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RELATING TO GOVERNMENT ACCOUNTABILITY; AMENDING AND ENACTING  
SECTIONS OF THE ACCOUNTABILITY IN GOVERNMENT ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-3-21 NMSA 1978 (being Laws 1955, Chapter 114,  
Section 12, as amended by Laws 1999, Chapter 5, Section 12 and also by Laws  
1999, Chapter 15, Section 12) is amended to read:

"6-3-21. PREPARATION OF THE BUDGET.--

A. The governor shall prepare the budget and submit it to the  
legislative finance committee and each member of the legislature not later than  
January 5 in  
even-numbered years and not later than January 10 in

odd-numbered years. In the preparation of the budget the governor may:

- (1) change the tentative budget by adding new items,  
increasing or decreasing or eliminating items;
- (2) obtain advice and assistance from any state agency; and
- (3) hold hearings on the budget.

B. Any budget hearings conducted by the governor shall be open to  
the public. The governor may require the attendance of any head of an agency,  
whether elective or appointive. At the hearings, any officer or agency may protest  
budget items."

Section 2. Section 6-3A-2 NMSA 1978 (being Laws 1999, Chapter 5,  
Section 2 and Laws 1999, Chapter 15, Section 2) is amended to read:

"6-3A-2. FINDINGS AND PURPOSE.--

A. The legislature finds that agencies should:

- (1) be granted sufficient statutory authority and flexibility to

1 use their resources in the best possible way in order to better serve the citizens of  
2 New Mexico through the efficient delivery of services and products and the effective  
3 administration of governmental programs;  
4 (2) be held accountable for the services and products they  
5 deliver in accordance with clearly defined missions, goals and objectives;  
6 (3) develop performance measures for evaluating  
7 performance and assessing progress in achieving goals and objectives, and those  
8 measures should be integrated into the planning and budgeting process and  
9 maintained on an ongoing basis;  
10 (4) have incentives to deliver services and products in the  
11 most efficient and effective manner and, if appropriate, recommend the  
12 restructuring of ineffective programs or the elimination of unnecessary programs;  
13 (5) have their performance in achieving desired outputs and  
14 outcomes and in efficiently operating programs measured and evaluated in an effort  
15 to improve program coordination, eliminate duplicate programs or activities and  
16 provide better information to the governor, the legislature and the public; and  
17 (6) strive to keep the citizens of this state informed of the  
18 public benefits derived from the delivery of agency services and products and of the  
19 progress agencies are making with regard to improving performance.

20 B. The purpose of the Accountability in Government Act is to provide  
21 for more cost-effective and responsive government services by using the state  
22 budget process and defined outputs, outcomes and performance measures to  
23 annually evaluate the performance of state government programs."

24 Section 3. Section 6-3A-3 NMSA 1978 (being Laws 1999, Chapter 5,  
25 Section 3 and Laws 1999, Chapter 15, Section 3) is amended to read:

"6-3A-3. DEFINITIONS.--As used in the Accountability in Government Act:

A. "agency" means a branch, department, institution, board, bureau,

1 commission, district or committee of the state;

2 B. "approved program" means a program included in an approved  
3 list of programs issued by the division pursuant to Section 6-3A-4 NMSA 1978;

4 C. "baseline data" means the current level of a program's  
5 performance measures established pursuant to guidelines established by the  
6 division in consultation with the committee;

7 D. "committee" means the legislative finance committee;

8 E. "division" means the state budget division of the department of  
9 finance and administration;

10 F. "outcome" means the measurement of the actual impact or public  
11 benefit of a program;

12 G. "output" means the measure of the volume of work completed or  
13 the level of actual services or products delivered by a program;

14 H. "performance-based program budget" means a budget that  
15 identifies a total allowed expenditure for a program and includes performance  
16 measures, performance standards and program evaluations;

17 I. "performance measure" means a quantitative or qualitative  
18 indicator used to assess the output or outcome of an approved program;

19 J. "performance target" means the expected level of performance of  
20 a program's performance measures; and

21 K. "program" means a set of activities undertaken in accordance  
22 with a plan of action organized to realize identifiable goals and objectives based on  
23 legislative authorization."

24 Section 4. Section 6-3A-4 NMSA 1978 (being Laws 1999, Chapter 5,  
25 Section 4 and Laws 1999, Chapter 15, Section 4) is amended to read:

"6-3A-4. PROGRAM IDENTIFICATION.--

A. Prior to July 15 of each year, each agency shall submit to the

1 division and the committee proposed changes to its current program structure. The  
2 division, in consultation with the committee and the agency, shall review the  
3 requested changes, make any necessary revisions and issue approval or  
4 disapproval within thirty days of receipt. The division shall send a copy of its  
5 approval or disapproval to the committee.

6 B. The program list submitted by the agency shall be accompanied  
7 by:

- 8 (1) the constitutional or statutory direction and authority for  
9 each program;
- 10 (2) identification of the users of each program;
- 11 (3) the purpose of each program or the benefit derived by the  
12 users of the program; and
- 13 (4) other financial information as required by the division in  
14 consultation with the committee."

