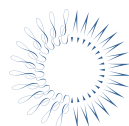




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State Case Study



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New Mexico's Evidence-based Approach to Better Governance

A Progress Report on Executing the Results First Approach

Overview

Since partnering with the Pew-MacArthur Results First Initiative in September 2011, New Mexico has become a leader in using sophisticated cost-benefit analysis to inform policy and budget decisions. Building on a strong history of investing in evidence-based programs and measuring their performance, the Results First approach has enabled state policymakers to get a clearer picture of the comparative value of potential taxpayer investments and to direct resources to the most effective programs.

New Mexico's Results First model uses state-specific data to compare the costs and long-term benefits of a range of programs and policies. The state's Legislative Finance Committee, working with the

New Mexico Sentencing Commission and Corrections Department, implemented the model with a focus on public safety programs; as the model grew to include other policy areas, additional state agencies also provided data. Over the past two years, the state has used the Results First approach to:

- Calculate and compare the long-term costs and benefits of portfolios of programs in adult and juvenile justice, child welfare, mental health and substance abuse, and early childhood.
- Help inform legislative funding decisions to direct \$49.6 million to evidence-based programs that will deliver high returns for New Mexico residents.
- Shift funds from an offender intervention program determined to be ineffective to an alternative that analysis showed would produce strong public safety outcomes.
- Promote the development of an inventory of the state's recidivism-reduction programs to identify the extent to which they are evidence-based.

This brief documents New Mexico's progress in implementing the Results First approach, highlights its accomplishments in using evidence-based policymaking, identifies challenges facing the state, and illustrates how this work complements other state efforts to use data to deliver better results.

Results First: A Model for Making More Cost-effective Policy Choices

The Results First approach uses a nationally recognized, peer-reviewed model with a three-step process:

- **Use the best national research** to analyze all available studies of similar programs across the country to identify what works, what doesn't, and how effective various programs are in achieving policy goals.
- **Apply state-specific data to the national results** to project the effect different program and policy approaches would have in the state.
- **Compare the costs of each program to its projected benefits** and produce a report that ranks programs by the relative value they would generate for taxpayers. This information enables policymakers to identify the best return on investment of public dollars.

The cost-benefit analysis model was developed by the Washington State Institute for Public Policy in partnership with the Pew-MacArthur Results First Initiative, a project of The Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation. States and local governments can use the model to assess programs in many public policy areas, including adult criminal and juvenile justice, pre-K through 12th-grade education, general prevention programs for children and adolescents, child welfare, mental health, substance abuse, and public health.

Building the New Mexico Results First model

In 2011, staff of New Mexico's Legislative Finance Committee requested the assistance of the Pew-MacArthur Results First Initiative in implementing the cost-benefit analysis model. The state's goal was to better assess the long-term implications of its budget choices and to identify interventions that would achieve high returns on the investment of taxpayer dollars.

The Legislature assigned responsibility for the effort to the Legislative Finance Committee, which plays several critical roles in the state. As the Legislature's fiscal and management arm, the committee conducts program evaluations and issues performance report cards that assess whether taxpayer expenditures are delivering desired results. It produces an annual statewide policy analysis report on progress in key program areas and develops budget recommendations. Committee staff also regularly makes presentations to legislative committees, agencies, and stakeholder groups. These activities help to equip the Legislature to use the Results First model when making policy and budget decisions. As Kelly Klundt, fiscal analyst for the committee, noted, "It's a year-round educational experience. So when actual session happens, [legislators] have a better understanding of the evidence."

Personnel from Results First traveled to New Mexico in 2011 to train committee staff, led by Director David Abbey and Deputy Director Charles Sallee, on the cost-benefit approach. Results First provided ongoing technical assistance through subsequent site visits, conference calls, and webinars. The committee focused its initial effort on adult criminal justice programs with extensive help from staff of the state's Sentencing Commission and Corrections Department.

To implement the crime component of the Results First model, the committee partnered with the Sentencing Commission, which maintains a collection of independently reviewed criminal and juvenile justice data. Staff from the two offices gathered needed information from various state and federal sources, including the FBI, the U.S. Bureau of Justice Statistics, the state's Department of Public Safety, and its Administrative Office of the Courts. The committee also partnered with the state's Corrections Department to identify and analyze information on programs offered within the prison system and the costs of department services.

