



NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

New Mexico Legislating for Results

Charles Sallee, Director
October 2023



NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

Fiscal management and accountability arm of the state legislature

Interim committee

Bicameral and proportionate to political make up of each chamber

Staffed by a permanent nonpartisan team of fiscal analysts (budget-making), economists (revenue estimating and tracking), program evaluators, and support staff

A Brief History

LFC established in 1957

1990: Program Evaluation Unit moves from State Auditor's Office to LFC

1994: NM Legislation calls for the creation of the *New Mexico Horizons Task Force* which recommended development of an AGA

1998: Urban Institute & NCSL begin examining practices in results-based state government

2000: Accountability in Government Act (AGA) established performance-based budgeting

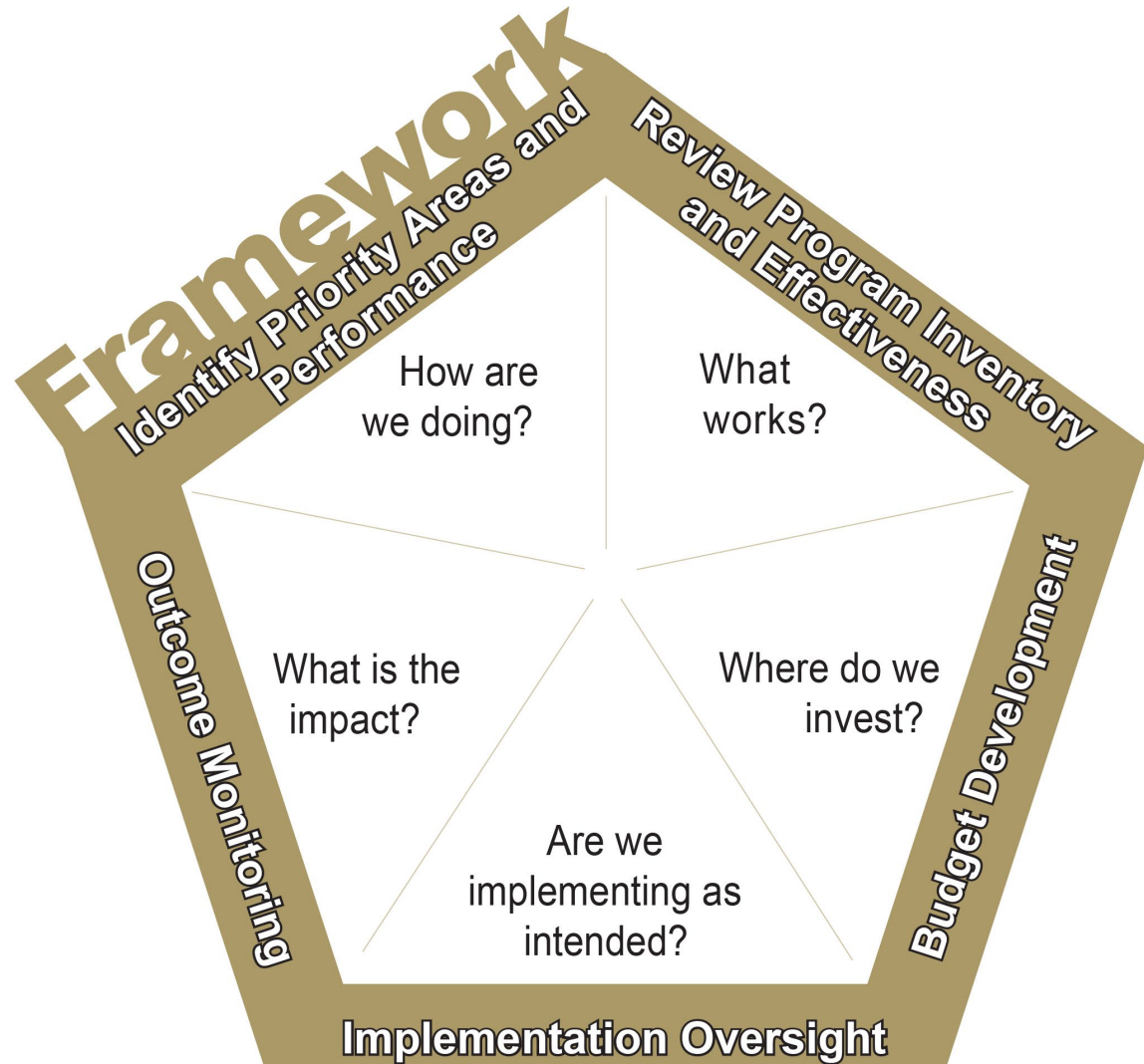
2003: NCSL publishes best practices for performance hearings and using data

