

LFC Third Quarter Report Cards and Accountability Plan June 17, 2016

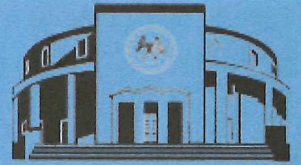
I. **Background:**

- a. Reminder of the on-going importance of agency reports and performance measures as critical tools for maintaining transparency and accountability for agencies
- b. At the April LFC meeting, DFA raised numerous concerns about the continuing usefulness of the existing agency performance reporting and report cards process. DFA argues that current performance measures are too burdensome for agencies to track, not helpful to the Legislature, opaque to the public, and should be reduced to just a few key measures per agency. However, DFA has made no specific proposals to address these issues other than to suggest drastic reduction to the number of key agencies subject to AGA quarterly reporting.
- c. LFC staff agrees with many of DFA's points and has been working steadily to evaluate the existing measures and process and make improvements wherever possible.
 - Report cards have tended to lack:
 - Context or correlation to national benchmarks
 - Agency action plans to explain and address underperformance
 - Agency key initiatives, events or activities from previous quarter(s)
 - Current performance measures vary widely from agency to agency – the best show meaningful outcomes, but many are still more output oriented and lack connection to agency goals and mission
 - Agency quarterly reports also vary in quality

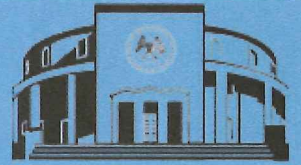
II. **Update since last meeting:** LFC staff has been evaluating existing agency performance measures and reporting responsibilities for quality, quantity, effectiveness, etc. working internally to develop an updated report card format that will address the shortcomings identified above, and also be more accessible and easier to read for legislators and the public

a. **Internal LFC work:**

- LFC management and staff developed a spreadsheet listing all measures for all agencies.
- LFC analysts then evaluated measures to determine how many were good, meaningful measures, and made recommendations about possible improvements to be implemented for FY18.
- LFC staff has developed a new state of the state dashboard, combining general state-wide measures with selected highlights from existing agency measures.
- LFC analysts have completed third quarter report cards using new format, adding national comparative data where available and/or where agency performance measures are not useful.



- LFC analysts have completed annual AGA training, with emphasis on development of meaningful measures and ‘right sizing’ – appropriate number of measures for each agency and each program.
- b. **Innovations in performance reporting:** There is a lot of innovation happening in the area of performance-based governance around the country. The LFC AGA team has begun an environmental scan, looking at other states and state agencies for best practices in presenting performance reports and ideas about how LFC might update and improve our own reports. The results of this effort will be presented at the September meeting.
- DFA is on the same track with suggestions about cross-agency reporting and dashboards, but has underestimated the criticality of meaningful and accurate performance measurement through continued quarterly reporting
- c. **Working with DFA:**
- LFC Deputy Directors have held on-going meetings with DFA to discuss both agencies’ concerns about quality and usefulness of existing agency performance measures and process.
 - LFC staff is collaborating with DFA to begin technical development of web-based performance reporting.
 - DFA proposes reducing the number of key agencies responsible for quarterly performance reports from 20 to 11; agencies would continue to gather data on relevant measures but would not report to LFC.
 - LFC staff proposes reducing the number of key agencies to 16, allowing higher education and public education to report semi-annually, and removing the requirement for performance reports for administrative support programs for most agencies.
 - LFC’s position: the AGA condensed budget appropriations made through multiple line items to four categories in exchange for the new transparency promised through the PBB measurements. If DFA elects to reduce the number of key agencies past what LFC can agree to, LFC staff recommends that any agency removed from quarterly reporting replace the lost transparency and accountability by returning to pre-AGA budget categories and restricted BAR authority.
 - DFA is on the verge of sending out the annual Performance Measure instructions to the agencies, but has apparently already begin issuing instructions that agencies should move towards reducing performance measures to two to four measures per program, with emphasis on measures that are meaningful and easy to report on.
 - LFC’s position: while we agree with focusing on meaningful, easily-understood measures, the LFC staff does not agree that there is a set number of performance measures that is appropriate for all agencies or programs.
 - LFC management has initiated discussions about possible changes to the budget process that could be used to incentivize good performance measurement and effective management for results. Changes might include allowing some smaller agencies to



reduce budget categories and possibly move to biennial budgeting. This proposal would also allow greater budget flexibility, as these agencies would no longer need BARs to shift funds between programs.

d. Other proposed changes

- LFC staff proposes a restructured budget for the judiciary that would recognize the judiciary's unified budget and allow the branch more internal control and oversight of its finances. LFC staff is in discussions with the judiciary about how best to implement these changes.

