



Accountability in Government Act

Under the Accountability in Government Act, enacted in 1999, state agencies and the Legislature moved from a budgeting process based on the costs of salaries, supplies, travel, and eight other line items to a process focused on funding agencies based on performance. In exchange for greater flexibility in how they spend their funding, agencies must identify their core services (programs), the missions of those programs, and ways of measuring whether the program is fulfilling its mission.

Performance-Based Budgeting

The bottom line of performance-based budgeting is the effective use of taxpayer dollars. By measuring performance – quantifying what an agency does and the results – and setting goals, policymakers and the public can see whether a program is working and worth the money being spent on it.

Measures fall into five categories: An outcome measure looks at whether a program is having an impact on its clients or society. An output measure reports the number of goods produced or clients served. Efficiency and quality measures consider the way the service is provided, both cost and caliber. Finally, explanatory measures are for information only and do not include targets.

In LFC policy, ideal performance measures should provide meaningful information, focus on results, communicate clearly, reflect the current efforts and progress of the program, capture valid data, provide accurate and consistent information over time, allow for cost-effective data collection, allow for change to be measured over time, use targets that reflect best practices, and assess the core function of the program.

While the committee is focused on developing measures that focus on the impact on New Mexicans – outcomes – the measures in the LFC’s General Appropriation Act recommendation to the Legislature are a consensus developed by LFC analysts and the executive and do not always reflect that focus.

Typical Report Card Measures and Results

Fictional Program		FYXX Actual	FYXX Actual	FYXX Target	Q1	Q2	Q3	Rating
Budget: \$xxx,xxx	FTE: x,xxx							
Services provided on time		97%	91%	100%	94%	95%	96%	Y
Clients who got better		54%	52%	80%	51%	51%	51%	R
Program Rating		G	Y					Y

Quarterly Reporting and Agency Report Cards

While all state agencies must create measures for their programs and set target performance levels, about two dozen key agencies must report quarterly on the results of their efforts. However, those agencies are not required to report on every measure every quarter; some measures are assessed annually because of limits on data collection.

To facilitate reviews of agency performance and improve transparency for the public, LFC produces a “report card” based on the quarterly reports to add emphasis and clarity to the process and focus budget discussion on successful initiatives and programs. In the report cards, each measure and the program overall are rated as green, yellow, or red. Criteria for rating performance consider not only whether the program has met or exceeded its target, but also the quality of the measure, whether performance has improved or declined, economic conditions, and other factors, including those outside the control of the program.

In general, green ratings indicate the program has met the target of the measure. Red ratings are not necessarily a sign of failure but do indicate a problem in the agency’s performance or the validity of the measure. Yellow ratings highlight a narrowly missed target, significantly improved performance, or a slight drop in performance.

While the report cards are generally good tools, particularly as a way of communicating agency performance to the public, LFC staff are alert to potential for improvement – in reporting results, measuring the right things, benchmarking to national and state data, developing corrective action plans, and making a stronger connection to agency budgets.

For More Information:

- Agency report cards are available through a link on the LFC website homepage, https://www.nmlegis.gov/Entity/LFC/Agency_Report_Cards.
- The Accountability in Government Act is Article 3A of Chapter 6 of the New Mexico statutes.