

**BACKGROUND REPORT
FOR THE
SEVENTEENTH NEW MEXICO FIRST TOWN HALL**

***STRATEGIC PLANNING
FOR
NEW MEXICO'S FUTURE***

**JUNE 20 - 23, 1996
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**BACKGROUND REPORT
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This report, prepared by researchers from BDM Federal, Inc., The Robert O. Anderson Schools of Management, UNM, The UNM Bureau of Business and Economic Research and New Mexico First, provides Town Hall participants with a review of the issues and information relevant to the Town Hall topic.

STRATEGIC PLANNING FOR NEW MEXICO'S FUTURE

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Chapter 1 Overview of New Mexico First

Introduction

In 1992, New Mexico First conducted Town Halls on New Mexico Government Revenues and Expenditures, during which participants learned about another state's strategic planning process and recommended that New Mexico consider a similar process. As all strategic planning begins with a vision of where we are and what we want to become, the Town Hall participants recommended that the consensus reports from all New Mexico First Town Halls held to date be combined into "Vision 2012" for New Mexico. In the winter of 1995-96, a special task force convened on several occasions to review the major themes and recommendations from all sixteen previous New Mexico First Town Halls.

This chapter is intended to provide participants with a brief synopsis of events leading to the present Town Hall. It includes a brief overview of New Mexico First, a compilation of the task force's findings, and examples of possible vision statements for 2012.

Overview of New Mexico First

What is New Mexico First?

New Mexico First is a major private non-profit, non-partisan public policy organization which was founded in 1986 by the two United States Senators from New Mexico, Pete Domenici and Jeff Bingaman. The purpose is to provide a forum for citizens representing all segments of the population to come together, deliberate, debate and come to consensus on public policy issues vital to the state in order to move the state forward. New Mexico First is an open membership organization and the nearly 1,000 members across the state determine what the topics will be for the two Town Halls held annually.

The Mission

New Mexico First's mission is to create a statewide network of informed and caring New Mexicans. Through a consensus process, we identify fundamental policy issues and inspire New Mexicans to take positive action.

How Does New Mexico First Accomplish its Mission?

The Town Hall model was chosen and modified by New Mexico First. The Town Hall process takes three days and is designed specifically to allow the citizens in attendance to come to consensus and direct recommendations for policy change necessary to affect the sought after outcomes of the Town Hall. The Town Hall participants author their own consensus report which is published at the conclusion of the Town Hall.

What Happens to the Town Hall Report After the Town Hall?

The Town Hall Report is broadly distributed to the policy makers of the state. The Town Hall participants form Implementation Teams which spend a minimum of one year and often much longer meeting with policy makers at all levels of government and with the private sector in order to achieve positive change.

The chart on the next page illustrates the Town Hall process.

THE TOWN HALL

PROCESS CHART

(will be on this page)

Overview of Previous New Mexico First Town Halls

Since 1987, the following Town Halls have been conducted to address various public policy issues, many of which are relevant to a discussion of state strategic planning.

First Town Hall	<i>The Marketing of New Mexico</i>
Second Town Hall	<i>Water: Lifeblood of New Mexico</i>
Third Town Hall	<i>Higher Education in New Mexico</i>
Fourth Town Hall	<i>The Services of State Government</i>
Fifth Town Hall	<i>Public Education in New Mexico</i>
Sixth Town Hall	<i>New Mexico's Environment</i>
Seventh Town Hall	<i>Health Care: Rights & Privileges</i>
Eighth Town Hall	<i>Infrastructure: To Build a State</i>
Ninth Town Hall	<i>Financing New Mexico Government</i>
Tenth Town Hall	<i>Government Expenditures In New Mexico</i>
Eleventh Town Hall	<i>Children & Their Families in New Mexico</i>
Twelfth Town Hall	<i>Breaking Down the Barriers: Cultural Sensitivity in New Mexico</i>
Thirteenth Town Hall	<i>Economic Development in New Mexico: What Are the Goals?</i>
Fourteenth Town Hall	<i>The Structure of Government in New Mexico</i>
Fifteenth Town Hall	<i>Partnerships for Progress: A Regional Trade Town Hall</i>
Sixteenth Town Hall	<i>Crime, Corrections & The Law In New Mexico</i>

A synopsis of the major themes evolving from these town halls follows.

Overall Themes Surfacing in Prior Town Hall Meetings

The major themes presented below represent a consensus of New Mexico First Town Halls and capture the major thoughts of over 1,000 New Mexicans who have participated in the sixteen Town Halls held.

Overall Major Themes

Children	Provide public/private support for children, families and communities for the future of our state
Culture	Assure participation of all citizens of our multi-cultural state
Economy	Diversify the economy/broaden economic base
Education	Integrated education and job training Educate for life in New Mexico
Environment	Our unique environment is a valuable resource which we must preserve and protect
Government	State Constitution changes are needed State government impedes progress De-politicize independent review of major processes/public policy
Infrastructure	State physical infrastructure needs strengthening
Planning	Need for strategic planning Cooperation/collaboration between public and private sectors is required Citizen participation is essential Development must be balanced with improving quality of life - e.g. health care Measurable goals and accountability are tied to funding. Funding life cycle costs are tied to outcomes Benchmarks serve as a part of strategic planning We must create true partnerships and alliances We should expand our scope of strategic planning to a multi-state, multi-national region

These major themes represent a compilation of the following specific themes and recommendations from prior town halls.

Specific Recommendations From Prior Town Halls

CHILDREN

Hold a Town Hall on Youth

Encourage local communities to act as supports for children and families

CRIME

Judicial system ineffective in controlling crime

Judicial reform needed to improve efficiency

Improve law enforcement through judicial reform

Law enforcement must eliminate prejudices and racism

Revamp judicial system, with regard to alternative processes, i.e. mediation

Emphasize early intervention, prevention and rehabilitation

Criminal justice and juvenile justice agencies must operate as unified system

Cannot leave family out of criminal justice system

Private sector must participate - i.e. in hiring practices

Stress accountability of outcomes

Criminal justice system should make people healthy rather than keeping them unhealthy

Work with tribal governments

Involve entire family in criminal justice system

Train persons in criminal justice system in prevention

CULTURAL SENSITIVITY

Cultural values must be considered in determining water use

Remove "tri-cultural" language from state publication

Make it New Mexico's goal to promote cultural pluralism

Make corporate organizations aware of function in dealing with diverse cultures

Focus on preservation and enhancement of diverse cultural resources

ECONOMIC DEVELOPMENT

Focus on tourism strengths, while broadening economic base away from tourism

National and state legislatures should encourage commerce

Create partnerships

Eliminate redundancy, paperwork

Involve National Labs - technology transfer

Recognize extractive industries as a declining revenue source

Support WIPP

Do business with Mexico

Make capital available

Grant tax relief/incentives

Reform welfare system, increase work incentive

Limited degradation of water quality may be appropriate due to economic benefit

Reduce number of schools in New Mexico

Reduce duplication, especially courses

Create high quality educational system to enhance economic development.

Develop system for professional management of permanent funds

Anti-donation clause not helpful

Long-range financial plan needed

Shift from "throw away" to sustainable economy

Maintain balance between environment and jobs

Create "environments industry" i.e. National labs, Universities, business

Increase economic development efforts to decrease dependency on Federal funding

Increase economic development efforts to lower dependency on severance tax

Government should encourage private sector to broaden and diversify economic base

Economic opportunity and political power must be available to all

Business focus on commercialization of technology transfer

Focus on emerging business sectors

Focus on agriculture - products and processes

Encourage trade through NAFTA

Address need for "sustainable" development, especially outside Albuquerque/Santa Fe corridor

Maintain a balance between economic development and quality of life

Define quality of life by local goals and values

Private business should implement NAFTA

EDUCATION

Tie-in with higher education to prepare labor force

System resists change

Quality of higher education hard to measure

Ensure transferability of core courses

Address issues of tenure and job security

We need a single Board of Regents

Eliminate tenure

Find ways to cooperate among schools

Create partnerships among schools, parents, public and private sector and other constituents

Create a more broad-based advisory board representing the diversity of community

Need federal government funding of early childhood education - prenatal through age five

Teachers should have greater autonomy in the classrooms

Children must meet certain competencies at certain level with parents involved

School year schedule should be set by local districts

Teachers should be given more support, including more continuing training

Boards of Education should have training in boardsmanship

State Department of Education and school districts should have long range plan for capital improvements

Reduce number of school districts and higher education institutions

Reduce duplication in higher education

Provide parenting training for students and parents

Establish developmentally appropriate education for every child

Provide education alternatives for children who don't fit in traditional settings

Train and sensitize educators in cultural diversity

Compensate/fund teachers for appropriate training

Revise educational materials to accurately reflect New Mexico history and culture

Educational processes need to reflect and respond to individual learning styles
Education environments need to reflect and respond to diverse cultural elements
Create world-class education system
Need education on a regional level
Education offered for youth, border staff; also internships
Bilingualism encouraged
Create alternative education programs for at-risk youth
Have all high school students take and pass a course in crime and the law

THE ENVIRONMENT

Regional planning within areas of common hydrologic and political interests should be pursued
Different hydrogeologic environments must be considered in water quality protection regulation
Water must be conserved by rational conservation programs
Mainstream flow, recreation, fish and wildlife and aesthetic uses must be considered
Conservation encouraged through economic incentives
Pricing available water to reflect its cost encourages conservation (i.e. agriculture vs. industrial)
Depletion in excess of supply must be discussed by state and region affected
Air pollution is a problem due to autos and stoves
Reduce waste, recycle, conservation
Create New Mexico state environmental assessment plan
Consider alternative transportation
Independent monitoring of possible radiation pollution (WIPP)
Become world leader by balancing development with environmental protection
Maintain purity of our natural environment

FINANCE

Broaden tax base with more jobs
Funding for clean-up and prevention programs should be provided
Above funding should be provided by fees and fines imposed by regulatory agencies
The state should fund and consult in regional planning efforts

The state should provide special monies for social problems and programs
Unfunded mandates place more financial burden on state and local governments
Create linkage between revenue sources and related uses
Review Gross Receipts Tax
Create process to prioritize and predict costs of capital improvement projects
Create a tax policy institute
Budgeting process must include ability to measure progress
Budgeting process must include ability to measure accountability
Legislative budget review must be more open
Adopt business-like approach in legislative budget process
Initiate financial actions - tax policy, finance incentives, lower dependency on Federal funds
Local Governments strapped under Federal and state mandates (especially funding)
Compensate Legislature more in line with sound business practices
Campaign finance reform needed
Prohibit unfunded mandates - state level down
Put emphasis on state governments - i.e. tariffs
Provide more "front-end" criminal justice funding - not all in punishment
No unfunded mandates; priority given to front end and prevention

GOVERNMENT

Set up agency to work together with tribal governments
Need fundamental change in political climate - less parochial
Better process of working needed between Legislature and Governor
Better standard of conduct needed for Legislature
Improved leadership needed
Short ballot needed to strengthen role of Governor
Allow Governor to remove certain political appointees
Strengthen Executive office
Formal process for cooperation among 3 branches of Government.
Establish standards of conduct for Legislature

The Legislature should fund the Indian Education Research Center and Technical Assistance Center

The Legislature should fund the Public School Reform Act

Government should be downsized

Government is not a job base or generator, but a provider

Eliminate "use it or lose it" system

Eliminate line item appropriation by Legislature

Eliminate micro-management by Legislature

Legislature fails to communicate between themselves and be accountable to constituents.

Board of Education and Corporation Commission should be appointed, not elected

Open all legislative processes to public scrutiny

Create appointment process for Board of Education and Corporation Commission

Create a process for strategic planning and benchmarking

Create a common council of groups with common concerns

Consolidate special government functions i.e. MRGCD

Need to remove restrictions on combining units of local government

State needs to devolve more authority onto local governments.

Make governors of 5 states responsible for implementing plans

Recognize need for regional social standards

Recognize need for regulation on a regional level

HEALTH CARE

Make basic level of health care available to all

Reform private health care insurance industry and HG Programs.

Rationing of health care services is inevitable

Reallocate resources to front end of system

Prioritize health care needs and allocate resources accordingly

Create state health policy defining basic health care

Create plan for implementation of priorities, programs, cultural values, fund allocation

Insure that policies are revised to encourage prevention, intervention, education

Encourage providers to develop coordinated health care systems
Include school-based health care for children of all ages
Provide incentives for physicians to expand to rural areas
Treat substance abuse as a health issue first, criminal issue second

INFRASTRUCTURE

Infrastructure is related to economic development, public health, quality of life
Infrastructure is an investment in our future
Need business focus on infrastructure, especially in rural areas
Acknowledge need for infrastructure on a regional level
Create multi-modal transportation system

MEDIA

Develop knowledgeable media who cover government
Hold a future Town Hall on media - roles, responsibilities, obligations
Media needs to have greater input from wider cultural viewpoint

PLANNING

New Mexico needs a Long Range Strategic Plan
Take planning out of hands of professionals
Create local, regional and state planning and policy development for water resources
Maintain proprietary nature of water rights
Water use should be made the subject of an open public decision making process
Water is a public good that must be protected by the best possible knowledge
The public should participate in prioritizing necessary clean-up projects
Regional water planning authorized by statute should be supported
Need for cooperation and Coordination among various schools
Eliminate Duplication of effort
State Department of Education and school districts should develop annual and long term goals
Need for planning, i.e. land use, to avoid pollution

Regional planning is important

Create environmental assessment plan - socially and Environmentally responsive

Need formal process to identify and plan for future infrastructure needs

Develop formal state comprehensive planning system

Depoliticize the comprehensive planning system

Do "Life-cycle" planning: true/total cost

Develop short and long-term plans

Create a strategic plan

Set long-term measurable goals along with budget

Long Range planning, identification of solutions and systematic reforms take place of Short Term planning

Eliminate duplicitous and inefficient programs

Establish benchmarks for measuring goals and outcomes of social programs

Coordination needed between public and private sectors and communities

Need for planning, early intervention and prevention

Need for strategic planning

Public/private alliances needed for Long Range planning, facilitation and implementation.

Need for coordinated effort between public and private sector

Need for coordinated effort including infrastructure, education., communication, planning

Strategic planning, including benchmarking should be used in government

Need for strategic planning on a regional level

Formal cooperation between public/private partnerships key to consistency

Benchmark successful ventures, trade systems

The above planning recommendations have been key components of previous Town Halls, culminating in the present Town Hall on strategic planning. As the first step in a strategic plan is defining a vision, the next section provides examples of vision statements.

Examples of Vision Statements Developed By Task Force

A vision statement is an inspiring picture of a preferred future.¹ The task force has created the following description of “vision” which can be applied to the determination of the future of the State of New Mexico:

“The vision is conceived with intelligent foresight and depicts an image of the future that is both possible and desirable, a perspective of some point in the future depicting what can be. It must be depicted in such a way that it can be understood by, and generally agreed to by, all within the state, and also provide a top level focus that serves as a basis for a wide ranging set of specific plans and actions that lead to achievement of that image.

“The vision statement therefore states and projects this image succinctly yet with clarity and comprehensives such that: the implications to various elements of the state may be developed, current constraints are not necessarily constraining in the future, opportunity for all is apparent, values and principles are clearly delineated, it is inspirational and compelling, and it denotes a willingness to embrace change for the better.”

The vision statement examples included in this chapter are only intended to stimulate the thought process and serve as simple examples of how vision statements can appear. They are derived, for the most part, from past Town Hall themes, and they only reflect that source of data. Town Hall participants are encouraged to bring their own perspectives as well into the Town Hall process in creating a more comprehensive vision for New Mexico.

Example A:

“New Mexico will be a state that understands the unique character and fragility of its environment, has identified the rich diversity of its natural and cultural resources, realizes

¹Utah Tomorrow Strategic Planning Committee. Utah Tomorrow 1995 Annual Report. Salt Lake City, Utah. January, 1996.

the interconnected nature of all these elements, and has developed a process for sustaining them for all future generations.”

Example B:

“A New Mexico in which each and every citizen has an opportunity to succeed.”

Example C:

“An environment which affords maximum opportunity for every child to reach his or her potential and every person to achieve his or her desired level of economic well-being, quality of life, and health. All governmental processes will work to increase opportunities for the individual citizen.”

Example D:

New Mexico will be a state that has, as it has grown and continues to grow, achieved a balance between the economic development needs of the state to sustain its populations and the need to protect the environment and conserve and reuse the resources that naturally occur within the state.”

Example E:

“We New Mexicans envision our state as a land where our families can have:

- an equal opportunity
- sustainability
- public safety
- mutual respect
- interdependency

Example F:

“We envision the creation of equitable opportunities for all our citizens to benefit from:

- a competitive economy
- meaningful employment
- enhanced quality of life
- world class education
- our rich history

We will respect and preserve our unique cultures, environment, and resources. This will only enhance the health and prosperity of our families and communities.”

In summation, these examples are provided to help participants formulate thoughts regarding the crafting of a collective vision for New Mexico’s future at the seventeenth Town Hall meeting. The remainder of this report is intended to provide information relevant to the issues relating to New Mexico as a state and strategic planning in general to help prepare participants to craft that vision.

Chapter 2

Overview of New Mexico Population and Economy

Since 1940, New Mexico's population has grown rapidly from 531,818 to 1,685,400 in 1995. This increase of 1.154 million people represents a 217% total increase and a 2.12% compound average annual rate of growth. In the postwar era, New Mexico's population has exceeded national average growth rates.

New Mexico's population growth rate is above average for the following reasons: (1) New Mexico fertility rates are higher, particularly among Hispanic and Native American women; and (2) the state's economy has outperformed the nation's resulting in significant population in-migration. New Mexico's population is younger than the U.S., with a median age in 1990 of 31.2 years versus 32.9 years for the U.S. New Mexico's population is also poorer in terms of income. In 1990, New Mexico's poverty rate was 21% of the population compared to 13% for the U.S., ranking New Mexico the third poorest in the nation.

By 1990, New Mexico had become a minority majority state, that is, Hispanics, Native Americans, African Americans, and other minority groups represent now more than half of the state's population. Hispanics and Native Americans are younger, poorer, and more likely to be native New Mexicans. The Anglo population is older, richer, and more likely to have migrated to the state. Educational attainment in New Mexico is similar to the U.S. with 75% of the population having a high school education or higher.

Since 1940, New Mexico's economic growth has paralleled population growth. Nonagricultural employment in New Mexico has grown from 83,800 in 1940 to 687,000 in 1995. This represents a 603,200 total increase, a 619.8% total increase. and a 3.65% compound average annual rate of growth. Employment growth has exceeded population growth due to the increasing labor force participation of the population, particularly among women and teenagers. In 1995, state personal income was \$30.4 billion; per capita income was \$18,055, ranking New Mexico 47th among the states.

Trade, services, and the government sector dominate the state's economy, accounting for 75% of all jobs in 1995. The federal government is by far the state's largest industry. However, the state has significant economic activity in tourism, mining, manufacturing, agriculture, and teleservices, which provides diversification to the state's economy.

Over the last 20 years, New Mexico has seen good expansion in high tech manufacturing and in teleservices businesses. The migration of these industries of the future to New Mexico reflects the competitiveness of the state's economy. New Mexico has an available labor force, low wage structure, mild tax burden, and competitive economic and demographic growth should continue.

These population and economic trends are described in detail in the remainder of this chapter.

New Mexico Population

Population Levels and Trends

New Mexico population has more than quadrupled in the last 85 years, from approximately 330,000 people in 1910 to about 1.7 million in 1995.² Between 1910 and 1930 New Mexico's population growth was slow to moderate (0.96% and 1.61%, respectively). The next 30 years, however, were marked with very rapid population expansion. Population growth rate averaged well above 2% annually peaking at 3.34% in the decade of the 1950's. Nationwide, population grew at 1.7% during this period, as illustrated in Table 2.1.

² 1995 population estimates provided by the Population Distribution and Population Estimates Branch, Bureau of the Census, Department of Commerce, March 8, 1996.

Table 2.1

Historical and Projected Population Size and Compound Annual Average Growth Rate in New Mexico and the US, 1910 - 2005

Year	Number of People		Annual Growth Rate	
	New Mexico	US	New Mexico	US
Census ¹				
1910	327,301	92,228,531		
1920	360,350	106,021,568	0.96	1.39
1930	423,317	123,202,660	1.61	1.50
1940	531,818	135,165,129	2.28	0.93
1950	681,187	151,325,798	2.48	1.13
1960	951,023	179,323,175	3.34	1.70
1970	1,017,055	203,211,926	0.67	1.25
1980	1,303,302	226,545,805	2.48	1.09
1990	1,515,069	248,709,873	1.51	0.93
Estimates ²				
1994	1,653,527	260,350,000	2.1	1.10
1995	1,685,401	262,755,000	1.9	0.90
Projected ³				
2000	1,828,572	274,634,000	1.63	0.87
2002	1,885,391	279,189,000	1.54	0.82

Sources:

¹ Published reports on census of population by the Bureau of the Census, Department of Commerce

² Population estimates provided by the Bureau of the Census Population Estimates Branch

³ US projections are for the middle series published in the Current Population Reports, Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995-2050, Bureau of the Census, February 1996.