III. New state of the state dashboard and third quarter highlights and report cards

- a. Presentation of the state of the state dashboard
- b. Presentation of the third quarter highlights and third quarter report cards

Attachments:

1. Revised Interim Work Plan for Reworking AGA Performance Measurement
2. Performance measure guidelines (updated)
3. LFC Program and Performance Measure Review Spreadsheet
4. State of the State Dashboard
5. Third Quarter Highlights
6. Third Quarter Agency Performance Report Cards

Revised LFC Interim Work Plan for Reworking AGA Performance Measurement

Purpose statement:

Review and revise, as appropriate, current AGA performance measures to simplify, streamline, and improve measures to ensure they are easily understood, present meaningful data, measure the ‘right’ things, and are not overly burdensome for agencies.

Goals:

Performance measures process that has buy-in from LFC, DFA and agency staff, leading to performance measures that are effective tools for legislating and budgeting for results.

Work Plan:

1. Reconsider key agencies – how many, and which agencies?

- Develop criteria for reconsideration, taking into account factors like:
 - Agency budget as a percent of state budget
 - Whether agency has quarterly data available to report
 - Whether agency role and responsibilities are suitable for performance measures
- *Workgroup has held several meetings with DFA to discuss, no agreement reached yet*

2. Prioritize meaningful performance measures – what measures have high impact?

- Develop a “state of the state” dashboard:
 - Which measures should be especially emphasized and highlighted?
 - How do we deliver content in an accessible and meaningful way to the public?
 - What message are we sending by selecting specific measures to report?
- *Workgroup has developed first ‘state of the state’ dashboard for presentation to LFC at June meeting*

3. Evaluate current measures – review all measures, all agencies

- Review/revise criteria for quality performance measures
- Develop criteria for which measures might be eliminated
 - Which are meaningful and useful? Which are not? Why?
 - Do current measures measure the ‘right’ things for the given agency?
 - Does the measure relate to agency mission? Agency budget?
 - Should some measures be changed from output or outcome to explanatory?
 - Should smaller agencies have fewer measures?
- *Workgroup has developed LFC Program and Performance Measure Review spreadsheet*

Revised 6/10/16

4. Improving measures – how to make the measures we keep more useful to agencies and to LFC

- Review/revise criteria for quality performance measures
 - Consider rewording or reworking to make measures more easily understood
- Identify key agencies with measures that are less than meaningful, and rework
- Identify key agencies that appear to struggle to collect or provide quality data
- Review other states for new and innovative ideas about measures and presentation
 - Consider what broad, explanatory-type measures would work for a ‘state of the state’ dashboard – these will be different than agency measures
- Develop training for LFC and agency staff
- *Training delivered to LFC staff June 2, 2016 and June 13, 2016*

5. Budget reform for smaller agencies

- Consider exempting from reporting, or reducing number of measures
- Consider allowing biennial budgeting
- Consider no or fewer budget categories
- *Assign workgroup staff and develop timeline*

6. Reforming agency quarterly reports

- Review/revise criteria for quality agency quarterly reports
- Identify which agencies are doing well with reports, which are struggling
 - Develop training for improvement
- *Assign workgroup staff and develop timeline*

7. Staff trainings

- LFC internal AGA training – *done 6/2/16 and 6/14/16*
- Joint LFC-DFA AGA training – *to be scheduled*
- Joint LFC-DFA-agency trainings – *to be scheduled*

8. Continued evolution of LFC report cards

- New report card format to be put into use for 3rd quarter
 - More focus on prioritization of key measures
 - More use of national benchmark data
 - Streamlined and reformatted for ease of reading
- Conduct environmental scan of best practices for performance reporting
- *All individual key agency report cards and measures reviewed during preparation for Third Quarter; AGA team will have results of scan for new options for reporting to present at September LFC meeting*