2005: AGA amended to require quarterly performance reporting

2019: SB58 – Evidence and Research-Based Funding bill passed

2021: LFC holds its first LegisStat hearing

2023: LFC develops and implements its seven elements to guide budget decision-making



Legislating for Results Framework

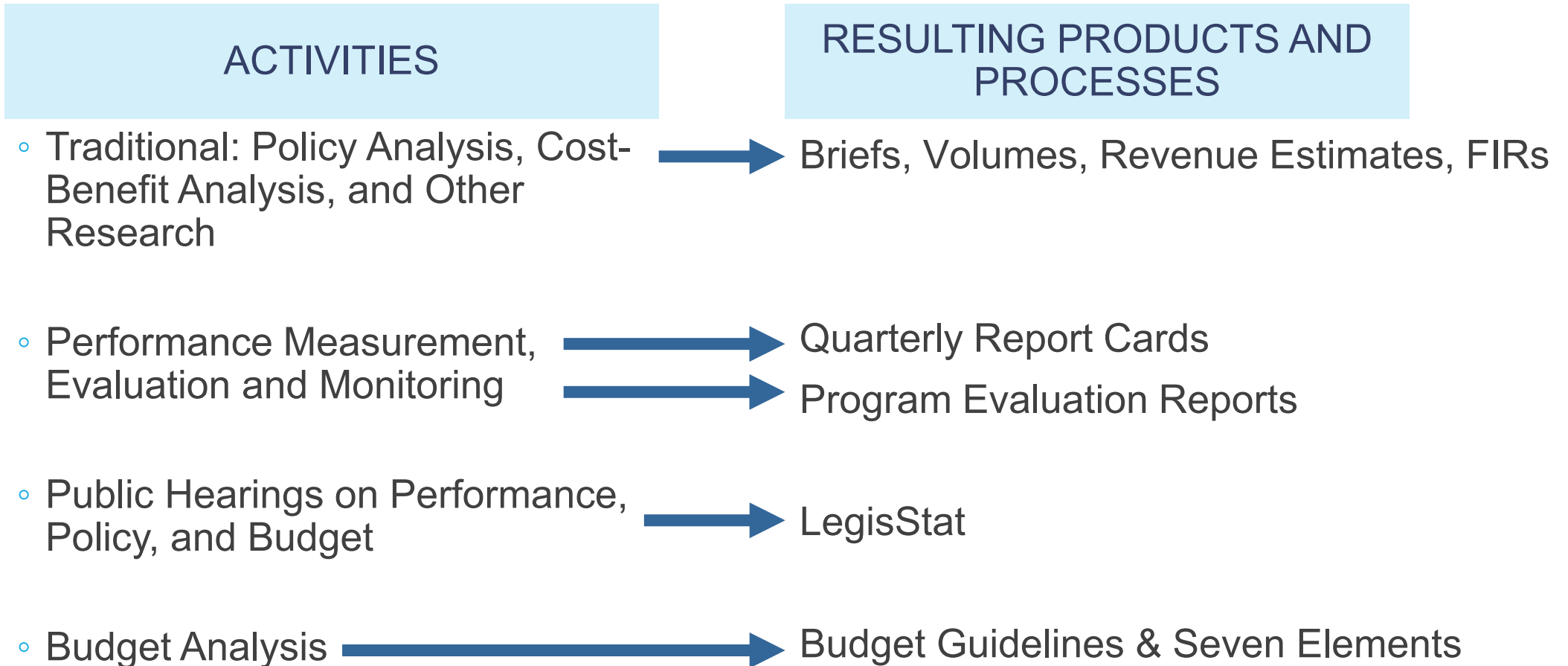
Legislating for Results Tools

ACTIVITIES

- Traditional: Policy Analysis, Cost-Benefit Analysis, and Other Research
- Performance Measurement, Evaluation and Monitoring
- Public Hearings on Performance, Policy, and Budget
- Budget Analysis



