

## **Accountability in Government Selected Performance Highlights First Quarter, Fiscal Year 2021**

### **Background**

Pursuant to the Accountability in Government Act (AGA), quarterly reports are required of key state agencies, including performance measures and targets approved for each fiscal year by the Department of Finance and Administration (DFA) in consultation with LFC, as well as other measures important to agency operations.

The quarterly LFC report card process begins when the agency quarterly performance reports are received by the LFC. LFC analysts use these reports and other pertinent sources of information to compile a draft report card, and then LFC management, the report card team, and the analysts all meet for an in-depth review of each report card. Analysts then revise as appropriate and send draft report cards to the agencies for feedback. When agencies have responded and analysts have made final edits, the report cards are presented to the LFC and posted on the LFC website.

Agency performance measures are listed in tables in the body of the report cards, along with a green, yellow, or red rating that indicates how well agencies are progressing in meeting performance targets. Where relevant and timely data is available, LFC analysts may add national or regional benchmarks to provide context for the state's outcomes. Yellow and red ratings indicate the data is insufficient for LFC analysts to readily recognize progress or problems or an early warning that an agency is not on track to meet a target by fiscal year end. First-quarter data is often preliminary or partial, and may not accurately reflect what the agency's performance trend will be.

Many agencies indicate that the Covid-19 pandemic continues to impact performance in the first quarter, with closures and remote working conditions in effect since early March. Some of those agencies are projecting lower performance or no measurement of performance in the first quarter, while others continue to meet targets and reporting requirements.

At the time of this report, final report cards were not ready for the Human Services Department, the Behavioral Health Services Division, the Earl Childhood Education and Care Department or the Workforce Solutions Department. These report cards will be posted to the LFC website by Friday, December 11, 2020.

Performance of note for the first quarter of FY21 by major area includes:

## **Public Safety** (*NMCD page 61, DPS page 65*)

The Corrections Department reported significant improvements in prison violence and vacancy rates among correctional officers and probation and parole officers this quarter, but issues in its performance reporting in previous quarters make it difficult to evaluate its performance on several key metrics, including overall recidivism. The state's prisons have been overrun by the Covid-19 pandemic, which has killed 11 inmates, and two prisons have had more than 85 percent of their populations infected. Simultaneously, the department's medical vendor has seen a drop in its ability to meet standard healthcare requirements, and three of the six performance metrics it failed to meet this quarter are directly linked to respiratory health.

New Mexico State Police increased DWI enforcement this quarter. Still, they reported low numbers of DWI arrests, suggesting drunk driving was down this quarter compared with previous years, and preliminary Department of Transportation reports suggest alcohol-involved traffic fatalities are also down this quarter. Both the state police and the Department of Public Safety's forensic laboratory struggle with vacancies among key staff. High vacancy rates among small units in the forensic laboratory significantly impact their productivity.

## **Health** (*ALTSD page 33, DOH page 48*)

DOH reported declines in performance targets across the agency during the first quarter of FY21. However, very few of the department's performance measures relate to the state's response to Covid-19, which a significant portion of DOH's resources are now dedicated to. DOH reported a decline in the number of individuals receiving developmental disabilities and Mi Via Medicaid waivers. The program reported as of September 2020, there were 4,713 individuals on the waiting list for waivers. Of those individuals, 463 have placed their allocation on hold, meaning these individuals were offered waiver services and chose to remain on the waiting list, for now. During the first quarter, the number of individuals on the waitlist decreased despite increased funding for an additional 190 waiver slots. As of September 2020, 128 of those slots have been filled.

## **Public Education** (*page 69*)

Preliminary, uncertified student data suggests statewide enrollment counts fell by 12,300 students, or 3.9 percent, with most districts across the state losing membership. Enrollment declines were larger in younger grade levels. Despite the declines, more students are projected to participate in K-5 Plus and extended learning time programs this year. Additionally, teacher vacancies decreased for a second consecutive year and the number of admits and graduates from educator preparation programs increased.

