE team initiated quarterly reporting to LFC and other stakeholders regarding the software program's update. DoIT expects the upgrade to be completed in 18 to 24 months, with an estimated budget of $15 million. This includes funding from the SHARE equipment replacement fund and the $5 million appropriation from Laws 2013, extended last year through FY17. Importantly, other than the Treasury Module, no major SHARE projects will move forward until the upgrade is completed.

The State Land Office project to replace existing surface and minerals land management, leasing, and associated financial functionality (LIMS) fell significantly behind schedule in 2015 and has fallen an additional three months behind in FY16. The contractor initially requested additional fees for a re-baselined plan; however, it later accepted responsibility for the delays and provided an updated project schedule. A new executive steering committee was assigned and the contractor hired a new, full time dedicated project manager for the project as recommended by the independent verification and validation (IV&V) contractor.

Investments

The following table shows net-of-fees peer total return rankings for the agencies' large funds for the quarter, one, three, five, and ten-year periods. A lower rank (1st is best) denotes better performance when compared to other public funds within a comparable investment universe. These comparisons are completed by the Wilshire Trust Universe Comparison Service (TUCS), a benchmark service which evaluates the performance and allocation of institutional investment assets. New Mexico's investment agencies are evaluated alongside approximately 50 public funds with more than $1 billion in assets.

During the second quarter, the four funds improved over the quarter prior. Overall the returns varied for the periods reviewed and fell across a broad range of rankings when compared against comparable funds in the universe. STPF and ERB ranked at the 23rd and 37th percentiles respectively, performing very well and above LGPF and PERA which ranked at the 59th and 75th percentiles respectively. During the course of the fiscal one-year, STPF and ERB outperformed. Over the longer ten-year period ERB continues to perform well towards meeting its long term investment goals. LGPF and PERA both underperformed for every period and all funds under returned for the 3 and 5 year period.



The full LFC Quarterly Investment Report for the quarter ending December 2015 can be found under the Economic and Investment Reports tab.

Performance Report Card
Human Services Department
Second Quarter, Fiscal Year 2016

Performance Overview: To help mitigate significant reporting lags in the Medical Assistance program, the department began reporting Quality Assurance Healthcare Effectiveness Data and Information Set measures based on a rolling four-quarter reporting period. This "smoothing" of data likely accounts in part for the minimal changes between quarter one and quarter two. Well-child visits and emergency room visit measures lag behind targets. The percent of eligible children receiving supplemental nutritional assistance exceeds the year's target of 88 percent and parent compliance with federal TANF work requirements, while still below targets, has improved significantly and exceeds national averages.

	Medical Assistance Program Budget: $5,098,045.5 FTE: 191.5	CY13 Actual	CY14 Actual	CY15 Target	CY15 Q3	CY15 Q4	CY16 Q1	Rating
1	Percent of infants in Medicaid managed care who had six or more well-child visits with a primary care physician during the first fifteen months	63%	47%	70%	39%	39%		R
2	Percent of children and youth in Medicaid managed care who had one or more well-child visits with a primary care physician during the measurement year	92%	88%	92%	75%	73%		R
3	Percent of children ages two to twenty-one enrolled in Medicaid managed care who had at least one dental visit during the measurement year	65%	64%	70%	60%	60%		R
4	Percent of children in managed care with persistent asthma who were appropriately prescribed medication	92%	91%	94%	88%	88%		Y
5	Percent hospital readmissions for children ages two to seventeen within thirty days of discharge	8%	7%	10%	6%	6%		G
6	Percent hospital readmissions for adults eighteen and over, within thirty days of discharge	13%	11%	9%	11%	11%		Y
7	Number of emergency room visits per one thousand Medicaid member months	39	42	40	46	46		R
8	Percent of individuals in Medicaid managed care ages eighteen through seventy-five with diabetes (type 1 or type 2) who had a HbA1c test during the measurement year	84%	85%	86%	58%	58%		R
9	Percent of newborns with Medicaid coverage whose mothers received a prenatal care visit in the first trimester or within 42 days of enrollment in the managed care organization	85%	73%	85%	17%	18%		R
	MAD – Long-Term Services	FY14 Actual	FY 15 Actual	FY16 Target	FY16 Q1	FY16 Q2	FY16 Q3	
10	Percent of Medicaid managed care long-term care recipients who receive services within 90 days of eligibility determination	97%	93%	94%	94%	84%		R
Program Rating		Y	Y					R

Comments: In the Medicaid Assistance Program, the department is reporting performance results that include four quarters of smoothed data. Quarter four above is comprised of data from the first quarter of CY2015 through the fourth quarter of CY2015. The new reporting method likely provides a more accurate depiction of agency performance; however, changing reporting methods or measures inhibits year-to-year comparisons and smoothing may distort the results. For measure nine, percent of newborns whose mothers received a prenatal visit in the first trimester is perhaps the most difficult measure to gauge because prenatal visits and claims may not be submitted until after the child's birth. Finally, while lagging the year's target to date, the percent of children who had at least one dental visit exceeds the national average.

Performance Report Card
Human Services Department
Second Quarter, Fiscal Year 2016

	Income Support Budget: $910,669.6 FTE: 1,175	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
11	Percent of temporary assistance for needy families clients who obtain a job during the fiscal year	56%	54%	52%	n/a	n/a		n/a
12	Percent of temporary assistance for needy families two-parent recipients meeting federally-required work requirements **(reported in federal fiscal year; FY15 is YTD)**	44%	33%	60%	n/a	51%		Y
13	Percent of temporary assistance for needy families recipients (all families) meeting federally-required work requirements **(reported in federal fiscal year; FY15 is YTD)**	40%	34%	55%	n/a	48%		Y
14	Percent of children eligible for supplemental nutritional assistance program participating in the program at 130 percent of poverty level	82%	90%	88%	92%	92%		G
	Program Rating	Y	Y					Y

Comments: HSD reports it is engaging NM Works temporary assistance for needy families (TANF) participants in work supports, and continues to see increases in the numbers of families with new employment; however, the most recent data available from the Department of Workforce Solutions is the second quarter of calendar year 2015. Data on TANF recipient compliance with federally-mandated work requirements is reported on a federal fiscal year basis which begins in October; consequently, no data is available for measures 12 and 13 for the first quarter of the state fiscal year. The national average for meeting federal work participation requirements for two-parent and all families is 32.9 percent and 33.5 percent, respectively.

	Child Support Enforcement Budget: $33,179.5 FTE: 383	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
15	Percent of children with paternity acknowledged or adjudicated **(reported in federal fiscal year; FY15 is YTD)**	111%	98%	100%	n/a	90%		Y
16	Total child support enforcement collections, in millions	$137	$140	$140	$33	$32		G
17	Percent of child support owed that is collected	56%	58%	62%	57%	57%		G
18	Percent of cases with support orders	79%	83%	85%	84%	84%		G
	Program Rating	G	G					G

Comments: The program achieved a record high rate of ordered cases for the first and second quarters of state fiscal year 2016 and is on track to meet the $140 million target in collections for the year.

	Program Support Budget: $56,596.5 FTE: 262	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
19	Percent of federal grant reimbursements completed that minimize the use of state cash reserves in accordance with established cash management plans	95%	100%	100%	98%	100%		G
20	Percent of intentional violations in the supplemental nutrition assistance program investigated by the office of inspector general completed and referred for an administrative disqualification hearing within ninety days from date of assignment.	100%	86%	90%	90%	95%		G
	Program Rating	Y	Y					G

Comments: Performance is generally good for Program Support. The department continues with efforts to improve reconciliation of Medicaid billing processes and cash balances.

Click here for Agency Performance Reports http://www.nmlegis.gov/lcs/lfc/lfcreports.aspx

Performance Report Card
Department of Health
Second Quarter, Fiscal Year 2016

Performance Overview: The Department of Health, whose mission is broad and varied, requires comprehensive strategic planning and robust performance monitoring. In an effort to address limited performance reporting, the number of key performance measures has more than doubled. The Public Health and Epidemiology and Response Programs expanded measures from two to seven; and the remaining programs all added measures except the Facilities Management Program. For FY17, even more measures have been added.

Projected increased patient revenue, reduced statewide general fund revenue, and adjusted General Services Department rates were all considerations leading to minimal special and supplemental appropriations and a 4 percent reduction in FY17 general fund revenue. Ensuring the department stays within budget in FY16 and beyond will require the department to maximize patient revenue and adjust expenditures where the Affordable Care Act has rendered programs antiquated or obsolete. A recent LFC evaluation, "Opportunities to Leverage Federal Medicaid Funds," found the need for state general fund appropriations to support rural primary health care is decreasing; Medicaid revenues for services offered by public health offices are increasing; school-based health centers can bill Medicaid for services; tobacco settlement revenues could be freed up for other purposes by better leveraging Medicaid; and, general fund appropriations to the Trauma System Trust Authority do not pay for direct patient care services. Implementing recommendations from the report and improving the way the department bills for services will reduce reliance on general fund revenue.

	Public Health Program Budget: $181,241.7 FTE: 892	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Percent of students using school-based health centers who receive a comprehensive well exam*	34%	34%	38%	36%	20%		R
2	Percent of QUIT NOW enrollees who successfully quit using tobacco at seven month follow-up	32%	31%	33%	29%	35%		G
3	Number of teens ages fifteen through seventeen receiving services at clinics funded by the family planning program	2,717	1,334	2,900	898	1,163		G
4	Percent of female clients ages fifteen through seventeen seen in public health offices given effective contraceptives	61%	55%	66%	55%	60%		Y
5	Percent of elementary students in community transformation communities who are obese	18%	Data Pending	22%	Data Pending	Data Pending		
6	Percent of preschoolers, nineteen through thirty-five months, fully immunized	76%	Data Pending	85%	Data Pending	Data Pending		
7	Percent of women infants and children recipients that initiate breastfeeding	78%	80%	85%	81%	82%		Y
	Program Rating	Y	G					G

Comments: Projected patient revenue generation, fund balances, and reduced contracts for rural and primary health clinics informed Public Health Program FY17 appropriation levels, including a 14 percent general fund reduction. In preparation for FY17, the program should explore patient billing opportunities, shift certain public health functions to other sectors, and evaluate initiatives and programmatic areas made obsolete or duplicative as a result of the Affordable Care Act.

Half-way through the year the program's performance is mixed, but with time left to improve performance the program received a green rating overall. The program received a red rating for measure one but stated the reason for the significant drop was due to Centennial Care limiting the number of comprehensive well exams a youth can receive in a year and avoiding having to bill parents for duplicative services. The Office of School and Adolescent Health is working with the Human Services Department and Centennial Care Managed Care Organizations to reduce duplicative services. The target for measure four was not met, but performance improved and 60 percent of female clients ages 15 through 17 were given effective contraceptives. The department's action plan for measure four is to provide confidential clinical services and teen-friendly clinical practices to support teens in reaching life goals.

Performance Report Card
Department of Health
Second Quarter, Fiscal Year 2016

Program Rating	R	Y		Y

Comments: The Facilities Management Program was the only program that did not add new quarterly performance measures. For performance in any hospital system, it is important to monitor not only patient outcomes – reduced substance misuse, lower risk of injury – but also how well the system manages resources to provide the highest quality of care. In quarter two, the percent of long-term care patients experiencing one or more falls with injury increased dramatically. The department stated that this was due to a change in the way the department counts falls and is now including all patients who fall with injury. Measure 21 should be split into two measures – major injury, minor injury – to match national benchmark data for long-term care facilities in the future.

In a recent memorandum to Senator Morales, LFC staff evaluators outlined several issues at the Fort Bayard Medical Center (FBMC) such as uncompetitive salaries compared to the private sector, patient safety, facility deficiencies, a lack of operational oversight, over projected revenues, and a worse case budget shortfall for FY16 of $4.5 million to $5 million. Evaluators suggested a more in-depth independent review of the facility is needed to gain a better understanding of the issues.

	Developmental Disabilities Support Program Budget: $163,422.8 FTE: 183	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
22	Percent of developmental disabilities waiver applicants who have a service plan in place within ninety days of income and clinical eligibility determination*	75%	91%	93%	50%	42.8%		R
23	Percent of adults receiving developmental disabilities community inclusion services who also receive employment services	27%	29%	33%	33%	35%		G
24	Number of individuals on the developmental disabilities waiver receiving services*	4,403	4,610	4,000	4,610	4,613		G
25	Number of individuals on the developmental disabilities waiver waiting list*	6,133	6,365	6,400	6,330	6,349		Y
26	Percent of children served through the Family Infant Toddler (FIT) Program who receive all of the early intervention services on their individualized family service plan within thirty days	98%	98%	97%	98%	98%		G
	Program Rating	Y	Y					Y

Comments: While the program met most performance targets, there continues to be a large number of individuals on the developmental disabilities waiver waiting list and measure 22 is well below targeted levels. The program continues to struggle – explaining the overall yellow rating. Since FY12, the department, with appropriations from the Legislature, has increased the number of individuals served by the developmental disabilities waiver by nearly 20 percent. Additionally at the end of FY15, the Developmental Disabilities Support Program (DDSP) had a surplus of $3.7 million that would have been carried over from FY15 into FY16 but due to a possible refund to the federal government related to retroactive rate increases, this funding may not be available for services.

	Health Certification, Licensing and Oversight Program Budget: $12,834.9 FTE: 162	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
27	Percent of abuse, neglect, and exploitation incidents for community-based programs investigated within forty-five days*	26.4%	51.5%	95%	79%	72.3%		R
28	Percent of findings transmitted to provider within twenty business days of survey exit	53%	32%	95%	33%	76%		R
	Program Rating	R	n/a					Y

Comments: The Health Certification Licensing and Oversight Program began providing quarterly measures for FY16 and since ample time remains in the year to improve performance, it received yellow ratings. In order to improve on the investigative and survey processes, the program submitted action plans with benchmarks for each quarter.

Performance Report Card
Department of Health
Second Quarter, Fiscal Year 2016

Epidemiology and Response Program	Budget: $29,139.3	FTE: 183	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
8	Rate of infant pertussis cases to total pertussis cases of all ages*		1:16	1:12	1:15	1:7	1:17		G
9	Percent of vital records front counter customers who are satisfied with the service they received		New	98%	85%	95%	85%		G
10	Percent of acute care hospitals reporting stroke data into approved national registry*		6.8%	9.3%	13.6%	9.3%	9.3%		Y
11	Percent of acute care hospitals reporting heart attack data into approved national registry		9.1%	11.6%	13.6%	11.6%	13.9%		G
12	Percent of hospitals reporting bed availability in the healthcare emergency preparedness bed reporting system within four hours of request		81%	82%	75%	73%	73%		R
13	Number of nalaxone kits provided in conjunction with prescription opioids		154	381	500	105	83		R
14	Percent of counties with documented implementation plans for developing regionalized emergency medical services response		21%	42%	27%	42%	42%		G
Program Rating			R	G					G

Comments: The Epidemiology and Response Program added five key measures to improve reporting on stroke, heart attack occurrence, emergency preparedness, and Nalaxone (powerful opiate overdose reversal drug) distribution. For measure eight, even though there were the same number of infant pertussis (whooping cough) cases in quarter one as there were in quarter two, non-infant cases increased in the second quarter which reduced the overall rate. The program distributed less nalaxone in the second quarter and has fallen behind targeted levels. The department stated that the prescription overdose management coordinator position was vacant during the second quarter but expects to fill the vacancy soon. During the second quarter, the program received a competitive grant to assess the accuracy of death data submitted on death certificates and through healthcare facility electronic medical records.

Laboratory Services Program	Budget: $13,128.9	FTE: 135	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
15	Percent of blood alcohol tests from driving-while-intoxicated cases that are completed and reported to law enforcement within fifteen business days*		New	94%	90%	93%	93%		G
16	Percent of office of medical investigator cause of death toxicology cases that are completed and reported to the office of medical investigator within sixty business days*		New	78%	90%	99%	99%		G
17	Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times		95%	95%	95%	98%	97%		G
18	Percent of environmental samples for chemical contamination that are completed and reported to the submitting agency within sixty business days		96.5%	96.0%	90.0%	99.3%	95.7%		G
Program Rating			G	G					G

Comments: The program met all performance targets in the second quarter as it did last year indicating targets should be increased or measures revised to highlight areas of concern for policy makers. The lab received validation of a new instrument that will allow the department to confirm cases testing positive for benzodiazepines.

Facilities Management Program	Budget: $136,698.6	FTE: 2,070.5	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
19	Percent of staffed beds filled at all agency facilities*		81%	96%	90%	93%	95%		G
20	Percent of long-term care residents with healthcare acquired pressure ulcers		New	4.3%	6.4%	0.9%	3.0%		G
21	Percent of long-term care patients experiencing one or more falls with injury*		New	0.5%	3.3%	0.5%	6.1%		R

Performance Report Card
Department of Health
Second Quarter, Fiscal Year 2016

Medical Cannabis Program		Budget: $1,425.2	FTE: 7	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
29	Percent of complete medical cannabis client applications approved or rejected within thirty calendar days of receipt			90%	95%	95%	91%	98%		G
Program Rating				n/a	n/a					G

Comments: For the first time this year, the Medical Cannabis Program began reporting performance measures. The program met its performance target for the second quarter, increased enrollment by 15 percent, improved application processing times from 21 days to 16 days, and added 12 new producers.

