Accountability in Government
Selected Performance Highlights
First Quarter, Fiscal Year 2017

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), measures agencies consider important to operations, and measures LFC considers important.

Each quarter, LFC analysts review agency performance reports and develop report cards for select measures. To add context to the report cards, and to fill gaps in agency reporting, LFC staff works to provide benchmark data comparing New Mexico results to those of neighboring states or national averages.

As previously reported to the committee, the annual review of AGA performance measures has been the focus of considerable efforts this year. In preparation for the FY18 budget cycle, LFC and DFA staff have worked together in a top-to-bottom review of all performance measures for all agencies, seeking to reduce the sheer volume of reporting by weeding out less useful measures while at the same time making certain enough meaningful measures, reported with appropriate frequency, remain in place to ensure sufficient accountability and transparency is maintained. Overall, more than 600 less-useful measures were eliminated and several were converted to informational explanatory type measures.

This is the first quarterly performance report after the streamlining process concluded. Even though staff from DFA, LFC, and agencies seemed to be in agreement about FY18 reporting requirements, confusion about what needs to be reported in FY17 appeared as key agencies began turning in their performance reports for the first quarter of FY17. A number of agencies did not report on some of their routine quarterly measures, including some required by HB2. LFC analysts have been working with DFA and agencies to clarify confusion where possible.

In this period of austerity, meaningful performance reporting is more important than ever to help legislators prioritize budget requests and manage scarce state resources, as well as to help agency leaders prioritize agency goals and develop strategic plans to reach those goals despite fewer resources. With this in mind, LFC staff plans to continue to request quarterly reporting of important performance measures from all key agencies, and continue to give 'red' ratings for unreported data. More red ratings can also be found on this quarter's report cards because agency targets were set before solvency cuts were implemented, and in some cases funding restraints may be effecting service levels.

In addition, now that less-useful performance measures have been cleared away, LFC staff will move on to the next phase of revitalizing state agency performance measures and begin working with agencies to develop new and improved measures that will provide ever-more accurate information about agency outcomes and allow meaningful transparency for legislative and public oversight.

Performance of note in the first quarter of fiscal year 2017 by major area:

Taxation and Revenue Department

The Taxation and Revenue Department (TRD) performed well collecting on outstanding collectible assessments this quarter. The number of electronically filed income tax and combined reporting system returns is below the target level. Delinquent property tax collected and distributed to counties is slightly below target levels; however, the data provided by TRD is incomplete due to server errors and some late reporting counties. Motor Vehicle Division call center wait times to reach an agent is short of the five-minute target by nearly two-minutes. Program support is on track to exceed the annual performance measure for tax protest cases resolved.

Human Services and Medicaid

While HSD has directed managed care organizations to implement performance improvement projects, measures for individuals with diabetes who were tested during the year and emergency room visits per one thousand member months continue to miss targets in the first quarter. Dental visits and hospital readmissions, while missing targets, have improved over FY16. For FY17, HSD added three new measures, including, "Number of managed care members enrolled in a patient-centered medical home (PCMH)," in which a team of individuals collectively takes responsibility for the ongoing care of patients using a coordinated, "whole person" approach. HSD requires MCOs to develop PCMH models of care that include standards for access, evidence-based medicine, quality improvement, and data management. HSD did not report on measures for well-child visits or prenatal care, indicating the data is only available annually due to provider reporting lag times, and possibly confusion regarding which measures to report quarterly.

Measures for families meeting TANF work requirements have made considerable improvement, exceeding agency targets in the first quarter. In November 2016, a federal judge appointed a special master to provide objective assistance to the department to come into compliance with federal and state requirements for administration of SNAP and Medicaid benefits. Federal and state investigations into the alleged widespread falsification of food aid applications by Income Support Division workers are ongoing.

Behavioral Health

As of the time of this report, LFC had not received the Behavioral Health Collaborative performance report for the first quarter of FY17.

Health

For the first quarter, the Department of Health did not reach the target for eligible third-party revenue collected. It is vital during the current period of fiscal austerity for all revenue to be collected and provisions in the Affordable Care Act to be taken full advantage of. The department continues to have a high percentage of vacancies for direct care staff and LFC expressed concern in the past about using costly contracted direct-care staff; however, adequately funding personnel costs in the division would go a long way to improving performance on the measure.

Since FY08, the DD waiver waiting list has grown at twice the rate new slots become available. With an average 6 percent growth rate since FY08, the DD waiver waiting list grew to 6,500 in FY16 and it can take as long as 10.4 years before an individual starts receiving services. According to DOH, in any given year, if less than 300 new slots are made available the wait list will grow. Slots become available when appropriations increase and infrastructure improves, when DD Waiver recipients move out of state or are deceased, and when the average cost per client decreases. The provider network for these services is also inadequate, slowing allocations to the waiver.

Aging and Long-Term Services (ALTSD)

A recent LFC evaluation stated reports of adult abuse, neglect, and exploitation are increasing; however, current data and performance measures make it difficult to assess the effectiveness of the Adult Protective Services Program in preventing future maltreatment. Additionally, the program does not report on repeat maltreatment, hampering the state's ability to determine the effectiveness of interventions. LFC staff worked with the department to include the measure on adults receiving in-home services and adult day services as a result of an investigation of abuse, neglect, or exploitation.

Children, Youth and Families

The Children, Youth and Families Department (CYFD) reported high repeat maltreatment rates and incidents of violence in committed juvenile justice facilities; however performance has consistently been above targeted levels in previous fiscal years as well. Early Childhood Services (ECS) reported more children were enrolled in high quality care, as well as increased positive-parenting interaction as a result of early prevention programs. ECS also began reporting on children who receive a childcare subsidy, but also a substantiation of abuse or neglect in the Protective Services program. The childcare assistance program not only provides low-income caregivers subsidized child care but also a safe, educationally focused environment.

Public Safety

The Department of Public Safety (DPS) performed well on measures relating to criminal investigations, commercial motor vehicle safety inspections and trainings, and DWI prevention. However, the department struggled to issue the targeted number of commercial motor vehicle citations per officer. DPS has worked to emphasize the quality of commercial vehicle citations rather than quantity. The department continues to struggle to meet DNA, firearm and toolmark, and chemistry forensic case completion targets. Notably, DPS met its targeted latent print case completion rate due to policy changes in that area. DPS reported on all measures required by Laws of 2016, Chapter 11 (House Bill 2).

The New Mexico Corrections Department (NMCD) did not report eight of the twelve measures required by Laws of 2016, Chapter 11 (House Bill 2). Missing measures include turnover of correctional and probation and parole officers, standard caseload levels, men's recovery center recidivism rates, GED attainment, recidivism rates of residential drug abuse program graduates, and recidivating inmates with new or pending charges. The department did not submit data for the Inmate Management and Control program and the Community Offender Management program because NMCD determined the measures to be annual. Leading up to the 2016 legislative session, LFC staff expressed concerns about the validity of the department's data and has historically received partial or no data when requested. However, NMCD reported that its new healthcare contractor met 95 percent of its requirements and that the department appears to be releasing eligible inmates on time.

Public Education

The Public Education Department (PED) reported increased participation in state-funded prekindergarten and a slight decrease in elementary schools participating in breakfast after the bell. Data requested for other department initiatives has not been provided for staff review and most public school reporting is only available on an annual basis. PED is meeting most operational performance targets; however, a high volume of fiscal year end submissions and personnel vacancies at the department have affected processing time of requests for reimbursements. Additionally, PED conducted seven validation audits of funding formula components in the first quarter, but only one audit was released. In the first quarter, the department took control over payment and procurement processes for La Promesa Early Learning Center after an audit revealed significant reporting issues at the charter school.

Higher Education

Although higher education institutions have demonstrated improved outcomes in terms of degree awards in recent years, the wide variance in performance across New Mexico's 24 publicly funded postsecondary institutions exhibits the need for more frequent, more correlated data reporting. Institutions could also improve coordination in their reporting. For example, retention data in the first quarter report card contains two sets – fall-to-fall retention rates, reported by four-year institutions, and fall-to-spring retention rates, reported by community colleges.

In general, New Mexico's postsecondary educational institutions showed consistent retention and graduation rates for first-time, full-time students, while two institutions – Northern New Mexico College and Clovis Community College – experienced significant gains in their graduation rates. The Higher Education Department's adult education program demonstrated slight improvements in high school equivalency credential attainment, but more than doubled the number of adult education students who enter postsecondary education or training.

Natural Resources

The Oil Conservation Division issued nearly three times more violations in the first quarter of FY17 than in the same period of FY16, and almost as many as in all of the prior fiscal year. The agency attributes this to the requirement that underground injection and disposal wells be tested every five years, and increased enforcement efforts. The State Forestry Division improved on all measures compared to the first quarter of FY16, including firefighter trainings and acres of forest and watershed treated. The agency continued increased forest and watershed treatment from the end of FY16, treating more acres in the first quarter of a fiscal year since at least FY10.

After meeting the annual target for offers to defendants in adjudications in FY16, for the first time since FY10, the Office of the State Engineer made nearly one-third of the FY17 target in the first quarter.

Economic Development and Tourism

The Economic Development Department's performance results for FY17 were off to a slow start with low first quarter results in overall job creation, rural jobs created, and jobs created through the use of LEDA funds. The agency states this is due to Local Economic Assistance and Developments Support (LEADS) grants being distributed at the beginning of the fiscal year, and anticipates job creation will grow in upcoming quarters as projects reach completion. The Film Program continues to see positive performance in FY17, almost reaching the annual targets by the first quarter.

The New Mexico Tourism Department had strong performance in the first quarter, surpassing the annual target of YouTube views of department advertising videos as well as surpassing the target for visits to the New Mexico Magazine website and NewMexico.org. However, the agency noted that the targets remained the same in both FY16 and FY17 for these measures. The Tourism Department is also still in review of information received from the New Mexico Taxation and Revenue Department on gross receipts collected for accommodations for the FY16 fourth quarter as well as the first quarter of FY17.

Workforce Solutions Department

LFC received the Workforce Solutions Department performance report for the first quarter of FY17 too late to prepare a report card for this meeting; the report card will be available on the LFC website when it has been completed.

General Government

As the General Services Department (GSD) received solvency reductions, it was also hit with large increases for property insurance, due to more accurate exposure surveys from customer agencies, rising utility costs, new rates approved by the Public Regulation Commission, and higher fees imposed by the Department of Information Technology for GSD-owned buildings. For the first quarter, GSD nonetheless continued to improve performance in key areas including the health of the risk funds and building maintenance. However, GSD needs to provide greater leadership in evaluating office space use in state-owned and leased buildings and procurement of goods and services practices which can increase costs for the state.

The State Personnel Office reports the average time to fill vacant positions decreased from 69 days to 64.7 days, with the Energy, Minerals and Natural Resources Department, Department of Information Technology, Corrections Department, and Environment Department taking the longest to fill positions at over 80 days. Turnover also decreased from a rate of 14.8 percent to 10.7 percent, with the Corrections Department having the highest turnover at 30 percent; however, the statewide vacancy rate grew by 2.4 percent compared with the fourth quarter of FY16. Overtime usage continues to grow, but is concentrated within certain agencies, namely the Corrections Department, Department of Health and Department of Transportation.

The Department of Transportation's Modal Program was created in FY17 to enhance safety and provide federal grants management and oversight of traffic safety, aviation, transit and rail. Traffic and pedestrian fatalities are higher than the trend necessary to meet targets. NMDOT reports Rail Runner ridership continues to be down as more people instead use personal vehicles. The current low price of gasoline and diesel are rendering these transit services less competitive relative to driving.

Information Technology Projects

The ONGARD replacement project struggles with multi-agency management interests and both competing and shared priorities. The Independent Verification and Validation (IV&V) vendor reported key areas of concern for the project include governance and project management – these deficiencies create risks in scope and schedule. TRD's implementation of the GenTax severance tax module is progressing with system configuration and file conversion. State Land Office's (SLO) royalty system request for proposals (RFP) was delayed again with an anticipated release date in October; as of this writing, the RFP was at the State Purchasing Division for review and approval. Because of the delays the project schedule has not yet been developed to a level of detail from which to manage project activities. In addition, there is no clear definition of common data elements required to be shared between the severance tax and royalty systems except for the PUN (production unit number) and OGRID (oil and gas reporting identification number). Currently TRD and SLO are working to correct project deficiencies identified by the IV&V vendor.

The Department of Information Technology (DoIT) continues to hold quarterly briefings with key management from DFA, STO, LFC and the AG's office for the

SHARE upgrade project. Although DoIT reported IV&V vendor negotiations were in process last quarter, to date an IV&V contract has yet to be awarded, which is contrary to its own requirements for IV&V and presents a risk to the project. Since FY15 the estimated cost for the upgrade has increased from $15 million to $19 million or 27 percent, and DoIT has not submitted a detailed project plan and budget breakdown.

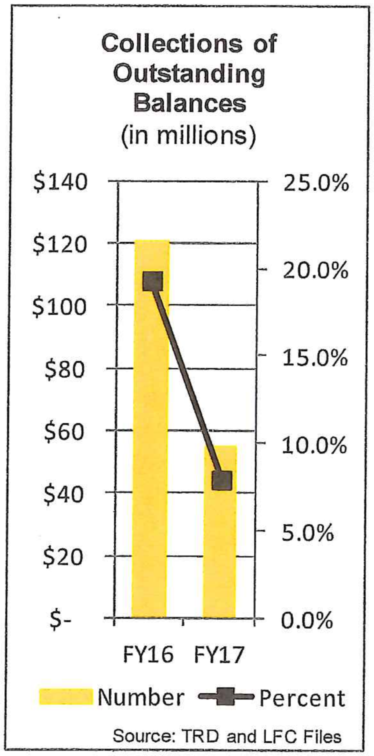
LFC received the Department of Information Technology performance report for the first quarter of FY17 too late to prepare a report card for this meeting; the report card will be available on the LFC website when it has been completed.

Investments

The complete *LFC Investment Report for the Quarter Ending September 30, 2016*, is attached.

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No



Taxation and Revenue Department

The department is on track to meet a majority of performance targets and exceed those for resolution of tax protest cases and waiting times in Motor Vehicle Division (MVD) field offices. However, the department is falling short of its target for call center wait times and electronically filed returns. The department typically sees a lower rate of tax filings in the first quarter and expects the rate to increase throughout the rest of the fiscal year.

Tax Administration

The department is working to close the tax gap between taxes owed and taxes paid by more carefully targeting audit resources. Fiscal year 2017 first quarter assessments and FY16 fourth quarter assessments totaled $33.1 million, of which $11.5 million is less than 90 days old and $11.5 million in protest, leaving a collectible balance of $9.9 million, with $2.7 million of the balance collected. Collections of outstanding balances from the end of FY16 were $55.5 million of the $699.4 million collectible balance. Legislation requiring the department to wait 90 days from assessment to take collection action has hampered its ability to collect on assessments in a timely manner.

Tax Administration		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $30.4 million	FTE: 504							
1	Collections of collectible assessments outstanding at the end of the prior fiscal year	12%	19%	18%	7.9%			G
2	Collections of collectible assessments generated in the current fiscal year plus assessments generated in the last quarter of the prior fiscal year	59%	43%	60%	27%			G
3	Electronically filed personal income tax and combined reporting system returns	92%	85%	92%	85%			Y
Program Rating		Y	Y		G			Y

Compliance Enforcement

For the first quarter, no tax cases were assigned to state investigators and one tax case was referred for prosecution.

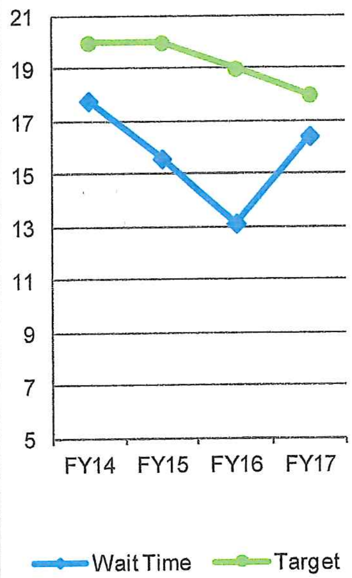
Compliance Enforcement		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $1.7 million	FTE: 22							
4	Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	78%	88%	50%	100%			G
Program Rating		G	G		G			G

Property Tax

After two and a half years of non-payment, delinquent property tax accounts are transferred to the Property Tax Division for collection pursuant to NMSA 7-38-62. The program is missing information from a few late reporting counties and server problems have limited access to installment agreement data. The department expects forthcoming adjusted first quarter data will show the program is on track to meet the annual target.

Property Tax		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $3.4 million	FTE: 41							
5	Delinquent property tax collected and distributed to counties, in millions	10.4	11.6	11.0	2.6			Y
Program Rating		G	G		Y			Y

Average Customer Wait Time at MVD Field Offices
(in minutes)



Source: TRD and LFC

Motor Vehicle

The automated call center took in a total of 221,614 calls; 123,013 were transferred to the call center, and 55,657 calls were answered by call center agents. The average wait time this quarter was 7:57, falling short of the quarterly goal. The increase in wait times was a direct result of the implementation of phase II of the vehicles services system, which went live September 6, 2016. The percent of vehicles with liability insurance fell just short of the 92 percent target.

Motor Vehicle		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $27.3 million	FTE: 346							
6	Registered vehicles with liability insurance	91%	92%	92%	91%			Y
7	Average wait time in "q-matic" equipped offices, in minutes	15:36	13:08	18:00	16:26			G
8	Average call center wait time to reach an agent, in minutes	5:09	6:07	5:00	7:57			R
Program Rating		G	Y		Y			Y

Program Support

The department's goal is to resolve 324 tax protest cases per quarter, or 108 per month. The department resolved 473 protest cases, 149 more than the target for this quarter.

Program Support		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $20.8 million	FTE: 182							
9	Tax protest cases resolved	1380	1897	1300	473			G
10	Internal audit recommendations implemented	83%	93%	90%	100%			G
Program Rating		G	G		G			G

Human Services Department

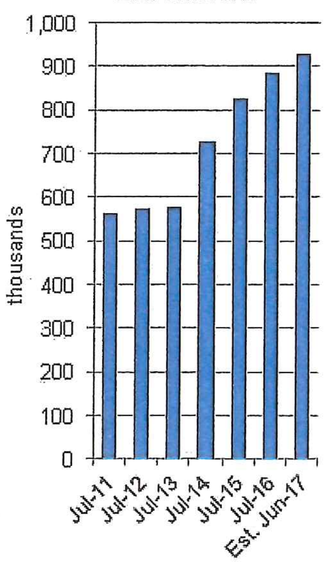
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

The department increased requirements for managed care organizations to place more of an intense focus on outcomes such as well-child visits and reduced emergency room use, but the improved focus has yet to provide pronounced system-wide improvement. Due to lag times in reporting and other data challenges, HSD intends to report on several critical measures annually and did not provide quarterly information. In the Income Support Division, increased oversight of the New Mexico Works (NMW) service provider has resulted in significant improvements in federally-required work participation rates.

Investigations and compliance issues continue to impact the department. HSD reports ongoing Office of Inspector General investigations delay data collection for intentional violations in the Supplemental Nutrition Assistance Program (SNAP), and the department requested a $1.3 million special appropriation to support court and other costs associated with the newly-appointed special master tasked with assisting HSD to meet state and federal requirements for administration of the state's SNAP and Medicaid programs.

Total Medicaid Enrollment



Source: HSD November 2016 Medicaid Projection

Medical Assistance Division

Measures for individuals with diabetes who were tested during the year and emergency room visits per one thousand member months are on pace to miss targets, but are in line with FY16 actual results. HSD notes in addition to health risk assessments associated with care coordination, managed care organizations (MCO) have implemented performance improvement projects to improve diabetes screenings and develop a prescribed plan focused on interventions.

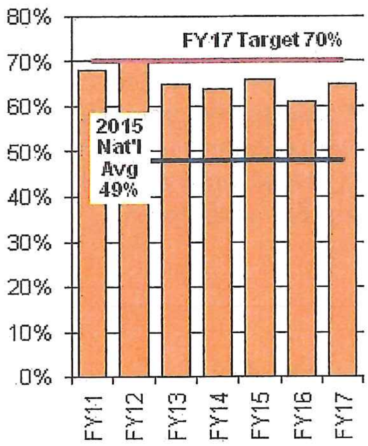
Dental visits and hospital readmissions, while missing targets, are trending above FY16. For FY17, the program added three new measures, including number of managed care members enrolled in a patient-centered medical home (PCMH), in which a team of individuals collectively take responsibility for the ongoing care of patients using a coordinated, "whole person" approach. HSD requires MCOs to develop PCMH models of care that include standards for access, evidence-based medicine, quality improvement, and data management.