Legislating for Results Tools



Legislating for Results Tools

ACTIVITIES

RESULTING PRODUCTS AND PROCESSES

- Traditional: Policy Analysis, Cost-Benefit Analysis, and Other Research → Briefs, Volumes, Revenue Estimates, FIRs

- Performance Measurement, Evaluation and Monitoring → Quarterly Report Cards
→ Program Evaluation Reports

- Public Hearings on Performance, Policy, and Budget → LegisStat

- Budget Analysis → Budget Guidelines & Seven Elements

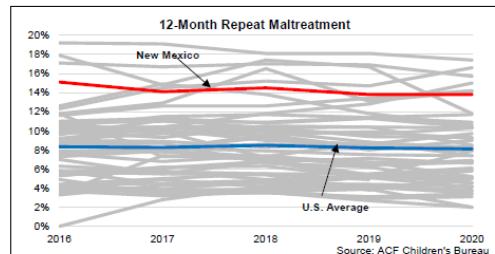
**This
Presentation**



New Mexico consistently ranks among the top six states for repeat maltreatment occurring within 12 months of an initial allegation. There are several evidence-based options to reduce and prevent repeat maltreatment and better leverage the child welfare workforce, including improving the use of screening and assessment tools, intervening early with the level of intervention based on the level of risk, and following through with the appropriate supports and services. In recent years, the state enacted legislation and significantly increased appropriations in support of these objectives. However, delivering the right interventions to the right people at the right time is easier said than done. In a February 2023 press release the governor declared the child welfare system "is fundamentally broken." This came 32 years after the taskforce that led to the establishment of the Children, Youth and Families Department (CYFD), said the system was crisis-oriented and failed to support families. For FY24, the Legislature increased appropriations significantly for the child welfare system to adjust salaries, fill vacancies, improve access to behavioral health services, and boost prevention programming for evidence-based programs.

Protective Services

Prevention and early intervention is the key to reducing repeat child maltreatment. Over the long-term, child maltreatment causes physical, psychological, and behavioral consequences leading to increased costs to the child welfare, behavioral health, and physical healthcare systems. Several evidence-based options for preventing repeat maltreatment could be expanded and leveraged to garner more federal revenue and improve outcomes. Between FY18 and FY22, CYFD preventive services expenditures grew from about \$1.1 million to \$11.1 million, a tenfold increase, with most of the increase occurring in the last two years. The number of children placed in either foster care, relative foster care, or other placements increased by 14 percent since December 2022 or about 242 children. Prior LFC program evaluation reports pointed out that the state may be over-removing children and that many of these children end up in short-term placements. The increased number of children in custody of the department reverses a trend going back to at least 2018 of fewer children in foster placements.



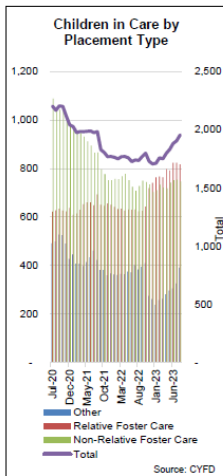
ACTION PLAN

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

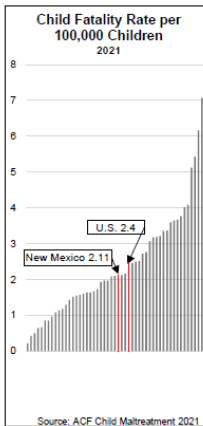
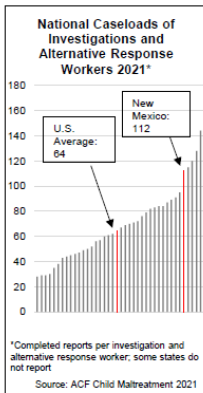
Kevin S., et al. v. Blalock and Scrase Lawsuit Settlement

The lawsuit against CYFD alleged

- Systemic failures resulting in harm to children in foster care,
- Lack of stable placements,
- Behavioral health needs unmet,
- No trauma sensitive system, and
- Little behavioral health capacity.