15 Section 5. Section 6-3A-5 NMSA 1978 (being Laws 1999, Chapter 5,  
16 Section 5 and Laws 1999, Chapter 15, Section 5) is amended to read:

17 "6-3A-5. PERFORMANCE MEASURES.--

18 A. Prior to June 15 of each year, the division, in consultation with the  
19 committee, shall develop instructions for the development of performance measures  
20 for evaluating approved programs.

21 B. Prior to July 15 of each year, each agency shall submit to the  
22 division and the committee proposed changes in its performance measures. The  
23 agency shall identify the outputs produced by each program, the outcomes resulting  
24 from each program and baseline data associated with each performance measure.  
25 The division, in consultation with the committee and the agency, shall review the  
proposed changes, make necessary revisions and issue its approval or disapproval  
within thirty days of receipt. The division shall send a copy of its approval or

1 disapproval to the committee."

2 Section 6. Section 6-3A-6 NMSA 1978 (being Laws 1999, Chapter 5,  
3 Section 6 and Laws 1999, Chapter 15, Section 6) is amended to read:

4 "6-3A-6. SCHEDULE FOR SUBMISSION OF PERFORMANCE-BASED  
5 PROGRAM BUDGET REQUESTS.--No later than September 1 of each year,  
6 agencies shall submit performance-based program budget requests for the  
7 subsequent fiscal year to the division and to the committee."

8 Section 7. Section 6-3A-7 NMSA 1978 (being Laws 1999, Chapter 5,  
9 Section 7 and Laws 1999, Chapter 15, Section 7) is amended to read:

10 "6-3A-7. PERFORMANCE-BASED PROGRAM BUDGET REQUESTS.--

11 A. The division, in consultation with the committee, shall develop  
12 instructions for those agencies required to submit performance-based program  
13 budget requests. The instructions shall be sent to the agencies on or before June  
14 15 of each year and shall be in addition to any other forms required by Section 6-3-  
15 18 NMSA 1978. The instructions shall require that performance-based program  
16 budget requests contain the following:

17 (1) a summary of each approved program, including a  
18 justification for the program;

19 (2) for each approved program, an evaluation of the agency's  
20 progress in meeting the performance targets. The evaluation shall be developed as  
21 prescribed in the budget instructions;

22 (3) for each approved program, the outputs, outcomes,  
23 baseline data, performance measures and historic and proposed performance  
24 targets;

25 (4) if a performance audit has been conducted on an  
approved program during either the present or any of the immediately preceding  
two fiscal years, any responses that the agency may have to the audit and any

1 actions that the agency has taken as a result of the audit; and  
2 (5) any other information that the division believes may be  
3 useful to the division or the legislature in developing a budget for the agency.

4 B. On or before September 1 of each year, each agency shall  
5 submit a performance-based program budget request to the division and the  
6 committee in the form and manner prescribed in the budget instructions. Budget  
7 requests submitted pursuant to this section shall be in lieu of those required by  
8 Section 6-3-19 NMSA 1978."

9 Section 8. Section 6-3A-8 NMSA 1978 (being Laws 1999, Chapter 5,  
10 Section 8 and Laws 1999, Chapter 15, Section 8) is amended to read:

11 "6-3A-8. PERFORMANCE-BASED PROGRAM BUDGETS.--

12 A. For each agency, the governor's proposed budget submitted  
13 pursuant to Section 6-3-21 NMSA 1978 and the committee's budget  
14 recommendation pursuant to Section 2-5-4 NMSA 1978 shall contain:

- 15 (1) a budget recommendation for each approved program;
- 16 (2) a summary, including the outputs and outcomes, of each  
17 approved program;
- 18 (3) performance measures and performance targets for each  
19 approved program;
- 20 (4) an evaluation of the performance of each approved  
21 program; and
- 22 (5) any other criteria deemed relevant by the governor or the  
23 committee.

24 B. For each agency, the governor's proposed budget submitted  
25 pursuant to Section 6-3-21 NMSA 1978 and the committee's budget  
recommendation pursuant to Section 2-5-4 NMSA 1978 may contain  
recommendations regarding incentives or disincentives for agency performance.

1 Incentives or disincentives may apply to all or part of an agency and may apply to  
2 any or all of an agency's approved programs.

3 C. Pursuant to Section 6-3-7 NMSA 1978, the division shall  
4 prescribe forms and approve operating budgets for agencies funded by  
5 performance-based program budgets; however, the division shall not take any  
6 action that hinders an agency from operating under a performance-based  
7 appropriation or that is otherwise inconsistent with the purposes of the  
8 Accountability in Government Act. Notwithstanding the provisions of Sections 6-3-  
9 23 through 6-3-25 NMSA 1978, and absent specific authorization in the general  
10 appropriation act or other act of the legislature, no funds may be transferred either  
11 into or out of a  
12 performance-based program budget.

13 D. Each agency shall develop, in consultation with the division, a  
14 plan for monitoring and reviewing the agency's programs to ensure that  
15 performance data are maintained and supported by agency records."

16 Section 9. A new section of the Accountability in Government Act is enacted  
17 to read:

18 "QUARTERLY REPORTING.--

19 A. The division, in consultation with the committee, shall select  
20 agencies and specify performance measures for those agencies that shall be  
21 reported on a quarterly basis.

22 B. Quarterly reports shall compare actual performance for the report  
23 period with targeted performance and shall be filed with the division and committee  
24 within thirty days of the end of a reporting period."

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