Following these successful collaborations, the committee collaborated with New Mexico's departments of Children, Youth, and Families; Public Education; Public Safety; and Health, to expand the model's scope to assess state child welfare, substance abuse and mental health, and early childhood education programs.

Reporting New Mexico's Results First findings

The Legislative Finance Committee has issued five evaluation reports presenting Results First findings on the relative costs and benefits of potential investments in programs for adult criminal justice, child welfare, and early childhood education. As the committee's Sallee stated, "we use evaluations to identify the problem areas in the state and use the Results First model to show how much it is costing and what programs can deliver promising outcomes at higher returns."

Criminal justice

The committee has issued two evaluation reports on New Mexico's adult criminal justice programs since summer 2012, *Reducing Recidivism, Cutting Costs and Improving Public Safety in the Incarceration and Supervision of Adult Offenders* and *Evidence-Based Programs to Reduce Recidivism and Improve Public Safety in Adult Corrections*. These reports used the Results First approach to calculate the cost-benefit ratio of the state's community-based, correctional, and alternative reentry programs.¹ Key findings included:

- More than 75 percent of the state's adult criminal justice programs lacked rigorous evidence of effectiveness.
- Reducing recidivism by 10 percent through investing in evidence-based programs could decrease prison costs by \$8.3 million and victimization costs by approximately \$40 million.²

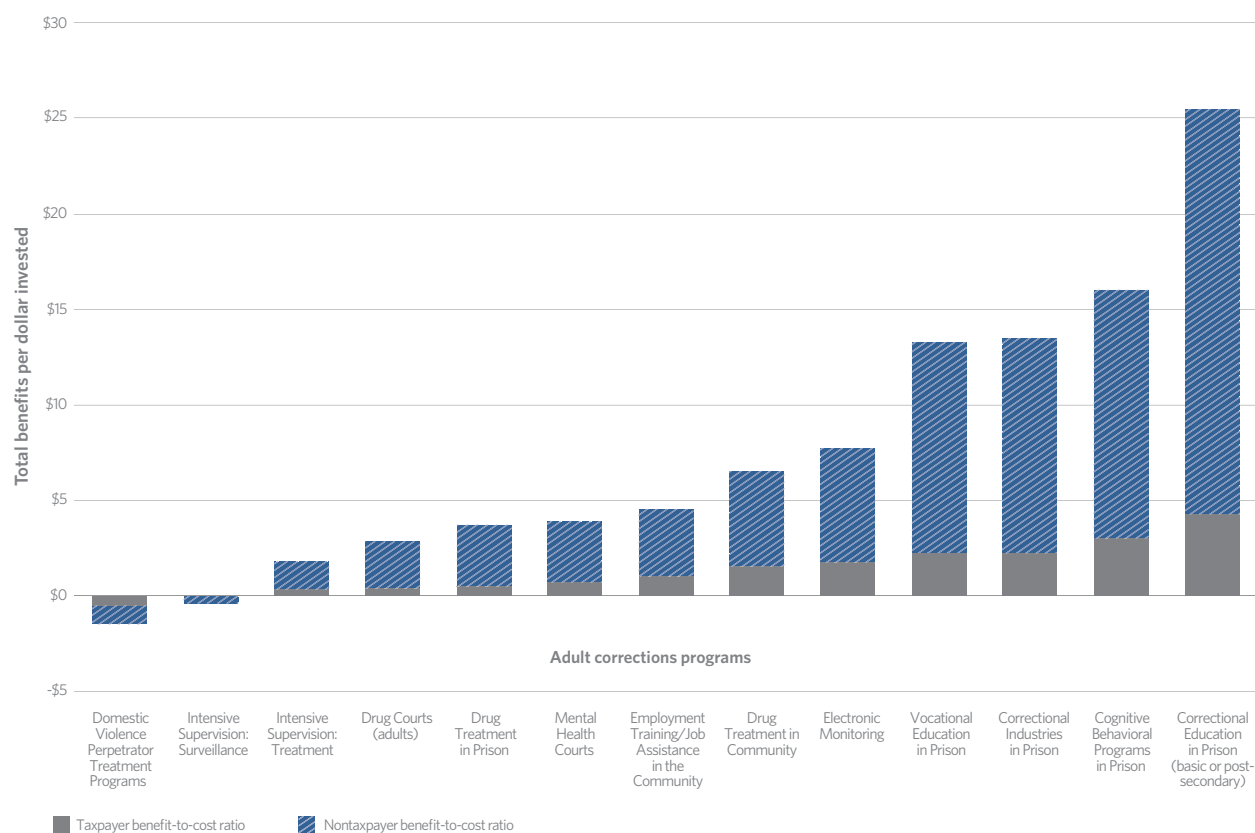
- Investing in evidence-based corrections programs proved to reduce recidivism could yield returns as high as \$26 for every \$1 invested.
- If current trends hold, offenders released in 2011 will cost taxpayers an estimated \$360 million in corrections costs over the next 15 years.³

