Fourth Quarter Performance Trends to Inform Budget Discussions

The New Mexico Accountability in Government Act (AGA) requires state agencies to provide quarterly performance reports on key measures and targets critical to agency operations. For the fourth quarter of FY21, few agencies showed improvements in performance or efficiency, and even fewer have quality action plans to improve flagging performance. Using the LegisSTAT model, the performance trends presented in these report cards can guide state budget hearings by emphasizing the most critical agency challenges and prompting concrete discussions about agency plans to address those challenges.

LegisSTAT is an innovative process wherein the Legislature holds ongoing, data-driven conversations with agencies to understand
1) why certain performance trends are occurring,
2) what agencies' strategies are to address challenges, and
3) what agencies specific, near-term next steps are to address those challenges.

Among the findings in the quarterly report cards:

Education

Public Education Department, page 65. Federal testing waivers mean that New Mexico has no statewide data on student academic performance for the second year in a row. National data suggests elementary and at-risk students experienced more severe achievement declines during the pandemic, with larger drops in math proficiency. In contrast, high school graduation rates improved to 76.9 percent – a 2 percent increase from the prior year. About 28 percent of students were chronically absent in FY21, significantly higher than the last reported national average of 16 percent in FY16. Despite the loss of instructional time and reduced academic growth, schools continue to opt-out of the state's K-5 Plus and Extended Learning Time Programs, which add 25 days and 10 days to the school calendar, respectively.

Early Childhood Education and Care Department, page 30. Given significant state investments in these early care and education programs, additional performance measures are needed for policymakers to monitor performance. Before the pandemic, childcare assistance average monthly enrollment had been relatively flat, but in FY21, the average monthly enrollment dropped to a low point of 14.5 thousand children. However, the average monthly cost per child increased to $8,117 annually—9 percent above the previous year. The increased cost was driven by the department covering parent co-payments and a $200 per child payment to providers. Despite the increased cost per child, low enrollment will result in general fund reversions or significant federal revenue carry-forward.

Health

Human Services Department, page 36. New Mexico has the largest Medicaid program in the country. Still, the Human Services Department's Medicaid program only reports quarterly performance data on three performance measures related to children's doctor and dental visits and adult hospital readmissions—important measures but hardly comprehensive of the sweeping array of medical care provided by Medicaid. Starting FY22, HSD will report quarterly data on several performance measures for the Medicaid program.

Department of Health, page 43. The Department of Health (DOH) reported some increases in performance across the agency during FY21, but its focus on managing the state's Covid-19 response also resulted in declining performance for other department functions. DOH reported a decline in the number of individuals receiving Developmental Disabilities and Mi Via Medicaid waivers. There are 4,646 individuals on the waiting list for waivers. Of those individuals, 486 placed were offered waiver services and chose to remain on the waiting list. As of July 2021, over 270 individuals accepted the community supports waiver and nearly 100 are receiving services. However, this enrollment is far less than the 1,000 expected. The slow enrollment of people on the waitlist for the community supports waiver, and increased federal matching dollars have led to a significant projected surplus for the program.

Infrastructure

Department of Transportation, page 62. New Mexico roadways deteriorated significantly over the past year, with lane miles in deficient condition increasing 54 percent between 2019 and 2020. The annual decline shows that current funding is insufficient to maintain, let alone improve, the condition of New Mexico roadways.

Department of Information Technology, page 72. The trajectory of the department's rural broadband project is unclear, pending the creation of the new Office of Broadband Access and Expansion. New legislation in FY21 allocated almost $130 million to the new office and to the newly created Connect New Mexico Fund. A director has yet to be hired, and the department is unable to spend their newly allocated broadband funding until the position is filled.

Justice and Public Safety

Children, Youth and Families Department, page 52. The department's strategic plan includes preventive services and more appropriate placements by reducing the use of congregate care and increasing kinship care. However, the department is just beginning to implement many of those preventive services with outcomes such as repeat maltreatment rates not yet influenced by the department's interventions. The rate of children subject to repeat maltreatment (9.5 percent) remains nearly twice the national average.

Courts and Justice, page 5. Though all justice partners predicted a backlog of criminal cases to clog the justice system in FY22, cases reviewed by district attorneys did not substantially increase in FY21. While the courts have made progress in decreasing cost-per juror and interpreter cost for court services, time to disposition, a key indicator of a healthy and timely justice system, still lags the national benchmark of 180 days, with some cases remaining in the system for more than a year. The Administrative Office of District Attorneys failed to report any annual data for the district attorneys.

Department of Public Safety, page 59. Spikes in homicides nationwide have prompted widespread concerns about crime trends, even as preliminary data indicate overall crime rates may be falling nationally and in New Mexico. State police officers are being deployed in targeted operations to combat violent crime, but the agency has reduced proactive enforcement operations and investigations over the past year. The Department of Public Safety's forensic laboratory significantly improved its performance in FY21 and began to reduce its case backlog.

Corrections Department, page 55. The agency has made improvements in prison violence and staffing correctional and probation and parole officers, as well as in key areas related to inmate health. However, persistent and unresolved errors in current and prior year reporting preclude substantive analysis of its performance, including in what is arguably the agency's most significant metric—recidivism rates. Other data indicate that recidivism increased in FY21 at the same time as inmate participation in programming fell as a result of the Covid-19 pandemic.

Natural Resources

Energy, Minerals, and Natural Resources Department, page 23. Oil Conservation Division approval of drilling permits slowed in the fourth quarter due to a significant increase in drilling permit applications. Processing and approval of the applications increased by 200 percent compared to the third quarter. The department plugged 49 abandoned oil and gas wells in FY21, just one well short of its annual target. This is a significant improvement from FY20, when the agency only plugged 36 wells.

Office of the State Engineer, page 26. Despite the state's continuing extreme drought conditions, the Office of the State Engineer did not provide sufficient information regarding plans to improve performance or context for lagging metrics in FY21. Additionally, the agency has neither proposed nor accepted any new measures for FY23 that would gauge performance on new initiatives or better capture current programmatic effectiveness.

Environment Department, page 49. Although drinking water quality data appears encouraging, the Environment Department warns that reduced onsite sanitary surveys during the pandemic likely resulted in unidentified violations, thus inflating the percentage of community water systems meeting health-based standards. Most of the department's other below-target performance results were associated with these low inspection rates. Because these low rates are primarily associated with vacancies and the Covid-19 pandemic, LFC expects to see improved performance in FY22 resulting from significant budget increases to fill positions and a return to normal operations as the state transitions out of a public health emergency.

Economic Development

Economic Development Department, page 20. The department reported strong numbers for total jobs created in FY21. However, most high-paying jobs were reported in Bernalillo County, while rural job growth lagged. Despite a wide range throughout FY21, the annual average cost-per-job for jobs created using Local Economic Development Act funds was lower than FY20. While the department's performance is promising, there is a disconnect between the rate at which jobs are growing according to EDD and the state's high unemployment levels.

Tourism Department, page 18. The Tourism Department met or surpassed all targets for FY21. However, despite internally tracking this data, the department does not report on meaningful measures to track tourism recovery such as visitors to the state and hotel occupancy rates.

Workforce Solutions Department, page 39. While declining in the fourth quarter, the department continued processing unemployment claims at the historically high rate of about 72.3 thousand per week in July 2021. A May 2021, LFC report estimated the state paid about $250 million in unemployment overpayments since the start of the pandemic. Prior to the pandemic, fraud rates were already increasing and are now at the highest level in recent years. Insufficient staff and training made it challenging for WSD to process claims effectively while also following new federal requirements. In an effort to address overpayment issues and reduce call center wait times, the department hired more than 100 call center staff—the impact of which should become evident in the first quarter of FY22. Based on poor performance and recommendations of an August 2020 LFC report, the department recommended consolidating the state's four workforce development boards into two.

General Government

General Services Department, page 13. Risk programs had healthy fund balances but the department ended the year with a $17.3 million shortfall in the health benefits program and did not request an increase in premiums in FY23. The number of sole source and emergency procurements increased from 494 procurements in FY20 to 1,065 in FY21. While a number of emergency procurements related to Covid response were made, there has been a multi-year trend of increasing non-competitive procurements in the state.

State Personnel Office, page 17. State agencies had 1,544 hires in FY21, down from the 2,962 reported in FY20, and state salaries are coming under increasing pressure as the U.S. labor market heals. As SPO notes, "employees in the general salary schedule have an average compa-ratio far above midpoint. This is a strong indicator that the general salary schedule is behind market."

Taxation and Revenue Department, page 9. The department fell short of its FY21 targets for collections of outstanding balances but made improvements in collecting current-year audit assessments, increasing its collection rate from approximately 20 percent to 30 percent over the past year. The department exceeded its performance target in FY21 for the number of tax protest cases resolved, resolving 1,590 cases. Overall, 69 cases, or 4.3 percent, resulted in a hearing, while the rest were resolved in other ways. At the end of FY21, the department reported $567.7 million in taxes under protest. The average wait time at Motor Vehicle Division offices were better than expected, at eight minutes.

Information Technology Projects, page 72. Several projects reviewed this quarter continue to be at high risk following schedule delays, cost expansions, and concerns over pending federal funding for some projects. LFC's review includes four high risk (red), six moderate risk (yellow), and two low risk (green) projects – including the State Land Office's royalty administration and revenue processing system (RAPS) project and the final closeout rating for SWIRE, the statewide infrastructure replacement project under DoIT.

The Children, Youth, and Families Department's comprehensive child welfare information system has undergone several delays because the department decided to integrate with the larger Human Services Department Medicaid management information system replacement (MMISR) project. Integration with MMISR, while offering several advantages – such as the ability to leverage a 90 percent Medicaid match and greater agency-to-agency coordination – also presented challenges such as adding several layers of federal reporting requirements and greater funding complexity. It is unclear if either department will secure federal approval for the integration, putting tens of millions of federal dollars at risk of not materializing.

Investments, page 87. For FY21, the value of New Mexico's combined investment holdings for the pension and permanent funds grew by $11.7 billion, or 22.7 percent annually, to an ending balance of $63.5 billion. Over the last five years, the state's combined investment holdings grew $19 billion, or 42.7 percent.

In a banner year of growth, one-year returns ranged from 22.4 percent (STPF) to 28.8 percent (ERB), and average investment returns over the last 10 years ranged from 7.6 percent (PERA) to 8.6 percent (ERB). Public equities were very strong, driving growth across investments with returns between 35 and 65 percent for the one-year period.

All funds outperformed their targets for every period when annualized. Despite record annual growth in excess of 20 percent, when compared with peer funds greater than $1 billion on a net-of-fee basis, only ERB performed above the median for all periods, ranking near the top for the quarter. Similarly, PERA's private equity returns supported top quartile rankings for the quarter, though PERA's rankings for all other periods remain in the lowest quartile. The STPF performed near or in the lowest quartile for all periods, while the LGPF performed above the median in the quarter and ten-year periods and in the third quartile for all other periods.

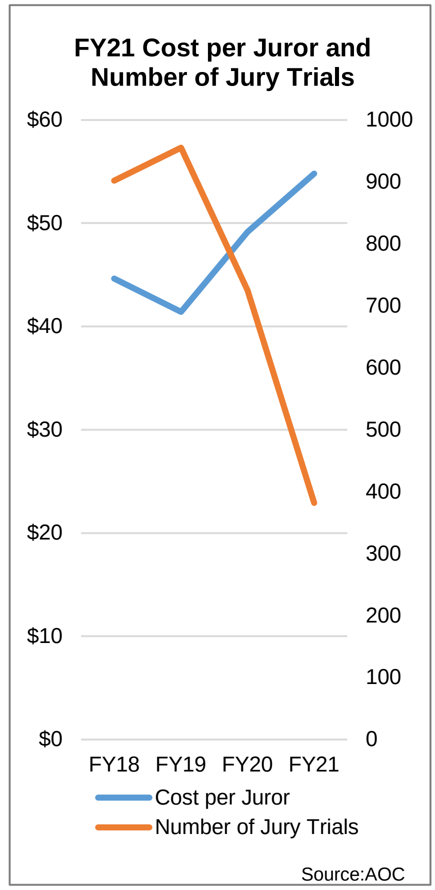
Courts and Justice

ACTION PLAN

Submitted by agency?	PDD and AOC
Timeline assigned?	PDD and AOC
Responsibility assigned?	PDD and AOC

All criminal justice partners saw a significant decrease in cases in FY20 due to the COVID-19 pandemic, and though advocates and agencies feared FY21 would bring a sharp increase in "backlogged" cases, jury trials and caseloads for public defenders and prosecution attorneys remained low throughout FY21.

Since the district attorneys and the Public Defender Department joined the Administrative Office of the Courts (AOC) in a comprehensive report card format, the unequal reporting of data across the criminal justice system has become apparent. The courts have transitioned many measures to semi-annual reporting, reducing their reliability and value. District attorneys lack critical performance measurements, and have not provided action plans where outcomes are poor. The Public Defender Department has improved dramatically in the quality and consistency of reporting for in-house attorneys but continues to struggle with contract attorney reporting and outcomes.



Courts

Administrative Support. AOC provided LFC and DFA with key indicators of a functioning justice system, such as time to disposition and clearance rates for courts, after failing to provide results for these measures for the last several quarters. While cases disposed as a percent of cases filed is above 100 percent, indicating courts are working to clear dockets more quickly than cases pile up, the average time to disposition for criminal cases was 207 days, and the age of active cases was 364 days, well above the national benchmark of 180 days, indicating that courts struggle to provide timely justice.

The average cost per juror slightly exceeded the target for the first time since AOC centralized interpreter and jury management services, likely due to fewer in-person trials held at a higher cost. For example, to abide by public health orders and Supreme Court rules for in-person trails, each juror must be provided individual packets with masks, pens, and sanitizer, and courts must be thoroughly cleaned daily and between juror sessions. The average interpreter cost per session continued to fall in FY21, but agency analysts warn the figure may be artificially low due to the continued drop in court hearings. According to agency reporting, courts held fewer jury trials in FY21 compared with FY20, and only a little more than half the trials held pre-pandemic.

Budget: $13,169.1 **FTE: 49.8**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Average cost per juror	$41.41	$49.17	$50.00	$54.82	G
Number of jury trials*	955	725	N/A	725	
District*	602	524	N/A	382	
Magistrate*	301	153	N/A	153	
Metropolitan*	52	48	N/A	13	
Average interpreter cost per session	$157.47	$117.07	$100.00	$63	G

Age of active pending criminal cases in days	NEW	NEW	180	364	R
Days to disposition in criminal cases	NEW	NEW	180	207	R
Cases disposed as a percent of cases filed	116%	123%	100%	135%	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

Additional Suggested Performance Measures for the Judiciary:

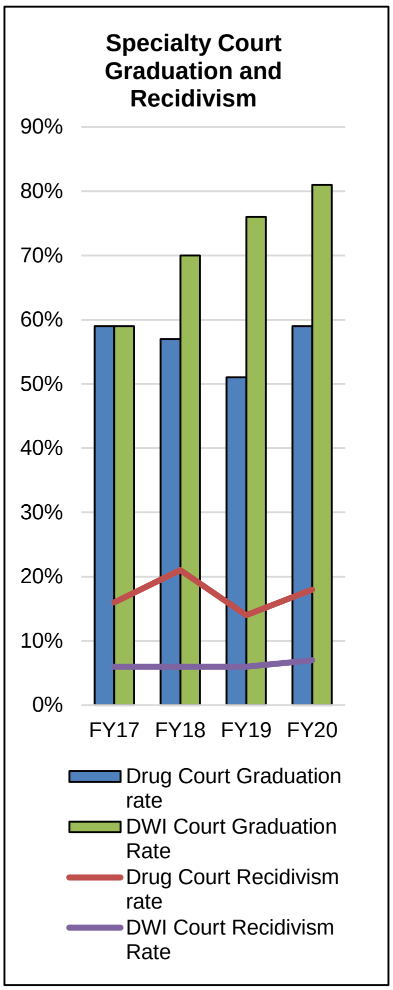
- Appearance rate: percentage of supervised defendants who make all scheduled court appearances.
- Reoffenders: number (or percentage) of supervised defendants who are not charged with a new offense during the pretrial stage.
- Release success rate: percentage of released defendants who don't violate conditions of their release, appear for all scheduled court appearances, and are not charged with a new offense during pretrial supervision.
- Pretrial detainee length of stay: average length of stay in jail for pretrial detainees who are eligible by statute for pretrial release.

Special Court Services. Though the Legislature has prioritized treatment courts in the last several years, program outcome reporting lags at AOC. Program outcomes were only reported once in FY21 due to inconsistencies in data collection, case management, and filing practices across state courts. AOC received a $400 thousand special appropriation during the 2020 legislative session to purchase drug court reporting software, which is now installed in 49 of the 53 special court programs, which will allow for better, more timely reporting in FY22.

Budget: $13,416.3 **FTE: 6.5**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Cases to which CASA volunteers are assigned*	2,668	2,413	N/A	No Report	R
Monthly supervised child visitations and exchanges conducted	14.094	11,698	1,000	No Report	R
Average time to completed disposition in abuse and neglect cases, in days.*	84	85	N/A	No Report	R
Recidivism rate for drug-court participant	21%	14%	12%	No Report	R
Recidivism rate for DWI-court participants	6%	6%	12%	No Report	R
Graduation rate for drug-court participants*	57%	51%	N/A	No Report	R
Graduation rate for DWI-court participants*	70%	76%	N/A	No Report	R
Cost per client per day for all drug-court participants*	$23.25	$25.39	N/A	No Report	R
Program Rating	Y	Y			R

*Measure is classified as explanatory and does not have a target.



Statewide Judiciary Automation. AOC began reporting on new measures for the first quarter of FY20 to better gauge the success of the Statewide Judiciary Automation Program. Last year, complications with the Odyssey case management system caused times per service call to increase sharply. Previous targets, which measured call times in hours regardless of difficulty, were unattainable. The new measures track responses and resolutions to customer service requests in days, and AOC surpassed the targets for each quarter of FY21.

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Average time to resolve calls for assistance, in days	NEW	NEW	1	0.33	G
Program Rating					G

District Attorneys

The district attorneys submitted a unified priorities budget for the 2019 legislative session, highlighting common needs in prosecution offices across the state, which the Legislature largely funded. Despite the previous year's success, the Association of District Attorneys chose not to submit a unified priorities budget for FY21 or FY22, resulting in inconsistent requests across judicial districts. Additionally, the district attorneys were not able to validate four out of five total measures for FY21 in time for the publishing of this report card, further demonstrating the inability to cooperate with each other and the Administrative Office of the District Attorneys. The district attorneys adopted new performance measures for FY21 that examine elements of the agency's work outside of prosecution, such as pretrial detention motions and referrals to alternative sentencing treatments, but did not submit outcomes for the measures in the quarterly report, effectively blocking the Legislature from tracking criminal justice reform implementation in real-time.

New FY21 Performance Measures for District Attorneys

- Detention motion success rate: proportion of pretrial detention motions granted.
- Detention motion rate: proportion of defendants who are motioned for detention.
- Detention motions: number of detention motions made.
- Conviction rate: proportion of cases that result in conviction of those that make it to trial.
- Alternative sentencing treatment: proportion of cases which are identified as eligible for alternative sentencing treatment.
- Alternative sentencing treatment offers: proportion of cases which are diverted to alternative sentencing treatment.

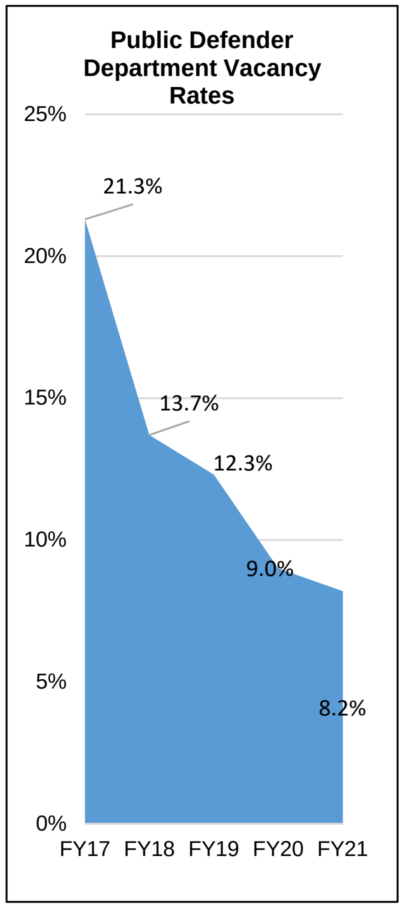
Budget: $79,486.5 **FTE:954**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Cases prosecuted of all cases referred for screening*	89%	87%	N/A	No Report	R
Average cases handled per attorney	312	264	185	205	G
Average time from filing to disposition for juveniles, months	4	4	1.75	No Report	R
Average time from filing to disposition for adults, months	7	7	8	No Report	R
Average cases referred into pre-prosecution diversion programs*	NEW	287	N/A	No Report	R
Program Rating	Y	Y			R

*Measure is classified as explanatory and does not have a target.

Public Defender

The Public Defender Department (PDD) transitioned to a new case management system at the end of FY19 that facilitates the production of robust quarterly reports, especially for in-house attorneys. Like other criminal justice partners, PDD has difficulties recruiting and retaining legal professionals in rural areas. PDD implemented geographical pay differentials and expanded recruitment tactics, decreasing the agency vacancy rate from 21 percent in FY17 to 8.2 percent for the fourth quarter of FY21 and significantly reducing attorney caseloads.



PDD did not meet the target for total reduced charges in felony, misdemeanor, and juvenile cases. According to the agency, this is largely due to the dramatic change in how the criminal justice system operated during the COVID-19 pandemic, where limited in-person contact decreased the ability of attorneys to effectively communicate with clients and increased the likelihood that defendants accepted unfavorable plea deals for fear of contracting the virus in detention. Contract attorneys reduced originally filed charges in only 20 percent of assigned cases according to data provided by PDD, which may be in part due to poor reporting practices and overwhelming caseloads.

PDD currently does not require contract attorneys to regularly close cases in the case management system, likely resulting in underreporting and contributing to poor outcomes for contract attorneys. PDD began a pilot program in 2019 to compensate contract attorneys hourly on designated cases, receiving additional funds in the 2020 legislative session and flexibility to use funds for the same purpose. Many of the early pilot cases will be resolved in FY21, and will provide data linking the compensation rate for contract attorneys and case outcomes. This data will be critical to the agency, as 18 counties with no public defender office rely solely on contract attorneys.

Budget: $55,488 **FTE: 439**

	FY18 Actual	FY19 Actual	FY21 Target	FY21 Actual	Rating
Felony, misdemeanor, and juvenile cases resulting in a reduction of original formally filed charges	72%	63%	70%	48%	R
In-house attorneys	84%	78%	70%	51%	Y
Contract attorneys	31%	21%	70%	40%	R
Felony, misdemeanor, and juvenile cases resulting in alternative sentencing treatment	13,900	8,003	5,000	8,003	G
In-house attorneys	12,281	6956	4000	4,570	G
Contract attorneys	1,169	1,047	1000	1,742	G
Cases assigned to contract attorneys*	34%	35%	N/A	36%	
Average time to disposition for felonies, in days*	326	268	N/A	223	
In-house attorneys*	291	243	N/A	235	
Contract attorneys*	326	293	N/A	248	
Cases opened by Public Defender Department *	63,292	61,294	N/A	56,403	
In-house attorneys*	40,628	40,074	N/A	35,993	
Contract attorneys*	22,664	21,220	N/A	20,410	
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

Taxation and Revenue Department

The Taxation and Revenue Department (TRD) fell short of its FY21 targets for collections of outstanding balances and audit assessments, but made improvements in collecting audit assessments, increasing its collection rate from approximately 20 percent to 30 percent over the past year. TRD cites better communication with taxpayers, a focus on collection of newer assessments, and use of a data analytics tool in improving performance.

The Motor Vehicle Division (MVD) resumed tracking of field office wait times, after over a year with no data. So far, average wait times – eight minutes in the fourth quarter – are better than expected, likely a result of an appointment-only model and increased availability of online services. Conversely, call center wait times averaged over 15 minutes, above the four-minute target, and MVD continues to struggle with call center vacancies amidst increased demand for phone services. The agency's overall vacancy rate fell to 23 percent, after a year of increasing.

TRD district offices and MVD offices are open at full capacity as of the end of FY21, by appointment only. The Property Tax Division has not held any property sales in over a year, citing difficulty in holding remote sales, and struggled with recovery of delinquent property taxes during FY21.

For FY21, the agency received $8.4 million for enhancements to its combined reporting in GenTax, its tax administration software system, including required tax changes.

TRD has an action plan to improve measure performance; however, many improvement steps are vague, and the action plan does not include timelines or assigned responsibilities. The agency should consider developing a more robust action plan with specific, actionable, and assigned steps.

Tax Administration

The Tax Administration Program fell short of collections targets in FY21, collecting just over 30 percent of collectible audit assessments during the fiscal year, short of its goal of maintaining collections at 65 percent. However, the program continues to make slow but steady progress on this measure, increasing collections by over 10 percentage points since the third quarter of FY20. The Audit and Compliance Division (ACD) attributes better performance to a data analytics tool it implemented in FY20 that identifies the most collectible audits, as well as expansion of its managed audit program, which leads to more collectible assessments. The agency intends to continue to promote and expand the managed audit program.

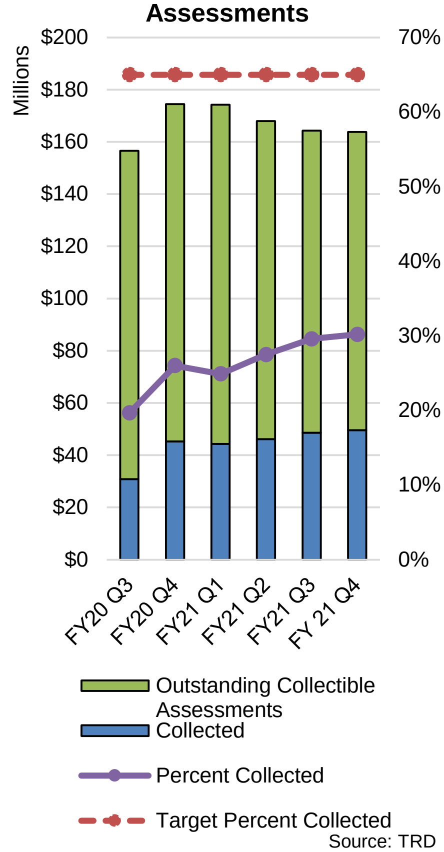
At the end of the fiscal year, the program had collected 17.6 percent of prior year outstanding balances of $963.3 million, short of its 23 percent target. ACD plans to focus its efforts on more recent assessments, which tend to be more collectible. The division also notes that voluntary compliance is the most effective means of tax administration and collection, and intends to improve communication with and education of taxpayers to increase voluntary compliance. The division also plans to issue a request for proposals for an analytics solution that would use both internal and external data to improve collections and compliance and decrease fraud.

ACTION PLAN

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

A recent LFC progress report estimated **the state's tax gap**, or tax dollars owed to the state but not paid, at **approximately $743 million**. This number has grown 17 percent in the last five years, partly because agency efforts have resulted in greater identification of owed taxes. Tax administration program expenditures grew by 11 percent, including new investments in IT tools, helping the agency increase auditing efficiencies. However, collecting unpaid taxes remains a challenge, in part due to high vacancy rates in the tax administration program.

Collections as a Percent of Collectible Audit Assessments



Source: TRD

Budget: $29,061 **FTE:** 470

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year	19.1%	19%	23%	17.6%	Y
Collections as a percent of collectible audit assessments generated in the current fiscal year	49%	26%	65%	30.3%	Y
Electronically filed personal income tax and combined reporting system returns*	88%	100%	N/A	90%	
Program Rating	Y	Y			Y

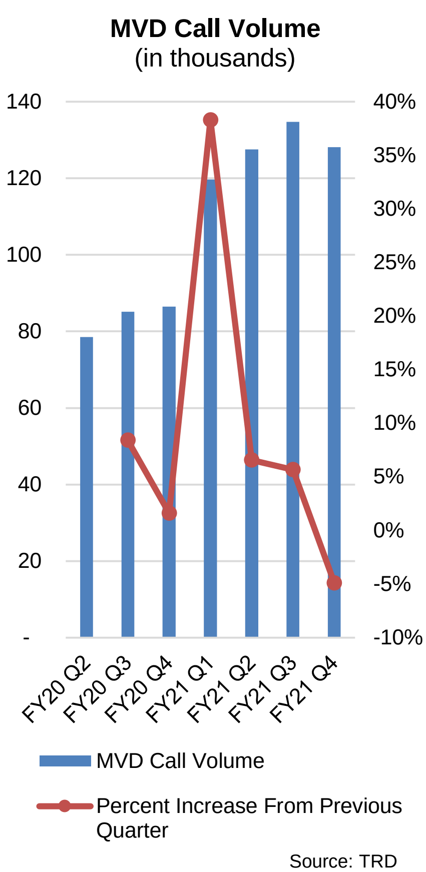
*Measure is classified as explanatory and does not have a target.

53%
Abandoned MVD call rate
(in FY21 Q4)

A new phone system allows more customers to wait on hold, but likely also contributes to a higher rate of abandoned calls

Motor Vehicle Division

In the fourth quarter of FY21, MVD once again began measuring field office wait times, after a year of no measurement. The average office wait time was eight minutes. MVD offices have reopened at 100 percent staff capacity but remain on an appointment-only basis. MVD cites benefits of the appointment-only model, including more predictable staff workloads, shorter wait times, and ability to spread out demand throughout the day and week. The agency's goal is to have same-day or next-day appointments available in all MVD offices, and is focusing on filling vacancies in offices struggling with availability. At the same time, the division continues to expand online services, reducing demand for in-person services. Recent LFC reviews have found that most state offices have same-day or next-day availability. TRD does not collect wait time data or quality data from private partner offices.



The average MVD call center wait time was over 15 minutes in FY21, above the target wait time of 4 minutes. MVD has seen significant increases in call volumes during the Covid-19 pandemic. After five consecutive quarters of increases, call volumes were down slightly in the final quarter of FY21, to 128,121, and MVD expects call volumes to fall further as customers return to in-person appointments. In FY21, MVD changed the way it measures call times, using a weighted average based on volume of different call types. For example, MVD now weights English-language calls, which tend to have a longer wait time, more heavily, as they account for the majority of all calls. For FY22, the wait time target will be 10 minutes, likely better reflecting wait times based on the more accurate weighted measurement.

The share of registered vehicles with liability insurance continued inch up, averaging 91.4 percent for FY21. As a result of ongoing challenges with late and erroneous reporting by insurers, MVD began working closely with the Office of the Superintendent of Insurance, developing a process improvement plan and discussing potential penalties or other administrative action against offending insurers.

Budget: $36,712 **FTE:** 331

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Registered vehicles with liability insurance	90%	91%	93%	91.4%	Y
Average wait time state MVD field offices, in minutes	16:01	16:29	<20:00	8:00	G
Average call center wait time to reach an agent, in minutes	14:09	3:55	<4:00	15:11	R
Program Rating	Y	Y			Y

Property Tax

The Property Tax Program collected and distributed a total of $8.2 million in delinquent property tax to counties in FY21, below its $13 million target, and collected 13 percent of total delinquent property taxes, below its 18 percent target. TRD notes that it will start using new case management software in FY22 that will help title examiners expedite processing of delinquent properties on county delinquency lists.

Public sales of delinquent property have not taken place for the previous five quarters, due to public health restrictions. TRD cited concerns related to legal due process as impediments to holding virtual property sales. However, TRD recently began scheduling public sales and lists five upcoming sales in September and October.

Budget: $4,287 **FTE:** 39

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Delinquent property tax collected and distributed to counties, in millions	$13	$10.4	$13	$8.2	Y
Percent of total delinquent property taxes recovered	21.2%	18.7%	18%	13%	Y
Dollar value of all delinquent property tax sales held, in thousands	$244.4	$435.6	$800	$0	R
Program Rating	G	Y			Y

Compliance Enforcement

The agency fell short of its FY21 target for referral of GRT, PIT, and CIT tax investigations to prosecutors. During the fiscal year, TRD referred four of six opened cases to prosecutors, or 67 percent. The number of tax investigations opened annually is small, causing this measure to fluctuate significantly between quarters and years, at times going above 100 percent.

TRD reports that the courts are experiencing continuing delays in scheduling hearings, due to the Covid-19 pandemic, and no tax fraud cases were prosecuted in the fourth quarter. Only one case was prosecuted – successfully – during FY21, leading to a 100 percent success rate.

A former TRD employee was indicted by a federal grand jury in Albuquerque for wire fraud, money laundering, and identify theft, after fraudulently altering tax refunds. TRD's Tax Fraud Investigations Division investigated the employee in 2018 and referred the case to the FBI. The case is being prosecuted by the U.S. Attorney's Office in Albuquerque.