Children, Youth and Families



Budget: \$105,773.8 FTE: 1,111

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Maltreatment					
Children who were victims of a substantiated maltreatment report during a 12-month period who were victims of another substantiated maltreatment allegation within 12 months of their initial report	14%	14%	9%	13%	R
Rate of maltreatment victimizations per one hundred thousand days in foster care	14.7	10.1	8.0	13%	R
Families with a completed investigation that participated in family support or in-home services and did not have a subsequent substantiated abuse report within 12 months	New	75%	20%	91%	G
Serious injuries with prior protective services involvement in the last year	New	43%	26%	33%	R
Turnover rate for protective service workers	26%	37%	30%	37%	R
Average statewide central intake call center wait time in seconds	27	30	180	29	G
Foster Care					
Children in foster care who have at least one monthly visit with their caseworker*	98%	98%	N/A	92%	G
Children in foster care for more than eight days who achieve permanency within 12 months of entry into foster care	30%	36%	30%	33%	G
Children in foster care for 12 to 23 months at the start of a 12-month period who achieve permanency	40%	42%	35%	34%	Y
Children in foster care for 24 months, or more, at the start of a 12-month period who achieve permanency	41%	38%	32%	31%	Y
Foster care placements currently in kinship care settings	42%	49%	35%	52%	G
Indian Child Welfare Act foster care youth who are in an appropriate placement	73%	72%	35%	67%	G
Relative placements that transition to permanency or are still stable after 12 months	78%	74%	35%	73%	G
Children who enter care during a 12-month period and stay for >8 days, placement moves rate per 1,000 days of care	5.8	5.7	4.0	7.6	R
Program Rating	Y	Y		Y	

Juvenile Justice Services

The Juvenile Justice Services (JJS) secure population continues shrinking and in November 2022 there were a total of 80 clients in secure facilities, a 63 percent decrease since FY13. Because of the continual downward population trend, in January 2022 the department closed the Camino Nuevo Youth Center after ceasing to hold clients at the San Juan County Detention Center in FY21. Physical assaults in the facilities are significantly down and there is currently a two-to-one student teacher ratio. With the reduced population and low ratios, the program should start performing better on improving math and reading scores. The turnover rate for youth care specialists increased from 18 percent in FY21 to 42

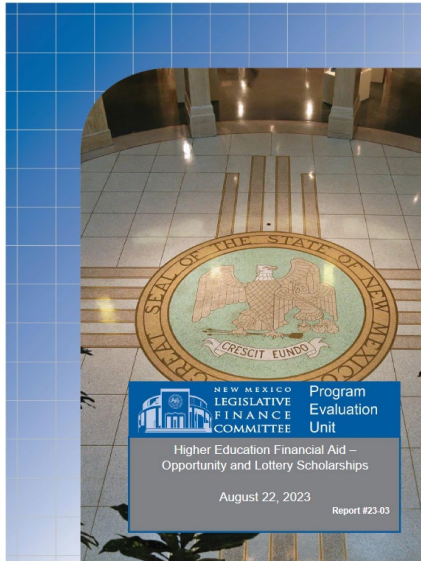
Quarterly Report Cards

Required by statute – New Mexico’s Accountability in Government Act

Only key (large) agencies

Measures and targets negotiated annually between executive and legislature

Agencies must identify their core services and ways to measure effectiveness and report on whether programs are demonstrating that effectiveness.