HSD did not report on measures for well-child visits or prenatal care, indicating the data is only available annually due to provider reporting lag times, and possibly confusion regarding which measures to report quarterly; consequently, those measures received a red rating. HSD noted it incorporated well-child measures into MCO contract amendments as "tracking measures" effective July 1, 2016, so that MCOs focus on improving well child visit outcomes.

Regarding prenatal care, MCOs provide incentives for patients to access prenatal care through the Centennial Care Member Rewards program in addition to incorporating quality improvement plans with a focus on the timeliness of prenatal care. HSD notes prenatal visit data is more difficult to capture since the visits are often bundled with other pregnancy-related care when claims are submitted. LFC staff is working with HSD to clarify how to provide updates for annual measures on a quarterly basis.

PERFORMANCE REPORT CARD
Human Services Department
First Quarter, Fiscal Year 2017

Medicaid Children Receiving Annual Dental Visit



Source: HSD Quarterly Report

Medical Assistance Budget: $5,314,236.5 | FTE: 184.5		FY15 Actual	FY16 Actual	FY17 Target	Q1**	Q2	Q3	Rating
1	Children ages two to twenty-one enrolled in Medicaid managed care who had at least one dental visit during the measurement year	66%	61%	70%	65%			Y
2	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%	58%	86%	58%			R
3	Emergency room visits per one thousand Medicaid member months	51	47	39	46			R
4	Hospital readmissions for children ages two to seventeen within thirty days of discharge	7%	8%	6%	7%			Y
5	Hospital readmissions for adults eighteen and over, within thirty days of discharge	13%	13%	9%	11%			Y
6	Justice-involved individuals determined eligible for Medicaid prior to release	NEW	NEW	500	1,089			G
7	Rate of short-term complication admissions for Medicaid managed care members with diabetes, per 100 thousand member months	NEW	NEW	500	256			G
8	Medicaid managed care members enrolled in a patient centered medical home, in thousands	NEW	NEW	215	288			G
9	Infants in Medicaid managed care who had six or more well-child visits with a primary care physician during the first fifteen months	49%	43%	68%	Not Reported			R
10	Children and youth in Medicaid managed care who had one or more well-child visits with a primary care physician during the measurement year	91%	89%	92%	Not Reported			R
11	Newborns with Medicaid coverage whose mothers received a prenatal care visit in the first trimester or within forty-two days of enrollment in the managed care organization	71%	71%	85%	Not Reported			R
Program Rating		Y	R					R

*Final calendar year 2015 data audited by National Committee for Quality Assurance (NCQA) using administrative claims data and medical records.
**Quarterly results are based on a rolling 12-month average of encounter data submitted through September 30, 2016. Results are preliminary and likely underreported.

Income Support Division

Participation rates for families meeting temporary assistance for needy families (TANF) work requirements have made considerable improvement, exceeding agency targets in the first quarter. To improve the work participation requirements the program increased monitoring of its New Mexico Works (NMW) service provider. NMW provided training to its employees on working with individuals with multiple barriers to employment and implemented dedicated teams to follow-up with clients with daily phone calls, letters, and home and site visits as appropriate. The department expects to see additional improvement in TANF-related measures, particularly for individuals who become newly employed during the year, due to increased participation in Career Links and the Wage Subsidy program which were expanded for FY17.

In November 2016, a federal judge appointed a special master to provide objective assistance to the department to come into compliance with federal and state requirements for administration of SNAP and Medicaid benefits. Federal and state investigations into the alleged widespread falsification of food aid applications by Income Support Division workers are ongoing; nevertheless, HSD continues to rely on data within its ASPEN IT system to report on the measure for percent of expedited SNAP cases meeting the federally-required timeline of seven days, which misses the state's target but continues to exceed the federal requirement of 95 percent.

TANF Clients Newly Employed during the Year

Source: HSD Quarterly Report

Income Support Budget: $961,274.5 FTE: 1,175		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
12	Temporary assistance for needy families two-parent recipients meeting federally required work requirements	33%	9%	60%	62%			G
13	Temporary assistance for needy families recipients (all families) meeting federally-required work requirements	34%	36%	50%	54%			G
14	Children eligible for supplemental nutrition assistance program participating in the program at 130 percent of poverty level	90%	93%	90%	94%			G
15	Temporary assistance for needy families clients who become newly employed during the fiscal year	54%	58%	52%	No Data*			N/A
16	Expedited supplemental nutrition assistance program cases meeting federally-required timeline within seven days	95.5%	97.7%	99%	96%			Y
Program Rating		Y	G					G

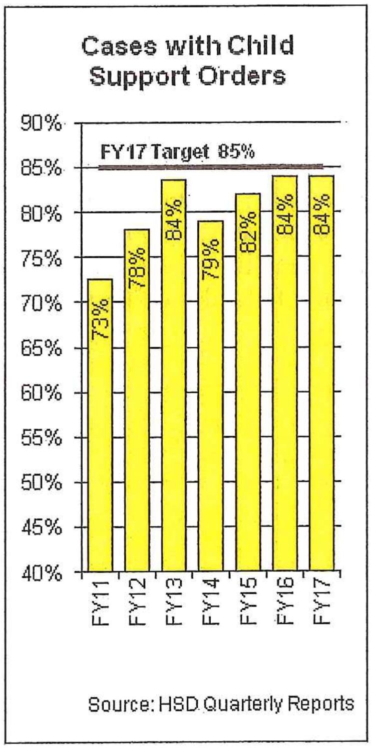
* The most recent data available from the Department of Workforce Solutions is the first quarter of calendar year 2016.

Child Support Enforcement

While currently tracking slightly behind FY17 targets, the program has historically met or exceeded targets, particularly with increased total child support enforcement collections, with wage garnishments the largest source of child support collections. Additionally, HSD points out that for the past three fiscal years the program has collected arrears on two-thirds of every three cases in which arrears were owed.

Child Support Enforcement Budget: $30,970.2 FTE: 383		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
17	Child support cases having support arrears due, for which arrears are collected	62%	62%	67%	65%			Y
18	Total child support enforcement collections, in millions	$140	$141	$145	$32			Y

19	Current child support owed that is collected	56%	56%	62%	57%			Y
20	Cases with support orders	82%	84%	85%	84%			Y
Program Rating		G	G					Y



Program Support

The department reports its Office of Inspector General has been committed to an ongoing investigation which delays data collection for the measure addressing intentional violations in the SNAP program. HSD has not reported on the measure for rate of administrative cost used to collect total claims, preferring to report annually on the measure which would provide more meaning.

Program Support		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $ 53,479.0	FTE: 269							
21	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	86%	No Data*	96%	No Data*			Y
22	Rate of administrative cost used to collect total claims in all programs administered by the restitution services bureau	17%	12%	12%	Not Reported			R
Program Rating		Y	G					Y

* During the 4th quarter of FY16 and the first quarter of FY17 staff and resources of the Office of Inspector General were committed to an ongoing investigation, preventing collection of data for this measure until further notice.

Department of Health

ACTION PLAN

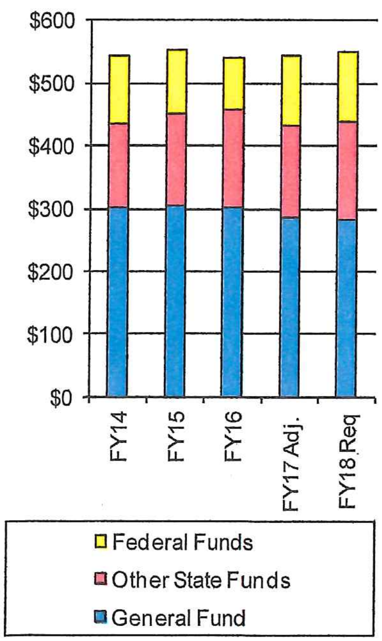
Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	No

The department, like much of the rest of the state, is challenged to find new ways of balancing statewide austerity actions with its primary mission – protecting the health of all New Mexicans. On several occasions in the past year, the department was forced to make tough decisions prioritizing some services while cutting others including closing the community pool in Los Lunas, ending inpatient substance abuse treatment for adolescents in Albuquerque, closing the Alamosa Public Health Office, ending funding for several school-based health centers, and reducing contracts for rural and primary health centers. With additional budget cuts looming, the department will have to continue making difficult decisions.

Now, more than ever, performance reporting, accountability, and transparent leadership is needed to ensure the citizenry of New Mexico are healthy despite the need for fiscal austerity. The department received a 5.6 percent decrease in general fund revenues between FY16 and FY17, when performance targets were originally set, which may negatively impact performance. However, it is important to gain an understanding of these impacts through quarterly performance reporting.

Included on the department's quarterly reports last year but not included this quarter, possibly due to confusion about which measures to report, were measures on tobacco cessation initiatives, opioid overdose prevention, and whooping cough prevention efforts, resulting in red ratings due to inadequate reporting when data should be available. LFC staff is working with the department to clear up the quarterly reporting confusion.

DOH Funding FY12-FY18 (in millions)



Source: LFC Files

Public Health

When considering all revenue sources, the Public Health program experienced growth between FY15 and FY16 and more growth is expected in FY17 due to increased patient revenue, partially a result of the Vaccine Purchasing Act and implementation of the Affordable Care Act. As part of the vaccination program, in the first quarter, the department billed insurers, health plans, and others for 134 thousand vaccinations to children and collected nearly 100 percent of the revenue.

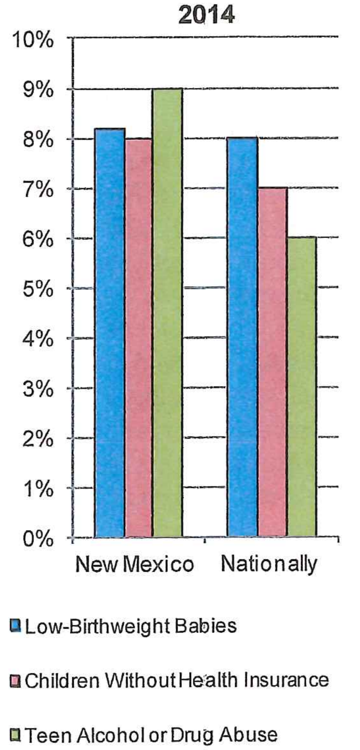
In FY16, the department successfully vaccinated 76 percent of preschoolers. Quarterly reporting on the vaccine program would go a long way towards measuring progress, given recent statutory changes.

Last year, the Public Health program reported quarterly on the percentage of wellness exams performed during visits to school-based health centers, the number of teens receiving services at clinics funded by the family planning program, and tobacco cessation efforts. After a request for additional performance measures the department provided one additional measure for the Public Health program but data on the measure is pending.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

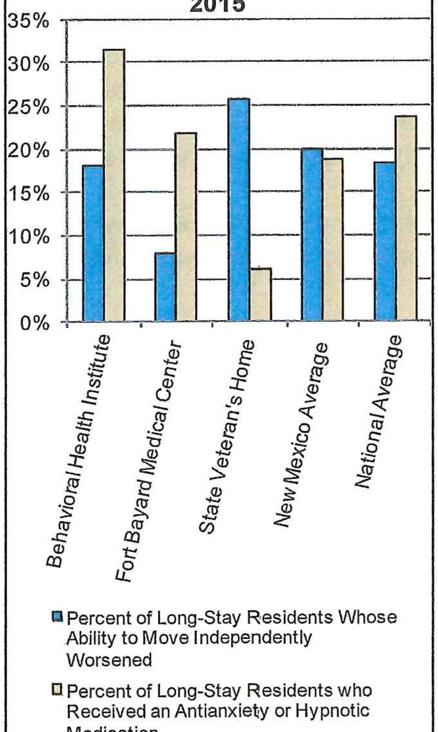
PERFORMANCE REPORT CARD
Department of Health
First Quarter, Fiscal Year 2017

Child Health Indicators 2014



Source: Annie E. Casey Foundation

Nursing Home Outcomes 2015



Source: Nursing Home Compare

Public Health		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $177,655.1	FTE: 863							
1	Females aged fifteen to seventeen seen in public health offices given effective contraceptives	55%	56%	≥66%	59%			Y
2	Quit Now enrollees who successfully quit using tobacco at seven month follow-up	31%	33%	33%	Not reported			R
3	Teens aged fifteen to seventeen receiving services at clinics funded by the family planning program	1,334	1,405	3,616	Not reported			R
4	High school youth trained to implement tobacco projects in their school or community	New	New	Baseline	Pending			
Program Rating		Y	Y		Y			

Epidemiology and Response

The department did not report this quarter on the ratio of infant pertussis cases (whooping cough) to adult cases, as was reported quarterly last year. This measure is key to understanding how well the state is doing at protecting infants through the immunization process. Data is pending in the first quarter on the state's progress at distributing naloxone, a powerful opiate overdose reversal medication. Recent legislation allowed any individual to possess naloxone, whether or not they have a prescription, and authorizes licensed prescribers to write standing orders to prescribe, dispense, or distribute naloxone to community-based overdose prevention and education programs, first responders, and individuals at risk for experiencing or witnessing an opioid overdose.

After a request for additional quarterly measures the department added measures for sexual assault prevention programs and mass distribution of vaccinations and antibiotics. Data was pending for one and neither have a target since they are both new.

Epidemiology and Response		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $28,448.3	FTE: 185							
5	Hospitals certified for stroke care	9%	9%	≥14%	14%			G
6	Vital records customers satisfied with the service they received	98%	95%	≥95%	93%			Y
7	Ratio of infant pertussis rate to total pertussis rate	1:12	1:15	4.4	Not reported			R
8	Naloxone kits provided in conjunction with prescription opioids	New	500	1,000	Pending			
9	New Mexicans who completed a sexual assault primary prevention program	New	New	Baseline	745			
10	New Mexico population served during mass distribution of antibiotics and or vaccinations through public or private partnerships in the event of a public health emergency	New	New	Baseline	Pending			
Program Rating		Y	Y		Y			

Facilities Management

One improvement in the department's quarterly report this year was to revamp the measure for patient falls in a way that is easily benchmarked. The Centers for Disease Control says nationally, patient falls are a leading cause of hospital-acquired injury, frequently prolong or complicate hospital stays, and are the most common adverse event reported in hospitals. The goal is to eliminate or reduce falls with injury through a falls prevention protocol in the acute care setting.

For the first quarter, the department did not reach the target for eligible third-party revenue collected. It is vital during the current period of fiscal austerity for all revenue to be collected and provisions in the Affordable Care Act to be taken full advantage of. For measure 13, LFC expressed concern in the past about using costly contracted direct-care staff; adequately funding personnel costs in the division would go a long way to improving performance on the measure.

Facilities Management		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $140,535.8	FTE: 2,038							
11	Falls resulting in major injury per one thousand long-term care patient days	New	New	≤3per 1,000	0.2 per 1,000			G
12	Eligible third-party revenue collected at agency facilities	88%	94%	≥92%	88%			Y
13	Vacancy rate for direct care positions	New	New	≤10%	22%			R
Program Rating		Y	Y		Y			

DD Waiver and Wait List Growth Rates

	DD Waiver Growth Rate	DD Waiver Wait List Growth Rate
FY09	0%	8%
FY10	-2%	6%
FY11	0%	8%
FY12	-1%	8%
FY13	4%	10%
FY14	0%	5%
FY15	15%	-3%
FY16	5%	5%
FY17	2%	0%
Average	3%	5%

Source: LFC Files

Developmental Disabilities Support

Part of the department's action plan to reach the target for measure 14 is to discontinue initial and routine supports intensity scale (SIS) assessments for adults on the developmental disabilities Medicaid waiver (DD waiver). Recipients will receive funding approvals solely through the outside review process, an outcome of the Waldrop lawsuit settlement. In FY11, in response to a 2010 LFC evaluation of the DD waiver program, the department made reforms such as implementing the new SIS. Since that time, the average cost per client dropped and the savings were used to create new slots. It remains to be seen whether the new outside review process will be cost neutral. Additionally, seemingly unending litigation drives much of the department's costs, further limiting its ability to reduce wait lists.

In the past several years the department relied on the supports intensity scale (SIS) to assess the appropriate level of services for clients on the DD waiver. More recently, due to the Waldrop lawsuit settlement the department was required to implement a new outside review process which, like the SIS, also assesses clients for appropriate levels of services. The department is now taking steps to end use of the SIS and will soon rely on the outside review process.

Since FY08, the DD waiver waiting list has grown at twice the rate new slots become available. With an average 6 percent growth rate since FY08, the DD waiver waiting list grew to 6,500 in FY16 and it can take as long as 10.4 years before an individual starts receiving services. According to DOH, in any given year, if fewer than 300 new slots are made available the wait list will grow. Slots become available when appropriations increase and infrastructure improves, when DD Waiver recipients move out of state or are deceased, and when the average cost per client decreases. The provider network for these services is also inadequate, slowing allocations to the waiver. Pending data below is due to IT systems upgrades.

Developmental Disabilities Support Budget: $ 160,671.9 | FTE: 188		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
14	Developmental disabilities waiver applicants with service plans in place within ninety days	91%	53%	≥95%	56%			Y
15	Adults receiving community inclusion services also receiving employment services	29%	36%	≥33%	Pending			Y
16	People receiving developmental disabilities waiver services	4,610	4,660	≥4,700	4,619			G
17	People on the developmental disabilities waiver waiting list	6,365	6,526	≤6,300	6,529			R
18	Abuse rate for DD Waiver and Mi Via waiver clients	11.9%	10.2%	≤8%	Pending			Y
Program Rating		Y	Y					Y

Hospital Status

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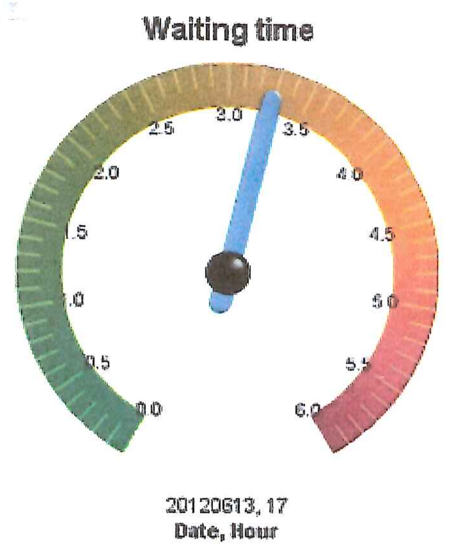