## **Higher Education** (*page 71*)

Improvement in postsecondary graduation rates in New Mexico remains mixed year-over-year, particularly at the four-year research universities, which comprise the largest numbers of students. With the exception of branch campuses, colleges and universities are exceeding their own institutional performance targets, but the targets remain low.

The higher education funding formula may be overcompensating two-year institutions that are rewarding sub-baccalaureate certificates at an accelerating rate (42 percent increase over the past five years), and by rewarding the weight imbalance for the MP30 measure over the MP60 measure. The MP30 and MP60 measures act as rewards to the institutions for a student earning 30 or 60 student credit hours and are intended to support student progress toward earning a higher-level degree than a sub-baccalaureate certificate.

## **Early Childhood** (*page 31*)

The newly created Early Childhood Education and Care Department (ECECD) now primarily administers the state's early childhood care and education system. The Early Education, Care and Nutrition Program, primarily comprised of the private provider prekindergarten, childcare assistance, and the family nutrition bureau, did not report on a number of performance measures. Given the significant state investments in these early care and education programs additional performance measures are needed for policy makers to monitor performance.

Despite increased eligibility and prior to the pandemic, childcare assistance average monthly enrollment had been relatively flat ranging between 18 thousand and 20 thousand children a month. However, in the fall of 2020, enrollment began to decline significantly, to 15 thousand in August, 14 thousand in September, and 13.7 thousand in October. Average monthly enrollment was 15.8 thousand in October 2020. Low enrollment could result in general fund reversions or significant federal revenue carry-forward.

## **Natural Resources** (*EMNRD page 24, OSE page 27, NMED page 54*)

After forest and watershed treatment was severely disrupted in FY20, the State Forestry Division of EMNRD treated nearly 4,500 acres in the first quarter of FY21, above average for the past four years.

Long-term drought continues to strain the state's rivers and result in an increased water delivery debit on the Rio Grande, challenging Interstate Stream Commission staff even as Rio Grande litigation with Texas enters its final stages.

The Environment Department continues to support businesses across the state in implementing workplace safety standards to protect employees and the public from Covid-19, conducting over 1,000 rapid responses in the first quarter.

### **Children, Youth and Families** (*page 57*)

CYFD's Protective Services (PS) program and Juvenile Justice Services program both performed under target on more than half of performance measures, but both programs are making incremental progress in critical measures. In PS, while still above target and the national standard, both the six-month and 12-month maltreatment rates are moving in the right direction. In the first quarter of FY21, the Behavioral Health Services division exceeded all but one of its targets. While still under the target of 75 percent, the division increased the percentage of children and youth receiving services from clinicians from 51.8 percent in FY19 to 66.4 percent in the first quarter of FY21. Juvenile Justice (JJS) struggled to meet its targets related to recidivism, but while the overall percentage of recidivism remains above targeted levels, the actual number of clients it represents remains almost flat. For FY20, in actual numbers, 15 clients out of 103 discharged from CYFD facilities entered an adult correctional facility. JJS exceeded its target related to the percentage of clients completing probation, ending the year with close to a 94 percent success rate. Since 2018, JJS has significantly improved its performance on this critical measure. CYFD's new Fostering Connections initiative will allow older youth who have left field supervision to receive supports, such as housing and medical insurance, that are factors in achieving long term success. The department's overall performance continues to be impacted by the Covid-19 public health emergency. Unemployment, unstable housing, and transient living have put many system-involved youth and youth transitioning from care at high risk of Covid-19. As the pandemic wears on, CYFD continues to adjust its business practices, but concerns about underreporting and negative behavioral health outcomes for children and youth continue to grow.

### **Human Services and Medicaid** (*page 38* )

The Human Services Department's (HSD) Medicaid program only reported data on three performance measures out of a total of 10 performance measures. HSD should consider, starting in the second quarter or sooner, providing additional performance data to augment its approved slate of 10 performance measures for the Medicaid program. The Income Support and Child Support programs added and subtracted performance measures, but did provide data on some of these measures. The

Temporary Assistance for Needy Families (TANF) program is struggling during the pandemic to find job placement opportunities for clients. However, the Child Support Enforcement program has increased child support collections by intercepting federal stimulus checks from noncustodial parents owing support.