*Denotes House Bill 2 measure

Click here for Agency Performance Reports http://www.nmlegis.gov/lcs/lfc/lfcreports.aspx

Performance Report Card
Aging and Long-Term Services Department
Second Quarter, Fiscal Year 2016

Performance Overview: Two recent LFC program evaluations recommended the department improve performance measures to reflect the prevalence of adult abuse and capacity to meet the needs of an aging population. One of the evaluations stated performance outcomes are not tracked and data is not used for strategic planning purposes. Without data-driven strategic planning, the ability to design a system capable of meeting the needs of baby boomers, and the rapidly increasing number of seniors over 80 years of age who are frail and mobility-impaired, is lost. The other evaluation suggested that while incidents of elder abuse and neglect are increasing, it is difficult to assess the effectiveness of New Mexico's Adult Protective Services in preventing future abuse and neglect due to a lack of data and performance monitoring.

	Consumer and Elder Rights Program Budget: $4,167.0 FTE: 47.5	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Percent of ombudsman complaints resolved within sixty days	99.5%	98.3%	95.0%	99.9%	99.9%		G
2	Percent of residents requesting short-term transition assistance from a nursing facility who remained in the community during the six month follow-up	New	New	85%	87%	96%		G
3	Percent of calls to the aging and disability resource center that are answered by a live operator	87%	70%	85%	76%	65%		R
	Program Rating	G	G					G

Comments: For measure three, the appropriation increased seven percent to add staffing to the Aging and Disability Resource Center in FY16, but the program continues to experience vacancies and is not reaching the performance target. Call volume increased in the second quarter, due to Medicare Part D open enrollment, leading to the decrease in live calls answered. Of the 11.6 thousand calls received, 3,700 callers left a voice message and their calls were returned within 48 hours and 488 calls were repeat callers who did not leave a message and kept calling until someone answered. The program's action plan is to adequately staff the call center based on peak activity. During the second quarter 859 ombudsman complaints were resolved for residents of nursing homes and assisted living facilities.

	Aging Network Program Budget: $41,034.3 FTE: 1.5	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
4	Percent of older New Mexicans whose food insecurity is alleviated by meals received through the aging network*	61%	87%	62%	54%	70%		G
5	Number of hours of caregiver support provided	379,097	392,872	400,000	110,182	101,347		G
	Program Rating	G	Y					G

Comments: For measure four, in the second quarter, 29,027 people were served 941,063 meals. The year-to-date total equates to 70 percent of the estimated 58,636 New Mexicans age 60 and older who are considered "food insecure," as defined by the U.S. Department of Agriculture. The department's action plan to meet this performance target is to issue guidelines in each area, require service providers to develop plans, require reporting, and train staff.

	Adult Protective Services Program Budget: $13,862 FTE: 133	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
6	Number of adult protective services investigations of abuse, neglect or exploitation*	6,665	5,931	6,100	1,525	1,430		Y
7	Percent of emergency or priority one investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed time frames*	98%	98%	98%	100%	99.6%		G
	Program Rating	G	G					G

Comments: The number of adult protective services investigations is slightly below target but 3 percent above the same quarter last year. Adult Protective Services (APS) typically experiences a reduction in referrals during the second quarter, which results in a lower number of investigations compared with other quarters. The lower number of reports during the holiday season are generally followed by a rebound in referrals in the third quarter. There are no national benchmark measures comparable with measure 7.

* Denotes House Bill 2 measure

Click here for Agency Performance Reports http://www.nmlegis.gov/lcs/lfc/lfcreports.aspx

Performance Report Card
Children, Youth and Families Department
Second Quarter, Fiscal Year 2016

Performance Overview: The Children, Youth and Families Department (CYFD) continued to struggle in meeting target performance levels for the Juvenile Justice Services (JJS), Protective Services (PS), and Behavioral Health Services (BHS) programs. However, many of the agency's prevention related performance targets were met by the Early Childhood Services (ECS) program. Despite declining revenues, the Legislature increased CYFD's FY17 budget $4.6 million to provide additional capacity for early childhood care and education and reduce social worker caseloads.

	Juvenile Justice Facilities Budget: $73,676.6 FTE: 944.3	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Percent of clients who complete formal probation*	81.8%	83.2%	70.0%	87.0%	86.9%		G
2	Percent of incidents in juvenile justice services facilities requiring use of force resulting in injury*	2.2%	1.6%	1.5%	1.6%	1.8%		R
3	Percent of clients recommitted to a children, youth and families department facility within two years of discharge from facilities*	9.7%	7.6%	9.0%	16.3%	11.8%		R
4	Percent of juvenile justice division facility clients age eighteen and older who enter adult corrections within two years after discharge from a juvenile justice facility*	7.1%	11.9%	6.0%	8.9%	11.6%		R
5	Number of physical assaults in juvenile justice facilities*	270	375	<250	115	237		R
6	Percent of clients re-adjudicated within two years of previous adjudication	6.0%	6.4%	5.8%	6.5%	6.5%		R
7	Turnover rate for youth care specialists*	14.4%	22.4%	14.0%	4.7%	8.7%		G
8	Percent of substantiated complaints by clients of abuse or neglect in juvenile justice facilities	New	10.7%	32.7%	7.1%	4.0%		G
	Program Rating	G	Y					Y

Comments: JJS reported a continued rise in the number of physical incidents in facilities during the second quarter of FY16. The agency reports a small group of clients were involved in the majority of incidents requiring use of force resulting in injury. To better serve high-needs clients and reduce incidents in juvenile facilities, staff continue to receive training and recertification on verbal de-escalation and physical handle with care. However, a recent staff survey indicates gaps in resources available to direct service FTE in providing pro-social development programming to re-direct client behavior. In response, JJS is examining options to deploy tactical communication skills and de-escalation techniques trainings, developing a more effective disciplinary process and incentive management system, and evaluating ways to enhance staff's ability to facilitate groups. Turnover rates continued to be significantly lower than the previous fiscal year improving stability in the JJS workforce. Stabilizing the workforce of direct service FTE in JJS was a key performance goal for the agency as a means to improving the overall performance of the JJ system. Previously, high turnover rates resulted in increased overtime expenditures and staff burnout. Reducing turnover is also extremely important when considering client services as a means of providing a stable environment with an experienced workforce for committed juveniles. Additionally, the cost of hiring and training one youth care specialist (YCS) is approximately $15 thousand, the equivalent to nearly six months of the average YCS salary.

	Protective Services Budget: $142,307.2 FTE: 906.8	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
9	Percent of adult victims or survivors receiving domestic violence services who have an individualized safety plan*	92.0%	95.0%	94.0%	95.3%	93.1%		Y
10	Percent of children who are not the subject of substantiated maltreatment within six months if a prior determination of substantiated maltreatment*	88.8%	89.1%	93.0%	88.9%	89.3%		R
11	Percent of children who are not the subject of substantiated maltreatment while in foster care*	99.9%	99.8%	99.7%	99.7%	99.8%		G
12	Percent of children reunified with their natural families in less than twelve months of entry into care	59.4%	64.1%	65.0%	63.9%	62.3%		R
13	Percent of children in foster care for twelve months with no more than two placements	76.8%	73.8%	79.0%	73.1%	72.7%		R
14	Percent of children adopted within twenty-four months from entry into foster care	31.8%	32.1%	33.0%	33.7%	28.9%		R

15	Percent of adult victims or survivors receiving domestic violence services who are made aware of other available community services	87.0%	90.8%	90.0%	90.2%	89.8%		Y
16	Turnover rate for protective services workers*	26.4%	29.0%	20.0%	11.6%	16.1%		G
	Program Rating	Y	Y					R

Comments: The Protective Services Program (PS) continued to struggle to reduce repeat maltreatment, but second quarter performance slightly improved over the previous quarter. Research suggests the rate of repeat maltreatment is a key indicator of the overall safety and wellbeing of a state's at-risk child population. According the U.S. Department of Health and Human Services (US HHS), Office of the Administration for Children and Families, children who are under the age of one in New Mexico have the highest rate of victimization per one thousand children; and the rate remains high until the age of eight. This means the youngest of children remain the most vulnerable to maltreatment, and with many families economically stressed, the rate of maltreatment has risen. Poverty, substance abuse, domestic violence, and mental health problems all contribute to the challenges faced by families who are the subject of repeated substantiated maltreatment. However, once a child is in the custody of the Children, Youth and Families Department (CYFD), the percent who are not subjected to repeat maltreatment in foster care continued to exceed targeted performance. The agency reports this is attributed to an improved training model implemented in 2012 that is a more realistic portrayal of the foster parent role. Additionally, the agency provides placement staff around the clock to respond to foster care incident reports which can address foster parent issues before situations escalate. Family support services for foster parents and foster parent support groups are also available in some areas of the state. During the 2016 legislative session, the Legislature prioritized funding to protect at-risk children, despite declining revenues. The Protective Services program received an increase of $3.7 million, or 4 percent, for the care and support of children in custody and to reduce caseloads for social workers by adding 22 additional FTE.

	Early Childhood Services Budget: $217,368.0 FTE: 171.5	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
17	Percent of children receiving subsidy in Stars/Aim High programs level three through five or with national accreditation*	41.1%	48.1%	40.0%	33.6%	31.5%		G
18	Percent of licensed childcare providers participating in Stars/Aim High programs levels three through five or with national accreditation*	31.6%	33.3%	32.0%	16.0%	15.4%		G
19	Percent of children receiving state subsidy in Focus program, levels three through five	New	New	10.0%	17.5%	19.5%		G
20	Percent of licensed child care providers participating in Focus, levels three through five	New	New	15.0%	18.8%	19.4%		G
21	Percent of infants on schedule to be fully immunized by age two	New	New	85.0%	91.6%	91.1%		G
22	Percent of parents who demonstrate progress in practicing positive parent-child interactions	New	New	40.0%	42.4%	42.7%		G
23	Percent of families at risk for domestic violence who have a safety plan in place	New	New	40.0%	36.6%	23.5%		R
24	Percent of mothers who initiate breastfeeding	New	New	75.0%	88.2%	94.9%		G
25	Percent of children in state-funded pre-kindergarten showing measurable progress on the preschool readiness for kindergarten tool	90.2%	94.3%	92.0%	Reported Annually			N/A
	Program Rating	Y	G					G

Comments: Early Childhood Services (ECS) met or exceeded most FY16 targets for the second quarter; but fell below target in the percent children and childcare providers participating in level three through five Aim High and the percent of families who have a domestic violence safety plan in place. However, as stated in the first quarter report card, the Aim High system is being transitioned into the new tiered quality rating system Focus, so it should be expected that participation will continue todecline. For instance, the percentage of children receiving subsidy in Aim High programs declined from 33.6 percent to 31.5 percent, a decrease of 2.1 percent between the first and second quarters while the percent of children receiving subsidy in FOCUS programs increased from 17.5 percent to 19.5 percent, an increase of over 2.0 percent between the first two quarters. All providers are expected to transition to Focus by the end of 2017. It should be noted many providers in rural areas do not participate in either Aim High or Focus. The agency reports this is most likely due to a lack of access to resources, community poverty levels impacting a family's income, and the number of childcare centers in a community. To improve, ECS is updating the data used to determine early childhood investment zones to more strategically develop better infrastructure and capacity to underserved communities. ECS also received a significant increase to expand early care and education capacity during the 2016 legislative session, including an additional $900 thousand for home visiting and $750 thousand for prekindergarten for three-year-olds.

	Behavioral Health Services Budget: $17,223.9 FTE: 33.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
26	Percent of youth hospitalized for treatment of selected mental health disorders who receive a follow-up with a mental health practitioner within seven calendar days after discharge*	New	31.3%	50.0%	28.8%	n/a		R
27	Percent of youth who show improvement in the substance disorder domain of the global assessment individual need short screen*	New	32.0%	50.0%	15.2%	28.4%		R
	Program Rating	N/A	R					R

Comments: The Behavioral Health Services Program's purpose is to manage, improve and ensure an effective, cost efficient and strong behavioral health system for children in New Mexico, with a particular emphasis on service delivery for Children, Youth, and Families Department involved children. The agency continues to report the decline in youth receiving follow-up mental health services within seven days of discharge is due to inadequate discharge planning. The agency believes facilities need to better develop discharge planning with the youth, family, and other relevant stakeholders that includes dates, times, and locations of follow-up services.

	Program Support Budget: $19,780.3 FTE: 175.0	FY14 Actual	FY15 Actual	FY15 Target	Q1	Q2	Q3	Rating
28	Average number of days to fill positions from the advertisement close date to candidate start date*	New	61	65	66	60		G
29	Percent of contractors that receive an onsite financial visit	New	New	10.0%	2.2%	4.0%		Y
30	Percent of contracts that receive a desktop audit	New	New	20.0%	8.1%	14.4%		Y
	Program Rating	N/A						Y

Comments: The continued effort to recruit, train, and retain staff providing direct services is essential to improve services for children, one of New Mexico's most vulnerable populations. Program Support reported the average number of days to fill vacant positions decreased significantly during the second quarter enabling a shorter timeline to fill positions. Reducing turnover and vacancy rates continues to be a key focus of the agency in order in improve performance agency-wide.

* Denotes House Bill 2 measure

Performance Report Card
Corrections Department
Second Quarter, Fiscal Year 2016

Performance Overview: The New Mexico Corrections Department (NMCD) maintained good performance on education and on-time releases for both genders. Medicaid pre-release eligibility determinations, while still well under target, also showed improved performance levels. However, inmate-on-inmate assaults with serious injury spiked, inmate-on-staff assaults remained level, and recidivism rates climbed, results that could be pointing to overcrowding and low staffing levels. The department will receive funding to help address these issues in FY17, with budget increases for officer pay raises, population growth, hepatitis C drugs, and a new offender management IT system. In the second quarter, the inmate population remained flat compared to the last quarter. At the end of the second quarter, 49 percent of the population resided in state run prisons, while the remaining 51 percent were in private facilities.

	Inmate Management and Control Budget: $259,167.6 FTE: 1,887	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Number of inmate-on-inmate assaults with serious injury (cumulative)*	9	12	10	1	8		R
2	Number of inmate-on-staff assaults with serious injury (cumulative)*	5	2	4	2	2		Y
3	Percent of inmates testing positive for drug use or refusing to be tested in random monthly drug tests*	2.0%	2.6%	<=1.5%	2.7%	2.1%		R
4	Percent of release eligible female inmates still incarcerated past their scheduled release date	New	New	10%	12%	8%		G
5	Percent of release eligible male inmates still incarcerated past their scheduled release date *	New	New	10%	10%	9%		G
6	Percent of inmates pre-enrolled in Medicaid at time of release*	New	New	95%	61%	61%		R
7	Recidivism rate of offenders due to new charges or pending charges*	26%	23%	20%	21%	22%		Y
8	Recidivism rate of offenders due to technical parole violations*	22%	17%	20%	17%	19%		G
9	Percent of eligible inmates who earn a general equivalency diploma*	54%	14%	75%	56%	92%		G
	Program Rating	Y	Y					Y
	Comments: The number of inmate-on-inmate assaults with serious injury spiked in the second quarter. The department stated there was no common factor among the assaults but notes overcrowding in the level three facilities and low staffing levels. However, NMCD is meeting targets for male and female on-time releases, a result of contractor audits and 16 additional dual-diagnosis beds at the Men's Recovery Academy.							
	Community Offender Management Budget: $34,098.7 FTE: 376	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
10	Average standard caseload per probation and parole officer*	105	99	95	108	105		R
11	Percent of absconders apprehended	12%	28%	26%	29%	27%		G
	Program Rating	R	Y					Y
	Comments: Average standard caseloads continue to exceed targeted levels as a result of a 20 percent vacancy rate. NMCD has worked to improve recruitment of probation and parole officers through open recruitment and trainings to help lower vacancy rates. Additionally, the department conducted an internal audit on referrals to intensive supervision (ISP) and standard supervision to help better balance workloads among officers, contributing to the improvement over the first quarter.							
	Corrections Industries Budget: $11,866.0 FTE: 32	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
12	Percent of inmates receiving vocational or educational training assigned to Corrections Industries	6%	21%	>20%	34%	34%		G
	Program Rating	G	G					G

* Denotes House Bill 2 measure

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Performance Report Card
Department of Public Safety
Second Quarter, Fiscal Year 2016

Performance Overview: High vacancies at the Department of Public Safety (DPS) continue to be a concern in the Law Enforcement and the Statewide Law Enforcement Support programs, especially among forensic scientists. The department struggles with recruiting enough forensic scientists to clear backlogs and process caseloads; however, action is being taken to improve scientist pay, work space, and equipment which should improve performance. DPS received $1.25 million in the 2016 legislative session for police officer pay increases. Ascertaining the success of previous years' officer pay increases is difficult. Since December 2014, vacancy rates have fallen from 15 percent to 10 percent; the department projects a 7 percent vacancy rate in the last half of FY17. The agency would have to hire 75 officers to be fully staffed and 31 officers to meet the 7 percent projection for FY17; however, since FY12, DPS has only netted 38 new officers. Despite these concerns, DPS continues to meet targeted levels in the law enforcement program, although measures relating to commercial vehicle safety enforcement and driving-while-intoxicated may not be met by the end of the year.

