



Legislative Finance Committee **FINANCE FACTS**

Understanding State Financial Policy

Program Evaluation Unit

The Legislative Finance Committee's award-winning Program Evaluation Unit conducts in-depth studies of state government programs and agencies to determine whether the taxpayers' dollars are being spent effectively. The objective studies assess whether an agency or program is achieving the desired results and make recommendations for the Legislature and the agency to improve results.

Background

The LFC's Program Evaluation Unit was established in 1991 from a unit previously housed at the State Auditor's Office. Its mission – to ensure New Mexicans get the most from their tax dollars – was a natural extension of the LFC's role as the fiscal arm of the Legislature.

Because the LFC has broad statutory authority to examine and evaluate the finances and operations of all state-funded agencies and programs, program evaluations cover a variety of issues and can involve the breadth of government, from

Program Evaluation Unit Reports

Program Evaluations - Large projects that assess the results of agency spending and activities

Information Technology Project Evaluations - Assessments of IT project implementation and whether the investment was worthwhile

Progress Reports - Updates on how agencies are performing typically six months to a year after a program evaluation is performed

Results First Reports - Answers to specific questions regarding the cost-benefit of evidence-based programs

Special Reviews - Answers to specific questions within a short timeframe, also called rapid-response reviews

Legislative Services - Briefs or testimony regarding policy issues, best practices, or summaries of recent work

state and local governments to public school districts. Topics have ranged from middle school effectiveness to inmate recidivism.

The Program Evaluation Unit averages a dozen program evaluations a year, in addition to numerous shorter studies. The unit's methodology has been published in

professional journals and the unit has received awards from the National Legislative Program Evaluation Society, including for research methodology and for the agency's overall body of work.

The Program Evaluation Unit is also working with the Pew-MacArthur Results First Initiative to implement a cost-benefit analysis tool for estimating the long-term costs and benefits of investments in public programs. The Results First approach seeks out opportunities to target spending at efficient programs that work and has resulted in reprioritization of spending in early childhood education and criminal justice.

Process

The Program Evaluation Unit selects study topics at the request of legislators, to address statutory requirements, as a follow-up on a previous study, or on the recommendation of LFC staff that a public policy issue needs attention because of the cost of a program or its impact on public safety.

Although the unit's publications include a variety of reports, the primary publication is an evaluation report, produced after four to six months of field work and analysis on a particular topic. Evaluations can review a single agency or agency function, but can often involve multiple agencies carrying out the same function.

The unit follows a five-step process:

- **Initiation and Planning:** Staff decide on the scope the project, design research questions, and create a work plan to address research questions, and provide results.
- **Field Work:** Staff research the topic, interview agency staff and other stakeholders, request data from the program and agency, and analyze the data requested.
- **Reporting:** Staff prepare the report for a public hearing. The report includes findings from field work and recommendations for improvement for both the agency and the Legislature.
- **Public Hearing:** Staff present the report to the LFC and other legislative committees and the program or agency offers a response. Committee members have an opportunity to ask questions.
- **Closeout and Follow-up:** The program or agency provides a plan to address evaluation recommendations and evaluation staff follow up at regular intervals to assess progress on the organization's efforts to address findings and implement recommendations.

For More Information:

• Program Evaluation Unit reports are available through the LFC website, <https://www.nmlegis.gov/Entity/LFC/Default>.