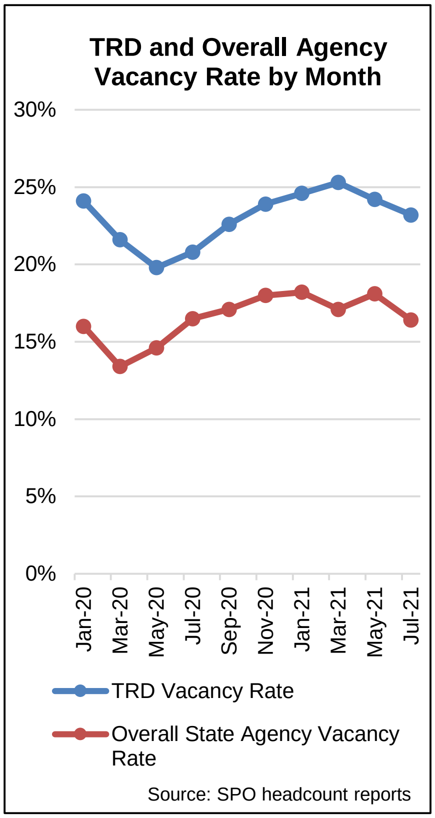
Budget: $1,702 **FTE:** 21

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	61%	114%	85%	67%	Y
Successful tax fraud prosecutions as a percent of total cases prosecuted*	100%	100%	N/A	100%	
Program Rating	R	G			Y

*Measure is explanatory and does not have a target

$567.7 million

Dollar amount of taxes under protest as of June 2021



Program Support

The department exceeded its performance target in FY21 for the number of tax protest cases resolved, resolving 1,590 cases, despite experiencing a lag in case closures in the second and third quarters due to reduced contract resources. Overall, 69 cases, or 4.3 percent of total cases, resulted in a hearing, while the rest were resolved in other ways.

The department reported a figure of 100 percent for internal audit recommendations implemented, exceeding its annual target of 92 percent. The Internal Audit Division is engaged in documenting procedures for all of TRD, and is counting completed internal controls as part of the performance measure on implementation of internal audit recommendations. The work of the internal audit team has shifted since FY19 to assist in business process improvement, and supporting other divisions in identifying and documenting internal controls. These efforts reflect the result of previous audit findings on agency-wide lack of documented controls. TRD intends to build business process improvement capacity within its divisions, allowing the internal audit team to refocus its efforts on internal audits, while still providing support on internal controls. While business process improvement is an important agency-wide goal, it may not be the best measure of internal audit performance. TRD may wish to consider a separate performance measure to gauge progress on internal controls. In the fourth quarter, four audit recommendations and five internal control procedures were implemented.

TRD recently announced that it had reached an agreement to settle a long-standing lawsuit brought by 44 counties and municipalities, who claimed that the agency had improperly distributed GRT revenues to local governments prior to FY16. Under the agreement, the plaintiffs would share a one-time distribution of $50 million from the state; however, there are no details available yet on specific amounts for each local government.

Budget: $21,077 **FTE:** 182

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Tax protest cases resolved	1,003	1,744	1,550	1,590	G
Internal audit recommendations implemented	61%	95%	92%	100%	Y
Program Rating	R	Y			G

General Services Department

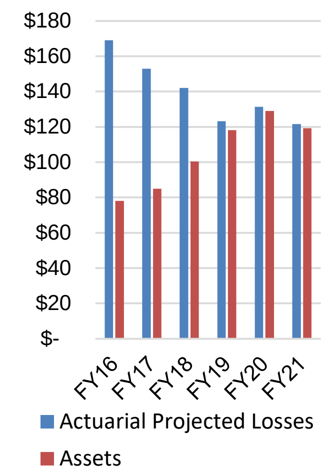
Operations of the General Services Department (GSD) continue to be affected by the Covid-19 pandemic, from volatility in health insurance claims payments to the ability of the agency to conduct scheduled preventive maintenance at state facilities. The department reports healthy fund balances in the risk programs but ended the year with a $17.3 million shortfall in the health benefits program and did not request increase premiums in FY23. The department will be challenged to contain costs and a number of new measures will be added for the group health benefits program in FY22, including nationally benchmarked measures comparable across public and private health plans. Improved performance reporting in the health benefits program is vital as it will provide insight into cost drivers, care quality, and employee satisfaction with the benefits offered.

While the department did include an improvement action plan in the quarterly report submitted to the LFC, the plan did not assign timelines or responsibilities. Without these concrete steps, it is difficult to assess the department's response to and effectiveness in addressing areas of concern.

ACTION PLAN

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

Assets vs. Actuarial Projected Losses for Major Risk Funds
(in millions)



Source: GSD and LFC Files

Risk Management

GSD reports the three largest risk funds have a combined balance of $119.2 million and liabilities of $121.5 million for a total funded ratio of 98 percent, up from 46 percent in FY16. Since the fourth quarter of FY20, projected losses of the three funds fell by $9.8 million while assets fell by the same amount. The risk funds are in a strong financial position.

Budget: $9,086,700 **FTE: 56**

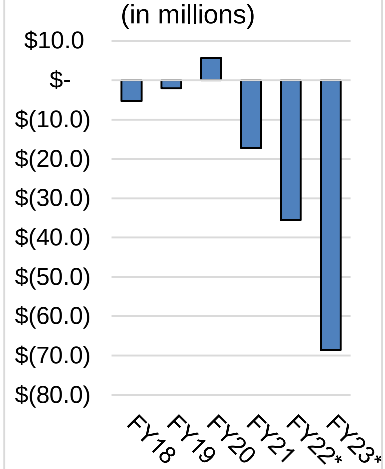
	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Projected financial position of the public property fund*	581%	736%	N/A	523%	G
Projected financial position of the workers' compensation fund*	52%	60%	N/A	61%	G
Projected financial position of the public liability fund*	89%	103%	N/A	112%	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

Group Health Benefits

The department reports per member per month (PMPM) costs increased by 5.9 percent in FY21. The increase in the PMPM cost was driven by increased health care utilization as medical services become more accessible as Covid restrictions were eased. Despite the increase in service cost, health insurance rates were not raised for FY23 and the program closed FY21 with a deficit of $17.3 million. Appointments at the stay well health center are far below capacity, likely as a result of telework options for state employees. The significant shortfall in the health benefits fund shown in the side bar resulted in the program being rated red.

GSD Health Benefits Fund
(in millions)



*Projected assuming no rate increase or COVID reimbursement from federal

Source: GSD

Budget: $385,187,700 **FTE: 0.0**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
State group prescriptions filled with generic drugs	88%	87.2%	80%	86.5%	G

Change in average per member per month total healthcare cost	0.4%	-2.5%	<5%	5.9%	Y
Percent of available appointments filled at the stay well health center*	NEW	NEW	N/A	50%	
Percent of eligible state employees purchasing state medical insurance*	NEW	NEW	N/A	81%	
Percent of hospital readmissions for patients within 30 days of discharge*	NEW	NEW	N/A	TBD	
Program Rating	R	G			R

*Measure is classified as explanatory and does not have a target.

Facilities Management

The Facilities Management Division (FMD) is responsible for maintaining 2.4 million square feet of state-owned space and 2.1 million square feet of leased space. FMD is responsible for master planning functions to ensure agencies have the space required to fulfill their missions while maximizing the efficient use of state facilities. FMD is attempting to reduce the state's facility footprint, reflecting a smaller workforce. Additionally, GSD is working to move employees from leased space to state-owned facilities and reduce occupied square footage to account for telework. Efforts to consolidate state agencies and reduce leased space have been hampered by uncertainty about the future space needs of the state workforce.

FMD reports only 48 percent of scheduled preventive maintenance activities were completed on time as Covid-19 restrictions reduced staff ability to complete work. There were 10 new leases entered into in FY21, six of which were exempted from the space standard. The other 10 met the 215 square foot per FTE space standard. FMD has a goal of conducting facility condition assessments on 20 percent of occupied, GSD-owned facilities per year. There are approximately 750 facilities in the state resulting in need for 150 assessments per year. For FY21, FMD conducted only one assessment at the State Veterans' Home. While FMD struggled to complete projects on time and was unable to meet the goal for assessments, the program is rated as yellow due to interruptions as a result of Covid restrictions that were outside of the agency's control.

Appropriations to GSD for Building Repair and Maintenance

FY20	$5,000,000
FY19	$1,500,000
FY18	$0
FY17	$4,000,000
FY16	$3,500,000
FY15	$0
FY14	$4,500,000
FY13	$500,000

Source: LFC Files

FY21 Leased and State-Owned Office Space by Square Foot and FTE
Top 10 Agencies by Space Utilization

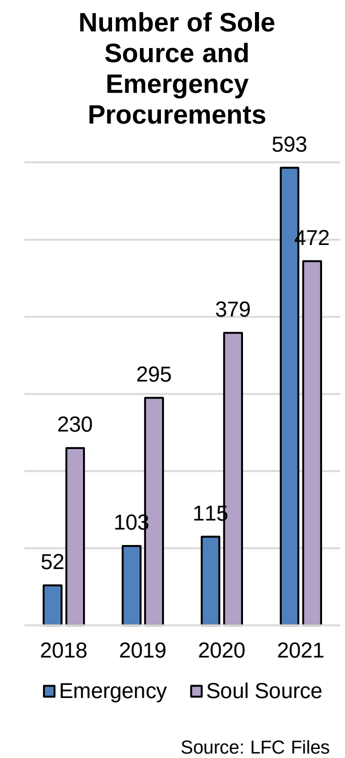
Department	Leased Space	Rent	State-Owned Space	State-owned Space Per FTE (Target 215)	Total Space
Human Services Department	716,989	$17,045,290	61,456	415	778,445
Children, Youth & Families Department	419,432	$8,593,213	301,488	493	720,920
Department of Health	274,835	$4,315,346	245,776	362	520,611
Corrections Department*	73,273	1,386,037	299,424		372,697
Taxation and Revenue Department	184,566	$4,239,764	149,838	288	334,404
Department of Environment	120,490	$2,273,294	71,669	462	192,159
Workforce Solutions Department	25,163	$475,187	162,160	374	187,323
Department of Public Safety	63,007	$516,839	64,858		127,865
State Engineer	63,251	$924,009	37,885	209	101,136
Regulation and Licensing Department	24,188	$392,655	65,687	373	89,875
Total	1,965,193	$40,161,634	1,460,241	386	3,425,434

*New Mexico Corrections Department not included in Total FTE per LSF calculations because of special programmatic needs.

Source: GSD

Budget: $15,036,300 **FTE: 141**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Capital projects completed on schedule	98%	96%	97%	88%	Y
Preventive maintenance completed on time	57%	75%	95%	48.2%	R
New office leases meeting space standards	86%	93%	80%	100%	G
Program Rating	G	G			Y

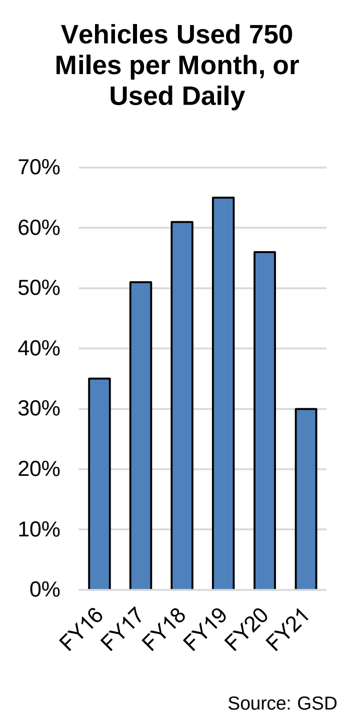


State Purchasing

The program reports professional service contract review took 8.1 days on average, down from 20 days in the first quarter, but more than the target of 5 days. Of the 76 executive agencies, 73 had a procurement officer in the fourth quarter. The number of sole source and emergency procurements increased from 494 procurements in FY20 to 1,065 in FY21. While a number of emergency procurements related to Covid response were made, there has been a multi-year trend of increasing non-competitive procurements in the state. In 2018, there were 282 emergency and sole source procurements which increased to 494 in 2020 as shown in the side bar.

Budget: $2,461,100 **FTE: 28**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Procurement code violators receiving procurement code training, as compared to previous fiscal year	99%	113%	90%	64%	R
Agencies with certified procurement officers	91%	92%	95%	95%	G
Average number of days for completion of contract review	NEW	NEW	<5	8.1	Y
Program Rating	G	Y			G



Transportation Services

Vehicle use increased from 26 percent of the 1,925 vehicles in the GSD fleet being used daily in the first quarter to 44 percent in the fourth quarter. While the proportion of vehicles used 750 miles per month or daily is well below the target level, the program is rated yellow as the performance is directly related to Covid-related restrictions that are outside of agency control.

Budget: $9,590,600 **FTE: 33**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Vehicle operational cost per mile	$0.49	$0.48	<$0.59	$0.49	G
Vehicles used 750 miles per month	65%	56%	70%	30%	R
Program Rating	G	Y			Y

State Printing

The State Printing Program continues to be adversely affected by the Covid-19 pandemic. The program generally orders materials in the first two quarters of the fiscal year and then invoices for printing in quarters three and four. However, orders have fallen as employees work remotely and printing for the legislative session was diminished. The program reported sales fell by 11 percent and the program experienced a loss of 0.6 percent for the year. The program is rated yellow as the poor performance was driven by factors outside agency control.

Budget: $2,030,300 **FTE: 9**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Revenue exceeding expenditures	NEW	5%	5%	-0.6%	R
Sales growth in revenue	31%	8.6%	20%	-11%	R
Program Rating	G	Y			Y

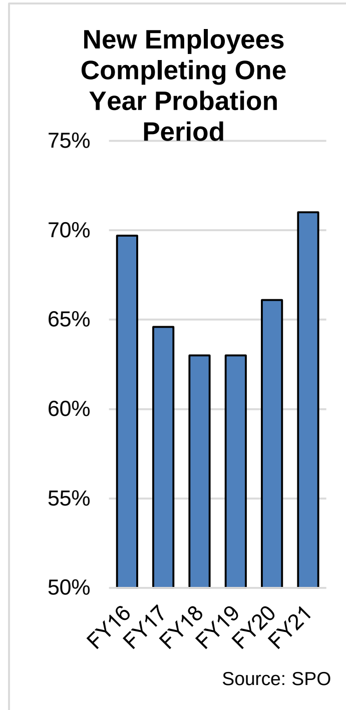
State Personnel

ACTION PLAN

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

Despite the public health emergency, state government must continue to provide services to citizens and the State Personnel Office (SPO) plays an integral role, from helping agencies fill essential positions to providing telework policies to keep employees safe and productive. While SPO has released a voluntary telework policy, the agency has yet to offer updated guidance on return to work protocols.

The state operated under a hiring freeze through much of FY21. SPO reports 1,544 hires in FY21, down from the 2,962 reported in FY20. Though 71 percent of new hires completed the 1-year probation period, more competition in the labor market may increase turnover. The classified service vacancy rate averaged 19.9 percent for the year, but the rate increased from 19.4 percent in the first quarter to 20.8 percent by the fourth quarter. Moving forward, SPO must closely monitor developments in the labor market to ensure the state remains a competitive employer.



SPO's quarterly report does not include information on salary competitiveness or turnover by job type, but measures of compa-ratio, or salary divided by midpoint of salary range, continue pointing to salary inadequacy. As SPO notes "employees in the general salary schedule have an average compa-ratio far above midpoint. This is a strong indicator that the general salary schedule is behind market." New hire employees are being brought in at 99 percent of midpoint while more tenured employees are receiving 103 percent of midpoint. This suggests that the middle of the salary range has become entry level and there is little room for employees to move through the salary range.

At SPO's request, a number of measures are classified as explanatory, meaning they do not have performance targets. However, ratings were given based, in part, on prior year performance. No action plan was submitted with the quarterly report. SPO has committed to working with the LFC and will provide metrics to monitor the state's competitiveness.

The salary schedules maintained by the State Personnel Office have not been updated sufficiently to keep up with the broader labor market making state employment less competitive and creating difficulties in attracting and retaining workers.

Budget: $4,147.5 **FTE: 46**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Classified service vacancy rate	19%	21%	N/A*	19.9%	Y
Average days to fill a position from the date of posting	50	56	N/A*	50.5	Y
Average state classified employee compa-ratio	103%	103%	100%	103.4%	R
Average state classified employee new-hire compa-ratio	99%	100%	N/A*	98.6%	Y
New employees who complete their first year of state service	63%	66%	N/A*	71%	Y
Classified employees voluntarily leaving state service	14%	12%	N/A*	13%	
Classified employees involuntarily leaving state service	1.2%	2%	N/A*	1.6%	
Number of hires external to state government	NEW	NEW	N/A*	1,996	Y
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

New Mexico Tourism Department

Covid-19 has had a substantial negative impact on the tourism industry in New Mexico, which makes up approximately 8 percent of the total state economy, according to the department's most recent economic impact study. Jobs in the leisure and hospitality sector continued to show year-over-year declines in the fourth quarter of FY21, further complicating tourism recovery efforts. While the department excelled in growing its social media presence and earned media revenue, it will need to prioritize workforce issues, low out-of-state visitation rates, and appropriately leveraging public dollars for marketing to fully recover and grow tourism in the state, which is addressed in the agency action plan.

Marketing and Promotion

Employment in the leisure and hospitality industry for FY21 increased significantly from the FY20 pandemic low of -27.5 percent, however, the 14 percent decrease from 2019 employment levels still represents a significant workforce shortage in an industry fighting to not only recover, but grow. The New Mexico Tourism Department (NMTD) leveraged its workforce during public-health closures to focus on and strengthen its digital footprint, resulting in substantial increases in digital engagement and earned media.

Budget: $14,795.1 FTE: 16

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Change in New Mexico leisure and hospitality employment	5%	-27.5%	3%	-14%	Y
Change in total digital engagement	NEW	NEW	3%	16.8%	G
Amount of earned media value generated in millions	NEW	NEW	$1	$1.7	G
Program Rating					G

Tourism Recovery Metrics		
Indicator	**May 2020**	**May 2021**
Travel Spending	-67.10%	-18%
Drive Market Visitors	-54%	-4%
Passengers Deplaned At Albuquerque International Sunport	20,313	138,931
Hotel Occupancy rates	25.90%	60.30%

Recovery. New Mexico tourism and the industries reliant on it suffered during the pandemic. While New Mexico was not alone in experiencing severe tourism losses, some data indicate New Mexico was hit harder than other states. For example, the Albuquerque International Sunport saw one of the greatest losses in passengers deplaned in 2020 in the country, and is still at only 50 percent of its 2019 passenger level. Additionally, the state did not resume marketing and promotion for either in-state or out-of-state tourism until March, 2021, or the beginning of "peak" tourism season. Despite the late start, the agency worked to quickly expend $7 million in special appropriations for tourism revitalization, collaborating with the Department of Game and Fish and its New Mexico True partners to produce several robust

ACTION PLAN

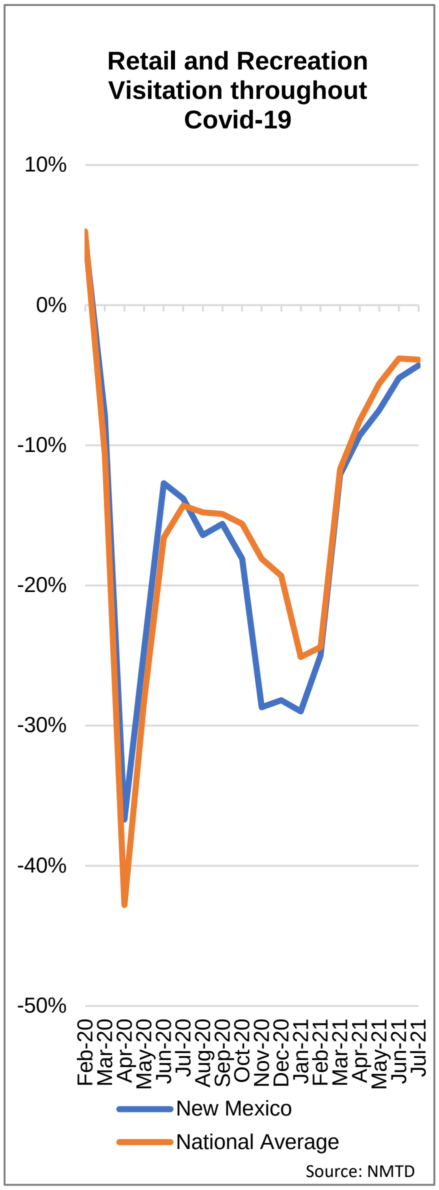
Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

LegisSTAT Pilot Agency

The New Mexico Tourism Department participated in the Legislative Finance Committee's first LegisSTAT panel, a new hearing format hyper-focused on performance metrics and agency action plans.

The agency addressed key economic recovery indicators, including visitation rates and leisure and hospitality employment rates. The department will be asked to update members on recovery metrics in future appearances before the committee, as well as respond to key questions including:

- How is the department measuring Return on Investment (ROI) from various marketing initiatives?
- What additional data and metrics would provide more insight into ROI from agency spending?
- Will the Tourism Department commit to improve its quarterly reporting to LFC and DFA with relevant recovery-measures, such as hotel occupancy rates?



marketing campaigns. Though key indicators of tourism recovery are still below pre-pandemic levels and may continue to be into the first quarter of FY22, recovery is happening, with travel spending up approximately 50 percent year over year, and the "drive market," or visitors who drive more than 50 miles from their home to a New Mexico destination, is only 4 percent lower than pre-pandemic levels.

NMTD focuses on data for tourism revitalization, and hosts a public economic recovery dashboard on its website. The dashboard features data from various sources on visitor spending, vaccination rates, small business performance, and hotel occupancy rates. This tool enables legislators and members of the public to track the efficacy of marketing and promotion spending, and the department should consider continuing the dashboard post-pandemic in addition to including relevant measures its quarterly reports.

New Mexico Magazine

New Mexico Magazine exceeded its target for advertising revenue per issue, reaching an average of $182.2 thousand for FY21. Due to the Covid-19 pandemic, the department re-evaluated its sales strategy, which, combined with a fully staffed sales team, accounted for the increase in advertising revenue. *New Mexico Magazine* has a circulation of approximately 68 thousand customers. The magazine's digital engagement reaches more than 200 thousand visitors per month across various platforms.

Budget: $3,231.9 FTE: 10

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Advertising revenue per issue, in thousands	$67.8	$75	$80	$182.2	G
Program Rating	Y	Y			G

*Measure is classified as explanatory and does not have a target.

Tourism Development Program

The Tourism Development Program provides tourism support for communities, regions, and other entities around the state by providing training, litter prevention, cultural heritage outreach, and financial support in the form of competitive grants. The tourism development division made collaboration with Native American partners a priority in recent years, hiring a full-time cultural heritage coordinator in late FY20. The New Mexico True Certified program continued to grow in the final quarter of FY21, and helped businesses weather the pandemic through creating holiday gift guides and road trip guides. NMTD notes that the New Mexico True Certified program has quadrupled since its creation in 2014, and projects saw continued growth as more businesses realize its branding potential.

Budget: $2,305.8 FTE: 18

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Number of meetings or events conducted with Native American entities	NEW	NEW	16	21	G
Number of participants in New Mexico True Certified Program	NEW	NEW	250	414	G
Program Rating					G

*Measure is classified as explanatory and does not have a target.

For the final quarter of FY21, the Economic Development Department (EDD) continued to focus on aiding New Mexico businesses recover after public-health related closures, offering webinars for local businesses on topics including how to qualify for state and federal funding, Local Economic Development Act (LEDA), and Job Training Incentive Program (JTIP) resources. While several metrics for the department, including overall job creation, have begun to recover to, and even surpass, pre-pandemic levels, rural job creation severely lags overall state job creation, and should be a department focus for FY22, which is included in the agency's action plan.

ACTION PLAN

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

LegisSTAT Pilot Agency

The New Mexico Economic Development Department (NMEDD) participated in the Legislative Finance Committee's first LegisSTAT panel, a new hearing format hyper-focused on performance metrics and agency action plans.
The agency addressed the department's role in creating jobs in the state. The department will be asked to update members on recovery metrics in future appearances before the committee, as well as respond to key questions including:

-Why is rural job creation recovering slower than other job creation from the agency?

-How will the department proactively attract businesses to rural New Mexico?

-How is the department monitoring the return on investment from LEDA grants?

Economic Development

Local Economic Development Act and Job Training Incentive Program. The Economic Development Division awarded six companies $9.8 million in Local Economic Development Act (LEDA) funds in the fourth quarter of FY21 and created 1.016 jobs, bringing the total number of jobs created for LEDA in FY21 to 3,058, surpassing the target. Major LEDA recipients in the fourth quarter include $250 thousand to Beck and Bulow, a Santa Fe meat company, which will create 52 new jobs in the next seven years; $500 thousand to Affordable Solar, a large-scale solar and energy storage integration throughout the Western United States, which will support 70 high-paying jobs in the next five years; and $500 thousand to American Gypsum, a long-standing manufacturer of wallboard products in New Mexico, which will create 137 jobs.

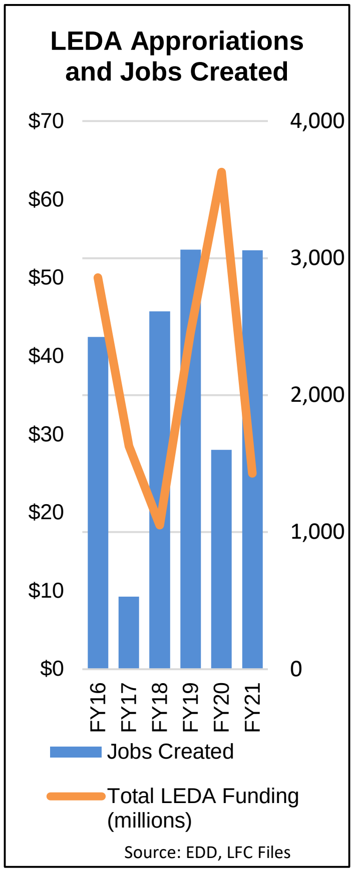
The funds matched for fourth quarter LEDA projects totaled $585 million, contributing to a 128-to-one ratio of private sector dollars invested per dollar of LEDA funds awarded. The department distributed a total of $47.4 million in LEDA funding in FY21, with an average cost-per-job for the fiscal year of $15.7 thousand. While the total fiscal year average cost-per-job is significantly lower than FY20, cost-per-job ranged from $8 thousand per job to $21 thousand per job in the four quarters of FY21 alone, indicating inconsistency in LEDA award criteria. As of August 2021, EDD reports $30 million in general fund, other state funds, and severance tax bonds as unencumbered.

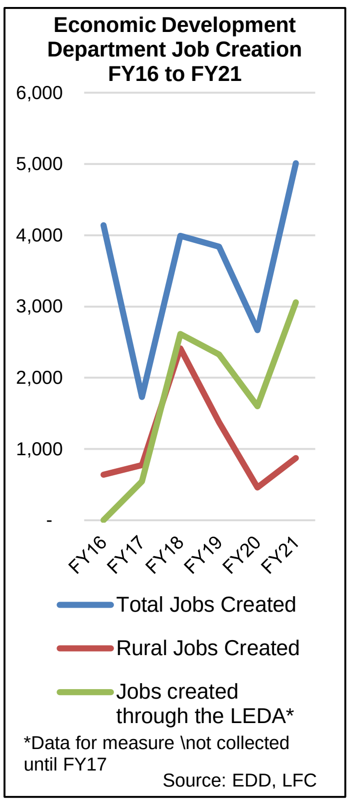
Cost Per Job

	JTIP	LEDA
FY15	$5,300	$5,000
FY16	$6,000	$10,400
FY17	$12,563	$29,200
FY18	$8,839	$4,025
FY19	$8,144	$13,272
FY20	$4,541	$39,688
FY21	$6,643	15, 663

Source: EDD & LFC Files

For the Job Training Incentive Program (JTIP), the JTIP board approved 32 companies in the fourth quarter, nine of which were new to JTIP, bringing 727 new jobs at an average wage of $20.34 per hour. Of the new jobs, 172 were high wage, of which 146 were located in urban areas with at least a $60 thousand annual salary and 26 were located in rural areas with at least a $40 thousand annual salary. The board also approved 16 internships at an average wage of $21.56 per hour. The department reports $15.2 million in available JTIP funds.





MainStreet. In addition to $10.9 million in private sector investments and 66 private building rehabilitations, local MainStreet programs reported 71 net new businesses, seven business expansions, and 284 net new jobs for the fourth quarter. Major MainStreet projects from the final quarter of FY21 include the addition of four new business to Belen's MainStreet district, creating 106 new jobs, two new businesses in Harding County MainStreet for a total of seven new jobs, six new businesses in Taos for 12 new jobs, and a $4 million investment in the renovation of the Taos Couse-Sharp historic site.

Recovery. Total jobs created by the department and jobs created through LEDA surpassed the target, and even pre-pandemic levels, for FY21. The department has focused on companies that offer competitive wages, and surpassed the target for wages of jobs created in excess of prevailing local wages by $20 thousand. Despite the overall growth in jobs attributable to department efforts, rural jobs created by the department have not made a similar recovery, and rural jobs created in FY21 were only a third of those created in FY19. The agency attributes this in part to public-health-emergency-travel-restrictions and notes, in general, in-person meetings are vital for both attracting jobs to rural New Mexico and engaging rural New Mexican communities and businesses in development opportunities. The department plans to concentrate in-person efforts in rural New Mexico at the outset of FY22 and will request funding for additional regional representatives to build capacity in rural areas. EDD's action plan includes new web initiatives to include rural economic development organizations, and new policies geared toward urban companies seeking remote workers. Though EDD surpassed its internal job creation targets, the greater New Mexico economy still faces workforce and recovery issues, indicating the need to better align EDD measures with overall state economy indicators.

Budget: $10,277 FTE: 25

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Jobs created due to economic development department efforts	3,840	2,670	4,000	5,012	G
Rural jobs created	1,376	460	1,320	871	Y
Average wage of jobs created due to economic development department efforts (in thousands)	NEW	NEW	$47.5	$70.6	G
Jobs created through business relocations facilitated by the New Mexico partnership	617	812	2,250	147	R
Potential recruitment opportunities submitted by the New Mexico Partnership	53	33	60	60	G
Wages of jobs created in excess of prevailing local wages	NEW	NEW	$5,000	$24,948	G
Private sector investment in MainStreet districts, in millions	$30.7	$24.57	$30	$58	G
Company visits to New Mexico for projects managed by the New Mexico Partnership	New	New	12	9	Y
Private sector dollars leveraged by each dollar through Local Economic Development Act	32:1	27:1	20:1	128:1	G
Jobs created through the use of Local Economic Development Act funds	3,586	1,600	3,000	3,058	G
Workers trained by Job Training Incentive Program	2,333	2,202	1,900	3,356	G
Program Rating					G

*Measure is classified as explanatory and does not have a target.

New Mexico Film Office

The Covid-19 pandemic brought film and television production to a standstill in March 2020, and production re-started in September 2020. Productions have since resumed at a steady pace, resulting in an increase in worker days throughout FY21 and surpassing the annual target. Direct spending by the film industry reached $624 million for FY21, a 58 percent increase over FY20. However, once again growth in rural New Mexico lags, and the agency reports that none of the high-budget productions contributing to the increase are working in the rural uplift zone.

Budget: $747.1 FTE: 8

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Direct spending by film industry productions, in millions	$525.5	$257.3	$530	$624	G
Film and media worker days	319,814	266,604	300,000	514,580	G
Direct spending by film industry productions eligible for the additional 5 percent credit in rural areas in millions	New	New	$20	$7.16	R
Program Rating	Y	R			Y

*Measure is classified as explanatory and does not have a target.

2021 Outdoor Equity Grant Recipient Examples			
Organization	Grant Awar	Location	Project Description
Big Brothers Big Sisters Mountain Region	$ 10,000	Gallup	The Outdoor Mentoring Program focuses on giving young people equitable access to the outdoors and providing matches (mentors and youth) with outdoor opportunities.
City of Clovis The City of Clovis	$ 20,000	Clovis	Provide local youth with opportunities to engage with the environment.
Flower Hill Institute Flower Hill Institute	$ 1,998	Jemez Pueblo	Flower Hill Institute will host STEM and Indigenous Knowledge culturally responsive summer camps for Tribal youth.
Hermit's Peak Watershed Alliance00	$ 20,000	Sapello	This program will provide opportunities to local youth for birding, fly fishing, and participating in in the Gallinas River Park revitalization.
Hozho Academy	$ 20,000	Gallup	Will provide an outdoor classroom and greenhouse where students learn various planting techniques including traditional Native gardening.
Localogy Vida Camp	$ 15,000	Questa	Connects youth in northern Taos County with their foodshed, watershed. Youth will explore local farms, ranches, and streams while engaging in work to improve the community.

Outdoor Recreation

The Outdoor Recreation Division's (ORD) goal is to ensure all New Mexicans share in the public health, environmental, and economic benefits of sustainable outdoor recreation. The two-person ORD team focuses on a few key impact areas: economic development, promotion of outdoor-recreation assets, conservation, and education and public health programs. In the fourth quarter, ORD awarded grants to three outdoor recreation business accelerators. ORD will start to record results from those awards beginning in FY22.

ORD also announced the award recipients of the outdoor equity fund (OEF) for the 2021 grant cycle. The grants, awards ranging from $1,000 to $20 thousand, support youth outdoor experiences that foster stewardship and respect for New Mexico's land, water, and cultural heritage. In 2020, the OEF awarded a total of $261,863.78 to 25 programs, which were able to get approximately 2,700 kids outside. This year, the OEF awarded $898,337 to 57 programs throughout the state that will get nearly 22 thousand youth outdoors over the next 18 months.

Budget: $451.4 FTE: 2

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
New outdoor recreation jobs created by the outdoor recreation division*	New	40	N/A	6	
Outdoor recreation projects funded or lead by the outdoor recreation division*	New	11	N/A	9	
Program Rating					

*Measure is classified as explanatory and does not have a target.