Historical Background

Beginning at the end of the last century, the transcontinental railway system had permanent and far reaching consequences on the population growth of the state. It opened up the state to new settlers. Most came as farmers and ranchers, while others sought their fortunes in commerce and mining. Coal, copper, gold, and silver mining attracted prospectors and laborers alike. Still others came for the dry climate in the hope of finding relief for tuberculosis and other ailments. In the next three decades, starting with the 1940's, New Mexico experienced even greater economic and population expansion. As oil and natural gas overtook coal as a major source of energy, new markets for these products opened with the building of a natural gas pipeline for California in 1949 and an oil pipeline in the late 1950's. Demand for potash, copper, and uranium mining also expanded, and boom towns developed near the rail yards located adjacent to mining and agricultural centers.

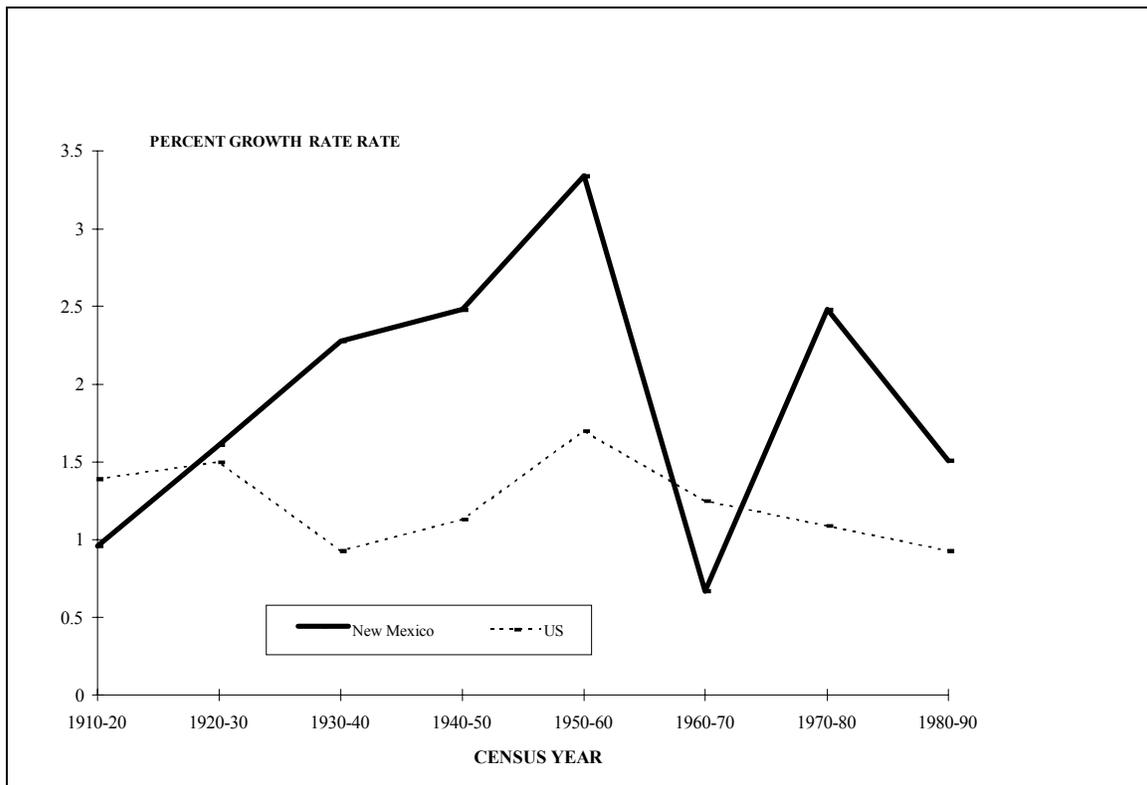
But it was not until the 1950's, with the advent of defense activities, that very rapid expansion of the state population occurred. The end of World War II meant family reunification for returning military personnel. The "baby boom" generation was created, and from 1946 to about the mid-1960, fertility was at a record high. In New Mexico between 1950³ and 1960, the birth rate was above 30 births per 1000 persons. This indicates that approximately 261,000 babies were born during this 10 year period.

Federal spending for defense continued as both the Los Alamos and Sandia National Laboratories were established. This propelled population growth in Northern and Central New Mexico. Similarly, Southern New Mexico, particularly Las Cruces and Alamogordo, also benefited from expanded defense research and military activity. The establishment of both the White Sands Missile Range and the Holloman Air Force Base resulted in rapid growth in this area.

³ Vital statistics reports prior to 1950 excluded Native American births and deaths from the record. Calculation of rates will therefore be biased downward.

As Figure 2.1 illustrates, the crests and the troughs in population growth follow closely with the boom and bust cycles of the state economy. In marked contrast to the earlier years, the decade of the 1960's was a period of very sluggish economic and population growth. In fact, the number of people who left New Mexico outnumbered those who came in. By the end of the decade, approximately 120,000 people had left the state. Figure 2.1 highlights this precipitous decline in the population growth of the state.

Figure 2.1
Compound Annual Average Population Growth Rate: New Mexico and the U.S. 1910-1990



Demographic and economic factors contributed to this slowing down in population growth. The 18-24 years old cohort of the baby boom generation had reached the age when they leave for college or were eligible for conscription by the military. It appeared that a large number of cohort opted to leave the state.

On the economic side, a number of factors also affected population growth. Federal spending slowed down and jobs in the extractive industries declined. The closure of Walker Air Force Base in Roswell and the phasing out of the ACF Industries, Inc. (a Department of Energy funded nuclear weapons manufacturing facility) in Albuquerque resulted in a loss of a total of 6,250 jobs—3,200 military and 350 civilian jobs in Roswell and 2,700 in the Albuquerque area. This was approximately 2.4% of all the state's non-agricultural jobs in 1965.⁴ Similarly, the mining industry faced with very stiff competition from foreign companies declined in the 1960's. To remain competitive, mining companies downsized or in some cases shutdown their operations completely. The oil and gas industry, for example, reduced its workforce from 10,000 to 7,000 workers by 1970.⁵ Over the next 30 years, the link between the economy and population growth in New Mexico became more pronounced as fertility began to decline. However, natural increase (the difference between births and deaths) more than compensated for this loss from out-migration. In contrast, the 1970's was a decade of population and economic recovery. An additional 285,000 people—half of whom were migrants from out of state—were added to the state's population of a little over one million people. The seeds for economic and population recovery, which were already planted by the end of the last decade, began to bear fruit. Phelps Dodge Corporation had increased mining operations in 1969. Uranium mining expanded and coal mining also made a comeback by the close of the 1960's.

The biggest contributor in the resurgence of the state's population was the 1973 world oil crisis created by the OPEC countries. The oil embargo provided the impetus for the expansion in oil and natural gas exploration in New Mexico. Energy-rich regions

⁴ B. McDonald, D. Boldt, and L. Waldman. 1994. *The New Mexico Economy History and Outlook*, Bureau of Business and Economic Research, University of New Mexico, p. 17 (monograph).

⁵ Ibid.

in the state attracted economic migrants as close to 145,000 people moved to the state. This migration accounted for slightly more than half of the population increase during this decade.

By April 1, 1980 the Census counted more than 1.3 million people in New Mexico. Unlike the 1970's, however, the decade of the 1980's would once again bring a downturn in the economy, resulting in a slower population growth for New Mexico. Oil prices in the world market declined. Large mining industries closed down. By the second half of the decade, manufacturing and construction also declined. This resulted in massive loss of jobs, particularly in those regions whose economies were primarily dependent on the oil and mining industries. Although Federal and state spending remained at high levels, it was insufficient to balance the economic decline in other sectors. Displaced workers and their families left New Mexico.

At the same time, fertility levels were also declining. The child-woman ratio (number of children aged 0-4 years per 1,000 women aged 15 to 44 years) declined from 370 in 1980 to 357 in 1990. This decline was somewhat offset by improvements in mortality. Life expectancy at birth increased from 73.9 years in 1980 to 75.4 years in 1990⁶. The net result was a 177,000 surplus of births over deaths.

On the other hand, migration had only contributed a net increase of 35,000 persons to the 1990 state population of 1.5 million. This number is less than one-quarter of the number of migrants in the previous decade. Reports from the 1990 Census showed that close to 220,000 persons lived outside New Mexico five years prior to the Census. The net gain of 35,000 persons masks the fact that more than 185,000 persons had left

⁶ The 1980 life expectancy is reported by the National Center for Health Statistics while the 1990 life expectancy was calculated by the Bureau of Business and Economic Research, University of New Mexico.

sometime during the same period. It shows a tremendous turnover or churning of the state's population.

By 1991 the state economy recovered enough to accelerate population growth. Between April 1, 1990 and July 1, 1994 the New Mexico population grew at an average of 2.1% annually. Approximately 140,000 persons were added to the 1990 state population. The July 1, 1995 estimate of 1.7 million shows that population growth has once again slowed down (1.9%).

Race and Ethnicity

Population growth is uneven. The different sectors contribute in different ways and at varying rates to the state population growth. In 1980, 53% of New Mexico populations were White nonhispanic. By 1990, this group's share declined to 50%. This racial group has the lowest fertility and the greatest propensity to migrate to and from the state.

In general, the Hispanic and Nonwhite populations grow because of their fertility, while the White Nonhispanic populations grow by migration. Minority populations usually have a higher than average fertility. The exceptions to this pattern are the Asian and Pacific Islanders with a child-woman ratio of 282 children per 1,000 women of reproductive age. On the other hand, Native Americans have a child-woman ratio of 490 per 1,000 women. African-Americans are a close second with 465 children per 1,000 women. The Hispanics had 414. White Nonhispanics have the lowest fertility with 288 children per 1,000 women of reproductive age.

These differences in the fertility patterns among the races are further reflected in the distribution of the births between 1990 and 1994. The Hispanic population constitutes about 40% of the state population but had 46% of the births between 1990 and 1994. Native Americans' share in the total births (14%) was higher by five percentage points than their representation in the total population. White Nonhispanics constitute

50% of the state population yet their share in the total number of births was only 42% in 1985 to 1989 and 37% in 1990 to 1994.

White Nonhispanic persons have dominated migration streams to New Mexico. Overall, almost 73% of all non-native New Mexicans are White Nonhispanic. Among those who came to New Mexico prior to 1985, almost 390,000 (72%) were White Nonhispanic. The proportion of White Nonhispanic movers increased slightly among recent migrants. Fully 74% (140,991) of all recent migrants belong to this group.

In contrast, persons of Spanish origin, regardless of their place of birth, constitute only 13% (96,570 persons) of all migrants to New Mexico. Latin American-born migrants were only 8% of all movers to New Mexico. Their share in the total number of migrants born outside of the state remained the same as compared to those from other foreign countries. Their share increased from 4% to 8% among recent migrants. Migrants from Indo-China (Vietnam, Laos, and Cambodia) and other countries increased beginning in the late 1980's. The closure of two military bases in the Philippines, the change in the immigration policy towards Indochinese refugees, and the breakdown of the socialist bloc in Europe, among other things, may have contributed to the slight increase in the numbers of migrants from countries outside of Latin America.

The migration behavior of White Nonhispanics is closely linked with the economic cycles in the state. During the 1970's when the economy was strong, about 172,000 White Nonhispanic migrated to New Mexico. By 1990, this number had gone down to 153,000. By contrast, the migration patterns among the minority populations do not seem to be affected by the crest and trough in the economy. Rather, the migration of persons of Spanish origin (of any race) increased to 45,000, up 5,000 persons from the last decade. Asian and Pacific Islander migrants increased by close to 30%, about 1,100 persons more in 1990 than in 1980. Black migrants increased from 6,700 in 1980 to

7,700 in 1990. Native American migrants were up by 1,200 persons from the 6,700 persons reported in 1980.

In 1980, almost 229,000 New Mexicans aged five years and older had lived outside the state, whether in the US or abroad. They made up 19% of the population aged five years and older. In 1990, this number declined to approximately 218,000, which is about 16% of the five-plus population.

The place of birth data reported in the 1990 Census show that 48% of all New Mexicans were born outside of the state, whether in the US or abroad. Approximately 13% of these groups were born in a country outside the 50 United States. Included in this *born abroad*⁷ category are persons born to American parents in US territories (Guam, American Samoa, Marianas) and other outlying areas like Puerto Rico, the Virgin Islands, and the Bahamas.

Out of a total of 728,000 migrants to New Mexico, 74% of them came prior to 1985. Of this number, 88% were born in the US. Among the recent arrivals, the proportion declined to 85%. Likewise, the proportion of migrants born in Latin America declined from 8% to 7%. The deficit was made up by those from other foreign countries. This group's share increased by almost four percentage points (4.5% pre-1985 and 7.6% in 1985 or later). Altogether migrants from abroad total approximately 96,000 persons (67,404 persons came before 1985; 29,236 persons came between 1985 and 1990). Persons of Spanish origin predominated among these migrants. Approximately 96% reported themselves of Spanish origin in the 1990 census. Of this, about 9% (5,097 persons) were from countries outside of Latin America.

⁷ Not to be confused with the **foreign-born** category which excludes those born in US territories and outlying areas and those born to American parents even if their place of residence at the time was in a foreign country.

Among those born in New Mexico, 96% were still living in the state in 1985 and in 1990. These stayers may have moved between their time of birth and 1985 or between 1985 and 1990 but as of the dates specified in the 1990 census (time of birth, 1985, and 1990) they were living in New Mexico. Approximately 4% of native New Mexicans were elsewhere in 1985, but had returned to New Mexico in 1990.

Urbanization

New Mexico populations are found largely in its three Metropolitan Statistical Areas (MSA's): Albuquerque (Bernalillo, Sandoval and Valencia Counties), Santa Fe (Santa Fe and Los Alamos Counties) and Las Cruces (Doña Ana County). In general, MSAs are attractive migrant destinations because of the greater variety of economic opportunities. Non-agricultural growth in these areas exceeded 4% annually, while employment in the rest of the state declined.⁸ The increase in defense spending and expansion in tourism and manufacturing also drew the population to urban centers. In the 1990's, however, strong economic growth had tended to alternate between the metropolitan and nonmetropolitan areas.

In 1980 more than 50% of the state population lived in a metropolitan area. This number increased to 55% in 1990. Males and females are equally likely to live in an MSA. The Albuquerque MSA (Bernalillo, Sandoval, and Valencia counties) is the place of residence of approximately 39% of New Mexicans, up two percentage points from 1980. In 1990 Las Cruces MSA edged out Santa Fe MSA as the second most populous place in the state. Nine percent of all New Mexicans live in the Las Cruces MSA compared to about 8% in the Santa Fe MSA. In 1980 these two places had an equal share of the state population at about 7%. A slightly stronger economic growth and its

⁸ B. McDonald, et al., *op. cit.*, p. 24.

proximity to the Texas and Mexican borders have contributed to the Las Cruces MSAs faster population growth.

In 1991 the Las Cruces MSA suffered a reversal in its economic growth but appeared to have recovered by 1992. In contrast, the Santa Fe MSA sustained strong economic growth until 1995. Both Las Cruces and Santa Fe are faced with the prospect of slower economic growth in the second half of the 1990's due to a reduction in Federal spending. The Las Cruces MSA lost as many as 800 jobs with the suspension of the Star Wars projects and several hundred more were lost when the high-energy laser test facility closed in 1994. The Santa Fe MSA also lost about 1,100 employees due to voluntary retirement and cutbacks in the Los Alamos National Laboratory. Although Federally funded jobs will be fewer throughout the 1990's, the Las Cruces MSA will continue to have a faster population growth than the Santa Fe MSA because of its geographic location and its younger population. Moreover, the Las Cruces MSA is a popular destination for migrants born in foreign countries, particularly Latin America. Approximately 35% (7,161) of all recent migrants from Latin America to New Mexico lived in the Las Cruces MSA in 1990 as compared to 10% (2,748) in the Santa Fe MSA.

In spite of this, the Albuquerque MSA will continue to dominate the population landscape. Strong economic growth and expansion in housing development in this area are incentives for increased migration. Affordable housing has accounted for the population explosion in both Sandoval and Valencia counties. The City of Rio Rancho is also fast becoming a business and manufacturing center. Intel, the world's leading computer chip manufacturer, just expanded its operation. A number of other businesses have also relocated in Rio Rancho. All these factors contribute to the attractiveness of the Albuquerque MSA as a migrant destination. Data from the 1990 Public Use Microsample Data (PUMS) show that approximately 43% (81,366) of all recent migrants (1985 and later) to New Mexico went to the Albuquerque MSA. This number was

greater than all the migrants (69,447) who went to the nonmetropolitan areas of the state. Overall, population growth is expected to favor metropolitan areas over the rest of the state.

The population of New Mexico will increase to 1.9 million by the year 2002. With a population growth rate of 1.54% annually between 1995 and 2002, New Mexico will outpace the U.S. with its 0.82% annual average population growth rate. The share of White Nonhispanics will continue to decline as migration becomes less of a factor in population growth. On the other hand, the minority populations' share in the state population will continue to expand. Similarly, the urban centers are expected to continue their dominance as population growth centers.

Demographic Factors

The population of New Mexico is aging at a rate that is faster than the US as a whole. The median age for both sexes in New Mexico increased from 27.4 years to 31.2 years between 1980 and 1990. In comparison, median ages in the US were 30 years in 1980 and 32.9 years in 1990. As expected, White Nonhispanic New Mexicans had the oldest population (median age = 36.2 years for both sexes). On average, White Nonhispanics were approximately eight years older than the second oldest population, Asian and Pacific Islanders, almost 10 years older than the African-Americans, and 13 years older than Native Americans.

Fifty percent of Native Americans were younger than 23.4 years in 1990. This was up 3.2 years from the median age in 1980. Significant improvements in the mortality of the Native American male population resulted in a greater number of survivors to older ages. The life expectancy at birth among Native Americans increased from 72.2 years in 1980 to 73.6 years in 1990. The greatest improvement was noted among the males. Native American males who were born in 1990 expect to live 69 years on average

compared to 64 years among the 1980 birth cohort. By comparison, their female counterpart's life expectancy at birth rose only by a fraction of a year (77.6 in 1980 and 78.4 years in 1990). However, Native Americans are still below the state average of 70 years for males and 79.1 for females.

The racial differences in the age structure are further reflected in the dependency ratios. The dependency ratio measures the number of young (0-14 years old) and old (65 years and older) persons who are dependent on the working age population (15-64 years old). In general, populations with higher fertility tend to have a younger population while those with lower fertility have an older population. The higher young dependency ratio⁹ observed among the minority populations and the contrasting higher old dependency ratio¹⁰ among White Nonhispanics reflect this variation. The dependency ratio is a rough indicator of the economic burden on the population.

The White Nonhispanic young dependency ratio has remained unchanged between 1980 and 1990, while the old dependency ratio has increased from 15 per 100 to 19 per 100 for both sexes. Female White Nonhispanic elderly had outpaced their male counterparts in 1990. The female old dependency ratio among this population rose from 19 per 100 in 1980 to 25 per 100 in 1990. The male old dependency ratio among this population increased from 14 per 100 in 1980 to 19 per 100 in 1990. In contrast, the ratio of Hispanic elderly to the working age population changed only slightly between the two censuses.

Because of its older age structure, the White Nonhispanic population has a disproportionate share in the number of deaths in the state. In the last 15 years, fully

⁹ Young dependency ratio is the ratio of the population under age 15 years to the labor force population aged 15 to 64 years multiplied by 100.

¹⁰ Old dependency ratio is the ratio of the population aged 65 years and over to the labor force population aged 15 to 64 years multiplied by 100.

62% of the total deaths in New Mexico were to this group. Conversely because of the young age structure of Native Americans and the Hispanic population, their share in the total number of deaths in the state was lower than their share in the population. The populations of Hispanic origin compose fully 38% of the state population but constituted only 29% of the deaths in the last five years. Native Americans are about 9% of the state population but were only 7% of the deaths.

The aging of New Mexico's population will doubtless accelerate in the next century. The baby boom generation will be reaching retirement age, beginning in the year 2010. This generation has benefited from the advances in medical research that prolong life expectancy.

The decade of the 1990's marks the advent of New Mexico as a minority majority state. The racial composition of the births in the last 15 years already shows the preponderance of minorities. This trend is expected to continue. Minorities prevail in the youngest age cohort (0-19) and in the peak reproductive ages (20-39). Approximately 59% of the population aged 0 to 19 years and 51% of those between the ages of 20 and 39 are Nonwhite and/or Hispanic. In contrast, in the older age cohorts persons who identified themselves as White Nonhispanic prevail: 58% in the 40-59 year old cohort, 67% among the 60-79 year olds, and 68% among the 80 years and older.

Socioeconomic Factors

Marital Status. Most New Mexicans aged 15 years and older are married. In 1980 approximately 60% of New Mexicans reported themselves as currently married. By 1990 this proportion declined to 56%. Asian and Pacific Islanders were more likely than any other racial group to be married. In 1980 65% of all White Nonhispanic aged 15 years and older were married. Although this declined to 61% in 1990, this group still had the greatest proportion of married adults. The White Nonhispanic group reported the second highest marriage rate at 63% in 1980 and 60% in 1990. African Americans (45.6% in

1980 and 42% in 1990) and Native Americans (49.5% in 1980 and 42.7% in 1990) were least likely to be married. Persons of Spanish origin were somewhere in between (56% in 1980 and 53% in 1990).