The reports also calculated the impact of budget reductions. In fiscal year 2011, the Corrections Department discontinued two programs shown to reduce recidivism—drug courts and corrections industries—as a part of budget cuts made in response to the Great Recession. Using the Results First model, the committee found that eliminating these programs cost the state \$2.8 million in annual taxpayer and crime victim benefits.⁴ “Having this information could have helped agencies make better and more informed decisions about what to cut,” said Sallee.

Figure 1

New Mexico's Cost-Benefit Analysis Model Compared Cost-Benefit Ratios for Prison Programs

Total benefit-to-cost ratio, by program



Source: New Mexico Legislative Finance Committee, *Evidence-Based Programs to Reduce Recidivism and Improve Public Safety in Adult Corrections* (July 2013), 3, <http://www.nmlegis.gov/lcs/lfc/lfcdocs/perfaudit/LFC%20Results%20First%20-%20Evidence-Based%20Programs%20to%20Reduce%20Recidivism%20and%20Improve%20Public%20Safety%20in%20Adult%20Corrections.pdf>.

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Child welfare

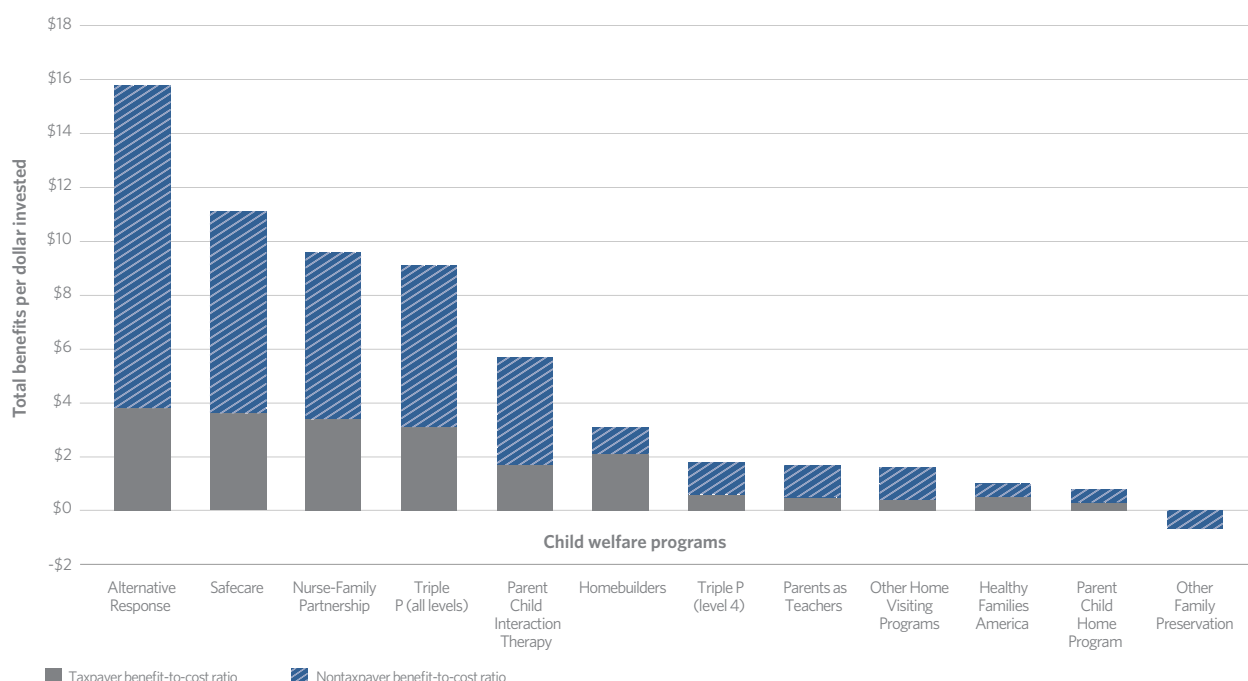
Since 2012, New Mexico's Legislative Finance Committee has released two evaluation reports—*Improving Outcomes for Pregnant Women and Infants Through Medicaid* and *Evidence-Based Programs to Reduce Child Maltreatment*—that used the Results First model to assess the state's child welfare investments and the potential benefits of investing in evidence-based programs to reduce child maltreatment.⁵ They found that:

- New Mexico spends about \$113 million annually through the Child Protective Services Division responding to child maltreatment (including investigation, in-home services, foster care, adoption, and administrative costs) and that reducing child maltreatment and placement in foster care by 10 percent could save tens of millions of dollars.
- Only 5 in every 1,000 children in the New Mexico child protection system receive preventive services, compared with the national average of 43 per 1,000.

Figure 2

New Mexico's Cost-Benefit Analysis Model Compared Returns for Child Welfare Programs

Total returns on investment, by program



Source: New Mexico Legislative Finance Committee, *Evidence-Based Programs to Reduce Child Maltreatment* (April 2014), 13, <http://www.nmlegis.gov/lcs/lfc/lfcdocs/perfaudit/LFC%20Results%20First%20Report%20-%20Evidence-Based%20Programs%20to%20Reduce%20Child%20Maltreatment.pdf>.

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- Evidence-based programs could generate returns as high as \$15.64 for every \$1 invested and reduce child maltreatment and its recurrence by up to 26 percent.
- Foster care placement costs approximately \$21,000 per year per child compared with \$3,700 for proven in-home services.
- Evidence-based home visiting programs would yield a range of returns of up to \$9.70 for every \$1 invested.

Table 1

Results First New Mexico Used the Results First Approach to Produce a Consumer Report for Early Childhood Programs

Ranking of New Mexico programs to improve education outcomes

Program	Benefits to participants	Benefits to taxpayers	Other beneficiaries	Other indirect benefits	Total benefits	Costs	Benefit-cost net present value	Benefit-cost ratio	Percent of time net present value is > 0
Nurse-Family Partnership	\$9,974	\$9,868	\$8,946	\$0	\$28,789	(\$2,967)	\$25,822	\$9.70	89%
Head Start	\$11,239	\$7,167	\$7,186	(\$3,139)	\$22,452	(\$8,564)	\$13,888	\$2.62	89%
Parents as Teachers	\$2,282	\$1,282	\$997	\$0	\$4,561	(\$2,966)	\$1,595	\$1.54	68%
Other home visiting programs	\$2,210	\$1,035	\$1,173	\$0	\$4,419	(\$2,970)	\$1,449	\$1.49	69%
New Mexico PreK	\$1,618	\$690	\$801	\$0	\$3,110	(\$2,900)	\$210	\$1.07	48%
Model early childhood programs	\$15,143	\$10,168	\$11,050	\$0	\$36,361	(\$34,332)	\$2,028	\$1.06	53%
4-Star	\$1,602	\$683	\$806	\$0	\$3,092	(\$6,532)	(\$3,441)	\$0.47	30%
Early Head Start	(\$602)	\$2,844	\$132	\$0	\$2,375	(\$12,042)	(\$9,667)	\$0.20	28%
5-Star	(\$351)	(\$150)	(\$172)	\$0	(\$673)	(\$6,864)	\$7,537	(\$0.10)	6%
Even Start	(\$572)	(\$244)	(\$276)	\$0	(\$1,093)	(\$4,061)	(\$5,153)	(\$0.27)	10%
3-Star	(\$973)	(\$415)	(\$479)	\$0	(\$1,868)	(\$6,120)	(\$7,988)	(\$0.31)	17%
2-Star	(\$1,640)	(\$699)	(\$812)	\$0	(\$3,151)	(\$5,269)	(\$8,420)	(\$0.60)	3%
Registered Homes	(\$3,098)	(\$1,322)	(\$1,535)	\$0	(\$5,995)	(\$2,904)	(\$8,859)	(\$2.06)	0%

Source: New Mexico Legislative Finance Committee, *Evidence-Based Early Education Programs to Improve Education Outcomes* (April 2014) 9, <http://www.nmlegis.gov/lcs/lfc/lfcdocs/perfaudit/LFC%20Results%20First%20Report%20-%20Evidence-Based%20Early%20Education%20Programs%20to%20Improve%20Education%20Outcomes.pdf>.