	Law Enforcement Program Budget: $119,993.8 FTE: 1,067.7	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Number of driving-while-intoxicated arrests per patrol officer* (cumulative)	8	9	9	2	4		Y
2	Number of driving-while-intoxicated checkpoints and saturation patrols conducted (cumulative)	915	1,051	1,175	346	722		G
3	Number of traffic related enforcement projects held (cumulative)	1,692	2,542	1,700	506	1,047		G
4	Number of criminal investigations conducted by commissioned personnel per full-time-equivalent assigned to patrol and investigations* (cumulative)	58	57	15	7	13		G
5	Number of drug-related investigations conducted by commissioned personnel per full-time-equivalent assigned to investigations (cumulative)	6	26	12	17	32		G
6	Number of motor carrier safety trainings completed (cumulative)	43	51	48	17	33		G
7	Number of commercial vehicle citations issued per filled full-time-equivalent assigned to enforcement duties (cumulative)	New	New	522	71	149		Y
8	Number of minor compliance operations per agent assigned to alcohol enforcement duties (cumulative)	16	30	24	6	12		G
9	Number of commercial motor vehicle safety inspections conducted per filled full-time-equivalent assigned to inspection duties (cumulative)	New	New	397	141	287		G
	Program Rating	Y	Y					G

Comments: Despite continuing struggles to recruit and retain new officers, the law enforcement program continues to perform well. The department has five more academies offered through the end of calendar year 2016, two basic training classes, two certification-by-waiver classes, and two public safety telecommunicator classes. The program improved over the first quarter on traffic enforcement projects, DWI checkpoints, commercial vehicle citations issued per filled FTE, and commercial vehicle inspections per filled FTE. Manpower should continue to increase as a result of the police officer pay plan. The measure of criminal investigations conducted is lower than previous years because the agency narrowed the measure to encompass only personnel dedicated to criminal investigations as opposed to previous years' inclusion of personnel commissioned to any patrol and investigation beat. DPS also created a narcotics unit with dedicated FTE, causing a jump in the number of drug-related investigations conducted.

	Statewide Law Enforcement Support Budget: $22,320.3 FTE: 144	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
10	Percent of forensic biology and deoxyribonucleic acid cases completed per filled full-time-equivalent within thirty working days	35%	24%	50%	7%	16%		R
11	Percent of forensic latent fingerprint cases completed per filled full-time-equivalent within thirty working days	13%	12%	50%	20%	17%		R

Performance Report Card
Department of Public Safety
Second Quarter, Fiscal Year 2016

12	Percent of forensic firearm and tool-mark cases completed per filled full-time-equivalent within thirty working days	46%	49%	50%	18%	19%		R
13	Percent of forensic chemistry cases completed per filled full-time-equivalent within thirty working days	49%	85%	60%	2%	2%		R
14	Average turnaround time to issue a concealed carry permit from the date the application is received to the date it is complete, in days	27	11	21	13	16		G
15	Average turnaround time of civil applicant results posted to the New Mexico Applicant Processing Service from the date the fingerprints are taken to the date of posting, in working days	New	1.3	4.0	1.3	1.7		G
16	Percent of desktop or mobile service requests received from statewide criminal justice entities resolved within five business days	New	New	90%	92%	91%		G
17	Percent of service requests received from statewide criminal justice entities that are resolved within forty-eight work hours	74%	88%	90%	89%	91%		Y
Program Rating		Y	Y					Y

Comments: The forensic biology and DNA section of DPS is now fully staffed with eight qualified scientists, one trainee and one technical support staff member. As a result, the 30 day completion measure relating to forensic biology and DNA improved from 7 percent to 16 percent. Latent print and chemistry divisions within the forensic lab remain understaffed. However, the number of cases received accumulates faster than staffing levels can accommodate, partially due to intense training requirements for new scientists that can take up to a year to complete. The department is meeting or exceeding measures relating to information technology and access to information. In the 2016 session, DPS received $1.2 million to clear the rape kit backlog; however, the funds have not been budgeted by the Department of Finance and Administration yet as supplemental appropriations took first priority. DPS anticipates that it will take 4 years and $1.8 million to completely resolve the rape kit backlog.

* Denotes House Bill 2 measure

Click here for Agency Performance Reports http://www.nmlegis.gov/lcs/lfc/lfcreports.aspx

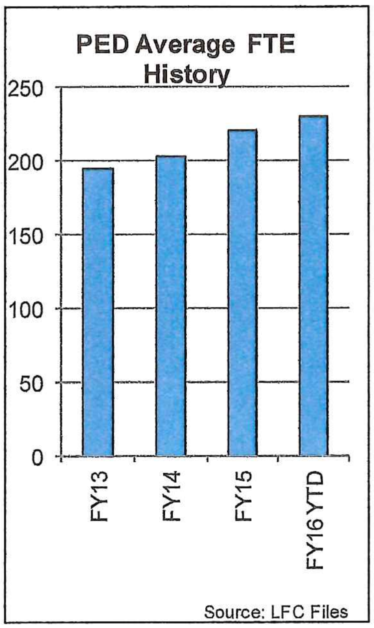
Performance Report Card
Public Education
Second Quarter, Fiscal Year 2016

Public Education Department

- Total FY16 Op Bud: $11,951.3
- Authorized FTE: 240.8
- Average Filled FTE Q2: 234

In the second quarter, PED's average processing time for school district budget adjustment requests (BAR) for direct grants was four days. PED may not meet the FY16 target of three days.

PED released one request for proposal (RFP) in the second quarter and the department processed the RFP in 35 days, well within the FY16 target of 60 days.



Lordsburg Municipal Schools received a disclaimer of opinion in their FY15 audit because the district did not perform cash reconciliations of its bank accounts and did not reconcile cash to individual funds. Also, the district's cash report to PED was not properly formatted resulting in the omission of revenue in some funds.

The FY15 audit for Central Consolidated Schools included 19 findings and received a disclaimer of opinion. The district's auditor was unable to verify cash balances and payroll liabilities.

The Public Education Department (PED) is focused on the following five strategic imperatives: expect a smarter return on New Mexico's investment; require real accountability for real results; ensure students are ready for success; reward effective educators and leaders; and provide effective options for parents.

Department Operations. Second quarter performance data reported by PED shows mixed results and the quality and accuracy of reported information continues to be a concern. PED continues to focus on financial operations within the department, including the time it takes to process budget adjustment requests and to provide school districts and charter schools more timely access to state and federal grant funding.

PED is not likely to meet targets for completing data validation audits of funding formula components or for auditing individual school districts or charter schools for funding formula and program compliance. PED reports completing no data validation audits of funding formula components in the first half of FY16. Additionally, PED reported only completing 13 audits of funding formula components in FY15, despite filling a number of vacant audit staff positions during this time and establishing a full audit schedule. To ensure equitable distribution of the state equalization guarantee and other categorical grant funding, the department needs to focus on completing more audits more timely.

Staffing. The department has steadily increased FTE since FY13 to address high turnover and ended FY15 with a 5 percent vacancy rate, the lowest rate in recent years. According to the organizational listing report, PED averaged 234 FTE for the second quarter, an increase of 8 FTE over the first quarter and will likely exhaust their FY16 personal services and employee benefits appropriation. Increased FTE will likely improve PED's management of education initiatives and day-to-day department operations. Fiscal year 2016 is the first year PED has used portions of "below-the-line" appropriations intended to directly support school districts and charter schools, for department personnel costs.

Fiscal Year 2014 and Fiscal Year 2015 Financial Statement Audit. The FY14 audit for PED, state-chartered charter schools, and the Division of Vocational Rehabilitation (DVR) is complete and was recently released by the State Auditor's Office. The audit contains multiple opinions and 174 findings. PED terminated its FY14 audit contract with Moss Adams after substantial completion. Moss Adams completed audits of Southwest Learning Center charter school for several years and failed to note multiple financial issues across multiple years that are currently being investigated by the FBI. PED was concerned that the threat of potential litigation against Moss Adams tainted the company's independence in completing the FY14 audit. The FY14 and FY15 audit was completed by a second audit firm. The FY15 audit is complete but has not been released by the State Auditor's Office.

Lordsburg Municipal, Central Consolidated, and Roy Municipal Schools are on the State Auditor's "at-risk" list after receiving a disclaimer opinion for their FY15 audit. A disclaimer is actually a lack of opinion and means the

Roy Municipal School received a disclaimer of opinion in its FY15 audit because the district's auditor was unable to obtain sufficient appropriate evidence regarding the amounts at which property and equipment, depreciation expense, and accumulated depreciation were recorded.

Number of Elementary Schools Participating in Breakfast After the Bell

Fiscal Year	Number of Schools	Percent Increase
FY12	156	
FY13	159	1.9%
FY14	181	13.8%
FY15	226	24.9%
FY16	242	7.1%

Source: PED

auditor was unable to obtain sufficient appropriate audit evidence necessary to express an opinion.

PED reported 58 school districts and charter schools failed to submit their FY15 audit within 90 days of the November 15 deadline but school districts and charter schools are allowed to submit audits up to 90 days after the deadline which is about mid-February.

Breakfast After the Bell. Two hundred forty-two schools are participating in the elementary school breakfast after the bell program in FY16, an increase of 7.1 percent over FY15. PED reports these schools served 76.6 thousand students in the second quarter, 1,216 more students than the first quarter.

Funding for the breakfast after the bell program is required to be provided to schools with a free and reduced lunch rate of 85 percent or above. PED notes, because the new federal school meal program was implemented during the 2015-2016 school year, additional schools with a free and reduced lunch rate below 85 percent were provided with breakfast after the bell funding. Also, some schools were not able to participate in the program due to anticipated costs, perceived difficulties of serving breakfast after the bell in the classroom, or ensuring all students have the opportunity to receive breakfast if the program is offered before the school day begins.

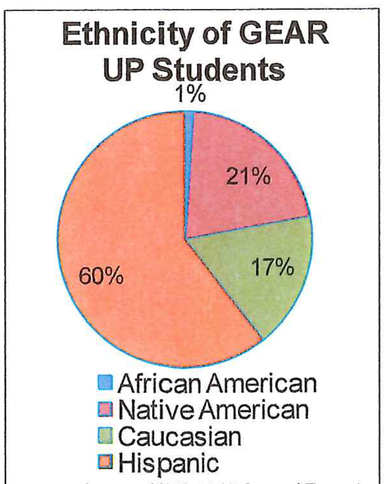
Common Course Naming and Numbering System

Laws 2015, Chapter 29 (House Bill 282) requires the department to establish a common course naming and numbering system for all lower division courses by August 1, 2017. To meet this deadline, the department reports it is sorting through all syllabi at higher education institutions to identify equivalent courses, collaborating with faculty committees to align the student learning objectives of common courses, and working with registrars and admissions officers.

GEAR UP

In 2012, HED was awarded $33.9 million in federal funds over seven years from the U.S. Department of Education for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). The grant is designed to increase the number of students who graduate from high school and enroll in postsecondary education or training without the need for remediation.

During the 2014-2015 academic year, GEAR UP served 14 thousand middle and high school students in 25 schools in 12 school districts. The majority of students served by the program are Hispanic, as illustrated in the chart below.



Source: HED 2015 Annual Report

The Higher Education Department (HED) submits quarterly reports on measures that generally relate to adult education, capital infrastructure requests, and loan-for-service. The results of these measures in the second quarter of FY16 are discussed in this report. However, the department also files an annual financial audit and publishes an annual report documenting its activities. These documents provide a more thorough picture of the department's functions and how effectively and efficiently the department meets its statutory requirements and priorities. As a result, the findings of the annual audit and annual report supplement the second quarter performance results in this report. Higher education institutions do not report second quarter performance measures.

HED FINANCIAL MANAGEMENT

The department submitted its FY15 audit by the statutory deadline. The audit resulted in an unmodified opinion with five findings. Two of the FY15 audit findings related to the Financial Aid Division's loan-for-service programs and are further discussed below. The remaining findings related to entity-level controls over financial reporting, untimely deposit of cash, and budgeted expenditures in excess of revenues. The causes cited for the findings were largely related to inadequate staffing resources and a lack of reconciliation of fund balance prior to posting of a budget adjustment request. Six prior audit findings were resolved, according to the audit report.

In response to the audit findings, HED states it will address deficiencies in financial accounting and reporting controls through specific reconciliation and review processes and perform quarterly reviews of asset and liability accounts. The department further states it will utilize a third position created within the administrative services division for cash deposits and reconcile the SHARE system and prior year financial statement ending fund balance.

INSTITUTIONAL FINANCE DIVISION

The HED Institutional Finance Division is responsible for distributing state appropriations and non-financial aid federal funds to institutions, reviewing and approving institutional operating budgets, developing the higher education funding formula, and confirming higher education institutions' compliance with all financial reporting requirements.

Capital Projects. The division is also responsible for oversight of institutional capital projects at the state's colleges, universities, and special schools. The division, along with the Capital Projects Committee, assesses, evaluates, and recommends for approval various projects for higher education institutions. Projects greater than $300 thousand are heard by the Capital Projects Committee and generally comprise multiple funding sources, such as donations, institutional funds, revenue bonds, local bonds, and state appropriations.

In 2015, according to the department's annual report, projects and revenue bonds totaling $638.7 million were presented to the Capital Projects Committee. Of this, $251.2 million was for projects approved and underway, some of which were from the 2014 General Obligation Bond (GOB) and the 2015 Severance Tax Bond (STB) series, while $387.5 million was funded from institutional revenue bonds for current and future projects. The

Private and Proprietary Schools Division

New Mexico is a member of the National Council for State Authorization Reciprocity Agreements (NC-SARA), which oversees online educational institutions whose services cross state lines. The agreements allow institutions approved in their respective states to offer educational services in other states without seeking approval from each additional state. According to the department, due to the number of educational institutions across the country joining in these reciprocity agreements, the Private and Proprietary Schools Division of HED is experiencing a decline in educational institutions registered, or applying for registration, in New Mexico. For FY17, DFA and LFC agreed on a new performance measure for the number of days for the Private and Proprietary Schools Division to approve or reject a license or registration applicant; the agreed upon target recommendation for FY17 is 30 days.

New Mexico institutions approved to provide educational services outside the state through NC-SARA include:

- CNM
- Clovis CC
- Dona Ana CC
- ENMU
- National College of Midwifery
- NMHU
- NM Tech
- NMJC
- NMSU
- San Juan CC
- UNM
- University of the Southwest
- WNMU

department reports, as of the end of calendar year 2015, about 75 percent of both GOB and STB packages have been heard and approved by HED.

FINANCIAL AID DIVISION

In the second quarter of FY16, the department reported 66 percent of students who received state loan-for-service funding provided service after graduation, consistent with the results for this measure in the first quarter. It is important to note students taking advantage of the loan-for-service programs are allotted a deferment period before they must report their employment activities. As a result, the department indicates the data reported for this measure is artificially low. The FY15 result for this measure was 98 percent, and the FY16 target is 92 percent.

With regard to student financial aid in the department's FY15 audit, the auditor found accrued interest calculated by the loan servicer for one of 41 loans tested was not accurate, and one of 25 FY15 loan disbursements tested was not recorded in the loan servicer's system. These findings also appeared in prior-year audits. However, the audit indicates processes have shown improvement over the past several years.

The audit also suggests a significant amount of student loans are not collected, which reduces funds available to make new loans and requires additional appropriations from the state general fund. The audit, as well as HED, indicates the department does not have the resources necessary to perform collections on amounts owed by those who fail to complete the requirements of the loan-for-service programs. HED suggests the department could contract with vendors in the future to collect outstanding loans in exchange for a percentage of collected accounts. HED also reports it may work with the New Mexico Taxation and Revenue Department to withhold New Mexico income tax refunds for taxpayers who have outstanding or defaulted loans.

ADULT BASIC EDUCATION DIVISION

HED receives about $5.5 million in state general fund support, along with about $4.0 million in federal revenue, for adult education services throughout the state each year. FY15 enrollment for adult education programs was 15.3 thousand students across 27 sites. Adult education enrollment has declined since FY11, when over 20 thousand students participated in adult education programs.

The department reported two performance measures for adult education in the second quarter:

Performance Measure	Q1	Q2
Percent of eligible adult education students who earn a high school equivalency credential	75%	61.9%
Percent of unemployed adult education students obtaining employment	14.5%	14.7%

HED reports there is a lag in reporting workforce data, so the percent of adult education students obtaining employment may be low compared with end-of-year results.

Performance Report Card
Energy, Minerals and Natural Resources Department
Second Quarter, Fiscal Year 2016

Performance Overview: The agency is performing well in many areas, but is on pace to miss some key performance targets. While visitation at state parks was high in the first half of the fiscal year, per visitor revenue continues to be well below the target and performance in past years. Conditions in the state's forested areas during the second quarter limited the agency's forest restoration efforts and this is expected to continue through the third quarter, meaning it is unlikely the 19 thousand acre target will be achieved in FY16.

Healthy Forests Program	Budget: $12,863.4 FTE: 80.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Number of nonfederal wildland firefighters provided professional and technical incident command system training*	2,074	1,625	1,875	34	256		G
2	Number of acres treated in New Mexico's forest and watersheds*	12,277	15,142	19,000	1,171	3,221		Y
3	Number of at-risk communities or local fire departments provided funding for wildland firefighting equipment or training	133	112	110	5	28		Y
4	Number of people employed under the veterans program	New	New	30	Annual			
Program Rating		G	Y					Y

Comments: Acres of forest and watershed treated through the second quarter was at just 23 percent of the annual target, but was slightly improved compared to the first half of FY15. The agency nearly tripled acres treated from the first to second quarters, but snowpack in higher elevations and wet, muddy roads have slowed contractors' ability to reach work sites, conditions which will likely persist through the spring. The number of firefighters trained was low in the first quarter and improved in the second quarter, but is not on pace to meet the annual target. Still, most firefighters receive training during the third and fourth quarters; in FY15, 93.5 percent of firefighters were trained in the second half of the fiscal year.