Revised 6/10/16

UPDATED for FY17
ACCOUNTABILITY IN GOVERNMENT
Performance Measure Guidelines

Elements of Good Performance Measures	Agency Quarterly Reports	Elements of Key Agency Reports	Elements of LFC Performance Report Card
<p>Ideal performance measures should be</p> <ul style="list-style-type: none"> • <u>Useful:</u> Provide valuable and meaningful information to the agency and policymakers • <u>Results-Oriented:</u> Focus on outcomes • <u>Clear:</u> Communicate in a plain and simple manner to all stakeholders (employees, policymakers, and the general public) • <u>Responsive:</u> Reflect changes in performance levels • <u>Valid:</u> Capture the intended data and information • <u>Reliable:</u> Provide reasonably accurate and consistent information over time • <u>Economical:</u> Collect and maintain data in a cost-effective manner • <u>Accessible:</u> Provide regular results information to all stakeholders • <u>Comparable:</u> Allow direct comparison of performance at different points in time • <u>Benchmarked:</u> Use best practice standards • <u>Relevant:</u> Assess the core function of the program or significant budget expenditures 	<p>Each quarterly report should include the following standard items</p> <ul style="list-style-type: none"> • Agency mission statement • Summary of key strategic plan initiatives • Program description, purpose and budget by source of funds • How the program links to key agency initiatives, objectives, and key performance measures • Action plan describing responsibilities and associated due dates 	<p>Key Measure reporting should include</p> <ul style="list-style-type: none"> • Key performance measure statement • Data source to measure key measure results • Four years of historical data (if available) • Current quarter data (both qualitative and quantitative) • Graphic display of data as appropriate • Explanation for measures 10 percent or more below target • Proposed corrective action plan for performance failing to meet target • Action plan status • Corrective action plan for action plan items not completed 	<p>Each quarterly Report Card should include the following standard items</p> <ul style="list-style-type: none"> • Key events or activities that affected the agency in the previous quarter • Status of key agency initiatives • National benchmarks for key measures, when possible • Explanation for any area(s) of underperformance • Agency action plans to improve results <p>Analyst may include:</p> <ul style="list-style-type: none"> • Measures or data reported by another reputable entity when agency data is inadequate

**LFC Program and Performance Measure Review -
June 2016 Version**

	Agency Code	Agency Name	FY17 LFC Performance Measure Recommendations: Deletions, Additions and Modifications	FY16 Operating Budget	Current Number of Performance Measures	Number of Measures Designated As "Key"	Number of GAA Measures	Number of Measures Deemed "Good Measures"
KEY AGENCIES								
1	218	Administrative Office of the Courts	Add measures to track expenditures for interpreters; more statewide measures should be reported for the districts such as case disposition by type, cost per problem solving court client per day, or drug court recidivism; more measures should be reported on the programs within special court services such as alternative dispute resolution, court appointed attorneys, etc.	\$64,506.0	14	7	4	5
2	333	Taxation & Revenue Department	Add performance measures to track the average cost to the agency for every \$100 revenue collected, to determine effectiveness of audit and compliance efforts, and to determine efficiency of revenue collections. Agency would benefit from measures that benchmark performance against other states, measures to estimate the tax gap, and measures that highlight audit and compliance planning.	\$56,724.8	25	11	9	21
3	350	General Services Department	The Risk Management Program may benefit from additional measures related to 1) agencies with high frequency claims in compliance with loss control recommendations, 2) agencies passing their annual loss prevention audits and for the risk funds, 3) average cost of claims by coverage as compared with 5-year averages or other self-insured government plans. The Group Health Program could consider measures related to large cost drivers such as for diabetics management and emergency room use. The Facilities Management Program may benefit from measures related to 1) keeping state-owned buildings in shape with facility condition indexing and monitoring owner's care of privately-leased space, 2) operations and maintenance costs compared to industry, and 3) agency occupants in compliance with space standards.	\$14,169.6	38	25	13	33
4	361	DoIT	LFC recommends the department adopt measures to capture whether DoIT services meet agency needs in an effective and efficient manner. For example, are services provided with sufficient technical expertise in a timely manner, with expected outcomes and at a reasonable cost. These questions could be obtained through an annual or semi-annual questionnaire provided to state agencies.	\$970.1	23	22	3	4
5	378	State Personnel Office	Add measures to track the percent of employees assigned to an alternative pay band, the number of in-band salary increases provided by agency, turnover by agency (including all employee movements including transfers to other programs, promotions, and movements across agencies).	\$4,315.0	19	14	3	13
6	419	Economic Development Department	Agency can remove a few measures that are not as useful and report output rather than outcomes. Also needs to improve or delete vague measures. Work with EDD to start reporting on "total number of jobs filled."	\$9,438.0	25	9	8	19
7	521	Energy, Minerals and Natural Resources	State Parks: weekend camping occupancy rate, deferred maintenance projects completed, Facilities Condition Index. Forestry: additional Veterans Fire Crew initiative measure such as the percent of program participants who achieve full-time employment within a certain period. Energy Conservation & Management: Energy consumption per capita (BTUs per person), electric power generated from renewable sources, energy related CO2 emissions per capita	\$19,868.5	23	15	5	18
8	550	Office of the State Engineer	Number/percent of subfile orders filed to date, number/percent of subfiles sent to date, total universe of subfiles filed with court, adjudication packets served, consent orders and defaults, mediation referrals, subfiles referred to trial, hearings conducted by court, motions/briefs reviewed by court, opinions and orders entered by court, improved measure of progress on developing AWRM rules	\$19,278.8	16	16	9	9
9	624	Aging and Long Term Services Department	APS: add adult maltreatment, repeat maltreatment, APS investigator caseload, and APS post maltreatment service provider outcome data. Aging Network: Track service outcomes like the effect of respite care on longevity of the caretaker, and report these as performance measures to give a better idea about the Aging Network's capacity and its adequacy in meeting the needs of the senior population.	\$47,592.7	28	7	8	6