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Early childhood education

The Legislative Finance Committee also used its Results First model to develop the findings featured in an April 2014 report, *Evidence-Based Early Education Programs to Improve Education Outcomes*.⁶ The report used state-specific data to calculate and rank the return on investment that the state would achieve through a range of evidence-based programs designed to improve educational outcomes and found that:

- Only two of the state's six home visiting programs, which can lead to improved school readiness, were evidence-based.
- Evidence-based early education programs yield a range of results, including reducing remediation needs in public and higher education, special education, juvenile rehabilitation, welfare assistance, and juvenile and adult criminal activities.
- In contrast, the state's programs that were not evidence-based demonstrated losses of as much as \$2 for every \$1 invested.

Using Results First to target funding

New Mexico also used its Results First model analyses to identify opportunities for strategic investments in quality programs, which were included in its legislative budget recommendations for fiscal 2013-14 and 2014-15. Results First data helped inform decisions to target \$49.6 million over the two-year period, including:

- \$41.9 million to evidence-based early childhood programs. This included \$35.8 million directed toward early education (\$16.5 million for pre-K, \$10 million to the K-3 Plus extended school year program, \$6 million toward early literacy programs, \$3.3 million to improve the quality of early childhood programs) and \$6.1 million targeted to support evidence-based home visiting programs.
- \$7.7 million to evidence-based criminal justice programs. These funds included \$4.4 million for a new evidence-based drug treatment program to replace one the analysis showed was not delivering the expected return on investment. Targeted funds also included \$1.5 million for inmate education, \$1.5 million for community resources for job training and mental health, and \$300,000 for a corrections industries program that provides training and work experience opportunities for inmates.

Using Results First to improve services

In addition to assisting in the development of the Results First model, the New Mexico Corrections Department is using the approach to gain a better understanding of the programs it operates and to identify opportunities for improvement. In 2012, the department's Office of Recidivism Reduction conducted an inventory of its state-funded adult criminal justice programs and partnered with the Legislative Finance Committee to determine the level of evidence of effectiveness for each. This analysis found that fewer than 10 of the more than 40 programs studied were evidence-based.⁷



It's a no-brainer analytical model; we should be using programs that are effective."

Douglas Carver, New Mexico Courts, Corrections, and Justice Committee

The study revealed that one of the department's drug abuse prevention programs—Therapeutic Communities—was not operating according to its evidence-based design and as a result was not achieving desired outcomes. The department subsequently replaced the program with an alternative—Residential Drug Abuse Treatment—that the Results First analysis showed would generate a return of \$4 in benefits for every \$1 invested. “We can’t afford to spend money on programs that are not effective. This heightened the need to use our resources to evaluate our local programs that we haven’t had outcome evaluations for,” said Linda Freeman, deputy director of the New Mexico Sentencing Commission.

Over the next year, the Corrections Department plans to begin using the New Mexico Results First model to support additional management initiatives. After receiving training, agency staff will perform further cost-benefit assessments and identify opportunities for program improvements. The department plans to implement Correctional Offender Management Profiling for Alternative Sanctions, also known as COMPAS, a risk and needs assessment tool, to supplement this approach. Results will be shared with senior staff each quarter to foster discussions on evidence-based programs.

Lessons learned in New Mexico

The Results First approach has had a significant impact on improving the way budget and policy decisions are made in New Mexico, but the effort has not been without challenges. State officials identified five key lessons learned during the first three years.