State Parks Program	Budget: $28,354.6 FTE: 246.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
5	Number of visitors to state parks (in millions)*	3,983,417	4,684,605	3,900,000	2,004,218	648,688		G
6	Self-generated revenue per visitor, in dollars	$0.97	$0.87	$0.96	$0.73	$0.75		Y
7	Number of interpretive programs available to park visitors	2,562	1,780	2,500	453	192		Y
Program Rating		Y	G					Y

Comments: Park visitation remained strong in the second quarter of FY16 compared to the same period in FY15, and projects to exceed the annual target by 1.4 million visitors and exceed FY15 visitation by 621 thousand. Self-generated revenue per visitor remained below the annual target, but total revenue from visitors is likely to fall between FY15 performance ($4.1 million) and the amount resulting from the targets for visitation and per visitor revenue ($3.8 million). State Parks is continuing to work with Reserve America to acquire data that better documents the use of annual camping permits within parks and the impact on visitor revenue. Further, state Parks coordinates on a weekly basis with the Tourism Department to increase web-presence and showcase parks, and will again hold the "Find Your New Mexico True State Park" photo contest in the spring and summer of 2016.

Mine Reclamation Program	Budget: $8,231.7 FTE: 34.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
8	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	99%	99%	100%	98%	99%		G
9	Percent of required inspections conducted per year to ensure mining is being conducted in compliance with approved permits and regulations	100%	100%	100%	Annual			
Program Rating		G	G					G

Comments: The program continued to meet inspection requirements and only one permitted mine does not have adequate financial assurance. EMNRD continues to report the Asarco Deming Mill is under application with a new owner and a new permit and updated financial assurance is required. The program resolved the Menefee Mill's financial assurance deficiency with the operator committing to reducing disturbed acreage and posting a new bond.

Performance Report Card
Energy, Minerals and Natural Resources Department
Second Quarter, Fiscal Year 2016

Oil and Gas Conservation Program	Budget: $11,519.3	FTE: 70.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
10	Number of inspections of oil and gas wells and associated facilities*		38,920	47,539	39,000	12,431	10,245		G
11	Percent of application to drill permits approved within 10 business days of receipt		n/a	90%	60%	78%	89%		G
12	Number of abandoned oil and gas wells properly plugged using reclamation fund monies		32	31	30	4	7		G
Program Rating			G	G					G

Comments: The agency is on track to meet inspection targets for FY16, completing 58 percent of the goal through the second quarter. The program continues to process applications at a rate above the annual target, and applications received declined by just 2 percent from the first quarter to the second quarter despite the oil price and rig count both declining by approximately 17 percent during the second quarter. The program currently has an approved order authorizing the plugging of more than 200 wells left abandoned by a single operator, Canyon E&P. Eleven wells were plugged in the first half of FY16 and the program has 20 wells scheduled for plugging in the second half of the year to meet the annual target.

* Denotes House Bill 2 measure

Performance Report Card
Department of Environment
Second Quarter, Fiscal Year 2016

Performance Overview: Many of the agency's performance measures regarding inspection activities, and most measures of compliance, are on pace to meet the annual targets. However, some key measures raise concerns. For example, the percentage of facilities where groundwater monitoring shows compliance with standards remains below the target and prior year performance. Further, 57 thousand New Mexicans were being served by water systems not meeting health-based standards in the second quarter according to the agency.

	Resource Protection Program — Budget: $20,749.0 — FTE: 180.5	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Percent of groundwater discharge permitted facilities receiving annual field inspections and compliance evaluations*	68%	53%	55%	15%	15%		G
2	Percent of permitted facilities where monitoring results demonstrate compliance with groundwater standards*	70%	66%	72%	65%	65%		Y
3	Percent of underground storage tank facilities in significant operational compliance with release prevention and release detection requirements of the petroleum storage tank regulations*	83%	77%	75%	66%	75%		Y
	Program Rating	Y	Y					Y

Comments: The agency is on track to meet the target for inspections of groundwater discharge facilities, but the percent of facilities where groundwater monitoring shows compliance with standards is below both the annual target and performance in prior years. The percentage of inspected facilities in compliance with release prevention and detection requirements improved significantly in the second quarter, primarily because different facilities are inspected each quarter and the percent of underground storage tanks in compliance with regulations varies accordingly. Despite the second quarter improvement, performance in the first half – the average of the first and second quarters – of the year falls short of the annual target.

	Environmental Health Program — Budget: $24,291.9 — FTE: 241.5	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
4	Percent of the population served by community water systems that receive drinking water that meets all applicable health-based drinking water standards	95%	99%	100%	97%	97%		Y
5	Percent of public water systems surveyed to ensure compliance with drinking water regulations*	93%	97%	96%	97%	98%		G
6	Number of free water well tests	208	280	175	732	0		G
7	Number and location of boil-water advisories issued to consumers when a water system violates the bacteria standard	12	5	≤10	2	0		G
8	Number of assistance actions provided to public water systems to ensure compliance with federal safe drinking water regulations	3,500	3,899	3,500	954	459		Y
9	Total dollar amount of new loans made from the clean water state revolving fund program and the rural infrastructure revolving loan program, in thousands	$33,355	$27,385	$20,000	$186	$0		Y
10	Percent of large quantity hazardous waste generators inspected*	28%	29%	25%	12%	5%		G
	Program Rating	Y	G					Y

Comments: While nearly all New Mexicans receive drinking water from systems meeting health-based standards, 57 thousand were being served by systems not meeting such standards as of the second quarter. While the agency loaned out very little from the clean water state revolving fund in the first half of the year, most are historically made in the second half of fiscal years due to the application process. For example, third and fourth quarter activity accounted for 91 percent of the $27.4 million loaned in FY15.

	Environmental Protection Program — Budget: $15,663.2 — FTE: 160.5	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
11	Percent of permitted active solid waste facilities and infectious waste generators inspected that were found to be in substantial compliance with the New Mexico solid waste rules*	87%	100%	85%	90%	88%		G

Performance Report Card
Department of Environment
Second Quarter, Fiscal Year 2016

12	Percent of radiation-producing machine inspections completed within the timeframes identified in radiation control bureau policies*	98%	95%	85%	100%	100%		G
13	Percent of landfills compliant with groundwater sampling and reporting requirements	96%	95%	100%	100%	100%		G
14	Percent of facilities taking corrective action to mitigate air quality violations discovered as a result of inspections	100%	100%	100%	100%	100%		G
15	Percent of serious worker health and safety violations corrected within the timeframes designated on issued citations from the consultation and compliance sections	96%	98%	95%	98%	94%		G
16	Percent of licensed radioactive material facility inspections completed within the timeframes identified in radiation control bureau policies	100%	100%	100%	100%	100%		G
Program Rating		G	Y					G

Comments: As in the first quarter, the program met or exceeded all performance targets through the second quarter. The Solid Waste Bureau reported a slight decline in the percent of inspections finding substantial compliance with regulations, but the 88 percent found to be in compliance still exceeds the target and the decline is primarily due to the bureau inspecting different facilities in the reporting periods. Despite the number of serious health and safety worker violations increasing nearly four-fold from the first to the second quarter, from 61 to 236, the program was able to address nearly all of the violations in a timely manner. The large increase was primarily due to a high number of inspections being performed in the first quarter, resulting in a significant number of violations that were corrected in the second quarter.

Resource Management Program	Budget: $8,792.1 FTE: 78.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
17	Average number of working days past the federal reporting requirement the agency requests direct federal reimbursement	27	30	15	30	15		Y
18	Percent of enforcement actions brought within one year of inspection or documentation of violation*	93%	94%	96%	98%	97%		G
Program Rating		n/a	n/a					Y

Comments: The agency continues to bring enforcement actions in a timely manner. Requests for federal reimbursement were submitted more quickly in the second quarter, but, when averaged with first quarter performance, the agency is still not on track to meet the annual target.

* Denotes House Bill 2 measure

Performance Report Card
Economic Development Department
Second Quarter, Fiscal Year 2016

Performance Overview: The Economic Development Department (EDD) announced 1,346 new jobs during the second quarter of FY16, bringing the mid-year total to 47 percent of the annual target. New Mexico gained just 2,600 jobs year-over-year at the end of the quarter, and the 0.3 percent growth rate remains less than one-sixth the national average. Neighboring states Texas, Arizona, and Colorado all achieved growth rates ranging from 1.4 percent to 2.5 percent.

During the first half of the fiscal year, EDD awarded $9.1 million in Local Economic Development Act (LEDA) funds to 14 companies to create 1,171 new jobs, resulting in a cost per job of $7,765 -- significantly higher than the FY15 cost of about $3,000 per job. Additionally, these figures represent the cost for announced jobs rather than jobs actually filled.

	Economic Development Program Budget: $6,767.3 FTE: 23	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Total number of jobs created due to economic development department efforts *	3,686	3,294	4,500	778	1,346		Y
2	Number of rural jobs created *	1,562	726	1,750	279	83		R
3	Number of jobs created through business relocations and competitive expansions facilitated by the economic development partnership *	1,624	222	2,000	230	82		R
4	Number of workers trained by the job training incentive program *	1,355	2,086	1,400	627	1,369		G
5	Average hourly wage of jobs funded through the job training incentive program (cumulative average)	$17.32	$17.67	$20.00	$15.68	$17.51		Y
6	Number of business advocacy cases solved	67	72	65	31	24		G
7	Dollars of private sector investment in mainstreet districts (in millions)	$10	$8	$10	Reported Annually			-
	Program Rating	Y	Y					Y

Comments: EDD's performance report does not include an action plan for each unmet performance target. Notation of when the agency projects to be back on track to meet the targets and how it plans to do so would be useful both for internal guidance and for external evaluation. For example, the agency has struggled to meet rural job targets for the agency as a whole and for the Job Training Incentive Program (JTIP) in particular.

The Economic Development Partnership is not on track to meet the annual jobs target despite a $250 thousand increase in appropriations for FY16. However, the organization is working with the Tourism Department to develop ads to recruit businesses using the "New Mexico True" brand, leveraging financial resources and extending the reach of this successful statewide brand. The organization's director announced his resignation shortly after the end of the second quarter. It is unclear how long it will take to find a replacement, but given the very small staff, this could hinder the organization's performance for the remainder of FY16.

	Film Program Budget: $758.5 FTE: 8	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
8	Number of film and media worker days *	189,782	298,398	190,000	82,764	19,597		G
9	Direct spending by film industry productions, in millions *	$162	$286	$200	$70	$23		Y

Performance Report Card
Economic Development Department
Second Quarter, Fiscal Year 2016

10	Number of films and media projects principally made in New Mexico	61	79	61	20	12		G
Program Rating		G	G					G

Comments: The Film Program performance results declined significantly in the second quarter after a strong first quarter and record or near-record highs for measures in FY15. This does not appear to be a seasonal variance, because results for the second quarter of FY15 were very strong and exceeded first quarter results for two of the three measures. The Film Office reports activity levels are back up for the start of the third quarter, and it is still possible the annual results for FY16 might exceed the FY15 results for worker days and number of projects principally made in New Mexico.

* Denotes House Bill 2 measure

Performance Report Card
Tourism Department
Second Quarter, Fiscal Year 2016

Performance Overview: The leisure and hospitality industry led employment growth in the state for the second straight quarter, reaching 4.9 percent job growth, or 4,800 jobs, compared to the overall state average of 0.3 percent. The ski industry likely contributed to this growth with significantly better snow conditions in late 2015 compared with the year before. Additionally, the Tourism Department began an advertising campaign for the state's ski resorts in FY16 after a few years with minimal advertising focusing on winter recreation.

The Tourism Department is not a key agency and is not required to report quarterly on performance. However, the Legislature appropriated $9.2 million for tourism advertising in FY16, and LFC staff recommends making the Tourism Department a key agency for reporting purposes.

	Marketing and Promotion Program Budget: $11,027.7 FTE: 34.5	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Percent increase in Rocky Mountain Lodging total receipts	6.4%	5.6%	2.5%	7.7%	11.1%		G
2	Number of new jobs created in the leisure and hospitality industry year-over-year	1,500	2,900	2,750	2,500	4,800		G
3	Dollar amount spent per overnight primary visitor per day	$76.82	$78.15	$75.00	Reported Annually			-
4	New Mexico's domestic overnight visitor market share *	1.0%	1.1%	1.1%	Reported Annually			-
5	Percent of visitors who choose New Mexico as their primary destination	70%	70%	71%	Reported Annually			-
6	Number of YouTube views of department videos, in thousands	n/a	820	25	167	133		G
	Program Rating	G	G					G

Comments: Typically, the first measure reports the percent increase in gross receipts tax (GRT) revenue from accommodations, but this data appears to contain an inaccuracy from the Taxation and Revenue Department because the growth is far greater than historical increases. Therefore, the numbers shown are from Rocky Mountain Lodging receipts, and these metrics have a relatively strong historical correlation and similar magnitudes.

The number of YouTube views exceeded the annual target, but this is a new measure, and the target should be revisited for future years. The results are not on track to match the FY15 results, but this is due to a significant increase in views in the fourth quarter of FY15; excluding that quarter from comparison, the FY16 results are outperforming FY15 results. Additionally, the number of Facebook fans increased 92 percent year-over-year in the second quarter.

	New Mexico Magazine Program Budget: $3,363.2 FTE: 14	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
7	Circulation rate *	89,556	92,148	95,000	Reported Annually			-
8	Advertising revenue per issue, in thousands *	$57	$59	$72	$58	$45		R
9	Number of visits to nmmagazine.com and newmexico.org, in thousands	715	1,189	565	227	212		G
	Program Rating	Y	Y					Y

Comments: *New Mexico Magazine* is the oldest state magazine in the United States, founded in 1923, and is the third-largest state-owned publication in circulation. Advertising revenue per issue declined significantly in the second quarter. The program hired new magazine sales representatives at the start of FY16, so it is possible the low revenue numbers are due to the staff's learning curve. However, if this trend continues through the third quarter, the department should implement cost controls and plan for a possible program budget shortfall, including a potential fund transfer from other programs to avoid a deficiency.

* Denotes House Bill 2 measure

Performance Report Card
Workforce Solutions Department
Second Quarter, Fiscal Year 2016

Performance Overview: The Workforce Solutions Department (WSD) improved performance across a majority of programs during the second quarter of FY16. However, the UI call center experienced a significant rise in wait times to both file a new claim and file weekly certifications for existing claims. Historically, increasing wait times in previous years were a great concern. As the statewide economy fluctuates wait times may continue to increase for individuals receiving unemployment benefits.

	Unemployment Insurance Budget: $10,648.1 FTE: 211.8	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Percent of new employer accounts complete within ninety days	87%	90%	86%	88%	88%		G
2	Percent of eligible unemployment insurance claims issued a determination within twenty-one days from the date of claim	79%	95%	75%	91%	94%		G
3	Percent of all first payments made within fourteen days after the waiting week.	84%	92%	85%	90%	93%		G
4	Percent accuracy rate of claimant separation determinations	88%	89%	75%	94%	90%		G
5	Average wait time to speak to a customer service agent in unemployment insurance operation center to file a new unemployment insurance claim	New	New	15 min.	11 min.	26 min.		R
6	Average wait time to speak to a customer service agent in unemployment insurance operation center to file a weekly certification	New	New	15 min.	12 min.	18 min.		Y
7	Achieve call adherence measurement within the customer service operations center	New	94%	75%	91%	93%		G
	Program Rating	Y	Y					G

Comments: The Unemployment Insurance Program (UI) met or exceeded a majority of performance targets during the second quarter of FY16, but struggled with increased wait times for the unemployment insurance call center. The agency reported increased wait times due to rising claims in the mining industry, including oil and gas exploration and extraction workers. As stability for this workforce continues to be in flux statewide, strain on the UI call center is likely to persist. To improve performance, WSD states the agency has six additional customer service agents in training to assist in reducing wait times in the third quarter.

	Employment Services Budget: $17,044.2 FTE: 151.8	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
8	Percent of employers sampled reporting customer satisfaction	98%	99%	99%	99%	99%		G
9	Number of personal contacts made by field office personnel with New Mexico businesses to inform them of available services or provide actual services	126,296	118,102	75,000/18,750 (annual/quarter)	22,366	19,051		G
10	Average six-month earnings of persons entering employment after receiving Wagner Peyser employment services	$13,122	$13,553	$12,500	13,950	$13,825		G
11	Percent of recently separated veterans entering employment	48%	51%	55%	54%	55%		G
12	Percent of disabled veterans entering employment after receiving workforce development services	42%	44%	45%	46%	46%		G
13	Total number of individuals receiving Wagner Peyser employment services	121,727	98,489	150,000/37,500 (annual/quarter)	94,642	93,772		G
14	Percent of unemployed individuals employed after receiving Wagner Peyser employment services	53%	58%	51%	60%	59%		G
15	Percent of individuals that have received Wagner Peyser employment services retaining employment after six months	75%	80%	70%	82%	80%		G
16	Percent of recently separated veterans retaining employment after six months	71%	74%	65%	80%	76%		G
17	Average six-month earnings of persons entering employment after receiving veterans' services	$16,522	$15,841	$16,000	$17,193	$17,139		G

Performance Report Card
Workforce Solutions Department
Second Quarter, Fiscal Year 2016

		FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
Program Rating		Y	Y					G

Comments: The Employment Services Program met or exceeded all performance targets in the second quarter.