Progress Report Program Evaluation Unit
Legislative Finance Committee August 24, 2023

Addressing Substance Use Disorders

Summary
New Mexico consistently has the highest alcohol-related death rate in the country and ranked sixth nationally for drug overdose deaths in 2021. Substance use disorders (SUD) remain a problem in New Mexico, as alcohol- and drug-related deaths increased rapidly during the pandemic. Between 2019 and 2021, the state's alcohol-related death rate increased by 31 percent, and 2,274 New Mexicans died of alcohol-related deaths in 2021. Similarly, the state's overdose-death rate increased by 68 percent, and 1,029 New Mexicans died of a drug overdose in 2021. Preliminary 2022 overdose data suggest the state's overdose death rate may have improved slightly, though this data is preliminary and subject to change. The state is investing relatively little effort in upstream interventions and prevention efforts, given the magnitude of the state's high rates of SUD and associated deaths, particularly for alcohol misuse. New Mexico should expand and increase uptake in prevention programs and consider strengthening population-level prevention policies. New Mexico has made significant investments in treating substance use disorders. The state is spending roughly \$800 million on the Medicaid behavioral health program, which is the primary funding source for substance use treatment in New Mexico, as well as an additional \$246 million annually for behavioral health services, which may include substance use treatment, through other agencies in the Behavioral Health Collaborative. Previous LFC studies recommended expanding evidence-based forms of treatment, including the use of medications to treat opioid and alcohol-use disorders, as well as expanding the state's harm reduction efforts. New Mexico implemented several LFC recommendations, including statutory changes to the Harm Reduction Act and investments in medications to treat SUD. This progress report finds some forms of evidence-based treatment have expanded within the state's Medicaid behavioral health program. However, the utilization of medications to treat SUD has not grown substantially, though the elimination of federal requirements could make treatment for opioid use disorder more accessible. Overall, the state continues to struggle to leverage data in a timely way to better estimate SUD needs and treatment utilization, and New Mexico risks duplicating or underleveraging available resources without coordination.

Progress Reports foster accountability by assessing the implementation status of previous program evaluation reports, recommendations and need for further changes.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE
Program Evaluation Unit
Division
September 29, 2023
Report #23-04



2023 Accountability Report LEGISLATIVE FINANCE COMMITTEE

Medicaid

The Medicaid program is the largest expenditure in the state's budget and serves nearly half of the state's population. As such, LFC Accountability Reports seek to bolster reporting on Medicaid. Between February 2020 and February 2023, Medicaid enrollment grew 20 percent, peaking around 1.6 million—nearly half the state's population. Membership, spending during this period grew at a faster rate. In FY23, spending on the state's Medicaid program surpassed \$3.9 billion, growing 19 percent since FY19. Medicaid provides health care to almost half of New Mexico. With so much at stake, the Legislature and the public have an interest in understanding how well the state's Medicaid program is delivering healthcare to New Mexicans, as well as the associated health outcomes.

Since the start of 2023, nearly 100 thousand New Mexicans have been disenrolled from Medicaid. During the pandemic, the federal public health emergency (PHE) prevented states from disenrolling Medicaid recipients, pausing federally required checks for income eligibility. As a result, total Medicaid enrollment grew by roughly 20 percent between FY19 and FY23. For this reason, the cost and utilization sections of this report aim to compare pre- and post-pandemic costs and utilization. The federal PHE ended in the spring of 2023, and the Human Services Department (HSD) began the process of unenrolling, or redetermining the eligibility of every Medicaid recipient. In April, HSD estimated 87 thousand New Mexicans were no longer financially eligible. HSD reached out to enrollees who they estimated would be ineligible, first. New Mexico has one of the highest rates of procedural denial among total closures in the U.S. Procedural denials are disenrolling a client from Medicaid for reasons other than income eligibility, such as not responding or failing to return paperwork. Between April and August 2023, 98 thousand New Mexicans were disenrolled from Medicaid, and HSD projects enrollment will stabilize around 923 thousand in June 2024. Removing individuals from the program who may still qualify can lead these individuals to lose coverage. These individuals may reapply, and HSD projects the program will experience churn. Medicaid clients face challenges accessing timely care, and utilization has declined in several categories since 2019. Medicaid aims to provide healthcare for some of the state's most vulnerable populations, yet previous LFC reports have noted that insufficient numbers of providers cause Medicaid clients to experience challenges accessing care when they need it, while access is also a challenge for non-Medicaid patients. Though managed care organizations (MCO) generally meet their contractual standards for "network adequacy" or enough providers, metrics related to patient experience suggest clients may be unable to access care when they need it. Additionally, use declined in many service categories. This trend mirrored decreased utilization among private health insurance plans during the pandemic. Strategies to improve network adequacy include strengthening MCO contractual standards and accountability and rate increases for healthcare providers. In FY24, the Legislature appropriated \$98 million to increase the rates Medicaid providers are paid. HSD should evaluate outcomes associated with this strategy.