### **Taxation and Revenue Department** (*page 13*)

The Taxation and Revenue Department (TRD) is on track to meet its annual target for collections of outstanding balances, but as in previous quarters, fell short of its target for collectible audit assessments. The Audit and Compliance Division began using an advanced analytics tool in FY20 to identify collectible audits, but it is not yet clear that the tool has led to improved collections outcomes. The Motor Vehicle Division continued to make improvements in call center wait times, despite increased call volumes. However, the department has not tracked wait times in offices for the past two quarters, citing a need to focus on social distancing and hygiene practices, and does not track service quality in private partner offices. Online transactions have doubled as a share of total transactions – from approximately one-quarter to one half – since the beginning of the Covid-19 pandemic. TRD's vacancy rate increased slightly, to 24 percent, in November 2020. Over the past two quarters, TRD inactivated 39 positions that had been vacant for over two years.

### **Economic Development and Tourism** (*Tourism page 20, EDD page 22*)

The Economic Development Division awarded four companies \$9.8 million in LEDA funds in the first quarter of FY21 and created 617 jobs. EDD created 551 rural jobs in the first quarter. The JTIP board approved 28 businesses in the first quarter, 7 of which were new to the JTIP program. JTIP awards reached a total of \$6.6 million. During the first quarter, 1,269 new jobs were approved at an average wage of \$14.93 per hour.

Jobs in the leisure and hospitality sector continued to show year over year declines in the first quarter of FY21, with an overall average decline of -26 percent. As the Covid-19 pandemic has changed marketing priorities, the Tourism department has worked to increase digital engagement through virtual experiences and motivational posting to encourage visitation later. New Mexico Magazine exceeded its target for advertising revenue per issue, reaching an average of \$123.5 thousand in the first quarter.

### **General Government** (*GSD page 16, SPO page 19, DOT page 67*)

The General Services Department reports the three largest risk funds are now 147 percent funded, an increase from the prior year. Health care expenditures for

Presbyterian Health customers in the first quarter of FY21 are 14.8 percent below the first quarter of FY20, prior to the Covid-19 lockdowns. The reduced cost relative to a "normal" quarter suggests the Group Health Benefits Program continues to experience reduced expenditures as a result of lower health care utilization. The Employee Benefits Program added several performance measures that may be benchmarked to national averages. This added transparency may help the department better identify and control cost drivers in the program. The Facilities Management Division is working to move employees from leased space to state-owned facilities and reduce occupied square footage to account for telework.

The State Personnel Office (SPO) reports time to fill vacant positions increased to 59 days and one-third of new employees do not complete their first year of state service. The imposition of a hiring freeze does not seem to have significantly increased the vacancy rate and overall state employment has only fallen by approximately 180 employees, or 0.8 percent, between April 2020 and October 2020. For FY21, SPO significantly reduced the amount of information contained in the reports, including time to fill positions by agency, turnover by agency, and number of salary increases awarded, among others. The removal of this information makes it more difficult to assess the challenges confronting agencies statewide.

The Department of Transportation (DOT) reports that, despite challenges brought on by the Covid-19 pandemic, projects are being completed on time and maintenance activity has continued at a pace sufficient to meet performance targets. The department reports the vacancy rate fell from 20 percent in the fourth quarter of FY20 to 17 percent in the first quarter of this year. Additionally, reduced traffic volumes have resulted in traffic fatalities falling across all categories, with alcohol-related fatalities seeing a 72 percent decrease.