In general, men (60.9% in 1980, 57.8% in 1990) are more likely than women to be married (57.6% and 54.2% in 1980 and 1990, respectively). The exceptions to this pattern are the Asian and Pacific Islanders where more women than men are married. The lowest marriage rate is noted among African American women with only 39% who claimed to be married in 1990. Native American women had the second lowest proportion married (41% in 1990)

Families with Children. New Mexican families with children under 18 years of age tended to have both parents present. Approximately 80% of all families with children aged 18 years and younger had both parents present in 1980. By 1990 this number decreased to 74% in 1990. Compared to the country as a whole, New Mexico had slightly fewer two parent families with underaged children (US: 81.3% in 1980 and 77.3% in 1990 vs. New Mexico 80% and 74%, respectively).

In 1980 White Nonhispanic families with underaged children (83.6%) were most likely to have two parents present. In 1990 this distinction shifted to the Asian and Pacific Islanders (83%). Like all other racial groups, the proportion of White Nonhispanic families with two parents (79%) declined in 1990. The greatest decline, however, is noted among Native Americans (70% in 1980 vs. 62.7% in 1990), Other Race (76.8% in 1980 vs. 69.6% in 1990), and Hispanic (77.7% in 1980 vs. 70.8% in 1990).

At the same time, the number of single-parent families increased between the two censuses. Single female head of households remained the norm for this type of families. The number of female-headed families increased from almost 33,000 in 1980 to about 40,000 in 1990. Families with only a male parent present increased from approximately 4% in 1980 to almost 7% in 1990. Approximately 14,000 families were headed by a single male in 1990. This was up from approximately 7,000 in 1980.

In 1990 as in 1980, African Americans (34.8% in 1980 and 39.4% in 1990) had the highest proportion of female-headed families with underaged children. Native Americans had the second highest proportion with 37% of families with underaged children headed by a woman. Nevertheless, in absolute terms, their numbers are small compared to Hispanic and White Nonhispanic families with children under 18 years of age. In 1990 approximately 1,400 African-American families with underaged children were headed by a single female. Native Americans had almost 5,000 such families. By comparison, approximately 15,000 White Nonhispanic families had a female head. Families of Hispanic families had about 19,000 families that were headed by a single female.

Education. Overall, there was a definite increase in the number of New Mexicans completing at least a high school education. In 1980 about 69% of all those aged 25 years and older had completed at least four years of high school. By 1990 this number had increased to 75%. This number is comparable to that of the US as a whole.

Educational advancement was experienced by all groups in New Mexico albeit at varying rates. As expected, the greatest increase is noted among those groups which had the lowest proportion with at least a high school diploma. African Americans, Native Americans, and those of Other Race showed the biggest improvement. Nevertheless, Native Americans (58.2% in 1990) still showed the smallest proportion completing at least four years of high school. Those of Other Race (59.7% in 1990) were a close second. By comparison, White Nonhispanics (86.2%) had the highest proportion with at least a high school diploma followed by Asian and Pacific Islanders (80.8% in 1990).

A variation in level of educational attainment is also noted between migrants and non-migrants and between recent arrivals and those who came prior to 1985. Overall, migrants (79.2%) to New Mexico had more education than native-born New Mexicans (69%). Recent migrants, regardless of age, are better educated than earlier migrants (1985 or earlier).

Moreover, educational attainment varied by place of origin. In general, US born migrants (83.5%) were better educated than foreign migrants (48.9%). Foreign migrants from Latin America (26.7%) had the least amount of education. Migrants from other

foreign countries had fully 81% with at least a high school education. Among native-born New Mexicans, returnees (82.2%) had more education than stayers (68.4%). Regardless of place of birth, younger New Mexicans (20 to 64 years—79.3%) have more education than their older counterparts (65 years and older—54.9%).

Poverty. New Mexico has more people below poverty than the US as a whole. According to the 1990 Census, approximately 21% (305,900 persons), up from 18% in 1980, of all New Mexicans¹¹ were below the poverty level. This proportion is well above the national average of 13%. New Mexico has the third highest proportion of persons in poverty among the states.

The racial and ethnic minorities have the highest poverty rates. Native Americans had the greatest proportion of persons below poverty: 40% in 1980 and 46% in 1990. Hispanics had a poverty rate of approximately 23% in 1980 and 28% in 1990. African-Americans and Asian and Pacific Islanders showed a decline in the number of persons who were below poverty between 1980 and 1990. The proportion of African-Americans who were below poverty decreased from 29% to 28% in 1990. The poverty rate among Asian and Pacific Islanders declined from about 24% to 17%. White Nonhispanic population had the smallest proportion (9.8% in 1980 and 10.6% in 1990) below poverty.

Children were heavily impacted. In 1990 approximately 28% of children under 18 were below poverty. Children in single parent families had the worst economic situation in 1990. The proportion below the poverty threshold was highest among related children who lived in families headed by a female with no husband present (57.4%). Related children who lived in families headed by a male, with no wife present, reported that approximately 39% were below the poverty threshold. By contrast, related children who lived in families with a married couple present showed the lowest level of poverty (18.9%). Altogether, elderly persons had the lowest poverty rate (16.5%). Persons aged 18 to 64 years had approximately 18% below poverty in 1990, up almost four percentage points from 1980.

¹¹ The Bureau of the Census defines poverty for all persons except institutionalized persons, persons in military group quarters and college dormitories, and unrelated individuals under 15 years of age.

Migrants to New Mexico (15.9%) had lower poverty rate than native-born New Mexicans (24.7%). However, migrants are by no means monolithic. US born migrants to the state (13.4%) had the lowest proportion below the poverty threshold, while Latin American born migrants (43.8%) had the highest poverty rate. Migrants from other foreign countries had a poverty rate estimated at 14% in 1990. Among native-born New Mexicans, stayers (24.8%) had a slightly higher poverty rate than returnees (22.2%).

Public Assistance. Despite the high poverty rate in New Mexico, the 1990 Census reported only 3% of all New Mexicans aged 15 years and older received public assistance. Public assistance as defined by the Census includes all cash incomes from Supplemental Social Security paid by Federal or state welfare agencies to low income persons aged 65 years old or over), blind, or disabled aid to families with dependent children, and general assistance. Payments received for hospital or other medical care is excluded from this income.¹²

Of the approximately 38,000 persons who received public assistance, approximately 52% were native-born New Mexicans, 40% US born migrants, 6% Latin American born, and 2% other foreign countries. The amount of public assistance was, on average, approximately \$3,000 a year. US born migrants (\$3,282) and native-born New Mexican returnees (\$3,289) received the highest amount. Latin-American-born migrants received the lowest amount (\$2,661), on average.

Language. The proportion of New Mexicans aged five years old and over who spoke only English at home rose over the last decade, from 62% in 1980 to 65% in 1990. Of all the states, New Mexico had the highest proportion of persons that spoke a language other than English at home. Nationally, the 1990 figure was barely 14%.

Spanish was the most common non-English language spoken at home (79%). Although a large proportion spoke a language other than English at home, only a small percentage reported poor English speaking abilities. In 1990 only 4% (55,041 persons)

¹² 1990 Census of Population and Housing User Note No. 2, Appendix B, Definitions of Subject Characteristics, p. B-17.

of all New Mexicans aged five years and older reported speaking English “not well” or “not at all.”

Not surprisingly, migrants from Latin America were most likely to speak a non-English language at home. Only 6% of movers from this region spoke only English and approximately 38% reported limited or no English speaking ability. Most of these migrants (approximately 66% out of 96,000 persons) were residents of counties along the Texas and Mexican borders. Migrants from other foreign countries spoke mostly English with only 6% who reported not speaking English well or not at all.

New Mexico Economy

Overview and History

Economically, New Mexico is a small state with a population of about 1.69 million, 687,000 nonagricultural jobs and personal income of \$30.4 billion in 1995. According to U.S. Department of Commerce data, New Mexico's Gross State Product was \$31.9 billion in 1995, just about a half-percent of the national total. New Mexico is also a relatively poor state with 1995 per capita personal income of \$18,055, ranking New Mexico 47th among the 50 states. Poverty is endemic in New Mexico. From 1992 through 1994, 20.0% of all persons in New Mexico were classified as at or below the poverty level. Only three other states (Louisiana, West Virginia and Mississippi) had a greater percentage of their population in poverty.

The dominant sectors in the New Mexico economy are trade, services and government, together accounting for more than 75% of all nonagricultural jobs in 1995. Relative to the U.S. economy, government, construction and mining play a larger role, while manufacturing plays a much smaller role. Government employment—Federal, state and local—accounted for 24.2% of New Mexico's total nonagricultural jobs in 1995, compared to 18.7% nationally. Mining employment constituted 2.3% of New Mexico's jobs, but only 0.5% of the nation's jobs. Mining has been declining in importance in New Mexico since 1981, when 6.6% of the state's nonagricultural jobs were in that sector. Low oil prices have played a significant part in that decline, but the demise of the

uranium industry and substantial reductions in the extraction of molybdenum, copper and potash more recently have also contributed.

The Federal government is a major player in the New Mexico economy, with large, Federally-funded research laboratories in Los Alamos and Albuquerque; and military installations in Albuquerque, Clovis, Alamogordo and White Sands near Las Cruces. In addition, there are large numbers of private defense contractor employees in the state's manufacturing and services sectors.

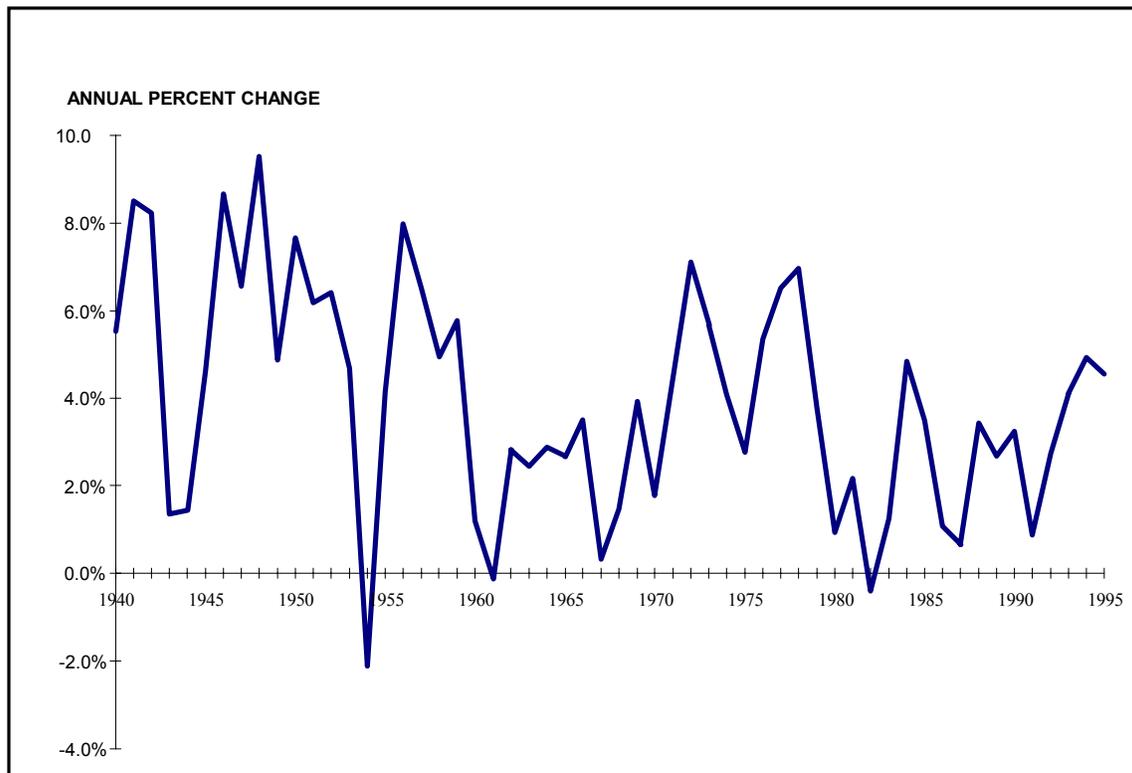
Another important sector in the state's economy is agriculture. In 1994 there were 13,500 farms totaling 44.2 million acres, 9,000 cattle ranches (including 1,100 milk cow farms), 1,000 sheep ranches and 600 hog farms in operation. Total cash receipts from all farm commodities in 1994 in the state exceeded \$1.5 billion. About two-thirds (\$1,098 million) of the receipts were from livestock and dairy products. The most important crops in terms of receipts were hay and chile. Agricultural production in the state occurs in all counties. In terms of cash receipts, the most important counties in 1991 were Chaves, Doña Ana and Curry. These three counties accounted for about 40% of total cash receipts. Based on estimates by the U.S. Bureau of Economic Analysis, farm employment in the state (including agricultural services) accounted for about 3.0% of all jobs in 1994. As a share of personal income, farm income accounted for about 0.8% of the state's total personal income in 1995.

Aside from New Mexico's major mineral industries and certain military installations, which are located outside the Rio Grande Corridor, most of the state's jobs and population are located in the center of the state along the Rio Grande. For example, almost 65% of the state's nonagricultural jobs in 1995 were located in the state's three MSAs, although the MSAs had only 56.3% of the population. In fact, it is generally true that economic conditions in the state's metro areas (MSAs) are better than in the rural (non-MSA) areas. Per capita income tends to be higher and unemployment lower in the metro areas. For example, in 1993 per capita income in the metro areas was \$18,422, but only \$13,677 in the rural areas, and the metro unemployment rate was 5.0% compared to 8.2% for the rural areas. This has not always been so. In 1960, the rural areas and the metro areas had about the same number of jobs (although at that time Sandoval and

Valencia counties were not part of the Albuquerque MSA and were classified as rural). However, the fortunes of the rural areas have waned over the years. The decline of traditional economic sectors such as agriculture, mining, and the railroads has hurt, as have reductions in Federal government involvement (for example, the closing of Walker Air Force Base in Roswell during the 1960's). The 1970's were an exception, resulting from the energy boom which benefited the rural-based extractive industries. Since then, except for occasional periods, the metro areas have grown faster than the rural areas.

As Figure 2.2 illustrates, the New Mexico economy has had its ups and downs in the last fifty years.

Figure 2.2
New Mexico Non-Agricultural Employment Growth 1940-1995



During and after World War II, New Mexico's economy and population increased sharply. Rapid expansion continued into the 1950's. Federal spending at the newly formed Los Alamos National Laboratory in Los Alamos and Sandia National Laboratory in Albuquerque propelled growth in Northern New Mexico. Southern New Mexico also benefited from expanded Federal activity at White Sands Missile Range near Las Cruces

and Holloman Air Force Base near Alamogordo. In addition to Federal spending, a rapid expansion of the extractive industry in New Mexico spurred growth especially outside the "Rio Grande Corridor." The value of the oil extracted in the state almost tripled during the decade and the northwest areas of the state particularly prospered. Farmington was predominately an agricultural center in 1950. Spurred by oil and gas development, its population increased from 3,637 in 1950 to almost 24,000 by 1960. The opening of a natural gas pipeline to California in 1949 and an oil pipeline in the late 50's opened up new markets for San Juan County's oil and gas. Hobbs and Artesia, in southeastern New Mexico, also benefited from the oil and gas boom.

New Mexico employment growth slowed considerably during the 1960's, a result of cutbacks in Federal spending and a decline in the extractive industries. Things turned around in the following decade, however.

The 1970's were an exceptionally prosperous time for the New Mexico economy. Employment in virtually every sector increased at a faster rate in New Mexico compared to the U.S. Some sectors, including Federal government, manufacturing and mining, did very well indeed. In the Federal sector, expenditures and employment both grew sharply. By 1980 the state had about 30,200 Federal employees, up 11.4% from 1970. Federal expenditures also grew sharply, almost tripling during the decade. In 1980 Federal outlays totaled \$4.231 billion in the state. Spending by the three major Federal agencies affecting New Mexico, the Department of Energy (formerly the Atomic Energy Commission), the Department of Defense and Health and Human Services all increased significantly.

Although directly accounting for a small share of jobs in New Mexico, the expansion of manufacturing and mining employment in the state during the 1970's provided a strong boost to the economy. Manufacturing jobs increased by 60.8% in the decade (compared to a 4.8% increase for the U.S.). Strongest job growth occurred in durable goods and in the food processing category of nondurable goods. The expansion of the mining sector in New Mexico in the 70's was even more impressive than that of manufacturing. The OPEC oil embargo, skyrocketing energy prices and the "crusade" for energy independence all greatly benefited New Mexico's extractive industry, most

significantly oil, natural gas, coal and uranium. Between 1973 and 1981 New Mexico mining employment increased from 16,467 to 31,200, an 89.5% total increase or a 6.6% average annual gain. Production of coal and uranium increased substantially during the decade, while output of oil, copper and potash actually fell. Oil prices registered a particularly rapid rise during the 1970's, increasing from \$3.40 per barrel in 1970 to \$24.20 a barrel by 1980 (U.S. refiner's acquisition price for domestic crude). One year later, at its peak, the price of a barrel of oil averaged \$34.40.

The boom in the uranium sector was also important. By 1980 the value of uranium produced in New Mexico was nearly a half billion dollars. In contrast, the value of uranium produced in the state in 1970 was less than \$70 million. Employment in metal mining (copper and uranium in New Mexico) increased by over 4,000 jobs during the 1970's, to 10,700 in 1980.

The "secondary" sectors in New Mexico also shared in the prosperity of the 1970's. State government revenue coffers swelled with oil and gas severance taxes and royalty payments. Local government, dependent on gross receipts tax revenues, also saw rapid increases in revenue associated with the prosperous state economy (and to a certain extent, inflation). Taxes on individuals' income, gross receipts and property—were generally falling during the decade, while at the same time state and local expenditures were increasing sharply. State government employment swelled from 27,000 workers in 1970 to almost 43,000 in 1980. Employment by local governments increased by 49% in the decade, to 62,000 workers by 1980. Four other sectors—services, trade, construction and finance, insurance and real estate (FIRE)—all enjoyed significant employment gains in the 1970's.

The robust economic expansion of the 1970's came to a halt with the first break in oil prices in the early 1980's and troubles in the U.S. nuclear power industry triggered by the Three Mile Island incident. New Mexico employment growth was very sluggish in the early 1980's, reflecting the effects of the two national recessions, the bust in New Mexico's uranium industry, and declines in oil and natural gas exploration activity. In fact, in 1982 New Mexico nonagricultural employment fell for the first time in 21 years.

Beginning in 1983 the state economy experienced a rebound in economic activity with a strong 4.8% growth in employment in 1984 followed by 3.6% growth in 1985.

The state's economy benefited from a healthy, expanding U.S. economy, the powerful impact of the 25% Federal income tax cut on consumers' disposable income, a construction boom, particularly in Albuquerque, fueled by the tax incentives in the Tax Recovery Act of 1981, and large increases in defense spending flowing to the state's national research laboratories for nuclear weapons research and the Strategic Defense Initiative. Sperry Aerospace (later purchased by Honeywell, Inc.)—a defense manufacturer—relocated to Albuquerque from Phoenix during this time, bringing 2,800 new jobs by the end of 1986.

From 1983 to 1987 most of the state's economic expansion was concentrated in the metropolitan areas, within which nonagricultural employment growth consistently exceeded 4% while in the rural (non-metro) rest of New Mexico, employment declined during 1982-1983 and 1986-1987. New Mexico's urban areas benefited from their roles as trade and services centers from 1983 through 1987, while the non-metro areas suffered along with the declining extractive industries, particularly oil and natural gas. In the metro areas, it was a period of strong growth in consumer spending, increased Federal defense spending, tourism and a construction boom. Construction employment peaked in 1985 and then declined for the next six years, losing a net 9,000 jobs. Overbuilding in apartments, in retail space and in office buildings was a major contributor to the construction decline. Additionally, several major projects were winding down, including the Brantley Dam, the Waste Isolation Pilot Plant (WIPP) in Carlsbad, and the VA Hospital complex in Albuquerque. Several other large construction projects at the end of the 80's prevented the construction slide from being worse. These included an expansion and renovation of the Albuquerque International Sunport, a major expansion of the Albuquerque Convention Center and work on an accompanying hotel/office complex. These were over by 1990, however, and construction employment continued to shrink until 1992, when falling interest rates and a housing shortage led to a rise in construction employment, which continues still. Not only housing, but many other public and private

projects have added to the current construction boom, including a major expansion at the Intel plant in Rio Rancho, which was completed in 1995.