Building a state's Results First model requires resources and flexibility

New Mexico has sought various data sources to integrate into Results First, but each source requires its own level of preparation for inclusion in the model. Jon Courtney, a program evaluator with the Legislative Finance Committee who has worked on Results First since 2011, emphasized the importance of dedicating sufficient resources to ensure good data are used in the model. “While some data is readily usable, other data requires substantial analysis to make it model-ready,” Courtney said.

To ensure the quality of New Mexico's Results First data, the committee designated two program evaluation staff to Results First to coordinate collection with executive agencies, identify external sources (such as federal entities, surveys, and research studies), populate the model, and run cost-benefit analyses. The Corrections Department and Sentencing Commission committed to providing ongoing resources to this effort, such as developing an annual inventory of state-run corrections programs, including costs and participation data, and assisting the Legislative Finance Committee with data analyses. In June 2014, all three entities signed a memorandum of understanding that sets forth their respective responsibilities and the ongoing assistance the Pew-MacArthur Results First Initiative will provide.

Strong interbranch communication is essential

Throughout the implementation process, communication and collaboration between the legislative and executive branches was critical to maximizing the impact of the Results First approach. Regular communication among the Corrections Department, Sentencing Commission, and Legislative Finance Committee was important to clarify the process, identify and address concerns, and build support for the approach among stakeholders.

To support this collaboration, the Legislative Finance Committee briefed agency staff on how the approach was working, discussed the required data, and explained how the results would inform budget and policy decisions.

This was particularly important because evaluations and cost-benefit analyses may identify programs that are not achieving expected results, which could be seen to reflect negatively on agencies and providers. Corrections Department officials and committee staff stressed the importance of presenting findings in ways that helped agencies improve performance and shift resources to more effective programs, rather than placing blame.

To ensure that evidence is used to inform budget and policy decisions, New Mexico's experience shows that it is also important to develop a broad coalition of champions across government. The New Mexico Sentencing Commission's diverse membership of law enforcement officials, criminal defense lawyers, and representatives from citizen interest groups made it a valuable partner in communicating the benefits of the approach and facilitating agency and legislative buy-in.



Results First has allowed us to have an ongoing conversation with policymakers about the power of good data to show where we can both save money and reduce recidivism."

Tony Ortiz, New Mexico Sentencing Commission

To strengthen this communication and establish additional partnerships, the commission is developing a stakeholder group to collaborate on and advance the Results First approach.

Transitioning to evidence-based programs takes time

Policymakers understandably want to see the results from investments they have made in programs and expect outcomes to be reported on a regular basis. The compressed time periods of legislative sessions create pressure to quickly deliver data that demonstrate program effectiveness and inform budget deliberations, but collecting and analyzing the data needed to show these results often cannot be done on a similarly expedited schedule. Sufficient time must be allotted to ensure a complete and accurate analysis process.

For example, recidivism is a key outcome that is typically measured 36 months after an inmate's release. New Mexico's Corrections Department partnered with PB&J Family Services in 2007 to implement an animal welfare program for rescued dogs—Heeling Hearts—that provides therapeutic and skills training for incarcerated women. The department is currently evaluating the program, but the results, particularly its effect on reducing recidivism, will not be available for several months. David Huerta, former director of recidivism reduction at the department, said, "It's hard to convince legislators or businessmen that we need time to give results."

Identifying evidence-based programs for specific populations can also be difficult. For example, the Corrections Department's priorities include expanding evidence-based interventions for female offenders, but limited information was available to identify effective programs for this population. To help address this gap, the Pew-MacArthur Results First Initiative compiled a database of evidence-based programs identified by several national research clearinghouses, which states can use to increase their menu of available programs. Agencies can also use the database and the Results First model to identify effective programs that meet specific criteria, such as serving certain populations, and then incorporate key elements into their non-evidence-based interventions to improve outcomes.