Workforce Technology	Budget: $14712.3 FTE: 49.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
18	Percent of time the unemployment framework for automated claims and tax services are available during scheduled uptime	100%	100%	100%	99%	100%		G
19	Response time from system outage to restoration of service on unemployment framework for automated claims and tax services in minutes	63	31	20	3.6	0		G
20	Percent of time unemployment insurance benefits are paid within three business days of claimant certification	100%	96%	100%	93%	94%		Y
Program Rating		Y	Y					Y

Comments: The Workforce Technology Program met a majority of performance targets during the second quarter; however, the program continues to miss the target for timely processing of UI payments. The program reported a major factor in not meeting targeted performance was due to a subset of previously certified payments requiring manual resolution. To resolve this issue and improve performance, the program will be reviewing payouts in the third quarter to reduce the need for manual resolutions.

Labor Relations	Budget: $3,770.2 FTE: 35.4	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
21	Percent of wage claims investigated and resolved within ninety days	91%	100%	91%	88%	100%		G
22	Number of targeted public works inspections completed			1,600 (annual)	761	568		G
23	Average number of days to investigate and issue a determination on a charge of discrimination	New	New	180	196	220		G
24	Number of apprentices registered and in training	New	New	1,320	1,282	1,290		Y
25	Number of compliance reviews and quality assessments on registered apprenticeship programs	New	New	6	0	0		R
Program Rating		Y	Y					Y

Comments: The Labor Relations Program slightly increased the number of apprentices registered and in training during the second quarter; however, the program believes it will continue to miss the targeted level due to instability and low job growth in the construction industry. Additionally, the program was unable to provide any assessments on registered apprenticeship programs due to an IT modernization project to replace manual processes. WSD reported the Labor Relations program scheduled four audits during the third quarter; and an additional two will be scheduled during the fourth quarter in order to meet the annual performance target.

Program Support	Budget: $25,233.0 FTE: 110.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
26	Percent of annual independent state audit prior year findings resolved	86%	40%	70%	0%	43%		R
27	Number of days to publish bureau of labor statistics provided seasonally adjusted business employment dynamics data quarterly at the state level upon receipt from the bureau of labor statistics	2	2	4	2	2		G
28	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	4	4	4	4	4		G
29	Number of youth receiving Workforce Innovation and Opportunity Act services as administered and directed by the local area workforce board	New	New	1,400 (rolling)	850	900		R
30	Percent of youth that entered employment or are enrolled in postsecondary education and/or advanced	New	New	57%	63%	61%		G

	training after receiving Workforce Innovation and Opportunity Act services							
31	Number of adults and dislocated workers receiving Workforce Innovation and Opportunity Act services	2,193	3,023	2,600 (rolling)	2,962	2,941		G
32	Percent of individuals that enter employment after receiving Workforce Innovation and Opportunity Act services	67%	74%	65%	75%	74%		G
33	Percent of individuals that receive Workforce Innovation and Opportunity Act services that retain employment	87%	93%	85%	92%	91%		G
Program Rating		Y	Y					Y

Comments: Program Support met a majority of performance targets during the second quarter but continued to struggle in serving youth with Workforce Innovation and Opportunity Act (WIOA) services. This performance measure is administered and directed by the local area workforce board rather than WSD. The workforce boards, are responsible for ensuring providers are recruiting and increasing outreach to this target population. Additionally, these services are currently shifting toward more work-based activities such as internships, and the number of participants may decrease due to the increase in duration and cost per participant. The LFC is will be releasing a program evaluation regarding WIOA services and services provided by the local workforce boards in the Summer of 2016.

Performance Report Card
State Personnel Board
Second Quarter, Fiscal Year 2016

Performance Overview: While the State Personnel Office (SPO) developed the framework for a revised salary and classification structure based on occupational groups to address problems in recruitment and retention, it has yet to be implemented. Additionally, SPO has not completed many of the classification studies needed to determine the appropriate compensation rates resulting in no cost estimates for aligning state employee salaries to market rates. Without salary study data, prioritizing needs and estimating compensation package costs will be difficult and will hinder the state's ability to address compensation in the most critical areas.

	Program Budget: $4,576.3 FTE: 53	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Statewide classified service vacancy rate*	15.0%	13.2%	13.0%	14.7%	14.4%		Y
2	Average number of days to fill a vacant position from the date of posting*	64	69	55	64	67		R
3	Average state classified employee compa-ratio*	100.0%	101.3%	95.0%	101.8%	101.9%		R
4	Average state classified employee new-hire compa-ratio	96.0%	96.8%	91.0%	97.0%	97.0%		R
5	Percent of eligible employees with a completed performance appraisal on record at the close of the fiscal year*	99%	56%	95%	Annual			
6	Percent of departments or agencies with over ninety percent of personnel evaluations completed	97%	9%	95%	Annual			
7	Percent of new employees who successfully complete their probationary period*	68%	67%	75%	70%	70%		Y
8	Percent of classified employees voluntarily leaving state service*	New	11.4%	14.0%	3.5%	3.3%		Y
9	Percent of classified employees involuntarily leaving state service*	New	2.3%	4.0%	0.5%	0.4%		G
10	State employee average overtime usage per month	16.0 hours	15.5 hours	12.0 hours	16.0 hours	17.0 hours		R
11	Percent of state employees receiving overtime	17%	16%	25%	17%	17%		G
12	Number of rule-compliance audit reviews performed during the fiscal year	20	22	5	Annual			
13	Percent of rule-compliance audit exceptions corrected within six months of discovery	100%	100%	100%	Annual			
	Program Rating	Y	R					R

Comments: The time to fill a vacant position decreased slightly from FY15 but remains high with the majority of the time to fill positions, 44 days, coming between SPO's referral of a hiring list to the agency and job acceptance. In addition to long wait times to fill positions, 30 percent of new employees do not complete their one-year probationary period. The state's difficulty filling positions and retaining employees puts increased pressure on incumbent employees resulting in one out of six employees receiving an average 17 hours of overtime per month.

SPO uses the compa-ratio, employee salary divided by pay band midpoint, to measure pay plan adequacy. The ideal compa-ratio for all employees is 100 percent as the average of all employee salaries should equal the midpoint. The high new-hire compa-ratio, 97 percent, shows the salary plan minimums are too low and agencies are providing higher salaries to fill positions. The high new-hire compa-ratio suggests that salary compaction is occurring in the state pay plan as new employees are hired at rates comparable to those received by their more tenured counterparts. Compaction may lead to low morale and increased turnover as employees seek to increase their salaries by moving from one agency to another. The SPO new salary plan is supposed to address the inadequacies of the current pay plan; however, the agency has not produced a statewide compensation plan for several years. The lack of regular maintenance has resulted in one third of state employees being placed in alternative pay bands and at least 15 percent of employees being 'misclassified', or given a job title to increase salary but for which the employee is not qualified. Nearly 50 percent of the state's workforce is paid above the salary structure ranges highlighting the need for annual across-the-board type increases in conjunction with targeted increases to keep the salary plan aligned with market rates and ensure recruitment and retention of high-quality employees.

* Denotes House Bill 2 measure

Performance Report Card
General Services Department
Second Quarter, Fiscal Year 2016

Performance Overview: The financial position of the risk and health benefits funds have improved due to stronger revenue collections and improved loss control; however, at some cost to employees and reduced services in other program areas. How the General Services Department manages risk and health insurance, office space and procurement, and other agency support functions on a cost-recovery basis such as vehicles, printing and the disposal of surplus property, has direct consequences for the amount of funding available for critical state needs.

Risk Management Program	Budget: $106,181.0 FTE: 58	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Projected financial position of the public property fund*	250%	274%	50%	347%	276%		G
(a)	*Claims paid from the public property fund as compared with five-year average (target)*	*$5.9M*	*$6.5M*	*$5.7M*		*Annual*		
2	Projected financial position of the public liability fund*	22%	22%	50%	27%	23%		Y
(b)	*Claims paid from the public liability fund as compared with five-year average (target)*	*$18.0M*	*$29.1M*	*$30.0M*		*Annual*		
3	Projected financial position of the workers' compensation fund*	18%	28%	50%	38%	33%		Y
(c)	*Claims paid from worker's compensation fund as compared with five-year average (target)*	*$15.2M*	*$15.6M*	*$13.8M*		*Annual*		
4	Average time to resolve a claim, in days	New	New	30	351	438		R
5	Claims paid from the unemployment insurance fund (cumulative)	$9.7M	$5.9M	≤ $5.8M	$1.5M	$2.8M		G
Program Rating		Y	Y					Y

Comments: The program had stronger revenue collections in FY15 and is experiencing the same in FY16 from agency rate assessments that include additional amounts to improve fund solvency based on conservative scenarios. The program has been closing more claims than it opens new; however, the average cost per claim is increasing. The largest exposures are medical and law enforcement, civil rights, and workers' compensation. The time to resolve a claim on average is lengthy and against best practice which contributes to higher costs; and is somewhat distorted by some larger claims that may take years to resolve. To reduce risk, the program is conducting trainings to prepare entities for loss prevention audits this spring.

Employee Group Health Benefits	Budget: $323,622.0 FTE: 0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
6	State group prescriptions filled with generic drugs	84%	84%	82%	84%	83%		G
7	State employees purchasing state medical insurance	92%	95%	92%	97%	85%		Y
8	Per member per month healthcare costs	$327	$366	≤ $347	$333	$343		G
Program Rating		Y	Y					G

Comments: Costs on a per-member basis are below the target and five-year average. To increase revenue to the group insurance fund, over the past three years, the state has appropriated $10 million from the general fund and increased premium contributions 28 percent, almost twice the industry average. To improve fund solvency based on conservative trend estimates, the program will increase group premiums 4 percent for FY17 to cover drug costs, a wellness administrator and an employee health clinic provided at a reduced rate when compared to the private sector and with a zero-copay for members.

Facilities Management	Budget: $13,151.1 FTE: 140.5	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
9	Preventative maintenance completed on time	86%	86%	80%	80%	97.2%		G
10	Percent of time major facility equipment is operational	98.8%	99.2%	95%	99.7%	99.7%		G

Performance Report Card
General Services Department
Second Quarter, Fiscal Year 2016

11	Natural gas consumption, in MMBtu (cumulative)	40,778	39,584	37,604	1,178	9,936		G
12	Electricity consumption, in kWh (cumulative)	21,832,073	20,773,020	19,734,369	5,366,309	10,398,068		G
13	FMD capital projects on schedule*	88%	90%	94%	97.8%	98.7%		G
14	Average cost per square foot for leased space	$16.70	$17.01	$16.00	$17.38	$17.42		Y
Program Rating		Y	Y					G

Comments: Out of 158 projects, two were off schedule: an Old Fort Bayard archeological survey and TIWA renovation project. The average cost per square foot for leased space continues to climb due to escalation clauses in older leases. As for utility consumption, FMD buildings have experienced a 10 percent decrease in consumption as compared with the prior five year average due to energy efficiency measures in recent years. This spring, the program will report findings from facility condition assessments that will help prioritize capital projects for repair or renewal. For FY17, the agency will also start reporting on office space new leases and renewals meeting space standards, and agencies supplying master planning data.

Transportation Services Program	Budget: $11,580.9 FTE: 35	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
15	State vehicle fleet beyond five years	54%	47%	≤ 30%	41%	50%		R
16	Short-term state vehicle fleet use*	72%	90%	95%	100%	99%		Y
17	Vehicles accumulating 1,000 miles per month	30%	32%	≥ 35%	31%	46%		G
18	Vehicle operational costs per mile, as compared with industry average	New	$0.51	≤ $0.59		Annual		N/A
19	Revenue generated through Surplus Property (cumulative, in thousands)	$1,032	$682	$716	$131	$302		Y
Program Rating		G	Y					Y

Comments: Because older vehicles beyond five years are more costly to maintain and operate, the program strives to replace 20 percent of the vehicle fleet each year. To keep short-term leasing high -- defined as use in at least a portion of each of the 20 days per month a vehicle is available -- the program has been removing underused long-term vehicles from agencies. The program is also expecting to install GPS monitoring in remaining fleet vehicles which is expected to improve safety and reduce fuel, maintenance and other operational costs over time by promoting slower, more accurate driving behavior. At fiscal-year-end, the program will report vehicle operational costs per mile, data newly acquired through GPS monitoring.

State Purchasing Program	Budget: $2,346.6 FTE: 27	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
20	Increase e-procurement bids and proposals	New	0	5%		Annual		N/A
21	Increase public outreach events (cumulative)	New	4	5	0	2		G
22	Agency visits for compliance with procurement requirements	New	0	9	0	3		G
23	Vendor post award fee compliance, in millions (cumulative)	New	$2,004.9	$2,065.1	$0	$439.1		Y
24	Number of request for proposals (RFP)	New	45	47	14	20		G
Program Rating		Y	G					G

Comments: The program is promoting RFP as an industry standard procurement method to move agencies away from low bid procurements for higher cost, more complex projects. The new measure for agency compliance with procurement requirements resulted in agency visits in the second quarter with the Taxation and Revenue Department, Human Services Department and Children, Youth and Families Department. The measure for vendor compliance refers to the percentage of contract sales that a vendor returns to the state quarterly, pursuant to a price agreement. In prior years, this was collected on

Performance Report Card
General Services Department
Second Quarter, Fiscal Year 2016

an honor system. Since then, the program stepped-up collections which have reduced appropriations from the general fund.								
State Printing Program Budget: $1,485.0 FTE: 14		FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
25	Revenue generated per employee (cumulative)	$113,860	$164,237	$100,000	$24,421	$39,762		Y
26	Growth in state printing revenue (cumulative)	$1,139.0	$1,314.0	$1,400.0	$171.0	$278.3		Y
27	Print job error costs, as compared to total sales	New	New	≤ 2%	0.27%	0.31%		G
28	Printing jobs delivered on time	New	New	95%	100%	99%		G
29	Number of days to provide a customer quote	New	New	2	1	1.3		G
Program Rating		Y	Y					G
Comments: The program is minimizing expenses with fewer FTE and striving to meet a higher target of $160,000 per FTE by fiscal-year-end which is the industry standard to measure how efficiently similar companies are utilizing their employees.								

* Denotes House Bill 2 measure

Performance Report Card
Taxation and Revenue Department
Second Quarter, Fiscal Year 2016

Performance Overview: In FY15, the Taxation and Revenue Department (TRD) failed to meet targets for audit assessment collections. During the first half of FY16, those audit assessment collections appear stronger and on track to meet FY16 targets. Motor Vehicle Division (MVD) continues to perform well and, after first quarter increases in wait times after launching a new IT system, second quarter waits are well below targets. After reporting lower than anticipated delinquent property tax reimbursements for the first quarter, Property Tax revised those collection totals and is on track to meet the $11 million collection target.

Tax Administration	Budget: $31,306.1 FTE: 504	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Collections as a percent of collectable audit assessments generated in the current fiscal year plus assessments generated in the last quarter of the prior fiscal year* (cumulative)	61%	59%	60%	60%	48%		G
2	Collections as a percent of collectable outstanding balances from end of the prior fiscal year* (cumulative)	18.0%	15.5%	18.0%	7.8%	11.3%		G
3	Percent of electronically-filed personal income tax and combined reporting system returns*	90%	92%	92%	85%	85%		Y
Program Rating		G	Y					G

Comments: TRD is working to close the tax gap between taxes owed and taxes paid by more carefully targeting audit resources. Fiscal year 2016 first and second quarter assessments and FY15 fourth quarter assessments totaled $52.9 million, of which $25 million is less than 90 days old and $13.2 million is in protest, leaving a collectable balance of $14.2 million, with $7 million of the balance collected. Collections of outstanding balances from the end of FY15 now total $145.7 million, or about 20 percent. Part of the effort to close the tax gap involves the department tracking audit assessments by type and return. Although second quarter results are not yet available, first quarter tracking revealed the highest yield audit category was Schedule C audits, which generated $11.5 million, while combined reporting system (CRS), managed, and Multi-State Tax Commission (MTC performs corporate income tax audits on the state's behalf) audits each generated several million dollars.

Motor Vehicle	Budget: $27,965.8 FTE: 347	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
4	Average call center wait time to reach an agent, in minutes*	4:48	5:09	<5:00	9:17	3:58		G
5	Percent of registered vehicles with liability insurance*	91%	91%	92%	91%	92%		G
6	Average wait time in q-matic equipped offices, in minutes*	17:48	15:36	19:00	16:47	11:26		G
Program Rating		G	G					G

Comments: In late FY15, the Motor Vehicle Division successfully launched the driver component of the division's new IT system, Tapestry (the motor vehicle component will be launched in September 2016). Field office and call center wait times increased in the wake of implementation, but dropped well below targets during the second quarter. The program has worked on strategies for increasing the percent of registered vehicles with liability insurance, and successfully increased compliance to 92 percent for the first time in recent years.

Property Tax	Budget: $3,452 FTE: 41	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
7	Amount of delinquent property tax collected and distributed to counties, in millions	$13.5	$10.4	$11.0	$3.3	$2.2		G
8	Percent of counties in compliance with sales ratio standard of eighty-five percent assessed-value -to-market-value	New	New	95%	97%	97%		G
Program Rating		G	G					G

Comments: Property taxes contribute approximately $1.5 billion of revenue to New Mexico's counties annually. After two and a half years of non-payment, delinquent property tax accounts are transferred to the Property Tax Division for collection pursuant to Section 7-38-62 NMSA 1978. The department is on target for the first two quarters of FY16 to meet the collection target of $11 million. The Property Tax Division held 38 sales in 32 counties in 2015 and is still waiting on several collection reports from December that will likely increase collection totals for the second quarter.