In the early part of the 1980's when other sectors were adding jobs, manufacturing was also. But later in the decade, when the mining and construction sectors were on the decline, manufacturing continued to add jobs in a consistent expansion from 1980 through 1990. Most of the growth came in electronics, instruments and transportation manufacturing. In the Albuquerque area these included Motorola (electronic communications), Intel (computer chips), Signetics (later Philips Semiconductor, computer chips), General Electric (jet engines) and Honeywell (electronic instruments). Employment gains in transportation equipment occurred largely in Roswell, where Transportation Manufacturing Corporation (TMC), a bus manufacturer, increased its plant size and workforce from 1,000 to 2,000 between 1987 and 1990. After 1990 manufacturing employment began to decline, as many defense contractors were forced to reduce their workforces in the face of declining Federal defense spending. TMC also faced some problems and began laying off some of its workforce. TMC was later purchased by NovaBus, Inc. of Canada, and renamed. Current employment is around 800. Meanwhile, New Mexico began to enjoy an expansion in high-tech manufacturing, mostly in the Albuquerque area, as Intel, Philips Semiconductor and Motorola added jobs and production capacity, and some new firms, including Sumitomo Silex, moved in. A couple of other trends have boosted manufacturing employment growth recently. In the Albuquerque area, more than two dozen medical technology firms have opened since the mid-1980's, attracted by a wealth of technology coming out of the national labs and the university, and supported by a fledgling venture capital network within the state. Elsewhere around the state, in places like Tucumcari, Lovington and Las Cruces, cheese plants are springing up. Still relatively small in terms of new jobs created, they are being attracted by an increasing number of dairy cattle in New Mexico.

The services sector, New Mexico's largest, showed strong employment growth through the 1980's, and into the 1990's, adding more than 95,000 jobs between 1980 and 1995. Leading the way was health services, including the national headquarters of Sun Healthcare, Horizon Healthcare and Diagnostics, as well as many locally-grown firms

(Lovelace Medical Center/Health Plan and Presbyterian Healthcare Services).

Educational services, business services and engineering and management services also contributed. Fairly recent additions to the services sector include two airline reservation firms (American and Southwest Airlines), several telemarketing firms including MCI Telecommunications, a J.C. Penney credit card processing center, a Taco Bell back office accounting center and an Intuit, Inc. customer service tech-help center.

Overall, the New Mexico economy has fared generally better than has the national economy during the 1980's and 1990's. As illustrated in Figures 2.3 and 2.4, both personal income growth and employment growth were generally higher than they were in the United States, particularly during the national recession of 1991.

Figure 2.3
Personal Income Growth - United States and New Mexico 1980-1995

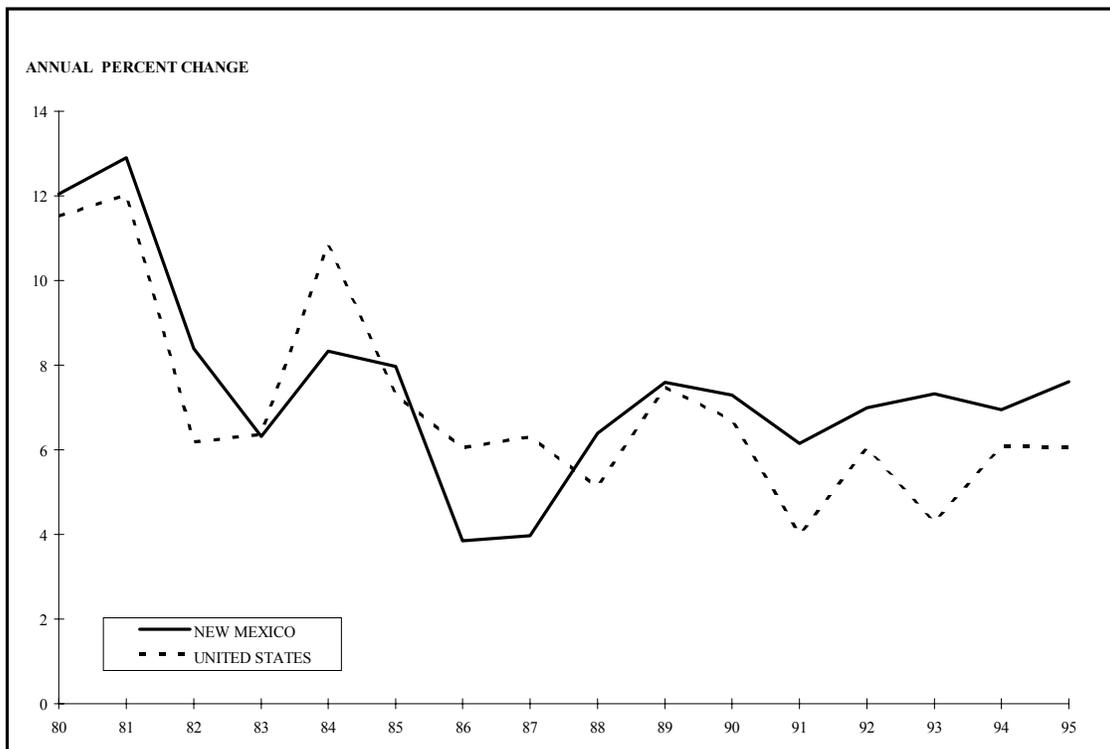
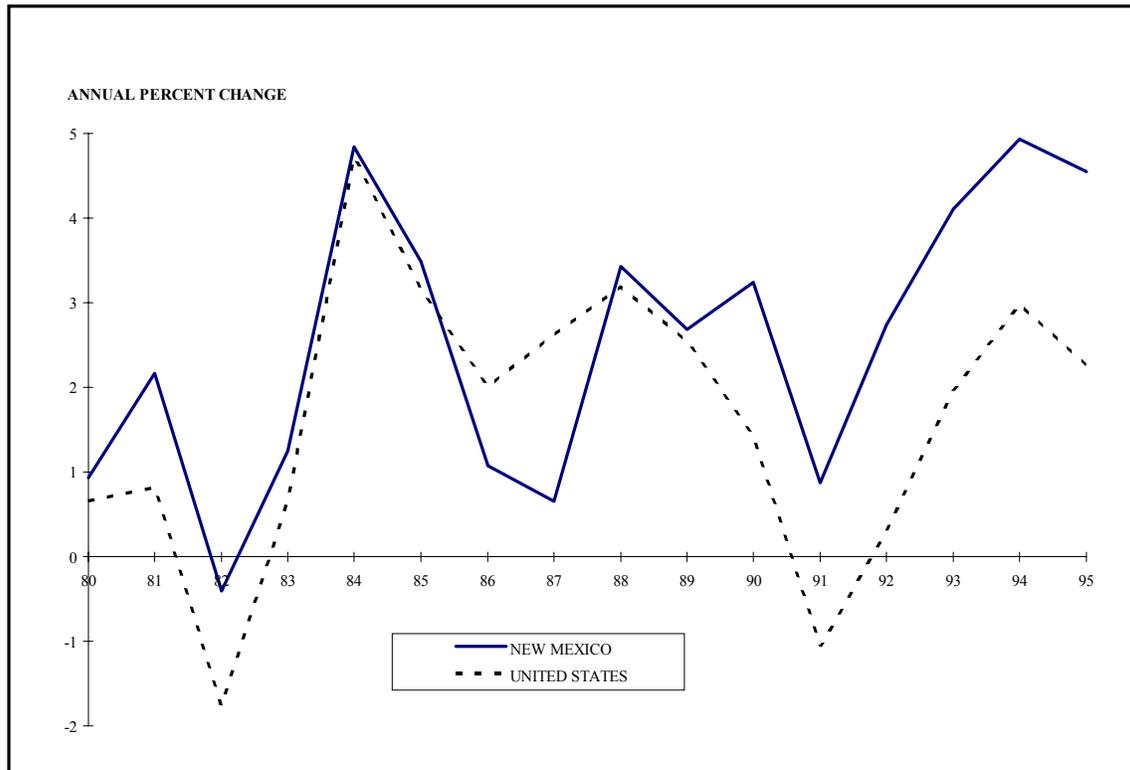


Figure 2.4

Non-Agricultural Employment Growth United States and New Mexico 1980-1995

During the late 1980's and early 1990's, defense cuts did not impact New Mexico as severely as they did the rest of the country, although there were numerous cuts here as spending for the Strategic Defense Initiative (Star Wars) was reduced, affecting both Sandia and Los Alamos National Laboratories as well as White Sands Missile Range. The downsizing of the national labs has extended into the mid-1990's, as the defense budget cuts continue and the labs reconsider their missions.

Recent Performance

The New Mexico economy has grown very rapidly in the last few years. This is largely a result of the migration of new high tech manufacturing and teleservices firms into the Albuquerque area, major expansions by existing high tech firms, a boom in the construction industry, and growth in dairies and food processing firms in the southeastern part of the state. These new firms have been attracted by the state's favorable business climate, which includes a low wage structure, relatively low business taxes and generous

tax incentives, including industrial revenue bonds with property tax forgiveness and an investment tax credit. Wages particularly have been an important factor. While wages on average continue to rise, they have not been rising as fast as they have been elsewhere. Between 1981 and 1993, average wages in the nonfarm, nongovernment portion of the state's economy have fallen from 90.2% to 80.9% of the national average. Only in durable manufacturing have wages increased relative to the rest of the country, and there only by a little, from 77.6% to 81.6% of the national average. In the farm and government sectors, overall relative wages have also fallen, except for Federal government civilian employees, where there was a slight gain.

The construction boom, mostly occurring in the Albuquerque area, began in 1992 with a rebound in single-family housing initiated by a drop in interest rates, and was sustained in 1993 and 1994 by industrial construction. In 1995 the boom was sustained by the construction of apartments, more single-family homes, retail and commercial space, including the Intel expansion, hotels and motels, and numerous public projects, including the Montañño bridge, and sewer and water extensions in Albuquerque's North and South Valleys.

Sustaining New Mexico's continued economic growth will however, require additional investments in infrastructure and utilities, which not all New Mexicans support. Take for example, the utilities industry in New Mexico, which is reportedly finding it difficult (and sometimes impossible) to build new facilities for generation, transmission, and distribution to provide the electric service necessary for continued growth. The electric transmission system in particular is currently constrained in southern and northeast New Mexico. The transmission system at peak loads into Santa Fe and Albuquerque is also nearing the limits of the system. Outages of equipment could force significant curtailments of electric loads. Attempts to add specific needed generation, transmission, and distribution facilities has been met with environmental and local development opposition which in some cases has stopped the addition of major facilities. Without new facilities, power quality and reliability will degrade, ultimately leading to

serious curtailments of summer and winter peak loads.¹³ These and other infrastructure issues will need to be addressed if New Mexico is to continue to grow and prosper.

State of New Mexico Revenues

In New Mexico, as elsewhere, the government plays an important role in economic expansion and prosperity through its spending and taxation policies. How much the state can spend is of course limited by how much revenue the state receives. In New Mexico the state receives (recurring) revenues primarily from several sources: income taxes (personal and corporate), sales taxes (general and selective), energy based taxes (severance taxes, rents and royalties) and interest earnings on the state's permanent funds and state cash balances. These revenues, known as general fund revenues, are used to finance public schools, higher education, human services, corrections, and general government. In the last twenty years, the contribution (as a percent of the total) of these various categories toward financing state expenditures has changed. Energy based taxes have declined in importance since 1982, while, more recently, interest earnings have been falling. On the other hand, both sales and income taxes have accounted for larger and larger portions of state revenues.

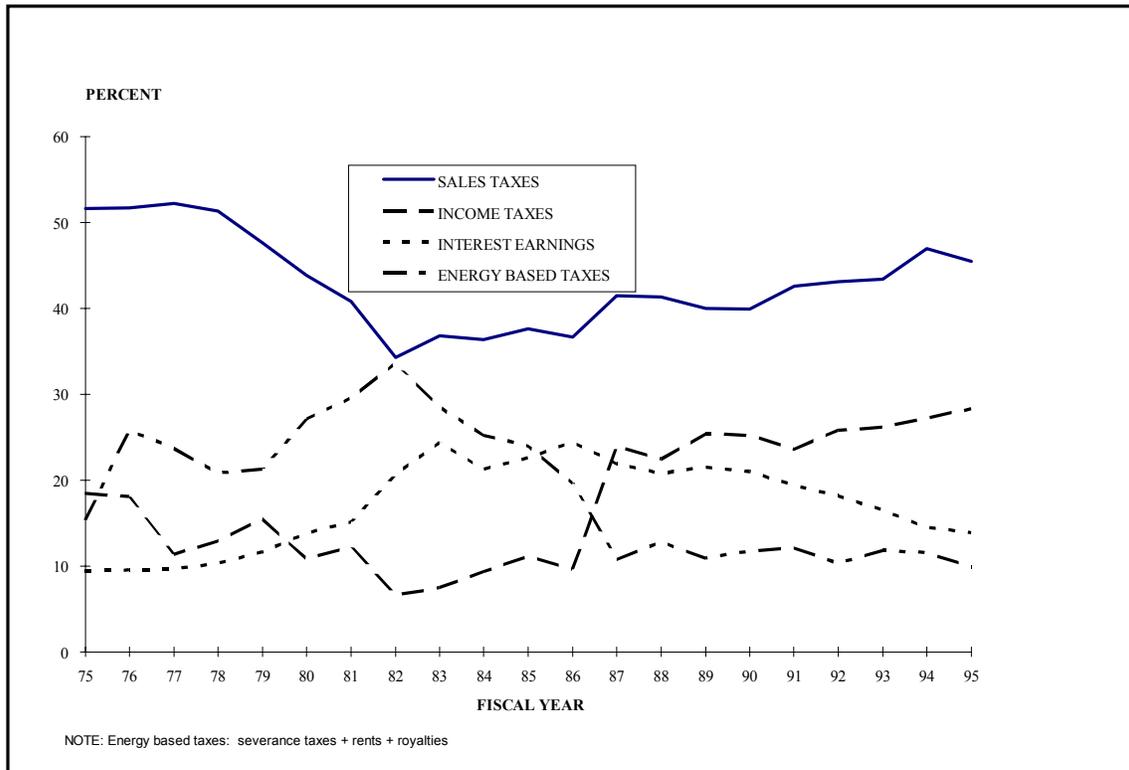
In fiscal year 1995, which ended last June 30th, general fund revenues increased just 3.3%, and are projected to increase 4.0% in the current fiscal year, and 5.1% in fiscal year 1997. General fund spending needs are highly correlated with the state's growing population (2.1% per year so far in the 1990's) and inflation (running about 3.0% per year). General fund revenue growth is insufficient to meet these needs. Hence, the recent budget battles in the 1996 State Legislature where public and higher education, roads, corrections, economic development, and tourism were competing for scarce state resources.

Figure 2.5 illustrates general fund revenues as a percent of total recurring revenues.

¹³Personal Communication. Public Service Company of New Mexico. Albuquerque, New Mexico.

Figure 2.5

General Fund Revenue Sources as a Percent of Total Recurring Revenues



With such a strong state economy, why is New Mexico's general fund growing so slowly? The answer lies in a combination of factors—all with negative implications for the general fund—which include the revenue structure of the general fund itself, falling interest rates, weakness in oil and gas prices and production, recent tax rate and tax base reductions, and state tax incentive programs.

The general fund is expected to reach \$2.75 billion in fiscal year 1996. Only 75% of the general fund, however, is sensitive to growth in our state's economy. These revenues include the gross receipts, selective sales, and individual and corporate income taxes. The other 25% of the general fund includes interest earnings, severance taxes, and rents and royalty revenue which depend not on the performance of the state's economy, but on interest rates and the health of the oil and natural gas industry. These latter revenue sources have been a recent drag on the growth of the general fund.

In fiscal year 1995 interest earnings fell from \$372.3 million to \$367.2 million, and are expected to fall again slightly this fiscal year and then increase only 1.0% in

fiscal year 1997. Lower interest rates, which are good for consumers refinancing homes and for businesses borrowing to finance capital expansion, are detrimental to the general fund. Severance taxes on the oil and gas industry fell in fiscal year 1995 from \$141.3 million to \$128.3 million. In fiscal year 1996 severance taxes are expected to fall another 9.0% and then increase just 3.9% in fiscal year 1997. Rents and royalties on Federal and state lands, which come primarily from oil and natural gas activity, fell sharply in fiscal year 1995 from \$155.6 million to \$132.2 million. This fiscal year rents and royalties are expected to fall another 8.7%, and then increase 1.7% in fiscal year 1997. Prices and production of oil and natural gas in New Mexico have been falling or stable, with adverse consequences to the general fund.

The 1994 State Legislature cut individual income tax rates for many New Mexicans, phased in over a three year period. This income tax cut was primarily motivated to fix the so-called marriage penalty for dual income families. By fiscal year 1997 this income tax cut is estimated by the Taxation and Revenue Department to reduce general fund revenues about \$40.0 million per year. The 1995 State Legislature approved a gasoline tax cut of 5 cents per gallon, which reduced general fund revenues by \$17.6 million per year.

There has also been some loss of gross receipts tax base in recent years. In 1989 a deduction from gross receipts was expanded to include any R&D services produced by a business in New Mexico, but sold to an out-of-state buyer. In fiscal year 1994 and fiscal year 1995 a large R&D contractor applied for and received \$13.8 and \$13.2 million refunds under provisions of this deduction. And this particular tax base loss will result in a recurring \$7.0 million annual loss in the future. New Mexico's gross receipts tax base includes the receipts of for-profit health care facilities. In 1993 the State Legislature allowed a 50% deduction for for-profit hospitals and nursing homes as a way to level the playing field, since non-profit hospitals and nursing homes are exempt from this gross receipts tax. This gross receipts tax deduction for for-profit hospitals is estimated to have decreased annual general fund revenues by \$1.5 million

As an economic development incentive, New Mexico offers an investment tax credit of 5.0% of the purchase price of qualified new equipment used in a manufacturing

operation in New Mexico. There is an employment requirement to receive this. This credit is offered as a rebate of the 5.0% state compensating tax which is paid on new capital equipment. Manufacturing equipment financed with industrial revenue bonds is already exempt from this compensating tax, but is still eligible for this investment tax credit. The investment tax credit is paid against the taxpayer's gross receipts and withholding tax liabilities, and thus comes from the general fund. Data from the Taxation and Revenue Department show that for the last two fiscal years the investment tax credit has amounted to about \$20.0 million each year.

Finally, beginning in 1995 New Mexico allows multi-state corporations at their discretion to use an alternative formula for apportioning corporate-wide income to New Mexico for corporate income tax purposes. This alternative formula allows a double weighting of New Mexico sales. For an export-oriented business with few sales in New Mexico, this alternative formula will result in a lower amount of corporate income apportioned to New Mexico and lower corporate income taxes. This tax policy change was also motivated by economic development considerations. This change will reduce recurring general fund revenue by an estimated \$5.0 million by the Taxation and Revenue Department.

What does this all mean to New Mexico policy makers? First of all, they must remember that economic development within the state impacts only the 75% of the general fund which is sensitive to the state's economic growth. State economic growth may not provide sufficient new general fund revenues to pay for the resulting increase in public services which are primarily population driven, such as public school and higher education enrollments, corrections, and human services. Secondly, state policy makers may not be able simultaneously to cut state taxes, provide generous tax incentives for economic development, and keep up with the expanding public service requirements of a growing population.

While these are all admirable goals, the state's current fiscal structure may not allow it. In today's environment of rapid growth in the state's economy coupled with declining interest rates and energy prices, this has certainly been the case. The state's

fiscal problems will also be compounded in the years ahead by expected cutbacks to education, defense, health and welfare, and other transfer programs.

Outlook for the New Mexico Economy

The New Mexico and Albuquerque economy has experienced expected growth in the 1992-1995 time period. The state's economy is expected to slow somewhat in 1996 and 1997 with job growth in the 3% range. Despite slower expected growth, New Mexico's economy will still outperform the national economy, as it has since 1950 with few exceptions.

Longer term, growth rates for jobs and income in New Mexico are likely to slow from historical rates. The principal reason is demographics at the national and state level. Population growth is slowing with declining fertility rates. The working age population will slow, and that will present a natural barrier to future employment growth.

However, New Mexico has shown that it has a competitive economy in the past. Available low cost labor, relatively mild tax burden, and excellent quality of life make New Mexico attractive for the location of people and business. Thus, New Mexico should continue in the future to experience above-average employment and population growth relative to the rest of the nation.

Chapter 3 Overview of Strategic Planning

“He who does not look ahead remains behind”

- Old Spanish proverb

Strategic Planning in Private and Public Organizations

While strategic planning has been widely used in the private sector for more than 20 years, it has only recently been adapted to the public sector.¹⁴ For decades, public agencies have conducted business with little regard for customer satisfaction, resulting in inconvenient hours, long lines, complex forms, and time consuming referrals to other public agencies. Citizens today, however, are demanding increased public accountability including fundamental changes in the way public agencies are run. The literature reports the emergence of several trends towards public sector restructuring including a renewed commitment to customer service, one-stop shopping for services and information, co-located state facilities, flexible operating hours, and government-wide information sharing and access. A key concept cited in the literature is integrated service delivery, moving services and information to the public vs. moving the public to government.

Current management literature abounds with studies of visionary leadership in the private sector. Take for example, Peters and Waterman’s research on excellent companies which found that those companies which had a strategic vision that was authentically communicated to their employees could tap a higher level of productivity from employees.¹⁵ Pertaining to the public sector, the literature reports increasing trends toward “visionary leadership” in government. In the 1960’s and 1970’s, state and local “futures commissions” focused primarily on goals, with some consideration of forecasts. By the 1980’s some of these efforts began to focus on visions as statements about what

¹⁴ New Mexico Horizons Task Force Report. New Mexico in Transition: The Promise of Strategic Planning. Santa Fe, New Mexico. 1994.