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10	630	Human Services Department/Beh Health Collaborative	No deletions or additions at this time since the majority of measures reflect federal reporting requirements; staff is reviewing federally-required measures to determine what additional items might be included in the LFC report card.	\$986,701.3	50	42	22	43
11	631	Department of Workforce Solutions	No deletions or additions at this time.	\$10,814.9	33	16	9	20
12	665	Department of Health	Epidemiology and Response: delete front counter customer satisfaction. Facilities: add percent of healthcare associated infections, percent of beds filled (delete staffed), number of days in accounts receivable, and rate of medication errors.	\$304,396.4	39	28	13	39
13	667	Department of Environment	Measures were significantly revised (reduced from 50 to 29) for FY17 to shift focus from output to outcome, e.g. from the number of inspections or percent of permitted facilities inspected to the results of those inspections.	\$13,156.0	50	27	10	28
14	690	Children, Youth & Families Department	No deletions at this time. The Behavioral Health Services program needs to completely re-vamp performance measures. A meeting to discuss new measurers for the program is set in the coming weeks.	\$238,918.0	37	15	20	22
15	770	Corrections Department	Performance measures tracking inmate healthcare outcomes such as number if inmates successfully treated for Hep-C, contractor adherence to disease management guidelines, contractor staffing rates, and number of medical service complaints received and resolved are important. Also, percentage of probationers and parolees who successfully complete supervision.	\$287,887.0	31	10	13	17
16	790	Department of Public Safety	The department needs meaningful measures on manpower, turnover, and graduation rates. Measures in Statewide Law Enforcement Support detailing the percent of forensic cases remaining, including rape kit backlogs, are needed. In the Law Enforcement Support program, outcome measures are needed that reflect DPS' impact on public safety, like rate of DWI deaths, rate of violent crime compared to the national average, and rate of drug crime compared to the national average.	\$114,995.5	33	17	13	6
17	805	Department of Transportation	Discontinue measures quantifying amount of litter collected, rest area satisfaction, and invoices paid within 30 days.	\$871,664.3	38	16	11	25
18	924	Public Education Department	PED continues to ignore statutory direction to prepare a number of reports annually. LFC staff recommends adding a measure related to this obligation (Number and percentage of statutorily required reports released by the specified date) .	\$11,879.7	36	35	3	11
19	950	Higher Education Department	Delete measures for private and proprietary schools, except for one measure concerning dispute resolution. Capital outlay, financial oversight, and audit timeframe measures should be deleted as well. These measures have targets of 100%, and the department almost always meets these targets. Although they tell us about the department's inner-administrative successes, these measures do not tell us about the well-being and success of students. For Financial Aid, delete the ninth semester lottery scholarship measure and needs-based and college affordability award measures as well as the "percent of eligible loan-for-service...applicants who received an award." This latter measure is deeply dependent on funding and doesn't provide much in terms of departmental performance in issuing loans.	\$36,115.5	31	0	4	15