### **Courts and Justice** (*page 9*)

Justice partners statewide experienced a sharp workload decrease due to the Covid-19 public health emergency, and though cases referred to district attorney offices and to public defenders increased from the fourth quarter of FY20, year over year workload for the first quarter of FY21 is still lower when compared with the first quarter of FY20. For specialty courts, the Administrative Office of the Courts has not implemented software in statewide drug courts to allow for quarterly reporting but hopes to do so in the second half of FY21.

### **Investments** (*page 88*)

In the four quarters ending September 30, 2020, the value of New Mexico's combined investment holdings for the pension and permanent funds grew by \$393 million, or 0.7 percent, to end at \$53.7 billion, recovering \$2 billion, or 3.9 percent,

from the previous quarter. Over the last five years, the state's combined investment holdings grew \$10.6 billion, or 24.5 percent.

Characterized by market losses associated with the global pandemic, the investment funds' one-year returns ranged from 1.94 percent (PERA) to 4.26 percent (LGPF). Over the last 10 years, average investment returns ranged from 7.01 percent (PERA) to 7.65 percent (LGPF).

ERB and SIC's funds outperformed their long-term targets for the five- and ten-year periods. All funds underperformed their respective long-term targets for the quarter, one- and three-year periods.

For peer funds greater than \$1 billion, the only fund to perform above the median was the LGPF for the 10-year period, on a net of fees basis. All funds performed in or near the lowest quartile for the one-year period. The PERA fund and the STPF also performed in the lowest quartile for the three- and five-year periods.

### **Information Technology Projects** *(page 77)*

The Department of Information Technology (DoIT) continues to make progress on statewide IT projects this quarter. The statewide infrastructure replacement and enhancement (SWIRE) project is 99 percent complete, with North Central digital upgrades currently in progress. DoIT's P25 public safety radio project will not be fully implemented until 2026, but the current project phase is on track for completion in 2022 and the project remains on budget. DoIT's cybersecurity upgrade and rural broadband projects are increasingly significant given expanded remote work and education services. DoIT broadband awards include \$2.9 million for Cochiti Pueblo, \$2.1 million for Sierra county and \$1.1 million for Plateau Communications in Lea and Eddy counties for rural broadband connectivity projects. DoIT also continues to monitor progress on IT projects from other agencies, identifying potential risks and reporting on quarterly project status through the Enterprise Project Management Office dashboard.

### **Workforce Solutions** *(page 42)*

During the first quarter of FY21, there were 83 thousand continuing unemployment insurance claims each week on average, more than 900 times higher than the first quarter of FY20. WSD's unemployment division continues to process a record number of new claims under both the state's regular unemployment insurance program, as well as several pandemic unemployment assistance programs. The significant increase in claims brought a number of challenges to the department, including a rise in issues that required adjudication to determine eligibility and benefits. In the first quarter of FY21, WSD achieved only a 43 percent accuracy rate

in claimant separation determinations. New Mexico operates a decentralized local workforce development system, as required by the federal Workforce Innovation and Opportunity Act, with one statewide workforce board and four regional Local Area Workforce Development Boards (LWDBs). To address the poor performance of the LWDBs, WSD is currently conducting a comprehensive review of the state's workforce system to identify and propose opportunities for better alignment, efficiency, and effectiveness of workforce development activities and funding.

### **Behavioral Health** *(page 36)*

The Behavioral Health Services Division's (BHSD) performance report for the first quarter of FY21 did not include a performance measure approved by the Department of Finance, and did not include four performance measures included in the General Appropriation Act. BHSD should consider, starting in the second quarter or sooner, providing additional performance data to augment its current set of performance measures.

HSD and BHSD have taken measures to improve behavioral health access during the Covid-19 pandemic. Medicaid managed care organizations have been directed to allow behavioral health providers to bill for telephonic visits similar to in-person visits. HSD also implemented strategies to increase the network of behavioral health providers. Additionally, as part of an effort by the Emergency Operations Center, BHSD is partnering with the Department of Health and Tourism Department to provide temporary housing and peer supports for displaced individuals who are at risk for Covid-19, are awaiting Covid-19 testing, or have tested positive for Covid-19.