PERFORMANCE REPORT CARD: Fourth Quarter, FY21

Energy, Minerals and Natural Resources Department

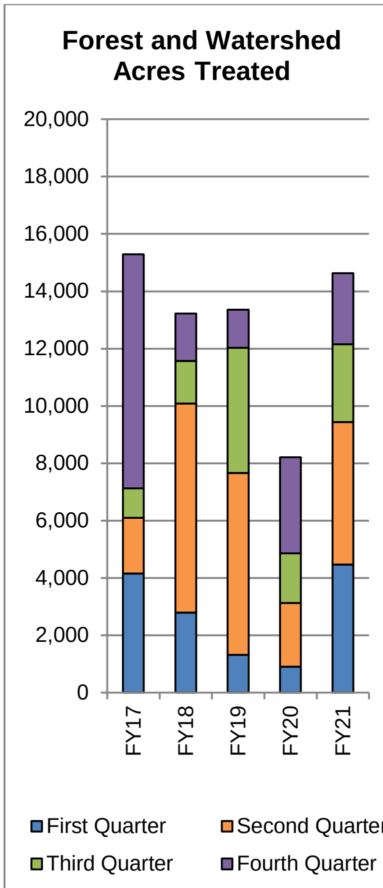
The Energy, Minerals and Natural Resources Department (EMNRD) pursued new initiatives in FY21 to improve performance in key areas, such as a modernization plan to increase State Parks visitation and a reorganization of the Oil and Gas Conservation Division (OCD) to address the agency's need to pay competitive salaries. The impact of these efforts, however, is yet to be seen. State parks have returned to normal operations following pandemic-related closures and capacity limits, but visitation continues to decline. Meanwhile, OCD inspections and abandoned well reclamations have not yet increased to meet expectations set by the program.

ACTION PLAN

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

Healthy Forests

The Covid-19 pandemic inhibited the operations and performance of the Healthy Forests Program, also known as the State Forestry Division (SFD), in the first half of FY21, placing the program behind schedule in meeting its firefighter training target. SFD amended contracts to develop and expand online classroom trainings, which led to an increase in FY21 Q3. However, trainings decreased in the fourth quarter due to a number of wildfires requiring initial attack early in the season.



Source: EMNRD

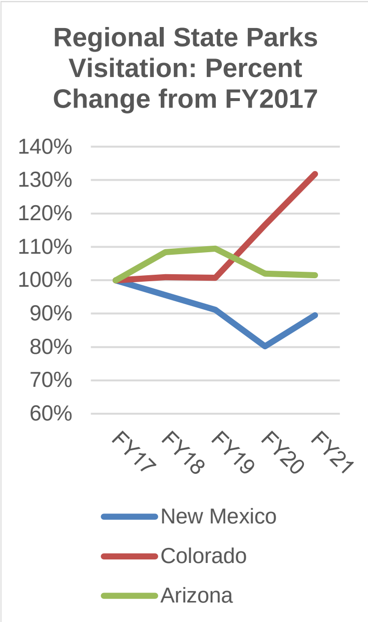
The number of forest and watershed acres treated was also affected by Covid-19 in early FY21, as prescribed burns were canceled to comply with the public health order. Some forest thinning operations were also halted until contractors received clarification that natural resource extraction is an essential business and work could resume within the safety guidelines. Improving pandemic conditions, however, have allowed SFD to return to a more typical pace. Furthermore, the court-ordered injunction on treatments in Mexican spotted owl habitat that was responsible for reduced treatment acres in FY20 was lifted, allowing SFD to move forward on high-priority U.S. Forest Service projects. Although third quarter numbers were lower than quarters one and two, acres treated in FY21 have already exceeded the FY20 total and the program is on track to meet its target.

Budget: $15,900.3 **FTE:** 77

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Nonfederal wildland firefighters provided training	1,454	1,229	1,500	1,066	Y
Acres treated in New Mexico's forest and watersheds	13,358	8,213	14,500	14,637	G
Program Rating	Y	Y			Y

State Parks

For the first time in five years, state park visitation increased in FY21. Visitation was still lower than FY19, but by less than 2 percent, indicating at least a return to typical visitation after numbers dropped significantly due to the Covid-19 pandemic. Notably, despite severe drought conditions limiting opportunity for water recreation for most of the fourth quarter, visitation outperformed the fourth quarters of not only FY20, but FY19 and FY18 too. Self-generated revenue in the fourth quarter from



Source: EMNRD, Colorado Parks & Wildlife, Arizona State Parks & Trails, Arizona Office of Tourism

day-use passes, camping permits, and annual passes also exceeded the revenue collected in the fourth quarters of the past three fiscal years. Still, total revenue and the average amount of revenue per visitor is still down compared to FY19 and FY20. The State Parks Division is recruiting for permanent and temporary employees to ensure adequate park services and management that support a positive visitor experience, but limited revenues may lead to additional deferred maintenance.

Budget: $28,160.6 **FTE:** 242.4

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Number of visitors to state parks, in millions*	4.5	3.9	N/A	4.4	G
Self-generated revenue per visitor, in dollars*	1.02	1.04	N/A	$0.65	
Program Rating	Y	Y			G

*Measure is classified as explanatory and does not have a target.

Mine Reclamation

The Mining Act and the Surface Mining Act require that mines obtain a permit including an approved reclamation plan and financial assurance that would allow the state to complete reclamation if the company owning the mine fails to do so. At the end of FY21, 65 of the 66 mines managed by the program were in compliance with this requirement. The operator of the out-of-compliance mine has had its permit revoked and the agency is pursuing forfeiture of the financial assurance. Once the financial assurance is returned, the mine will be in compliance.

Budget: $8,229.1 **FTE:** 32

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	100%	100%	97.5%	99%	G
Program Rating	G	G			G

Oil and Gas Conservation

The Oil and Gas Conservation Division (OCD) is engaged in a reorganization effort to address inconsistencies across district offices and streamline processes to improve compliance and enforcement. Performance data will help determine the effectiveness of the reorganization. Specifically, the agency expects the quality of inspections and compliance to increase as a result of the restructuring and aggressive hiring efforts.

The division approved 87.6 percent of drilling permits within 10 business days in FY21, allowing most operators to conduct business without unnecessary delays, but fell short of the measure target. Performance on this measure was significantly lower in the fourth quarter than in the rest of FY21 – 73 percent versus an average of 93 percent in Q1-Q3 – due to a large uptick in the number of applications for permit to drill (APDs). According to agency data, OCD staff approved 1,127 APDs in the fourth quarter – a 201 percent increase in processing from quarter three.

OCD had a new procurement agreement for FY21 that allowed for additional approved well-plugging contractors, which substantially increased the number of wells plugged in FY21 relative to the past three fiscal years. The division was just one well short of meeting its annual target.

The Environmental Bureau of OCD has the additional responsibility of overseeing the Carlsbad brine well remediation project, which is not captured in the division's performance measures. The southern void has been stabilized, but additional roof collapse was discovered in the northern portion of the cavern and additional filling material and work is needed to prevent potential groundwater contamination. A combination of special appropriations, local government contributions, and a transfer from the state road fund are covering the remaining costs.

The Oil Conservation Commission adopted natural gas waste reduction rules proposed by EMNRD to reduce methane and other greenhouse gas emissions from the oil and gas sector. The rule, which prohibits routine venting and flaring and requires operators to capture 98 percent of their natural gas waste by the end of 2026. Begininning in October 2021, the rule will require detailed reporting of natural gas loss from oil and gas production and midstream operations.

Budget: $13,148.7 **FTE:** 75

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Inspections of oil and gas wells and associated facilities showing compliance with permits and regulations	31,043	36,852	31,000	35,757	G
Application to drill permits approved within 10 business days	92.9%	94.6%	95%	87.6%	R
Abandoned oil and gas wells properly plugged	31	36	50	49	G
Violations issued*	1,620	2,176	N/A	3,174	
Program Rating	G	G			Y

*Measure is classified as explanatory and does not have a target.

Renewable Energy and Energy Efficiency

The purpose of the Renewable Energy and Energy Efficiency program, also called the Energy Conservation and Management Division (ECMD), is to develop and implement effective clean energy programs, renewable energy, energy efficiency and conservation, alternative transportation and fuels, and safe transportation of radioactive waste. ECMD also provides technical assistance and information to the renewable energy industry for ongoing, potential, and proposed projects.

ECMD administers six clean energy tax credit programs for renewable energy production, solar market development, sustainable buildings, agriculture biomass, biodiesel facilities, and ground-source heat pumps. Processing of applications slowed down significantly in the fourth quarter of FY21 despite the program receiving fewer applications than in previous quarters. ECMD reports the solar market development tax credit program has generated a strong interest in solar photovoltaic (PV) systems. This program generates the largest number of applications to ECMD and has issued roughly $5.2 million in tax credits, representing statewide investment in PV systems of about $51.7 million.

Budget: $3,460.4 **FTE:** 21

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Applications for clean energy tax credits reviewed within 30 days	90%	90%	90%	88%	Y
Number of clean energy projects to which the division provided information and technical assistance*	N/A	143	N/A	226	
Program Rating	G	G			Y

*Measure is classified as explanatory and does not have a target.

Office of the State Engineer

Overall in FY21, the Office of the State Engineer (OSE) did not provide sufficient information regarding plans to improve performance or context for lagging metrics. Additionally, the agency has neither proposed nor accepted any new measures for FY23 that would gauge performance on new initiatives or better capture current programmatic effectiveness. Short-term extreme drought within New Mexico's decades-long "mega-drought" has continued to deepen. In 2021, the drought has become exceptional, the highest category of drought, in many parts of the state. These conditions combined with use demands resulted in reduced water deliveries to Elephant Butte Reservoir in 2021, increasing the state's accrued debit under the Rio Grande Compact. In addition, exceptional drought has led to the need for the Interstate Stream Commission (ISC), under the 2003 Pecos River Settlement, to pump its wellfields to increase supply for the Carlsbad Irrigation District (CID).

Experts warn the conditions exacerbating the region's long-term drought are likely the new normal. The ISC has initiated an effort with the New Mexico Bureau of Geology and Mineral Resources, the New Mexico Water Resources Resource Institute, the U.S. Army Corps of Engineers, the New Mexico Water Dialogue, and others to provide science-based information to New Mexicans about the type(s) of changes they should expect and decisions they can make as temperatures continue to increase. OSE is tasked with measuring and distributing available water efficiently, maximizing use of New Mexico's interstate stream apportionments to promote sustainability, and planning for the future water needs of residents and the environment. Significant issues for OSE and ISC in FY21 include continuing to address the extreme drought shortages using active water resource management, litigation with Texas over the Rio Grande Compact in the Lower Rio Grande, developing drought contingency plans for Colorado River water, changing direction on Arizona Water Settlement Act projects, and developing and implementing a water conservation and management pilot project for the Lower Rio Grande basin.

Water Resource Allocation

The purpose of the Water Resource Allocation Program (WRAP) is to provide for administration, distribution, protection, conservation, and development of the state's surface water and groundwater resources, including the implementation of active water resource management. WRAP has an internal goal to keep the number of backlogged water rights permit applications under 500, which it maintained for half of FY21 but had exceeded by the end of the year. The program did not meet the target for applications processed per month in any quarter of FY21, reportedly due to 35 vacant positions in the Water Rights Division and the need to investigate illegal water use complaints that are higher due to drought conditions.

Written notice of a dam's condition, including any deficiencies and potential issues, is a required component of dam safety inspections conducted by the Dam Safety Bureau in WRAP. The performance measure related to the number of these notices issued indicates the number of publicly-owned dams with problematic inspection findings. OSE may want to reconsider the target for this measure, or whether this measure is valuable at all, as it currently implies that a higher number of deficient dams is an indicator of success.

ACTION PLAN

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

The Office of the State Engineer has not made performance management a priority, as indicated by the lack of action plans submitted to improve performance on key measures and an ongoing reluctance to revise or introduce new performance metrics that more accurately capture the work and effectiveness of the agency's programs. Existing measures do not fully capture the agency's mission, and specifically, metrics on dam safety, New Mexico unit fund expenditures, and adjudications do not provide legislators or the public with clear, meaningful data on the agency's accomplishments. In order to determine which initiatives to invest in, appropriators need better information about how effective the agency currently is and how additional resources would change program prerformance.

Budget: $14,914.6 **FTE:** 172

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Unprotested and unaggrieved water rights applications backlogged*	547	502	N/A	522	R
Unprotested water rights applications processed, per month	30	39	50	30.5	R
Transactions abstracted annually into the water administration resource system database	24,946	20,432	20,000	24,029	G
Notices issued to owners of publicly-owned dams notifying them of deficiencies or issues	84	58	45	78	G
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

Publicly Owned Dams in Need of Rehabilitation: 10 Highest Priority Dams

Dam Name	Purpose	Estimated Rehab Cost
Cimarroncito Dam	Water Supply	$10M or more
San Mateo Dam	Irrigation	$3M or more
Fenton Lake Dam	Recreation, Wildfire	$8M or more
Eagle Nest Dam	Irrigation and Recreation	$1M or more
Nichols Dam	Water Supply	$3M
McClure Dam	Water Supply	$3M
Lake Maloya Dam	Water Supply	>$20M
Bluewater Dam	Irrigation	$10M or more
Alto Lake Dam	Water Supply	$10M or more
Lower Vallecito Dam	Irrigation	$7M-$8M

Source: OSE

The Dam Safety Bureau keeps a list of publicly owned dams in need of rehabilitation, ranked in priority order based on several factors. The list consists of 66 dams that are publicly owned, are of sufficient size to be regulated by OSE, are considered high-hazard potential dams, have auxiliary spillway capacity that is less than 70 percent of the regulatory requirement, and are deficient based on safety criteria with a condition rating of unsatisfactory, poor, or fair. The owners of the 10 dams above are either planning rehabilitation work and assembling funding or they are currently undergoing rehabilitation. State capital outlay funds are being used for four of these dams.

Interstate Stream Compact Compliance

The purpose of the Interstate Stream Compact Compliance and Water Development Program is to ensure New Mexico's continued compliance with its interstate stream compacts, resolve federal and interstate water issues, develop water resources and stream systems in an environmentally sound manner, and plan for the future use of water to ensure maximum sustained beneficial use of available water resources.

The Pecos River Compact report for water year 2020, issued on June 28, 2021, included an annual debit to New Mexico of 4,700 acre-feet, resulting in a cumulative Pecos River Compact credit of 161.6 thousand acre-feet. OSE attributes New Mexico's cumulative credit in large part to investments the State made in implementing the 2003 Pecos Settlement Agreement, such as purchasing water rights and constructing and operating two augmentation wellfields. The agency received a special appropriation of $1 million for this purpose for use in FY21-22. The Rio Grande Compact Commission reports New Mexico has an accrued debit of 96.3 thousand acre-feet. Ongoing drought conditions and the release and consumption of approximately 32 thousand acre-feet of retained debit water in the middle Rio Grande valley in 2020 reduced the state's Compact deliveries and will likely increase the debit in the remainder of 2021.

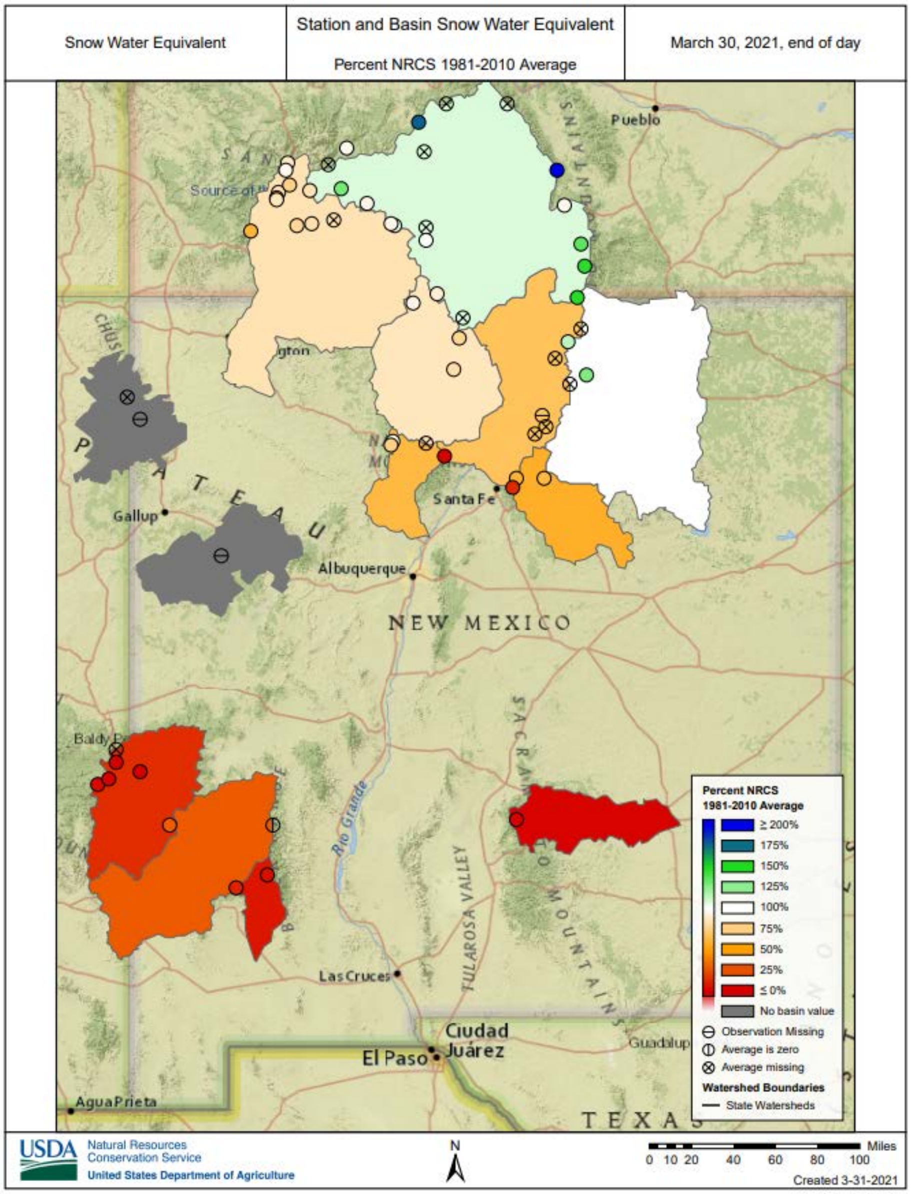
Article VII storage restrictions on post-1929 reservoirs have been in effect since mid-June 2020 and are expected to remain in effect for the foreseeable future. ISC and OSE are working with the Middle Rio Grande Conservancy District (MRGCD) on actions necessary to repay the accrued debit and minimize agricultural depletions in the future. The MRGCD delayed the start of their irrigation season by one month and have no native water in storage to supplement irrigation supplies. ISC staff are also working closely with federal water managers to ensure adherence to the state's mandatory river maintenance responsibilities, with water conveyance and Compact deliveries being the top priority.

Budget: $11,896.3 **FTE:** 43

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Cumulative state-line delivery credit per the Pecos River Compact, in thousand acre-feet	170.8	166.3	>0	161.6	G
Cumulative delivery credit per the Rio Grande Compact, in thousand acre feet	5.4	-38.8	>0	-96.3	R
Cumulative New Mexico unit fund expenditures, in millions*	$14.83	$20.1	N/A	$22.1	
Program Rating	G	G			G

Litigation and Adjudication

These two measures track progress toward the completion of the adjudication of water rights in New Mexico. The percentage of water rights that have judicial determinations represents the percentage of water rights that have been determined by court orders entered in all water rights adjudication suits to date. It is not expressed as a percentage of all water rights that have been and will be adjudicated in the future, as that number cannot be accurately ascertained before adjudication suits are filed in the future for areas yet to be adjudicated. This measure is therefore affected not only by the ongoing entry of new judicial determinations, but also by the opening of new adjudication suits or sections of adjudications. Since FY19, the program has included data for water rights with judicial determinations in all closed and active adjudications to provide more meaningful data on the cumulative effect of adjudications.



Budget: $14,913.6 **FTE:** 172

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Offers to defendants in adjudications	456	444	325		G
Water rights that have judicial determinations	75%	76%	74%		G
Program Rating	G	G			G

Early Childhood Education and Care

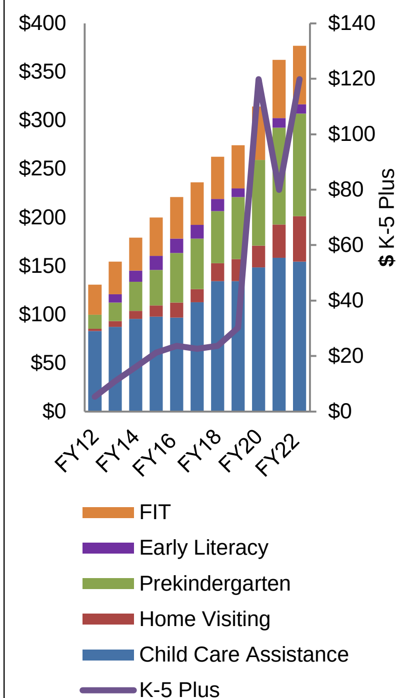
The newly created Early Childhood Education and Care Department (ECECD) has primary responsibility for the state's early childhood care and education system. Primary programs include childcare assistance, home visiting, prekindergarten, and the Family, Infant, Toddler (FIT) program. However, some programs still considered part of the early care and education system will remain in other state agencies or are directly federally funded such as K-5 Plus, the Women, Infants and Children (WIC) program, and Head Start.

ACTION PLAN

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

Reported quarterly performance measures will expand in both FY22 and FY23 for ECECD.

Recurring Early Childhood Funding History
(in millions)



LFC published the annual Early Childhood Accountability Report in August 2021. The full report focuses on early childhood system spending, service capacity, and outcomes.

Family Support and Intervention

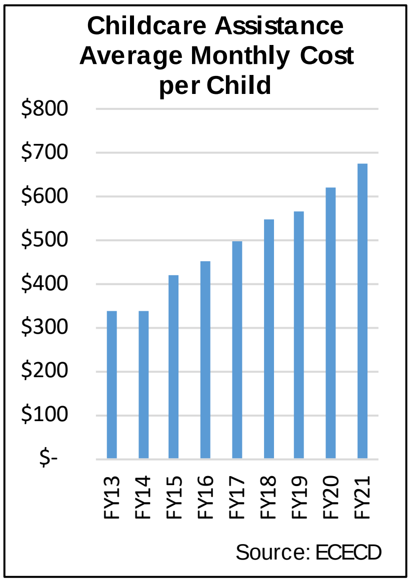
The Family Support and Intervention Program is primarily comprised of the home visiting, Families FIRST, and FIT programs, which are considered the state's primary early childhood early intervention services. The program only has two performance measures for home visiting. Given the significant state investments in these early intervention programs, additional performance measures are needed for policy makers to monitor performance. The program met targeted performance for both measures in FY21. Traditional face-to-face home visiting was not possible for an extended period of time due to the pandemic, and future analysis of the home visiting program will reveal how impactful video visits and tele-visits were. As the home visiting program is likely to expand, it is unclear how ECECD intends to recruit additional families and whether the current system of providers could accommodate such an increase.

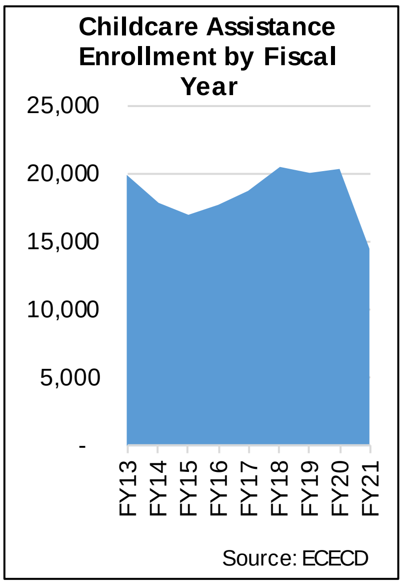
Budget: $35,098.5 **FTE:** 46

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Percent of parents participating in home visiting who demonstrate progress in practicing positive parent-child interactions	45.5%	43.7%	50%	74%	G
Percent of families receiving home visiting services for at least six months that have one or more protective services-substantiated abuse or neglect referrals during the participating period	1.1%	0.9%	3%	0.6%	G
Program Rating					G

Early Education, Care and Nutrition

The Early Education, Care and Nutrition Program is primarily comprised of private provider prekindergarten, childcare assistance, and the family nutrition bureau. The program met a majority of targeted performance measures. Again, given significant state investments in these early care and education programs additional performance measures are needed for policy makers to monitor performance. Prior to the pandemic, childcare assistance average monthly enrollment had been relatively flat ranging between 18 thousand and 20 thousand children a month. However, in the fall of 2020, enrollment began to decline significantly to 15 thousand. In FY21, average monthly enrollment was 14.5 thousand. The average monthly cost per child, however, increased to $676, or $8,117 annually. The average annual cost per child rose 9 percent in FY21 above the previous fiscal year despite the significant decline in enrollment. The increased cost has been primarily driven by the department covering parent co-payments and a $200 per child payment to providers. Despite the increased cost per child, low enrollment will result in general fund reversions or significant federal revenue carry-forward. The department spent $141.9 million of the $158 million annual child care assistance budget in FY21.





Budget: $329,628.9 **FTE:** 156

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Percent of children in community-based pre-kindergarten funded by the Early Childhood and Education Department showing measurable progress	95%	93%	95%	95%	G
Percent of licensed childcare providers participating in high-quality programs	43%	47%	43%	52%	G
Percent of children receiving subsidy in high quality programs	73%	71%	60%	74%	G
Percent of children receiving childcare assistance with substantiated abuse or neglect referrals during the childcare assistance participating period	1.3%	1.5%	1.3%	1.5%	Y
Percent of children in New Mexico childcare assistance who have attended four- or five- star programs for eight months or longer showing measurable progress on the school readiness fall preschool assessment	New	Not Reported	85%	Not Reported	R
Program Rating					G

Public Prekindergarten

During the pandemic, all public school and most private school prekindergarten programs were forced to close in-person programs and conduct programs virtually. In spring 2021, virtual class sessions lasted on average approximately 30 to 45 minutes, depending on children's ability to remain attentive and parents' ability to assist and support their children in remote learning. During virtual classes, teachers followed lesson plans and continued to implement learning activities, taking into consideration the materials children and families had at home to support activities. Teachers posted recordings of virtual classes on social media outlets and offered supplementary videos for parents to encourage and enhance children's virtual learning experience. Future analysis of pandemic prekindergarten cohorts will indicate how impactful these newly implemented aspects of prekindergarten compared with in-person delivery.

Budget: $48,856.5 **FTE:** 0

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Percent of children in community-based pre-kindergarten funded by the Early Childhood and Education Department showing measurable progress	95%	93%	95%	Not Reported	R
Program Rating					R

PERFORMANCE REPORT CARD: Fourth Quarter, FY21

Aging and Long Term Services

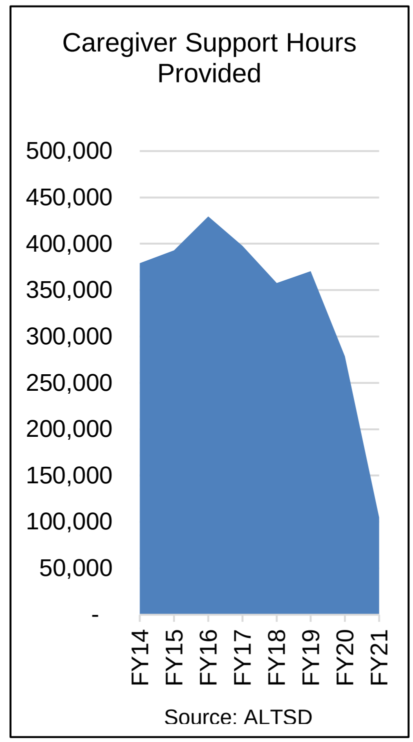
ACTION PLAN

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

The Aging and Long-Term Services Department (ALTSD) continued to miss a significant portion of its targets at the close of FY21, but did show some improvement. Its mission is to serve older adults and adults with disabilities so that they can remain active, age with dignity, be protected from abuse, neglect, and exploitation, and have equal access to healthcare.

Consumer and Elder Rights

During the second quarter, the Aging and Disability Resource Center (ADRC) began answering calls by a live operator again. The ADRC staff continued to work remotely but began taking live calls starting the middle of October, 2020. At the close of FY21, the ADRC received 9,356 calls, an average of 146 per day. This was down from the third quarter of 12,495 calls, an average of 202 per day. ALTSD reported the decline was due to the Aging and Disability Resource Center staff assisting the Department of Health in registering, and scheduling appointments for Covid-19 vaccinations.



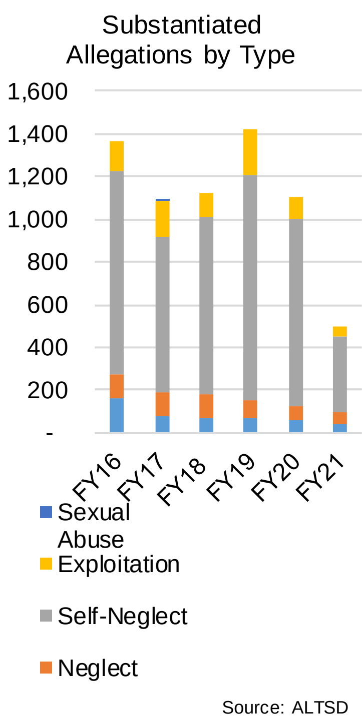
Budget: $4,940.7 **FTE: 48**

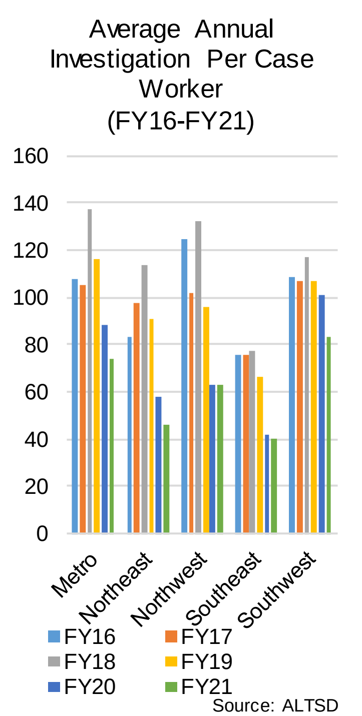
	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Calls to the aging and disability resource center that are answered by a live operator	79%	55%	90%	44%	R
Residents who remained in the community six-months following a nursing home care transition	84%	82%	90%	84%	R
Individuals provided short-term assistance that accessed service within 30 days of a referral from options counseling	New	New	89%	99%	G
Facilities Visited Monthly	New	New	40%	18%	R
Ombudsman complaints resolved within sixty days	97%	100%	97%	93%	Y
Program Rating	Y	R			Y

*Measure is classified as explanatory and does not have a target.

Adult Protective Services

The program began reporting repeat maltreatment substantiations within six months of a previous substantiation of abuse or neglect in FY21. This performance measure assists the state in assessing the effectiveness of the program in preventing maltreatment. At the close of FY21, repeat maltreatment declined, however, investigations also declined. The program met the performance target for priority investigations, making face-to-face contact quickly. The program is increasing outreach events. Previously, the department was providing outreach through virtual platforms but is now returning to a regionally based outreach approach. APS is presenting regularly on Area Agencies on Aging calls, as well as other webinars to law enforcement agencies, district attorney's offices, hospitals, and the State Bar.





Budget: $13,553.6 **FTE:** 127

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Adult Protective Services investigations of abuse, neglect, or exploitation	6,671	5,494	6,150	4,355	R
Emergency or priority one investigations a caseworker makes initial face-to-face contact with the alleged victim within prescribed timeframes	99%	99%	99%	99%	G
Repeat abuse, neglect, or exploitation cases within six months of a substantiation of an investigation	New	New	5%	3.7%	Y
Outreach Presentations conducted in the community within Adult Protective Services' jurisdiction	New	205	141	132	Y
Referrals made to and enrollments in home care and adult day care services as a result of an investigation of abuse, neglect, or exploitation	New	New	600	89	R
Priority two investigations in which a case worker makes initial face to face contact with the alleged victim within prescribed time frame	New	95%	95%	99%	G
Program Rating	Y	R			Y

Aging Network

The Aging Network did not meet targeted performance for the hours of caregiver support for FY21 and continues to fall below previous fiscal years. Services included in this measure are home care, adult daycare, respite care, and counseling and support groups. These services are provided by area agencies on aging (AAA), contract providers and the New Mexico chapter of the Alzheimer's Association. The agency reported the Covid-19 pandemic and executive emergency declarations closed adult daycare centers, and the remaining services were affected by the stay-at-home and social-distancing orders. The department reported the number of hours of caregiver support were 9,478 hours of respite care, 770 of adult day care, 7,554 hours of homemakers, and 3,786 hours of other support services.

Budget: $42,264.2 **FTE:** 14

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Older New Mexicans receiving congregate and home delivered meals through aging network programs that are assessed with "high" nutritional risk	New	New	15%	16%	G
Outreach events and activities to identify, contact and provide information about aging network services to potential aging network consumers who may be eligible to access senior services but are not currently accessing those services	New	New	50	1,135	G
Meals served in congregate and home delivered meal settings	New	New	4,410,000	5,141,387	G
Transportation Units Provided	New	New	637,000	68,180	R
Hours of caregiver support	370,538	278,513	444,000	104,730	R
Program Rating	Y	R			Y

*Measure is classified as explanatory and does not have a target.