¹⁵ Tom Peters and Robert Waterman. In Search of Excellence. Random House. New York, New York. 1982.

could be created.¹⁶ Gaebler and Osborne in Reinventing Government, one of the best books on important trends within U.S. state and local governments found that for governances which have dramatically increased their efficiency, a shared vision has played an important role.¹⁷

Despite the historical differences in using strategic planning, there are currently many parallels between private and public sector organizations in their attitudes towards planning. Both tend to view the present circumstances they confront as being unique. The complex and changing environments in which they operate often lead both types of organizations to the erroneous conclusion that planning is ultimately a waste of time. To the contrary, the environments in which both private and public organizations operate today no longer have the degrees of freedom to support errors and haphazard ways.

Pressures for Planning

The pressures of planning affecting private and public organizations are similar, as illustrated in Table 3.1. This fact should emphasize that active involvement in planning is as important in the public sector as it is in the private sector. As suggested in Table 3.1, both sectors are facing rapidly changing, complex operating environments coupled with increasing fiscal and human resources constraints.

¹⁶ Clement Bezold. "Lessons from State and Local Government". Foresight and National Decisions. University Press of America. 1988.

¹⁷ Ted Gaebler and David Osborne. Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector. From Schoolhouse to Statehouse, City Hall to Pentagon. Addison Wesley. Reading, Massachusetts. 1992.

Table 3.1
Pressures Motivating Increased Planning

PRIVATE SECTOR	PUBLIC SECTOR
Increasing corporate and organizational complexity	Increasing Federal, state and local governmental complexity
Increasing corporate globalization resulting in increased organizational vulnerability	Increasing corporate globalization resulting in increased state vulnerability
Increasing competition from other private entities for market share	Intensifying competition from other public entities for budgetary appropriations, and from privatization efforts.
Increasing stockholder demands for return on investment	Increasing citizen demands for quality services in return for taxes paid
Decreasing profit margins	Decreasing budgetary appropriations
Organization right-sizing	Government down-sizing
Changing consumer preferences for products and services	Increasing consumerism by the public
Increasing employee demands for more satisfactory work environments	Increasing employee demands for more satisfactory work environments
Re-engineering the workplace	Re-inventing Government
Stockholder demands for return on investment	Budget tightening

Not surprisingly, these same pressures are often acknowledged reasons for not planning. Many private and public sector organizations have seen their plans become obsolete after a sudden change in their internal environment (e.g., a new administrative structure) or external environment (e.g., a change in demand for products/services). Much of the effort invested in planning is unrecoverable in these circumstances. After having to discard plans several times, it is understandable why organizations begin to shift from planned action to reaction. Paradoxically, this is precisely the time when greater adherence to planning is required.

Private and public sector organizations both need to prevent the drift that accompanies reacting to present circumstance. Planning is the best way to define a specific intended direction and to remain headed in that direction. Nonetheless, planning

should be flexible enough to address sudden changes and to prevent incremental decisions that could prevent the pursuit of a specific direction. Planning provides a formal framework in which a preferred direction is identified and the means for attaining the end are specified.

Balancing Planning's Benefits and Limitations

Is planning worthwhile? This is a question that every organization will consider at some point. There are both qualitative and quantitative rationales for planning. Qualitatively, there are arguments both for and against organizational planning. The balance of the argument seems to favor planning over not planning. Furthermore, there have been a number of empirical studies that point to the value of planning.¹⁸

The first empirical test of the relationship between planning and performance was conducted in 1970 with the comparison of formal and informal planners from 36 firms in 6 industry groups on five key economic measures. This study reported that formal planners outperformed informal planners on earnings per share, earnings on common equity, and earnings on total capital.¹⁹ In the two decades following this study, numerous other empirical studies have been conducted which have yielded mixed results.

In an attempt to clarify the true impact of planning on performance, a comprehensive study was conducted in 1991 which aggregated 20 years of empirical data based upon the findings of 29 samples from a total of 2,496 organizations, and estimated a weighted average correlation between planning and performance. This study reported modest correlations between planning and performance measures, but stated that the true relationship between these measures was *underestimated* due to extensive measurement

¹⁸ H. I. Ansoff, et. al., "Does Planning Pay? The Effect of Planning on Success of Acquisitions in American Firms", Long Range Planning (3) 1970: 2-7.

¹⁹ S. Thune, and R. House. "Where Long Range Planning Pays Off". Business Horizons. 1970. 13:4. pp. 81-87.

problems.²⁰ The following pages provide the reader with a synopsis of the benefits and the limitations of planning, as described in the relevant literature.

Benefits of Planning

Standards for Measuring Performance

The primary overall benefit from planning is the ability to establish guidelines for decision making. This can be accomplished in part through the establishment of standards by which performance can be measured. At the core of the planning process are a series of inter-related components for which each subsequent level increases in specificity. The concepts of vision, mission, objectives, goals, and performance measures are described in the following pages through the use of an illustrative example utilizing experts from the State of Utah's Strategic Plan, Utah Tomorrow²¹, which will be discussed in more depth in Chapter 4.

- A *vision statement* is an inspiring picture of a preferred future (“Educate our citizens by providing an environment that supports life-long learning and occupational skills, and that enables Utahns of all ages to reach their potential as productive and responsible individuals”). A vision is not bound by time, represents global and continuing purposes, and serves as a foundation for strategic planning.
- A *mission statement* defines what an organization seeks to accomplish through its activities (“Public Education’s mission is to assure Utah the best educated citizenry in the world and each individual the training to succeed in a global society, by providing students with learning and occupational skills, character development, literacy, and basic knowledge through a responsive,

²⁰ Brian K. Boyd. “Strategic Planning and Financial Performance: A Meta-Analytic Review”. Journal of Management Studies. 28:4. July, 1991. pp. 353-374.

²¹ Utah Tomorrow Strategic Planning Committee. Utah Tomorrow 1995 Annual Report. Salt Lake City, Utah. January, 1996.

state-wide system that guarantees local school communities autonomy, flexibility, and client choice, while holding them accountable for results”).

- *Goals* define long term ends towards which programs and activities are directed (“Utah’s public education system will be accountable and permit students to advance by demonstrating competency and mastery of skills”).
- *Objectives* define specific performance targets for specific actions (e.g. “Develop, disseminate, and offer a world-class curriculum that enables students to successfully compete in a global society, and to succeed as citizens of a participatory democracy”).
- Performance measures are tools or indicators of the actions in achieving a given objective or goals (“Number of districts with high levels of core curriculum implementation 1980-2010”).

Guidelines for Decision Making

Planning establishes guidelines for decision making, providing a framework around which prudent decisions can be made. Without such guidelines, decisions can be made according to virtually any criterion. A plan generally helps to define the most feasible options, and simultaneously it directs attention to relevant, rather than superfluous, issues. In effect, plans assist organizations in becoming more efficient in their activities. Using the Utah example, their strategic plan has been designed to move away from reactive methods of setting and implementing public policy, towards a more visionary, proactive approach.

Integrated Decision Making

Planning provides an opportunity to integrate decisions. The result is fewer piecemeal decisions which produce suboptimal performance or decisions that conflict with one another. The State of Utah has adopted consistent terminology via vision, goals, objectives, and performance measures to be used in both legislative and executive planning efforts, thus improving integration between these two entities.

Adaptability to Change

Planning can generally help organizations adapt to change. Planning should not be a static process, nor should it be assumed that once a plan is formulated it will remain viable forever. Plans should evolve as organizations evolve. Plans represent aspirations of intended directions, articulating the next milestone that will be achieved. As a result, plans are organic rather than inorganic.

If plans are continually revised to reflect new premises, standards, aims, and constraints, they can prepare an organization for unexpected contingencies. Few forecasts are perfect, but by including contingency plans in the overall planning framework options can be defined in the event that primary planning premises are not achieved. Furthermore, contingency plans establish an attitude of flexibility. When change becomes necessary, an organization is conveniently positioned to adapt. In sum, planning not only generates stability and direction but also creates preconditions for change and evolution. Utah evaluates their strategic plan yearly, continually revising goals, objectives, and performance measures to make them more meaningful.

Limitations of Planning

Loss of spontaneity

Planning can however be perceived as terminating options, restricting latitude of operations, and limiting the spontaneity of personnel. By its very nature, planning is designed to define a prescribed course of action. The danger in planning is that these prescriptions will be taken too rigidly. By adhering too zealously to plans, organizations not only threaten the ability to take advantage of unforeseen opportunities but also create a climate that is excessively formal. Failure to take action at the proper moment spells the difference between success and mediocrity. Planning can be honed to the point that discretion and spontaneity are lost. To minimize this, Utah has not included strategies to

achieve their goals and objectives in their overall plan, believing that these strategies are best designed on the individual agency level.

Unanticipated Crises

Virtually no one is able to forecast a crisis. If organizations could accurately forecast crises, they could prevent their occurrence. It is nearly impossible to incorporate crisis forecasts in the planning process. The need to plan for contingencies has long been recognized, but contingency planning is based on anticipating events that may occur. If taken to the extreme, contingency planning evolves into an obsession with protecting every possible course of action, potentially resulting in wasted resources. The keys to managing crises effectively are to maintain flexibility and to review periodically actual direction relative to planned direction as Utah does annually. Flexibility represents the willingness to revise strategy and tactics in the face of new constraints and opportunities.

Internal Resistance

Planning effectiveness can be threatened by internal resistance. Staff may resist plans for a number of reasons.

- Staff may resent the implications of excessive organizational authority. Plans and operational aspects of the plans (e.g., budgets, schedules, policies, standardized procedures, etc.) are symbolic of authority. Some staff may attempt to sabotage plans in retaliation against formal authority represented in the planning process.
- Staff may resent their immediate supervisor or leader, and this resentment may carry over into the implementation of plans. Performance targets or goals are a convenient mechanism by which staff can sabotage their leaders.
- Staff may resent personal responsibility. Plans articulate expectations for staff performance.

- Staff may have experienced inequitable treatment. Plans are based upon predefined objectives, and when staff work hard to achieve those objectives and are not rewarded, a natural skepticism may develop.

Other factors may also generate resistance to plans. Resistance does not occur solely at operating levels. Top level personnel may also resist efforts at planning for many of the reasons noted above. To minimize this, Utah has designed a participative planning process which encourages input from those responsible for overseeing and implementing the plan.

Balancing the Benefits and Limitations

Every organization must reach a decision about planning's value. The preceding discussion has attempted to weight objectively the arguments surrounding the value of planning. As discussed previously, retrospective studies on planning in large corporations confirm the inherent worth of planning. Benefits such as establishing standards for performance, guidelines for decision making, and a mechanism for adapting to change have been reaped by many private and public sector organizations.

Admittedly, the planning process does not always guarantee success. It can be implemented incorrectly, or unanticipated constraints may emerge that make it difficult to plan.

Planning Models

How should planning be accomplished? What actions actually represent planning? How does the planning process vary from one organizational level to another? When should planning be detailed and technical, and when should it be conceptual? How do the various components of planning integrate in an overall model of planning? To answer these questions, a conceptual model or framework which illustrates the specific components making up planning systems can be helpful.

In reviewing the relevant literature on strategic planning, a multitude of models emerge. Although formalized strategic planning has been in existence since World War

II, strategic planning today is still more art than science. At the most basic level, strategic planning should enable an organization to answer the following four fundamental questions:

- Where are we?
- Where do we want to be?
- How do we get there?
- How are we doing?

One model that addresses these questions is illustrated in Figure 3.1.

Figure 3.1

The Strategic Planning Process

This is an admirable model in respect to both its' comprehensiveness and its' simplicity. It illustrates the strategic planning process flow from "As Is" (Where are we now?) to "To Be" (Where do we want to be?") through the use of Goals, Objectives, and Strategies (How do we get there?) which are accompanied by ongoing milestones to measure progress (How are we doing?)

Strategic Planning

Strategic planning normally occurs in an organization's upper echelons. Depending upon the size of an organization, a separate department or staff assistant may be assigned the responsibility of planning. In small organizations, the CEO may undertake the planning function. The key to strategic planning is not who performs the function, however, but what steps combine to represent the function. Strategic planning is an exercise that defines a vision, and involves setting specific goals, objectives and strategies to move towards that vision. There are four major sources of information that contribute to the formulation of master strategies by an organization:

- *Expectations of major outside interests.* External stakeholders hold certain expectations regarding an organization and its strategic direction. Their values and interests may affect how the organization defines its mission, strategic objectives, strategy, and policies.
- *Expectations of major inside interests.* Internal stakeholders such as employees, governing board members, and other organizational affiliates play a significant role in strategy formulation. Not only do they possess relevant expectations, but they are also the primary means by which the strategy setting process evolves.
- *The database.* Strategic plans are affected by periodic reports on prior performance and the current status of operations. Performance defines the minimum threshold of organizational expectations. Poor prior performance may limit the strategic vision.

- *Evaluations of the environment and the organization.* The environment defines the opportunities and threats confronting an organization. These contextual factors further define the feasible vision. They set the parameters of risk that an organization may be willing to accept. The master strategy addresses the extent to which opportunities will be pursued and interventions invoked to minimize threats. Such plans hinge on organizational strengths and weaknesses or the resources, experiences, and skills necessary to capitalize on opportunities or to avert threats. The process of obtaining data from these sources is often described as “*environmental scanning*”, which has been defined in the literature as “the practice of searching a wide array of information sources on a regular basis for symptoms of change or shifts in the cultural, institutional, economic, and physical environment that may affect the organization.”²² Scanning gets its name from the fact that it “serves as a kind of radar, spotting emerging issues when they are but weak signals of change and tracking them as they evolve and become more clearly defined”.²³ By analyzing information pertinent to the preceding factors, organizations can formulate a strategic plan that recognizes existing options and constraints. The next step is to translate this information into a strategic plan.

Strategic plans are formulated around five components: (1) mission, (2) purposes (goals), (3) objectives, (4) policies, and (5) strategies. The information outputs from outside interests, inside interests, prior performance data, and situation analyses are considered throughout the specification of these five strategic planning components. Situation analysis has become a distinctly crucial exercise in establishing a strategic plan. A SWOT analysis examines strengths and weaknesses as well as external opportunities and threats. The purpose of SWOT analysis is to answer 3 of the aforementioned

²² Lauren Cook. “The State Scanning Network: An Issue Identification System for State Policy Mangers. Futures Research Quarterly. Spring, 1986. p. 65-77.

²³ L. Cook, B. J. Osterholt, and C. Riley. Council of State Policy and Planning Agencies. Anticipating Tomorrow’s Issues. Washington, D.C. 1988

fundamental questions determining where an organization is, where it wants to go, and how it will get there.

Strategies are methods to achieve goals and objectives. They are developed by brainstorming how to best achieve results by researching what works (for example benchmarks or best practices); evaluating what is already in place, and setting priorities. *Strategies* take on value only as committed people infuse them with energy. In the final analysis, a strategic plan must integrate mission, goals, objectives, performance measures, strategies, and commitment from those individuals responsible for the management and implementation of the plan.

Medium-Range Planning

Medium-range planning is a step down in conceptual level from strategic planning because it addresses how strategic objectives will be achieved. Medium-range plans are still relatively abstract. They may cover a long time horizon (2 to 7 years or more), but they do not address the immediate expenditure of funds (the next budgeting cycle).

Medium-range plans are used to define how strategies will be achieved in specific terms.

Continuing with our previous example from the state of Utah, the following contrasts occur in their education section:

Strategic Objective: “Develop, disseminate, and offer a world-class curriculum that enables students to successfully compete in a global society, and to succeed as citizens of a participatory democracy.”

Medium- Range Objective: “Increase the number of districts with high levels of implementation of the world class curriculum to 30 by 2000”.

As this example illustrates, the medium-range objectives clarify or further define the strategic objective. They are more specific than the strategic objective without precisely defining how resources will be allocated to accomplish them. Furthermore, the medium-range objectives indicate the general nature of how the strategies will be implemented.

A common convention among private sector organizations is to organize medium-range plans among functional areas: manufacturing plans, marketing plans, financial plans, human resource management plans. Public sector organizations commonly organize plans around services or programs.

Short-Range Planning

Short-range plans typically consist of 1-year and occasionally 2-year operational plans. Short-range plans seldom extend longer than these time parameters; otherwise they would begin to resemble medium-range plans. There is one primary technique that is used in short-range planning: the master budget or the budgeting process. A budget is simply an end product of a rather lengthy forecasting and negotiation process. The literature primarily discusses strategic private sector budgeting processes as *strategic financial planning* and public sector budgeting processes as *performance-based budgeting*.

At the functional or departmental level, budgets primarily consist of expense or cost projections, and function as negotiating tools between the financial staff and department managers. It is in the budgeting process that objectives, which are the central ingredient in planning, are linked to fiscal expectations.

Implementation and Control

The strategic, medium-range, and short-range plans are primarily mechanisms for guiding organizational efforts. The real test of planning is its ability to direct efforts on a daily basis that is to move from the abstract to the implemented. It is not enough to just create plans; they must be communicated and then put into action. It is important to assure that tools and resources are available, and that people are empowered to use them. Once the action occurs, control should be implemented to ascertain whether performance targets have actually been achieved. For a comprehensive planning model to work effectively each step must receive equal attention, and the cycle (planning to implementation to control) completed prior to returning to planning.

Prerequisites for Effective Planning

The literature reports that the following building blocks determine the efficacy of planning in both private and public sector organizations:

- *Top Management Commitment.* There will be no effective planning unless the top echelons of an organization are committed to planning. The board of directors, CEO, and related top management staff in private sector entities and key government officials in public sector entities must demonstrate their commitment to planning; otherwise no meaningful planning will occur. Planning is definitely a function in which actions speak louder than words.
- *Reward For Planning Efforts.* People respond to incentives. Incentives do not always have to be based on pay; they may take the form of promotions, nonmonetary benefits, and often, simple recognition. If there are no incentives for planning, however, then it is unlikely that an organization's employees will target planning as a priority.
- *Periodic Revising of Plans.* Effective planning is predicated on continuing revisions. There is a tendency to formalize plans in writing. Once they are written, it takes a concerted effort to revise them. Planning is not an easy assignment, as it requires a substantial time investment in meetings, analysis, and documentation. Revising plans seldom requires as much effort as developing the initial plan, however.
- *Systematic Planning.* A fundamental argument surrounding planning is the extent to which it should be systematically developed or allowed to evolve incrementally. The systematic approach correlates in many ways with other management principals and theories. Under the systems approach, organizations attempt to control their own destinies. They identify internal and external pressures threatening survival. They seek opportunities that can be exploited before organizing resources for the ensuing strategic effort. Organizations can systematically analyze

prevailing conditions before methodically formulating rational plans of action. The higher the degree of systematic analysis and rational thought, the better the prospects for performance.

- *Setting of Measurable Objectives.* Planning effectiveness is enhanced when objectives are stated in measurable terms. By defining objectives, organizations effectively establish intended standards of performance. What represents subjectively good or bad decisions is predetermined, instilling a high degree of objectivity into an otherwise subjective process.
- *Setting of Specific Timeframe.* Effective planning is specified over a reasonable period of time to guide short-range (1-2 years), intermediate (2-5 years), and long-range (5 or more years) decisions. Recently, the timeframe for planning has shortened. It is becoming increasingly difficult to plan in the 5 to 10 year range because of uncertainties associated with contemporary organizational environments.

Objectives: The Common Denominator

There is no more important ingredient in the planning process than objective setting, which is the process of setting standards. Without objectives, the remainder of the planning process has little meaning. There are at least five steps that organizations can use to develop better planning objectives:

1. *Define a single intention.* Virtually every organization, department, and staff member is responsible for a multitude of objectives. Therefore, it is essential that an objective state only one intention to minimize the confusion associated with multiple objectives.
2. *Describe the intention with verbs.* Performance implies action. Objectives are statements of intended performance, and should be phrased in terms of action. Utah's "develop, disseminate, and offer a world class curriculum that enables students to successfully compete in a global

society, and to succeed as citizens of a participatory democracy” illustrates an action-oriented objective.

3. *Define a single end result.* An objective should specify the intention and the end result which will be obtained if action is taken. Utilizing the Utah plan as an example, “to increase the percent of students scoring higher than the 25th percentile on the SAT at Grade 5” provides more direction than “to improve student SAT scores”
4. *Specify the level of the end result.* The objective statement in (3) above explains the desired end result. The Utah plan provides a baseline level for 1980, establishing a basis for future measurement.
5. *Define a timeframe.* An objective statement should define when an objective is expected to be achieved. For the objective described in (3) above, the Utah plan includes time frames in five year increments (1990-2010).

Overall Implications for Public Sector Planning

While public sector organizations cannot be run entirely like a business, many of the private sector approaches discussed in this chapter can and have been successfully adopted to improve public sector service delivery and access. Table 3.2 depicts the parallels between goal setting in the private sector and the government. ²⁴

²⁴ New Mexico Governor’s Task Force on Government Efficiency Final Report. Santa Fe, New Mexico. January, 1994.