Performance Report Card
Taxation and Revenue Department
Second Quarter, Fiscal Year 2016

Compliance Enforcement	Budget: $1,766.3	FTE: 22	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
9	Number of tax investigations referred to prosecutors as a percent of total investigations assigned during the year* (cumulative)		33%	78%	50%	0%	50%		Y
Program Rating			Y	G					Y

Comments: For the second quarter, two cases were assigned to investigators and one tax case was referred for prosecution this quarter. However, this measure is cumulative and the determination on whether the target is met will be made at the close of the fiscal year. During the first quarter, of three cases, none were referred, resulting in a cumulative referral rate of one in four cases.

Program Support	Budget: $21,712.6	FTE: 182	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
10	Number of tax protest cases resolved		New	New	1300	441	378		G
11	Percent of internal audit recommendations implemented		New	New	90%	45%	100%		G
Program Rating			G	G					G

Comments: In the second quarter, five audits were completed which generated 30 recommendations, all of which have been implemented. Of the 32 recommendations generated in the first quarter, 19 have been implemented. The remaining findings are currently being implemented and expected to be completed before the end of the fiscal year. The agency is on track to resolve at least 1,300 tax protest cases.

* Denotes House Bill 2 measure

Performance Report Card
Department of Transportation
Second Quarter, Fiscal Year 2016

Performance Overview: The New Mexico Department of Transportation (NMDOT) reports a significant reduction in traffic and pedestrian fatalities between the second quarters of FY15 and FY16. NMDOT continues to struggle to maintain the transportation system given strained resources; in FY14, the most recent year for which data is available, 68 percent of non-interstate miles in the state transportation network were rated good, down from 70 percent in FY13. After years of chronically high vacancy rates, NMDOT reduced the overall vacancy rate by 3.1 percent over the past year and achieved the target vacancy rate of 11 percent.

	Programs and Infrastructure Budget: $587,989.2 FTE: 403.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Number of traffic fatalities	343	331	<345	85	76		G
2	Number of alcohol-related traffic fatalities	137	133	<130	31	18		G
3	Number of non-alcohol-related traffic fatalities	206	198	<215	54	58		Y
4	Number of occupants not wearing seatbelts in motor vehicle fatalities*	140	131	≤150	25	33		G
5	Percent of projects in production let as scheduled*	70%	50%	≥75%	50%	65%		Y
6	Percent of airport runways in satisfactory or better condition	50%	53%	>60%				annual
7	Number of pedestrian fatalities	58	60	<45	18	13		Y
8	Ride quality index for new construction*	4.2	4.3	≥4.0	4.4	4.2		G
9	Percent of final cost-over-bid amount on highway construction projects	1.0%	2.0%	≤2.5%	5.0%	-1.0%		G
10	Annual number of riders on park and ride*	315,738	291,892	≥325,000	71,761	62,771		R
11	Annual number of riders on the rail runner, in millions*	1.1	0.997	≥1.2	0.250	0.217		R
	Program Rating	Y	Y					G

Comments: The decrease in traffic fatalities put NMDOT on track to achieve its targets for all categories. Over the past several years, traffic fatalities in urban areas have become more prevalent; in FY12, NMDOT reported 25 percent of total fatalities occurred in urban areas but increased to 39 percent by FY15. There were 17 projects scheduled for letting in the second quarter of which 11 were let according to schedule. NMDOT is increasing training for project development staff and has begun designing the statewide transportation infrastructure improvement program (STIP) projects earlier to ensure more projects are let according to schedule. Ridership on the park and ride shuttle and the rail runner declined relative to FY15. It is likely the current low price of gasoline and diesel are rendering these transit services less competitive relative to driving. The downward trend in ridership, particularly on the rail runner, seems to signal less public demand for rail service between Belen and Santa Fe. It is important to note that, while NMDOT reports performance on the rail runner, it does not operate the passenger rail service.

	Transportation and Highway Operations Budget: $233,752.8 FTE: 1,850.7	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
12	Percent of non-interstate miles rated good*	68%	TBD	≥70%	Reported Annually			
13	Percent of interstate miles rated good*	92%	TBD	≥95%	Reported Annually			
14	Number of combined systemwide miles in deficient condition	8,751	TBD	≤3,500	Reported Annually			
15	Number of statewide pavement preservation lane miles*	2,889	2,611	≥2,750	1,099	565		G
16	Amount of litter collected from department roads, in tons*	6,201	6,484	≥8,000	7,253	1,427		G
17	Customer satisfaction levels at rest areas*	99%	99%	≥99%	99%	99%		G
	Program Rating	R	Y					G

Performance Report Card
Department of Transportation
Second Quarter, Fiscal Year 2016

Comments: The performance reporting requirement for measures 12, 13, and 14, changed from quarterly to annual because NMDOT tracks these measures on a calendar year basis and FY16 data will not be available until the summer of 2017. Between the FY14 and FY15 reporting periods, the percent of non-interstate miles rated in good condition decreased from 70 percent to 68 percent. The deteriorating condition of New Mexico roadways is mostly due to lack of consistent maintenance; for FY16, NMDOT anticipates a $107 million gap in maintenance funding. As the condition of roads continues to deteriorate, the cost to repair them increases significantly; annual maintenance costs for one lane mile of good condition road are between $12 thousand and $36 thousand, for a very poor condition road requiring reconstruction the cost is as high as $1.5 million per lane mile. The number of pavement preservation lane miles decreased due to weather and a change of focus of maintenance crews from summer to winter activities

Program Support	Budget: $42,922.3 FTE: 233.8	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
18	Vacancy rate in all programs*	13.6%	12%	≤11.0%	11%	11%		G
19	Number of employee injuries*	106	95	≤90	16	23		G
20	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	7 days	7 days	≤10 days	7 days	7 days		G
21	Number of employee injuries occurring in workzones	28	27	≤45	10	3		G
22	Percent of invoices paid within thirty days	89%	90%	≥90%	90%	89%		G
Program Rating		Y	Y					G

Comments: Following years of persistently high vacancy rates, NMDOT achieved the target for measure 18. Since FY12, NMDOT reduced its vacancy rate from a peak of 18 percent. Over the past year, NMDOT increased employment by 3.4 percent while employment in the rest of state government only grew by 0.6 percent. The number of workplace injuries decreased slightly from the second quarter of FY15; however, the number of injuries occurring in workzones, three, was a significant reduction from the eight reported in the second quarter of FY15 and the 10 reported in the first quarter of FY16. The number of workzone injuries is likely to increase in the third quarter as a result of the tragic deaths of two NMDOT employees killed while on the job.

* Denotes House Bill 2 measure

Performance Report Card
Office of the State Engineer
Second Quarter, Fiscal Year 2016

Performance Overview: At the current pace and under the current approach, New Mexico is decades away from fully adjudicating water rights. According to the Office of the State Engineer, the agency spent $18.4 million from FY12 to FY15 to adjudicate 5,341 acres, a cost of approximately $3,450 per acre. Based on the rate of progress from FY12 to FY15, completing ongoing adjudications will take 113 years and an additional $549 million if the agency's approach to the process and funding levels do not change. The agency is drafting active water resource management (AWRM) rules for the Lower Pecos River Basin and is continuing to abstract hydrologically connected groundwater basins as needed. Draft AWRM rules for the Lower Rio Grande and San Juan are nearly complete but still need to be promulgated.

	Water Resource Allocation Program Budget: $14,696.7 FTE: 185.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Number of unprotested and unaggrieved water right applications backlogged*	1,513	1,219	650	631	468		G
2	Average number of unprotested new and pending applications processed per month*	76	108	70	197	90		G
3	Number of dams inspected per year and notices delivered to owners notifying of potential problems* (cumulative)	116	101	100	6	34		Y
4	Number of transactions abstracted annually into the water administration technical engineering resource system database*	18,888	22,792	23,000	5,468	3,760		Y
5	Percent readiness to perform active water resource management within lower San Juan river basin	98%	98%	100%	98%	98%		Y
6	Percent readiness to perform active water resource management within lower Pecos river basin	85%	87%	100%	88%	88%		Y
7	Percent readiness to perform active water resource management within lower Rio Grande river basin	90%	91%	92%	91%	91%		Y
	Program Rating	R	Y					Y

Comments: The significant reduction in the number of applications processed monthly from the first quarter is due to the success of the program's "backlog reduction project" which brought the number of unprocessed water rights applications down by nearly 70 percent since the start of FY15. Although the program is currently not on pace to meet the annual target, dam inspections increased during the second quarter and the agency projects meeting the target based on scheduled inspections. Transactions abstracted into the agency's database declined primarily due to efforts to train newly hired Water Rights Abstract Bureau staff in the second quarter.

	Interstate Stream Commission Budget: $14,008.3 FTE: 49.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
8	Cumulative state-line delivery credit, in acre-feet (Pecos river compact)*	102K AF	102K AF	≥0	97.6K AF	96.4K AF		G
9	Rio Grande compact accumulated delivery credit, in acre-feet*	62K AF	0K AF	≥0	0K AF	0K AF		G
	Program Rating	G	G					G

Comments: The Bureau of Reclamation's unilateral release of credit water from Elephant Butte Reservoir is the subject of ongoing litigation and has prevented consensus accounting of New Mexico's compact credit. Preliminary estimates indicate the state's credit for 2016 will be near zero, an improvement from first quarter estimates of a negative credit due to an effort by water managers to release water in northern reservoirs for delivery to Elephant Butte. Farmers in the middle Rio Grande received a full irrigation surface supply in 2015 while Lower Rio Grande irrigators may benefit from a longer than expected irrigation season in 2016. Regarding the Pecos River Compact, New Mexico stored water for Texas in Brantley Reservoir following heavy rains in September 2014 and completed delivery of this water in September 2015. When this is reconciled to the 2015 accounting, which must be done by June 2016, the agency anticipates New Mexico will accrue significant additional delivery credit. The United States Geological Survey revised some of its Pecos river-gauge data subsequent to the River Master's initial report, resulting in a reduction of New Mexico's Pecos Compact credit by roughly 1.2 thousand acre-feet.

Performance Report Card
Office of the State Engineer
Second Quarter, Fiscal Year 2016

Litigation and Adjudication Program	Budget: $7,589.5	FTE: 71.0	FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
10	Number of offers to defendants in adjudications*		540	594	600	349	139		G
11	Percent of all water rights that have judicial determinations*		55%	62%	59%	62%	62%		G
Program Rating			Y	Y					G

Comments: The program surpassed the FY16 target for percent of water rights adjudicated before the fiscal year even began and nearly met the target for number of offers to defendants in adjudications in the first half of the fiscal year. However, the current performance measure for the percent of water rights with judicial determinations does not provide a clear view of progress because it only reflects active and completed adjudications and does not include adjudications that have not been initiated.

Performance Report Card
Administrative Office of the Courts
Second Quarter, Fiscal Year 2016

Performance Overview: Despite a special appropriation in the 2015 legislative session, the Administrative Office of the Courts (AOC) requested and was appropriated supplemental and deficiency appropriations for year-end shortfalls in the jury and witness fund and the Magistrate Court Program. The Statewide Judiciary Automation Program has seen an increase in workload due to the complexities of the Odyssey Case Management System.

Administrative Services Budget: $12,233.3 FTE: 49.3		FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
1	Average cost per juror*	$55.40	$59.85	$50.00	$70.72	$68.59		R
Program Rating		Y	Y					R

Comments: AOC has historically been under-funded for jurors and interpreters, compounded by a high cost per juror. Unless the number of jury trials decreases significantly, the AOC will not meet its target in FY16. Costs continue to rise as a result of increasing jury usage, particularly in the 2nd Judicial District in response to the Case Management Order. AOC projects a significant shortfall in the jury and witness fund for FY16 despite the Legislature's $689.6 thousand appropriation in the 2015 Legislative session. The Legislature allocated over $800 thousand in supplemental and deficiency appropriations for these shortfalls in the 2016 session. AOC currently pays jurors at an hourly rate of $6.75, $0.75 less than the statutory hourly rate of $7.50.

Statewide Judiciary Automation Budget: $9,230.2 FTE: 53.5		FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
2	Average time to resolve automation calls for assistance, in hours*	8.5	3.9	5	9.6	12.9		R
Program Rating		G	G					R

Comments: The Statewide Judiciary Automation Program implemented Odyssey in all courts except the Court of Appeals. The agency notes the growing complexity of Odyssey and the increased workloads associated with it has caused times per call to lengthen, and indicates a need for increased staffing levels in order to improve performance. AOC has begun contracting help desk support for the program to decrease call times and free up staff for necessary system enhancements and maintenance.

Magistrate Court Budget: $31,165.1 FTE: 343.5		FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
3	Bench warrant revenue collected annually, in millions*	$3.33	$3.27	$3.10	$0.79	$0.76		G
4	Percent of cases disposed as a percent of cases filed*	100.8%	101.9	95.0%	Annual			
Program Rating		G	G					G

Comments: Due to vetoes during the 2015 special legislative session, AOC used $1.5 million of warrant enforcement fund balance to cover the payment of facility leases, using non-recurring revenue to pay recurring expenditures. Despite collections meeting FY15 targets, AOC projects there will be no warrant enforcement fund balance at the end of FY16; however, collection amounts are on track to meeting the FY16 target. Magistrate Courts continue to exceed targets on cases disposed as a percent of cases filed.

Special Court Services Budget: $10,736.7 FTE: 4.5		FY14 Actual	FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
5	Number of monthly supervised child visitations and exchanges conducted*	1,016	1,396	1,000	2,844	2,889		G
6	Number of children to whom court-appointed special advocates (CASA) volunteers are assigned*	1,795	1,855	1,200	1,223	199		G
Program Rating		G	G					G

Comments: Both the number of monthly supervised visitations and children appointed to CASA volunteers statewide have already exceeded the FY16 target. The dramatic decrease in children assigned to volunteers in the second quarter is consistent with historic trends. AOC is currently working with a contractor to develop standards to use as statewide measures to help increase number of children and cases appointed.

* Denotes House Bill 2 measure

Click here for Agency Performance Reports http://www.nmlegis.gov/lcs/lfc/lfcreports.aspx

Agency	Project description	Total State Appropriations	Total Federal	Est. Total Cost	Spent to Date	Project Stage	Est. End Date	Milestone(s) achieved last quarter	Milestone goal(s) for next quarter	Project status	Budget	Schedule	Functionality
333 TRD	**MVD Driver Reengineering:** Replace the MVD Driver and Vehicle Systems with an integrated system.	$34,150,900	$131,000	$39,453,000	$21,472,383	Implement	9/5/2016	For FY17 TRD requested no general fund noting the project was being completed under budget. TRD expects to complete the project with just under $2 million in existing department fund balances from fee revenue. Deliverables 12 and 13 - vehicle services definition	Deliverable 14, vehicle services development and User Testing	Vehicle Services help desk support is currently provided by a third-party vendor which contracts directly with dealers; however, the vendor 's business model will not function with the MVD Vehicle system after the upgrade which could impact vehicle dealers' ability to do business with the state on behalf of their customers. Loss of support could impact the car-buying public which rely on dealers to complete the registration process. The IV&V vendor recommends TRD identify dealer support vendors through a procurement process then require them to certify their ability to support the system. This remains a high risk until support vendor(s) are identified, trained, and available to the dealer and title service company communities. In late 2015 TRD lowered the total estimated cost from $45.6 million to $39.5 million and announced it would not require additional general fund resources for the project in FY17. Vehicle services definition and base configuration delivered on-time and on-budget.			
333 TRD	**ONGARD** Mainframe Modernization: Full business process analysis and upgrade of oil and natural gas administration and revenue database system to the American Petroleum Institute (API) standard (expand current well number by four digits and add additional processing logic for horizontal drilling).	$16,100,000	$0	TBD	$2,177,951	Planning	1/15/2019	$5 million in general fund revenue and $5 million from the state lands maintenance fund was appropriated to the project during the 2016 legislative session. Project managers completed the business impact analysis.	Test disaster recovery plan and transfer knowledge to ONGARD staff.	Outstanding is the critical decision of whether to follow a one-solution approach for the tri-agencies or a two-solution approach; agencies are investigating a "hybrid" solution and each have researched consumer off-the-shelf (COTS) that would meet their respective needs and allow for interfaces between them. The biggest risk for the project involves the availability of tri-agency subject matter experts (SME) to participate; it is essential that key oil and gas SMEs from EMNRD, SLO and TRD be available to define the future state of ONGARD.			
361 DoIT	**SIRCITS:** (Statewide Integrated Radio Communication Internet Transport System) -- Two Part Project: 1) Complete analog to digital microwave (DMW) conversion statewide to provide Middle Mile Broadband service, and; 2) Design and build a public safety 700Mhz Long Term Evolution (LTE) broadband technology platform "last mile" service in Abq and Santa Fe for increased public safety agency broadband data interoperability and be capable of integration into the nation--wide public safety LTE network.	$17,000,003	$38,699,997	$55,700,000	$53,620,471	Implement	3/20/2016	Service Digital Microwave transition completed.	Work on the intermittent outages due to automatic transfer switch configuration.	The digital microwave conversion subproject is complete with analog equipment replaced with digital equipment. Decommissioning and demolition at selected sites is underway. The LTE pilot program is limited to six sites and one transportable site and will provide a fully operational public safety system that can be used for real life emergency situations. DoIT notes a demonstration of LTE system occurred during the State Fair in September and at the Balloon Fiesta in October with positive feedback. **Background:** The 700 MHz Band is an important segment of spectrum freed up from the digital television transition and has excellent propagation characteristics such as the ability to penetrate buildings. In 2012, Congress enacted the Spectrum Act which formed the First Responder Network Authority (FirstNet, part of U.S. Department of Commerce) deploying and operating the nationwide public safety broadband network and allocated up to $7 billion dollars to FirstNet to construct this nationwide public safety broadband network.			