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20		Four-year Higher Education Institutions	Delete measure for students enrolled in third semester who are still enrolled two fall semesters later. Delete "percent of academic departments or programs using the results of student learning outcomes for improvement." This latter measure is subjectively measured. Delete enrollment or graduation metrics for students enrolled in extended services. It is also suggested that all four-year institution performance measures be changed to align with the I&G funding formula and relevant RPSPs.	\$501,801.7	68	0	14	38
21	952	Health Sciences Center	Delete "number of degrees awarded using extended university courses."	\$95,381.9	16	0	0	14
22	966	Two-year Higher Education Institutions	Delete enrollment or graduation metrics for students in extended or distance education programs. Modify demographic-dependent measures (e.g. number of hispanic students enrolled) to align more closely between campuses, unless otherwise shown to be useful (i.e. A campus located close to a high Native American population may have good reason for reporting Native American enrollment). It is also suggested that all four-year institution performance measures be changed to align with the I&G funding formula and relevant RPSPs.	\$201,470.2	168	0	34	98
23	993	Public School Support	Since the state is funding PED approved short-cycle assessments, PED should be required to report aggregate student performance on short cycle assessments quarterly. Additionally, measures on the impact of below-the-line initiatives on student performance should be considered.	\$2,623,315.9	46	42	6	23
				\$6,591,746.9	912	385	243	548
Non-Key Agencies								
	308	State Auditor	Recommends including a measure that indicates percent of audits with findings of material weakness or significant deficiency. Create measures that focus on financial audit success to ensure focus on primary mission.	\$2,947.8	6	0	1	4
	341	Department of Finance and Administration	Eliminate roughly half of current measures. Focus on eliminating process-oriented measures and, when applicable, replacing with measures of mission success.	\$15,511.9	47	0	6	28
	340	Administrative Hearings Office	No changes recommended.	\$1,545.5	3	0	1	3
29	418	Tourism Department	No changes recommended.	\$13,495.5	28	0	7	21
37	495	Spaceport Authority	Measures increased from 2 to 5 for FY17. Recommend rewording the outcome measure to exclude agency contract employees or address this issue in the agencies performance monitoring plan. Or measure needs to be replaced with "total private investment for fiscal year"	\$459.7	5	0	2	3



- G** Represents good current status. Performance is ahead of the performance of other states, industry, or agency benchmarks.
- Y** Represents okay current status. Performance is near to meeting public expectations or the performance of other states, industry, or agency benchmarks.
- R** Represents poor current status. Performance is well behind public expectations or the performance of other states, industry, or agency benchmarks.

CHILDREN, YOUTH AND FAMILIES	EDUCATION	HEALTH	PUBLIC SAFETY
R 9% of babies born in New Mexico have low birth weight ²	G 94% of children in state-funded prekindergarten progress to kindergarten readiness ²	G 88% of New Mexicans are insured ²	R 4 th in the nation for violent crime rate ¹
R 43 of every 1,000 births are to teenage mothers ²	R 24% of fourth graders are proficient in reading; 19% are proficient in math ²	G 4,624 people are receiving services through the developmental disabilities waiver ³	G 244 traffic fatalities to date in 2016 ³
G 7% of Medicaid children ages 2 to 17 are readmitted into hospitals after 30 days ³	R 23% of eighth graders are proficient in reading; 9% are proficient in math ²	Y 89% of Medicaid children whose asthma is well-managed ³	R 154 traffic fatalities in 2016 were alcohol-related ³
R 11% of New Mexico's children experience incidents of repeated maltreatment. ³	R 69% of students graduate from high school in four years ¹	R 58% of Medicaid adults whose diabetes is well-managed ³	Y 337 out of 100 thousand New Mexicans were incarcerated in 2014 ³
G 76% of children received their full required immunization in 2015 ²	R 42% of college students completed a bachelor's degree within six years ¹	R 46 th in the nation for diabetes deaths per 100 thousand people ¹	R 47% adult recidivism rate within 3 years of release ²
G 43% of home visits demonstrating progress in positive parent-child interactions ³	Y 35% of New Mexicans have an Associate's degree or higher ¹	R 49 th in the nation for drug overdose deaths per 100 thousand people ¹	R 14% of committed juvenile justice clients entering adult facility within 2 years of discharge ²
ECONOMY	NATURAL RESOURCES	INFRASTRUCTURE	GOVERNMENT
R 6.2% of New Mexicans are unemployed ³	G 89% of monitored days had a good air quality rating ³	G 98% of capital projects are on schedule and within budget ³	R -10% change in general fund revenue collections, 2015 to 2016 ³
R 0.4% job growth from 2015 to 2016 ³	Y 97% of New Mexicans drink water from systems that meet all health standards ³	R 1.3 million people used the Rail Runner and Park and Ride services in 2015 ²	Y 75% of the state's pension liability is funded ²
G 4,800 new jobs were created in the leisure and hospitality industry ³	G 9% of electricity is generated from renewable energy sources ¹	Y 68% of non-interstate miles are rated in good condition ¹	Y AA+ New Mexico bond rating ³
G 79 film and media projects principally made in New Mexico ²	Y 26 million metric tons of annual greenhouse gas emissions ¹	G 92% of state facilities are in fair to good condition ²	G 92% of income tax and combined reporting system returns are electronically-filed ²

Some measures are collected quarterly, some are collected annually. The most recent data was used wherever possible. Date key: ¹ = 2014; ² = 2015; ³ = 2016