Changes in procurement result in delays in MCO contract improvements. The state's managed care program accounts for around 83 percent of all Medicaid enrollees. The state was set to renew its managed care program in January 2024 and initiated an RFP for MCOs in 2023. Draft contracts for the state's next iteration of managed care, known as Traverse Care, include some promising improvements to MCO accountability, including strengthening quality and access standards. However, in January 2023, HSD halted the contracting process. Following an agreement with the State Ethics Committee, HSD will award the four MCOs initially selected in the RFP process. However, the implementation of the new contracts will be delayed until July 2024, delaying some of the key accountability measures, though easing implementation challenges.

Chart 1. Total Medicaid Enrollment (in thousands)

Fiscal Year	Total Enrollment (in thousands)
2019	~1,000
2020	~1,100
2021	~1,200
2022	~1,300
2023	~1,400

Chart 2. Total Medicaid Expenditures (in millions)

Fiscal Year	Base (in millions)	Expansion (in millions)	Total (in millions)
2019	~1,000	~100	~1,100
2020	~1,100	~150	~1,250
2021	~1,200	~200	~1,400
2022	~1,300	~250	~1,550
2023	~1,400	~300	~1,700

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE
Program Evaluation Unit
Division
September 29, 2023
Report #23-04

Program Evaluation

[https://www.nmlegis.gov/Entity/LFC/Program Evaluation Search?Query=&StartYear=1991&EndYear=2023&Category=ALL&PubType=ALL](https://www.nmlegis.gov/Entity/LFC/Program%20Evaluation%20Search?Query=&StartYear=1991&EndYear=2023&Category=ALL&PubType=ALL)

Deep dive research that covers the gamut of government and outcomes analysis on outcomes, management, compliance, effectiveness, and efficiency.

Contain far-reaching recommendations, which may include changes to law, rule, appropriations, or implementation

Often spurred by changes in performance noted in report cards

LegisStat

LegisStat is an **initiative of the LFC** designed to help the committee become a more effective partner with New Mexico state agencies in continually improving agency programs and policies.

Based on a leadership strategy known as **PerformanceStat**.

LegisSTAT **adapts the PerformanceStat approach to a legislative context.**

The goal is to ensure **focused conversations** between the LFC (as a committee or subcommittee) and agency leaders about addressing high-priority agency performance challenges and opportunities.

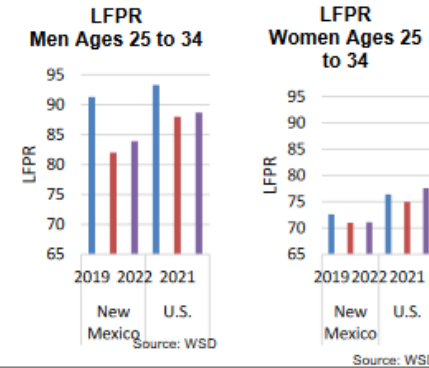
Key Data

Principals of LegisStat

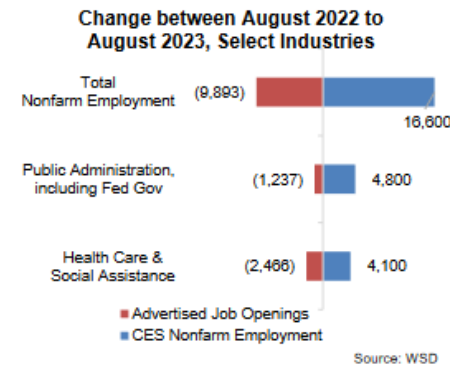
- **Focused:** Meetings focus on most important challenges facing agencies, identified ahead of time.
- **Committee-driven:** Meetings driven by the committee chair and by members' questions; only short presentations.
- **Emphasizing deeper dives:** Use of follow-up questions by members to get to the root causes of problems... "the Five Whys."
- **Action-oriented:** Agencies ideally commit to specific actions by the next meeting, representing near-term actions even if long-term challenges.
- **Strong on accountability:** Meetings designed to start with agency updates on action items from previous meeting.
- **Collaborative:** Meetings require ongoing collaboration between legislators and agency leaders.
- **Aiming for impact:** Important part of the initiative's impact occurs between meetings, when agencies work to achieve action items committed to during the meetings.