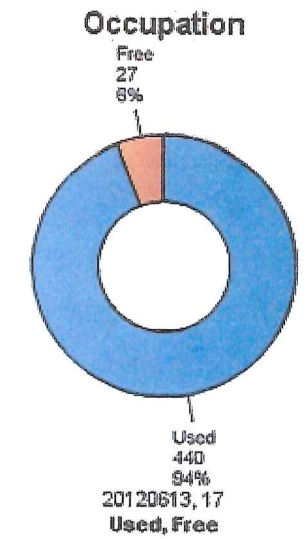

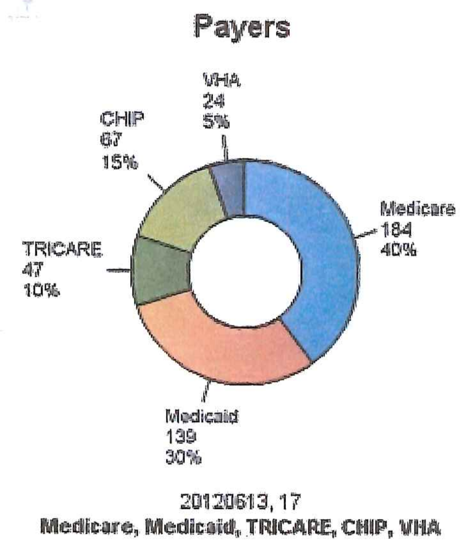

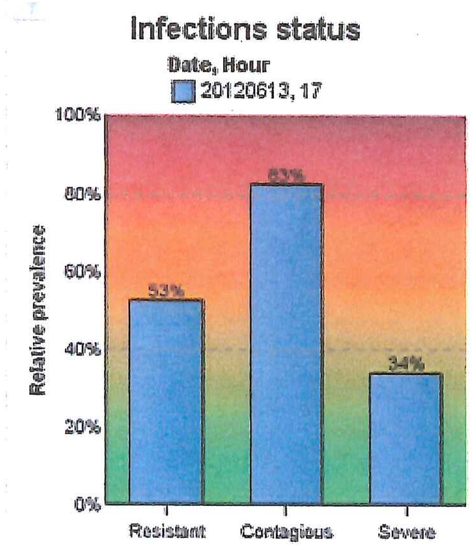

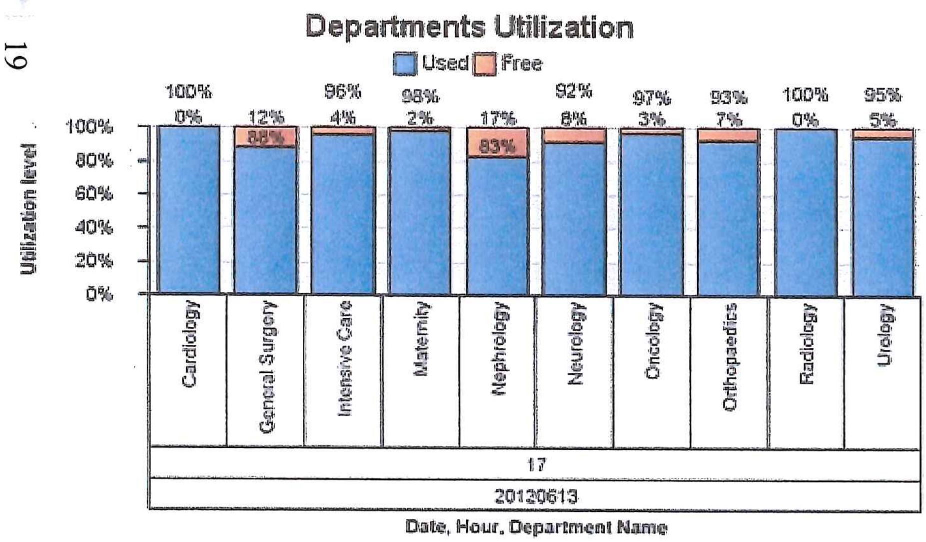

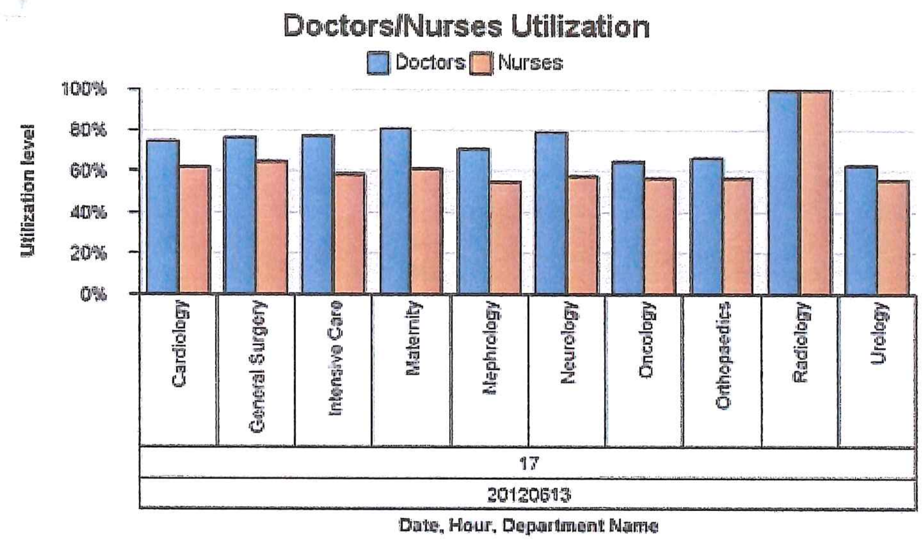

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17

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Alerts

INTERNAL: Hazard! Too many patients with Contagious infections

INTERNAL: Long queues in Radiology

INTERNAL: Overoccupation of Cardiology

INTERNAL: Overoccupation of Radiology

WHO news

This channel provides the five most recent WHO news articles.

UN strengthens regulations on melamine, seafood, melons, dried figs and labelling 2012-07-04

4 July 2012 -- The UN food standards body has agreed on new regulations – including the maximum level of melamine in liquid milk formula for babies – to

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Aging and Long-Term Services Department
First Quarter, Fiscal Year 2017

Aging and Long-Term Services Department

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

Keeping older adults safe, fed, and in their communities – seen as key to managing the aging New Mexico population – remains the primary priority during the current period of fiscal austerity. In recent years the department developed several state plans to address issues affecting adults in New Mexico such as the state plan for Alzheimer's disease, the state plan on aging, and the state plan for family caregivers. All of these plans list goals such as protecting older adults who cannot protect themselves, protecting the rights of residents in long-term care facilities, effectively coordinating services for older New Mexicans, supporting evidence based health promotion, enhancing public and private partnerships, and developing adequate network structures. It is difficult to assess the department's success at accomplishing these goals due to little meaningful performance monitoring.

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. The evaluations stated that performance outcomes are not tracked and data is not used for strategic planning purposes. Furthermore, it is unknown whether the coming wave of older adults will need or want services provided through current service delivery models or whether services provided meet the expectations of a new generation of older adults.

Substantiated Allegations by Type

Type	FY14	FY15	FY16
Abuse	201	132	165
Neglect	289	182	108
Self-Neglect	444	1,061	949
Exploitation	1,185	212	141
Sexual Abuse	8	-	-
Total	**2,127**	**1,587**	**1,363**

Source: Adult Protective Services

Aging Network

Strategic planning and the use of performance data in the Aging Network should be reworked. Four area agencies on aging (AAA) serve the entire state under the Aging and Long-Term Services Department. One AAA, in particular, serves all non-metro non-Native American regions of the state, encompassing almost all of rural New Mexico. The base of operations for the non-metro AAA is located in Northern New Mexico and it is impossible to determine whether the needs of the 274 thousand older New Mexicans who live within the 120,189 square miles this AAA covers are being met. Improved performance monitoring would help the department and LFC determine whether the aging network is having a positive impact on New Mexicans.

Aging Network		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $39,236.8	FTE: 1							
1	Older New Mexicans whose food insecurity is alleviated by meals received through the aging network	87%	94%	85%	78%			G
2	Hours of caregiver support provided (cumulative)	392,872	429,612	400,000	97,644			Y
Program Rating		G	Y	G				Y

Consumer and Elder Rights

Through the long-term care ombudsman, part of the Consumer and Elder Rights Program's purpose is to assist and support older individuals, people with disabilities, and residents of long-term care facilities to protect their rights and help them make informed decisions. In October 2016, LFC published a program evaluation and held a hearing on the performance of nursing homes in New Mexico. Though the department plays an important role in policy affecting nursing home quality and performance, no department representatives were present for the hearing. The report found that the second most common deficiency found in New Mexico's nursing homes are violations of resident rights and that this deficiency occurs more often in New Mexico than in the rest of the country.

The department's suite of performance measures give no indication as to how the state is doing at protecting the rights of adults living in nursing facilities. Additionally, the department has no way of tracking which other entities ombudsman complaints were directed to and which types of complaints were elevated. The department also does not track follow up information on ombudsman complaints that were escalated to other entities.

Average Annual Investigations Per Case Worker

Region	FY14	FY15	FY16
Metro	147	122	108
Northeast	74	76	83
Northwest	120	85	125
Southeast	85	71	76
Southwest	100	95	109
Statewide	**107**	**94**	**99**

Source: Adult Protective Services

Consumer and Elder Rights			FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $3,872.8		FTE: 53.5							
3	Ombudsman complaints resolved within sixty days		98.3%	99.7%	95.0%	99.8%			G
4	Residents requesting short-term transition assistance from a nursing facility who remained in the community during the six month follow-up		New	86%	85%	80%			Y
5	Calls to the aging and disability resource center that are answered by a live operator		70%	72%	85%	79%			Y
Program Rating			Y	Y		Y			

Adult Protective Services

A recent LFC evaluation stated that reports of adult abuse, neglect, and exploitation are increasing; however, current data and performance measures make it difficult to assess the effectiveness of the program in preventing future maltreatment. Additionally, the program does not report on repeat maltreatment, hampering the state's ability to determine the effectiveness of interventions. Measure seven does not measure progress since the program routinely scores in the 99 percent range, justifying the red rating. Measure eight was included as a measure in the General Appropriations Act and LFC staff worked with the department to add this measure. The number of adult protective services investigations is 8.5 percent above targeted levels. 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 is generally followed by a rebound in referrals in the third quarter.

Adult Protective Services			FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $13,023.9		FTE: 133							
6	Adult protective services investigations of abuse, neglect or exploitation		5,931	6,315	6,100	1,604			G
7	Emergency or priority one investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed time frames		98%	99%	98%	99.5%			R
8	Adults receiving in-home services or adult day services as a result of an investigation of abuse, neglect or exploitation		1,416	1,500	1,250	1,019			G
Program Rating			Y	Y		Y			

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

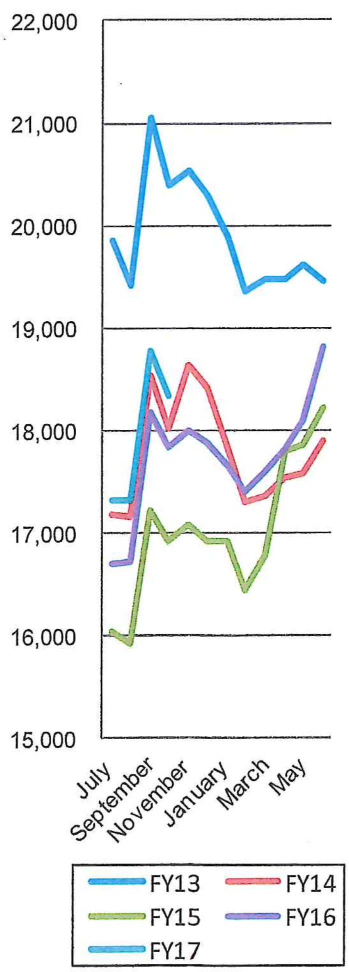
PERFORMANCE REPORT CARD
Children, Youth and Families Department
First Quarter, Fiscal Year 2017

Children, Youth and Families Department

ACTION PLANS

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	Yes

Child Care Assistance Enrollment by Fiscal Year (as of October 2016)



Source: CYFD

First quarter performance reporting for child safety measures show high repeat maltreatment rates and high incidents of violence in committed juvenile justice facilities. These measures have been consistently above performance targets in previous fiscal years as well. The Children, Youth and Families Department (CYFD), recognizes these risk factors are persistent and is attempting several strategies to improve child safety. Early Childhood Services reported increased childcare enrollment in the highest level of quality as well as increased positive-parenting interaction as a result of early prevention programs. Recognizing the magnitude of CYFD's mission, the Legislature continued to hold the agency's funding harmless despite significant declining revenues. Supporting child safety and well-being remains a key priority of the state.

Early Childhood Services

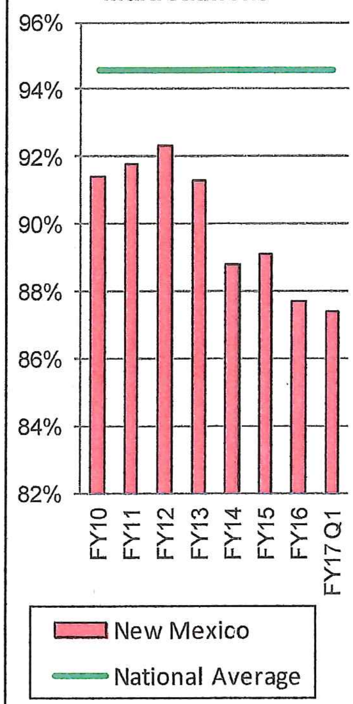
While enrollment in level four and five star Focus did not meet performance targets during the first quarter of FY17, it is likely to increase in future quarters. Statewide, many providers and children remain in the legacy tiered quality rating improvement system (TQRIS) Aim High; Focus, however, should be fully implemented by the end of the fiscal year. Parental engagement performance measures regarding home-visiting outcomes, such as initiating breastfeeding and progress in positive parent-child interactions, exceeded targeted performance. Strategic funding and incremental system growth in the home visiting program has supported quality implementation resulting in improved performance. Additionally, the agency began reporting on the intersection of children who receive childcare subsidy and substantiation of abuse or neglect in the Protective Services program. The childcare assistance program not only provides low-income caregivers subsidized child care, but also children a safe and educationally focused environment. A secondary result of the program can be stabilizing to families and divert them from other intervention services. Performance in the first quarter has shown some evidence this strategy has promise as a tool for prevention.

Early Childhood Services	Budget: $227,897.4 FTE: 181.5	FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
1	Children receiving state subsidy in Focus, level four	New	New	6.0%	3.1%			Y
2	Children receiving state subsidy in Focus, level five	New	New	14.5%	14.0%			G
3	Licensed child care providers participating in Focus, level four	New	New	5.0%	2.5%			Y
4	Licensed child care providers participating in Focus, level five	New	New	15.0%	15.5%			G
5	Parents who demonstrate progress in practicing positive parent-child interactions	New	43.8%	30.0%	32.8%			G
6	Mothers who initiate breastfeeding	New	88.0%	75.0%	93.3%			G
7	Children receiving state subsidy, excluding child protective services child care, that have one or more Protective Services-substantiated abuse or neglect referrals	New	New	1.3%	0.2%			G
Program Rating		G	G					G

Protective Services

Protective Services performance remains a concern. Repeat maltreatment rates increased above the previous fiscal year and significantly above the national average. This means more children experienced abuse or neglect within a short period of time, six-months, of previous abuse or neglect. To improve long-term outcomes for children, the state must continue to focus on stabilizing families and reducing adverse experiences. Substance abuse support and behavioral health needs remain some of the most significant barriers to improving family outcomes. As the state struggles with declining revenues, direct services to improve the health and safety for at-risk populations must remain a priority.

Children not the Subject of Substantiated Maltreatment within Six Months of a Prior Determination of Substantiated Maltreatment



Source: CYFD/ NCANDS
*National Average 94.6%

Protective Services Budget: $147,432.8	FTE: 927.8	FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
8	Children who are not the subject of substantiated maltreatment within six months of a prior determination of substantiated maltreatment	89.1%	87.7%	93.0%	87.4%			R
9	Children who are not the subject of substantiated maltreatment while in foster care	99.8%	99.8%	99.8%	99.9%			G
10	Children reunified with their natural families in less than 12 months of entry into care	64.1%	60.4%	65.0%	57.0%			R
11	Children in foster care for 12 months with no more than two placements	73.8%	70.5%	76.0%	72.7%			Y
12	Children adopted within 24 months from entry into foster care	32.1%	23.3%	33.0%	19.1%			R
13	Children reentering foster care in less than 12 months	9.8%	12.6%	9.0%	10.7%			Y
14	Children in foster care who have at least one monthly visit with their caseworker	New	95.6%	97.0%	96.4%			Y
15	Turnover rate for protective services workers	29.0%	29.7%	20.0%	7.5%			G
Program Rating		R	R					R

Juvenile Justice Services

Incidents of physical assaults and use-of-force were particularly high during the first quarter, nearly half of targeted performance for the entire fiscal year. The agency stated incidents of client-to-staff battery have risen 36 percent between FY15 and FY16 as a result of youth offenders shifting to a more aggressive population. Additionally, JJS reported 10 youth were involved in multiple client-to-staff battery incidents. To offset this high-risk behavior, the program is developing an enhanced behavior management structure to recognize functional behaviors and provide reasonable corrective action for dysfunctional behavior.

Juvenile Justice Facilities Budget: $73,062.3	FTE: 943.3	FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
16	Clients who successfully complete formal probation	83.2%	85.4%	80.0%	81.6%			G
17	Clients re-adjudicated within two years of previous adjudication	6.4%	5.5%	5.8%	4.3%			R
18	Clients recommitted to a CYFD facility within two years of discharge from facilities	7.6%	9.5%	8.0%	2.4%			G

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

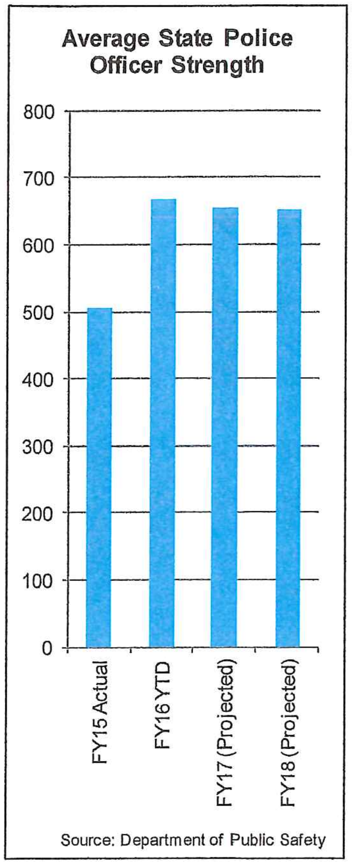
PERFORMANCE REPORT CARD
Children, Youth and Families Department
First Quarter, Fiscal Year 2017

19	JJS facility clients age 18 and older who enter adult corrections within two years after discharge from a JJS facility	11.9%	13.1%	10.0%	13.9%			R
20	Incidents in JJS facilities requiring use of force resulting in injury	2.2%	1.6%	1.5%	2.0%			R
21	Physical assaults in juvenile justice facilities	374	448	<255	134			R
22	Client-to-staff battery incidents	108	147	<108	52			R
23	Turnover rate for youth care specialists	22.4%	18.3%	14.0%	8.7%			G
Program Rating		R	R					Y

Department of Public Safety

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	Yes



Voters approved public safety general obligation bonds this fall, allowing the Department of Public Safety (DPS) to begin construction of a new evidence center and crime lab at the Santa Fe headquarters. Laws of 2016, Chapter 11, provided $500 thousand for architecture and engineering plans, currently being encumbered by the agency. The bond approval will enable the proper storage of evidence to meet national requirements and provide a modern work environment for forensic scientists, aiding in recruiting and retaining qualified personnel. In FY16, forensic scientists had a 21 percent vacancy rate, prompting the department to provide 10 percent pay raises to retain scientists.

Law Enforcement

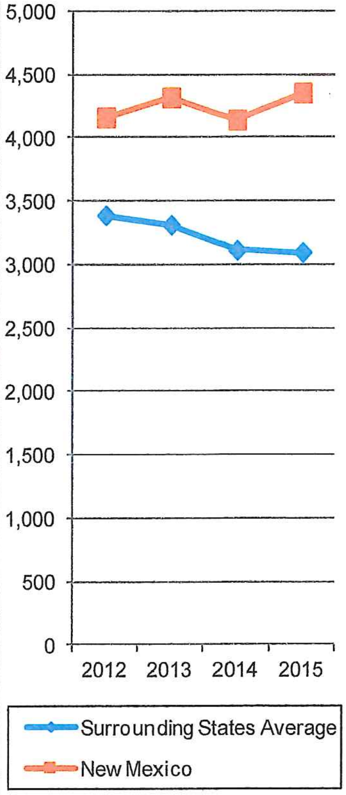
DPS struggled to issue the targeted number of commercial motor vehicle safety inspections but is performing well on the number of commercial motor vehicle trainings given and inspections performed despite some vacancies and the consolidation of the Motor Transportation Department into the Law Enforcement Program in FY15. The department is emphasizing the fairness and quality of citations against carriers over the quantity of citations and combining previously divided patrol forces efficiently. All Law Enforcement Program measures are cumulative and targets represent year end goals.

Law Enforcement	Budget: $121,038.3 FTE: 1,067.7	FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
1	Criminal investigations conducted by agents assigned to criminal investigative and impact positions in the investigations bureau	NEW	24	20	7			G
2	Drug-related investigations conducted per agent assigned to narcotics investigative positions in the investigations bureau	26	63	20	15			G
3	Commercial motor vehicle citations issued per filled full-time-equivalent position assigned to enforcement duties	NEW	342	522	89			R
4	Commercial motor vehicle safety inspections conducted per filled full- time-equivalent position assigned to inspection duties	NEW	662	430	161			G
5	DWI arrests per patrol officer	9	9	10	2			Y
6	DWI checkpoints and saturation patrols conducted	1,051	2,421	1,175	755			G
7	Crime scenes investigated or processed statewide	113	112	150	41			G
8	Minor compliance and underage enforcement operations conducted per agent assigned to alcohol enforcement duties	30	34	30	12			G
9	Enforcement operations for sales to intoxicated persons	2,542	581	600	77			R
10	Motor carrier safety trainings completed	51	117	50	31			G
Program Rating		Y	Y					Y

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Department of Public Safety
First Quarter, Fiscal Year 2017

2012-2015 Crime Rates per 100 Thousand Residents



Source: Federal Bureau of Investigations Uniform Crime Reporting

Statewide Law Enforcement Support

DPS performed well on latent finger print case completion, but struggled in DNA, firearm and toolmark, and chemistry case completion. Once the new forensic lab in Santa Fe is completed, it may be more efficient for DPS to consolidate all forensic work to the Santa Fe location, reducing scientist travel and allowing for easier recruiting. Although DPS did not meet targets for forensic science cases completed per scientist, gross clearance rates tell another story. On average, the department cleared 193 percent of cases received this quarter.