Behavioral Health Collaborative

New Mexico suffered from among the poorest substance use and behavioral health outcomes in the country even before the Covid-19 pandemic further exacerbated anxiety, depression, insomnia, psychological distress, and substance use. The Human Services Department's Behavioral Health Services Division and Behavioral Health Collaborative have taken measures to ensure and improve behavioral health access during the Covid-19 pandemic.

ACTION PLAN

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

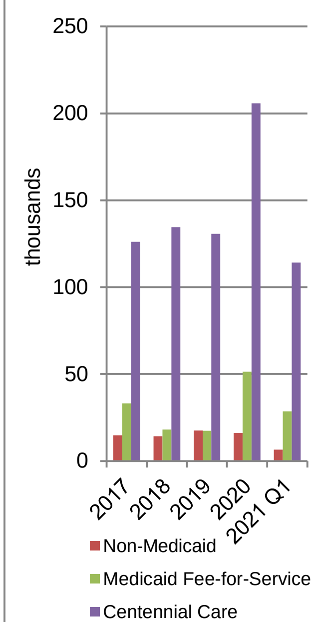
Existing Problem

In New Mexico, 19 percent of adults experience mental illness, and as of 2018, New Mexico had the highest suicide rate in the nation, a rate of 25 per 100,000 people. The Behavioral Health Services Division (BHSD) of the Human Services Department (HSD) reports over 60 percent of adults with moderate mental illness and over 30 percent of adults with serious mental illness in the past year did not receive treatment.

The Department of Health reports New Mexico had the 12th highest drug overdose death rate in the U.S. in 2019. New Mexico's drug overdose death rate, 30.4 per 100 thousand population, was about 41 percent higher than the U.S. rate. Alcohol-related injury deaths were 33.2 per 100 thousand population. About two out of three drug overdose deaths in New Mexico in 2019 involved an opioid, and the methamphetamine death rate grew 2.4 times higher than in 2015. The fentanyl-involved death rate in 2019 was seven times greater than in 2015. In 2019 there were 605 drug overdose deaths in New Mexico.

Higher Risk for Covid-19. A retrospective case-controlled national study of electronic health records found patients with a substance use disorder (SUD) were at significantly increased risk for Covid-19, an effect strongest for individuals with opioid use disorder, followed by individuals with tobacco use disorder. Patients with SUD had a significantly higher prevalence of chronic kidney, liver, and lung diseases, cardiovascular diseases, type 2 diabetes, obesity, and cancer. Black Americans with SUD had a significantly higher risk of Covid-19 than white Americans, and also had worse death and hospitalization rates.

Individuals Served Annually in State-Funded Substance Abuse or Mental Health Programs



Source: HSD

LFC Progress Report: Addressing Substance Use Disorders

In August 2021, a LFC progress report recommended:

▪More prevention and early intervention programs to address the underlying causes of substance abuse, including poverty and childhood trauma; and

▪Improve the quality of behavioral health care, boost access, increase financial incentives, and build a workforce that better represents the state's cultural and racial demographics.

Pandemic Efforts and Federal Funds

To improve behavioral health access during the pandemic, New Mexico Medicaid managed care organization (MCOs) and non-Medicaid programs allowed behavioral health providers to bill for telephonic visits using the same rates for in-person visits. For the 12-month period, July 1, 2019 through June 30, 2020, 22,575 unduplicated members were served through telehealth services. In the third quarter, the unduplicated count of persons served through telehealth in rural and frontier counties was 19,435 persons, 6.3 percent lower than members served during the prior quarter, 20,744 persons. Medicaid saw a 46 percent increase in telehealth, from 22.5 thousand clients to 33 thousand clients.

HSD also implemented strategies to increase the behavioral health providers network including (1) expanded the SUD waiver to add Medicaid funding for screening, brief intervention, and referral to treatment (SBIRT), CareLink health

Status of FY21 Behavioral Health Performance Measures

Beginning in FY21, three behavioral health performance measures were discontinued:
▪Individuals discharged from inpatient facilities who receive follow-up services at seven days;
▪Individuals discharged from inpatient facilities who receive follow-up services at 30 days; and
▪Suicides among 15 to 19 year olds served by the behavioral health collaborative and Medicaid.

The General Appropriation Act of 2020 mandated reporting on the following measures not reported on by HSD:
▪Percent of adults with mental illness or substance use disorders receiving Medicaid behavioral health services who have housing needs who receive assistance with their housing needs;
▪Percent of individuals discharged from inpatient facilities who receive follow-up services at 30 days;
▪Percent of people with a diagnosis of alcohol or drug dependency who initiated treatment and receive two or more additional services within 30 days of the initial visit; and
▪Percent reduction in number of incidents from the first to last day of the school year in classrooms participating in the pax good behavioral games, as measured by the spleem instrument.

Most of the FY21 performance measures are below the targeted levels. The pandemic appears to have impaired service delivery despite increases in telehealth.

BHSD's Office of Peer Recovery and Engagement trains and identifies peers to provide daily engagement and support for displaced individuals, to monitor health and overall well-being, encourage participation in behavioral health services, and assist with any additional needs (e.g. food, clothing, medications, cell phone service, laundry and cleaning supplies) related to the social determinants of health.

homes, adult substance use residential treatment, medication assisted treatment, and use of peer supports; (2) implementing $78 million in FY20 Medicaid provider rate increases in October 2019 including behavioral health providers; (3) implementing a graduate medical expansion (GME) program for primary care, behavioral health physicians, and psychiatry; (4) reaching settlement agreements in December 2019 with the remaining five behavioral health organizations that filed lawsuits against HSD when their Medicaid payments were frozen in 2013 due to largely unsubstantiated allegations of fraud; and (5) receiving a $2.4 million federal planning grant in September 2019 to increase the treatment capacity of Medicaid providers to deliver SUD treatment and recovery services. Finally, the 2020 Medicaid MCO contracts include delivery system improvement performance measures to increase the number of unduplicated Medicaid members receiving behavioral health services from a behavioral health provider.

In the last two federal stimulus packages, BHSD received over $20 million in federal funds to support treatment services for individuals with mental health and substance use disorders. Priorities are to train and provide ongoing coaching to providers on evidence-based practices that can rapidly be delivered via telehealth, enhance the New Mexico Crisis and Access Line (NMCAL), implement peer recovery supports, and support the network of crisis response, including telepsychiatry, crisis triage, and mobile outreach. NMCAL created a dedicated crisis line open 24/7 for healthcare workers and first responders to provide professional counseling and support for those on the front lines of the state's pandemic response, and launched NMConnect, an app that connects New Mexicans to crisis counseling.

Budget: $73,387.7 **FTE:** 55	**FY19 Actual**	**FY20 Actual**	**FY21 Target**	**FY21 Actual**	**Rating**
Adult Medicaid members diagnosed with major depression who received continuous treatment with an antidepressant medication	39.3%	40.6%	35%	38.3%	G
Medicaid members ages 6 to 17 discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	69.3%	66.5%	51%	53.7%	G
Percent increase in the number of persons served through telehealth in rural and frontier counties*	5.2%	308%	N/A	6.9%	Y
Readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	8.6%	8.9%	5%	10.5%	R
Individuals served annually in substance use or mental health programs administered by the Behavioral Health Collaborative and Medicaid	165,641	273,198	172,000	200,932	G
Emergency department visits for Medicaid members ages 13 and older with a principal diagnosis of alcohol or drug dependence who receive follow-up visit within seven days and 30 days	13.3% 7 day; 19.6% 30 day	14.3% 7 day; 21.8% 30 day	25%	13. 3% 7 day; 19.7% 30 day	R
Program Rating	R	R			Y

Human Services Department

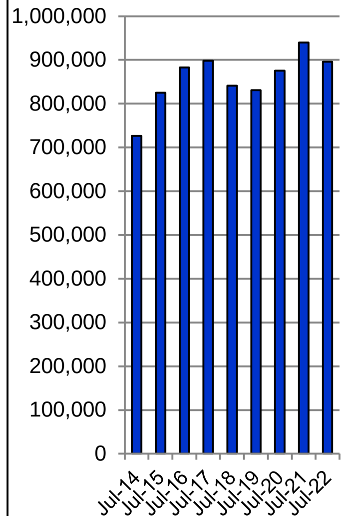
The Human Services Department (HSD) endeavored to maintain and improve healthcare access during the Covid-19 pandemic despite multiple challenges including facility closures due to public health orders. Nonetheless, HSD underperformed in the Medicaid and Income Support programs. New Mexico has the largest Medicaid program in the country, but throughout FY21, Medicaid reported quarterly performance data on three performance measures despite collaborating in FY20 to report on substantially more performance measures.

ACTION PLAN

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

HSD Scorecard

In October 2020, the Human Services Department's (HSD's) website added a performance "scorecard." The scorecard provides comparative annual data on a few contract management performance measures for the three managed care organizations (MCOs), and provides some high level data on the performance of other HSD programs and services. Examples include how MCOs compare with ensuring follow-up appointments, child support payments collected, and percent of follow-up appointments with mental health practitioners. Some of the dashboard's performance measures are included in the LFC quarterly performance report cards; however, HSD's 2021 fourth quarter performance report did not include new quarterly data for annual measures due to the lag in data reporting.



July 2021 Projection
Source: HSD

Medical Assistance Division

The Medicaid program has a red rating because of declining performance as well as a lack of quarterly reporting of performance data. The Medical Assistance Division reported on three performance measures on health outcomes in the third quarter of FY21 including: (1) children and youth in Medicaid managed care who had one or more well-child visits with a primary care physician during the measurement year, (2) children ages two to 21 enrolled in Medicaid managed care who had at least one dental visit during the measurement year, and (3) hospital readmissions for adults 18 and over within 30 days of discharge. In FY20, HSD elected to continue reporting on the full list of Medicaid performance measures reported on in previous fiscal years. In FY22, HSD again collaborated to report quarterly data on several performance measures for Medicaid. However, there was a gap of performance reporting in FY21 and the Medicaid program is too important to proceed with quarterly performance reporting on just a handful of measures.

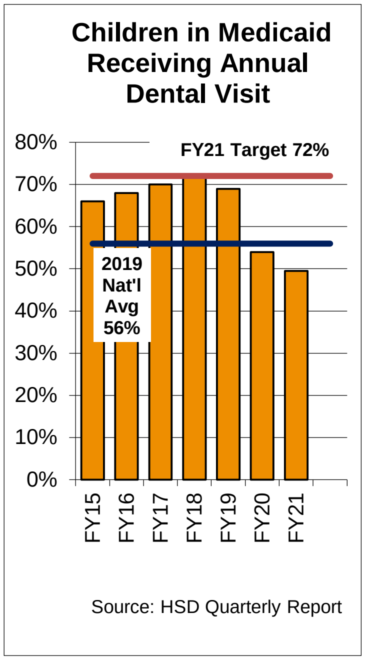
The Medicaid caseload in June 2021 was 929,805 individuals, an 8 percent increase over a year ago. The count of Medicaid recipients increased by 3,463, or 0.4 percent, over May.

In June 2021, 380,687 children were on Medicaid, an increase of 14,855, or 4 percent, over June 2020. The number of children on Medicaid increased by 635 members, or 0.2 percent, from May to June.

Two of the three Medicaid performance measures reported on by HSD attributed their declining performance to members' hesitancy to seek services during the pandemic, as well as limits on service availability due to the pandemic public health orders. Covid-19 significantly impacted the utilization of services due to closures of healthcare and dental offices and implementation of office safety protocols limiting the number of scheduled appointments. Medicaid MCOs were directed to extend all existing prior authorizations and maintain 24-hour/7-day per week nurse advice lines for the duration of the emergency declaration. Additionally, Medicaid MCOs were directed to offer access to out-of-network services for Medicaid members where appropriate and required.

HSD did not report on two performance measures identified in the General Appropriation Act of 2020: (1) "percent of infants in Medicaid managed care who had six or more well child visits with a primary care physician before the age of 15 months" and (2) "rate per one thousand members of emergency room use categorized as nonemergent care." However, HSD notes these measures were excluded from the FY21 approved list of measures, but will report on them in FY22.

Pandemic-Related Enrollment and Funds. The pandemic, unemployment, and federal policy greatly impacted the Medicaid program's enrollment, utilization, costs, and health outcomes. In March 2020, the Families First Coronavirus Response Act (FFCRA) was enacted and included a 6.2 percent increase in the regular Medicaid matching rate. States receiving the 6.2 percentage point increase are required to continue Medicaid eligibility for any individuals enrolled as of March 18, 2020, or enrolled during the public health emergency, unless the individual voluntarily terminates eligibility or is no longer a resident of the state. Between March 2020 and March 2021, Medicaid enrolled over 90,000 new members. A total of 929,805 New Mexicans were enrolled in Medicaid as of June 2021.



The Supplemental Nutrition Assistance Program (SNAP) caseload in June 2021 was 259,456, a 4 percent increase over a year ago, and a decrease of 10,024 cases, or 3.7 percent, below May. The federal government has authorized maximum SNAP benefits through at least December 2021.

The Temporary Assistance for Needy Families (TANF) caseload was 11,402 in June 2021, a decrease of 5.3 percent from a year ago, and a decrease of 641 cases, or 5.3 percent, below May.

Budget: $5,919,667.4 **FTE:** 220.5	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Infants in Medicaid managed care who had six or more well-child visits with a primary care physician during their first 15 months*	66%	52%	N/A	No Report	R
Children and youth in Medicaid managed care who had one or more well-child visits with a primary care physician during the measurement year*	85%	67%	88%	67.2%	R
Children ages 2 to 21 enrolled in Medicaid managed care who had at least one dental visit during the measurement year	69%	54%	72%	49.5%	R
Individuals in managed care with persistent asthma appropriately prescribed medication	66%	84%	55%	No Report	R
Hospital readmissions for children ages 2 to 17 within 30 days of discharge	4.7%	4.9%	<5%	6.7%	R
Hospital readmissions for adults 18 and over within 30 days of discharge	9.9%	9.3%	<8%	No Report	R
Emergency room use categorized as non-emergent per one thousand Medicaid member months[2]	60%	59%	45%	50%	G
Individuals with diabetes in Medicaid managed care ages 18 through 75 whose hospital admissions had short-term complications	24.6	16.7	16.4	15	G
Newborns with Medicaid whose mothers received a prenatal care visit in the first trimester or within 42 days of enrollment in the managed care organization*	82%	72%	83%	No Report	R
Medicaid managed care members with a nursing facility level of care being served in the community	86%	86%	80%	88%	G
Program Rating	Y	Y			R

*Measures are Healthcare Effectiveness Data and Information Set (HEDIS) measures which represent a tool used by more than 90 percent of America's health plans to measure performance on important dimensions of care and service. HSD uses a rolling average; the most recent unaudited data available includes the last quarters of FY20 and the first quarters of FY21. The data for HEDIS measures is preliminary and will be finalized in June 2022.

Income Support Division

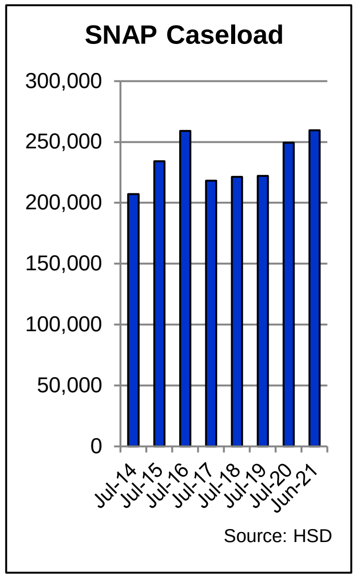
The Income Support Division (ISD) declined to report quarterly on two standard performance measures – "Temporary Assistance for Needy Families federal two-parent recipients" and "families meeting federally required work requirements." These measures are required in FY21, and will be reported on in FY22, but only annually, instead of the previously required quarterly reporting.

The new performance measure, "TANF recipient's ineligible for cash assistance due to work related income," reflects adults whose new employment income exceeded TANF guidelines. However, during the first quarter the average unemployment rate in New Mexico was 10.8 percent and is currently near 7 percent, which negatively impacts employment opportunities for TANF recipients.

ISD added a performance measure for TANF recipients who graduated and obtained their certificate of completion under the University of New Mexico's (UNM) Accelerated College and Career Education (ACCE) Program. During FY21, an average of 502 TANF recipients were active in ACCE, and 24 people successfully obtained their high school equivalency. This represents a success rate of less than 5 percent. ISD contractor, Creative Work Solutions (CWS), continued to assist participants with job readiness activities including placement in ACCE.

The Department of Workforce Solutions (DWS) collaborated with ISD to establish new employment opportunities to help place TANF Career Link Program and Wage Subsidy Program participants in jobs. However, there are challenges to re-engage TANF participants while pandemic-related non-participation sanctions remain suspended.

Budget: $945,325.0 **FTE:** 1,149	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Regular supplemental nutrition assistance program cases meeting the federally required measure of timeliness of 30 days	99.1%	98.8%	96%	99.1%	G
Expedited supplemental nutrition assistance program cases meeting federally required measure of timeliness of 7 days	99.1%	98.8%	98%	98.5%	G
Temporary assistance for needy families recipients ineligible for cash assistance due to work related income	No Report	14.1%	37%	1.4%	R
Temporary assistance for needy families recipients who obtain a high school equivalency certificate	New	New	N/A	4.8%	R
Two-parent recipients of temporary assistance for needy families meeting federally required work requirements	59.5%	39.5%	N/A	No Report	R
All families recipients receiving temporary assistance for needy families meeting federally required work requirements	48.9%	31.1%	N/A	No Report	R
Program Rating	Y	R			R

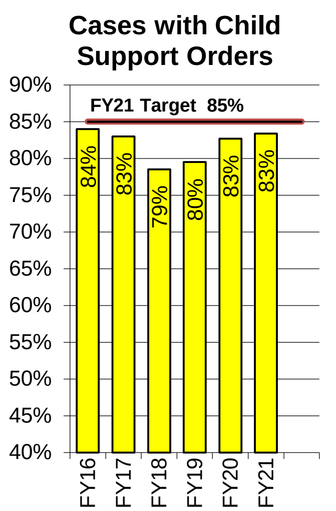


Due to the declaration of the Covid-19 public health emergency, ISD lifted all New Mexico Works (NMW) requirements related to work participation and restored participants' benefits to their full benefit levels.

In addition to ensuring all newly approved TANF recipients received the proper orientation and assessments to identify and locate additional resources to support vulnerable families during the pandemic, the NMW service provider, Creative Work Solutions, is actively re-engaging all previous sanctioned participants through phone calls, texts, and emails.

This re-engagement effort ensures participants have access to the supports they need in their communities and remain engaged with NMW to avoid sanctions in the future.

Child Support Enforcement Division



Source: HSD Quarterly Report

The Child Support Enforcement Division (CSED) reported it is engaged in modernizing the program to set accurate child support obligations based on the non-custodial parents ability to pay; increase consistent, on-time payments to families; move non-paying cases to paying status; improve child support collections rates; reduce the accumulation of unpaid and uncollectable child support arrearages; and incorporate technological advances and evidence-based standards that support good customer service and cost-effective management practices.

Due to Covid-19, CSED escalated implementation of its child support prioritization tool to assist with managing for performance. CSED also worked on having parties agree to an establishment order, when possible, to avoid reliance on court hearings which could delay establishing court orders during the Covid-19 public health emergency.

CSED reported its child support collections for calendar year 2020 were up from about $138 million to $156 million due to intercepting federal CARES Act stimulus funds checks that went out to noncustodial parents (NCPs). CSED encouraged NCPs to use electronic means to make payments, including mailing payments, rather than dropping off payments at local offices due to the social distancing order. However, CSED is keeping daily limited office hours to allow NCP payments to continue to flow to the custodial parents during the pandemic. In addition, NCPs who apply for unemployment insurance will be automatically linked with the child support system and a portion of their unemployment benefit will pay for their child support obligation. Unemployment rates in the state have negatively affected child support collections.

Budget: $32,508.6 **FTE:** 378	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Non-custodial parents paying support per total cases with support orders	No Report	51.7%	58%	55.7%	R
Total child support enforcement collections, in millions	$137.5	$156.1	$145	$147.4	G
Child support owed that is collected	57.7%	58.7%	60%	60.9%	G
Cases with support orders	79.5%	83.2%	85%	83.5%	R
Total dollars collected per dollars expended	$3.55	$3.44	$4.00	No Report	R
Program Rating	R	Y			Y

Note: Children with paternity acknowledged or adjudicated are reported in the federal fiscal year.

Workforce Solutions Department

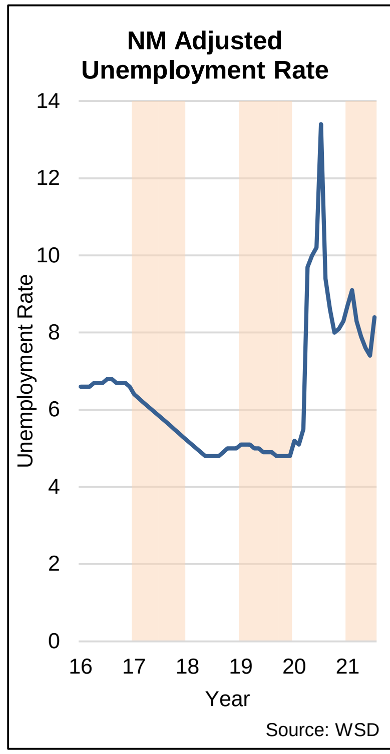
ACTION PLAN

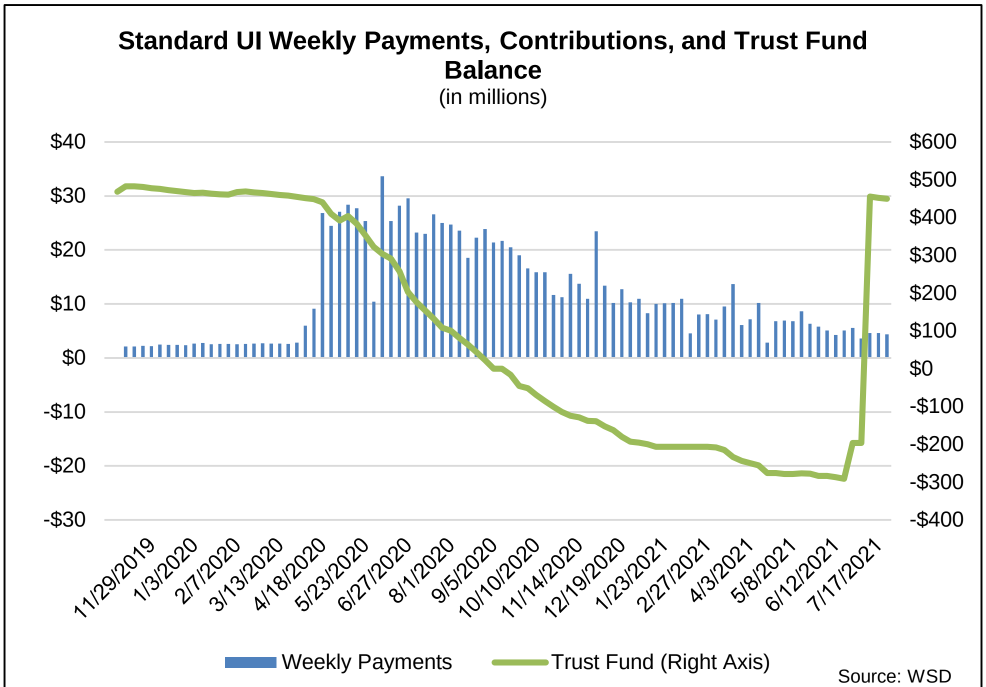
Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

While continuing to decline in the fourth quarter, Workforce Solutions Department (WSD) continued processing unemployment claims at the historically high rate of about 72.3 thousand per week in July 2021. Unemployment claims included about 34 thousand standard claims and 94 thousand pandemic-related claims. Unemployment in July 2021 was 7.9 percent, down from a high of 13.4 percent in July of 2020, the highest rate since measurement began in 1976.

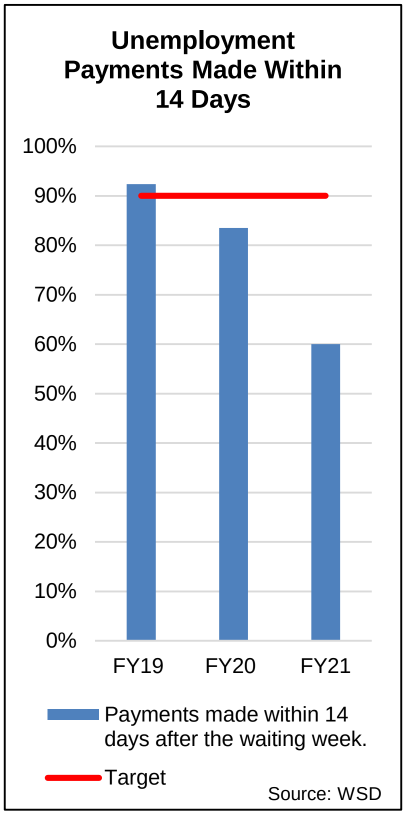
Since March 2020, WSD paid out more than $3.5 billion in unemployment benefits and will continue to implement and process claims across various state and federal unemployment programs through September 2021. The federal Coronavirus Aid, Relief and Economic Security (CARES) Act created three major unemployment insurance programs, Pandemic Emergency Unemployment Compensation, Pandemic Unemployment Assistance, and Federal Pandemic Unemployment Compensation under the Consolidated Appropriation Act of 2021, which also created a fourth program, Mixed Earner Unemployment Compensation. On March 11, 2021, the American Rescue Plan Act (ARPA) of 2021 was signed into law, making changes to each of the programs and continuing benefits through September 5, 2021, including the additional $300 per week on top of standard benefit levels initially provided under the FPUC program.

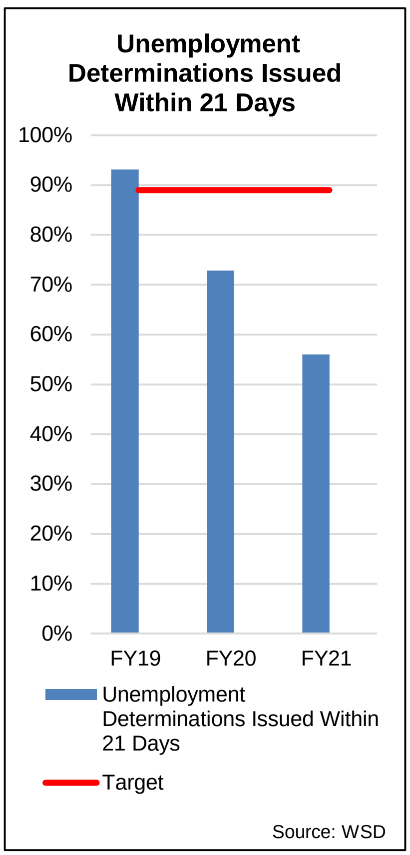
In March 2020, the state's unemployment trust fund had a healthy balance of $458 million, but with record unemployment claims, the fund was depleted and reached insolvency on September 8, 2020. New Mexico, like many other states, borrowed from the federal government to maintain balances and continue processing claims. With state assistance from ARPA, the department paid off the loans and replenished the balance of the fund to close to pre-pandemic levels.





During the 2021 Legislative Session, the Legislature set aside $600 million of funding through the American Rescue Plan Act (ARP) to pay off federal loans and replenish the unemployment trust fund. The governor vetoed this funding but then allocated a similar amount to the trust fund to restore balances.





Unemployment Insurance

In May 2021, LFC published an unemployment insurance spotlight evaluation and estimated the state had paid about $250 million in benefit overpayments since the start of the pandemic. Prior to the pandemic, fraud rates were already increasing and are now at the highest level in recent years. Insufficient staff and training made it challenging for WSD to process claims effectively while also following new federal requirements. Inadequate interpretation of state law and federal guidance led to incorrect calculation of employer taxes and benefits. Additional federal stimulus funds contributed to a disincentive to seek reemployment for those on unemployment insurance.

In an effort to address overpayment issues and reduce call center wait times, the department hired more than 100 call center staff. Some of the staff were repurposed contact tracers from the Department of Health (DOH) and others were brought on as exempt staff through the governor's office. The new hires are allowing the department to answer nearly all call center calls daily, and the department typically clears the backlog of calls by 3:00 PM. All of the call center staff telecommute, and most of the new staff brought their equipment from DOH. However, the staff onboarding occurred after quarter three and the numbers below do not reflect the change.

Budget: $10,367.1 **FTE:** 164

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Eligible unemployment claims issued a determination within 21 days from the date of claim.	93%	73%	89%	56%	R
Percent of all first payments made within 14 days after the waiting week.	92%	83.5%	90%	60%	R
Accuracy rate of claimant separation determinations.	70%	N/A*	91%	53%	R
Average wait time to speak with a customer service agent in the unemployment insurance operation center to file a new unemployment insurance claim, in minutes.	17:05	24:48	18:00	18:69	Y
Average wait time to speak with a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes.	15:00	18.48	15:00	16:55	R
Program Rating	Y	R			R

*Measure is classified as explanatory and does not have a target.

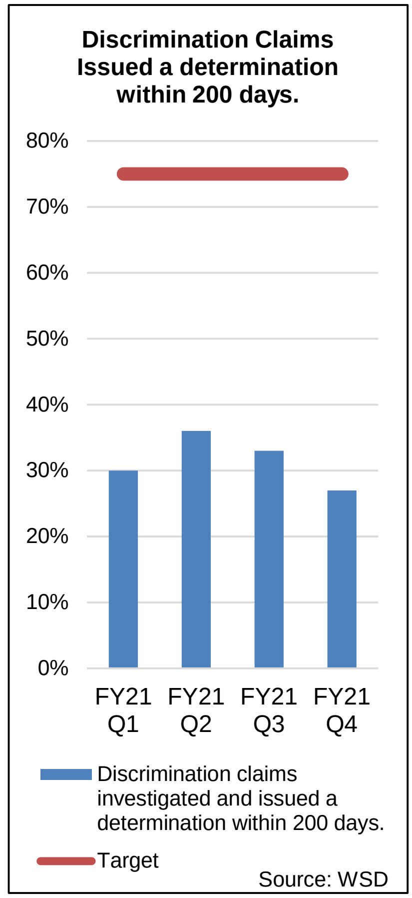
Labor Relations

In 2021, the Legislature passed the Healthy Workplaces Act requiring employers within the state to provide sick leave of one hour per 30-hours worked with earned sick leave carrying over from year to year with the maximum total carryover not to be less than 64-hours. Unlike wage and hour statutes, the department is required to investigate complaints related to the act, which may significantly increase investigations. The task of implementing the act fell upon the Labor Relations Division. The department hopes to finalize rules related to the act by September 2021, well ahead of July 1, 2022, the act's effective date. The department onboarded a program administrator and requested about $950 thousand for an administrative assistant, an attorney, a paralegal, tech support staff, and five investigators.

The Labor Relations Division reported 98 wage claims received with 169 cases closed through administrative determination for an 85 percent closure rate for the quarter. Current in-person public works inspection projects are on hold due to the public health pandemic. The division is below targets on the resolution of legacy and discrimination claims.

Budget: $4,993.7 **FTE:** 41

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Investigated claims that are issued an administrative determination within 90 days.	43.8%	17%	85%	14%	R
Total public works projects inspected.	NEW	NEW	80%	0%	R
Legacy claims that are issued an administrative determination.	NEW	NEW	90%	62%	R
Discrimination claims investigated and issued a determination within two hundred days.	NEW	NEW	75%	27%	R
Program Rating	Y	Y			R

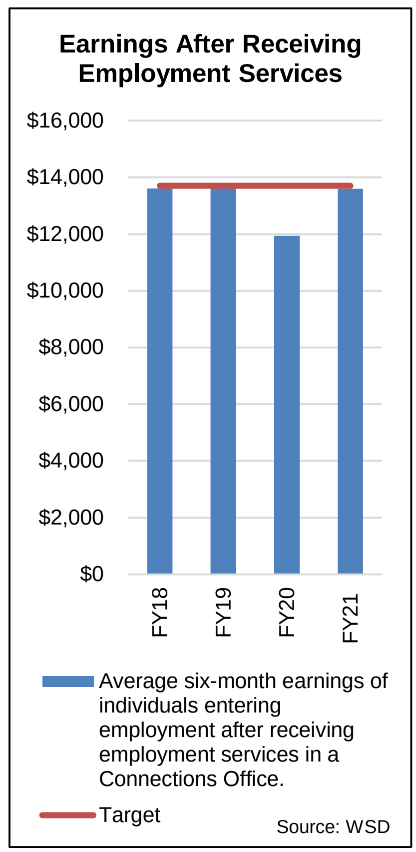


Employment Services

Recently the state Workforce Solutions Department and the State Workforce Development Board published a report titled *"Making the Case for the Transformation and Redesign of the New Mexico Workforce Development System"* and recommended consolidating the state's four workforce development boards into two. The paper relies on information from the August 2020 LFC spotlight, "Workforce Development, Post Covid-19 Pandemic," citing the state's poor U.S. ranking for employment and earnings outcomes.