Agency	Project description	Total State Appropriations	Total Federal	Est. Total Cost	Spent to Date	Project Stage	Est. End Date	Milestone(s) achieved last quarter	Milestone goal(s) for next quarter	Project status	Budget	Schedule	Functionality
361 DoIT	**SHARE Software Upgrade:**	$5,000,000	$0	$15,000,000	3/1/2018	Planning	Fall 2017	DoIT held its first planned quarterly briefing to keep high level management from DFA, STO, SAO, LFC, and the AG's office informed about the SHARE Upgrade Project	Next quarterly briefing is scheduled for early June 2016.	Currently, SHARE is comprised of PeopleSoft FSCM 8.8 and HCM 8.9 and the state intends to have a vendor assist with upgrading to FSCM and HCM 9.2. The SHARE team expects the upgrade to be completed in 18 to 24 months, with an estimated budget of $15 million, which includes funding from the SHARE equipment replacement fund and $5 million appropriated in Laws 2013 and extended last year through FY17. The project is divided into three key teams – Organizational Change Management, Functional and Technical. The Independent Verification and Validation (IV&V) contract is currently under negotiation. In addition, other than the Treasury Module, no major SHARE projects will move forward until the upgrade is completed. LFC requested a budget breakdown tied to the project time line; however the project is expected to be completed within 18 to 24 months.			
341 DFA	**SHARE Cash Remediation Phase II:** Fine-tune business processes related to disbursement activity (accounting approvals, staledating, etc.), automation of banking interfaces, reduced reliance on manual data keying and improved controls of general ledger activity.	$5,000,000	$0	$4,916,000	$1,752,000	Implement	4/1/2016	Release 1 (accounts receivable) implementation.	Release 2 (general ledger processing including which will strengthen controls and processes at the sub-ledger and general ledger interfaces)	During Cash Remediation Phase I, DFA identified additional deficiencies in business processes, system configuration and security. DFA set aside $54 thousand in its FY14 operating budget for the initiation of phase II of this project to integrate third-party payment systems data into SHARE. An additional $1 million was spent to research and review bank versus book transactions from the implementation of SHARE (2009) through January 31, 2013 which will help inform this project. Cash Remediation II is scheduled for completion April 30, 2016. One of the greatest risks for the project is that agencies are at different states of readiness and ability to "go-live" in the April 2016 time frame of the project. Additionally, during release two and three of the testing track, the project will need extensive testing participation from each of the agencies and external payment systems.			
341 DFA	**Comprehensive Annual Financial Report (CAFR) Reporting:** Web-based financial consolidation and reporting application to replace the current manual process used to meet the state's regulatory and management financial reporting requirements.	$1,700,000	$0	$7,700,000	$500,000	Implement	2/28/2016	Hyperion software configured	FY15 CAFR projected to be released mid to late May, 2016.	DFA notes the system was not fully functional to complete the state's FY14 CAFR; however, the system should be in place for most of the required processes for the FY15 CAFR. New Mexico's 2013 CAFR was the first to be audited (prior CAFRs had only been "reviewed"); the state's 2014 CAFR was the first to be compiled directly from the state's SHARE system. This project, in conjunction with other cash remediation efforts, will help ensure good financial controls are in place and that state financial data is credible and reliable. In FY14, DFA increased the contingent liability against the state's general fund reserve due to unreconciled historical balances to $100 million; however, as FY15 came to an end the liability was reversed. **Background:** Since the implementation of SHARE in 2006, the statewide cash balance in the SHARE general ledger accounts have not been reconciled to the amounts registered at the state's bank.			

Information Technology Status Report
Fiscal Year 2016 Q2

Agency	Project description	Total State Appropriations	Total Federal	Est. Total Cost	Spent to Date	Project Stage	Est. End Date	Milestone(s) achieved last quarter	Milestone goal(s) for next quarter	Project status	Budget	Schedule	Functionality
539 SLO	**Land Information Management System (LIMS):** Replace existing surface and minerals land management, leasing, and associated financial functionality of ONGARD. LIMS will integrate with ONGARD and automate the 100-year old paper Tract Books with a Digital Tract Book component, and include a back file conversion.	$1,335,000	$0	$6,800,000	$3,909,565	Implement	6/30/2016	Backfile conversions largely completed; Complete training, deployment and closeout for Segment 1: Land Grid (e.g. Public Land Survey System subdivision units); • Beneficiary • Land Ownership (SLO surface, SLO subsurface, Federal, Tribal or Private)	Conduct user acceptance testing, training and go-live planning for Segment 2 (lessee, land description from paper to GIS digital land tract book); complete functional requirements document for Segment 3: (lessees right-of-way permits and billing, commercial leasing and billing, agricultural and grazing leasing and billing, minerals leasing, billing and royalties financial integration).	The project fell significantly behind schedule in 2015 and has fallen an additional three months behind in FY16; little progress was made over the past quarter. The contractor indicated scope changes had to be incorporated into the code. The contractor initially requested additional fees for a re-baselined plan; however, it later accepted responsibility for the delays and provided an updated project schedule. The new schedule pushes completion of Segments three and four into February, 2016. Last quarter, the IV&V vendor noted executive steering committee (ESC) involvement had diminished during the reporting period; however, a new ESC has been meeting and is supportive of project activities. The contractor hired a new, full time dedicated project manager for the project as recommended by the IV&V contractor.			
630 HSD	**MMIS Replacement Project:** Replace the Medicaid Management Information System ("Omnicaid") and supporting application to align with Centers for Medicare and Medicaid Services (CMS) requirements.	$3,708,990	$36,200,910	See project status	$3,643,100	Planning	12/31/2019	Evaluate IV&V request for proposals	Award IV&V request for proposals	While this multi-year project is expected to cost significantly more in ongoing years, the federal match rate is approximately 90 percent. The 2016 General Appropriations Act contains $2.8 million in state general fund revenue and $28 million in federal funds for the project. DoIT noted a draft work plan has been submitted to DoIT and revisions are in process to finalize. The project remains behind schedule in RFP development, market research, comprehensive procurement strategy, finalized requirements strategy, and governance.			
630 HSD	**Child Support Enforcement System Replacement (CSES):** Enhance or replace the existing system which maintains more than 59 thousand active cases with over $132 million in annually distributed child support payments.	$3,400,000	$0	$4,951,000	$931,300	Planning	11/30/2019	As-Is process diagram	To-Be process Diagram (high-level)To-Be process flows (detailed)	The senior project manager position remains open. This has aversely affected progress on project tasks. HSD notified DoIT of its concern for adequate and qualified project management staff to perform the project services under the current agreement. CSES is in compliance with federal requirements; however, the system supporting the business process is limited due to aging technologies, outdated code and changes over the years. The 2015 General Appropriations Act contains $3.4 million in other state funds (incentive funds HSD receives for meeting federal requirements) for the planning phase; no new funding was provided for FY17. HSD extended the planning phase through FY17 to explore options that could leverage existing state resources and infrastructure. Federal matching funds will be available at approximately 66 percent federal to 34 percent state. Completion of the planning phase will determine the estimated full implementation costs for this project.			

Information Technology Status Report
Fiscal Year 2016 Q2

Agency	Project description	Total State Appropriations	Total Federal	Est. Total Cost	Spent to Date	Project Stage	Est. End Date	Milestone(s) achieved last quarter	Milestone goal(s) for next quarter	Project status	Budget	Schedule	Functionality
690 CYFD	**EPICS** is a multi-phase/multi year project to consolidate Children, Youth and Families Department's legacy system (FACTS) and 25+ stand-alone systems into one enterprise-wide web application. The system will support program efforts to build a rapid response to federal, state and local requirements. A comprehensive view of clients and providers will increase productivity, direct client care and safety.	$7,535,200	$5,680,067	$14,475,363	$10,784,258	Implement	6/30/2018	Phase 3 - Service Management JJS Pilot Phase 3 - RTTT Child Care Assistance-Case Mgmt Child Care Provider-Provider Mgmt Pre-K Work Plan - Provider Management Am I Eligible - Development Summer Food - Work Plan Sponsor Application Testing Phase 4 - FACTS JJS Work Plan: Person Management, Referral, Assignment - development	Phase 3 - Service Management Program Sponsor Training Phase 3 – RTTT Child Care and PreK-Testing (General Components) Am I Eligible -Testing Summer Food - Work Plan: Meal Sites/Kitchens Development Phase 4 - FACTS JJS Work Plan -Person Management, Referral, Assignment - testing	DoIT reports it identified "variances" in project performance indicators which include challenges in project tracking. CYFD chief information officer and DoIT will conduct a comprehensive project review to assess methodologies, processes, procedures, and tools to help plan, monitor, and track project scope, schedules, budget, risks, and quality to help ensure project objectives are successfully met. LFC released a performance evaluation for EPICS in March 2016 and determined project planning was incomplete and total project costs are unknown, placing federal dollars at risk. Totaled estimated cost increased from $10.5 million in the last quarter to $14.5 million and the estimated completion date was pushed back from June 2018 to December 2018.			
790 DPS	**CAD** The DPS Computer Automated Dispatch project will replace the existing CAD system, which is over 10 years old. CAD is used to dispatch 911 calls to the officers, map the call location in the dispatch center, provide automatic vehicle location for officers in the field, and provide the National Crime Information Center with access to data.	$4,150,000	$0	$3,959,939	$608,045	Implement	9/30/2017	Planning certification completed December 2015.	Planning activities with contractor and development of detailed project schedule.	Contracts with Intergraph and Geocomm are underway. Project activities within scope, schedule, and budget.			

Source: DoIT IT project status reports, agency status reports, project certification committee documents, IV&V reports, and LFC analysis.

State of New Mexico
LEGISLATIVE FINANCE COMMITTEE

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David Abbey
Director

March 1, 2016

LFC INVESTMENT REPORT FOR THE QUARTER ENDING DECEMBER 31, 2015

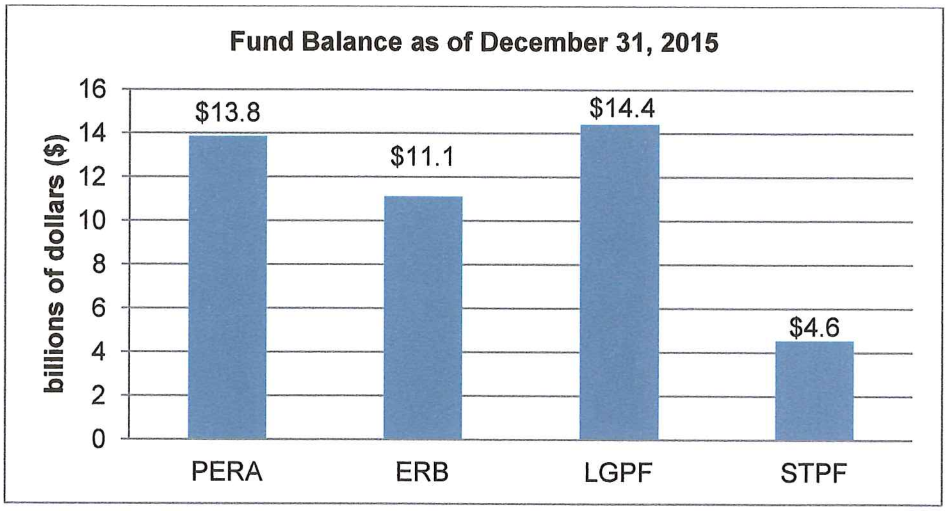
This report details the comparative investment performance of the three investment agencies: the Educational Retirement Board (ERB), the Public Employees Retirement Association (PERA), and the State Investment Council (SIC). The report outlines how the returns generated by these agencies differed from that of the archetypical public investment fund and how management and consultants added or subtracted value. As long-term performance is an important metric, this report includes fund returns and comparative rankings for the one, three, five, and ten-year periods and risk metrics for the quarter ended December 31st, one, three and five-year periods.

Market Environment.

- For the first time since 2007, the U.S. Federal Reserve announced at the December meeting it would raise the target range for interest rates from 0.00-0.25 percent to 0.25-0.50 percent. Federal Reserve Chair Janet Yellen stated that indicators of strength in economic data presented the appropriate time for raising rates.
- China's economic activity began to recover from the tumultuous previous quarter but not after causing major and lasting negativeeffects on global markets and downward pressure on commodities.
- The final quarter of 2015 continued to see solid jobs growth nationally and real GDP rise 2.6 percent year-over-year while consumer inflation remained below 2 percent per year for four consecutive years.
- Lower demand combined with excess supply and a warm winter, pulled crude oil down over 25 percent during the quarter, ending at $37.04/barrel, extending the bear market for oil futures.
- As observed in the Market Environment Table on the following page, the U.S. stock market was positive during the quarter providing a rally to end the previous quarter's negative performance.
- Global monetary policies continued to remain 'lower for longer' as quantitative easing and negative interest rates provided short term support for markets in Europe and Japan while suppressing long term expected returns for equity and fixed income investments.
- The U.S. dollar continued to remain strong against benchmark global and emerging markets currencies.

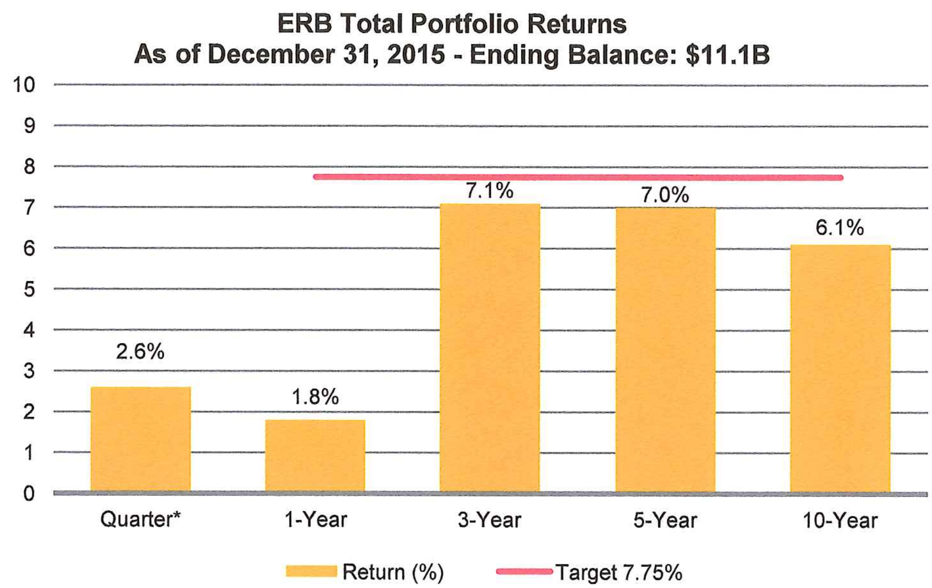
Market Environment as of December 31, 2015				
Index Returns (%)	**Q4 2015**	**1 Year**	**5 Years**	**10 Years**
S&P 500	7.0	1.4	12.6	7.3
Wilshire 5000	6.4	0.7	12.1	7.4
Russell 3000	6.3	0.5	12.2	7.4
Dow Jones Industrial	7.7	0.2	11.3	7.8
MSCI EAFE	4.7	-0.8	3.6	3.0
Barclays Govt/Credit	-0.7	0.2	3.4	4.5

Returns and Ending Balances. The tables below summarize the ending balances for the quarter December 31, 2015 as well as the agencies' investment returns for the quarter and for the one, three, five, and ten-year periods, on the following page.

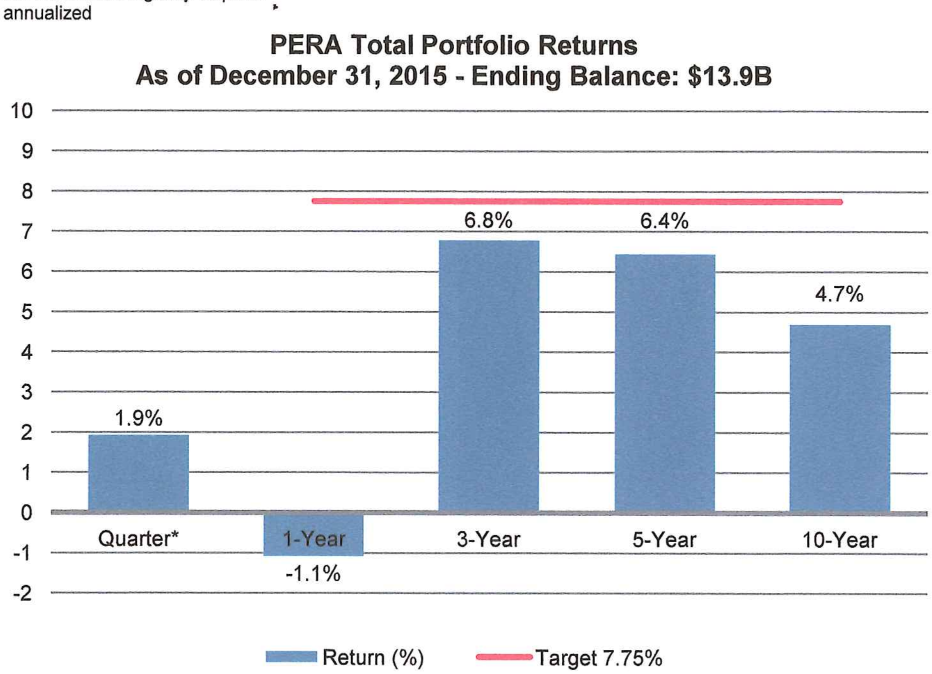


The second quarter of the fiscal year, continued to challenge the investment agencies' fund balances. Strong market volatility resulting from macro activities has caused the agencies to struggle to meet their return targets. The short term one year period was especially sensitive to volatility in global markets and a continued drop in the oil market which has diminished investment balances and long term potential returns. The longer investment periods reflect the economic and market post-recession recovery after 2009. Ten-year returns fall short of long-term targets because they reflect challenged investment performance during the global financial crisis. Long range performance also reflects narrow investment portfolio diversification through the restriction of alternative asset investments given policy terms in place at the time. All three investment agencies have since actively pursued diversifying and creating depth in their respective portfolios to permit fewer investment losses during continued periods of broad market swings and volatility.