Department of Public Safety FY17 Q1 Forensic Cases Received and Completed

Case Type	Cases received	Case completed	Completion rate
Biology and DNA	403	1,735	431%
Latent Fingerprint	136	241	177%
Firearm and Toolmark	149	126	85%
Chemistry	1,103	1,353	123%

Source: Department of Public Safety

Statewide Law Enforcement Support Budget: $19,805.4 FTE: 147		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
11	Forensic biology and DNA cases completed per scientist within sixty working days	NEW	NEW	40%	28%			R
12	Forensic latent fingerprint cases completed per scientist within sixty working days	NEW	NEW	30%	30%			G
13	Forensic firearm or toolmark cases completed per scientist within sixty working days	NEW	NEW	50%	20%			R
14	Forensic chemistry cases completed per scientist within sixty working days	NEW	NEW	40%	23%			R
15	Average turnaround time for concealed carry permit issuance from date application received to date completed	11 days	13 days	15 days	9 days			G
16	Average turnaround time of civil applicant results posted from the date the fingerprints are taken to the date of posting	1.3 working days	1.3 working days	2 working days	1.2 working days			G
Program Rating		Y	Y					Y

New Mexico Legislative Finance Committee

PERFORMANCE REPORT CARD
New Mexico Corrections Department
First Quarter, Fiscal Year 2017

New Mexico Corrections Department

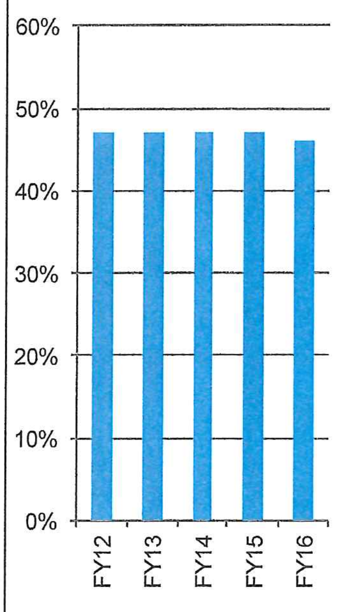
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

The New Mexico Corrections Department (NMCD) did not report eight of the twelve measures contained in Laws of 2016, Chapter 11 (House Bill 2) due to confusion over which measures are to be reported annually. LFC staff is working with the agency to clarify confusion regarding annual and quarterly reported measures. Historically, NMCD reported quarterly some of the omitted performance data but now wants to report those measures annually to better capture outcomes.

LFC staff is also concerned about the accuracy of data reported by NMCD, including data on release eligible inmates. Historically, LFC has expressed concerns about NMCD's data reporting for report cards and evaluations and has asked for data to verify results but has only received partial or no data. NMCD performed well on measures that were reported, including inmate-on-inmate and inmate-on-staff assaults as well as eligible women released on time. The department received $4.5 million in FY17 for a new pay plan for correctional officers, increasing average pay for those at range minimums by 17 percent. However, no funding was dedicated to addressing salary compaction, making turnover reduction of correctional officers less likely. The agency requested $2.9 million to address compaction and fully implement the pay plan.

Recidivism Rate by Fiscal Year



Source: LFC files

Inmate Management and Control

The department states the missing data points are reported annually and did not provide first quarter data. Among the department's most critical missions is inmate healthcare. NMCD reported 95 percent of healthcare requirements were met by Centurion, the new contractor, in the first quarter. Centurion did not reach 100 percent of the requirements as not all chronically ill inmates were seen every 30 days and inmates at high risk for pneumonia and influenza were not always vaccinated on time. NMCD has begun a strict auditing process to ensure all health requirements are met in the future. Additionally, NMCD is focusing on treating inmates with hepatitis C (HCV). The Legislature appropriated $1.8 million in the base budget and $13 million through a special appropriation, a portion of which was used for HCV treatment. However, there are no measures documenting HCV treatment success. NMCD reported it now pays an average $80 thousand to treat an inmate; the Human Services Department has reported that it pays $56 thousand per treatment, providing ample opportunity to continue to lower treatment costs.

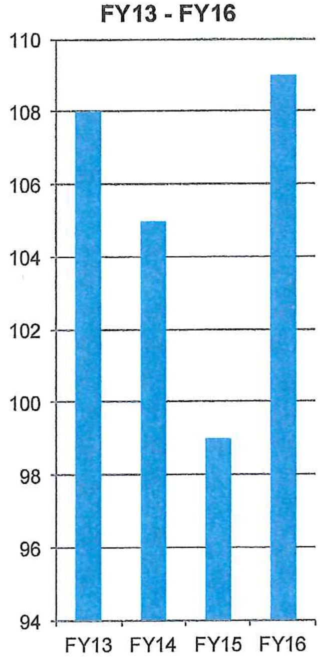
A study recently released by Health Affairs shows New Mexico prisons had the highest rate of HCV compared to the other 39 states in the study group in 2015. The high prevalence could be an indicator of NMCD's effective testing practices.

Inmate Management and Control	Budget: $296,932.6	FTE: 1,837	FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
1	Participating inmates who have completed adult basic education		34%	52%	40%	55%			G
2	Inmate-on-inmate assaults with serious injury		13	21	10	4			Y
3	Inmate-on-staff assaults with serious injury		2	9	4	1			G
4	Escapes from a private facility		0	0	0	0			G
5	Release eligible female inmates still incarcerated past their scheduled release date		13%	10%	10%	7%			G
6	Release eligible male inmates still incarcerated past their scheduled release date		NEW	9.4%	10%	9.5%			G

7	Standard healthcare requirements met by medical contract vendor	90.5%	97.1%	100%	95%			Y
8	Eligible inmates who earn a general educational development certificate	64%	76%	75%	Not reported			R
9	Prisoners reincarcerated into the corrections department system within thirty-six months due to new charges or pending charges	23%	21%	20%	Not reported			R
10	Residential drug abuse program graduates reincarcerated within thirty-six months of release	1.9%	47%	10%	Not reported			R
Program Rating		Y	G		Y			Y

According to the American Probation and Parole Association (APPA), it is very difficult to determine recommended average caseloads. As a guideline, the APPA states there should be no more than 20 intensive cases per probation officer and no more than 200 low risk cases per officer. NMCD's officer caseloads may contain a mix of intensities.

Average Standard Caseload Per Probation and Parole Officer FY13 - FY16



Source: New Mexico Corrections Department

Community Offender Management

The department states the missing data points are reported annually and did not provide first quarter data. Last year, average standard caseloads peaked, as probation and parole officers carried an average of 109 cases over the year, well above the target of 95. The department's timely release of inmates may partially contribute to higher probation and parole caseloads. The agency maintains an open recruitment agreement with the State Personnel Office enabling efficient hiring that should help reduce caseloads.

Community Offender Management		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $33,380.9	FTE: 376							
11	Out-of-office contacts per month with high and extreme supervision on standard caseloads	93%	95%	95%	94%			G
12	Absconders apprehended	27%	31%	30%	30%			G
13	Average standard caseload per probation and parole officer	99	109	95	Not reported			R
14	Male offenders who graduate from the men's recovery center and are reincarcerated within thirty-six months	NEW	95%	25%	Not reported			R
Program Rating		Y	Y		Y			Y

Program Support

The department did not report on either of its required turnover measures. NMCD suffered from critical understaffing in FY16, ranging from 12 percent at Southern New Mexico Correctional Facility to 49 percent at the Roswell Correctional Facility. Vacancy rates are also high among probation and parole officers, hovering around 20 percent, worsening rising caseloads. Probation and parole officers received a 6 percent salary increase in FY15 but have not received any increases since, even though LFC recommended increases in FY17.

Program Support		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $13,536.4	FTE: 158							
15	Turnover of probation and parole officers	13%	10%	10%	Not reported			R
16	Turnover of correctional officers in public facilities	14%	13%	10%	Not reported			R
Program Rating		Y	Y		R			R

Public Education Department

Data reported by the Public Education Department (PED) in the first quarter showed some improvement in departmental performance; however, timeliness of reported information continues to be a concern. The department conducted seven local education agency data validation audits of funding formula components and program compliance in the first quarter. One audit was released in the first quarter with the other six released in the second quarter. To ensure equitable distribution of the state equalization guarantee and other categorical grant funding, the department needs to complete more audits expeditiously. PED is meeting FY17 targets for processing school district budget adjustment requests for both state and federal grants, but took 42 days on average to process federal reimbursements to school districts and charter schools, 18 days longer than the target. Processing time affects cash flow for many school districts and charter schools, especially those with small cash balances. PED indicates the increase in process time is primarily due to the hiring freeze of personnel vacancies and the high volume of requests for reimbursement requests typically received late in the fourth quarter and not paid until the first quarter.

According to the State Personnel Office organizational listing report, PED averaged 224.7 filled FTE in the first quarter, resulting in an 8.2 percent agency funded vacancy rate. PED ended FY16 with $56 thousand, or 0.4 percent, of its personal services and employee benefits appropriation. The department has steadily filled positions since FY13 to address high turnover and in FY16, the department had an average vacancy rate of 3 percent, or approximately 7 vacant positions.

Public Education Dept.		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $11,065.3	FTE: 240.8							
1	Teachers passing all strands of professional dossiers on the first submittal	76%	78%	80%	86.7%			G
2	Annual data validation audits of funding formula components	13	6	35	7			R
3	Elementary schools participating in the state-funded elementary school breakfast after the bell program	226	242	N/A	237			N/A
4	Eligible children served in state-funded prekindergarten	8,604	8,761	N/A	8,496			N/A
Program Rating		Y	Y					Y

Currently, 237 elementary schools in New Mexico participate in the Breakfast for Elementary Students Program. About 71 percent of eligible schools serve breakfast to 78 thousand elementary school students. Under the federal National School Lunch Act of 1946, elementary schools with 85 percent or more enrolled students eligible for free or reduced price lunch (FRL) must implement a school breakfast program, and New Mexico Laws 2011, Chapter 35, amended the Public School Code, establishing a school breakfast program to provide free breakfast to elementary students after school begins. The enactment of the federal Healthy, Hunger-Free Kids Act of 2010 created new school meal programs during the 2016-2017 school year, so additional schools below the 85 percent FRL threshold were provided funding. According to the Food Research and Action Center, New

ACTION PLANS

Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	No

Top 10 States: Ratio of Free and Reduced-Price School Breakfast to Lunch Participation

State	Ratio of FRL Students in School Breakfast Program per 100 (SY14-15)
West Virginia	82.3
New Mexico	70.6
District of Columbia	66.6
Maryland	64.2
Texas	62.4
Kentucky	62.2
Arkansas	61.8
Tennessee	61.6
South Carolina	61.6
Vermont	61.1

Source: Food Research and Action Center

BUDGET ADJUSTMENTS

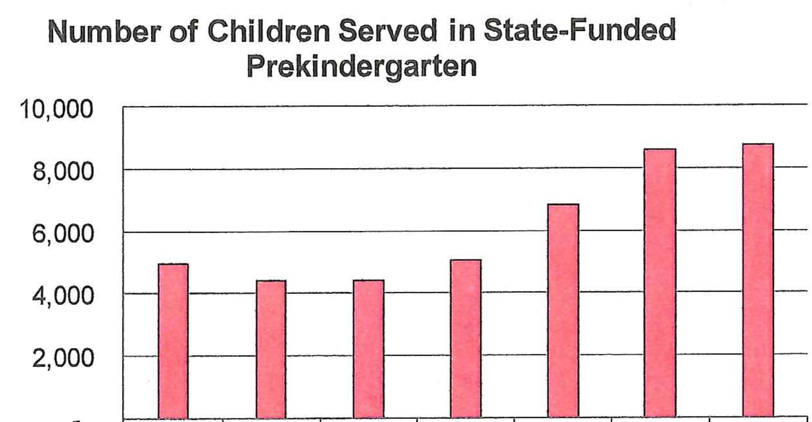
During the first quarter, the department submitted budget adjustment requests to:

Increase the budget in the personal services and employee benefits category by $183 thousand, contractual services category by $861.1 thousand, and other costs category by $57.5 thousand to provide for a Tiered Quality Rating and Improvement System, kindergarten entry assessment, and data repository system. These federal funds support an amendment to an existing Race to the Top Learning Challenge grant through the U.S. Department of Education.

Transfer $55.5 thousand from C.S. Mott Foundation grant balances for a coordinator position in the Coordinated School Health and Wellness Bureau that would provide assistance to the New Mexico Mott Statewide Afterschool Network project.

Mexico consistently ranks second in the nation for low-income student participation in school breakfast programs.

For FY17, PED is budgeted to serve 5,248 four-year old children in state-funded prekindergarten. Combined with the 3,248 children budgeted under the Children, Youth and Families Department (CYFD), total eligible children served in prekindergarten is 8,496. The CYFD number does not include 997 three-year old children served in early prekindergarten. The overall number of children served has decreased as more children are served in extended-day programs. In FY17, PED is serving 1,346 children in extended day programs, an 18 percent increase over the previous fiscal year. For FY17, CYFD is serving 2,826 children in extended-day programs. Despite continued growth in the number of children served in state-funded prekindergarten since FY12, the state is only serving 29.3 percent of eligible children.



	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Children Served	4,963	4,435	4,426	5,068	6,808	8,604	8,761

Source: PED

Charter School Division

At the end of FY16, three charter schools were closed. Creative Education Preparatory Institute's charter was revoked by the Public Education Commission (PEC), and Bataan Military Academy's charter was revoked by Albuquerque Public Schools. La Jicarita Community School in Peñasco closed voluntarily. At the beginning of 2016, 11 notices of intent to submit a charter school application were filed, four applications were submitted, and two applications were considered by PEC. The two charter school applications, Hozho Academy in Gallup and the Albert Einstein Academy in Espanola, were denied.

A PED audit on La Promesa Early Learning Center (LPELC) noted 18 areas of concern regarding K-3 Plus reimbursements, administrative staff reimbursements, allocation of charges, policies and procedures, professional services contracts, procurement violations, and other accounting practices. PED was unable to verify how $10 thousand of K-3 Plus program expenditures were spent and how over $7 thousand of reimbursements to the principal were documented. The findings indicate significant risk for inaccurate recording of expenditures, over- and under-reporting of expenses for state and federal funds, and possible fraud. In response, PED took control over LPELC's payment and procurement processes.

PED DATA WAREHOUSE

Public Education Department (PED) Information Technology Division is requesting $2.3 million in C2 funds to support the second year of a five-year data management project. The FY18 request includes $2.2 million in nonrecurring costs to conduct a pilot for collecting real-time classroom data in multiple districts and implement a baseline assessment of current information technology costs to support current operations. The new, open-source system is expected to improve the accuracy, reliability, and accessibility of student data for state and federal reporting.

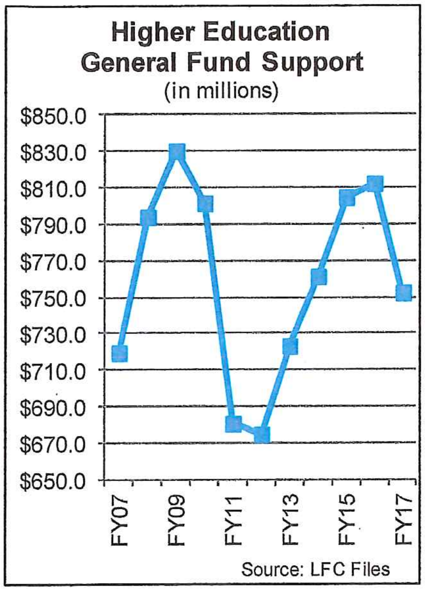
PED intends to integrate additional districts in FY18 with the pilot system and develop a longitudinal data warehouse that will allow districts to analyze trends in student data. According to the Education Commission of the States, New Mexico did not receive federal assistance for a state longitudinal data system and has not fully developed a system for integrating multiple data sources from state agencies involved with early learning, higher education, and workforce. However, PED is leveraging Race to the Top – Early Learning Challenge funds to connect early learning systems between the department; the Children, Youth and Families Department; and Department of Health.

PERFORMANCE REPORT CARD

Higher Education

First Quarter, Fiscal Year 2017

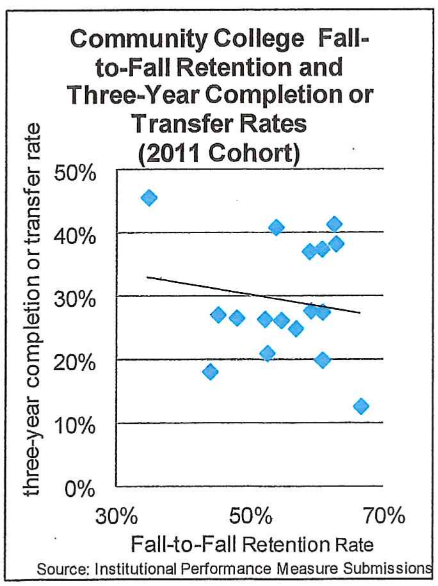
Higher Education Institutions



The Higher Education Department (HED) and the state's colleges and universities have focused on improving postsecondary outcomes by rewarding performance through the state's instruction and general (I&G) funding formula. In turn, institutions have concentrated on ways to improve student outcomes and have done so despite significant swings in general fund appropriations and enrollment. Efforts to improve outcomes over the last five years have paid off in terms of overall degrees awarded; however, institutions continue to demonstrate wide variation in key performance indicators, particularly in retention and completion rates. Further, while retention rates are frequently used as a predictor of graduation, LFC analysis of retention data shows there is not always a correlation. Although data for higher education is generally dictated by the academic calendar, the lack of correlation between data sets suggests the need for more frequent reporting to help legislators and stakeholders better understand the progress institutions are making, especially in light of New Mexico's recently established postsecondary attainment goal.

Student Retention

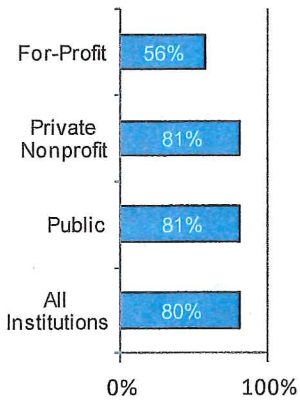
Research Institutions. New Mexico's four-year research institutions demonstrated mostly consistent fall-to-fall retention rates, with a slight dip at New Mexico State University (NMSU). Retention rates at all four-year institutions lag behind the national average of 81 percent for public institutions.



First-Time, Full-Time Student Fall-to-Fall Retention	Fall 2013 to Fall 2014 Actual	Fall 2014 to Fall 2015 Actual	Fall 2015 to Fall 2016 Target	Fall 2015 to Fall 2016 Actual	Rating
New Mexico Institute of Mining and Technology	78.8%	75.1%	77.0%	76.9%	G
New Mexico State University	76.7%	75.8%	74.0%	74.9%	G
University of New Mexico	79.1%	79.5%	79.2%	79.7%	G
				Program Rating	G

Comprehensive Institutions. Northern New Mexico College (NNMC) has shown noteworthy improvement over the last three years with retention rates moving from the lowest among the 2013 cohort at comprehensive institutions to the highest in the 2015 cohort. All other institutions remained mostly flat with prior-year retention rates. Eastern New Mexico University (ENMU) fell short of its target for the fiscal year; however, the institution did improve slightly over the previous year and the target was set relatively high compared with prior-year actual retention rates.

Nationwide Retention Rates at Four-year Institutions



Note: First-time, full-time undergraduates who returned to the institutions to continue their studies the following fall (2013 cohort).

Source: NCES

Retention and Student Loan Default Rates

Retaining and graduating students results in lower student loan default rates. Default rates among students who dropped out or failed to earn a credential or degree are significantly higher than institutional average default rates.

New Mexico's statewide student loan default rate of 19.3 percent for the FY13 three-year cohort is significantly higher than the national average of 11.3 percent across all states and territories.

Institutional Student Loan Three-Year Default Rate by Institutional Type (FY13)

	0 - 10%	11 - 20%	21 - 30+%
Research	1	2	0
Comprehensive	0	3	1
Two-Year	0	3	4

Source: U.S. Department of Education
Branch figures included in main campus
Data not available for Mesalands CC

First-Time, Full-Time Student Fall-to-Fall Retention	Fall 2013 to Fall 2014 Actual	Fall 2014 to Fall 2015 Actual	Fall 2015 to Fall 2016 Target	Fall 2015 to Fall 2016 Actual	Rating
Eastern New Mexico University	59.3%	58.1%	64.5%	58.7%	Y
New Mexico Highlands University	48.4%	52.4%	53.0%	52.7%	Y
Northern New Mexico College	39.0%	54.0%	66.5%	63.8%	G
Western New Mexico University	56.8%	51.5%	53.0%	53.9%	G
				Program Rating	Y

Community Colleges. Community colleges, and branch campuses of the University of New Mexico (UNM), NMSU, and ENMU, have improved student retention, although results remain mixed. A community college president noted during the July 2016 LFC meeting a community college's ability to retain students shares an inverse relationship with the local economy – recently laid-off employees tend to seek education at community colleges but drop out without completing their programs when job opportunities return.