- Between 2008 and 2021, the state lost about 26 thousand workers.
- An estimated one-quarter of the state's population is not employed but is of working age.
- Between February 2023 and July 2023, as the state began to unwind benefit programs that were enhanced during the pandemic, the LFPR increased slightly, from 56.5 percent to 57.1 percent.
- The national LFPR in July 2023 was 62.6 percent.




- While national labor force participation rates have increased for both men and women who are 25 to 34 years of age between 2021 and 2022, in New Mexico they only increased for men.
- Overall, 60.4 percent of working age men participate in the labor force, compared to 50.5 percent of working age women in New Mexico.
- Among men and women of prime working age, more men participate in the workforce than women.
- An estimated 77 thousand men and women in this prime working age range are not participating in New Mexico's labor force.



- Over the last year, employment trends have returned to those that were more normal before the pandemic.
- The number of advertised job openings overall and in select industries has declined, while the number of workers employed has increased

Budget Guidelines & Seven Elements

- Budget guidelines approved by committee
- Guides approach to budget development
- Prioritizes funding recommendations for evidence-based programs and initiatives.
- Instructs analysts to evaluate requests on the “seven elements” of quality program design
 - Program Premise
 - Needs Assessment
 - Program Description
 - Research and Evidence
 - Implementation Plan
 - Fidelity Plan
 - Measurement and Evaluation
- Staff use rubric to rate expansion requests based on these seven elements



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Legislating for Results:
Budget Development Tool

New Mexico agencies making significant requests to expand agency budgets, other than workload changes, or for large special appropriations that appear to expand an agency's recurring budget are being asked to assess the proposals and report on their purpose, potential for success, and plans for implementation and accountability in accordance with the [Budget Guidelines of the New Mexico Legislative Finance Committee \(LFC\)](#) and LFC's [Legislating for Results Framework](#).

1 Program Premise What public problem does this program seek to address? How will this program address the problem? Does the proposed program link to a goal in the agency's strategic plan?

What is the extent of the problem stated in numerical, geographic, and equity terms? What portion of the total need identified does this program seek to address?

2 Needs Assessment

3 Program Description What specific activities in the program will achieve these expected program outcomes? What are costs per person or activity? Once the program is fully operational, what are the estimated ongoing annual costs?

Is the program based on evidence or research or a promising practice? Will it need formal evaluation?

4 Research and Evidence

5 Implementation Plan What activities are needed to implement the program? How much will it cost? What is the timeline for each startup activity?

Will the program be implemented with equity and fidelity? Do you have a checklist of the program components need to achieve the impacts?

6 Fidelity Plan

7 Measurement and Evaluation What specific outcomes are expected? What are key performance measures? How often will the program be measured and evaluated?

Results Focused Government

Best Practices in Leadership

- Practice #1: Demonstrating that agency leadership values evidence and results

Best Practices in Evidence-Related Strategies

- Practice #2: Using evidence-based budgeting
- Practice #3: Developing a learning agenda
- Practice #4: Creating an evaluation policy
- Practice #5: Using rapid experimentation (also known as A/B testing)
- Practice #6: Implementing results-driven contracting
- Practice #7: Adding evidence incentives to grants

Best Practices in Performance Management

- Practice #8: Using performance information
- Practice #9: Implementing strategic planning
- Practice #10: Collaborating with other agencies or levels of government

Best Practices in Using Data

- Practice #11: Expanding data sharing and usage



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For More Information

- <http://www.nmlegis.gov/lcs/lfc/lfcdefault.aspx>
 - Session Publications
 - Performance Report Cards
 - Program Evaluations

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