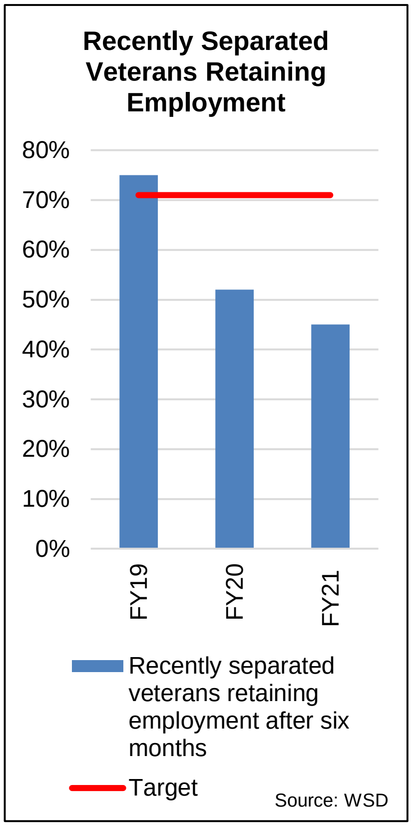
Recommendations from the publication would create a metro board and a rural area board. The metro board would serve Sandoval, Santa Fe, Bernalillo, and Dona Ana Counties, while the rural area board would serve the remaining New Mexico counties. Poor performance was cited as the primary reason for consolidating workforce boards. However, the report cited several opportunities including reduced administrative costs leading to increased funding for job seekers, improvements in labor market alignment allows for services to be tailored to the needs of similarly situated communities in rural or urban areas, improved monitoring and use of state resources in the oversight of two boards rather than four, and a simplified two board system would improve strategic planning, coordination, and communication.

Recently separated veterans continue to struggle with the transition from active duty service to civilian life. WSD is developing a military transition workshop in collaboration with active-duty installations, National Guard, and Armed Forces Reserve sites and has achieved near-full staffing of veteran's employment representatives in all workforce centers. For disabled veterans, WSD is expanding its Disabled Veterans' Outreach Program to improve case management, conduct routine follow-up, and increase the use of online outreach tools.



Budget: $17,471.3 **FTE:** 145

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Average six-month earnings of individuals entering employment after receiving employment services in a Connections Office.	$13,740	$11,936	$13,700	13,594	Y
Recently separated veterans entering employment.	50%	49%	50%	47%	Y



Unemployed disabled veterans entering employment after receiving workforce development services in a Connections Office.	45%	44%	50%	47%	Y
Individuals receiving employment services in a Connections Office.	113.347	91,743	100,000/ 25,000 (Annual/ Qtr.)	107,366	G
Unemployed individuals employed after receiving employment services in a Connections Office.	56%	67%	55%	57%	G
Individuals that have received employment services in a Connection Office, retaining employment services after six months.	79%	68%	79%	57%	R
Recently separated veterans retaining employment after six months	75%	52%	71%	45%	R
Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a Connections Office.	$16,886	$9,478	$17,000	$14,193	R
Average change in six-month earnings of working individuals after receiving employment services in a Connections Office.	NEW	NEW	$1,000	TBD	R
Audited apprenticeship programs deemed compliant.	NEW	NEW	35%	67%	G
Total number of individuals accessing the agency's online job seeker portal.	NEW	NEW	125,000	293,837	G
Apprenticeships registered and in training	NEW	NEW	1,500	1,837	G
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

Department of Health

The Department of Health (DOH) reported some increases in performance targets across the agency during FY21, but focus on managing the state's Covid-19 response also resulted in declining performance for other department programs. In addition, a recent LFC report found drug overdoses and alcohol-related deaths in New Mexico reached all-time highs in 2020, even though the state has tripled spending on substance use treatment since 2014. DOH is a major cornerstone in the state's system to provide substance use treatment. However, very little quarterly performance is related to substance use disorder or treatment.

ACTION PLAN

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

Covid-19

A significant portion of the state's response to Covid-19 is either managed, delivered, or coordinated by the Department of Health. Given the tremendous department resources dedicated to the pandemic, DOH began reporting temporary performance measures regarding this work. New Mexico continues to rank high nationally for vaccine distribution.

Covid-19	**FY21 Target**	**FY21 Actual**
Covid-19 swab tests performed	N/A	519,886
Hours between the time a case is identified and when the case is contacted by Epidemiology and Response Division to isolate	24	25
Hours between the time a case contact is identified and when the case contact is contacted by Epidemiology and Response Division to quarantine	36	29
Facility admissions (and hospital readmissions) having two verified Covid-19 negative tests	100%	72%
Staff tested for Covid-19	20%	100%
Patients/residents tested for Covid-19	25%	100%
Number and percent of individuals receiving Home and Community Based Services (HCBS) who have received a Covid-19 test	N/A	2,561/5,437 47%
Number and percent of individuals receiving Home and Community Based Services (HCBS) who have received a Covid-19 test	N/A	557/5,437 10%
Number and percent of individuals receiving Home and Community Based Services (HCBS) who are confirmed positive for Covid-19	N/A	5,907/7,894 75%
Covid-19 tests resulted within 48 hours of receipt in the laboratory	95%	94%
Percent and number of individuals who have been fully vaccinated	N/A	57%

"Access to and availability of effective contraceptive methods contribute to the steady decrease in New Mexico's teen birth rate. The broad range of contraceptive methods including IUDs and implants (most-effective) and pills, injectable, and rings (moderately-effective) is available at 41 of the 43 public health offices that offer family planning services. In December 2020, 34 Public Health Offices provided family planning services, due to Covid-19 response. Since 2014, the teen birth rate among 15-to-19-year-olds in New Mexico has declined by 34.8% to 24.4 per 1,000 in 2019 (NM IBIS) and is tied in 2018 for the seventh highest in the nation (at 25.2 per 1,000, with Tennessee and Texas) (National Center for Health Statistics)."

Source: Department of Health

Public Health Program

The Public Health Program continues to be a cornerstone of the state's response to Covid-19. Given the significant size of the program's response to the pandemic and statewide closures, the program has reported declining performance on tobacco cessation services and behavioral health in school-based health centers. For FY21, the program reported meeting performance targets for females receiving the most or

The most recent (2019) New Mexico youth cigarette smoking prevalence of 8.9 percent represents a historic low, but it is slightly higher than the national prevalence of 6 percent. Use of another tobacco product, e-cigarettes, however, increased from 24 percent (2017) to 34.7 percent (2019) and accounts for most of the tobacco use among youth.

Fentanyl and methamphetamine have surpassed heroin and prescription opioids as the leading causes of overdose deaths, contributing to 78 percent of those deaths in New Mexico in 2020.

moderately effective contraception, immunization of preschoolers, and participation in diabetes prevention programming. During the first quarter, DOH was unable to refer participants to diabetes prevention services but increased performance during the rest of the fiscal year. In 2018, an estimated 567 thousand New Mexican adults had prediabetes and only three out of 10 were aware of their condition, indicating they may not be receiving sufficient preventive care. The CDC states without weight loss and physical activity, 15 to 30 percent of pre-diabetics will develop diabetes within five years, but with access to a services change program, the risk can be reduced by nearly half.

Budget: $170,302.6 FTE: 775	**FY19 Actual**	**FY20 Actual**	**FY21 Target**	**FY21 Actual**	**Rating**
Adult cigarette smokers who access cessation services	2.7%	2.6%	2.9%	1.9%	R
Successful overdose reversals per client enrolled in the NMDOH Harm Reduction Program	3,446	3,444	3,000	2,572	R
Births to teens per 1,000 females aged 15-19	24,4	Not Reported	N/A	Not Reported*	R
Female clients ages 15-19 seen in NMDOH public health offices who are provided most or moderately effective contraceptives	68.5%	85.8%	62.5%	88%	G
Teens that successfully complete teen pregnancy prevention programming	512	502	232	385	G
School-based health centers that demonstrate improvement in their primary care or behavioral health care focus area	86%	50%	95%	73%	R
Third-grade children who are considered obese	20.8%	22.9%	N/A	Not Reported*	R
Children in Healthy Kids, Healthy Communities with increased opportunities for healthy eating in public elementary schools	99%	97%	89%	Not Reported*	R
Participants in the National Diabetes Prevention Program that were referred by a health care provider through the agency-sponsored referral system	29%	27%	25%	63%	G
Preschoolers (19-35 months) who are indicated as being fully immunized	69.9%	62.9%	65%	65%	G
Older adults who have ever been vaccinated against pneumococcal disease	71.6%	Not Reported	75%	Not Reported*	R
Program Rating	Y	Y			R

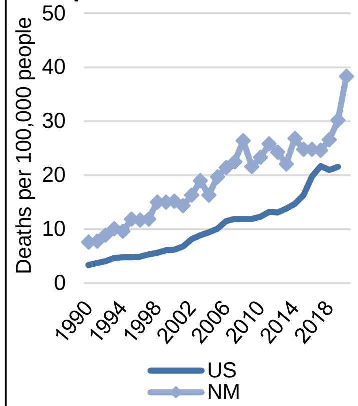
* Program did not report data

Epidemiology and Response

The Epidemiology and Response Program (ERD) also plays a key role in the state's response to the pandemic, including case investigations of individuals who test positive for Covid-19 and contact tracing of individuals with direct exposure to Covid-19. The program did not meet a majority of performance targets.

Budget: $108,305.7 FTE: 204	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Youth who were sexually assaulted in the last 12 months	11.4%	11.4%	N/A	Not Reported	R
Youth who have completed an evidence-based or evidence-supported sexual assault primary prevention program	5,905	13,051	7,000	3,112	R
Suicide per 100,000 population	24.1	Not Reported	N/A	Not Reported*	R
Community members trained in evidence-based suicide prevention programs	522	1,030	225	618	G
Hospitals with emergency department based self-harm secondary prevention program	New	2.5%	7%	2.5%	R
Alcohol-related deaths per 100,000 population	73.8	Not Reported	N/A	Not Reported	R
Retail pharmacies that dispense naloxone	83%	95%	85%	88%	G
Opioid patients also prescribed benzodiazepines	12%	11%	5%	11%	R
Heat-related illness hospitalizations per 100,000 population	2.1	Not Reported	N/A	Not Reported	R
Cardiovascular disease (heart disease & stroke) deaths per 100,000 population	203.7	Not Reported	N/A	Not Reported	R
NM hospitals certified for stroke care	16%	14%	24%	20%	R
Rate of fall-related deaths per 100,000 adults, aged 65 years or older	91.6	Not Reported	N/A	Not Reported	R
Emergency department-based secondary prevention of older adult fractures due to falls programs	Data not collected	5%	7%	0%	R
Rate of pneumonia and influenza death per 100,000 population	13.1	Not Reported	N/A	Not Reported	R
Cities and counties with Access and Functional Needs (AFN) plans that help prepare vulnerable populations for a public health emergency	New	5%	65%	65%	G
Rate of avoidable hospitalizations per 100,000 population	751	Not Reported	N/A	Not Reported	R
Program Rating	Y	Y			R

New Mexico's Drug Overdose Death Rate Increased by 54 percent since 2016



Note: Provisional 2020 state data

Source: DOH, CDC

As of July 1, 2020, a newly created home and community-based waiver was federally approved. The Supports Waiver is an option for individuals who are on the Developmental Disabilities (DD) waiver wait list. Supports Waiver services are intended to complement unpaid supports that are provided to individuals by family and others.

In FY21 Q1, the Developmental Disabilities Supports Division (DDSD) began providing offer letters to individuals on the DD waiver waitlist. Over 200 people have begun receiving services.

Scientific Laboratory

The Scientific Laboratory Program provides a wide variety of laboratory services to programs operated by numerous partner agencies across New Mexico. The program provides a significant level of Covid-19 testing in the state. The program met all performance targets for the second quarter.

As of 2016, New Mexico has the 12th highest drug overdose death rate in the nation. The consequences of substance use are not limited to death, but include many medical and social consequences, including poverty and lack of adequate insurance. Turquoise Lodge Hospital (TLH) is a specialty hospital that provides safety net services for New Mexican adults with substance use disorders.

According to the U.S. Centers of Disease Control and Prevention, for the year 2013, the average specialty hospital occupancy rate in the United States was 63 percent and in New Mexico the average rate was 56 percent.

Budget: $16,963.1 FTE: 136	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Blood alcohol tests from driving-while-intoxicated cases that are completed and reported to law enforcement within 30-calendar days	44%	91%	95%	98%	G
Environmental samples for chemical contamination that are completed and reported to the submitting agency within 60-business days	91%	91%	90%	98%	G
Public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	97%	97%	90%	99%	G
Program Rating	Y	Y			G

Facilities Management

The Facilities Management Division (FMD) provides services for mental health, substance abuse, long-term care, and physical rehabilitation in both facility and community-based settings. The global pandemic has also impacted the intake and capacity of state facilities. Many of the state facilities with declining occupancy will also experience significant operational funding strains if they are unable to reverse the trend. The Department of Health has projected an estimated operating deficit due to declining occupancy in the current fiscal year. Occupied beds fell to 55 percent in the third quarter, falling 25 percent below the previous fiscal year. In particular, the New Mexico Veterans' Home (NMVH) and the Behavioral Health Institute have seen significant occupancy declines. NMVH spent $16.9 million on operations in FY20, with total revenue of $14.1 million. Between July 2019 and December 2020, the average monthly census at NMVH was 109 individuals, with a high of 123 in July 2020 and a low of 69 in December 2020. The average monthly cost per patient over this period was $12,400 and noticeably increased to $19 thousand when the census dropped in December 2020. New Mexico Medicaid data indicated the average cost per member Nursing Facility Private – Low Level of Care in 2020 was $4,738.

Budget: $151,277.2 FTE: 2,003	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Eligible third-party revenue collected at all agency facilities	83%	81%	93%	92%	G
Beds occupied	New	New	75%	58%	R
Overtime hours worked	New	New	387,000	706,714	R
Direct care contracted hours	New	New	N/A	167,479	
Significant medication errors per 100 patients	2.4	.2	2.0	.6	G
Long-term care residents experiencing one or more falls with major injury	3.9%	5.3%	4%	4%	G
Long-term Veterans Home residents experiencing facility acquired pressure injuries	.8%	4.4%	2%	4.4%	R
Adolescent residents (SATC & NMBHI Care Unit) who successfully complete program	78%	77%	90%	82%	Y

Priority Request for Treatment clients who are provided an admission appointment to Turquoise Lodge's program within 2 days	68%	66%	50%	70%	G
Medical detox occupancy at Turquoise Lodge Hospital	83%	68%	75%	70%	R
Naltrexone initiations on alcohol use disorders	New	New	360	194	R
Naltrexone initiations on opioid use disorders	New	New	12	2	R
Buprenorphine inductions conducted or conducted after referrals on opioid use disorders	New	New	240	145	R
Narcan kits distributed or prescribed	New	New	180	231	G
Program Rating	Y	Y			Y

New Mexico has one of the highest suicide rates in the country. The state's Medical Advisory Team estimated that the Covid-19 pandemic will likely exacerbate behavioral health issues and could lead to an increase in suicides. State agencies and the suicide prevention coalition should expand and use proven initiatives, including ensuring care is provided to those in crisis and that care continues after a crisis, increasing access to behavioral healthcare through telehealth, and expanding gatekeeper training. Finally, the Legislature could enact laws to restrict access to lethal means and to strengthen best practices for the coalition and strategic plan.

Developmental Disabilities

DOH reported a decline in the number of individuals receiving Developmental Disabilities (DD) and Mi Via Medicaid waivers. The program reported there were 4,646 individuals on the waiting list for waivers. Of those individuals, 486 have placed their allocation on hold, meaning these individuals were offered waiver services and chose to remain on the waiting list, for now. In FY21, the number of individuals on the waitlist decreased. As of July 2021, over 270 individuals accepted the community supports waiver and nearly 100 are receiving services. However, this enrollment is far less than the 1,000 expected. The slow enrollment of people on the waitlist for the community supports waiver and increased federal matching dollars have led to a significant projected surplus for the program.

Budget: $167,880.4 **FTE: 182**	**FY19 Actual**	**FY20 Actual**	**FY21 Target**	**FY21 Actual**	**Rating**
Individuals on the developmental disabilities' waiver waiting list	5,064	4,743	N/A	4,669	
Individuals receiving developmental disability waiver services	4,641	4,934	N/A	5,111	
Individuals receiving developmental disability supports waiver services	New	New	N/A	70	
People on the waiting list that are formally assessed once allocated to the DD Waivers	New	New	100%	100%	G
Developmental disabilities waiver applicants who have a service and budget in place within 90-days of income and clinical eligibility	87%	96%	95%	97%	G
Adults of working age (22 to 64 years), served on the DD Waiver (traditional or Mi Via) who receive employment supports	29%	29%	34%	18%	R
DD Waiver providers in compliance with General Events timely reporting requirements (2-day rule)	66%	84%	86%	83%	Y
Program Rating	Y	Y			Y

Health Certification, Licensing, and Oversight

The Health Certification, Licensing, and Oversight Program met a majority of performance measures targets for FY21. The program also administers many Covid-19 related activities such as routine outreach to all nursing homes and assisted living facilities in the state in order to obtain information on how many staff and residents have been tested for Covid-19, test results, deaths, number of test kits available, and identifying any issues with PPE and staffing.

Budget: $14,371.1 **FTE: 183**	**FY19 Actual**	**FY20 Actual**	**FY21 Target**	**FY21 Actual**	**Rating**
Rate of abuse for developmental disability waiver and mi via waiver clients	10.6%	12.8%	NA	5.5%	
Rate of re-abuse for developmental disability waiver and mi via waiver clients	7%	8.5%	N/A	6.1%	
Percent of abuse, neglect, and exploitation investigations completed within required timeframes	48.6%	81.7%	86%	96%	G
Percent of (IMB) assigned investigations initiated within required timelines	New	90.3%	86%	94%	G
Percent of Assisted Living Facilities in compliance with caregiver criminal history screenings requirements	New	77%	85%	94%	G
Percent of Nursing Home survey citation(s) upheld as valid when reviewed by the Centers of Medicare and Medicaid Services (CMS) and through Informal Dispute Resolution	85%	83%	90%	48%	Y
Program Rating	Y	Y			G

Environment Department

The performance of the Environment Department (NMED) continues to be mixed, with most below-target performance results associated with low inspection rates. Because these low rates are primarily associated with vacancies and the Covid-19 pandemic, LFC expects to see improved performance in FY22 resulting from significant budget increases to fill positions, as well as a return to normal operations as the state transitions out of a public health emergency. LFC staff will pay particular attention to how FY22 budget increases are implemented and the associated performance measures to ensure the Legislature's intent in providing the agency with additional funding is carried out.

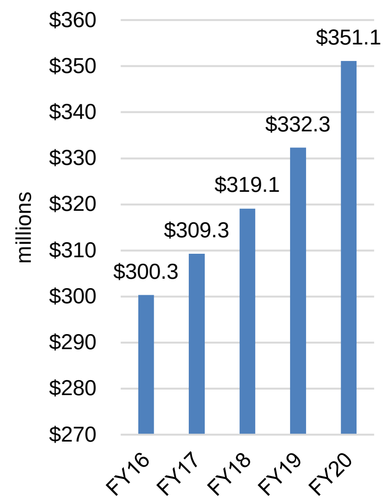
ACTION PLAN

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

Water Protection

Approximately 1.97 million New Mexicans receive their drinking water from community public water systems, and about 1.91 million, or an average of 97 percent, received water that met all health-based standards in FY21. However, NMED expressed concern that this data point is misleading due to the reduction in onsite sanitary surveys conducted by the Drinking Water Bureau during the Covid-19 pandemic. Agency staff suspect they would have identified more health-based violations in FY21 had they been conducting inspections as usual. Furthermore, NMED was forced to reduce testing for drinking water contaminants due to the depletion of the water conservation fund, which derives revenue from fees on public water systems and supports the sampling and analysis of drinking water in small and rural communities. Legislation to increase this fee to keep up with program costs was vetoed by the governor, and as a result, additional services will be discontinued, potentially worsening water quality as communities struggle to afford the tests needed to identify contaminants.

Clean Water State Revolving Fund (CWSRF) Ending Net Position FY16 through FY20



Source: State Auditor's Office

Throughout most of FY21, on-site inspections of facilities operating under a groundwater discharge permit were suspended in an effort to prevent the spread of Covid-19. In the fourth quarter, as public health conditions improved, NMED conducted 33 inspections, bringing the FY21 total to 86, or about 19 percent of permitted facilities. Current fee revenue covers approximately 10 percent of the program's costs. NMED is petitioning for a permit fee increase to generate additional revenue that can be used to fund vacant positions, but likely not until FY23.

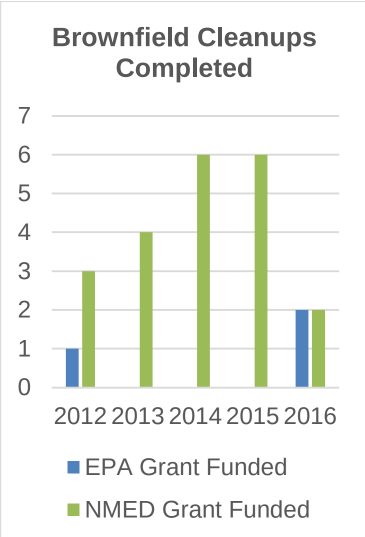
Through the CWSRF, local communities secure affordable financing for a wide range of projects. Communities benefit from CWSRF loans to finance essential wastewater, storm water, and solid waste projects at interest rates between 0 percent and 1 percent. These construction projects add revenue to local economies and improve quality of life through effective environmental infrastructure. The El Valle de Los Ranchos Water and Sanitation District in Taos County recently received national recognition for their successful project that provides sewer service to multiple small communities in place of substandard and failing septic systems and leach fields. The CWSRF program supported the multi-phase project through three loans totaling more than $4.5 million.

Budget: $27,520.1 **FTE:** 180.25

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Facilities operating under a groundwater discharge permit inspected annually	68%	47%	66%	19%	R
Population served by community water systems that meet health-based drinking water standards*	97%	99%	N/A	97%	
Number of miles of active watershed restoration, including wetlands projects, state-funded projects and federal Clean Water Act Section 319 projects*	564	560	N/A	530	
EPA clean water state revolving loan fund capitalization grant and matching state funds committed for wastewater infrastructure	100%	100%	100%	100%	G
Number of outreach efforts to promote available clean water state revolving loan funds to eligible recipients throughout the state	NEW	NEW	30	48	G
Dollar amount of new loans made from the clean water state revolving fund, in millions*	NEW	NEW	N/A	$20.1	

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Program Rating	G	Y			G

*Measure is classified as explanatory and does not have a target.



A brownfield is a property whose expansion, redevelopment, or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

Source: Environmental Council of the States

Resource Protection

There are 3,025 underground storage tank systems at 1,149 regulated facilities across the state, of which 95 have outstanding violations that can threaten groundwater. In the fourth quarter, nine facilities cleared significant violations, achieving an annual average of 90 percent compliance. However, a very small number of facilities are actually being inspected. Due to the Covid-19 pandemic, inspections in FY21 were a small fraction of what they were in FY20. This issue resulted in a mediocre performance rating on the compliance measure despite the program meeting its target.

Nine solid waste or medical facilities were inspected in the fourth quarter of FY21, and one transfer station was cited for three substantial violations. The Solid Waste Bureau recently filled 2 FTE, which is expected to increase the number of inspections in FY22. In FY21, there were 75 large quantity hazardous waste generators (LQGs) in the state, 23 of which were inspected; over the course of the year, only two were found to be in compliance with permit requirements. Although this is an explanatory measure and does not have a target, a rating was included to flag the low number of inspections. The FY22 general fund appropriation to NMED includes an increase of $200 thousand to fill inspector vacancies in this program. In the next fiscal year, LFC will monitor whether this investment coincides with an increase in inspections.

Budget: $15,275.9 **FTE:** 139.25

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Large quantity hazardous waste generators inspected and in compliance, cumulatively	39%	25%	N/A*	8.7%	R
Underground storage tank facilities compliant with release prevention and release detection requirements	86%	83%	90%	90%	Y
Solid waste facilities and infectious waste generators not in compliance with solid waste rules	5%	5%	5%	7%	Y
Percent of obligated corrective action funds expended	14%	10%	N/A*	18%	
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

The Petroleum Storage Tank Bureau is increasing outreach and assistance to the regulated community to help improve compliance with regulatory requirements for underground storage tanks. Staff report that tank owners may still be learning about new regulations that were passed in 2018.

There are an estimated 905 leaking petroleum storage tanks throughout New Mexico that require and are in various stages of corrective action and are potentially eligible for reimbursement from the corrective action fund. The program currently has $7 million worth of proposed cleanup work.

Environmental Protection

The Environmental Protection Division, through its Food Program and Occupational Health and Safety Bureau (OHSB), was heavily involved in managing the Covid-19 public health emergency in FY21. The Food Program is responsible for protecting employees, consumers, and the public from adverse health and safety conditions in food establishments, and thus enforces statewide restrictions on indoor dining per public health orders and provides guidance to food establishments on safely operating during the pandemic. OHSB is responsible for protecting employees of private industry and state, county, and city governments from workplace hazards. As a result, OHSB led the majority of the state's rapid responses, which ensure employers are following proper safety precautions to prevent the transmission of Covid-19 within their workplaces.

Overall in FY21, 134 serious workplace violations were identified and 120 were corrected by the deadlines set by OHSB, falling slightly short of the 97 percent target. Other significant issues within OHSB are not captured in the reported performance measures. For example, the agency reports that, due to personnel limitations, investigations into workplace fatalities and serious injuries are taking nearly three times as long as the U.S. Occupational Health and Safety Administration requires, delaying corrective action and putting the program's federal grant funding at risk. The General Appropriation Act of 2021 includes a general fund increase of $1.5 million to expand the capacity of OHSB to improve investigation timelines and response rates for complaints of unsafe working conditions, occupational injuries, and fatalities.

Ninety-nine percent of restaurant and food manufacturer priority violations were corrected within the timeframes specified by the Environmental Health Bureau. Priority violations indicate the highest level of risk for foodborne illness. The bureau has been conducting virtual inspections due to the additional demands created by the pandemic as well as limited resources for field staff. Ninety percent of days in FY21 had good or moderate air quality ratings, as measured by NMED's statewide network of ambient air quality monitors.

Occupational Health and Safety Bureau (OHSB) Performance

Metric	Occurrence	OHSB Performance
Complaints by employees of unsafe working conditions	600 per year	Response rate: 33%
Occupational fatalities	10-20 per year	Response rate: 50%
Amputation, Burns, Chemical Exposures, Crushing, Traumatic Injuries/Organ Failure, etc.	2,000+ per year	Response rate: 1%
Investigation Completion Benchmark		**OHSB Performance**
Federally mandated investigation timeframe	40 days	Investigation timeframe: 120 days

Budget: $26,251.2 **FTE:** 276.75

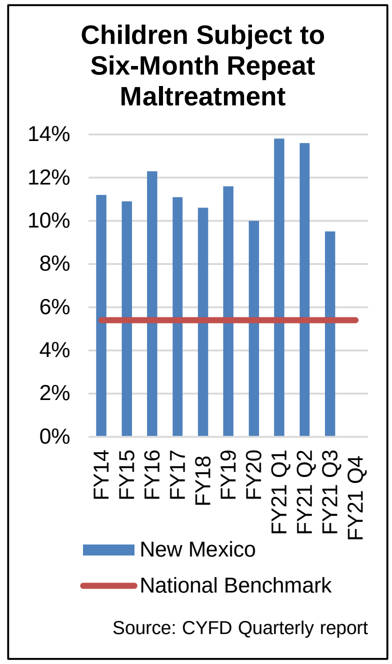
	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Serious worker health and safety violations corrected within the designated timeframes	95%	94%	96%	90%	Y
Priority food-related violations from inspections corrected within the designated timeframes	100%	95%	100%	99%	G
Days with good or moderate air quality index rating*	87%	96%	N/A	91%	
Facilities taking corrective action to mitigate air quality violations within six months of violation	NEW	100%	100%	100%	G
Radiation-producing equipment in violation when inspected	NEW	NEW	<20%	0%	G
Program Rating	G	G			G

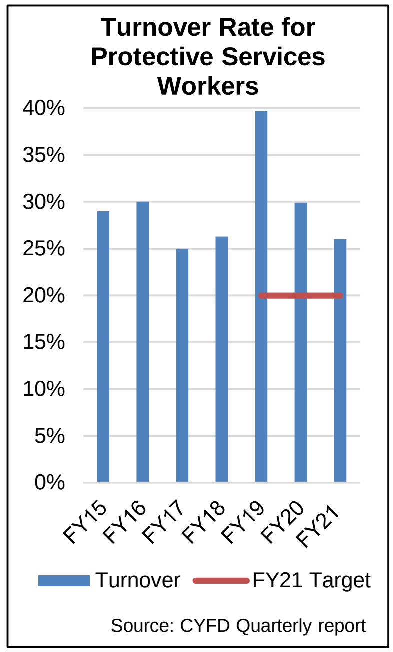
*Measure is classified as explanatory and does not have a target.

Repeat maltreatment is the most important indicator of how well a state's child protective agency's interventions perform. The measure's strength is that it informs leaders of whether the state's interventions are working within a short timeframe. Because many children and families face socioeconomic challenges, a risk factor for child maltreatment, the state spends millions each year on programs to intervene when families experience crises. Findings in a recent LFC evaluation determined the state sometimes intervenes with foster placements when less traumatic and costly alternatives are available.

ACTION PLAN

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





Protective Services

Preventive services. Research indicates upstream evidence-based prevention services effectively reduce family interactions with state child protective service agencies and demonstrate positive returns on investment due to reductions in foster placements and other long-term permanency solutions. Because of this, the department's strategic plan goals include more preventive services and more appropriate placements by reducing the use of congregate care and increasing the use of kinship care. However, the department is in the beginning stages of implementing more preventive services with outcomes such as repeat maltreatment rates not yet being influenced by the department's interventions.

State and federal government investments and incentives. In 2020 the state enacted legislation requiring the department to create a differential response (DR) system, an evidence-based process shown to reduce foster care placements and an alternative way of responding to alleged child maltreatment where there is low risk and where investigations may not be appropriate. The approach allows Protective Services to provide services to a child's family without removing the child from the home.

However, the new statute does not require the department to provide an annual implementation and outcomes report to LFC and the Department of Finance and Administration for this urgently needed program until July 2022. Additionally, recognizing positive outcomes associated with preventive services, in 2018 the federal government passed the Family First Prevention Services Act. The act created incentives for states to move money from back-end services to front-end prevention services. The state followed suit, investing more general fund in preventive services.

Delayed IT upgrades. The department's new comprehensive child welfare information system, a linchpin to ensure families are connected to appropriate services, has undergone several delays because of the department's decision to integrate with the larger Human Services Department Medicaid management information system replacement (MMISR) project. Integration with MMISR, while offering several advantages – such as the ability to leverage a 90 percent Medicaid match and greater agency-to-agency coordination – also presented the department with challenges such as adding several layers of federal reporting requirements and greater funding complexity.

With increased emphasis from the Legislature and the federal government on preventive services, performance is behind benchmark rates and the state continues

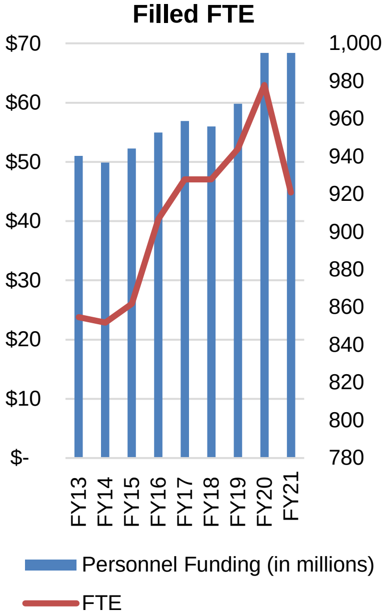
Children in foster care are experiencing:

- Nearly 15 maltreatment victimizations per 100 thousand days in foster care,
- Nearly six foster care placement moves per 1,000 days,
- Non-kinship care 58 percent of the time, and
- Permanent placement of 30 percent within 12-months.

To address the above performance, Protective Services says it is doing the following:

- Partnering parents of foster children with contracted community mentors,
- Looking into placing children in shelters, residential treatment, or group homes,
- Instituting corrective action plans for non-compliant treatment foster care agencies, and
- Changing investigation and documentation procedures for foster care maltreatment cases.

Protective Services Personnel Appropriations and Filled FTE



Source: CYFD OpBud and SPO Tool Report

to have high repeat maltreatment rates and low rates of prevention services received by families.