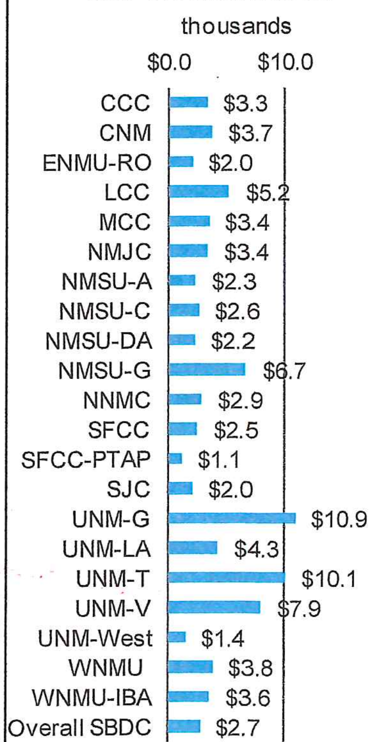
First-Time, Full-Time Student Fall-to-Spring Retention	Fall 2013 to Spring 2014 Actual	Fall 2014 to Spring 2015 Actual	Fall 2015 to Spring 2016 Target	Fall 2015 to Spring 2016 Actual	Rating
ENMU-Roswell	74.2%	74.2%	76.2%	81.8%	G
ENMU-Ruidoso	23.0%	55.8%	65.0%	51.4%	R
NMSU-Alamogordo	68.1%	72.0%	79.8%	71.4%	R
NMSU-Carlsbad	68.2%	71.2%	70.0%	75.2%	G
NMSU-Dona Ana	79.3%	79.2%	81.0%	74.5%	R
NMSU-Grants	63.5%	67.2%	74.0%	77.8%	G
UNM-Gallup	80.4%	81.8%	84.0%	81.2%	R
UNM-Los Alamos	74.0%	80.0%	79.5%	77.4%	R
UNM-Taos	71.3%	74.4%	80.0%	78.9%	Y
UNM-Valencia	78.0%	77.6%	80.0%	83.7%	G
Central New Mexico CC	81.7%	81.4%	83.0%	83.7%	G
Clovis CC	73.4%	83.1%	74.0%	83.6%	G
Luna CC	67.5%	58.3%	70.0%	55.7%	R
Mesalands CC	78.2%	74.0%	70.0%	81.5%	G
NM Junior College	76.5%	82.8%	80.0%	84.4%	G
San Juan College	74.6%	82.7%	83.0%	79.2%	Y
Santa Fe CC	78.3%	77.9%	79.0%	73.3%	R
				Program Rating	Y

Small Business Development Center

Santa Fe Community College hosts the Small Business Development Center (SBDC), which receives $4.1 million in general fund support each year to provide confidential consultation for current and future business owners in the areas of business expansion, financing, marketing, and procurement, among other services. In addition to a procurement assistance program and an international business accelerator, the SBDC oversees 20 service locations housed in higher education institutions throughout the state.

The SBDC leverages about $1.1 million in grants from the U.S. Small Business Administration and the U.S. Defense Logistics Agency each year. As a condition of these federal grants, the SBDC must track certified data indicating the number of jobs created or saved in addition to associated costs.

FY16 SBDC Cost Per Job Created/Saved



Source: New Mexico Small Business Development Center

Program Completion and Graduation

Research Institutions. Six-year graduation rates improved at two institutions, and data from the FY18 higher education funding formula indicate NM Tech awarded 14.2 percent more bachelor's degrees in FY16 than the previous year, while NMSU awarded 4.6 percent more. Across all research institutions, baccalaureate degree awards were up 5 percent in FY16.

Six-Year Completion Rates for First-Time, Full-Time Degree-Seeking Students	Fall 2008 to Summer 2014 Actual	Fall 2009 to Summer 2015 Actual	Fall 2010 to Summer 2016 Target	Fall 2010 to Summer 2016 Actual	Rating
NM Tech	45.1%	49.0%	48.0%	49.2%	G
NMSU	50.6%	45.1%	47.0%	46.9%	G
UNM	47.6%	49.0%	48.0%	43.9%	R
				Program Rating	Y

Comprehensive Institutions. Nearly all comprehensive institutions exceeded FY16 six-year completion targets, with NNMC improving by 4 percent but ultimately falling short of its goal. Baccalaureate degree awards were up 2.7 percent among all comprehensive institutions in FY16.

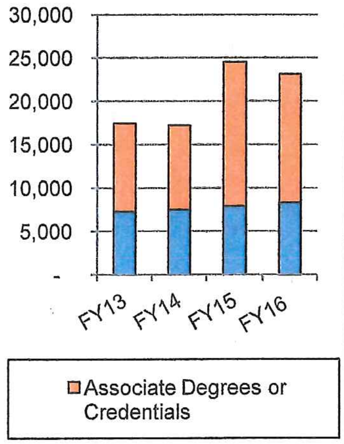
Six-Year Completion Rates for First-Time, Full-Time Degree-Seeking Students	Fall 2008 to Summer 2014 Actual	Fall 2009 to Summer 2015 Actual	Fall 2010 to Summer 2016 Target	Fall 2010 to Summer 2016 Actual	Rating
ENMU	27.1%	30.7%	30.0%	31.9%	G
NMHU	17.2%	17.9%	20.0%	22.2%	G
NNMC	15.0%	15.0%	25.0%	19.0%	Y
WNMU	20.9%	25.0%	23.0%	24.2%	G
				Program Rating	Y

Community Colleges. Completion rates at community colleges tend to vary greatly, primarily due to the vastly different student populations at the colleges. For example, the fall 2012 cohort at UNM-Los Alamos comprised just 39 first-time, full-time students. Had the institution graduated five additional students from that cohort, the college's completion rate would have jumped 12.9 percent, giving UNM-Los Alamos the highest completion rate among any branch campus. By comparison, Central New Mexico Community College's fall 2012 cohort included 2,419 students.

Clovis Community College (CCC) demonstrated the highest growth in completion rates, more than tripling its prior-year rates; however, the college attributes the increase to a correction in how it calculates graduation rates. Prior-year rates at CCC were artificially low, according to New Mexico Independent Community College staff. Meanwhile, New Mexico Junior College (NMJC) demonstrated consistent growth, although the college remains well behind its target. NMJC generally requests targets much higher than actual graduation rates each year, so despite the growth, the institution frequently does not meet its high targets.

PERFORMANCE REPORT CARD
Higher Education
First Quarter, Fiscal Year 2017

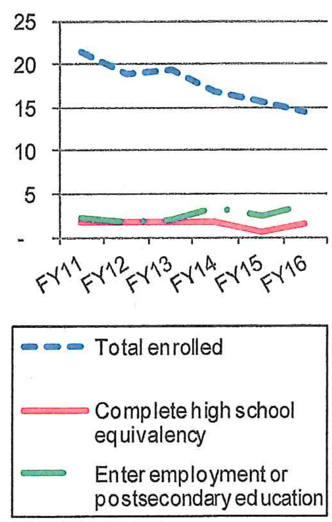
Awards Granted by New Mexico Colleges and Universities



Source: HED PBB Report

Three-Year Completion Rates for First-Time, Full-Time Degree-Seeking Students	Fall 2010 to Spring 2013 Actual	Fall 2011 to Spring 2014 Actual	Fall 2012 to Spring 2015 Target	Fall 2012 to Spring 2015 Actual	Rating
ENMU-Roswell	23.3%	23.6%	17.5%	30.6%	G
ENMU-Ruidoso	18.9%	16.3%	20.0%	16.4%	Y
NMSU-Alamogordo	8.2%	11.0%	14.0%	8.3%	R
NMSU-Carlsbad	3.5%	3.9%	10.0%	6.2%	Y
NMSU-Dona Ana	12.7%	11.2%	15.0%	10.4%	R
NMSU-Grants	15.5%	9.3%	20.0%	14.2%	R
UNM-Gallup	6.1%	8.6%	10.0%	7.5%	R
UNM-Los Alamos	57.6%	47.4%	60.0%	17.9%	R
UNM-Taos	4.2%	10.9%	20.0%	5.6%	R
UNM-Valencia	10.4%	7.6%	10.0%	10.2%	G
Central New Mexico CC	10.6%	13.1%	11.0%	16.1%	G
Clovis CC	7.5%	12.0%	14.0%	41.9%	G
Luna CC	19.9%	16.9%	20.0%	11.2%	R
Mesalands CC	25.6%	39.6%	45.0%	41.0%	Y
NM Junior College	13.4%	16.6%	33.0%	21.9%	Y
San Juan College	12.6%	13.8%	15.0%	14.8%	Y
Santa Fe CC	8.6%	10.1%	11.0%	13.7%	G
				Program Rating	Y

Adult Basic Education, Student Participation and Completion (in thousands)



Source: HED AGA Reports

Higher Education Department

Results from the adult education program administered by HED show considerably more students are achieving the high school equivalency credential and entering postsecondary education or training, while the number of students obtaining employment has tapered off in recent years. The department overhauled its performance measures for FY17, so future adult education data will be shown as percentages of students entering postsecondary education or obtaining employment rather than the number of students.

Measure	FY14 Actual	FY15 Actual	FY16 Target	FY16 Actual	Rating
Number of adult education students obtaining employment	2,021	1,530	1,800	1,429	R
Number of adult education students who enter into postsecondary education or training	1,299	947	1,200	2,277	G
Number of students who earn the high school equivalency credential	1,733	594	1,900	1,488	Y
				Program Rating	Y

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Energy, Minerals and Natural Resources Department
First Quarter, Fiscal Year 2017

ACTION PLAN

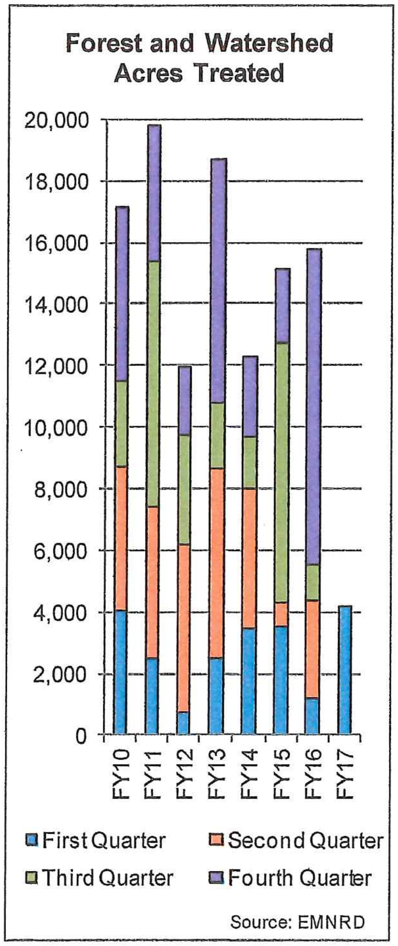
Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

Energy, Minerals and Natural Resources Department

After falling short of some key performance targets in FY16, including forest treatment and state park revenues, the agency showed mixed results in the first quarter of FY17. While visitation to state parks was up, per visitor revenues declined. The Oil Conservation Division issued significantly more violations in the first quarter of FY17 compared to FY16 while increasing responsiveness to drilling applications; however, the number of field inspections declined.

Healthy Forests

The State Forestry Division improved on all measures compared to the first quarter of FY16. While the number of firefighters trained appears low in the first quarter, many were committed to suppressing fires in other states and the bulk of this training takes place in the winter and spring months when fire activity is lowest; more than three-quarters of trainings occurred in the second and third quarters in FY16. The agency continued increased forest and watershed treatment from the end of FY16, treating more acres in the first quarter of a fiscal year since at least FY10. The agency partnered with the Department of Game and Fish to dedicate $5 million to support 20 planned projects to improve forest health and watershed quality, protect at-risk communities, and enhance wildlife habitat.

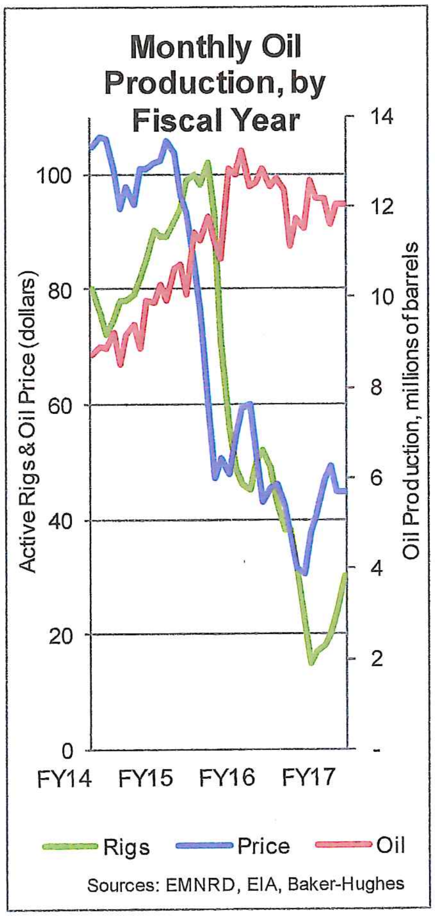


Healthy Forests Budget: $14,517.2 FTE: 80		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
1	Nonfederal wildland firefighters provided professional and technical incident command system training.	1,627	1,625	1,650	74			G
2	Acres treated in New Mexico's forest and watersheds.	15,762	15,142	15,500	4,158			G
3	At-risk communities or local fire departments provided funding for wildland firefighting equipment or training.	126	112	110	51			G
Program Rating		Y	Y					G

State Parks

In FY16, state parks saw a large rise in visitation and generated nearly 45 percent of operating expenses, an increase over the 41 percent achieved in FY15. Strong visitation continued in the first quarter of FY17, but revenue per visitor declined again. Some parks generated much higher per visitor revenue than average in FY16, including Hyde Memorial Park near Santa Fe ($3.96), the Living Desert Zoo and Gardens in Carlsbad ($2.92), and Manzano Mountains State Park ($2.12), while others, like Cimarron Canyon ($0.34), Eagle Nest Lake ($0.32), and the Rio Grande Nature Center ($0.33) were well below average.

State Parks Budget: $26,606.5 FTE: 245		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
4	Millions of visitors to state parks	4.7	5.5	4.3	2.0			G
5	Self-generated revenue per visitor	$0.87	$0.81	$0.96	$0.71			R
6	Interpretive programs available to park visitors	2,562	1,312	2,000	459			Y
Program Rating		G	Y					Y



Mine Reclamation

The program continued to meet inspection requirements in the first quarter and four of 90 permitted mines do not have adequate financial assurance. EMNRD continues to report one mine without financial assurance is under application and three Freeport McMoran (FMI) mines have inadequate third party guarantees. However, the agency recently received letters from FMI addressing the required permit modifications. Two Peabody Energy mines are in Chapter 11 bankruptcy protection and the court issued an order covering financial assurance modifications during the first quarter. The agency is working with the Attorney General's office to ensure New Mexico is properly represented during the bankruptcy process.

Mine Reclamation		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $8,181.3	FTE: 34							
7	Permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation.	99%	96%	100%	96%			Y
Program Rating		G	Y					Y

Oil and Gas Conservation

In the first quarter, the Oil Conservation Division (OCD) issued nearly three times more violations than in the same period of FY16, and almost as many as in all of the prior fiscal year. The agency partially attributes this increase to the requirement that underground injection and disposal wells be tested every five years. More than four thousand wells required testing this period and a violation was issued if the well failed a "mechanical integrity test" or if the operator failed to show up for the testing. The number of inspections declined by 21 percent year-over-year but violations as a percent of inspections increased, from 2.5 percent in FY16 to 9 percent in the first quarter of FY17. Despite a persistently high vacancy rate, the agency still processes nearly all drilling applications timely.

Although the number of wells plugged in the first quarter was slightly off track of the annual target, OCD is waiting on General Services Department approval of a new four-year plugging contract which has been under review for two months. Consequently, the division anticipates that no wells will be plugged in the second quarter but that activity will pick up considerably in the second half of the fiscal year, allowing the target to be reached.

Oil and Gas Conservation		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $11,236.2	FTE: 70							
8	Inspections of oil and gas facilities	47,539	49,624	40,000	9,783			G
9	Application to drill permits approved within 10 business days	90%	85%	85%	91%			G
10	Abandoned oil and gas wells properly plugged	31	36	30	7			G
11*	Violations issued	N/A	912	N/A	884			↑
Program Rating		G	Y					G

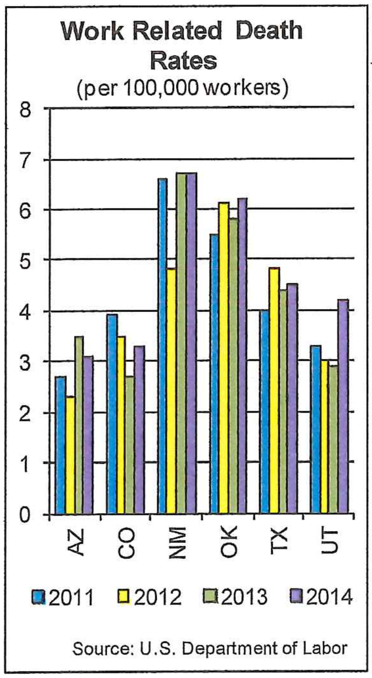
*Measure 11 is classified as explanatory, meaning it is provided for informational purposes and does not have a target. The rating indicates an increase over violations issued in the first quarter of FY16.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Department of Environment
First Quarter, Fiscal Year 2017

ACTION PLAN

Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	Yes



In 2014, the most recent year for which data is available, New Mexico again ranked worse than average for workplace fatalities with 6.7 per 100 thousand workers; nearly double the national rate of 3.4. Although fatality rates are affected by a state's major industries, New Mexico's occupational fatality rate for the mining and oil and gas extraction industries was more than three times higher than the rates in Texas and Oklahoma. Nearly two-thirds, or 64 percent, of 2014 workplace fatalities in New Mexico were attributed to transportation incidents, compared with 68 percent for Oklahoma and 46 percent for Texas. NMED does not have jurisdiction over road or traffic conditions, but can call on employers to take steps to improve safety. The Occupational Health and Safety Bureau reviews the industries and activities with the highest rates of injury and death annually to inform policy and operations.

Department of Environment

In prior years, most Department of Environment (NMED) measures were process oriented rather than indicators of environmental protection and health. Executive and legislative staff worked to improve the measures beginning in FY17, removing many of the output measures and revising others to focus on the effectiveness of the agency's compliance efforts. Performance measure targets for FY17 were set before the agency absorbed general fund reductions due to solvency efforts. LFC, DFA, and NMED staff will work to identify areas of agreement on reporting for the rest of FY17. First quarter results help identify areas where the Department can focus attention in its effort to achieve targeted goals and outcomes.

Water Protection

While the agency granted or loaned a fraction of the target from its revolving funds in the first quarter, most activity occurs in the second half of fiscal years due to the application process and timeline; third and fourth quarter activity accounted for 99 percent of FY16 grants and loans. The agency granted or loaned ten times more in the first quarter of FY17 than the same period in FY16. Groundwater discharge facility inspections declined by nearly 40 percent from the first quarter in FY16 and are on track to fall short of the annual target.

Water Protection Budget: $30,689.1 FTE: 190.5		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
1	Groundwater discharge permitted facilities inspected	53%	65%	60%	9%			R
2	Permitted facilities where monitoring results demonstrate compliance with groundwater standards	66%	63%	70%	63%			Y
3	Population served by community water systems that receive drinking water meeting health-based standards	99%	98%	100%	97%			Y
4	Amount of new grants/loans made from the clean water state revolving fund program and the rural infrastructure revolving loan program, in millions	$27.4	$30.7	$40.0	$1.7			G
Program Rating		Y	Y					Y

Resource Protection

The program has some of the agency's most informative, outcome-based measures. Nearly all landfills are monitoring groundwater quality as required and all solid and hazardous waste facility inspections found operators in compliance with regulations. The agency reported a slight decline in petroleum storage tanks in compliance with regulations compared to the end of FY16.

Resource Protection Budget: $14,760.9 FTE: 136		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
5	Underground storage tank facilities in compliance with release prevention and detection requirements	77%	77%	80%	74%			Y
6	Landfills compliant with groundwater sampling and reporting requirements	95%	98%	97%	96%			G
7	Active solid waste facility inspections showing compliance		93%	90%	100%			G
Program Rating		Y	Y					G

Environmental Protection

The program reports all of more than 1,500 food establishment inspections were completed on schedule in the first quarter and that all air quality violations are being addressed through corrective action. While the agency investigated or inspected all allegations of serious workplace hazards, the percent of violations corrected in the first quarter was slightly below the annual target.

