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FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/12

SPONSOR Leavell LAST UPDATED _____ HB _____

SHORT TITLE Baldrige Criteria for NM Businesses SB 54

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	\$300.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

Senate Bill 54 appropriates three hundred thousand dollars (\$300,000) from the general fund to the Economic Development Department for expenditure in FY13 to expand performance excellence training, assessment services and assistance to New Mexico Businesses and organizations in order to encourage economic development and prosperity statewide by strengthening competitiveness and improving effectiveness using the Baldrige criteria for performance excellence.

FISCAL IMPLICATIONS

The appropriation of three hundred thousand dollars (\$300,000) contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2013 shall revert to the general fund.

SIGNIFICANT ISSUES

Quality New Mexico (QNM), New Mexico's official Baldrige organization, is chartered by New Mexico Executive Order 95-16 and is home of New Mexico Quality Awards (NMQA). As a non-profit 501(c) 3 service organization, its mission is to motivate, educate, and congratulate New Mexico businesses and organization for achievement in performance excellence using the Baldrige Criteria.

The 501(c)3 non-profit generates tools, education and training, and formal performance assessment of business, education, government, health care, and non-profit organizations. Quality New Mexico administers the three-tiered New Mexico Quality Awards program of Piñon Recognition (Commitment), Roadrunner Recognition (Progress) and the Zia Award (Performance Excellence), patterned after the prestigious Malcolm Baldrige National Quality Award, administered by the U.S. Department of Commerce.

Quality New Mexico charges a fee to businesses and organizations for this training and the annual Baldrige criteria competition.

PERFORMANCE IMPLICATIONS

The Economic Development Department (EDD) reports that the agency does not have performance measures tied to Malcolm Baldrige performance criterion, but acknowledges businesses may benefit from the process and may, add jobs as a result. However, Quality New Mexico (QNM) does not report job creation or business expansion and does not collect or report job creation or expansion after the competition is completed to EDD. Therefore, the program is not known to impact EDD performance measures.

ADMINISTRATIVE IMPLICATIONS

The Economic Development Department (EDD) would contract with, and provide oversight to an organization that implements the Baldrige Performance Excellence Program for New Mexico businesses. Staff from EDD would be tasked with oversight and administration of a contract, and the RFP necessary to enter into it, because the agency does not have expertise in-house to administer the Baldrige Criteria.

OTHER SUBSTANTIVE ISSUES

According to the Economic Development Department, the Baldrige Criteria work as an integrated framework for managing an organization. They are simply a set of questions focusing on critical aspects of management that contribute to performance excellence including leadership; strategic planning; customer focus; measurement, analysis, and knowledge management; workforce focus, operations focus, and results

ALTERNATIVES

Businesses can continue to contract independently for these services.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Baldrige Criteria contractors would continue to provide training privately.