Table 3.2

Private Sector and Public Sector Goal Setting

PRIVATE SECTOR QUESTIONS	PUBLIC SECTOR QUESTIONS
What business or markets do we want to be in?	In what areas will the public sector entity serve the citizens?
What are our expectations with respect to position in the market, quality of product, financial performance, and social responsibility?	What are the public sector entities' expectations in services, quality, and social responsibility?
How do we measure success in the areas of market position, quality, profitability, and social responsibility?	How does the public sector entity measure success in these areas?

In this current era of demands for increased government accountability, it has become increasingly important for the public sector to strategically plan for their future. Public sector entities will need restore the link between services needed by the public and taxes paid.

In terms of the actual planning document itself, there are three key differences between public sector and private sector plans.²⁵

- *Access.* Private sector plans are primarily proprietary, confidential documents, while public sector plans are public documents open to commentary from citizens.
- *Ownership.* Private sector plans are owned by the corporation, while public sector plans are owned by the public.
- *Financial Resources.* Private sector organizations typically have more financial and human resources to devote to planning than do public sector organizations.

²⁵ Joel Weiss. Sandia National Laboratories. Presentation to the New Mexico Horizons Task Force . September, 1994.

The literature reports that many public sector entities have indeed adopted private sector planning approaches to help them to become more focused and efficient. Chapter 4 will discuss the progress being made in selected states.

Chapter 4 Strategic Planning Applications Outside of New Mexico

“You can observe an awful lot just by looking around”
Yogi Berra

State Strategic Planning

According to a 1994 survey conducted by the National Conference of State Legislatures (NCOSL), states are responding dramatically to the need for state strategic planning. NCOSL found that 75% of our nation’s state government leaders and legislators identify long range planning as a top reform priority.²⁶ Most states are currently engaged at some level in the development and implementation of strategic initiatives aimed at improving the efficiency and /or effectiveness of state government operations.²⁷ The impetus behind these initiatives are similar to the “pressures motivating planning” discussed in chapter 3 and include the following:²⁸

- Increasing fiscal and human resource constraints
- Increasing numbers and complexity of policy issues
- Increasing globalism
- Increasing social, economic, technologic, and environmental change
- Increasing responsibility by state and local governments for programs traditionally addressed by Washington
- Lack of state leadership consensus
- Unanticipated effects of past policy developments

²⁶ Douglas Sacarto. National Conference of State Legislatures, Program Director for State Issues and Policy Analysis Programs. New Mexico Horizons Task Force Presentation. Santa Fe, New Mexico. July, 1994

²⁷ New Mexico Department of Finance and Administration. New Mexico Governor’s Task Force on Government Efficiency Final Report. Santa Fe, New Mexico. January, 1994.

²⁸ Robert Bradley, Florida Governors Office of Planning and Budgeting. “Future Scenarios, Vision and Public Dialogue: What they Mean for States.” Presentation to New Mexico Horizons Task Force. July, 1994 *and* Sacarto, *op cit*.

- Inadequacy of traditional budgeting processes
- Decreasing public confidence

Terms which are utilized throughout the literature to describe state planning initiatives designed to respond to these factors include *Reinventing Government*, *Strategic Government Reform*, and *Results-Driven Federalism*. These initiatives are aimed at making state government mission driven, anticipatory, results-oriented, customer driven, decentralized, and community owned.²⁹ Common themes include maintaining control over spending, allocating funds to important areas, decentralizing service provision, promoting responsive management and timely policy making, insuring accountability for results, and increasing public involvement.³⁰

In reviewing the relevant literature it is clear that although many states have developed formal strategic planning processes (e.g. Arkansas, Florida, Hawaii, Iowa, Kentucky, Louisiana, Maryland, Minnesota, New Jersey, North Carolina, Oregon, Texas, and Utah), five of these states are consistently cited for the development and implementation of innovative strategic planning processes. In 1991, the state of Oregon pioneered the use of benchmarks (measurable indicators to assess progress towards broad strategic goals) to focus their state government on key priorities determined by its citizens. Minnesota, Utah, Arkansas, and Texas are all early followers of Oregon's lead, introducing initiatives aimed at achieving increased accountability in their state governments. Interest in Oregon's planning efforts has also been expressed by officials in several other countries, including Canada, Australia, England, and France.³¹

State strategic planning is an evolutionary process, and the authors would like to acknowledge that the following summaries represent only a snapshot of one period of time. The following pages contain brief synopses of strategic planning initiatives in

²⁹ Gaebler and Osborne, *op cit*.

³⁰ Bradley, *op cit*.

³¹ "An Overview - Governmental Reform: On a Roll: Public Leaders Speak Out". Creating Excellence in Government. Winter, 1996. Number 16. pp. 19-28

Oregon, Minnesota, Utah, Arkansas, and Texas, all of which report that their states planning efforts are continuously evolving and changing.

Oregon Strategic Planning

In 1988, the state of Oregon implemented a statewide initiative to develop a strategic plan centered around the development of a superior work force, an attractive quality of life, and an international focus. Their strategic planning process involved business, labor, education, and government leaders, as well as citizens, and resulted in a 20 year strategic plan entitled *Oregon Shines*.

The *Oregon Progress Board (OPB)*, an independent state agency funded through general funds, was created by the Legislature in 1989 to implement *Oregon Shines*. The *OPB* receives an appropriation of approximately \$320,000 annually.³² The first *OPB* report was issued in 1991, identifying 160 benchmarks as critical measures of Oregon's well being through the year 2010 which have been subsequently adopted by the Oregon Legislature. Public participation was and continues to be a key factor in Oregon's deriving meaningful goals and measures of performance.

In 1992, the Oregon Governor directed state agencies to give priority to and develop performance measures for critical near-term benchmarks in the budget process. That same year, the *OPB* increased the number of benchmarks to 272.³³ In early 1995, the *OPB* presented its third biennial report to the Legislature outlining the following three categories of benchmarks which are to be updated every two years, each related directly to the major elements of the state's strategic plan:

1. People. 105 people benchmarks are aimed at making Oregonians exceptionally competent, self-reliant, skilled, and knowledgeable about the world. Examples include the nurturing of stable, healthy families, and the promotion of equal opportunity and social harmony.

³² Personal Communication. Oregon Progress Board. Salem, Oregon.

³³ Southern Growth Policies Board. Benchmarking Pioneers: States with Trailblazing Experience with Public Sector Benchmarking and Performance Measurement. Research Triangle Park, North Carolina. June, 1994.

2. Quality of life. 91 Quality of life benchmarks are aimed at the state's environment, its communities, the accessibility of basic services such as health care and child care, and the responsiveness of political and social institutions. Examples include the promotion of a clean, beautiful, natural environment and the development of communities that are safe, enriching, and participative with access to essential services.
3. The economy. 76 economy benchmarks are aimed at industrial and geographic diversification. Examples include emphases on technology, exporting, and adding value to existing industries to counteract significant declines in the forestry and fishing industries.

Benchmarks within each of these categories are designated “urgent” (short term indicators requiring progress over the next five years) and “core” (fundamental measures of the state's long-term health).

All 36 of Oregon's counties have utilized benchmarks for initiatives for children, families, health, and the workforce. Seven counties are developing benchmarking systems, and Multnomah county (where Portland is located) develops its budget, programs, and action plans based upon its own high priority benchmarks. Local efforts also include 9 cities or communities, of which Portland is the most prominent.

The state's newest pioneering effort, the *Oregon Option*, was approved by the Clinton Administration in 1994. A new memorandum of understanding designates the state as a demonstration site for improving intergovernmental service delivery. This effort expands benchmarking to involve the three levels of the federalist system providing services that originate in Washington and are paid for by Congress, or by Congress and the state, providing for local priority setting in the delivery of Federal and state services. “By minimizing and even eliminating the usual conditions, or strings, attached to Federal programs, the *Oregon Option* is effectively transforming entitlements and mandates into block grants, with the additional advantage that state and local

outcomes must be clearly identified before funds will be assigned.”³⁴ Overseeing this program is the *Oregon Options Team*, whose mission is to identify and develop results-driven federalism. Working groups have been organized around several targeted areas to prioritize benchmarks based upon objectives for Federal dollars. By further extending the benchmarks concept to the state’s local governments and to the delivery of Federal services at a local level, the literature reports that Oregon remains the unquestioned leader of priority and results based government.

The *Oregon Progress Board* will be evaluating the state’s progress towards its goals through the 48- member *Governor’s Oregon Shines Task Force* comprised of OPB members, leaders from the business community, and other civic leaders beginning April 29th, 1996 with an kick-off by the Governor.³⁵ This task force will complete their report by the end of 1996 for presentation to the next session of the Oregon Legislature.

Minnesota Strategic Planning

In 1991, encouraged by Oregon’s early successes, the Governor of Minnesota directed *Minnesota Planning* to plan and implement a project to bring greater accountability to their state government. This project, *Minnesota Milestones* is now beginning its sixth year.

As with Oregon, Minnesota has emphasized broad citizen participation, beginning with the formation of an Advisory Committee with representation from the nonprofit, government, and private sectors. Town meetings structured as small focus groups served as key vehicles for public involvement. Ideas expressed in these groups were organized into broad thematic categories, translated into goal statements, and circulated for public review. Based upon the initial public response, goal statements were further revised and proposed milestones (measures of progress) developed for each goal and re-released for additional review by the public and organizations with expertise relevant to particular

³⁴ Ibid.

³⁵ Personal Communication. Oregon Progress Board. Salem, Oregon.

goals. As a result, nearly 600 citizens attended public hearings, and over 10,000 copies of draft goals and milestones were distributed.³⁶

This process resulted in a 30-year plan entitled *Minnesota Milestones: A Report Card for the Future*, which presents a vision for the state in the year 2020 coupled with 20 long-range goals and 79 milestones by which to measure progress. Each milestone, which will be revised every five years includes a historical measure, a baseline figure and targets for the future. Milestones are represented by the following five major themes:

1. Caring and secure community
2. Prosperous people
3. Learning
4. Surroundings
5. Ability of people to work together and with their government

A companion document, the *Economic Blueprint for Minnesota* identifies key goals for a healthy state economy complete with quantifiable performance measures.

Minnesota Planning is responsible for assessing the state progress towards its goals. The first of the state's series of annual report cards was issued in April of 1994, comparing data for 1990 and 1992; outlining 1995 targets; and grading the state in progress towards each of the goals. The agency received \$500,000 from the state Legislature for the development of the plan. This sum covered staff time and training, cost of the town meetings, and printing. Following the first year, costs have been institutionalized within the agency's operating budget, and not kept separate from general functions.³⁷

Beginning in 1993, the Minnesota Department of Finance directed all state agencies to link budget requests to *Milestones* goals. That same year the Minnesota

³⁶ Southern Growth Policies Board, *op cit*.

³⁷ Ibid.

Legislature passed a bill requiring state agencies to engage in strategic planning and performance measurement.

One of the major impacts of *Milestones* has been the reform in services to children and families. In 1994, an on-line “Children’s Report Card” was developed to assess the status of children in all Minnesota counties using 21 indicators (e.g. rates of poverty, infant mortality, abuse and neglect). In 1993, the first “children’s budget” was formulated to show how state money is spent on children and families. A comparable budget was approved by the Legislature in 1995, when the Legislature approved the creation of a new Department of Children, Families, and Learning, designed to bring about major improvements in well being of clients. 51 family-service collaboratives which are responsible for determining community needs and the development of measurable goals focusing on prevention have been established throughout state under a \$22 million grant program. Other *Milestones* impacts include (1) the implementation of multi-agency strategic planning designed to achieve a balance between economic growth and environmental concerns and (2) the development of a strategic plan and new legislation to increase the supply of affordable housing in St. Paul and Minneapolis. Minnesota County Governments are also beginning to develop outcome-based milestone processes.³⁸

Minnesota Planning is currently in the process of completing a progress report on *Minnesota Milestones*. A key finding has been the need to revise several of their initial indicators because they either do not measure what they were intended to measure or cannot be measured due to a lack of reliable data (an indicator designed to track the number of recipients receiving AFDC over 24 months needs to be revised due to the fact that the state Human Services Department collected data on recipients receiving AFDC over a 5 year (60 month) period). Another finding is that many of the indicators are “deficit-based” (they identify a problem) when some could be “promotional-based” (they

³⁸ Personal Communication. Minnesota Planning. St. Paul, Minnesota.

identify a solution). The *Minnesota Milestones* progress report will be available in May of 1996 for review and comments on the World Wide Web (www.mntlan.state.mn.us).³⁹

Utah Strategic Planning

Utah's broad based ongoing strategic planning process which built upon the successes of Oregon, Texas, and Minnesota began with legislation enacted in 1990 to form the *Utah Tomorrow Strategic Planning Committee*. This committee was charged with recommending a strategic planning process for the state which would encourage all segments of Utah society to focus on and measure progress towards Utah's future. *Utah Tomorrow* gained support from the Governor of Utah in 1993, and legislation was enacted to (1) change the composition of the Committee to include both the Legislative and Executive branches of state government and to (2) create and fund a position in the Governor's office to provide staff support to the committee. A draft vision statement including goals, objectives, and performance measures for ten key areas was subsequently developed with input from citizen task force groups and refined by the *Utah Tomorrow Strategic Planning Committee*. This issuance of the draft was followed by town meetings throughout the state and feedback from state agencies, departments, and local governments to refine the plan.

Utah's overall planning methodology and strategic plan differs from Oregon and Minnesota, in that no priorities are established, leaving the development of strategies or action plans for achieving goals to the agencies. Cooperation is encouraged, but not mandated. The most recent plan was released in December 1995 covering the following ten areas:

1. Culture
2. Economic Development
3. Education
4. Environment and Natural Resources

³⁹ Ibid.

5. Free Enterprise and Regulatory Systems
6. Government
7. Health and Safety
8. Human Services
9. Infrastructure
10. Justice

These areas do not correspond directly to individual departments or agencies to encourage inter-departmental and inter-agency cooperation in developing strategies.

A key addition to the 1995 strategic plan is the inclusion of an education section incorporating comprehensive performance measures from which each district and school is expected to create a vision and strategy consistent with overall plan. All districts are expected to have strategic planning process in place by the year 2000, and all schools by the year 2010. School personnel together with parents/guardians will also be held responsible for the development of personalized student education plans (SEP), or personalized student education/occupation plans (SEOP).

Utah has also begun to tie their strategic planning process to their budgeting process and to their legislative process. Beginning with FY95, all requests for additional budgetary appropriations must be accompanied by goals, objectives, and performance measure. All new bills sponsored are expected to be related to specific goals and objectives outlined in the strategic plan.⁴⁰

The Utah plan hasn't penetrated local government to the extent that the Oregon plan has, but one of the goals in the government section is to make all jurisdictions (cities, counties, and associations of governments) mission-driven and results-oriented. Components of this are to include establishing processes for obtaining customer feedback, conducting sunset reviews and modifying or repealing out-of-date ordinances and programs, developing strategic plans with annual performance goals and assessing

⁴⁰ Personal Communication with Utah Governor's Office of Planning and Budgeting. Salt Lake City, Utah.

costs of government in relation to personal incomes and households.⁴¹ There is also a goal for promoting and protecting public participation in government. The *Utah Tomorrow Strategic Planning Committee* encourages counties and cities to use the state plan as an overall umbrella for their individual plans. Currently, 25 (86%) of Utah's 29 counties have plans, compared to 50% in 1993. Approximately 50% of Utah's 229 cities currently have plans.⁴²

The goals, objectives, and performance measures included in Utah's strategic plan are revised yearly by the *Utah Tomorrow Strategic Planning Committee*. This 17-member Committee currently meets monthly from May to December, and is comprised of Senators, Representatives, Cabinet-Level Officials, the State Planning Coordinator, a Mayor, the Governors Special Assistant for Education, a County Commissioner, a State Court Administrator and non-voting citizens. The Committee is jointly staffed through two positions; one from the Governors Office of Planning and Budgeting and one from the Legislative Office of Research and General Counsel.

Arkansas Strategic Planning

In 1989, the Governor and Legislature created a 27-member public/private entity entitled the *Commission for Arkansas' Future* which was charged with developing a state strategic plan. The issuance of the *Designing Arkansas: The State of the Future* in 1992 marked the culmination of a two year strategic planning process which included input from the legislative and executive branches of government, nearly 3,000 citizens, and advisory panels representing the business community, nonprofit organizations, state agencies, and the field of communications. While first year funding for the commission came from the private and non-profit sectors, subsequent funding came from private funds and a U.S. Department of Commerce Economic Development Administration (EDA) planning grant.⁴³

⁴¹ "An Overview - Governmental Reform." *op cit*

⁴² Personal Communication with Utah Governor's Office of Planning and Budgeting. Salt Lake City, Utah

⁴³ Southern Growth Policy Board, *op cit* .and Personal Communication. Former Member of *Commission for Arkansas Future*. Little Rock, Arkansas. 1996

The *Commission for Arkansas' Future* disbanded in 1995 with the cessation of EDA funding leaving behind the state's first detailed strategic plan. The Arkansas plan based upon the *Accountability Indicator Management System (AIMS)*, was inspired by Oregon's early successes and consists of the following five general areas:

1. Job opportunities and good wages
2. Life-long public education and employment training system
3. Exceptional environment and quality of life
4. Good citizenship
5. Leadership at the community and state levels

A total of 139 indicators reflecting areas of concern were prioritized to 46 designated as the most important indicators. These indicators were further categorized as: (1) critical, (2) urgent, (3) short-term (requiring attention within a five-year period), and (4) long-term (enduring measures of the states health and vitality). At the top of the critical indicators list are increased pay and weekly earnings, increases in job growth and job quality, the exporting of products, kindergarten readiness, decreases in births to teenagers and unwed mothers, the rate of infant mortality, and crime.

Although Arkansas' strategic planning future is unclear, its achievements place the state among early leaders in citizen-based strategic planning.⁴⁴

Texas Strategic Planning

A review of the relevant literature cites Texas as a state leader in performance-based budgeting. The Texas primary focus on "strategic budgeting" differentiates it from the states presented previously.

In 1991, the Governor of Texas outlined state priorities in *Blueprint for a New Texas*. One of the priorities outlined in this report was the establishment of a long range

⁴⁴ "An Overview - Governmental Reform," *op cit*.

strategic planning process for state agencies. A bill was passed by the 1991 Legislature establishing a statutory mandate for both state-wide and agency strategic planning. The Office of the Governor and the Legislative Budget Board with input from Texas citizens subsequently developed a vision, mission statement, and goals for Texas state government. The resulting document, *Texas Tomorrow* defined the functional missions of state government and set five-year goals in the following five areas:

1. Education
2. Health
3. Environment
4. Social and Economic Prosperity
5. Safety

In 1992, Texas' 250 state agencies which are governed by boards and commissions, implemented strategic planning processes. Each agency was charged with developing a mission, five year goals, objectives, and performance measurements which would move the state towards achieving the Governors overall targets and goals. Citizen input was key in these processes. Strategic Budgeting originated this same year with the integration of complementary initiatives in budget reform, strategic planning, and performance measurement. Agency strategic plans serve as the foundation for the strategic budgeting system, with appropriations requests being based on implementing a strategic plan over the next two years⁴⁵.

In April of 1996, *Vision Texas: The Statewide Planning Elements for Texas State Government* was published to guide the agencies with the formulation of their 1997-2001 strategic plans. Agencies are instructed to identify the functional goals to which their plans link as well as the statewide benchmarks which are influenced by their strategies. Their internal/external assessment is to also discuss the relationship between strategies and benchmarks.

⁴⁵ Southern Growth Policies Board, *op cit*.

In continually reviewing the state's progress towards its goals, Texas like Minnesota has found that the revision of some of their performance targets has been necessary, and that promotional measures are preferable to deficit measures.⁴⁶ The Director of the Texas Governor's Office of Budget and Planning reported to the authors through personal communication that the performance-based budgeting system is working well within the state, and that combining strategic planning with performance based budgeting has greatly increased accountability in their state government.

Benefits of State Strategic Planning⁴⁷

Conversations with state planners and a review of the relevant literature yields reports of the following benefits resulting from state strategic planning initiatives. The states discussed previously uniformly report that their planning efforts have proved to be worthwhile.

- *National attention for long-range planning efforts.* Some states have found their strategic planning efforts have made them more attractive to relocating businesses.
- *Improved state decision making when strategic planning is tied to the state budget process.* One key benefit is improved understanding of the rationale and purpose behind agency budgets.
- *Increased legislator awareness of state agency missions.* This has been a major shift from the previous focus on line-item appropriations.
- *Improved state agency performance.* Benchmarks and other performance measures have helped state agencies to focus on accomplishing specific goals more cost-effectively, and their employees have benefited by seeing the connection between performance measurements and the organization's mission.
- *Increased informal cooperation across functional areas at the agency level.* There is increased awareness of trying to get everyone going in the same direction. .

⁴⁶ Personal Communication. Texas Governors Office of Planning and Budgeting. Austin, Texas.

⁴⁷ Personal Communication with State Planners and Southern Growth Policies Board, *op cit*.

- *Citizen involvement helps build support for other state agendas.* One example is Minnesota's public support of the children's agenda. Linda Kohl, *Minnesota Milestones* Coordinator and Director of Minnesota Planning reports that "When people have solid information regarding children in their own communities, it can be a powerful tool for mobilizing citizens, the private sector, the non-profits, and other community interests to reform services for children and families".