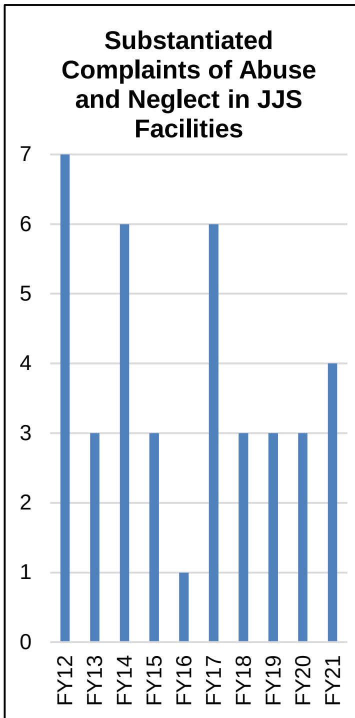
Budget: $171,038.6 **FTE:** 1,019

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Children who do not have another substantiated maltreatment report within 6 months of their initial report.	89.6%	90%	93%	Not Reported	R
Children who have another substantiated maltreatment report within 12 months of their initial report.	17%	14.1%	9.1%	13.8%	R
Maltreatment victimizations per 100,000 days in foster care.	13.4	12.6	8.5	14.7	R
Children in foster care for more than 8 days, who achieve permanency within 12 months of entry into foster care.	32.3%	29.3%	40.5%	29.7%	R
Children in foster care for 12-23 months at the start of a 12-month period, who achieved permanency within that 12 months.	36.5%	40.2%	44%	40.4%	R
Children in foster care for 24 months (or more) at the start of a 12-month period, who achieved permanency within that 12 months.	36.6%	34%	32%	41%	G
Turnover rate for protective services workers.	39.7%	29.9%	20%	26%	R
For children in foster care for more than 8 days, placement moves per 1,000 days of foster care.	7.8	5.9	4	5.6	R
Families with a completed investigation who engaged in prevention services (In-Home Services, Family Support Services) for 30 days or more.	4.5%	6.4%	20%	Not Reported	R
Rate of serious injury per 1,000 investigations	2.88	3.1	1	Not Reported	R
Average statewide central intake call center wait time (in minutes)	n/a	0:15	0:30	0:27	G
Average of the longest statewide central intake call center wait time per month for a rolling 12-month period (in minutes)	n/a	8:18	15:00	11:30	G
Foster care placements currently in kinship care settings.	23.1%	28.8%	35%	42%	G
Kinship care placements that transition to permanent placement.	37.5%	40.5%	15%	48.5%	G
Indian Child Welfare Act foster care children who are in an ICWA-preferred placement.	n/a	n/a	38%	73.2%	G
Children in foster care who have at least one monthly visit with their caseworker*	94%	95.6%	n/a	98.1%	
Program Rating	R	R			Y

*Measure is classified as explanatory and does not have a target.

Juvenile Justice Services

Mixed performance. While the program reduced physical assaults in Juvenile Justice Services (JJS) facilities by 22 percent, the share of 18-year-old clients entering corrections within two years of discharge was well above target and FY20 outcomes. The department's action plan to reduce adult corrections involvement is to conduct assessments to screen for traumatic exposure and allow for individual treatment plans. Those at risk of reoffending are matched to the appropriate level of supervision and are reassessed to measure progress. The action plan could be improved to ensure follow up after the youth leaves the facility and continuance of individual treatment plans. Additionally, the measure on JJS clients who successfully complete probation was better than expected, but recidivism continued to be a problem area. The department may need to reevaluate its probation model and ensure it is effectively addressing individual needs ensuring clients are prepared for discharge and do not recidivate.



Source: CYFD Performance Report

Budget: $71,742.4 **FTE:** 821

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Physical assaults in Juvenile Justice Facilities *(target is annual; quarterly numbers are cumulative)*	235	287	<285	224	G
JJS clients age 18 or older who enter adult corrections within two years of discharge from a JJS facility.	21.5%	14.6%	10%	15.4%	R
JJS clients who successfully complete formal probation.	85.8%	93.7%	86%	90.3%	G
Recidivism rate for youth discharged from active field supervision.	20%	20%	12%	17.7%	R
Recidivism rate for youth discharged from commitment.	44.5%	41.1%	40%	33.4%	G
Substantiated complaints by clients of abuse and neglect in JJS facilities.	10%	25.9%	13%	21.1%	R
Turnover rate for youth care specialists.	16.9%	18.1%	19%	18.5%	G
Program Rating	Y	Y			Y

Behavioral Health Services

Behavioral Health services also had a mixed year of performance with 30 percent of infants receiving a recommendation for family reunification from a mental health team being referred back to protective services because of substantiated maltreatment. The program's action plan is to support the community of practice through clinical consultation and increase competency in the delivery of child parent psychotherapy (CPP). Since 20 infants were sent back to protective services this year, the action plan should be improved with greater urgency. The state may need to rethink its use of the CPP model or reevaluate fidelity to the model. Likewise, the measure on children receiving community behavioral health clinician services is well below target and while the action plan includes words, there is no real plan other than filling vacancies. In FY21, BHS added 10 FTE assigned to this work, of which five positions remain vacant.

Budget: $42,948.0 **FTE:** 115.5

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Infants served by infant mental health teams with a team recommendation for unification who have not had additional referrals to protective services.	91%	94%	93%	70%	R
CYFD involved children and youth who are receiving services from community behavioral health clinicians.	51.8%	64%	75%	65.3%	R
Youth receiving services who are maintained in the least restrictive setting.	-	-	70%	89.4%	G
Domestic violence survivors who create a personalized safety plan with the support of agency staff prior to discharge from services.	-	-	85%	95%	G
Program Rating	G	G			Y

PERFORMANCE REPORT CARD: Fourth Quarter, FY21

Corrections Department

Although the Corrections Department (NMCD) improved its performance in some key areas in FY21, persistent and unresolved errors in current and prior year reporting has made it difficult to accurately understand the department's reported overall recidivism rate and recidivism rate due to technical parole violations for FY21 and cannot be compared against prior years. Other available metrics, however, indicate that recidivism increased in FY21. The department is currently conducting a full case-by-case review to identify and correct errors.

Although the department continues to submit improvement action plans for measures that fall below targets, these plans are generally nonspecific and do not include actionable steps towards improvement, provide timelines for implementation, or identify which units or personnel are responsible for carrying them out.

Inmate Population and Facility Usage. On average in FY21, New Mexico's inmate population averaged 6,051 (5,489 men and 561 women), a reduction of 11.5 percent compared with the FY21 average and 18.2 percent lower than the population high in FY16. The inmate population has continued to fall thus far in FY22, and in August the state's prisons held an average of 5,794 inmates (5,266 men and 528 women), a 0.6 percent decrease compared with July and a 7.2 percent decrease compared with August 2020.

The Sentencing Commission (NMSC) released its prison population projection for FY22 through FY31, which anticipates small increases in prison populations over the coming years despite recent downward trends, based partially on older historical upward trends and on the commission's expectation that prison admissions will increase once court activity resumes after significant reductions during the Covid-19 pandemic. The commission projects an average prison population of 5,916 in FY22 and 5,964 in FY23, both lower than FY21's average of 6,051. For July 2021, the projection anticipated an average of 5,902 inmates would be incarcerated, 1.3 percent higher than the actual average incarcerated population of 5,828.

Despite significant population reductions providing an opportunity for the agency to consolidate its prison population, NMCD's plans to transition existing private prisons to public operation indicates it does not intend to do so. At the end of June, NMCD announced plans to transition Guadalupe County Correctional Facility (GCCF) in Santa Rosa from private to public operation by November. NMCD will lease the facility from Geo, but the costs of that lease have not yet been determined. In July, NMCD announced it would also be taking over operations at the privately run Northwest New Mexico Correctional Center in Grants and leasing the facility from CoreCivic, a transition the department also anticipates will happen by November of this year.

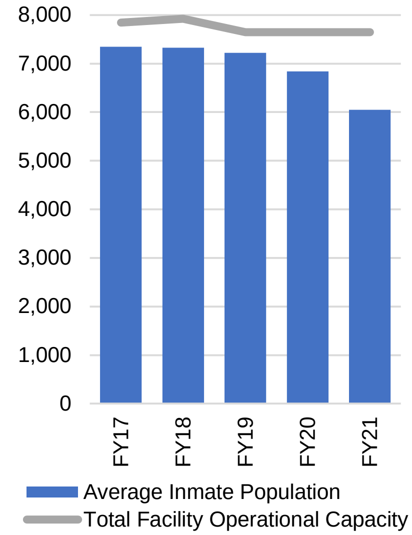
Inmate Management & Control

Prison Conditions. Prisons were notably less violent in FY21, with only six inmate-on-inmate assaults and three inmate-on-staff assaults severe enough to require outside medical treatment, compared with 31 and seven assaults, respectively, in FY20. Staffing levels at both public and private prisons, while still

ACTION PLAN

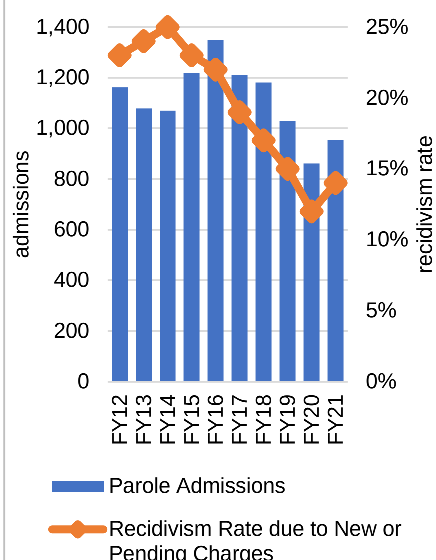
Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

NMCD Population and Facility Capacity

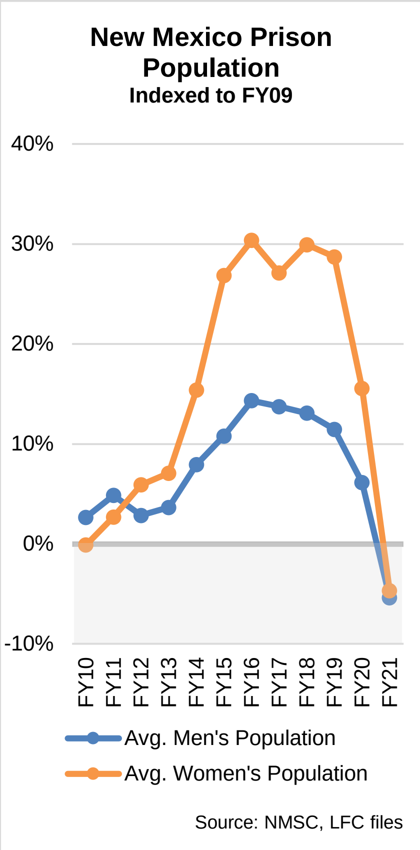


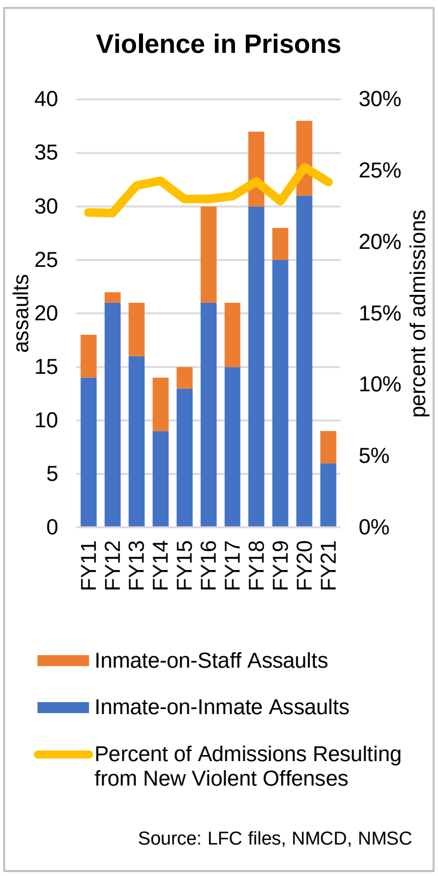
Source: NMSC, LFC files

Parolees Readmitted to Prison and Recidivism for New Offenses



Source: NMSC, LFC files





high, improved in FY21, with the vacancy rate among correctional officers falling from 31 percent in FY20 to 27 percent in FY21 at public facilities and from 46 percent to 25 percent at private facilities.

In August, NMCD reported 84 percent of facility staff and 90 percent of inmates had been vaccinated against Covid-19, a significant improvement in inmate vaccinations, which were 51 percent in May. Currently, there are nine active Covid-19 cases in state prisons. The department's medical vendor also significantly improved its outcomes over the course of FY21, meeting 100 percent of standard healthcare requirements in the third and fourth quarters of the year; although this measure fell below the target for FY21, its green rating reflects this improvement.

Recidivism. In the first quarter of FY21, NMCD reported its overall three-year recidivism rate had been reported incorrectly since 2016, due to a database error that erroneously counted all intakes to the parole system as prison admissions for purposes of calculating reincarceration rates. The agency has corrected this issue, but because it has not provided corrected historical data on this measure, it is unclear if FY21's recidivism results represent an increase or decrease from previous years' recidivism levels. NMCD reports it is working on recalculating annual results for its three-year recidivism rate measure and but has not yet been able to provide results.

Additionally, in August, NMCD reported that several prior years' performance reports had excluded absconders when calculating recidivism rates for technical parole violations, although the measure is defined to include absconders. The department included absconders in its FY21 reports, but had not informed LFC of this change. As a result, it is not possible to compare FY21's 30 percent recidivism rate for technical violations to prior years' performance.

Although it is not possible to analyze the agency's performance regarding overall recidivism and technical violation recidivism rates, the recidivism rate due to new or pending changes (which the department has not reported any issues with) and data from NMSC regarding parolees readmitted to prison for new offenses and technical violations indicate recidivism likely increased in FY21. The percent of prisoners reincarcerated within 36 months of release due to new or pending charges, which decreased every year between FY15 and FY20, increased 2 percentage points in FY21. Similarly, prison admissions of parolees fell every year between FY16 and FY20, but even as overall admissions dropped 14 percent between FY20 and FY21, the number of people who had their parole revoked increased 11 percent.

Budget: $299,283.7 **FTE: 2,044**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Recidivism					
Percent of prisoners reincarcerated within 36 months[1]	54%	54%	45%	44%	Y
Percent of prisoners reincarcerated within 36 months due to new charges or pending charges	15%	12%	17%	14%	G
Percent of sex offenders reincarcerated on a new sex offense conviction within 36 months of release on the previous sex offense conviction	1%	2%	15%	6%	G
Percent of residential drug abuse program graduates reincarcerated within 36 months of release*	28%	21%	N/A	22%	
Prison Violence					
Number of inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	25	31	15	6	G

Number of inmate-on-staff assaults resulting in injury requiring off-site medical treatment.	3	7	0	3	Y
In-House Parole					
Percent of release-eligible female inmates still incarcerated past their scheduled release date[2]	9.4%	7.7%	6%	0.6%	Y
Percent of release-eligible male inmates still incarcerated past their scheduled release date[2]	9.3%	6.4%	6%	1.4%	Y
Staffing					
Vacancy rate of correctional officers in public facilities	25%	31%	20%	27%	R
Vacancy rate of correctional officers in private facilities	NEW	46%	20%	25%	R
Education					
Percent of eligible inmates enrolled in educational, cognitive, vocational and college programs	76%	62%	68%	41%	R
Percent of participating inmates who have completed adult basic education*[3]	78%	77%	N/A	5%	
Percent of eligible inmates who earn a high school equivalency credential[3]	78%	77%	80%	5%	Y
Number of inmates who earn a high school equivalency credential	139	134	150	118	Y
Health					
Percent of standard healthcare requirements met by medical contract vendor	92%	87%	100%	90%	G
Percent of random monthly drug tests administered to at least ten percent of the inmate population that test positive for drug use*	2.9%	2.5%	N/A	2%	
Program Rating	Y	R			Y

*Measures are classified as explanatory and do not have targets.

1. In the first quarter of FY21, NMCD reported its overall three-year recidivism rate had been reported incorrectly since 2016, due to a database error that erroneously counted all intakes to the parole system as prison admissions for purposes of calculating reincarceration rates. The agency has corrected this issue, but because it has not provided corrected historical data on this measure, it is unclear if FY21's recidivism results represent an increase or decrease from previous years' recidivism levels. NMCD reports it is working on recalculating annual results for its three-year recidivism rate measure and but has not yet been able to provide results. The measure's yellow rating reflects these reporting issues and proxy metrics that suggest recidivism may be increasing.
2. NMCD reported this measure had previously been miscalculated, changed the calculation for FY21, but did not provide corrected historic reports. LFC and DFA analysts believe NMCD's altered calculation is incorrect (the original calculation is correct) but NMCD has not yet revised its reports for FY21. NMCD has demonstrated that these recalculated measures represent significant improvements over prior years' results calculated in the same manner, meaning it is likely that the original calculation would also reflect improvement this quarter; for this reason, these measures are rated yellow.
3. NMCD reported this measure had previously been miscalculated, changed the calculation for FY21, but did not provide corrected historic reports. Previously, these measures were both calculated as the pass rate of the high school equivalency test; now, they are both reported as the percent of inmates enrolled in adult basic education who pass the high school equivalency test and therefore earn the credential.

Inmate Education and Programming

Although inmate participation in educational, cognitive, vocational, and college programs fell well below target in FY21 as a result of the Covid-19 pandemic, it improved steadily over the course of the year, rising from 35 percent in the first quarter to 47 percent in the fourth. Similarly, while the number of inmates who earned a high school equivalency (HSE) certificate fell in FY21 due to only 10 inmates earning an HSE in the third quarter, in the fourth quarter 31 inmates earned an HSE.

Community Offender Management

The Probation and Parole Division significantly reduced vacancy rates among probation and parole officers in FY21, dropping from a 25 percent vacancy rate in FY20 to just 16 percent in FY21. The average standard caseload for officers also improved this year and remained well below target. The percent of contacts per month made with high-risk offenders in the community remains high but fell below target; NMCD notes that new officers and vacancies impact this measure. The recidivism rates of the men's and women's recovery centers fluctuated significantly over the course of the year and failed to achieve targets.

Budget: $40,010.2 **FTE: 380**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Percent of prisoners reincarcerated within 36 months due to technical parole violations	15%	13%	14%	30%	R
Percent of graduates from the women's recovery center who are reincarcerated within 36 months	19%	25%	19%	27%	R

Percent of graduates from the men's recovery center who are reincarcerated within 36 months	27%	23%	23%	28%	R
Average standard caseload per probation and parole officer	110	91	103	88	G
Percent of contacts per month made with high-risk offenders in the community	98%	96%	97%	94%	Y
Vacancy rate of probation and parole officers	24%	25%	20%	16%	G
Program Rating	Y	Y			Y

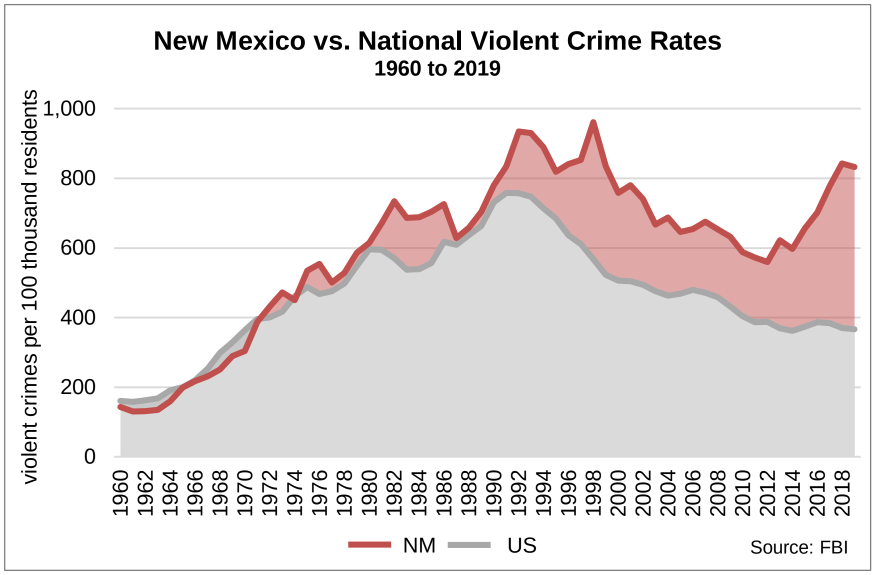
1. In August, NMCD reported that several prior years' performance reports had excluded absconders when calculating recidivism rates for technical parole violations, although the measure is defined to include absconders. The department included absconders in its FY21 reports, but had not informed LFC of this change. As a result, it is not possible to compare FY21's 30 percent recidivism rate for technical violations to prior years' performance, and it is not clear if this an increase or decrease. The measure's red rating reflects these reporting issues and proxy metrics that suggest recidivism may be increasing.

Department of Public Safety

ACTION PLAN

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

Spikes in homicides across the country have garnered significant attention in 2020 and 2021, although some preliminary analyses suggest overall crime is still falling nationwide. While statewide crime data for New Mexico are not yet available, data from Albuquerque, which generally drives the state's crime rates, show similar trends. Because the Department of Public Safety (DPS) is still in the midst of transitioning to a new statewide crime reporting system, statewide data for 2020 and 2021 are not yet available, although the FBI is expected to release national and statewide crime data for 2020 by the end of the month. Completion of this transition, expected this fall, will provide more timely reporting and analysis of crime trends in the future.



The Albuquerque Police Department reports an overall reduction in crimes during the first half of 2021 compared with the past three years, with reported crimes down 6 percent compared with the first half of 2020 and 9 percent lower than the first half of 2019. Decreases in property crime drive these trends and have fallen 9 percent compared with the first half of 2020 and 13 percent compared with the first half of 2019. However, crimes against persons (which include assault, homicide, human trafficking, kidnapping, and sex offenses) increased slightly (1 percent) in the first half of 2021 compared with the first half of 2020 and was 2 percent lower than the first half of 2019. Notably, aggravated assaults increased 9 percent in the first half of 2021 compared with 2020 and were up 17 percent compared with the first half of 2019; homicides in the first half of 2021 (which total 78) were 86 percent higher than the first half of 2020 and 63 percent higher than the first half of 2019.

This summer, the executive deployed 35 New Mexico State Police (NMSP) officers to Albuquerque to combat crime. In the first three weeks of the operation, state police report they have issued a total of 1,513 citations and made 67 misdemeanor arrests, 93 felony arrests, and 21 DWI arrests, as well as recovering 13 stolen vehicles.

DPS's improvement action plans, particularly for the Law Enforcement Program, continue to focus on the impact of Covid-19 and the public health order on normal operations, without offering a plan or timeline for the resumption of normal operations and the improvement of the relevant metrics.

State Police FY21 Stats

76%	homicide clearance rate
7,424	cases investigated
2,017	felony arrests
4,827	misdemeanor arrests
128	crime scenes investigated
326	stolen vehicles recovered

Law Enforcement

Enforcement Operations. The Law Enforcement Program's performance fell well below target on its key measures related to data-driven traffic enforcement, DWI saturation patrols and arrests, and commercial motor vehicle inspections.

While the agency significantly increased the number of DWI saturation patrols it conducted in the fourth quarter, it held fewer than half the number of data-driven traffic-related enforcement projects than it held in the third quarter.

In addition to reduced proactive policing operations, state police also investigated 25 percent fewer cases in FY21 than in FY20, investigated 3 percent fewer crime scenes, and recovered 4 percent fewer stolen vehicles. NMSP cleared 13 homicide cases in FY21, three more than the ten cleared in FY20, but because it also received seven more cases than the 10 received in FY20, the agency's homicide clearance rate dropped from 100 percent in FY20 to 76 percent in FY21.

Manpower. DPS reports an average vacancy rate among commissioned state police officers of 8.7 percent in FY21, down just slightly from the 8.8 percent vacancy rate in FY20. The agency ended FY21 with a personnel funding surplus of almost $2 million, most of which ($1.2 million) was in the Law Enforcement Program. Budgetary constraints resulting from Covid-19 solvency measures restricted state police to just one recruit school in FY21, which graduated 22 recruits out of 31 who started, a 71 percent graduation rate. State police plan to hold two recruit schools in FY22. DPS projects vacancy rates among state police officers to rise to an average of 11.1 percent in FY22, but the addition of graduates from the second recruit school in the fourth quarter is anticipated to raise force strength at the close of the year to 662, an increase from the close of FY21.

State Police Force Strength

Fiscal Year	Recruit and Lateral Officer Hires	Total Force Strength*
FY17	24	661
FY18	60	665
FY19	47	662
FY20	52	674
FY21	22	656

*Reflects force strength at the close of the fiscal year.

Source: Department of Public Safety

Budget: $128,755.9 **FTE: 1,093.3**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Data-driven traffic-related enforcement projects held	3,308	2,851	3,500	2,575	R
Driving-while-intoxicated saturation patrols conducted	3,416	1,933	3,350	2,290	Y
Driving-while-intoxicated arrests	2,171	1,647	2,000	1,272	R
Commercial motor vehicle safety inspections conducted	95,041	68,378	95,000	76,269	Y
Commissioned state police officer vacancy rate*	N/A	8.8%	N/A	8.7%	
Commissioned state police officer turnover rate*	N/A	5.4%	N/A	6.4%	
Graduation rate of the New Mexico State Police recruit school*	68%	73.3%	N/A	71%	
Program Rating	G	G			Y

*Measures are classified as explanatory and do not have targets.

Officer-Involved Shooting Investigations

NMSP investigates most of the officer-involved shootings in the state, either as the sole investigating agency, the lead agency in a multi-agency task force, or a participating agency in a multi-agency task force. In FY21, state police were involved in the investigations of 48 of the 54 officer-involved shootings reported by New Mexico law enforcement agencies, including 11 of the 12 incidents involving NMSP officers. State police were also involved in the investigations of 23 of the 25 fatal shootings reported, including all four fatal shootings involving its officers.

Statewide Law Enforcement Support

Forensic Laboratory. Three of the department's forensic laboratory units exceeded their targets for FY21, and two were able to reduce their case backlogs. Each of these units also saw lower caseloads in FY21, and all units reduced their average vacancy rates over the year and ended FY21 with more staff than at the close of FY20.

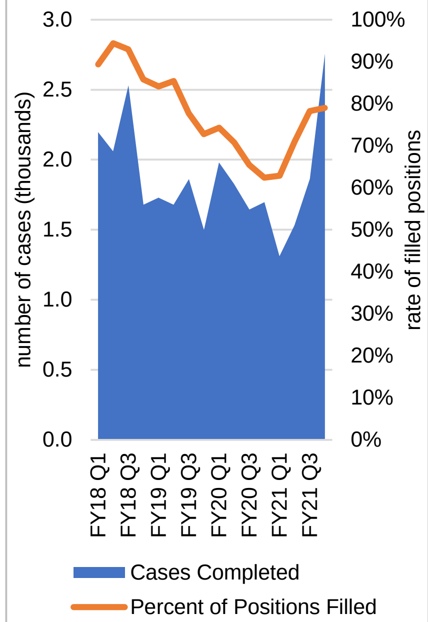
Notably, after a significant drop in productivity in the fourth quarter of FY21, the Latent Print Unit had a case completion rate over 100 percent every quarter of FY21 and reduced its case backlog by 48 percent. This was likely possible due to reduced caseloads this year (the unit received 31 percent fewer cases than in FY20) and the addition of two team members over the course of the year.

The Firearms and Toolmark Unit was the only unit not to achieve its case completion target this year, but it was also the only unit that saw increased caseloads, which rose 48 percent compared with FY20. Although the unit's case completion rate was much lower than last year and fell well below target each quarter, in the fourth quarter the until became fully staffed and more than doubled the number of cases it completed compared with the third quarter. The yellow rating for this metric reflects that improvement, which will hopefully continue in FY22.

Department of Public Safety
FY21 Q4 Forensic Cases Received and Completed

Case Type	Cases Received	Cases Completed	Completion Rate	Pending Cases	Scientist/ Technician Vacancy Rate
Firearm and Toolmark	301	180	60%	1,668	0%
Latent Fingerprint	127	225	177%	243	17%
Chemistry	1,420	1,774	125%	3,527	23%
Biology and DNA	412	579	141%	1,456	18%

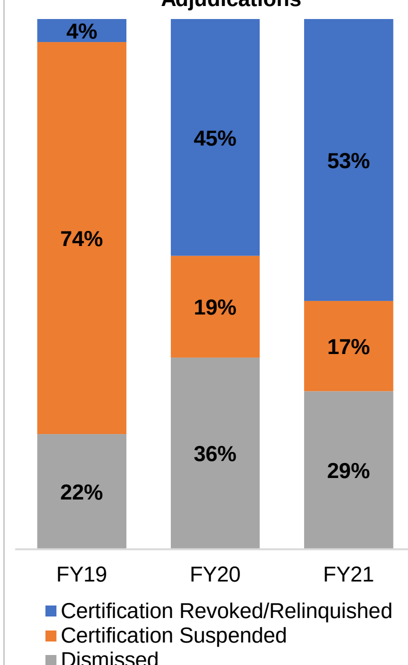
Source: Department of Public Safety



Source: DPS, LFC files

Law Enforcement Academy Board. The New Mexico Law Enforcement Academy Board adjudicated 122 complaint cases against law enforcement officers statewide in FY21, more than triple the 34 cases it adjudicated in FY20. At the end of the fiscal year, there were only 64 cases open, about half the 123 cases open at the close of FY20.

As the Law Enforcement Academy Board has increased its adjudications in recent years, it has also become more likely to either revoke (or accept the voluntary surrender of) an officer's law enforcement certification or dismiss a case outright, rather than issuing suspensions. Seventy-four percent of cases in FY19 were resolved with a suspension, but by FY21, suspensions made up just 16 percent of adjudications. The majority of cases adjudicated in FY21 instead resulted in the officer losing their certification.



Source: LFC analysis of LEAB meeting transcripts

Budget: $21,488.1 **FTE: 161**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Forensic firearm and toolmark cases completed	67%	80%	90%	37%	Y
Forensic latent fingerprint cases completed	118%	65%	100%	150%	G
Forensic chemistry cases completed	65%	93%	90%	103%	G
Forensic biology and DNA cases completed	87%	73%	95%	93%	G
Program Rating	G	Y			G

PERFORMANCE REPORT CARD: Fourth Quarter, FY21

Department of Transportation

ACTION PLAN

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

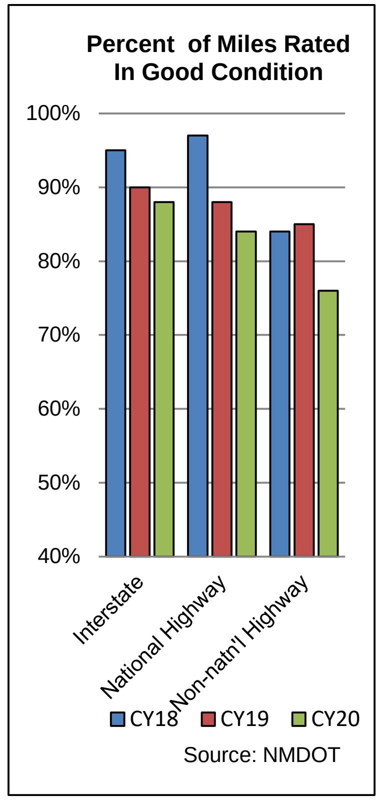
The Department of Transportation (DOT) reports that, despite challenges brought on by the Covid-19 pandemic, projects are being completed on time and maintenance activity has continued at a pace sufficient to meet performance targets. Traffic fatalities remain persistently high despite a decrease in alcohol-related fatalities.

Project Design and Construction

In order to judge the performance of the department's project planning and execution, measures covering the ability of the department to plan and complete projects on time and within budget are tracked. The department has made progress in project preparation as reflected in improving performance in putting projects to bid on-time. Once projects are bid, the vast majority of the projects are completed on time and within budget with actual costs exceeding the budget by 1.8 percent, less than the target of 3 percent. This indicates the department is doing well in planning projects, estimating costs, and managing construction to complete construction on-time. In FY21, the department put 38 of 49 projects to bid according to schedule.

Budget: $619,589.9 **FTE: 368**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Projects put out for bid as scheduled	35%	75%	>67%	77%	G
Projects completed according to schedule	97%	92%	>88%	94%	G
Final cost-over-bid amount on highway construction projects	0.2%	1%	<3%	1.8%	G
Program Rating	Y	G			G



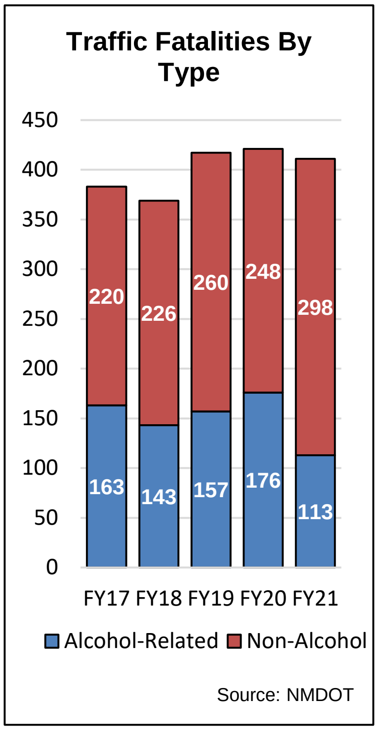
Highway Operations

Maintenance crews greatly exceeded the FY21 target for roadway preservation completing 3,852 miles of pavement preservation, or 28 percent over the target level. Maintenance activity typically slows during the winter months as crews transition to cold-weather operations. However, a mild winter and an increase in non-recurring funding provided by the Legislature allowed the department to significantly exceed the target in FY21.

Budget: $250,882.6 **FTE: 1,829**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Statewide pavement miles preserved	3,143	3,970	>3,000	3,852	G
Bridges in fair condition or better, based on deck area	96%	96%	>90%	96%	G
Program Rating	G	G			G

DOT assesses all New Mexico roads each calendar year using a Pavement Condition Rating (PCR) score to measure roadway condition. For calendar year 2020, road condition data shows New Mexico roadways deteriorated significantly from the prior year with lane miles in deficient condition increasing 54 percent year-over-year.