Environmental Protection		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: 23,769.6	FTE: 241							
8	Food establishments inspected within timeframe due	100%	100%	100%	100%			G
9	Facilities taking corrective action to mitigate air quality violations discovered as a result of inspections	98%	100%	100%	100%			G
10	Serious worker health and safety violations corrected within the timeframes designated	98%	96%	97%	93%			Y
11	Referrals alleging serious hazards responded to via an on-site inspection or investigation within ten working days	98%	98%	98%	97%			G
Program Rating		Y	G					G

Economic Development Department

ACTION PLAN

Submitted by agency?	No
Timeline assigned?	Yes
Responsibility assigned?	Yes

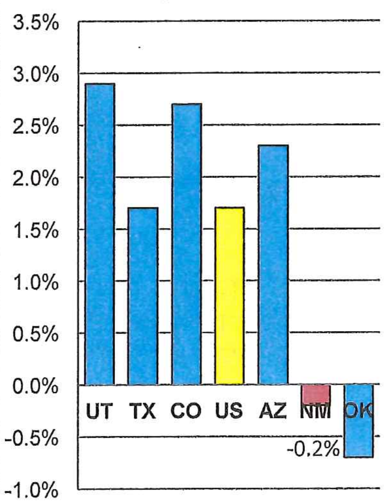
The Economic Development Department's performance results for FY17 were off to a slow start with low first quarter results in overall job creation, rural jobs created, and jobs created through the use of LEDA funds. The film program continues to see positive performance in FY17, almost reaching the annual targets by the first quarter.

Economic Development Program

During the first quarter, the Economic Development Department created 736 jobs, with an annual goal of 4,500. The low first quarter result is due to the agency distributing grants at the beginning of the fiscal year, with funded projects still in development. The agency anticipates job creation will rise as FY17 progresses and has stated that internal timelines and responsibilities have been assigned. New Mexico's overall job growth declined when comparing year over year data. Total nonfarm employment, comparing September 2016 with September 2015, declined by 2,000 jobs, representing a 0.2 percent decrease. Education and health services was up 6,100 jobs, or 4.6 percent, while mining jobs declined by 6,900, or 27.9 percent, over the year in September.

The New Mexico Partnership recruited three companies to the state, Facebook, Master Immediate Supply, and Gamesa, resulting in 80 jobs created. The New Mexico Partnership's marketing outreach included e-mail outreach to executives in California and Chicago, a sales mission to Phoenix with Mesilla Valley Economic Development Alliance and Roswell Chaves County Economic Development Corporation, and attendance at the Breakbulk Americas trade show in Houston, Texas with the Greater Gallup Economic Development Corporation.

Over-the-Year Job Growth by State September 2016



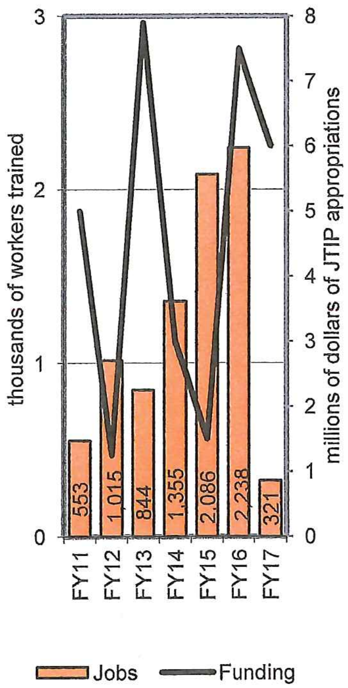
Source: Workforce Solutions Department

	Economic Development	FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
	Budget: $6,506.8 FTE: 26							
1	Jobs created due to economic development department efforts	3,294	4,140	4,500	736			Y
2	Rural jobs created	726	641	1,600	168			Y
3	Jobs created through business relocations and competitive expansions facilitated by the economic development partnership	1,624	222	2,250	80			R
4	Potential recruitment opportunities generated by Partnership marketing and sales activities	NEW	NEW	84	12			R
5	Dollars of private sector investment in MainStreet districts (millions)	$7.9	$22	$9	$10			G
6	Private sector dollars leveraged by each dollar through LEDA	10:1	17:1	10:1	25:1			G
7	Jobs created through the use of LEDA funds	NEW	2,426	2,000	144			R
8	Workers trained by JTIP	1,894	2,238	1,500	321			Y
9	Number of successfully completed agency grant funded projects resulting in job growth, new investment, increased revenue, or workforce development	NEW	7	15	0			Y
	Program Rating	Y	Y					Y

New Mexico Legislative Finance Committee

PERFORMANCE REPORT CARD
Economic Development Department
First Quarter, Fiscal Year 2017

Number of Workers Trained by JTIP



Sources: EDD, LFC files

Private sector dollars leveraged by each LEDA dollar reached 25:1 in the first quarter, the largest ratio met since the measure was created, while jobs created with those funds only reached 144. Eighteen rural communities were selected to share $170,000 in Local Economic Assistance and Developments Support (LEADS) grant funding, however, none of these projects have been completed and rural jobs created was 168 for the first quarter. The grant awards ranged from $5,000 to $15,000. Business and community development project locations include the Navajo Nation, Albuquerque, Grant County, Anthony, Santa Clara, Dona Ana, and Eddy County.

Workers trained with JTIP funding amounted to 321 in the first quarter. Companies that received JTIP funding were located in Albuquerque, Rio Rancho, Los Alamos, Santa Clara, Taos, Navajo Nation, Santa Fe, Las Vegas, Santa Teresa, Los Lunas, and Las Cruces. In September of 2016, the Economic Development Department awarded $10 million in LEDA funding to Facebook for a data center in Los Lunas. New Mexico was selected in a nationwide search and close final decision between Utah for the data center. This is the largest award in at least the last six years. The first phase of the project will cost $250 million and bring an estimated 30 to 50 data center jobs. Facebook is also eligible to receive up to $1 million in JTIP funding. Los Lunas has approved an Industrial Revenue Bond for $30 billion for Facebook, which indicates 6 potential phases of expansion and investment. Facebook broke ground in October 2016 and the data center is expected to be fully operational by late 2018.

In August, New Mexico MainStreet announced that two organizations were selected to receive $2,500 in grants to help revitalize gathering places in historic commercial districts: The Embudo Valley Library and Community Center in Dixon, and the Manzano Mountains Arts Council in Mountainair. The private sector investment in MainStreet districts reached $10 million in the first quarter.

Film Program

In the first quarter, the Film Program created a new podcast, co-hosted a crew screening of "The Magnificent Seven" with SONY, assisted the 2016 Balloon Fiesta Student Filmmaker Challenge, and continues efforts in planning and coordinating efforts towards the annual Film and Media Conference in November. Direct spending by the film industry in New Mexico reached $144 million, contributing to 133 thousand film and media worker days.

Program Name		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $747.1	FTE: 8							
10	Direct spending by film industry productions, in millions	$286	$387	$200	$144			G
11	Film and media worker days, in thousands	298	260	200	133			G
Program Rating		G	G					G

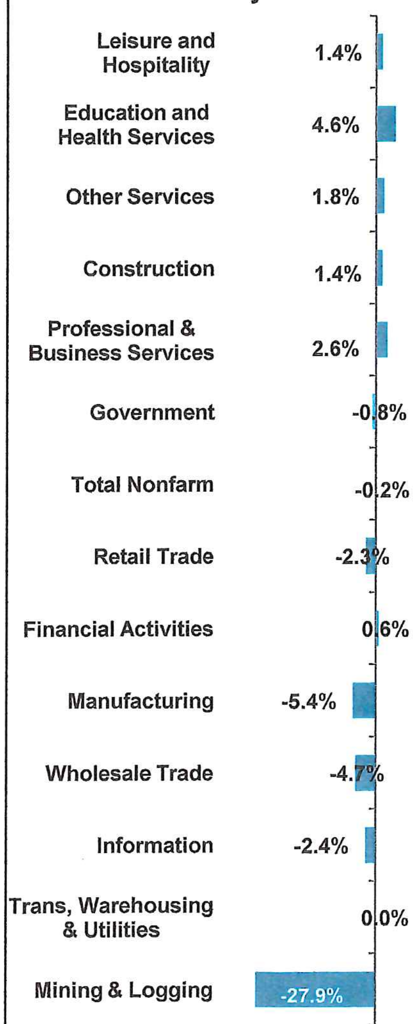
NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
New Mexico Tourism Department
First Quarter, Fiscal Year 2017

ACTION PLAN

Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	No

Sept. 2016 Year-over-Year Job Growth by Industry



New Mexico Tourism Department

The leisure and hospitality industry was one of only six industries that added jobs with year-over-year growth in September. The industry registered an increase of 1,300 jobs or 1.4 percent and has reported growth in every month since October 2010.

Marketing and Promotion Program

The proportion of the Tourism Department general fund budget spent on advertising and promotion increased from an average of 28 percent between FY07 and FY11 to 69 percent in FY17. YouTube views of department advertising videos surpassed the annual target, reaching 243 thousand for the first quarter. New jobs created in the leisure and hospitality industry also had strong performance with 1.5 thousand jobs created. However, the agency noted that the targets remained the same in FY16 and FY17 for both of these measures. The Tourism Department is also still in review of information received from the New Mexico Taxation and Revenue Department on gross receipts collected for accommodations for the FY16 fourth quarter as well as the first quarter of FY17.

Marketing and Promotion		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: 11,225	FTE: 36							
1	New jobs created in the leisure and hospitality industry year-over-year	2,900	5,300	800	1,566			G
2	YouTube views of department videos, in thousands	820	593	25	243			G
3	Year over year percent increase in gross receipts tax revenue for accommodations receipts	5.6%	TBD	4.0%	TBD			Y
Program Rating		G	G					Y

New Mexico Magazine

Advertising revenue almost reached the annual target of $72 thousand by the first quarter. Visits to the New Mexico Magazine website as well as the NewMexico.org website surpassed its annual target of 141 thousand visits, reaching 265 thousand visits by the first quarter. The agency hired new sales representatives during FY16 and is showing strong results for the creative efforts of reprioritizing marketing efforts. The agency noted that the targets for both these measures also remained the same in FY16 and FY17.

New Mexico Magazine		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: 3,329	FTE: 14							
4	Advertising revenue per issue, in thousands	$65	$53	$72	$65			G
5	Visits to nmmagazine.com and newmexico.org, in thousands	1,189	942	141	265			G
Program Rating		Y	G					G

New Mexico Legislative Finance Committee

PERFORMANCE REPORT CARD

General Services Department
First Quarter, Fiscal Year 2017

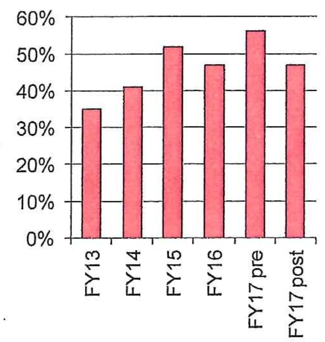
General Services Department

As the General Services Department (GSD) received solvency reductions, it was also hit with large increases for property insurance, due to more accurate exposure surveys from customer agencies, rising utility costs, new rates approved by the Public Regulation Commission, and higher fees imposed by the Department of Information Technology for GSD-owned buildings. For the first quarter GSD, nonetheless, continued to improve performance in key areas including the health of the risk funds and building maintenance. However, GSD needs to provide greater leadership in evaluating agency office space use and procurement of goods and services practices which can increase costs for the state.

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

Combined Funded Ratio of Risk Funds
(pre and post solvency measures; target 50 percent)



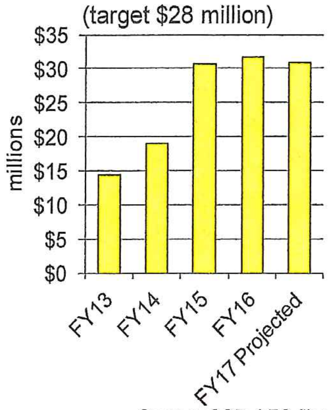
Source: GSD, LFC files

Risk Management

GSD increased agency training in loss prevention and safety and alternative dispute resolution to reduce high costs associated with workers' compensation, public liability and property claims experience and exposure. These trainings, along with more accurate rate setting, have targeted agencies that are "bad actors" and improved the health of the funds. Although the agency is only a flow-thru for paying agencies' unemployment compensation claims, costs increased $167 thousand, or 12 percent, in quarter one of FY17 compared to quarter four of FY16.

Risk Management		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $96,017.1	FTE: 57							
1	Projected financial position of the public property fund	274%	365%	50%	428%			G
2	Projected financial position of the workers' comp fund	28%	40%	50%	46%			Y
3	Projected financial position of the public liability fund	22%	50%	50%	55%			G
4	Claims paid quarterly to the unemployment comp fund	NEW	$1.2M	$1.4M	$1.6M			R
5	Trainings with top twenty loss-producing agencies	NEW	5	6	10			G
Program Rating		Y	G					Y

Group Health Benefits Cash Reserves
(target $28 million)



Source: GSD, LFC files

Group Health Benefits

GSD increased premiums one percent for FY17, below trend, while encouraging members to fill prescriptions with generic drugs and use the free clinic in Santa Fe for primary care and the employee assistance program (EAP) for behavioral health care, which saves employees and the state money. However, for employees that do not live in Santa Fe or work for employers with an EAP, the plan design requires deductibles to be met first before copays kick in for routine services that help keep chronic illness costs down. This approach reduces costs in the short term, but over time can increase costs as members delay care and end up in expensive emergency rooms, especially if their pay has been eroded with higher out-of-pocket costs.

Group Health Benefits		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
Budget: $363.542.5	FTE: 0							
6	Percent of generic drug fill	83%	82%	84%	88%			G
7	Eligible employees purchasing medical insurance	95%	92%	95%	85%			Y
8	Medical premium change compared to industry	3%	- 3%	4%	Annual			
9	Per member medical cost compared to 5 year average	NEW	$351	$296	$278			G

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
General Services Department
First Quarter, Fiscal Year 2017

		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
10	Members who participated in preventative health checkups	NEW	25%	15%	Annual			
Program Rating		Y	G					G

Total Capital Outlay Appropriations for Statewide Repairs
(2013-2017)

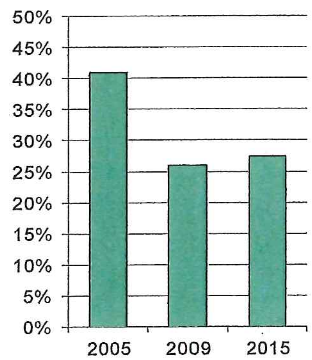
2017	$	4,000,000
2016	$	2,000,000
2015	$	-
2014	$	4,500,000
2013	$	500,000

Source: LFC Files

Facilities Management

The program has done a good job maintaining facilities with limited resources. However, GSD needs a better plan to sustain regular updates to facility condition assessments and make them a useful tool to help the state prioritize capital project funding. Although the program has achieved savings extending a few lease terms with tenant improvements in exchange for lower rent, space per FTE continues to be higher than the space standard of 215 SF per FTE, as most agencies disregard the standard and insist the space they occupy is "special" and should be exempted.

Statewide Average Facility Condition Index
(target ≤ 60%)



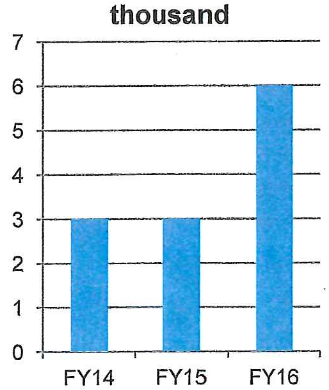
Source: GSD, LFC files

Facilities Management Budget: $12,862.6 FTE: 139		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
11	Preventative maintenance service completed on time	NEW	93%	80%	97%			G
12	Work orders completed on time	75%	NEW	75%	74%			G
13	Ratio of building square feet per custodian	NEW	NEW	31,000	38,163			R
14	Capital projects on schedule	90%	94%	90%	94%			G
15	New office leases meeting space standards	NEW	NEW	90%	9%			R
16	Office space renewals meeting space standards	NEW	NEW	50%	0%			R
17	Reduction in base rent costs for office space renewals	NEW	NEW	50%	30%			R
Program Rating		Y	G					Y

State Purchasing

The program is moving toward a more centralized model to aggregate spending and standardize contracts and procurement forms and processes, but agencies are slow to adapt. New requirements for buyer certification training and additional follow-up and training requirements for procurement violators should help although under solvency measures, critical positions at GSD are not being filled. According to a 2016 LFC performance review, agencies use noncompetitive bid processes and apply exemptions inappropriately, increasing costs for the state.

Procurement Violations Over 100 thousand



Source: GSD

State Purchasing Budget: $2,342.9 FTE: 27		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
18	Vendors reporting fee-based sales	NEW	NEW	250	110			R
19	Procurements subject to state purchasing using best value	NEW	NEW	15%	24%			G
20	Executive agencies with certified procurement officers	NEW	NEW	90%	97%			G
21	Completed agency procurement compliance audits	NEW	7	5	0%			Y
22	Procurement violators receiving training	NEW	NEW	90%	18%			R
Program Rating		Y	Y					Y

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Department of Transportation
First Quarter, Fiscal Year 2017

Department of Transportation

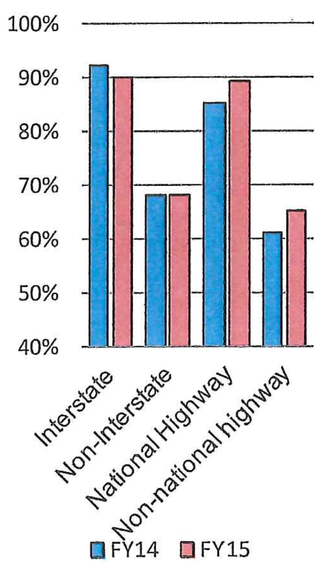
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

At the end of the first quarter, the New Mexico Department of Transportation (NMDOT) reports 107 total traffic fatalities, 30 percent of the total 355 reported at the end of the fourth quarter, FY16. NMDOT continues to struggle to maintain the transportation system given strained resources; in FY15, 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 and the same as FY14. NMDOT had stabilized vacancies at 12 percent, but has once again increased its vacancy rate to 14.3 percent, just below the statewide average of 15.7 percent.

Despite constrained resources, the U.S. Department of Transportation (USDOT) ranks New Mexico 16th best out of 50 states in the percent of structurally deficient bridges in the system. Additionally, USDOT ranks New Mexico road conditions 17th in the nation.

Percent of Miles Rated In Good Condition



Source: NMDOT

Programs and Infrastructure

The program's performance measures provide information to determine how well projects are being managed and kept within budget and on time. Maintaining costs at bid amount or lower allows NMDOT to re-obligate residual fund balances that go toward other construction projects. NMDOT continues to have difficulty in letting projects on time, as the agency bid three of 12 projects on time in the first quarter and reported the cost over bid at two percent.

Programs and Infrastructure Budget: $529,905.0 FTE: 372		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
1	Projects completed according to schedule	84%	89%	<85%	Not reported			R
2	Projects put out for bid as scheduled	50%	51%	>70%	17%			Y
3	Bridges in fair condition or better, based on deck area	95%	95%	>90%	95.7%			G
4	Final cost-over-bid amount on highway construction projects	2.0%	3.5%	<3%	2%			G
Program Rating		Y	Y					Y

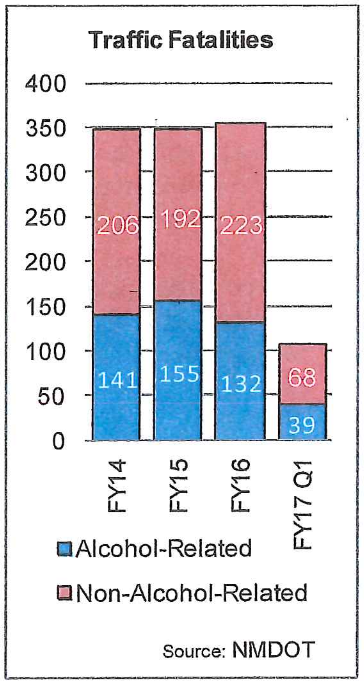
Transportation and Highway Operations

The percent of miles in good condition decreased for interstate and non-interstate roadways, but improved for National Highway System (NHS) and non-National Highway System (non-NHS) roadways. Reasons for deficient roadways vary from lack of funding, attention to other roads and not applying the appropriate treatment to roads. The number of pavement preservation lane miles is dependent on the focus of maintenance crews, available budget, weather conditions, and other functions such as litter collection.