Challenges of State Strategic Planning⁴⁸

Conversations with state planners and a review of the relevant literature yields reports of the following challenges in state strategic planning initiatives. The states discussed previously uniformly report that they have encountered barriers to their planning efforts.

- *Over time, planning efforts become increasingly sophisticated, requiring more complex levels of analyses.* One example is Oregon's attempts to determine what the return on investment will be for each benchmark (e.g. \$1 invested in child immunization programs will return \$10).
- *Budgetary shortfalls (as experienced by Texas) or, budgetary surpluses (as experienced by Utah), can result in diminishing strategic planning efforts.* Under these circumstances, agency managers and legislators must be convinced that strategic planning and performance measurement are valuable beyond budgetary appropriations.
- *Translating measures of output into measures of outcome can be difficult.* Most states' data collection activities have not been integrated with budgeting and accounting systems, resulting in the need for updated information system interfaces.
- *The provision of necessary training is a challenge in some agencies because it is not perceived as part of the agency's role.* Training is crucial to implementing performance measurements, and it must become a priority in those agencies.

⁴⁸ Personal Communication with State Planners. and Southern Growth Policies Board. Benchmarking Pioneers: States with Trailblazing Experience with Public Sector Benchmarking and Performance Measurement. Research Triangle Park, North Carolina. June 1994 Conference Proceedings. and An Overview - Governmental Reform: On a Roll. Public Leaders Speak Out" Creating Excellence in Government. Winter, 1996. Number 16.

Lessons Learned in State Strategic Planning⁴⁹

Conversations with state planners and a review of the relevant literature yields reports of lessons states have learned from their strategic planning processes. The states discussed previously uniformly report that they have learned from their planning experiences, and that with hindsight they would have done some things differently.

- *States should look to other states for “lessons learned”.* Identifying and adopting best practices is much more cost- and time-effective than trying to design a system from scratch.
- *Well trained staff or consultants are essential.*
- *The process developed should be designed as an ongoing function and not a one time plan.* This process should ensure continuity regardless of administrative and legislative changes.
- *A statewide scanning program designed to identify emerging issues is invaluable.* One example is Kentucky’s Long-Term Policy Research Center.
- *Continuing commitment and support from the Governor is crucial.* This will help to ensure that state agencies and the Legislature view the strategic planning process as a top priority.
- *Legislative involvement in the strategic planning process is crucial.* Suggested methods to involve Legislators include the (1) identification of Legislative champions as part of an effort to establish a bipartisan process, (2) the establishment of work groups which include legislators, (3) aggressive orientation for Legislators, focusing on performance budgeting and measurement concepts, and (4) working closely with the legislative branch to institutionalize the process.
- *Progress towards goals should be monitored by a bipartisan group.* Examples include Utah’s commission consisting of Senators, Representatives, Gubernatorial appointees, and State Court Administrator to provide overview; Oregon’s Progress Board which is a public/private partnership with foundation funding; and Kentucky’s Long Range Research Center (501(c)(3)) established under the executive branch funded by a one-time appropriation.
- *Don’t try to plan everything.* States may want to begin with a pilot and use lessons learned to implement the process statewide.

⁴⁹ Personal Communication with State Planners. and Senator John Rose. “Long Term Policy Development - The Kentucky Approach. 1992. and Southern Growth Policies Board, *op cit.* and An Overview - Governmental Reform,” *op cit.*

- *Public participation is key in developing meaningful goals and measures of performance.* It is difficult to maintain public input after the initial phase. States should develop mechanisms to keep the public involved on an ongoing basis.
- *Public relations is important.* A statewide communications process geared towards the press and media should be coordinated from the beginning.
- *All players need to be involved in the process from the beginning.*
- *There needs to be agreement among all parties regarding definitions of strategic planning terms.* Different consultants have different planning models and definitions which can be confusing. States should outline and publish agreed upon definitions. Utah did not initially present a common definition for performance measures, which reportedly set their process back at least a year.
- *There needs to be agreement among all parties regarding performance measurement information to be used.* It is especially important to obtain executive and legislative branch consensus on the purpose and use of the measures. Agencies need to have a sense of ownership of the specific performance measures for which they will be held accountable. Employees need to understand the connection between performance measures and their day-to-day operations.
- *Responsibility for guiding implementation efforts within a particular organization or agency should be delegated to a specific person who can be held accountable for the results.*
- *Agency training needs to be incorporated into the process from the beginning.* Fundamental changes in state employee mindset will be required. Training focusing on practical exercises in small group settings is preferred.
- *Answers need to be prepared for questions commonly asked by state employees.* These questions have included: Is this program going to last? How will information be used? What will happen if I don't meet my targets? What budget decisions will be made?
- *The plan needs to be used.* It should be a "living document", integrated into day-to-day operations. Ideally, it should be integrated into a state's budgeting process.
- *A focus on results may require the redesign of systems from the ground up.*

It is clear that much progress has been made and many lessons have been learned in strategic planning outside of New Mexico.

Chapter 5 will present an historical overview of selected New Mexico strategic planning efforts.

Chapter 5 Strategic Planning in New Mexico

“Neither a wise man nor a brave man lies down in the tracks of history to wait for the train of the future to run over him”. Dwight Eisenhower

Overview of Key New Mexico State-Level Strategic Planning Initiatives

Formalized planning efforts have been present in New Mexico state government for at least the past three decades. Past and present State of New Mexico employees report that over the years, state-level planning has been conducted by a variety of personnel under varying reporting relationships. Cited as key state planning initiatives were state government planning entities and state government planning task forces, each of which is summarized in the pages following. Key New Mexico First Town Hall state-level planning recommendations are also presented, due to their relevance to New Mexico state planning.

State Government Planning Entities

Since the late 1950's, there has been some form of planning entity at the state government level, established either by statute or executive order. These are reviewed briefly below.

- *1959 - 1978. Original State Planning Act / State Planning Office.* The *State Planning Act (4-20-1 to 4-20-7)* created the *State Planning Office* which was a state department headed by a Planning Officer appointed by and reporting to the Governor. The purpose of this office was to “function as the Governor’s staff agency in planning for the long-range, comprehensive, balanced development of the state’s natural, economic, and human resources and public facilities...and to prepare, recommend and keep up to date programs for the coordination, guidance, and use of agencies administering funds and statutes useful in the development,

exploitation, and conservation of such resources”.⁵⁰ In addition, Section 4-2-3.1 provided for planning assistance to Indian Tribal Governments and nonprofit entities.

- *1978-1983. State Planning Division.* The *State Planning Division* was created within the Department of Finance and Administration (DFA), headed by a Director appointed by and reporting to the Secretary of the Department of Finance and Administration. The purpose of this division was to “engage in comprehensive planning necessary to comply with United States government requirements to obtain funding for housing, human resources development, natural resources development and other comprehensive planning”.⁵¹ Specific responsibilities included: reviewing of federal grant applications; coordinating state agency plans including capital plans, assisting planning and development districts with developing grant proposals, and coordinating planning and budgeting functions with the DFA budget division. Provisions were also made for assisting Indian Tribal Governments and nonprofit entities.
- *1983 - present. Executive Planning Act / Governor’s Office of Policy and Planning.* In 1983, the *Executive Planning Act* was enacted to “achieve a coordinated and effective planning mechanism by which the executive branch will foster implementation of a comprehensive planning effort for the state of New Mexico through consolidation of the strategic planning effort for the state within the office of the chief executive, and through consolidation of the administrative aspects of state planning efforts within concerned executive agencies.”⁵² Section 9-14-3 of this act created the *Governor’s Office of Policy and Planning*, under which staff members were appointed by the Governor and called Governor’s Policy Assistants.

⁵⁰State Planning Act. Section 4-20-1 through 4--20-7. NMSA 1959. Santa Fe, New Mexico.

⁵¹State Planning Division. Article 6. Section 15-6-1 through 15-6-3. NMSA1978. Santa Fe, New Mexico.

⁵² Executive Planning Act. Section 9-14-1 through 9-14-4. NMSA 1983. Santa Fe, New Mexico.

The Policy and Planning Office was responsible for “providing overall plans for New Mexico state government in key areas such as, but not necessarily limited to, economic development, education, human and natural resources, and energy.” A key function of this office became the administration of Federal funds from various grants. The Secretary of the Department of Finance and Administration was also responsible for coordinating various state planning efforts including state agency plans for economic, natural resource, energy resource, and human resource development in accordance with directives from the *Governor’s Office of Policy and Planning*.⁵³

- *1991 - State Planning Act / State Planning Office*. In 1991, the *State Planning Office* was created in the Department of Finance and Administration Budget Division. The purpose of this office was to “function as the Governor’s staff agency in charge of planning for the long-range, comprehensive, balanced development of the state’s water resources, the orderly expansion of public facilities in keeping with the needs of a growing and expanding population, the financial requirements and methods of financing public facilities and public works...and to prepare, recommend, and keep up-to-date a balanced integrated, and coordinated program...to promote the health, safety, and welfare of the citizens of the state”.⁵⁴

The *Executive Planning Act* continues on record as an existing law,⁵⁵ although a formal *Governor’s Office of Policy and Planning* no longer exists. There are reports that there have been efforts at various times to “revive” the planning office, but none have been successful. It has been reported that the Governor and his senior staff are, however, currently applying strategic planning principles in the identification of major issues

⁵³Planning Powers and Duties of Secretary of Finance and Administration, Section 9-6-5.1 NMSA 1983. Santa Fe, New Mexico.

⁵⁴State Planning Act, House Bill 226. 40th Legislature / First Session 1991. Santa Fe, New Mexico.

⁵⁵ Personal Communication. Legislative Council Service. Santa Fe, New Mexico.

facing the administration in 1996-97 and in the formulation of strategies to address these issues. At a series of strategic planning meetings, an overall administration mission statement and broad policy goals were established in the areas of economic development, education, government, and crime. A next step will be implementation throughout the '98 budget cycle, with the reorganization of state government and the development of detailed department-level strategic plans.

State Government Planning Task Forces

There have been two recent Task Forces addressing state-level planning, the *1993 New Mexico Governor's Task Force on Government Efficiency* established by executive order, and *The 1994 New Mexico Horizons Task Force* established by statute. Both task forces looked to a variety of entities for experience and advice, including experts from other state governments and the private sector in an effort to recommend initiatives to improve the efficiency and effectiveness of New Mexico state government. Comprehensive reports were produced by both task forces, with each requesting legislative appropriations to support a committee to oversee the implementation and evaluation of their recommendations. Each of these task forces is discussed below.

1993 - New Mexico Governor's Task Force on Government Efficiency

The Governor's Task Force on Government Efficiency was created by Executive Order 93-28. This 14-member Task Force was assigned the primary duty of "examining the efficiency and effectiveness of New Mexico state government and recommending improvements to major management policies, practices, and functions."⁵⁶ The directives outlined for the Task Force were to:

1. "review and evaluate state government and program initiatives" and
2. "examine successful management initiatives in both the private and public sector that could stimulate innovation in state government"

⁵⁶ Report of the New Mexico Task Force on Government Efficiency, *op cit*.

The Governor's Task Force on Government Efficiency met monthly from September of 1993 to January of 1994, and looked to a variety of entities for experience and advice, bringing in experts from key states (Arizona and North Carolina) as well as conducting telephone interviews with eight other states thought to have goals similar to New Mexico's; hearing reports from selected New Mexico state agencies on innovations and impediments to achieving their missions; hearing reports from the Private Sector (BDM, Chevron, Motorola, and Science Applications International Corporation); and Lt. Governor Casey Luna, who reported on Total Quality Management principles and pilot projects in state agencies. New Mexico First also made a presentation outlining recommendations for the state, including "developing long-range forecasting models and improving the strategic planning and goal setting process."

The Governor's Task Force on Government Efficiency synthesized all of this information and developed the following recommendations, some of which could be implemented through executive action utilizing existing resources, while others required legislative authorization and additional funding. Although all of the Task Force recommendations in some way relate to strategic planning, the two outlined below are those found to be most relevant to this report:

1. Overall Recommendation: "New Mexico state government should develop a vision statement of its long term goals. Based upon the recommendations of the New Mexico First Town Hall on Government Expenditures, the Task Force recommended that the state "Prepare the equivalent of a strategic plan for the state of New Mexico - which will define the mission of government, enumerate the desired effects to the citizens of the state, and articulate the priorities for the next twenty years. This is a long-term recommendation and would require 1-2 years of effort to implement properly." A five-year planning horizon was recommended.
2. The Task Force also recommended that a *Government Efficiency and Effectiveness Oversight Committee* be created representing the private sector, and executive and legislative branches of state and local

governments. A legislative appropriation of \$500,000 was required to support the work of the committee.

The authors were unable to obtain specific information regarding the outcome of these recommendations, but it is clear that the New Mexico First Seventeenth Town Hall on Strategic Planning is definitely a step towards achieving the Task Force's overall recommendation regarding the development of a vision statement which reflects New Mexico's long term goals.

1994 - New Mexico Horizons Task Force

The *New Mexico Horizons Task Force* was established by Laws of 1994, Chapter 140; 1 to 8. This 31-member task force was assigned the primary duty of "in cooperation with the *Governor's Office of Policy and Planning*, study and review strategic planning processes in other states and determine the value such processes would have in New Mexico, recommending to the Legislature and the Governor a comprehensive strategic planning process for New Mexico that involves the greatest numbers of citizens of the state...." ⁵⁷ The specific duties outlined for the Task Force were:

1. "to study and review strategic planning processes in other states and determine the value such processes would have in New Mexico;"
2. "to recommend to the legislature and governor a comprehensive strategic planning process for New Mexico that involves in this goal-setting process the greatest number of citizens from all sectors of the economy and from all geographic areas of the state;"
3. "in coordination with the *Legislative Finance Committee*, the *Legislative Education Study Committee* and the *Department of Finance and Administration*, to review and assess how performance-based budgeting and other budgeting processes can assist in the implementation of any strategic plan developed for the state; and"

⁵⁷ Report of the New Mexico Horizons Task Force, *op cit*.

4. “to undertake other activities and make other recommendations related to strategic planning as the task force deems necessary.”

This statute also created a three year professional tax study committee charged with examining taxation including the foundation and goals of current and recommended tax policy. This committee was also charged with reviewing the long-term strategic planning recommendations of the *New Mexico Horizons Task Force*.

The *New Mexico Horizons Task Force* met from July through December of 1994. In a facilitated process, the Task Force looked to a variety of other entities for strategic planning experience and advice, bringing in experts from key states (Oregon, Utah, and Kentucky), related “umbrella” agencies (Council of Governor’s Policy Advisors and National Conference of State Legislatures), Municipalities (the City of Rio Rancho), the Public Sector (Sandia National Laboratories) and the Private Sector (Motorola).

The Task Force synthesized all of this information, utilizing it to develop a state strategic planning process adapted to suit the unique needs of New Mexico, which would answer the following fundamental questions: Where are we as a state? Where do we want to go? How do we get there? and How do we keep track of our progress along the way? In developing this process, the Task Force incorporated the following “lessons learned” which were determined to be appropriate for New Mexico planning⁵⁸

⁵⁸ Ibid.

New Mexico Horizons Task Force “Lessons Learned”

Features of Good Strategic Planning	Pitfalls to Avoid
<ul style="list-style-type: none"> • There is strong support from public and private leaders for the strategic planning effort, and they are actively involved in implementation efforts. 	<ul style="list-style-type: none"> • Don’t plan everything! Limit the scope to key areas of the economy and society
<ul style="list-style-type: none"> • The planning process is nonpartisan and involves all three branches of government. 	<ul style="list-style-type: none"> • Don’t disregard the role for public involvement. The public already feels disconnected from its elected officials. It is critical to involve as many citizens as possible in the process.
<ul style="list-style-type: none"> • The planning process encourages and relies on broad public participation. 	<ul style="list-style-type: none"> • Don’t rely on anecdotal evidence to make policy judgments. Ground the plan in data and solid analysis.
<ul style="list-style-type: none"> • Plans are compelling and brief and provide clear direction for strategic choices. 	<ul style="list-style-type: none"> • Don’t ignore the importance of milestones. Use many progress indicators and select them with public input.
<ul style="list-style-type: none"> • The planning outcomes are measurable, indicating organizational responsibility. 	<ul style="list-style-type: none"> • Don’t scatter the responsibility or accountability. Have clear linkages between decision-makers, program staff, other strategic planning efforts and evaluation teams.
<ul style="list-style-type: none"> • The vision and goals embrace an extended time horizon - 10 years is a minimum, and many states use 20- and 30- year time frames. 	<ul style="list-style-type: none"> • Don't ignore the Legislature. Today’s modern Legislature is inextricably involved in complex policy-making and budgeting.
<ul style="list-style-type: none"> • The plans have results and consequences that are clear to the public. 	<ul style="list-style-type: none"> • Don’t underestimate the importance of staff and expertise. The strategic planning staff and consultants should be the best and brightest.

Based upon these lessons, the *Horizons Task Force* December, 1994 report contains the following three key recommendations:

1. Establish a framework for a broad-based strategic planning process throughout the state. Their recommended process is simple, proven, and easily accessible to citizens. It consists of three major planning steps:

Envisioning and Imagining the Future; Choosing the Best Route to the Future; and Measuring and Checking Our Progress.

2. Create a broad-based Horizons Commission representing the legislative, executive, and judicial branches of the government as well as business and community leaders. Charge the commission with conducting and coordinating strategic planning through a process of statewide citizen participation. A legislative appropriation of \$400,000 would be required to support the work of the committee.
3. Provide adequate resources (expertise and funding) to develop and implement strategic planning in New Mexico over the next five years.

These recommendations coupled with accompanying legislation were designed to provide a starting point and describe a model process to use in strategic planning throughout New Mexico. The Horizons Task Force anticipated that following a full review of these recommendations by Governor Johnson and legislative action during the 1995 session, New Mexico would begin its formal strategic planning process in the spring of 1995.

The implementing legislation to establish a “Horizons Commission” funded with a \$400,000 appropriation was, however, not enacted at the 1995 legislative session. Indirect action stemming from the Horizons Task Force effort continues to appear however, including action at the 1996 session to develop a set of strategic action plans for the New Mexico public education system.

New Mexico First State-Level Planning Recommendations

Several of the New Mexico First Town Halls have culminated in recommendations relevant to a discussion of state-level planning initiatives. Following are recommendations resulting from Town Halls conducted in 1991 and 1992:

- *1991 - Recommendation of the New Mexico First Eighth Town Hall on Infrastructure: to Build a State.*⁵⁹ The recommendation was made for the State of New Mexico to develop a comprehensive long-range plan to rationally address its infrastructure problems. A state infrastructure planning and coordination process for all levels of government was identified to move New Mexico beyond basic services towards its quality of life and economic development goals was identified. It was further recommended that efforts among communities and with state level agencies be coordinated to avoid duplication and unnecessary costs.

- *1992- Recommendations of the New Mexico First Tenth Town Hall on Government Expenditures in New Mexico: Constraints and Choices.*⁶⁰ Recommendations were made to: (1) Institute a long-range planning and goal setting process that defines a vision for the state of New Mexico . As part of this process, the executive and legislative branches of government should take the lead by: ensuring that planning is comprehensive, fully integrated, and intermediate to long term; coordinate priorities with the Legislature to ensure government consensus; and develop a budget process that grows out of the planning process; and (2) Review all previous Town Hall reports to develop a draft vision statement for New Mexico in the year 2012. This draft would be taken to communities for input and reviewed in a local Town Hall Format (involving Town Hall Alumni) and the final version should be presented to the Governor and the Legislature for the 1994 session. This vision statement for 2012 would become the working document for the benchmark and goal setting body to coordinate. This document would articulate the priorities and vision for government, the private sector, and all citizens.

⁵⁹ University of New Mexico Engineering Research Institute and New Mexico First. New Mexico First Eighth Town Hall. Infrastructure: To Build a State. Las Cruces, New Mexico. October, 1991.

⁶⁰ University of New Mexico Institute for Public Policy and New Mexico First. Government Expenditures in New Mexico: Constraints and Choices. Gallup, New Mexico. November, 1992.

Overview of Strategic Planning in New Mexico State Government

Strategic Planning by New Mexico Cabinet Departments

As found in other states, the degree of strategic planning performed by New Mexico Cabinet Departments varies widely. Some departments have no written plan while others have published formal written plans including vision, mission, goals, objectives, strategies, and performance measures. Initiatives in cabinet-level strategic planning are evolving rapidly, and the authors would like to acknowledge that the following summaries represent only a snapshot of one period of time. The following pages contain brief synopses of selected cabinet department strategic plans, all of which are continuously evolving and changing.