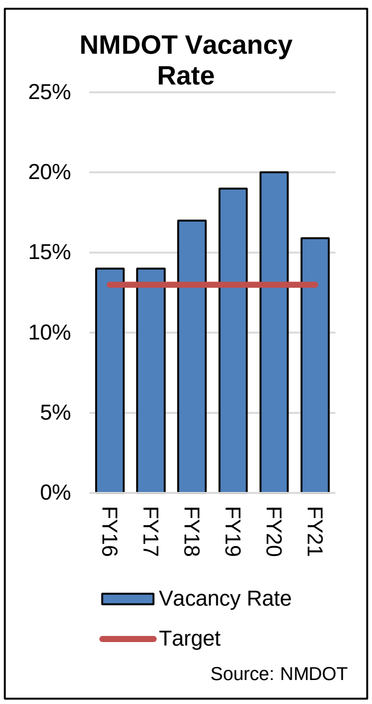


A PCR score of 45 or less indicates a road in poor condition. In 2020, the average PCR score for the state was 54.9, down from 57.4 the prior year. The annual decline of 2.5 shows that current funding is insufficient to maintain, let alone improve, the condition of New Mexico roadways. Additionally, because there are so many lane miles in fair condition with PCR scores less than 50, it is likely that, without significant investment, lane miles in poor condition will continue to see rapid growth.

Between 2016 and 2020, the proportion of roadways in poor condition increased from 17.4 percent to 23.8 percent. However, road conditions vary significantly by district; in 2020, district 2 had the worst average condition with 28 percent or roads in poor condition while district 6 had the best condition with 10.2 percent of roads in poor condition.

CY20 Road Condition Survey	CY17 Actual	CY18 Actual	CY19 Actual	CY20 Target	CY20 Actual	Rating
Interstate miles rated fair or better	93%	95%	90%	>90%	88%	Y
National highway system miles rated fair or better	89%	97%	88%	>86%	84%	Y
Non-national highway system miles rated fair or better	79%	84%	85%	>75%	76%	G
Lane miles in poor condition	4,606	3,783	4,420	<5,425	6,805	R
Program Rating	G	G	G			Y

Modal



Total fatalities were down 3 percent from FY20, but were still well in excess of the target. While alcohol-related fatalities fell significantly from the prior year, the data are preliminary and are often revised up as medical reports become available making it difficult to draw conclusions from current year data. Park and ride and rail runner service was curtailed in the first two quarters of FY21, but passenger service resumed in the third quarter. However, no return to office guidance has been issued and state employees continue working remotely resulting in fewer passengers utilizing transportation services. The rail runner received $63.9 million in federal funding through the CARES and ARP Acts.

Budget: $74,251.2 **FTE: 126**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Traffic fatalities	417	424	<357	411	R
Alcohol-related traffic fatalities	157	176	<125	113	G
Non-alcohol-related traffic fatalities	260	248	<232	298	R
Occupants not wearing seatbelts in traffic fatalities	134	158	<133	171	R
Pedestrian fatalities	83	83	<72	76	Y
Riders on park and ride, in thousands	230	175	235	53.6	R
Riders on rail runner, in thousands*	761	516	N/A	40.9	
Program Rating	Y	R			R

*Measure is classified as explanatory and does not have a target.

Program Support

The department received exemptions from the statewide hiring freeze and was able to lower the vacancy rate from 20 percent in FY20 to 16 percent at the close of FY21. The majority of positions were related to road maintenance. Worker injuries fell as a result of Covid restrictions which reduced the number of employees on-site.

Budget: $44,606.7 **FTE: 252.8**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Vacancy rate in all programs	18.3%	20.4%	<13%	15.9%	Y
Employee injuries	72	54	<90	35	G
Percent of invoices paid within 30 days	94%	93%	>90%	93%	G
Employee injuries occurring in work zones	27	13	<35	11	G
Program Rating	G	G			G

Public Education

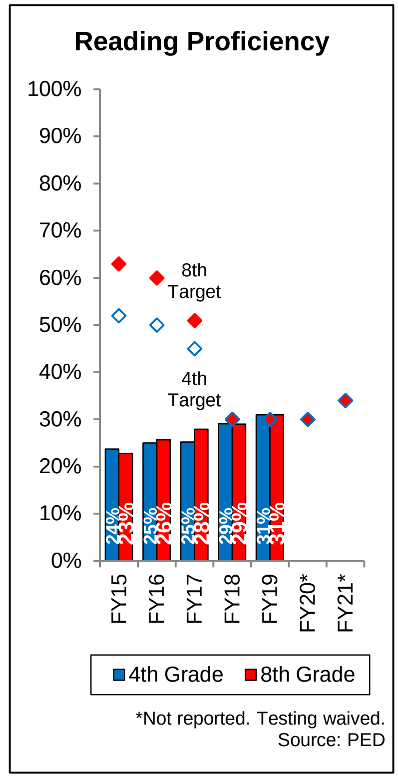
For a second year in a row, New Mexico did not report annual data on statewide student academic achievement due to the Covid-19 pandemic. This two-year hiatus on student academic achievement will hamper the state's ability to demonstrate progress on addressing court findings from the *Martinez-Yazzie* education sufficiency case, which argued that dismal test scores, substantial achievement gaps, and poor graduation and college remediation rates were indicators of an inadequate education system, particularly for at-risk students. Additionally, the change in state assessments will create new challenges in measuring the long-term effects of state investments and school closures on student learning.

Given the monumental influx of state and federal revenue following a year of hybrid in-person and remote learning, New Mexico has a rare opportunity to not only catch students up but also foundationally change how schools operate and educate students. However, to make responsible investments that will move the needle on student achievement, the state needs measures of student performance that are timely and mechanisms to hold schools accountable. Without these accountability measures, the state has little assurance that additional funding will help students recover equitably from the learning interruptions caused by the pandemic.

Although currently still in development, the Public Education Department (PED) is creating a strategic plan to address *Martinez-Yazzie* findings and a 90-day plan to improve educational outcomes statewide. To ensure student learning goals are achieved, PED's plan should include consistent monitoring and reporting on student outcomes, specific targets for performance levels, timelines to achieve outcomes, and responsibilities of schools and PED when targets are not met.

ACTION PLAN

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



*Not reported. Testing waived.
Source: PED

New Mexico Lacks Clarity on Student Achievement

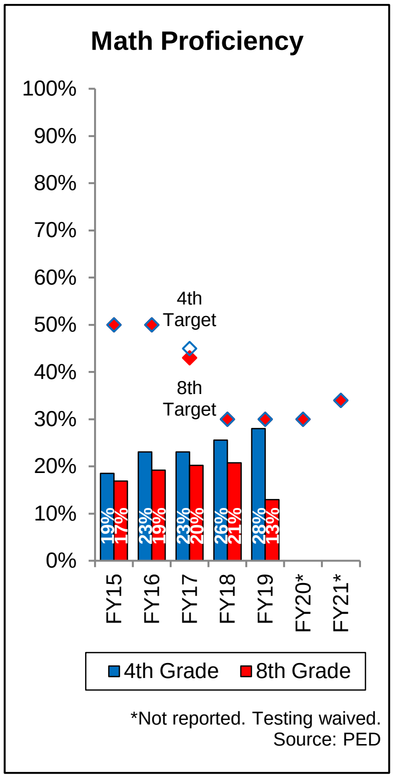
Academic Gains Projected to Slow. In FY20, PED requested a federal waiver to forgo standardized testing completely, and in FY21, the department requested a waiver for standardized test participation. The U.S. Department of Education approved both waivers. Following FY21 approval, PED made New Mexico state assessments optional in 2021 but required summative testing to be in person. Schools allowed families to opt into testing; however, preliminary data suggests only 10 percent of eligible students participated in FY21 tests. As a result, FY21 math, reading, and science proficiency rates did not accurately represent statewide performance, and PED did not report on these statewide academic measures for FY20 and FY21.

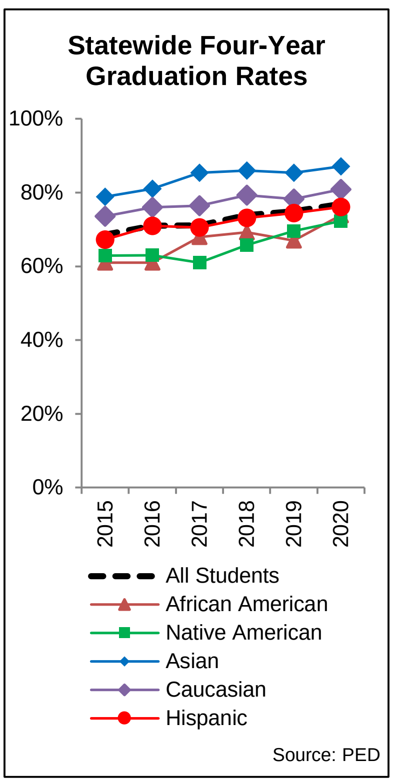
LFC's 2020 evaluation on the impact of school closures found students were likely to lose 3 months to a year of learning during the pandemic, with greater losses expected for younger and at-risk student populations. Recent national assessment data from the Northwest Evaluation Association (NWEA), which includes New Mexico students, suggests student achievement gains suffered during the pandemic. Students showed 3 to 6 percentile point declines in reading and 8 to 12 percentile point declines in math compared with pre-pandemic levels. Although achievement gains were lower for all student groups, growth was notably lower for Native American, Black, Hispanic, low-income, and elementary-grade students.

Testing Changes

Prior to FY15, New Mexico used the state-developed Standards Based Assessment (SBA) for testing, which was subsequently replaced with the PARCC test. In FY19, the state began moving away from PARCC and used TAMELA as a transition test. Starting in FY21, the state will use the New Mexico Measures of Student Success and Achievement (MSSA) test, developed by Cognia, and the SAT, the third testing change in 7 years.

To ensure accurate comparisons of academic performance over time, New Mexico should consider maintaining the same assessment over a longer period.





PUBLIC SCHOOL SUPPORT

Budget: $3,170,640.0 **FTE: N/A**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Fourth grade reading proficiency	30%	Not reported	34%	Not reported	R
Fourth grade math proficiency	27%	Not reported	34%	Not reported	R
Eighth grade reading proficiency	31%	Not reported	34%	Not reported	R
Eighth grade math proficiency	20%	Not reported	34%	Not reported	R
Four-year high school graduation	74.9%	76.9%	75%	N/A	G
Chronic absenteeism	New	New	<10%	28%	R
Spending on at-risk services	New	New	N/A*	Not reported	R
Classroom spending in large districts	Not reported	Not reported	75%	Not reported	R
Program Rating					R

*Measure is classified as explanatory and does not have a target.

Graduation Rates Increase. The state's overall four-year high school graduation rate improved for the class of 2020, rising to 76.9 percent statewide over the prior year. Although New Mexico still lagged behind the 2019 national graduation rate (86 percent), the latest 2 percentage point increase outpaced growth in the 2019 national rate.

Growth in the four-year graduation rate was driven primarily by Hispanic students (1.7 percentage point increase), which represent the largest student subgroup. African American students saw the greatest improvement in graduation rates from the prior year (6.8 percentage point increase), followed by Native American students (2.7 percentage points) and Caucasian students (2.6 percentage points). Although most student subgroups improved graduation rates, the rate for students with disabilities fell by 1 percentage point.

Due to pandemic-related interruptions, PED allowed high school graduates for the class of 2021 to demonstrate competency for graduation by passing required high school coursework. PED recently announced this graduation allowance would be the same for the classes of 2022 and 2023. While this change may have boosted graduation rates, without complementary college and career readiness measures the state cannot determine whether local coursework equitably prepared high school graduates for postsecondary pathways.

For FY23, PED is requesting a new performance metric to measure the percent of high school graduates earning a workforce certification or industry-recognized credential. Although this addition may provide valuable insights on workforce trends and program access across the state, PED or the Department of Workforce Solutions should consider using other indicators like employer satisfaction surveys or employee retention rates to more directly measure career readiness statewide.

What Happened to Student Engagement?

Students Enrollment Falls. Statewide, student membership continues to fall. Preliminary FY22 membership counts totaled 308 thousand students, a decrease of 13.4 thousand students, or 4 percent, from the prior year. Since FY16, membership has declined by about 0.5 percent each year, indicating the pandemic played a major role in recent enrollment drops. In February 2021, PED found about 43 percent of students missing from enrollment rosters had moved out of the state, followed by 17 percent of students dropping out and 14 percent enrolling in homeschool.

The department also reported on chronic absenteeism rates in its federal plan for Elementary and Secondary School Emergency Relief funds, noting higher chronic absence rates for low-income, Black, Native American, English learner, and special education students. Students who are chronically absent miss at least 15 days of school in a year and are at serious risk of falling behind. Overall, New Mexico's estimated FY21 chronic absenteeism rate of 28 percent was notably higher than the last reported FY16 national average of 16 percent, likely driven by school closures during the pandemic.

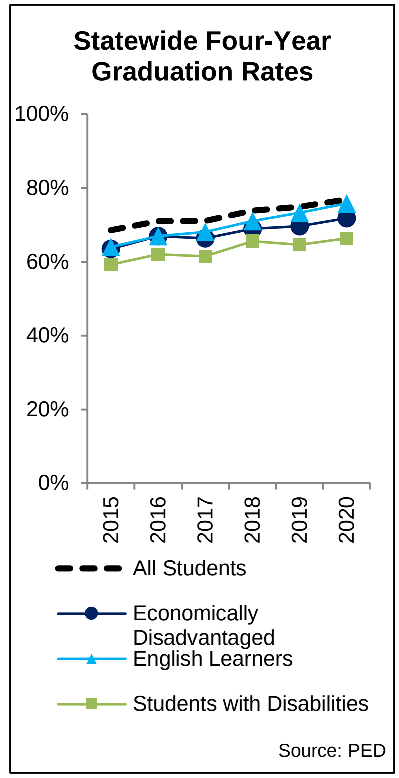
In August 2021, PED changed course, emphasizing the need to keep school open safely. Formerly, the department required schools to close after reporting four or more rapid responses, or Covid-19 cases, within a 14-day period. PED is now working with schools individually to enhance safety and health practices rather than forced closures. Providing in-person instruction can improve each school's ability to improve student engagement and reduce absenteeism.

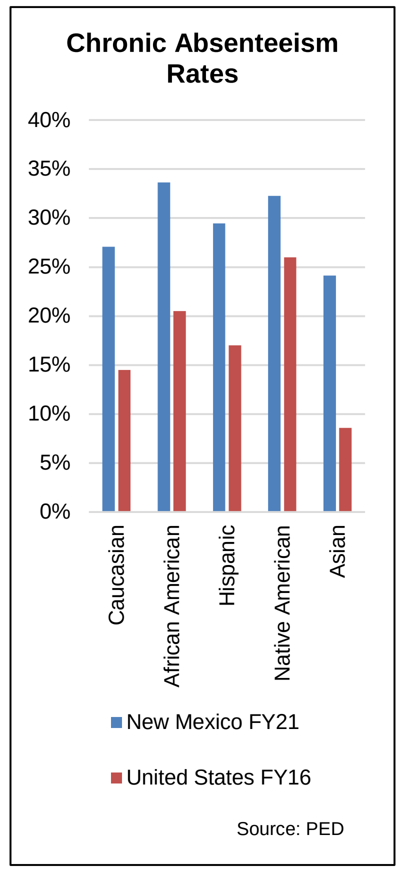
Schools Opt Out of Extra Instructional Time Opportunities. In the *Martinez-Yazzie* case, the court noted the state's K-3 Plus extended school year program, which adds 25 instructional days, should be made available to all at-risk students. Previous LFC evaluations found low-income students that participated in prekindergarten and K-3 Plus programs were able to close the achievement gap with their more affluent peers.

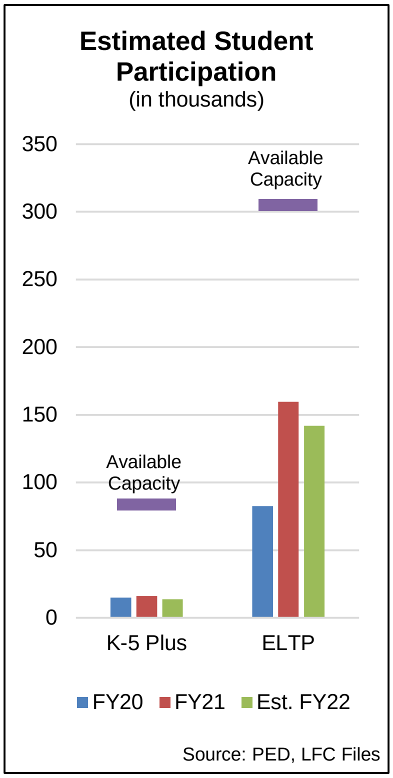
To offset lost instructional time during the pandemic and address *Martinez-Yazzie* findings, the Legislature appropriated funding to cover participation for 60 percent of elementary school students in K-5 Plus (an expansion of K-3 Plus to all elementary grade levels). Despite the significant recurring investment, statewide participation in K-5 Plus remained low. In FY21, 16.1 thousand students participated in K-5 Plus, or about 11 percent of elementary school students. Current estimates suggest only 13.8 thousand students will participate in the program for FY22.

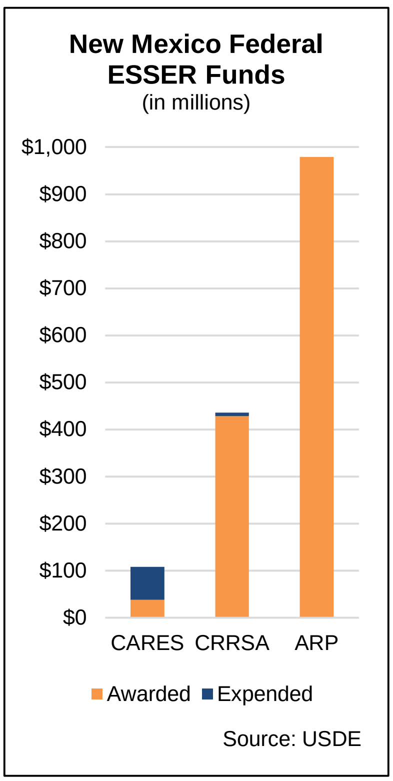
Alongside K-5 Plus, the Legislature created an Extended Learning Time Program (ELTP) in FY20, which adds 10 school days, 80 hours of professional development, and after school programming to the calendar for any grade level. In contrast to K-5 Plus, 159.7 thousand students participated in FY21 ELTPs, which is nearly half of statewide enrollment. However, current estimates show ELTP participation dropping to 142 thousand students in FY22.

In addition to state support for extra instructional time, schools received over $1.5 billion in federal relief funds from the Elementary and Secondary School Emergency Relief (ESSER) fund. The third round of ESSER aid under the American Rescue Plan (ARP) Act, which amounts to $979 million, requires schools to spend at least 20 percent of relief funds on activities to address learning loss caused by the Covid-19 pandemic. To date, schools have not budgeted any ESSER ARP funds; however, the portion intended to address learning loss is about $181 million – nearly the same amount of funding the state has appropriated for K-5 Plus and ELTP each year. The









state should monitor how schools address learning loss through ARP funds to identify programs that show promise of improving student outcomes.

Public Education Department

In the *Martinez-Yazzie* case, the court found PED did not exercise its full authority over school districts to ensure funding was spent on programs serving at-risk students. Although PED is charged with ensuring educational sufficiency at schools, the agency's functions are focused primarily on compliance reporting. During the pandemic, however, the agency's operations shifted toward addressing school reopening and remote learning, including producing new guidance documents, taking over school boards, and awarding federal relief funds. The department did not meet annual FY21 targets for timely reimbursement processing and data validation audits for funding formula components, likely due to remote working conditions and personnel turnover.

PED received budget and FTE increases for operations in FY21 to reduce the department's reliance on special program funding ("below-the-line" funding) for administration; however, the department's budget still diverts over $1.3 million in special program funding for administrative overhead. The court also found PED special programs to be temporary and at an insufficient scale to be impactful. PED's FY23 request will shift special program funds to the agency base operating budget.

Budget: $15,300.2 **FTE: 290.2**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Students in Extended Learning Time Programs	New	82,581	N/A*	159,713	G
Students in K-5 Plus schools	18,227	14,887	N/A*	16,067	R
Average days to process reimbursements	26.8	31	24	40	R
Data validation audits of funding formula	28	12	30	24	R
Program Rating					R

*Measure is classified as explanatory and does not have a target.

Federal Aid Floods into the State. In response to the Covid-19 pandemic in FY20 and FY21, Congress supplied emergency relief (ESSER) awards to schools through three acts: the Coronavirus Aid, Relief, and Economic Security (CARES); Coronavirus Response and Relief Supplemental Appropriations (CRRSA); and American Rescue Plan (ARP). In total, New Mexico received $1.5 billion from these three acts.

For the first round, CARES, schools budgeted two-thirds, or $60 million, for educational technology and health supplies. For the second round, CRRSA, schools budgeted 41 percent, or $155 million, for educational technology and facility upgrades, particularly to improve air quality. Schools also budgeted 27 percent, or $103 million, of CRRSA funds for at-risk student interventions, extended learning, mental health, engagement programs, and specialists. PED will collect plans for the third round, ARP, in October. According to the U.S. Department of Education, as of September 3, 2021, New Mexico has spent $96.5 million of ESSER aid, or 6.3 percent of total awards.

Higher Education Institutions

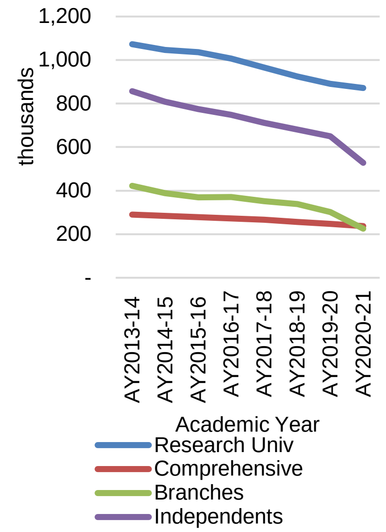
ACTION PLAN

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

Expanding from reporting on five to more than 45 performance metrics, public colleges and universities, led by LFC and DFA staff, are providing a deeper look into several key performance metrics such as student enrollment, workload, and completion. The data reporting, however, is not perfect: (1) many of the new performance metrics have limited historical data, and (2) data gaps become more visible as more analysis is completed. Nonetheless, the new framework is providing deeper insight into the nature of enrollment, workload, and completion.

The prior quarter made evident a major gap in the data – first-time part-time students – where minimal data is provided on this student population (as high as 70 percent on two-year college campuses). Adding measures for the FY23 budget cycle will be crucial to continuously improve performance reporting for higher education institutions.

Higher Education Student Credit Hours



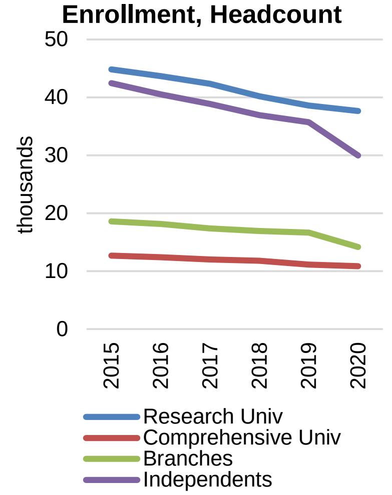
Source: Institution Performance Reporting and HED Funding Formula Data

A Deeper Look at Workload and Total Awards

The crafting of the pay-for-performance funding formula in 2011 eliminated “input” measures. The purpose was to shift the focus of institutions to graduating more students, not just enrolling more students. The crafters, at the same time, included end-of-course student credit hours (EOC SCH) as a primary performance measure because the measure highlights successful course completion. Student credit hours (i.e., completed courses) reflect faculty and institutional workload at colleges and universities.

Student enrollment has bearing on student credit hours: more students, more credit hours, the reverse is also true. Given the declining enrollment since 2010, student credit hours have declined as well. Graphs of enrollment by sector and student credit hours mirror each other.

Higher Education Student Enrollment, Headcount

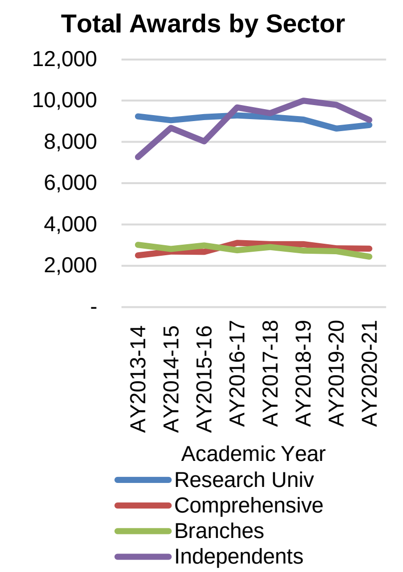


Source: HED eDear reports from Institutions

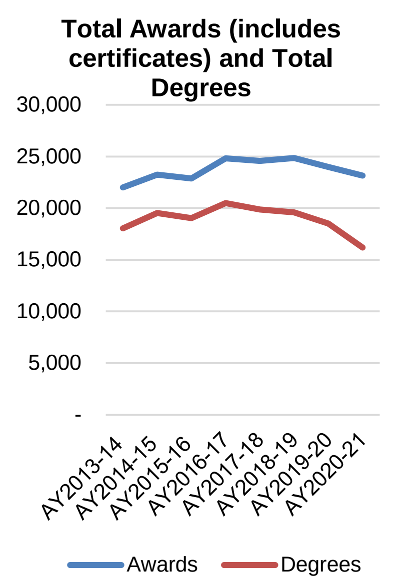
The Legislature was purposeful in its policy decision to reward “completed” credit hours to encourage successful outcomes for students. Last year, students completed 1.9 million student credit hours, a 11 percent decline from the prior year. Since the introduction of the funding formula, workload has declined by 30 percent, where the two-year sector has delivered 41 percent fewer courses.

Some institutions have argued that their success in raising graduation rates has contributed to declining enrollment; in other words, from a confluence of factors, institutions have improved student outcomes by reducing the amount of time students take to graduate and are graduating more students. The limited data does not fully support the argument, but it is an important point about the performance measures ability to focus an institution on important student outcomes. Other factors worth considering include the impact of lottery scholarship requirement to earn 15 credit hours a semester, the impact of trifecta reforms to simplify the systems, and strong student advisement on degree planning.

Choking off enrollment will result in fewer graduates, and the declines in enrollment exceed the improving outcomes for some institutions. More data from institutions could help answer this lingering question.



Source: Institution Performance Reporting and HED Funding Formula Data.



Source: Institution Performance Reporting and HED Funding Formula Data

Tying together enrollment, student credit hours, and total awards offer data that is incongruent. For instance, the comprehensive universities have increased awards by 13.1 percent under the current funding formula when student credit hours have declined by 18 percent over the same time period. Similarly, independent community colleges increased awards by 25 percent since the introduction of the outcomes-based formula, when credit hours declined by 38 percent.

The trend could be explained, particularly at two-year independent colleges, by the expansion of undergraduate certificate programs. The growth in certificates that are earned in less than two years has grown 43 percent, or 1,615. In FY16, two-year independent colleges awarded 3,760 certificates which increased to 5,375 certificates in FY20. In some cases, the certificates may require as few as 6 credit hours to complete or as many as 38 credits, substantially fewer than required for a degree. Fewer required courses may speak to the trend of accelerating decline in completed courses when awards are increasing.

On the other hand, comprehensive universities appear to be increasing degrees since the introduction of the funding formula. Despite a dip over the past five years, awards have increased by 13.1 percent. During the same time, however, student credit hours declined by 18 percent. Over the past five years, student credit hours have declined by 13 percent. Master's degrees increased the most over this time period. At least two institutions – Highlands University and WNMU – have developed online master's degree programs, which may account for the awards growth outpacing credit hours. Associate degrees increased by 64 percent, bachelor's degrees by 6 percent and master's degree by 36 percent, which represent approximately 400 new awards.

The divergence of student credit hours away from awards points to several strategies by institutions to address completion outcomes. First, total awards have begun to trend down, now declining for the second consecutive year after six years of growth. The downward trend is likely the outcome of persistent enrollment declines. Moreover, as described by LFC in the past, the growth in awards is largely a result of sub-baccalaureate certificates increasing by 42 percent with degrees stagnating. Second, comprehensive universities are growing their share of master's degrees, totaling more than 35 percent of the total master's degrees conferred. The four comprehensive universities are small relative to the research institutions, so while the growth is important to acknowledge, losses at the research universities could be more telling for the impacts on New Mexico's workforce.

Total Awards By Sector							
	FY17	FY18	FY19	FY20	FY21	Year over year	Five-year Change
Research Univ	9,291	9,203	9,089	8,654	8,822	1.9%	-5.0%
Comprehensive	3,113	3,048	3,047	2,844	2,824	-0.7%	-9.3%
Branches	2,745	2,910	2,731	2,696	2,434	-9.7%	-11.3%
Independents	9,671	9,397	9,994	9,800	9,071	-7.4%	-6.2%
Awards	**24,820**	**24,558**	**24,861**	**23,994**	**23,151**	**-3.5%**	**-6.7%**
Two-year institutions	12,416	12,307	12,725	12,496	11,505	-7.9%	-7.3%
Four-year institutions	12,404	12,251	12,136	11,498	11,646	1.3%	-6.1%

End-of-Course Student Credit Hours (EOC SCH) By Sector							
	FY17	FY18	FY19	FY20	FY21	Year over year	Five-year Change
Research Univ	1,007,117	964,995	923,491	890,744	871,122	-2.2%	-13.5%
Comprehensive	273,419	266,335	256,261	247,052	237,733	-3.8%	-13.1%
Branches	370,804	352,141	338,839	302,358	225,863	-25.3%	-39.1%
Independents	748,726	711,338	680,151	650,183	528,468	-18.7%	-29.4%
Total EOC SCH	**2,400,066**	**2,294,809**	**2,198,743**	**2,090,337**	**1,863,185**	**-10.9%**	**-22.4%**
Two-year institutions	1,119,530	1,063,479	1,018,991	952,541	754,331	-20.8%	-32.6%
Four-year institutions	1,280,536	1,231,330	1,179,752	1,137,796	1,108,855	-2.5%	-13.4%

Fall Semester - Total Student Enrollment (Includes dual credit students) by Sector **							
	FY17	FY18	FY19	FY20	FY21*	Year over year**	Five-year Change**
Research Univ	43,011	40,794	39,126	38,157	37,717	-1.2%	-12.3%
Comprehensive	13,727	13,626	13,117	12,179	11,937	-2.0%	-13.0%
Branches	23,086	22,487	22,653	17,822	17,747	-0.4%	-23.1%
Independents	46,445	44,444	43,906	36,572	33,870	-7.4%	-27.1%
Total Enrollment	**126,269**	**121,351**	**118,802**	**104,730**	**101,271**	**-3.3%**	**-19.8%**
Two-year institutions	69,531	66,931	66,559	54,394	51,617	-5.1%	-25.8%
Four-year institutions	56,738	54,420	52,243	50,336	49,654	-1.4%	-12.5%

*Institutions have not reported official fall 2021 enrollments as of date of publication

**Percentage changes reflect available data, with FY21 as key variable.

IT Project Status Report – Fourth Quarter

Project Status Legend

G	Project is on track; scope, budget, schedule, and deliverables are being managed appropriately.		
Y	Project has potential risk to scope, cost, schedule, or deliverables; independent verification and validation (IV&V) or LFC staff has identified one or more areas of concern needing improvement.		
R	Significant issues limit success of the project; high risks to scope, cost, schedule, or deliverables identified; management attention and corrective action needed.		
Status Trend	Overall project status has shown improvement this quarter (ex. A project moved from Red to Yellow)	Overall project status is stable or shows no change in risk status from the previous quarter.	Overall project status has declined since last quarter (ex. A project moved from Green to Yellow)

DoIT-led Projects

G

The **statewide infrastructure replacement and enhancement (SWIRE) project,** intended to implement public safety communication infrastructure, was certified for closeout in January 2021.

Y

The **P25 public safety radio project** will replace and upgrade public safety radio equipment statewide. Risk status improved to a yellow rating with deployment of radios for Albuquerque Police Department and Bernalillo County Sheriffs. About 400 radios for the Energy, Minerals, and Natural Resources Department (EMNRD) will be fully replaced as of July 2021, with deployment scheduled for August and anticipated completion in the second quarter of FY22.The project continues to make progress, with the imminent execution of the EMNRD state parks' radios upgrade and progress on phase 2 resulting in an improved risk status this quarter, despite budget constraints.

Y

DoIT's **cybersecurity project,** which aims to monitor and address state cybersecurity risks, is estimated to be completed in 2023. However, cybersecurity implementation is likely to be an ongoing program, as there will be a continued need for cybersecurity operations and management after project closeout. In April, DoIT moved to a monthly vulnerability scanning - rather than quarterly - for the 45 onboarded agencies that were of the highest risk to the state. In April, DoIT moved to a monthly vulnerability scanning - rather than quarterly - for the 45 onboarded agencies that were of the highest risk to the state, so project risk status is improving this quarter. DoIT plans to request recurring general fund for FY23 to support the ongoing cyber program.