Information needs to be clear and understandable for policymakers

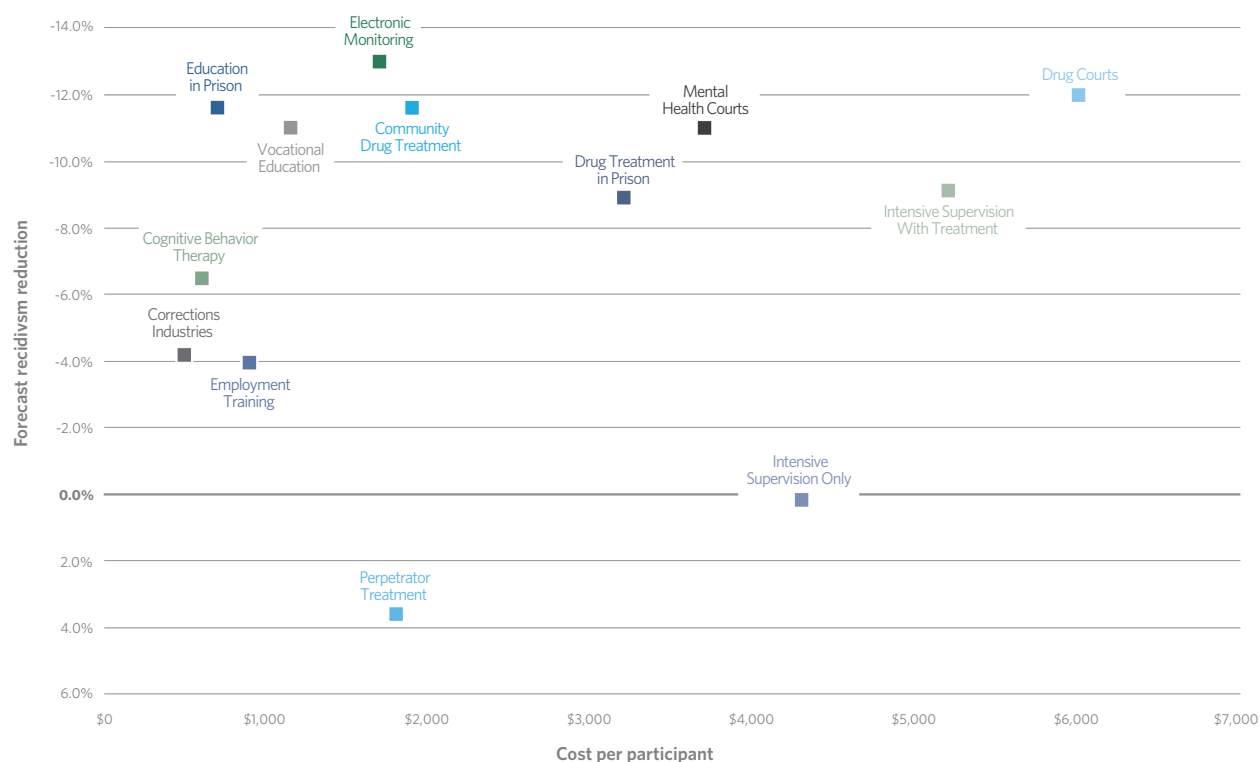
The Legislative Finance Committee designs its reports and presentations to communicate findings in clear, accessible formats, such as graphics depicting program outcomes, costs, and benefits. Staff note that this is essential to gaining policymakers' attention on important issues that might not otherwise be on their radar.

Eric Chenier, a fiscal analyst responsible for making recommendations on the criminal justice budget, noted that policymakers are often focused on education and Medicaid issues, which account for the largest portion of the state's budget. "If it's not those two issues," said Chenier, "it's harder to break through the noise. I think the most important thing is having an edge on everything with the right kind of data such as Results First." With Results First analysis, Chenier could easily illustrate to policymakers the costs and recidivism effects of fiscal 2015 budget recommendations, shown in Figure 3, reproduced from the committee's report.⁸

Figure 3

Results First New Mexico Calculated Prison Program Cost-effectiveness to Inform Budget Recommendations

Programs' costs and anticipated impact on recidivism reduction



Source: New Mexico Legislative Finance Committee, *Supplemental Tables and Graphs, Vol. 3*, (2014) 37, <http://www.nmlegis.gov/lcs/lfc/lfcdocs/budget/2015RecommendVolIII.pdf>.

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Resources must be dedicated to program implementation and monitoring

It is important for policymakers to recognize that investments in evidence-based interventions will not achieve desired outcomes unless the programs are well managed and implemented with fidelity to their designs. As noted earlier, the Legislative Finance Committee's 2012 report on New Mexico's criminal justice programs found that one of the state's evidence-based programs was not achieving its intended outcome of reducing recidivism due to poor implementation. Accordingly, it is important for states to establish strong program monitoring systems, particularly when, as in New Mexico, private providers deliver many programs. Finding the necessary resources to carry out this oversight can be a challenge for many agencies because funding for monitoring is often not built into provider contracts. New Mexico officials acknowledged the need to establish clear guidelines for fidelity monitoring, and committee staff are discussing this issue with agencies.