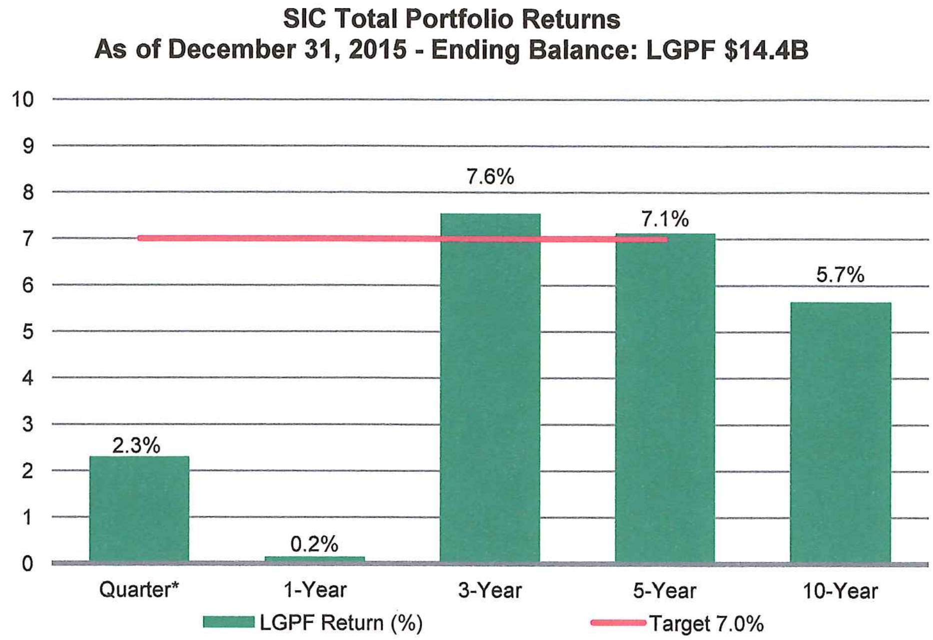
Each of the portfolios has a return policy target in place. ERB and PERA are set at 7.75 percent. At the Council's October meeting, SIC received approval to lower the investment target for LGPF from 7.5 percent to 7.0 percent and for STPF from 7.5 percent to 6.75 percent. The lower target for STPF considers the inclusion of economically targeted investments (ETIs). The decision for lowering the targets included a review of factors including the distribution policy, maintaining intergenerational equity, future return expectations and risk levels. Significantly lower contributions from the State Land Office due to the broad decline in oil prices over the last year, presented pressure for investments to generate larger returns as an off-set to keep the LGPF and STPF healthy. SIC noted that future return assumptions in volatile markets have steadily declined throughout the investment industry over the last eight years. Incorporating a re-evaluation of portfolio structures and investment opportunities combined with lower return targets, SIC would be able to maneuver in a risk range with set return expectations that are achievable.



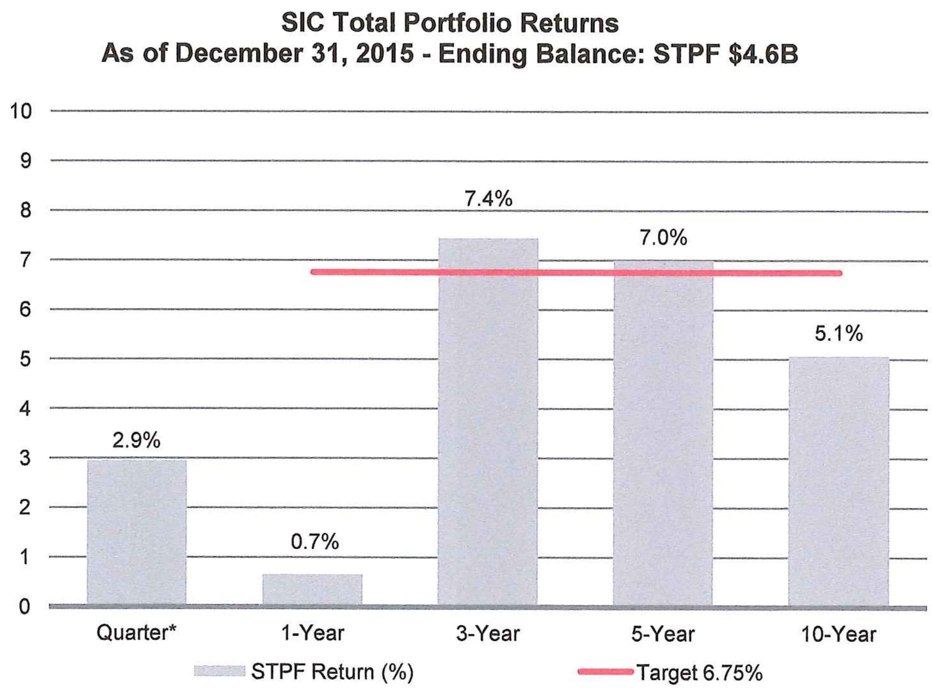
Source: Investment Agency Reports
*not annualized



Source: Investment Agency Reports
*not annualized



Source: Investment Agency Reports
*not annualized



Source: Investment Agency Reports
*not annualized

The Severance Tax Permanent Fund (STPF) and Land Grant Permanent Fund (LGPF), managed by SIC, are shown separately. A portion of the STPF is invested in economically targeted investments (ETIs) that typically perform below-market because the investments are not targeted solely at delivering returns. SIC states that ETIs' reduced levels of expected financial return are justified in statute by the expected economic development benefits that the investment is expected to deliver. The LGPF does not have ETIs in its portfolio and so is a better gauge of SIC's performance. The difference in return between the two is a rough approximation of the opportunity cost of these initiatives.

Investment Portfolio Policy Objectives.

PERA's investment policy states that the pension fund's primary objective is to prudently invest assets in order to meet statutory obligations to its members. The fund's assets are managed to reflect its unique liabilities and funding resources, incorporating accepted investment theory, prudent levels of risk and reliable, empirical evidence. The actuarial assumed target rate of return is the key actuarial assumption affecting future funding rates and payment of pension obligations. Investment performance that exceeds or underperforms the target rate may materially impact future funding rates.

ERB's investment philosophy and techniques are based upon a set of widely accepted investment models. ERB is focused on the prudent investment and management of its members' contributions to the retirement fund, utilizing techniques tempered by experience and knowledge. The investment goal is to earn an inflation-adjusted return sufficient to attain the target funding level over a long term period.

SIC's investment goals are to preserve the permanent endowment funds and to provide for current and future beneficiaries by growing the funds at a rate to keep pace with inflation to maintain value over a long-term time horizon. SIC seeks to manage the funds to ensure that future generations receive the same or greater benefits as current beneficiaries, while maximizing current distributions through time to provide current revenue sources to the state's general fund. Total return, which includes realized and unrealized gains, plus income, less expenses, is the primary goal of the funds.

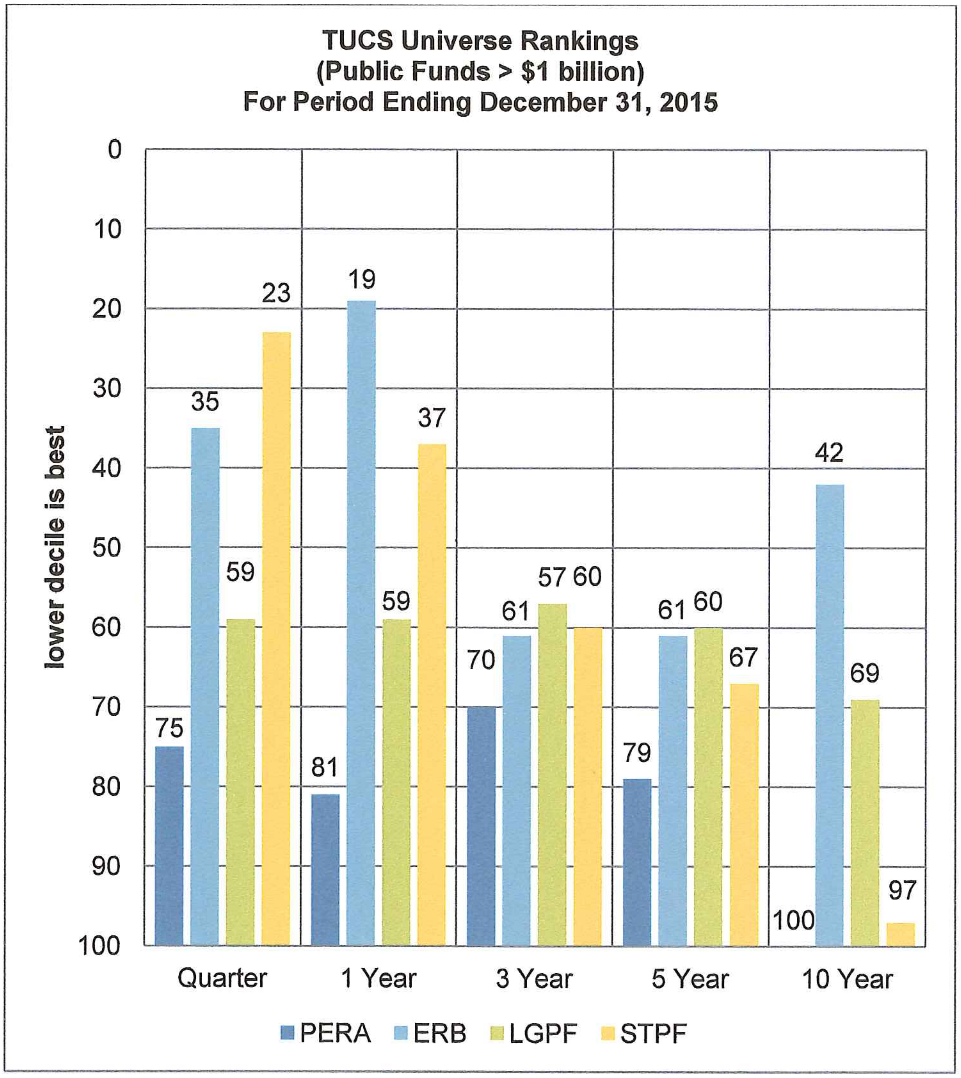
Peer Total Return Rankings.

The following table shows net-of-fees peer total return rankings for the agencies' large funds for the quarter, one, three, five, and ten-year periods. A lower rank (1st is best) denotes better performance when compared to other public funds within a comparable investment universe. These comparisons are completed by the Wilshire Trust Universe Comparison Service (TUCS), a benchmark service which evaluates the performance and allocation of institutional investment assets. New Mexico's investment agencies are evaluated alongside approximately 50 public funds with more than $1 billion in assets. SIC notes not all of its investments report returns net-of-fees[1].

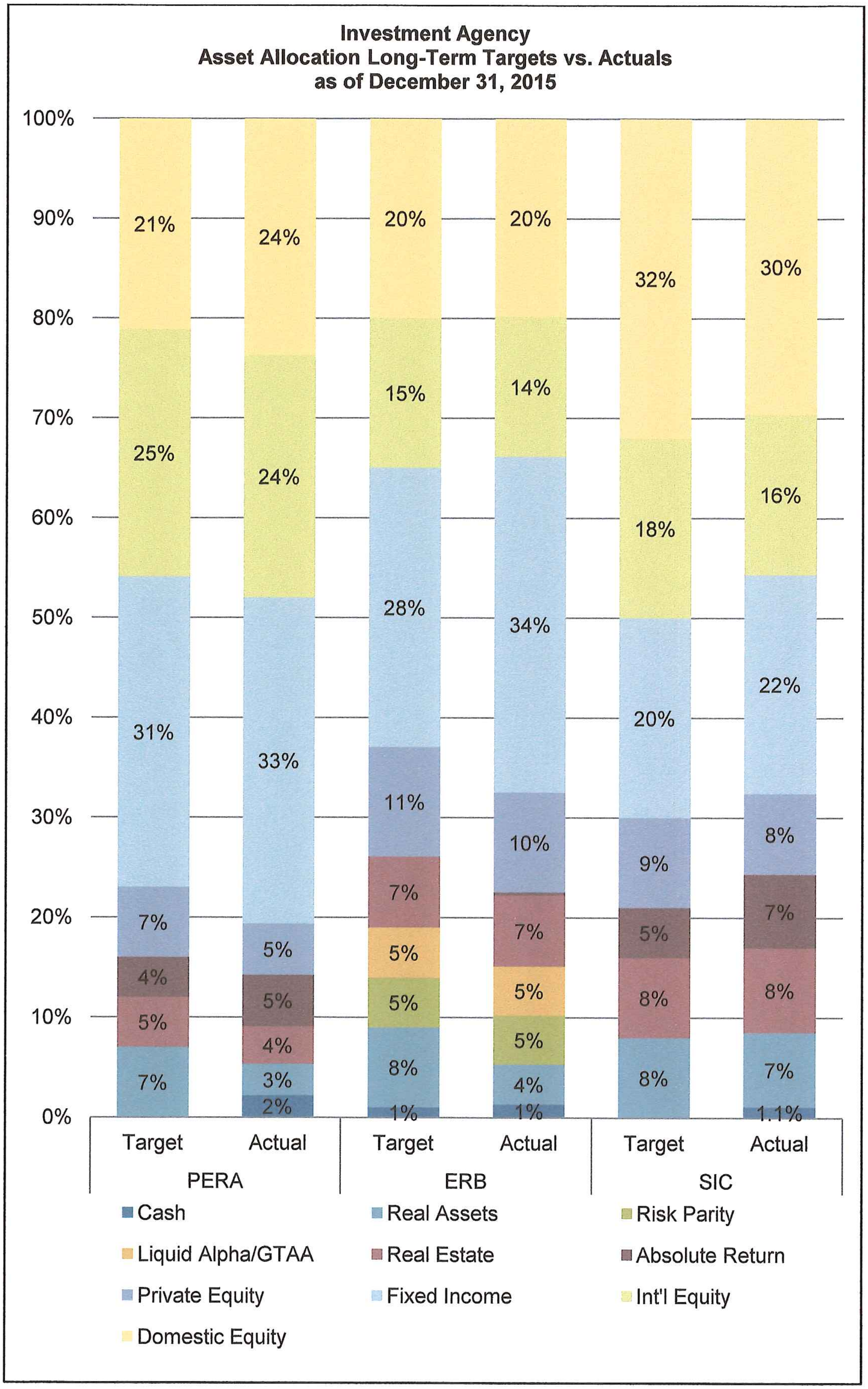
During the second quarter, the four funds improved over the quarter prior. Overall the returns varied for the periods reviewed and fell across a broad range of rankings when compared against comparable funds in the universe. STPF and ERB ranked at the 23rd and 37th percentiles respectively, performing very well and above LGPF and PERA which ranked at the 59th and 75th percentiles respectively. During the course of the fiscal one-year, STPF and ERB outperformed. Over the longer ten-year period ERB continues to

[1] In those cases, SIC's primary investment consultant (RVK) manually adjusts the returns by applying generic costs by asset class, a common practice performed by at least 95 percent of the funds included in TUCS. As SIC's investment advisor, RVK does not have access to the active versus passive mix for any individual fund within the universe, SIC acknowledges in some cases the application of a generic fee could represent an estimated adjustment. The rankings reported in the table reflect gross of fees for LGPF and STPF.

perform well towards meeting its long term investment goals. LGPF and PERA both underperformed for every period and all funds under returned for the 3 and 5 year period.



Staff from all three investment agencies acknowledge their respective performance rankings in the long-term are impacted by policy limitations of their asset allocations during the measured time periods and by extreme economic conditions during the great recession. As the agencies adjusted their investment policies to permit diversified portfolios through the inclusion of alternative investments, the volatility of equity markets had a stronger impact on their returns. As long as the investment agencies meet or exceed their annual return targets in the short- and mid-terms, there is an expectation their long-term (10 years and greater) performance rankings will improve over time.


Investment Agency
Asset Allocation Long-Term Targets vs. Actuals
as of December 31, 2015
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
21%
25%
31%
7%
4%
5%
7%
24%
24%
33%
5%
5%
4%
3%
2%
20%
15%
28%
11%
7%
5%
5%
8%
1%
20%
14%
34%
10%
7%
5%
5%
4%
1%
32%
18%
20%
9%
5%
8%
8%
30%
16%
22%
8%
7%
8%
7%
1.1%
Target
Actual
PERA
Target
Actual
ERB
Target
Actual
SIC
Cash
Real Assets
Risk Parity
Liquid Alpha/GTAA
Real Estate
Absolute Return
Private Equity
Fixed Income
Int'l Equity
Domestic Equity