Y

DoIT's **2018 rural broadband project** aims to maximize statewide availability of broadband. Final implementation is estimated for 2023. DoIT's role in supporting broadband, however, will likely be ongoing as the administrative support for the Office of Broadband Access and Expansion. The trajectory of this 2018 certified project is unclear following creation of that office, so, once created, DoIT will provide a status to the broadband office to determine a path forward. DoIT has yet to report further spending plans for the remaining $6.4 million from the original $10 million appropriation.

R

New 2021 legislation funded roughly $130 million for a new **broadband program** within DoIT and the new Office of Broadband Access and Expansion. The funding is not reported as part of the certified

2018 rural broadband project above, but LFC staff will track and monitor program progress and spending. Currently, these efforts are rated red pending the selection of a director for the office and the creation of a spending plan for the additional funding appropriated for FY22. Funding includes $500 thousand to DoIT for staffing and $25 million for broadband infrastructure for schools through the Connect New Mexico Fund. The program is new, so a status trend is not yet available.

Executive Agency IT Projects

G

The State Land Office's **Royalty Administration and Revenue Processing System (RAPS) project** is estimated to be completed in April 2022. The current phase focuses on enhancing the system with modules that were not originally available in the old system, such as percent interest calculations and accounts payable/receivable for renewable energy leases. Risks are manageable and the project is on track for meeting full system functionality upon closeout.

Y

The Human Services Department (HSD) has yet to establish a project timeline or a final completion date for the **child support enforcement system replacement (CSESR) project,** which aims to replace the legacy child support application**.** According to the agency, the project timeline has been changed to better align with the HHS2020 Enterprise initiative, now spanning over 8 years from the project start date in 2013. However, federal approvals for combined funding with HSD's Medicaid project and The Children, Youth and Families Department's (CYFD) child welfare project are still pending, putting funding at risk.

R

HSD's **Medicaid management information system replacement (MMISR) project,** which will replace the legacy MMIS application, is supported by a potential 90 percent federal participation match, but approvals are still pending, putting budget status at risk. HSD executed a new system integration vendor contract in May, which should improve project outlook in subsequent quarters. However, schedule and budget risks remain high due to the large estimated cost and pending federal approvals. During an LFC hearing in August 2021, the committee requested regular reporting on the project and a status update regarding federal approvals and the expanded project scope.

R

CYFD's **comprehensive child welfare information system (CCWIS) project** is intended to replace the old family automated client tracking system, or FACTS. Of $28.8 million budgeted in federal funds, only $7.2 million has been approved by the federal partner to date. The remainder of funding is pending approvals as of June 2021 and CYFD has experienced continued delays while attempting to secure a higher federal match. If not approved, the state would potentially have to cover the remaining budgeted federal funds, exceeding $21 million.

Y

The Correction's Department's **offender management system replacement project** will replace the 15-year old legacy client server. The agency is making progress on meeting the revised estimated completion date, with a pre-release of the system scheduled in July and full release of the system planned for August 2021. Staff are currently undergoing training for the system and project risks are being adequately managed.

Y

The Department of Public Safety's **records management system project** will provide public safety agencies with a new data repository. The project is on budget and making progress to meet the new project timeline. The final implementation date of June 2023 includes a 6-month post-production evaluation of the system to ensure functionality and integration with the CAD system, which will be included in upcoming LFC report cards. Risks are adequately managed but should continue to be monitored as the agency pursues two projects simultaneously.

Other Projects

Y The Regulation and Licensing Department's **permitting and inspection software modernization project** will replace the legacy system Accela. The agency estimates a new production date of September 2021 for the Construction Industries Division (CID) phase, with final implementation of all modules by July 2022. Operational issues and backlog required the agency to pull resources from the project for three weeks in June 2021, causing the delay. Both the Boards and Commissions and the CID phases are being developed concurrently, posing risk to available resources and schedule since delays to one phase may negatively impact the other. The project was not given a risk rating in previous quarters, so a status trend is not yet available for the project.

Project Status Legend

(green)	Project is on track; scope, budget, schedule, and deliverables are being managed appropriately.
(yellow)	Project has potential risk to scope, cost, schedule, or deliverables; independent verification and validation (IV&V), or LFC staff has identified one or more areas of concern needing improvement.
(red)	Significant issues limit success of the project; high risks to scope, cost, schedule, or deliverables identified; management attention and corrective action needed; project did not meet business objectives.

Agency	361	**Department of Information Technology (DoIT)**		
Project Name	**DoIT Statewide Infrastructure Replacement and Enhancement (SWIRE)**			
Project Description	Plan, design, purchase, and implement infrastructure for public safety communications statewide for improved communication equipment affecting emergency responders.			
Project Phase	Closeout	**Estimated Implementation Date:**	6/30/2018; revised 1/28/2021	
		Estimated Total Cost (in thousands):	$14,299.4	

	State	**Federal**	**Total Available Funding**	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$14,300.0	$0.0	$14,300.0	$14,288.8	$11.2	99.9%		

FY21 Rating	Q1	Q2	Q3	*CLOSEOUT RATING*	**Status**
Budget	Green	Green	Green	Green	DoIT completed the project within budget and no additional funding is required, as maintenance and operational costs are included in the agency's ongoing operational budget.
Schedule	Green	Green	Green	Green	All deliverables have been completed and the project was certified for closeout in January 2021.
Risk	Green	Green	Green	Green	All risks were appropriately managed and did not impact closeout certification.
Functionality	Yellow	Yellow	Green	Green	The SWIRE project provided infrastructure and equipment upgrades to 89 towers and replacement of over 900 of the 8,000 mobile and portable subscriber units, including infrastructure not in the initial project scope. While not all subscribers have access to the two-way radio system, which will be addressed in the P25 project, most upgrades completed during the project are expected to last 10 years or more, depending on the infrastructure category.
Overall	Green	Green	Green	Green	The project was certified for closeout in January 2021 and has transitioned into a maintenance lifecycle.

Legislative Finance Committee
Information Technology Status Report

Agency	**361**	**Department of Information Technology (DoIT)**						
Project Name	**P25 Digital Statewide Public Safety Radio System Upgrade**							
Project Description	Upgrade and replace public safety radio equipment and systems with digital mobile communications for public safety organizations.							
Project Phase	Implementation		**Estimated Implementation Date:**		Phase II: 6/30/2022 Overall: 6/30/2027			
			Estimated Total Cost (in thousands):		$150,000.0; revised $176,711.66			
	State	**Federal**	**Total Available Funding[1]**	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$28,300.7	$0.0	$28,300.7	$15,898.8	$12,401.9	56.2%		

FY21 Rating	Q1	Q2	Q3	Q4	**Status**
Budget	Yellow	Yellow	Yellow	Yellow	Of the available funding, $1.3 million is from the equipment replacement fund and an additional $9.5 million will be available for FY22. DoIT reports $8 million in encumbrances and another $8 million that will be encumbered out of the project's 2021 appropriations after obtaining approval from the project certification committee.
Schedule	Yellow	Yellow	Yellow	Yellow	DoIT is making progress with available funding and the current phase is on track. About 400 radios for the Energy, Minerals, and Natural Resources Department (EMNRD) will be fully replaced as of July 2021, with deployment scheduled for August and anticipated completion in the second quarter of FY22.
Risk	Red	Red	Red	Yellow	Continued capital funding is not guarenteed for the project, posing risk. However, the project continues to make progress, with the imminent execution of the EMNRD state parks radios upgrade and progress on phase 2 resulting in an improved risk status despite budget constraints.
Overall	Red	Red	Red	Yellow	The project's large cost and reliance on capital appropriations poses the biggest risk, but current progress on phase 2 has resulted in improved risk status this quarter. A five-site DTRS proposal and approval process is underway as well as negotiations with Motorola for Sandoval County, scheduled to start in the second quarter of FY22.

[1]Total available funding does not include an additional $9.5 million appropriated in Laws 2021.

Legislative Finance Committee
Information Technology Status Report

Agency	**361**	**Department of Information Technology (DoIT)**
Project Name	**Enterprise Cybersecurity Upgrade (ECU)**	
Project Description	To establish framework and foundation for the state's cybersecurity structure, including identifying tools for compliance monitoring and cybersecurity management, and implement an enterprise cybersecurity operations center system.	

Project Phase	Implementation	**Estimated Implementation Date:**	6/31/2023
		Estimated Total Cost (in thousands):	$7,000.0

	State	**Federal**	**Total Available Funding[1]**	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$7,000.0	$0.0	$6,951.1	$3,588.8	$3,411.2	51.3%		

FY21 Rating	Q1	Q2	Q3	Q4	**Status**
Budget	Yellow	Yellow	Yellow	Yellow	Just under $7 million is certified with over half spent to date. The project received additional General Fund revenues for cybersecurity services for FY22 but is not included in the total project budget as the funding was appropriated for operational purposes. DoIT plans to request recurring general fund for FY23 to support the ongoing cyber program.
Schedule	Yellow	Yellow	Yellow	Yellow	Monthly project reports from June note a planned implementation date of August 2022 but actual project activites are slated to finish when funding expires in June 2023. However, cybersecurity implementation is likely to be an ongoing program, as there will be a continued need for cybersecurity operations and management after project closeout.
Risk	Red	Red	Red	Red	In April, DoIT moved to a monthly vulnerability scanning - rather than quarterly - for the 45 onboarded agencies that were of the highest risk to the state. Now, DoIT is working to onboard additional agencies. However, DoIT has yet to provide details regarding further implementation of a statewide cyber strategic plan.
Overall	Red	Red	Red	Yellow	The functionality of the project includes operational tools, scanning, and implementation of vulnerability assessments to address cyber risks. There will be a need for ongoing cyber risk management after project closeout but the agency is making progress on staffing the program and establishing a security operations center needed to improve the state's cyber posture.

[1]Total available funding includes an additional $6 million general fund appropriated through capital outlay in Laws 2019. $48.8 thousand was reverted and not reauthorized for the project.

Legislative Finance Committee
Information Technology Status Report

Agency	**361**	**Department of Information Technology (DoIT)**					
Project Name	**New Mexico Rural Broadband Project**						
Project Description	Maximize availability of broadband connectivity across the state's rural areas.						
Project Phase	Implementation		**Estimated Implementation Date:**		6/30/2023		
			Estimated Total Cost (in thousands):		$10,000.0		

	State[1]	**Federal**	**Total Available Funding**	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$10,000.0	$0.0	$10,000.0	$3,566.1	$6,433.9	35.7%		

FY21 Rating	Q1	Q2	Q3	Q4	**Status**
Budget	Yellow	Yellow	Green	Green	DoIT recently reconciled project spending which resulted in higher reported project spending for this quarter than in previous quarters. DoIT now reports spending $3.5 million or roughly $8.5 million including encumbrances (85.7 percent of total appropriations). However, additional funding appropriated in the 2021 legislative session is not accounted for in the $10 million total budget but will be monitored in a separate report on the state broadband program.
Schedule	Yellow	Yellow	Yellow	Yellow	The agency reports awarding a 4-month contract to Deloitte for assistance in planning buildout of broadband infrastructure across the state. The rural broadband project is estimated to complete in 2023 but DoIT's role in supporting broadband efforts statewide will continue beyond the scope of this project as the administrative support for the Office of Broadband Access and Expansion.
Risk	Yellow	Yellow	Yellow	Yellow	Improved budget status has decreased the overall project risk, but the project direction is unclear given the creation of the Office of Broadband Access and Expansion, to be staffed by the Governor in August 2021. DoIT will provide a status to the Office to determine a path forward.
Overall	Yellow	Yellow	Yellow	Yellow	The project is implementing the updated strategic plan and supporting Covid-19 broadband initiatives. Staff are also participating in advisory committee meetings with the Public School Facilities Authority. However, DoIT has not planned for further emergency connectivity projects or other specific initiatives for remaining funds due to the pending complete establishment of the new broadband office.

[1]Laws 2018 appropriated $10 million general fund through the capital outlay process.

Legislative Finance Committee
Information Technology Status Report

Agency	**539**	**State Land Office (SLO)**						
Project Name	**ONGARD Replacement - Royalty Administration and Revenue Processing System (RAPS)**							
Project Description	Replacement of the Oil and Natural Gas Administration and Revenue Database (ONGARD) system. Replacement will be delivered in two separate systems: TRD severance tax and SLO RAPS.							
Project Phase	Implementation		**Estimated Implementation Date:**			6/30/2020; revised 4/05/2022		
			Estimated Total Cost (in thousands):			$10,000; revised $11,850.0		
	State[1]	**Federal**	**Total Available Funding**	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$11,850.0	$0.0	$11,850.0	$10,040.1	$1,809.9	84.7%		

FY21 Rating	Q1	Q2	Q3	Q4	**Status**
Budget					The total budget for implementation has been certified. Project funds include an extension of FY19 funding through the General Appropriations Act and the project is currently within budget for the current phase.
Schedule					Phase one was successfully closed out in May 2021. Final implementation was revised and now estimated for April 2022. The current phase focuses on enhancing the system with modules that were not originally available in the old system, such as percent interest calculations and accounts payable/receivables for renewable energy leases.
Risk					The project is mitigating risk through an agile development approach, with frequent acceptance testing and prototyping of the system. The agency requires the business owner to sign off on each test to ensure quality and the staff are being trained on using and developing system modules.
Overall					Some risks remain related to resource constraints and potential long-term maintenance, but these risks are manageable and the project should meet full system functionality upon closeout despite schedule delays.

[1]Laws 2018 appropriated an additional $5 million available for expenditure through FY20; the appropriation is from state lands maintenance fund.

Agency	630	Human Services Department (HSD)					
Project Name	**Child Support Enforcement System Replacement (CSESR)**						
Project Description	Replace the more than 20-year-old system with a flexible, user-friendly solution to enhance the department's ability to meet federal performance measures.						
Project Phase	Implementation		**Estimated Implementation Date:**		6/30/2024		
			Estimated Total Cost:		$65,581.9		
	State	**Federal**	**Total Available Funding[1]**	**Spent to Date**	**Balance**	**% of Budget Expended**	
In thousands	$5,143.4	$13,384.30	$18,527.7	$14,947.8	$3,579.9	80.7%	

FY21 Rating	Q1	Q2	Q3	Q4	Status
Budget	Green	Green	Green	Yellow	Reported spending increased this quarter due to previous delays in reporting. The agency reports planning for additional budget adjustments for the project and federal approvals for combined funding with HSD's Medicaid project and CYFD's child welfare project are still pending, putting funding at risk.
Schedule	Yellow	Yellow	Yellow	Yellow	Monthly project reports estimate completion in June 2024, however the Independent Verification & Validation (IV&V) reports did not note a final estimated completion date. According to the agency, the project timeline has been changed to better align with the HHS2020 Enterprise initiative, now spanning over 8 years from initiation in 2013.
Risk	Yellow	Yellow	Yellow	Yellow	Organizational change management was identified as a project risk in reports by the IV&V vendor. Developer training is in progress and the agency decided to implement Cyberfusion services post-Go Live, which helped the project avoid additional delays.
Overall	Yellow	Yellow	Yellow	Yellow	Schedule and budget now pose the greatest risk. However, IV&V indicates that the decision to implement Cyberfusion after Go-Live prevented additional delays. HSD is also preparing for an upcoming IRS audit taking place in 2021 to assess some system environments and components.

[1]Total available funding includes an additional $5.2 million appropriated in Laws 2019: $1.8 million general fund and $3.4 million federal.

Legislative Finance Committee
Information Technology Status Report

Agency	**630**	**Human Services Department (HSD)**					
Project Name	**Medicaid Management Information System Replacement (MMISR)**						
Project Description	Replace current Medicaid management information system and supporting application, including Medicaid information technology architecture, to align with federal Centers for Medicare and Medicaid Services (CMS) requirements.						
Project Phase	Implementation		**Estimated Implementation Date:**		12/2021; revised 8/31/2026		
			Estimated Total Cost[1] (in thousands)**:**		$221,167.8; revised $348,499.7		
$							
	State	**Federal**	**Total Available Funding[2]**	**Spent to Date**	**Balance**	**% of Budget Expended**	
In thousands	$20,722.8	$185,352.3	$206,075.1	$125,878.0	$80,197.1	61.1%	

FY21 Rating	Q1	Q2	Q3	Q4	Status
Budget	Yellow	Yellow	Yellow	Red	HSD received conditional approval from the federal partner, CMS, for one-quarter of total federal funding. However, combined budget submissions with the CSESR project and CYFD have caused delays in funding approvals for all three projects, putting funding at risk. In addition, HSD increased the project cost to almost $350 million in April 2021 but this budget increase has yet to be approved by the federal partner.
Schedule	Yellow	Yellow	Red	Red	HSD reports that the expanded timeline - now estimated to complete in 2026 - is to accommodate more sister agency collaboration within the HHS2020 initiative and for a less aggressive timeline. Once re-baselined, the project schedule will be re-evaluated based on the new completion date.
Risk	Red	Red	Red	Red	Project risk remains given the large budget and conditional approvals from CMS, largely due to delays in approving planning documents with the CYFD CCWIS project. The project is at risk of falling further behind and not receiving budgeted federal funds.
Overall	Red	Red	Red	Red	Schedule and budget risks remain due to high estimated cost and pending federal approvals for remaining project costs. However, HSD has executed a new system integration vendor contract in May which should improve project outlook in subsequent quarters.

[1] CMS approved budget including HHS2020 partner agencies.
[2] Total available funding includes an additional $12.6 million appropriated in Laws 2019: $1.3 million from the general fund and $11.3 million federal.

Legislative Finance Committee
Information Technology Status Report

Agency	**690**	**Children, Youth and Families Department (CYFD)**						
Project Name	**Comprehensive Child Welfare Information System (CCWIS)**							
Project Description:	Replace the legacy Family Automated Client Tracking System (FACTS) with a modular, integrated system to meet the federal Administration on Children and Families (ACF) requirements.							
Project Phase:	Implementation		**Estimated Implementation Date:**		Phase I 10/26/21; Overall 10/31/22			
			Estimated Total Cost (in thousands)**:**		$36,000.0; revised $45,352.2			
	State	**Federal**	**Total Available Funding**[1]	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$13,000.0	$7,242.6	$25,511.2	$6,017.2	$19,494.0	23.6%		
FY21 Rating	Q1	Q2	Q3	Q4	**Status**			
Budget					Of the $28.8 million budgeted as federal funds, only $7.2 million has been approved by the federal partner and the remainder is pending approval. If the federal match is not approved, the state would potentially have to forgo and likely cover the remaining budgeted federal funds, which exceeds $21 million. A response received in June 2021 indicates that approvals are still pending.			
Schedule					Additional requirements to add a Juvenile Justice Services and Children's Behavioral Health business process to the module by October 2022 and other delays to the Medicaid management information system replacement project - another HHS2020 initiative - may delay this project further.			
Risk					Risk remains high due to depending federal approvals and uncertainty over final project budget. Contract execution is also a risk given the agency's use of a pricing list, as there are federal requirements for using competitive processes which, if not followed, could also put federal funding in jeopardy.			
Overall					Due to the complexity and high risk, the overall status remains red. Federal approval for the implementation phase is critical and continues to delay progress.			

[1]Total available funding includes an additional $7 million appropriated in Laws 2019: $5.5 million from the general fund and $1.5 million in federal funds.

Agency	**770**	**Corrections Department (NMCD)**						
Project Name	**Offender Management System Replacement (OMS)**							
Project Description:	Replace the legacy client server offender management system with a commercial-off-the-shelf (COTS), web-based solution. The COTS solution has 17 modules associated with NMCD requirements.							
Project Phase:	Implementation		**Estimated Implementation Date:**		6/30/2019; revised 3/31/2022			
			Estimated Total Cost (in thousands)**:**		$14,825.4			
	State[1]	**Federal**	**Total Available Funding**	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$14,230.2		$14,825.4	$11,539.9	$3,285.5	77.8%		
FY21 Rating	Q1	Q2	Q3	Q4	**Status**			
Budget	Green	Green	Green	Green	All funds are certified and the project is fully funded, with about 80 percent spent to date. NMCD contributed $178,299 from their operating budget to cover a portion of the service level agreement with the vendor and received business area contributions of approximately $70 thousand, increasing total project costs to just over $14.8 million.			
Schedule	Red	Red	Yellow	Yellow	The agency is making progress on meeting the revised estimated completion date, with a pre-release of the system scheduled in July and full release of the system planned for August 2021.			
Risk	Yellow	Yellow	Yellow	Yellow	NMCD reports only 10 percent of data remains to be converted and that the agency will conduct a security review of the system after the next release. Staff have passed developer certifications and additional training will take place in August 2021.			
Overall	Yellow	Yellow	Yellow	Yellow	Staff are currently undergoing training for the system and risk is being adequately managed. The system will reduce human errors in offender tracking and management.			

[1]Amount includes Laws 2019 appropriation of $4.1 million.

Agency	**780**	**Department of Public Safety (DPS)**
Project Name	**Records Management System (RMS)**	
Project Description:	Replace various nonpayer record storage with an integrated records management system to provide law enforcement and other public safety agencies with a single repository of data available to support day-to-day operations, reporting, and records and data analysis. A new RMS will ensure access, preservation, and control of DPS records in all formats.	

Project Phase:	Implementation	**Estimated Implementation Date:**	6/30/2021; revised 6/30/2023
		Estimated Total Cost (in thousands)**:**	$7,381.3

	State	**Federal**	**Total Available Funding**	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$7,381.3		$7,381.3	$1,958.3	$5,423.0	26.5%		

FY21 Rating	Q1	Q2	Q3	Q4	**Status**
Budget					All funds have been certified by the Project Certification Committee, and the project is within budget. Spending totals just over one-quarter of appropriated funds and DPS reports that purchase orders for this fiscal year are being created.
Schedule					The project schedule now includes accommodations for the computer-aided dispatch (CAD) project and is currently on schedule. Project kick-off meetings were held in May 2021. The final implementation date of June 2023 includes a 6-month post-production evaluation to ensure functionality and integration with the CAD system.
Risk					Risks associated with accommodating two IT projects simultaneously are being adequately managed this quarter with the new project schedule.
Overall					The project is on budget and making progress to meet the new project timeline. Risks are adequately managed but should continue to be monitored as the agency pursues two projects simultaneously.

Legislative Finance Committee
Information Technology Status Report

Agency	**420**	**Regulation and Licensing Department (RLD)**		
Project Name	**Permitting and Inspection Software Modernization Project**			
Project	Modernize RLD's permitting and inspection software (replacing Accela).			
Project Phase:	Implementation	**Estimated Implementation Date:**	7/31/2022	
		Estimated Total Cost (in thousands)**:**	CID Phase: $4,995.5	

	State	**Federal**	**Total Available Funding**	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$7,297.0		$7,297.0	$2,792.2	$4,504.8	38.3%		

	FY21 Year End Rating	**Status**
Budget	Green	DoIT certified funds total $4.6 million, with just under $2.8 million spent. Additional funding was appropriated totaling $2.5 million, with $2 million budgeted for the Boards and Commissions (BCD) phase and $580 thousand for the Construction Industries Division (CID) phase.
Schedule	Yellow	The agency notes that resource availability will impact the schedule, but progress is tracked daily and current project phases are on track. The agency estimates a new production date of September 2021 due to operational issues, which required the agency to pull resources off of the CID phase of the project for three weeks in June 2021.
Risk	Yellow	Both the BCD and the CID phases are being developed concurrently, which poses risk to available resources and scheduling, as delays to one phase may negatively impact the other.
Overall	Yellow	The agency reports that project management is adequately managing risk, but the project should continue to be monitored for further delays. CID phase development is 95 percent complete and testing is in progress, while BCD testing set to take place in July.

Agency	**361**	**Department of Information Technology (DoIT) / Office of Broadband Access and Expansion**						
Name	**State Broadband Program**							
Description	Implementation and expansion of broadband statewide, including uses of funds from the Connect New Mexico Fund							
			Estimated Implementation Date:		TBD			
			Estimated Total Cost (in thousands):		TBD			
	State	**Federal**	**Total Available Funding[1]**	**Spent to Date**	**Balance**	**% of Budget Expended**		
In thousands	$128,307.7	TBD	$128,307.7	$0.0	$128,307.7	0.0%		

	FY21 Year End Rating	Status
Budget	Red	New 2021 legislation funded roughly $130 million for a new broadband program within DoIT and the new Office of Broadband Access and Expansion, including $500 thousand to DoIT for staffing and $25 million for broadband infrastructure for schools through the Connect New Mexico Fund. Because DoIT has yet to submit expenditure plans for the available funding and the OBAE is not yet staffed, budget risk is high.
Schedule	Red	The governor is in the process of staffing the OBAE and is estimated to appoint a director by the end of August 2021. However, DoIT is unable to spend the $500 thousand for staffing pending selection of the director, and program timelines for funding broadband projects have not yet been established.
Risk	Yellow	The broadband program is at risk of falling further behind pending the governor's appointment of a broadband director. Until then, the program will remain on-hold and funds will not be allocated to projects.
Overall	Red	Currently, these efforts are rated red pending the selection of a director for the OBAE and the creation of a spending plan for the additional funding appropriated for FY22

1 Program funding includes $28.3 million to DoIT and $100 million to the Connect New Mexico Fund opt be provisioned by the OBAE. *The program funding is not reported as part of the certified 2018 rural broadband project, but LFC staff will track and monitor program progress and spending as a separate program.

Investment Performance Quarterly Report, Fourth Quarter, FY21

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), which manages the land grant permanent fund (LGPF) and the severance tax permanent fund (STPF).

Agency performance and market environment information are derived from the investment performance reports submitted by PERA, ERB, and SIC.

In FY21, soaring markets resulted in record gains for state investments. Driven by the largest recorded federal stimulus, vaccine distribution, and a reopening world, a resurgent economy buoyed asset values and confidence in the economic outlook. However, the state's investments performed worse than peer funds over the fiscal year as stability and risk-aversion continue to be sought by investment management.

Investment Performance Highlights

- For fiscal year 2021, the value of New Mexico's combined investment holdings for the pension and permanent funds grew by $11.7 billion, or 22.7 percent annually, to an ending balance of $63.5 billion. Over the last five years, the state's combined investment holdings grew $19 billion, or 42.7 percent.
- In a banner year of growth, one-year returns ranged from 22.4 percent (STPF) to 28.8 percent (ERB), and average investment returns over the last 10 years ranged from 7.6 percent (PERA) to 8.6 percent (ERB).
  - Public equites were very strong, driving growth across investments with returns between 35 and 65 percent for the one-year period.
- All funds outperformed their targets for every period, when annualized.[1]
- Despite record annual growth in excess of 20 percent, when compared with peer funds greater than $1 billion on a net-of-fee basis, only ERB performed above the median for all periods, ranking near the top for the quarter. Similarly, PERA's private equity returns supported top quartile rankings for the quarter, though PERA's rankings for all other periods remain in the lowest quartile. The STPF performed near or in the lowest quartile for all periods, while the LGPF performed above the median in the quarter and ten-year periods and in the third quartile for all other periods.

Returns as of June 30, 2021 (Net of Fees)[1]

	PERA		ERB		LGPF		STPF	
Returns (%)	**Fund**	**Policy Index**	**Fund**	**Policy Index**	**Fund**	**Policy Index**	**Fund**	**Policy Index**
Quarter	6.74	6.54	8.36	4.86	5.43	5.51	5.01	5.00
1-Year	**24.02**	24.17	**28.76**	24.26	**25.73**	25.20	**22.35**	23.80
3-Year	**9.12**	9.36	**11.01**	10.78	**10.04**	10.27	**8.62**	9.90
5-Year	**9.07**	8.98	**10.62**	10.56	**10.28**	10.11	**9.41**	9.95
10-Year	**7.62**	7.61	**8.61**	8.27	**8.30**	8.42	**7.70**	8.34

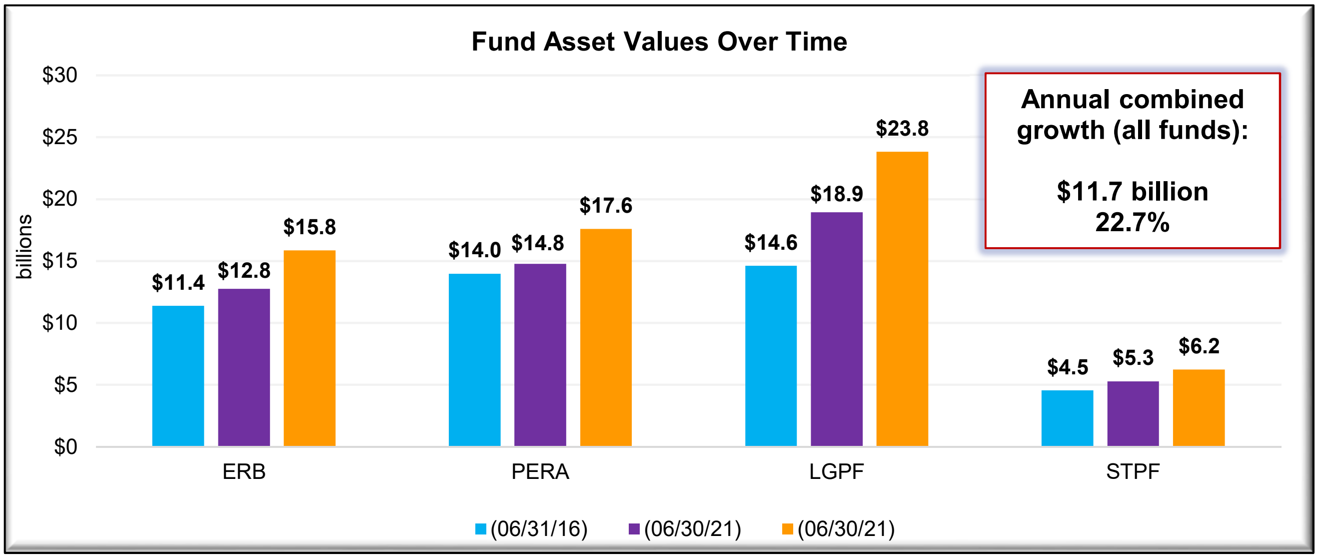
Note: bold indicates returns that exceed the fund's long-term target. Quarterly data is not annualized.

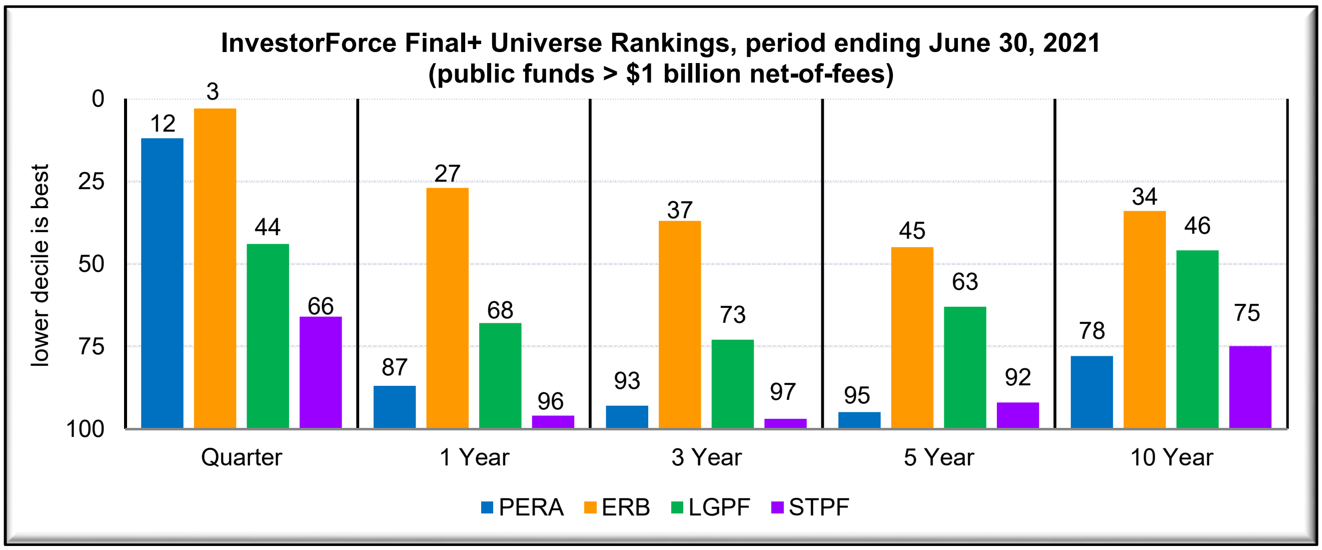
[1] The funds' long-term return targets are 7.25 percent (PERA), 7 percent (ERB), 7 percent (LGPF), and 6.75 percent (STPF).

Investment Agency Performance Dashboard

Quarter Ending June 30, 2021

This report detail 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) which manages the land grant permanent fund (LGPF) and the severance tax permanent fund (STPF).





Risk Profiles, Five Years Ending 06/30/21, Net of Fees				
Fund	ERB	PERA	LGPF	STPF
Standard Deviation*	6.0	6.6	8.0	7.9
Sharpe Ratio**	1.6	1.2	1.1	1.0
Beta***	0.3	0.4	0.4	0.5

*measures variability from the mean return; higher is more volatile

**higher numbers indicate higher return-to-risk level; a good ratio is 1 or better

***represents the volatility of the portfolio versus the S&P 500. Beta = 1: portfolio moves with the market. Beta < 1: portfolio is less volatile than market. Beta > 1: portfolio is more volatile than the market.

Aggregate Value of New Mexico Investment Holdings

$63.5 billion

Source: Agency Investment Reports