Next steps for Results First in New Mexico

New Mexico achieved significant benefits from implementing its Results First cost-benefit model, providing state policymakers and agency leaders with critical information about the effectiveness and return on investment from criminal justice, early education, and child welfare programs. Moving forward, New Mexico plans to:

- Convene a multiagency stakeholder group. The New Mexico Sentencing Commission will organize a stakeholder group consisting of representatives from the Corrections Department, New Mexico Sentencing Commission, and the Legislative Finance Committee to collaborate on and advance the Results First approach.
- Support ongoing criminal justice reforms. In response to presentations by Results First and other groups, New Mexico recently formed a Criminal Justice Reform Subcommittee to explore effective means for reducing crime at lower costs. Results First data will feed into subcommittee deliberations on courses of action.
- Continue to expand the Results First model into additional policy areas. The Legislative Finance Committee plans to continue using the model to inform program evaluations and budget recommendations and to expand its use in budget deliberations in other policy areas such as juvenile justice, behavioral health, and public education.

“The only way you can really determine if you're getting the value of your resources is to gather information, assess it, and try to determine the outcomes. I think the evidence-based approach that we take will give us the information we need to fund the programs that work.”

Representative Luciano “Lucky” Varela (D)

Endnotes

- 1 New Mexico Legislative Finance Committee, *Reducing Recidivism, Cutting Costs and Improving Public Safety in the Incarceration and Supervision of Adult Offenders* (June 2012), <http://www.nmlegis.gov/lcs/handouts/BHS%20101812%20NM%20Corrections%20Department%20LFC%20Program%20Evaluation.pdf>; New Mexico Legislative Finance Committee, *Evidence-Based Programs to Reduce Recidivism and Improve Public Safety in Adult Corrections* (July 2013), <http://www.nmlegis.gov/lcs/lfc/lfcdocs/perfaudit/LFC%20Results%20First%20-%20Evidence-Based%20Programs%20to%20Reduce%20Recidivism%20and%20Improve%20Public%20Safety%20in%20Adult%20Corrections.pdf>.
- 2 New Mexico Legislative Finance Committee, *Evidence-Based Programs to Reduce Recidivism*. This is based on an 18-month average stay of Corrections Department inmates.
- 3 New Mexico Legislative Finance Committee, *Reducing Recidivism, Cutting Costs*. The report also showed that, based on the state's projections, New Mexico's prison population will exceed current capacity over the next 10 years with half of the 3,440 offenders released in fiscal 2011 expected to return to prison within five years.
- 4 New Mexico Legislative Finance Committee, *Reducing Recidivism, Cutting Costs*.
- 5 New Mexico Legislative Finance Committee, *Improving Outcomes for Pregnant Women and Infants Through Medicaid* (September 2012), <http://www.nmlegis.gov/lcs/lfc/lfcdocs/perfaudit/Human%20Services%20Department%20-%20Improving%20Outcomes%20for%20Pregnant%20Women%20and%20Infants%20Through%20Medicaid.pdf>; New Mexico Legislative Finance Committee, *Evidence-Based Programs to Reduce Child Maltreatment* (April 2014), <http://www.nmlegis.gov/lcs/lfc/lfcdocs/perfaudit/LFC%20Results%20First%20Report%20-%20Evidence-Based%20Programs%20to%20Reduce%20Child%20Maltreatment.pdf>.
- 6 New Mexico Legislative Finance Committee, *Evidence-Based Early Education Programs to Improve Education Outcomes* (April 2014), <http://www.nmlegis.gov/lcs/lfc/lfcdocs/perfaudit/LFC%20Results%20First%20Report%20-%20Evidence-Based%20Early%20Education%20Programs%20to%20Improve%20Education%20Outcomes.pdf>.
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Pew-MacArthur Results First Initiative, a project of The Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation, works with states to implement an innovative cost-benefit analysis approach that helps them invest in policies and programs that are proven to work.