Transportation and Highway Operations Budget: $233,794.9 FTE: 1,827.7		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
5	Statewide pavement miles preserved	2,611	2,457	>2,600	1,276			G
6	Litter collected from NMDOT roads, in tons	6,484	7,599	>7,000	17.6			R
7	Customer satisfaction at rest areas	99%	99%	>99%	99%			G
Program Rating		Y	Y					Y

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

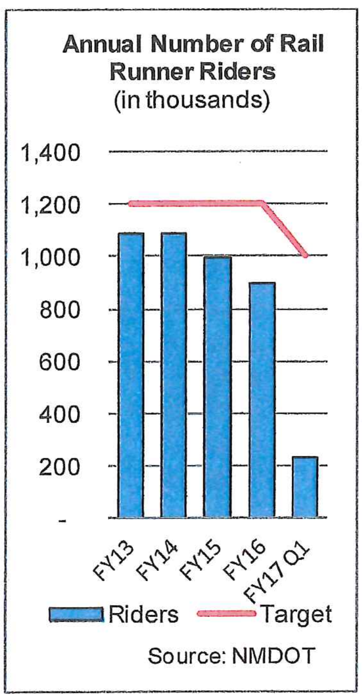
PERFORMANCE REPORT CARD
Department of Transportation
First Quarter, Fiscal Year 2017



Modal Program

The Modal Program was created in FY17 to enhance safety and provide federal grants management and oversight of dedicated funding programs including traffic safety, aviation, transit and rail. Most of the performance measures were transferred from the Programs and Infrastructure Program. Traffic and pedestrian fatalities are higher than the trend necessary to meet targets. NMDOT reports Rail Runner performance but does not operate the passenger rail service; however, all public transit ridership continues to be down as more people instead use personal vehicles. The current low price of gasoline and diesel are rendering these transit services less competitive relative to driving.

Modal Budget: $61,681.2	FTE: 50	FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
8	Traffic fatalities	331	355	<330	107			R
9	Alcohol related traffic fatalities	133	132	<130	39			Y
10	Non-alcohol related traffic fatalities	198	223	<200	68			R
11	Occupants not wearing seatbelts in traffic fatalities	131	133	<140	37			G
12	Pedestrian fatalities	60	72	<55	16			Y
13	Riders on park and ride, in thousands	291.9	264.2	>310.0	64.4			R
14	Riders on rail runner, in millions	1.0	0.9	1.1	0.2			R
Program Rating		Y	R					Y



Program Support

NMDOT has an increasing vacancy rate despite aggressive recruitment and targeted salary increases for positions including highway maintenance workers and engineering technicians. Of the 20 injuries occurring in the 1st quarter of FY17, nine occurred in a work zone.

Program Support Budget: $42,171.9	FTE: 237.8	FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
15	Vacancy rate in all programs	12%	13.9%	<11%	14.3%			Y
16	Employee injuries	95	89	<90	20			G
17	Working days between expenditure of federal funds and request for reimbursement from federal treasury	7	7	7	7			G
18	Employee injuries occurring in work zones	27	32	<30	9			Y
Program Rating		G	G		Y			Y

New Mexico Legislative Finance Committee

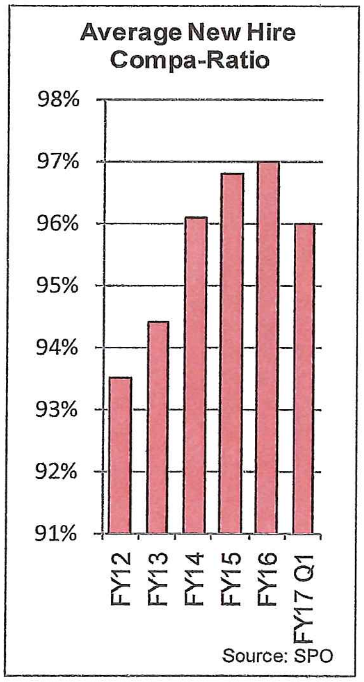
PERFORMANCE REPORT CARD
State Personnel Board
First Quarter, Fiscal Year 2017

State Personnel Board

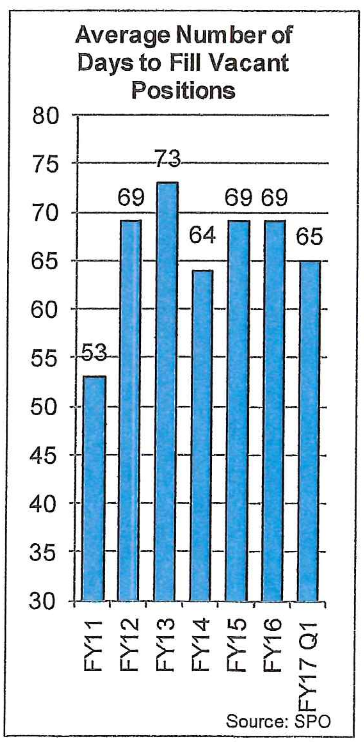
ACTION PLAN

Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	No

The State Personnel Office (SPO) is responsible for developing and maintaining the state's compensation plan. Allowing the salary structure to fall further behind market rates has resulted in increased salary compaction as the gap between the salaries of new employees and more tenured employees shrinks. The narrowing gap between new hire salaries and average salaries is determined by compa-ratios, or salary divided by midpoint. New hire compa-ratios have increased from 91 percent to 96 percent from FY11 to FY17. Over this same period, the average state employee compa-ratio grew to 101 percent. SPO reports the FY17 change in average compa-ratio is attributed to the implementation of classification studies and two new salary structures. But remaining compaction can lead to low morale and higher turnover as employees seek to increase their salaries by moving between agencies.



The average time to fill vacant positions decreased from 69 days to 64.7 days, with the Energy, Minerals and Natural Resources Department, Department of Information Technology, Corrections Department, and Environment Department taking the longest to fill positions at over 80 days. Turnover also decreased from a rate of 14.8 percent to 10.7 percent, with the Corrections Department having the highest turnover at 30 percent. But despite filling vacancies sooner and declining turnover, the statewide vacancy rate grew by 2.4 percent from the fourth quarter of FY16. Overtime usage continues to grow, but is concentrated within certain agencies, namely the Corrections Department, Department of Health and Department of Transportation. To date, SPO has not proposed an action plan for increasing hiring efficiency or reducing turnover and overtime usage.



State Personnel Office Budget: $4,182.1 FTE: 53		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
1	Classified service vacancy rate	13.2%	15.2%	13%	18.5%			R
2	Average number of days to fill a position from the date of posting	69	68.8	55	64.7			R
3	Average state classified employee compa-ratio	101.3%	102%	≥95%	101.4%			Y
4	Average state classified employee new-hire compa-ratio	96.8%	96.8%	91%	96%			R
5	New employees who successfully complete their probationary period	67%	69.7%	75%	62.7%			R
6	Classified employees voluntarily leaving state service	11.4%	14.7%	15%	4.3%			Y
7	Classified employees involuntarily leaving state service	2.3%	2.1%	5%	0.5%			G
8	State employee average overtime usage per month	15.5 hours	16.2 hours	Not reported	16.4 hours			Y
9	State employees receiving overtime	16%	16.5%	Not reported	16.2%			Y
Program Rating		R	R		R			Y

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Office of the State Engineer
First Quarter, Fiscal Year 2017

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

Office of the State Engineer

Despite a high number of vacancies and limited resources, the Office of the State Engineer (OSE) is on track to meet almost all performance targets in FY17. While the agency drove down the backlog of unprotested water right applications in FY16, the number of complaints of illegal water use has increased, causing OSE staff to dedicate more time to these complaints.

Water Resource Allocation

While the agency is well short of the annual target for the number of water right applications processed monthly, the number of backlogged applications continues to decline, indicating the duties are a continued priority. Efforts to abstract data to the agency's database slowed in the first quarter as staff concentrated on cleaning up already entered transactions, training of staff in district offices, and gearing up for a new project. OSE anticipates the numbers will increase greatly later in FY17.

Water Resource Allocation Budget: $14,080.3 FTE: 185		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
1	Unprotested new and pending applications processed monthly	108	37	85	41			G
2	Unprotested and unaggrieved water right applications backlogged	1,219	422	625	404			G
3	Transactions abstracted into the water administration technical engineering resource system database	22,792	18,287	23,000	2,882			R
Program Rating		Y	Y					G

Litigation and Adjudication

The program surpassed the FY17 target for percent of water rights adjudicated in FY16. However, the current measure for the percent of water rights with judicial determinations does not provide a clear view of progress because it only reflects active adjudications. After meeting the annual target for offers to defendants in FY16, for the first time since FY10, the agency made nearly one-third of the FY17 target in the first quarter.

Litigation and Adjudication Budget: $7,306.1 FTE: 71		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
4	Offers to defendants in adjudications	594	839	600	197			G
5	Water rights that have judicial determinations	62%	63%	62%	64%			G
Program Rating		G	G					G

Interstate Stream Compact Compliance

While agreement on New Mexico's Rio Grande Compact credit is the subject of ongoing litigation, the state's Pecos River Compact credit continues to be positive. New Mexico accrued an annual water delivery credit of 11.9 thousand acre-feet for the 2015 calendar year, resulting in a cumulative credit of 109.5 thousand acre-feet.

Interstate Stream and Compact Compliance Budget: $14,364.3 FTE: 49		FY15 Actual	FY16 Actual	FY17 Target	Q1	Q2	Q3	Rating
6	Delivery credit on the Pecos River Compact, in thousand acre-feet	97.6	109.5	>0	109.5			G
7	Delivery credit on the Rio Grande Compact, in thousand acre-feet	0	0.4	>0	0.4			G
Program Rating		G	G					Y

Agency	Project Description	Total State Appropriations	Total Federal	Estimated Total Cost	Spent to Date	Project Stage	Estimated Implementation 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.	$37,267,766	$131,000	$39,483,000	$27,162,329	Closing	9/5/2016	Vehicle Services in production by September 2016.	Stabilization and vendor maintence.	Tapestry has delivered both Driver Services and Vehicle Services on schedule and below budget. As of September 6, 2016 Vehicle Services was rolled into production, realizing the customer-centric model, and placing all Driver and Vehicle software on a single Microsoft server-based platform. The Vehicle Services go-live was successful from both information technology (IT) and business perspectives, and the outcomes of the Tapestry project are highly likely to continue to improve MVD's operational efficiencies and customer service delivery. Tapestry project is in the closing phase that includes stabilization services with project completion by June 30, 2017, and is included in FAST contract for post-production.			
48 333 TRD	**ONGARD Modernization:** Full business process analysis and replacement of the oil and natural gas administration and revenue database (ONGARD) 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	$4,544,368	Planning	1/15/2019	Initial Independent Verification and Validation (IV&V) assessment report from new vendor. Memorandum of Understanding executed between TRD and SLO for fund transfers for backfill positions and contracts.	Issue request for proposals (RFP) for the Royalty system.	At the time of the initial IV&V assessment, the project had completed a database stabilization project, FAST Enterprises was beginning requirements definition for the severance tax implementation, and a request for proposals (RFP) was under development for a replacement royalty system. However, the governance and project management plan and processes were generally incomplete, and the project schedule was not yet developed to a level of detail necessary to manage project activities. SLO's Royalty request for proposals (RFP) was delayed again with the anticipated release date in October. However, as of this writing the RFP at State Purchasing Division for review and approval. The IV&V vendor reported there is no clear definition of common data elements required to be shared between the severance tax and royalty systems except for the PUN (production unit number) and OGRID (oil and gas reporting identification number). There is no requirements management plan. Currently TRD and SLO are working to correct project deficiencies identified by the IV&V vendor.			

Agency	Project Description	Total State Appropriations	Total Federal	Estimated Total Cost	Spent to Date	Project Stage	Estimated Implementation Date	Milestone(s) achieved last quarter	Milestone goal(s) for next quarter	Project status	Budget	Schedule	Functionality
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	$55,700,000	Close-out	7/29/2016	Grant award closed.		Closeout All required closeout documents were submitted to NTIA by the July 28, 2016 deadline. NTIA notified DoIT that the grant award is closed. LTE DoIT established a standard billing rate model for the transportable transmitter of $1,200/day. A connect fee of $55/UE/Month has been established. The value of any assets that are not deployed by December 31, 2017 may require reimbursement to the NTIA. In order to ensure system sustainability, DoIT needs to attract and retain system subscribers. **Background:** The 700 MHz Band is an important segment of spectrum freed up by 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.			
361 DoIT	**SHARE Software Upgrade:** Update the SHARE system from the current versions, 8.9 (HCM) and 8.8 (Financials), to the newest version, 9.2, with goals to increase standardization of the system, make key processes easier, and empower users with the right information and training.	$5,000,000	$0	$19,000,000	$2,619,713	Planning	12/30/2017	HCM 9.2 payroll testing; completed business process redesign improvements for position workflow and sick leave buy back. Continued to engage end users through SMARTnet meetings, webinars, published articles in Round the Roundhouse and recurring newsletters.	Unknown based on available documentation.	DoIT continues to hold quarterly briefings with key management from DFA, STO, LFC and the AG's office. In addition, the upgrade team is incorporating input from stakeholders and subject matter experts through a multi-agency governance structure. The SHARE upgrade team is planning for two separate releases: HCM in Spring 2017 and FIN in Fall 2017. DoIT reported IV&V vendor negotiations were in process in March 2016. However, to date an IV&V contract has yet to be awarded. DoIT is not following its own requirements for agencies to engage in IV&V. The SHARE upgrade project is a large enterprise IT project, and this presents a risk to the project and emphasizes the need for oversight. Since FY15 the estimated cost of the upgrade has increased from $15 million to $19 million or 27 percent. Without a detail project plan and budget breakdown it is not clear why the estimated cost has increased. The November 2016 LFC program evaluation recommended DoIT develop and provide the LFC a detailed project plan and estimated cost for replacing or continuing to upgrade SHARE specific to potential use of the SHARE equipment replacement fund.			

Agency	Project Description	Total State Appropriations	Total Federal	Estimated Total Cost	Spent to Date	Project Stage	Estimated Implementation Date	Milestone(s) achieved last quarter	Milestone goal(s) for next quarter	Project status	Budget	Schedule	Functionality
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	$4,481,985	Close-out	4/30/2016	Project close-out approved by the Project Certification Committee.		To mitigate operational risks, DFA created a deployment plan to assist the remaining agencies in its payment processing implementation. The timeline for the remaining agency implementations is divided into four waves, based on agency readiness, resources, complexity, and other factors. Each wave includes a detailed project plan with specific build, testing and implementation dates. Beginning with Wave One in August 2016, all waves are scheduled for completion by August 2017. Project status remains yellow, pending final close-out report and lessons learned.			
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.	$1,974,000	$0	$1,752,000	$1,718,577	Close-out	2/28/2016	Project close-out complete.		The project was completed on time and within budget. The project resulted in providing an effective tool to support transactional analysis, enhance financial reporting documentation and related audit trail, and allowing changes to be rolled into the financials much faster than in the past. DFA issued the FY15 CAFR. The 2016 General Appropriation Act contains an additional $250 thousand for post-go-live support and for software configuration needs to compile the CAFR. Annual maintenance costs are $27.5 thousand per year for FY18 and FY19. Maintenance and renewal are identified as a separate line item and incorporated into DFA's annual budget.			
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.	$6,800,000	$0	$6,800,000	$5,527,949	Implementation	7/31/2016	Segments 3 and 4 launched into production.	Project Close-out; Execute maintenance contract.	Vendor is in warranty mode and continues to resolve defects. SLO engaged vendor with respect to agreement on whether certain issues represent missing functionality or are defects. SLO will amend the vendor contract to incorporate change requests and enhancements that were not in the scope of the original contract. Post-project activities are in process including finishing post-cutover tasks and developing internal processes including change control for support and software development. SLO is finalizing the maintenance contract with a four year term and maintenance cost of $109 thousand per year.			

Agency	Project Description	Total State Appropriations	Total Federal	Estimated Total Cost	Spent to Date	Project Stage	Estimated Implementation Date	Milestone(s) achieved last quarter	Milestone goal(s) for next quarter	Project status	Budget	Schedule	Functionality
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.	$3,820,000	$33,580,000	$175,762,080	$5,675,002	Planning	12/31/2018	Updated Implementation Advanced Planning Document (IAPDU) submitted to CMS for approval. Data Services request for proposals (RFP) submitted to CMS for approval. Integrated Platform (IP) RFP released August 2016.	IP RFP due October 2016.	The Center for Medicare and Medicaid Services (CMS) authorized a $175.8 million budget to replace the current MMIS. However, there is potential the estimated budget may be decreased. This project is supported by 90 percent Federal Funding Participation (FFP) and 10 percent State general fund. While continued funding is critical, project risk includes difficulty meeting aggressive implementation deadlines to meet CMS requirements for implementing a certified system by calendar year 2019. In addition, the current MMIS vendor contract with XEROX cannot be extended past 2019. Having a CMS certified system there is a federal match of 75 percent, without a certified MMIS the federal match will decrease to 60 percent. The timeline for all procurements is very tight and must go smoothly and efficiently to meet the goal of complete transition before December 2019. In addition, the project schedule is not yet finalized. CMS approved the ASPEN contract amendment to move Medicaid Enrollment to ASPEN and to create real time Medicaid eligibility from YES NM portal and Federally Facilitated Marketplace (FFM). The amendment is presently under State review.			
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.	$3,927,300	$1,023,700	$4,951,000	$2,514,182	Planning	11/30/2019	Completed revised Feasibility Study.	Complete and submit the Implementation and Advanced Planning Document to OCSE fro approval.	HSD's transition to a fully functional state-led project management office (PMO) is near completion. A few key PMO positions in its IT division remain vacant although recruiting is in process and HSD anticipates all positions to be filled by the end of the calendar year. HSD also continues to identify subject matter experts to participate in the project for each stage in the project life cycle. HSD received direction from the Office of Child Support Enforcement (OCSE) to revise the feasibility study, which has been submitted for review and approval. There is a risk HSD will not have sufficient funds in State Fiscal Year 2018 to appropriate funds for design, development and implementation. HSD will continue to pursue appropriate funds, but also is looking into alternative funding sources for the project (e.g., through OCSE grants). HSD has also started exploring options to modernize CSES to achieve near-term cost savings and help bridge the gap to when the system can be replaced.			
665 DOH	**Women, Infants, and Children (WIC) System Replacement Project:** Replace a 14-year-old legacy system with the WIC regional solution that includes Texas, Louisiana, New Mexico and two Indian tribal organizations.	$0	$7,004,899	$7,004,899	$645,924	Implementation	11/30/2018	Completed project planning. Submitted Implementation Advanced Planning Document (IAPD) to USDA Food and Nutrition Service (FNS) for approval.	USDA FNS approval of the IAPD. Finalize revised project schedule.	EBT Lite Plus development and MIS interface development delayed. Due to 3+ month schedule slip by EBT Vendor, a new project timeline has been adopted. Mosaic management agreed in principle to the change and is reviewing the revised schedule against potential impacts on MIS and resources while still meeting contract requirements.			

Agency	Project Description	Total State Appropriations	Total Federal	Estimated Total Cost	Spent to Date	Project Stage	Estimated Implementation 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	$9,190,511	$16,725,711	$13,601,687	Implementation	6/30/2019	Phase 3 Summer Food - Testing work plan. Formal Change Management Plan for all subprojects.	Web Self-Service: Law Enforcement Portal, Adoption Foster Portal	DFA Cash Remediation project has pushed user acceptance testing for Child and Adult Care Food Program payments from June 2016 to August 2016 and now it is likely to be January or February 2017. Further project delays may impact Race to the Top (RTTT) Child Care payments. CYFD is monitoring resource availability for testing and requirements refinement. In addition, the Phase 3 Summer Food implementation is behind schedule due to IT and program staffing constraints. Through the change management process the project schedule has been extended but will not impact the original production deployment date. Overall staffing constraints are impacting the RTTT project including Child Care and Pre-K Reports. CYFD is working with program to assess and prioritize reports across all projects and has contracted a part-time report writer.			
770 CD	**OFFENDER MANAGEMENT SYSTEM (OMS) Replacement Project** The Corrections Department will replace its 15-year old client-server offender management system with a commercial-off-the-shelf (COTS) web-based OMS.	$7,800,000	$0	TBD	$350,000	Planning	TBD	Request for proposals (RFP) issued July 18, 2016; RFP due date is September 9, 2016.	Complete proposal evaluations, including oral presentations and demonstrations, with an anticipated contract award in January 2017.	By replacing the current OMS, Corrections Department anticipates increased mobility and improved public safety by collapsing multiple disparate systems and utilizing web-based technology, improvement of internal processes, and overall improved offender management. The Corrections Department did not include project management and independent verification and validation services in its initial estimated project costs and the associated FY16 appropriation request. As a result, the department is requesting additional funding for FY18.			
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 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	$3,976,200	$1,644,149	Implementation	8/31/2017	Purchased map data to continue configuration of the system.	Unknown	Good map data continues to be an issue. A larger issue is that the State does not have standard GIS map data, as a result it is time consuming and expensive to maintain. DPS has requested Geo-Com to provide a proposal for moving New Mexico to updatable GIS data. LFC staff is concerned this could increase the cost of the project. Once the map data issues are resolved, the project schedule will be reviewed and adjusted accordingly. Based on available documentation LFC staff could not determine what milestones will be completed next quarter.			

Source: DoIT IT project status reports, agency status reports, project certification committee documents, Independent Verification & Validation (IV&V) reports, Sunshine Portal, and LFC analysis.

State of New Mexico
LEGISLATIVE FINANCE COMMITTEE

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David Abbey
Director

December 5, 2016

LFC INVESTMENT REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2016

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 10-year periods and risk metrics for the quarter ended September 30th, one, three, and five-year periods. This report derives agency performance and market environment information from the Investment Performance Report submitted by PERA, ERB, and SIC for the quarter ending September 30, 2016. Information from the Wilshire Trust Universe Comparison Service (TUCS) report is also included.

Market Environment. Muted but consistent U.S. economic growth continued in the first quarter of FY17. While GDP growth was weaker than last year, growth was still positive at 1.4 percent annualized. Markets have largely recovered from the "Brexit" uncertainty, and there is speculation about the Federal Open Market Committee raising interest rates in December. Job growth was modest but solid, averaging an additional 192 thousand jobs each month over the quarter, but the U.S. unemployment rate increased 0.1 percent to 5 percent.

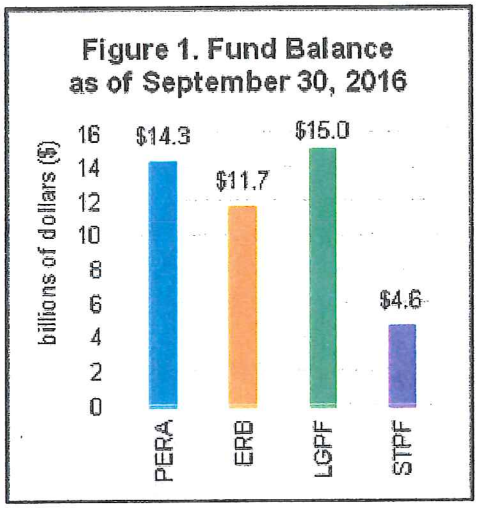
Market Environment as of September 30, 2016

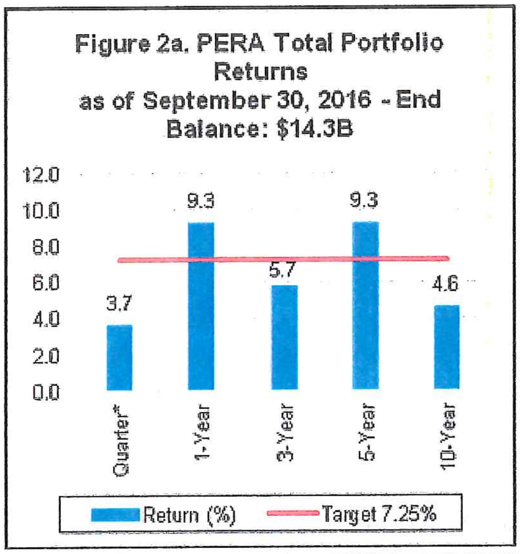
Index Returns (%)	Q1 2017	1 Year	5 Years	10 Years
S&P 500	3.9	15.4	16.4	7.2
Wilshire 5000	4.3	15.4	16.3	7.4
Citigroup Broad	0.5	5.3	3.1	4.9
Dow Jones Industrial	2.78	15.46	13.76	7.4
MSCI EAFE (Net)	6.4	6.5	7.4	1.8
Barclays Govt/Credit	2.7	6.7	4.1	5.2

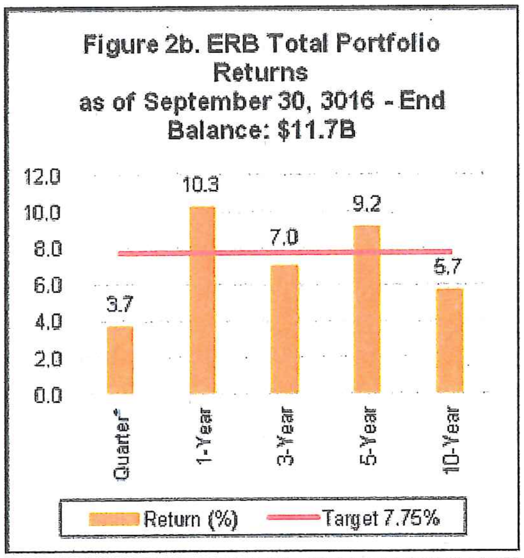
The U.S. stock market experienced its fourth straight quarterly gain, rising by 4.3 percent this quarter, as represented by the Wilshire 5000 Total Market Index℠. The consumer price index (CPI) was up 0.5 percent this quarter. Crude oil prices fell 0.2 percent, ending the quarter at $48.24 per barrel. Natural gas prices fell 0.6 percent, ending at $2.91 per million BTUs. Gold values also decreased 0.4 percent, down to $1,313 per troy ounce. U.S. Treasury yields fell to 1.4 percent in July but slowly rose to 1.6 percent, ending the period unchanged from the previous quarter.

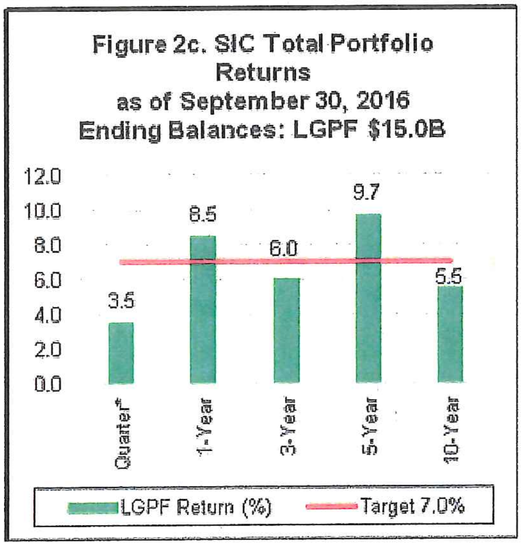
Returns and Ending Balances. Figure 1 summarizes the ending balances for the period end September 30. PERA, ERB and the permanent funds each ended the quarter with balances greater than the quarter ending June 30.

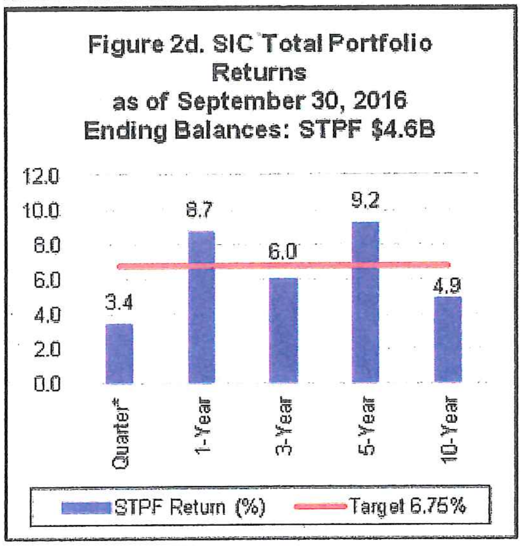
Figures 2a – 2d summarize the agencies' investment returns for the quarter and for the one, three, five, and 10-year periods. Agencies exceeded their return targets for the one- and five- year periods, which are set at 7.75 percent for ERB and 7.25 percent for PERA. Return targets for SIC are set at 7 percent and 6.75 percent for the Land Grant Permanent Fund (LGPF) and the Severance Tax Permanent Fund (STPF), respectively. No agency met return targets for the three- and ten-year periods.







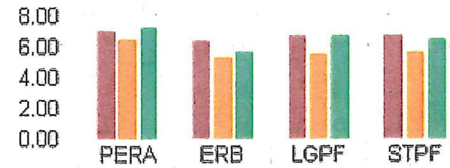




Risk Metrics. Risk is an inherent component of investing in financial markets. As risk of an investment fund is a function of the strategic asset allocation, it is prudent to keep the risk within tolerant levels to achieve the overall goals of the plan. This report utilizes a few key measures to evaluate the impact that risk plays in an investment portfolio.

Standard deviation gauges the variability of returns around a mean of distribution. Standard deviation applies to the rate of return of a portfolio to measure the overall volatility. Investments that are more volatile generate a higher standard deviation, while a lower standard deviation is associated with less volatile investments.

Figure 3a. Standard Deviation as of September 30, 2016

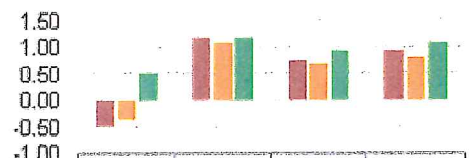


	PERA	ERB	LGPF	STPF
1 Year	6.91	6.30	6.62	6.56
3 Years	6.42	5.30	5.49	5.51
5 Years	7.18	5.60	6.57	6.43

Reviewing Figure 3a, the PERA portfolio reported the highest sensitivity, while ERB's exposure was slightly less volatile. The permanent funds' portfolios showed relatively moderate volatility over the one and three-year periods.

Tracking error outlines how well a portfolio is performing relative to a benchmark. It is statistically how much, in percent, a portfolio's return varies from the benchmark return over a specified period at one standard deviation. When tracking errors are lower and more stable over time, the more controlled, predictable, and explainable the investment results will be. Lower tracking errors are generally indicative of the use of indexing, careful benchmark selection for active strategies, and prudent manager diversification. Higher tracking errors indicate asset allocation, portfolio construction, and/or manager selection drift away from established benchmarks. Volatile tracking errors are indicative of portfolios where portfolio risks relative to benchmarks are either concentrated or changed frequently. Figure 3b shows relatively low tracking error for each agency for the one-, three-, and five-year periods.

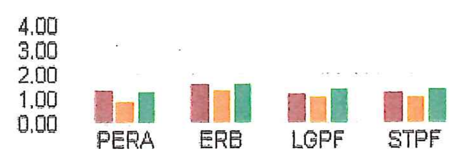
Figure 3b. Tracking Error as of September 30, 2016



	PERA	ERB	LGPF	STPF
1 Year	-0.46	1.16	0.74	0.91
3 Years	-0.36	1.07	0.66	0.79
5 Years	0.49	1.17	0.93	1.07

The ***Sharpe ratio*** is a risk-adjusted measure calculated by using the standard deviation and the fund's excess return to evaluate reward per unit of risk. The higher the ratio, the better the risk-adjusted performances for the investment fund. Typically, a good ratio is 1 or better, a very good ratio is 2 or better, and an excellent ratio is 3 or better. As demonstrated in Figure 3c, ERB, LGPF and STPF have Sharpe ratios greater than 1 for the one- and five-year periods. PERA's Sharpe ratio was greater than 1 for the one- and five-year periods, but less than 1 for the 3-year period.

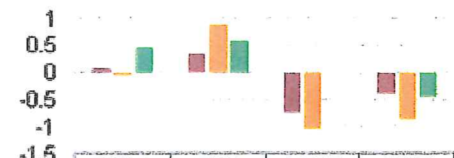
Figure 3c. Sharpe Ratio as of September 30, 3016



	PERA	ERB	LGPF	STPF
1 Year	1.34	1.61	1.20	1.24
3 Years	0.88	1.31	1.05	1.04
5 Years	1.28	1.62	1.41	1.37

The ***information ratio*** evaluates the ratio of portfolio returns above the benchmark to the volatility of the returns. It indicates by how much the manager outperforms the benchmark. Higher information ratios indicate greater consistency. Low ratios indicate a fund is underperforming. Negative ratios mean the fund was unable to produce any excess returns at all.

Figure 3d. Information Ratio as of September 30, 2016

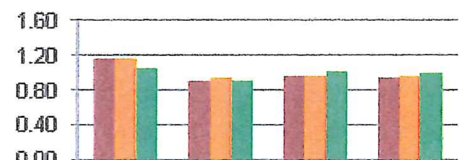


	PERA	ERB	LGPF	STPF
1 Year	0.08	0.35	-0.74	-0.38
3 Years	-0.05	0.88	-1.03	-0.86
5 Years	0.44	0.57	-0.03	-0.44

The information ratios presented in Figure 3d reflect ERB as performing relatively well against the benchmark with positive ratios for each period reported. PERA reported low but positive information ratios for the one- and five-year periods; however, the ratio was negative for the three-year period. The permanent funds reported negative information ratios for all periods.

The ***beta*** of a portfolio signifies the portfolio's risk as compared to the market as a whole. If the beta is approximately equal to '1', then there is a very strong correlation between the portfolio and the movements of the market. A beta less than 1 means the portfolio is less risky and thus experiences less movement than the market. A beta greater than 1 indicates greater risk, which can generate greater-than-market returns or losses. As shown in Figure 3e, each of the investment funds' beta is near one, indicating that the investments generally follow market movements. ERB, LGPF, and STPF portfolios had betas slightly lower than one for all periods reported, indicating lower volatility and lower correlation to broad market swings. PERA's portfolio generated a beta slightly greater than one for all periods reported, indicating they were slightly more volatile than the market.

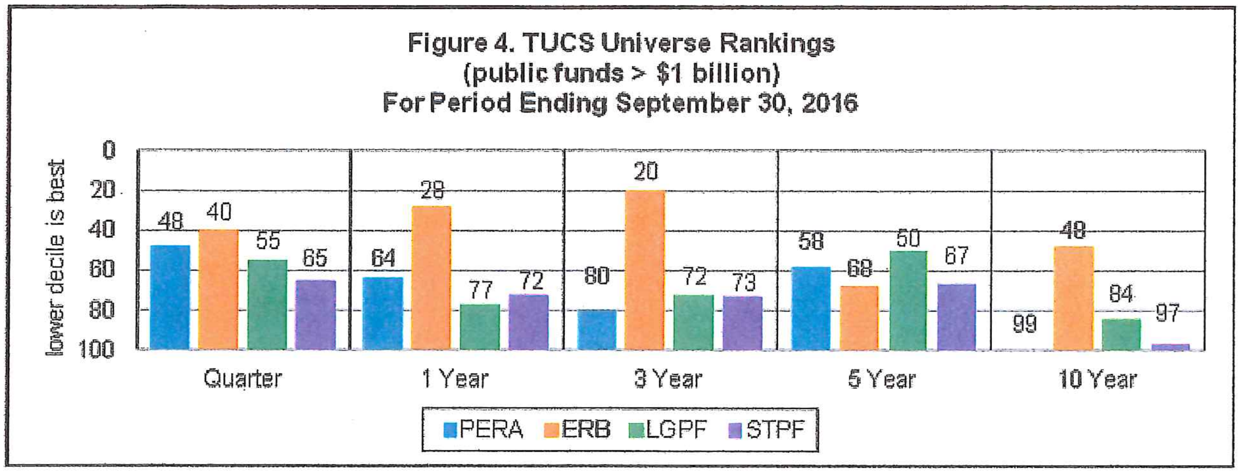
Figure 3e. Beta as of September 30, 2016



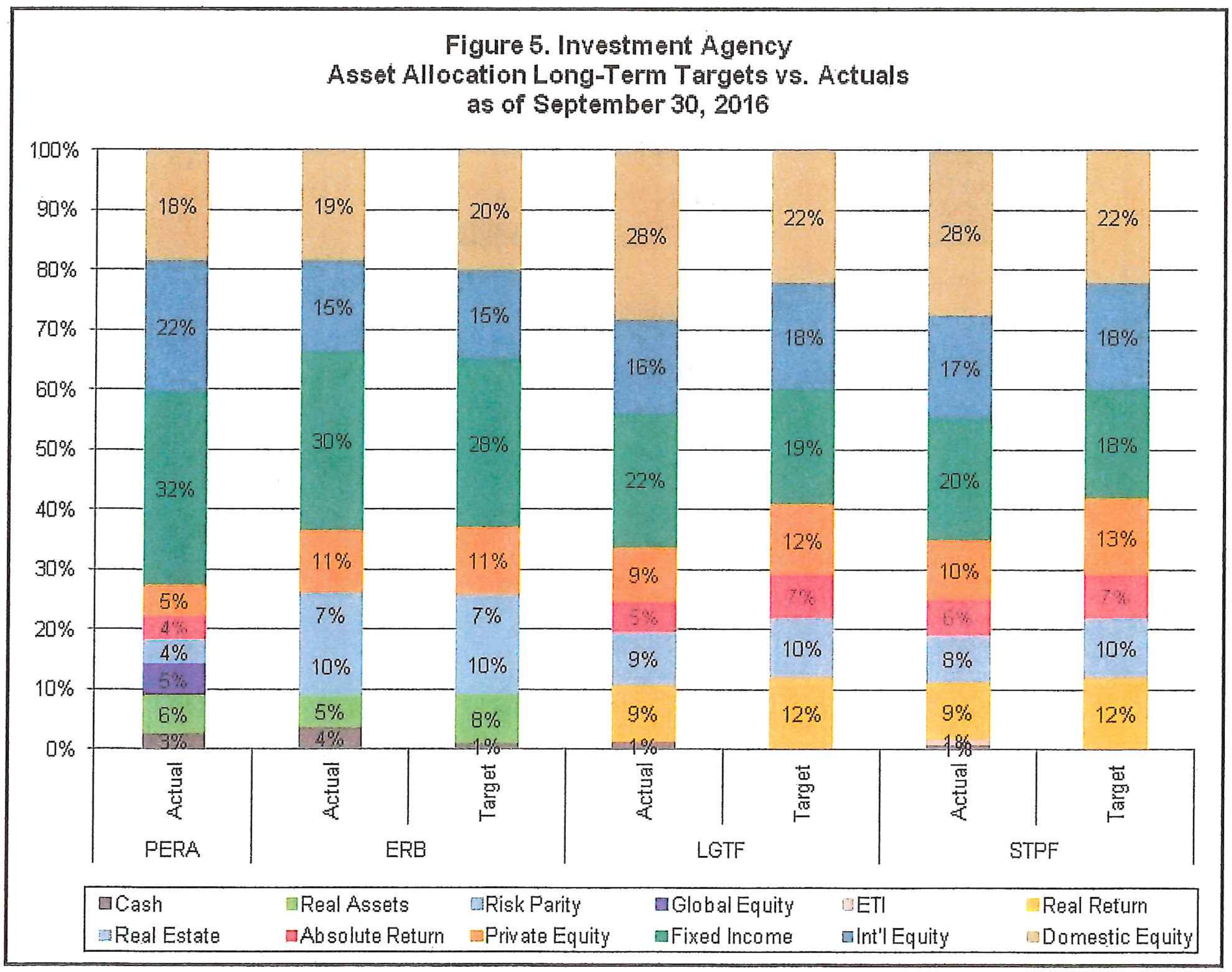
	PERA	ERB	LGPF	STPF
1 Year	1.15	0.90	0.95	0.93
3 Years	1.15	0.93	0.96	0.95
5 Years	1.05	0.90	1.01	0.99

__Peer Total Return Rankings__. The following table shows gross-of-fees total return rankings for the agencies' large funds for the quarter, one, three, five, and ten-year periods. A lower number (1 is best) denotes better performance when compared to other public funds within a comparable investment universe. The Wilshire Trust Universe Comparison Service (TUCS) completes these comparisons. TUCS is a benchmark service that evaluates the performance and allocation of institutional investment assets. The service evaluates New Mexico's investment agencies alongside approximately 50 public funds with more than $1 billion in assets. While useful, it is noted that these rankings represent an imperfect measure as rankings are based on self-reported data and the funds compared operate under different missions and investment goals. For example, in periods where stock markets are performing exceptionally well, funds that rely on a more diversified and stable approach can lag behind their peers in terms of absolute returns during those periods, even if the approach delivers solid returns relative to return targets.

As shown in Figure 4, the returns varied and fell across a broad range of rankings when compared with similar funds in the universe. ERB outranked the other investment funds and performed above the median for all periods reported. PERA performed above the median for the quarter, but fell below the median for all other periods. LGPF and STPF ranked below the median for all periods reported.



Asset Allocation. Figure 5 below illustrates each investment agency's asset allocation long-term targets compared to actual asset allocations for the quarter.



ERB asset allocations are generally within target for the quarter although moderately above target in international equity and fixed income and below target in alternative investments. LGPF and STPF asset allocations were moderately above target for domestic equity and fixed income and below target in alternative investments.

PERA simplified its asset allocation in April 2016 to four asset classes: global equity, risk reduction and mitigation, credit oriented fixed income, and real assets. LFC's investment report for the period ending June 30, 2016 inadvertently misrepresented PERA's asset allocation by not demonstrating the types of investments included in the asset classes. To correct for this, PERA's asset allocation in figure 5 above allows for comparisons across agencies for similar types of asset allocations. Figure 6 below illustrates the policy targets and actual allocations in PERA's asset class buckets. PERA's investments in global equity and risk mitigation/reduction moderately exceeded policy targets for the quarter ending September 30, while credit oriented and real asset investments were moderately below target for the quarter. PERA has now developed an implementation plan for all four asset categories that outlines how PERA will reach its new strategic asset allocation.

Figure 6. PERA Asset Class Buckets - Policy vs. Actuals as of September 30, 2016