Cabinet departments with *some components of a strategic plan* include Agriculture; Children, Youth, and Families; Corrections; Economic Development; Energy, Minerals, and Natural Resources; Environment; Finance and Administration; Health; Human Services; Labor; Taxation and Revenue; and Tourism. The following departments have the most comprehensive strategic plans:

- Children, Youth, and Families
- Economic Development
- Energy, Minerals, and Natural Resources
- Human Services
- Tourism

Children, Youth, and Families Department Strategic Objectives: Milestones and Metrics illustrates a strong strategic planning effort. It was published in July of 1995 with a planning horizon to FY97. The planning process included a senior management planning retreat and feedback from department employees. Included in this plan are vision, values, mission, ten goals representing priorities, each with a designated champion, accompanied by milestones (i.e. action plans with estimated time frames for completion) and metrics (i.e. things they intend to measure to assess progress), timelines,

and performance measures. The *New Mexico Human Services Department Strategic Plan and Metrics FY96* is another example based on a comprehensive planning process. It was published in October of 1995 with a planning horizon to FY96. The planning process included senior management planning retreats, feedback from HSD personnel throughout the state, and review and comments from various advocacy and stakeholding groups. Included are vision, mission, an overview of operations, six goals each with a designated champion, timelines, and performance measures.

The *New Mexico Department of Energy, Minerals, and Natural Resources* has developed a comprehensive plan which illustrates the planning process outlined in Chapter 3. This plan consists of a series of inter-related components for which each subsequent level increases in specificity, flowing from the department's overall vision and mission statements to broad initiatives issued by the Secretary to specific initiatives for each individual division.

Several of the departments have taken a longer range perspective. For example, The *New Mexico Department of Tourism Strategic Plan 1995-2000* was published in 1995 with a planning horizon to 2000. Included are trends, mission, an overview of operations, six major strategies, and comprehensive goals for five functional areas. The department also published a comprehensive marketing plan for 1995-1996. The *New Mexico Economic Development Department Strategic Plan* was published in 1993 with a planning horizon to 2000. Included in this plan are vision, mission, seven goals, and division objectives. The Department is currently in the process of updating their plan via an Economic Development Roundtable which includes input from the states seven economic and development districts. The *New Mexico Department of Health Strategic Plan* was published in 1995 with a planning horizon to 2000. Included in this plan are Priority Areas and measurable goals.

Cabinet Departments who report that they are currently developing or updating their strategic plans include Corrections, Personnel, Regulation & Licensing, and Taxation & Revenue. The *State Personnel Office (SPO)* reports that there are currently several initiatives underway to review and make recommendations regarding their strategic direction for their future. The Department has recently completed an intensive

review of their strategic plan with a focus on “concentrating on *SPO’S* essential statutory functions, reducing bureaucratic regulatory control, and improving customer service which seeking to carry out these functions in a more effective and efficient manner”.⁶¹ In addition, the Hobbs Initiative commissioned by Governor Johnson to review all aspects of state government has just delivered their findings regarding the State Personnel Office. Both the Personnel Board and a cabinet council appointed by the Governor are involved with reviewing State Personnel Board Rules. The *SPO* now faces the task of consolidating the results of these efforts into a comprehensive and cohesive strategic plan for approval by the Personnel Board and the Governor. The *Taxation and Revenue Department* is currently updating their *1993 Strategic Business Plan* which includes a comprehensive statement of their mission, goals, and objectives. The 1993 plan was developed as a starting point, and the department has continually invited comments from their stakeholders.

Cabinet Departments who report that they have no strategic plan available at this time include Finance & Administration, General Services, Highway & Transportation, and Public Safety. Finance & Administration do not have a strategic plan per se; but they do have a DFA/Local Government Reinvention Business Plan. One of the components of this plan is the “Enhanced Application of Planning”, which would raise planning to a level that it can effectively make community development projects work well, and to ensure that planning is coordinated among state agencies.⁶² The Highway and Transportation Department has developed a Statewide Transportation Implementation Plan (STIP) which at the time of this report had not been approved for release.

Table 5.2 presents a synopsis of strategic planning efforts by state cabinet departments. Vision and mission statements for these departments can be found in the appendices. The most striking finding in Table 5.2 is the lack of comprehensive department plans as defined in Chapter 3. Only 3 of the departments possess a document that meets the criteria of a comprehensive strategic plan based upon a methodical

⁶¹ Written Communication. State of New Mexico State Personnel Office. Santa Fe, New Mexico.

⁶²New Mexico Department of Finance and Administration. Executive Summary. DFA/Local Government Division Reinvention Business Plan. December, 1995. Santa Fe, New Mexico.

approach incorporating diverse sources of input. This table suggests that fewer than 50% of the cabinet departments even have formal objectives or performance measures to move them towards their goals. The value of measurable goals or objectives is well recognized and a fundamental basis for continuous improvement. It is difficult to ascertain how quality management processes are being implemented without the guidelines provided by measurable goals or objectives, or without carefully defined performance measures. It may be argued that the department plans do not require vision or mission statements because they fall under the overarching framework of the state's strategic plan. However, to our knowledge, the state has not yet published an effective plan which can provide guidance to the cabinet departments. Without the overarching definition of a state-level vision, mission, or objectives, it is difficult at the department level to specify strategic planning components which fall under and support the broader state concept. Such an argument is tenuous. The cabinet departments clearly have a responsibility to define a longer-run vision and to specify a current mission to guide decisions and explain direction for the future. In terms of formal planning effort, it appears that more cabinet departments could improve upon their commitment to provide strategic plan development and refinement.

Table 5.2

New Mexico Cabinet Departments' Strategic Plans

Department	Vision	Mission	Goals	Objectives	Strategies	Performance Measures
Agriculture		•	•	•		
Children, Youth, and Families	•	•	•	•	•	•
Corrections		•	•			
Economic Development	•	•	•	•	•	•
Energy, Minerals, and Natural Resources	•	•	•	•	•	
Environment		•	•			
Finance and Admin* <i>DFA/ local government reinvention plan .</i>			•		•	
General Services						
Health		•	•			
Highway and Transportation						
Human Services	•	•	•	•	•	•
Labor			•		•	•
Personnel						
Public Safety						
Regulation and Licensing						
Taxation and Revenue		•	•	•		
Tourism		•	•	•	•	

Strategic Planning For Education in New Mexico

As with other states, New Mexico has made planning for education a key priority.

Providing our citizens with a high quality educational experience is crucial to the future

well being of our state. Formalized planning efforts for education have been present in New Mexico for at least the past three decades. Past and present government employees and members of various commissions and task forces report that over the years state-level education planning has been conducted by a variety of entities. Cited as key planning entities are the following: *The New Mexico Legislative Education Study Committee*, *The New Mexico Commission on Higher Education*, *The New Mexico Education 2000 Panel*, and *The New Mexico State Board of Education*. Also cited are the following statutes: *1986 Section 21-2-6 NMSA 1978 "Statewide Planning"* and *Laws of 1996 Chapter 86 "Strategic Planning for Public Education Act (HB 83)"*, each of which is summarized in the pages following.

State Education Planning Entities and Plans

1965 - Establishment of State of New Mexico Legislative Education Study Committee

The *Legislative Education Study Committee (LESC)* was established as a permanent committee in 1965. This committee is composed of twenty-five legislators assisted by a permanent staff and is authorized by statute to "conduct a continuing study of all education in New Mexico, the laws governing such education and the policies and costs of the New Mexico education system..., recommend changes in laws relating to education, ...and make a full report of its findings and recommendations." As discussed below, the *LESC* was instrumental in the development of the proposal leading to the enactment of the *1996 Strategic Planning for Education Act*.

1994- Strategic Plan Developed by The New Mexico Commission on Higher Education

The *New Mexico Commission on Higher Education* is committed to the use of the long-range strategic planning process as a means to identify and prioritize appropriate educational goals and objectives for higher education. Its principal role is to provide leadership, as a coordinating body, to institutions of higher learning. Institutions have the authority to determine their own respective missions as set forth in statutory and constitutional provisions. In 1994, the Commission conducted a strategic planning process designed to guide New Mexico higher education in responding to the postsecondary educational needs during the coming decade. This planning process

included gathering information, reaching agreement on objectives, goals, and priorities, reaching agreement on recommendations, and implementing the plan. A key component in this process was a series of nine community meetings involving over 700 New Mexicans in Albuquerque, Clovis, Española, Roswell, Silver City, Springer, and surrounding communities. The Commission is responsible for monitoring progress in implementing the recommendations presented in the strategic plan.

1995 to Present - Legislative Education Study Committee (LESC), The Office of the Governor, and The State Board of Education (SBE) Developed Proposal for Creation of Strategic Planning Team for Education.

During the 1995 interim, the *LESC*, *the Office of the Governor* and the *SBE* developed a proposal for the creation of a strategic planning team. As a result, the *1996 Strategic Planning For Public Education Act* was passed by the Legislature and signed by the Governor. In April of 1996, the *LESC* appointed two subcommittees: The Strategic Planning Team Selection Subcommittee which will review nominations and develop a recommended list of individuals to be included in the 21-member team, and The Strategic Planning RFP subcommittee which will review proposals submitted in response to the RFP for a strategic planning facilitator. The *LESC*, *SBE*, and the *Office of the Governor* will be responsible for coordinating the strategic planning project, and staff for the project will be provided by all three entities.

1995 - Strategic Plan Developed by The New Mexico Education 2000 Panel

In August of 1994 New Mexico became the eleventh state to receive funding under the *Goals 2000: Educate America Act*, receiving a \$726,202 planning grant. As a result, a 32-member *New Mexico Education 2000 Panel* was established and charged with the following:

1. identifying the expectations of the act;
2. identifying and evaluating New Mexico's existing reform initiatives;
3. identifying gaps between expectations and what exists;
4. identifying resources and processes necessary to make systemic change;

5. make final recommendations which would form the base of the New Mexico Education 2000 State Improvement Plan.

The panel has been meeting regularly since October of 1994 and has successfully completed the above charges. The State Board of Education approved *New Mexico's Education 2000 State Improvement Plan* in June of 1995, and the plan was subsequently approved by the United States Department of Education (USDE). The USDE felt that New Mexico had made substantial progress in meeting the expectations of the Act, and in July of 1995 awarded second year funding in the amount of \$2,782,261. The panel will continue to meet to oversee the implementation and assessment of the plan and to administer Local Education Agency (LEA) subgrants, for which 60% of the first year funds and 90% of the second year funds were allocated. 40% of the first year funds were allocated to support the planning project, and 10% of the second year funds were allocated to support plan implementation and evaluation.⁶³

1996 - Strategic Plan Developed by The New Mexico State Board of Education

Consolidating Initiatives for Tomorrow's Education (CITE), published by The New Mexico State Board of Education in September, 1994 communicates the board's vision, mission, goals, initiatives and performance measures. *CITE* "empowers local communities and the citizens of New Mexico to join the State Board in finding new and better ways for students to reach their potential. It is a uniquely New Mexico effort which builds upon our strengths as a state, while guiding our path to the future."⁶⁴

State Statutes for Education Planning

1986 - Section 21-2-6 -NMSA 1978 "Statewide Planning"

Section 21-2-6 (enacted in 1978) states that the "state commission in carrying out its planning activities for post-secondary education shall consult with and invite the active

⁶³ Written Communication. New Mexico Education 2000. Santa Fe, New Mexico.

⁶⁴ New Mexico State Board of Education Consolidating Initiatives for Tomorrow's Education. Santa Fe, New Mexico. September, 1994.

participation of: representatives of post-secondary educational institutions, the state board of education, the state department of education, representatives of public and private elementary and secondary schools, the secretary of employment security, the labor commissioner, the apprenticeship council, the economic development and tourism department, the state advisory council on vocational education, the secretary of finance and administration, persons familiar with the education needs of the disadvantaged, handicapped and minority groups, representatives of business, industry, organized labor, and agriculture, the general public, and private post-secondary institutions.⁶⁵

1992 HM 63 and SM 48

These memorials required the State Board of Education to coordinate all education restructuring in the state, resulting in the establishment of the *Systematic Change Education Advisory Committee (SCEAC)*, which met for two years culminating with recommendations for areas such as standards, governance, professional development, etc. These recommendations have been adopted by a number of education reform projects, including *New Mexico Education 2000*.⁶⁶

1996 - Laws of 1996 - Chapter 86. "Strategic Planning for Public Education Act (HB 83)".

It is the purpose of the *Strategic Planning for Public Education Act* to:

1. "Develop a statewide strategic plan for public school education that provides a well-defined vision and articulated steps to achieve national preeminence in education;"
2. "Gain statewide consensus by encouraging the Governor's Office and related state agencies, the legislature, the state board of education, the state department of public education, local boards of education, school personnel, parents, students, the business community and each school

⁶⁵ 21-2-6 Statewide planning: participating agencies and persons.

⁶⁶ Written Communication. New Mexico 2000. Santa Fe, New Mexico.

district's community to work together toward a common goal of improving educational opportunities and performance of all New Mexico's children and youth;" and

3. "Develop a plan to coordinate the state-level planning cycle with the budgeting cycle to ensure that the strategic plan drives state-level funding decisions."

This process is to be facilitated through a "public education strategic planning team" composed of thirty members representative of the state's geographical areas and diverse population which will function through December 31, 1996. The staff for this team is to be provided by the Legislative Education Study Committee, the Governor's Office, and the State Board of Education. The team is to allow for the autonomy of local districts and shall take into account existing initiatives including those of the Legislative Education Study Committee, the State Board of Education's Consolidating Initiatives for Tomorrow's Education, School-to-Work, as well as those of other state agencies and state and local districts. The report of findings and recommendations are to be made no later than November 15, 1996.

Regional Planning Entities

- *1967-present. Regional Planning Act / Regional Planning Commissions.* The *Regional Planning Act* created the *Regional Planning Commissions* whose functions were to "prepare and revise, amend, extend, or add to a plan or plans for the development of the region. The plans should be based on studies of physical, social, economic, and governmental conditions and trends, and shall aim at the coordinated development of the region in order to promote the general health, welfare, convenience, and prosperity of its people".⁶⁷

⁶⁷Regional Planning Act. Article 56. Sections 3-56-1 through 3-56-9. NMSA 1978. Santa Fe, New Mexico.

Overview of Strategic Planning by Local Government Units

Strategic Planning by State Planning and Development Districts

New Mexico has seven State Planning and Development Districts located throughout the state, which represent voluntary associations of local governments. These districts are called *Economic Development Districts (EDD)* if designated as such in 1967 by the Economic Development Administration (EDA) or *Council Of Governments (COG)*. Both entities are currently funded by the Economic Development Administration. The amount of formal planning varies between districts, but key planning and development areas include: Air Quality, Economic Development, Environmental Resource Management, Grant and Loan Applications, Regional Information Databases, Planning Education and Training, Technical Assistance, Transportation, and Water Quality. Some of the districts have developed plans which are highly detailed and representative of comprehensive planning processes. Many of the COGs also provide group facilitation for strategic planning and problem solving for various groups within their respective districts.

Economic Development Planning

As required by the Economic Development Administration, Overall Economic Development Plans (OEDPs) are undertaken by all of the State Planning and Development Districts. OEDPs identify programs and projects which will facilitate and stimulate economic development in the districts. Local economic development plans allow local entities to qualify for EDA and other Federal economic funding programs.

Transportation Planning

Transportation Planning is undertaken at both the regional and metropolitan levels. To develop statewide transportation plans and programs while providing a mechanism for public and agency participation, the New Mexico State Highway and Transportation Department (NMSHTD) has established a regional transportation planning process which is based on substate districts. In most districts, the existing Councils of Governments or

Economic Development Districts are the designated Regional Planning Organizations (RPOs). In some districts, the process is being administered by NMSHTD planning staff and in one district the process is being administered by the Eight Northern Pueblos.⁶⁸

Transportation Systems Planning addresses the following areas: Current Street and highway system, bridges and drainage systems, scenic and historic byways, pedestrian and bicycle facilities, public transportation, rail facilities, aviation system, and traffic monitoring.

Water and Air Quality Planning

The planning and management of water resources and air quality are long-term processes of regional scope. The five planning districts focusing on water quality provide basic information and guidance to local governments to carry out a water quality management program, particularly in rural areas and suburban communities where local resources and capabilities may be limited. Only one district, the Middle Rio Grande Council of Governments is involved in air quality planning.

Table 5.3 presents a brief synopsis of the types of plans completed by New Mexico's seven State Planning and Development Districts. Every district has developed an Overall Economic Development Plan. 71% of the Districts report the presence of a Water Quality Plan and a Transportation Plan. The frequency with which the plans are updated varies, with the Economic Development Plans being updated annually. Additionally, the sources of input vary along with the overall architecture of the planning process. No single model or approach dominates. It is clear that the separate district efforts facilitate the formation of the overarching plan prepared by the Economic Development Department.

Table 5.3

New Mexico State Planning and Development District Plans

⁶⁸ Middle Rio Grande Council of Governments. 1996 Regional Transportation Program for State Planning and Development District 3. Albuquerque, New Mexico. January, 1996.

Organization	Type of Plan(s)
Middle Rio Grande Council of Governments Counties: Bernalillo, Sandoval, Torrance, Valencia Location: Albuquerque	Overall Economic Development Regional Air Quality Long Range Transportation Regional Transportation Regional Water Quality
Eastern Plains Council of Governments Counties: Curry, De Baca, Guadalupe, Harding, Quay, Roosevelt, and Union Location : Clovis	Overall Economic Development Regional Housing Regional Water Quality Comprehensive County (in partnership with counties)
North Central New Mexico Economic Development Districts Counties: Colfax, Los Alamos, Mora, Rio Arriba, San Miguel, Santa Fe, Taos Location: Santa Fe	Overall Economic Development Regional Housing Regional Land Use
Northwest New Mexico Council of Governments Counties: Cibola, McKinley, San Juan Location: Gallup	Overall Economic Development Regional Transportation Regional Water Quality
South Central New Mexico Planning and Development Districts Counties: Doña Ana, Sierra, Socorro Location: Truth or Consequences	Overall Economic Development Infrastructure Capitalization Regional Transportation Regional Water Quality
Southeastern New Mexico Economic Development District Counties: Chaves, Eddy, Lea, Lincoln, Otero Location: Roswell	Overall Economic Development Regional Transportation
Southwest New Mexico Council of Governments Counties: Catron, Grant, Hidalgo, Luna Location: Silver City	Overall Economic Development Regional Transportation Regional Water Quality

Strategic Planning by Counties

In April of 1996, a New Mexico County Strategic Planning Survey was mailed to New Mexico’s 33 County Managers. 29 of the 33 responded, resulting in a response rate of 88%. As the tables below illustrate, slightly less than half of these 29 counties have a formal strategic plan containing the elements outlined in Chapter 3 developed through the use of a formalized planning process.

Table 5.4
New Mexico County-Level Planning

Percent <u>With</u> Strategic Plan	Percent <u>Without</u> Strategic Plan
48%	52%

Table 5.5
New Mexico County-Level Plan Components

Planning Process	Percent With Component
Vision Statement	31%
Mission	45%
Goals	41%
Objectives	41%
Performance Measures	17%
Completion Dates	24%

Table 5.6
New Mexico County-Level Planning Processes

Planning Process	Percent Utilizing
Group Meetings	48%
Group Facilitator	38%
Input from Citizens	45%
Input from Government Officials	48%
Assessment of Current Situation	41%

Strategic Planning by Cities

In April of 1996, a New Mexico City Strategic Planning Survey was distributed to New Mexico City Managers. Responses were received from Albuquerque, Aztec, Gallup, Las Cruces, Silver City, and Taos. Although this is not a comprehensive sample, the results are summarized in the tables below. As these tables illustrate, the majority of these cities have a formal strategic plan containing the elements outlined in Chapter 3.

Table 5.7
New Mexico City-Level Planning

Percent <u>With</u> Strategic Plan	Percent <u>Without</u> Strategic Plan
100%	0%

Table 5.8
New Mexico City-Level Plan Components

Planning Process	Percent With Component
Vision Statement	100%
Mission	67%
Goals	100%
Objectives	100%
Performance Measures	100%
Completion Dates	100%

Table 5.9
New Mexico City-Level Planning Processes

Planning Process	Percent Utilizing
Group Meetings	100%
Group Facilitator	100%
Input from Citizens	67%
Input from Government Officials	100%
Assessment of Current Situation	100%

Strategic Planning by Indian Nations

There are 21 separate sovereign New Mexican Indian Nations consisting of both tribes and pueblos which must also be considered when planning for the states future. Planning for these nations is often fragmented (e.g. some Federal funding programs consider the Indian nations as separate entities, while others include them as part of larger geographical areas) and not well-coordinated with other planning entities. Reports of a growing rift between New Mexico state government and New Mexico tribal governments illustrate the lack of integration of these entities. Roy Bernal, Chairman of the All Indian

Pueblo Council told the Albuquerque Journal that “For both the tribes and the state of New Mexico to operate, there must be cooperation...or an inevitable break will occur in which both the tribes and the state stand to loose”.⁶⁹ Mescalero Apache President Wendell Chino stated that the “first building block in an improved tribal-state relationship is an understanding by the state that tribes have jurisdictions, rights, and resources that they must protect.” The state’s relationship with the Indian Nations will be the focus of an upcoming summit which will include representatives from the Indian Nations and all three branches (executive, legislative, and judiciary) of New Mexico State Government.

New Mexico Planning Summary

It is evident from the initiatives summarized in this chapter that much has already been done by various entities to plan for New Mexico’s future. These entities are to be commended for their efforts. It does not appear however that efforts have been made to standardize plans and/or planning processes or to coordinate the plans developed by New Mexico State Government, Counties, Cities, Educational Entities, Indian Nations, and Planning and Development Districts. Other states have found that an overarching state strategic plan helps to provide guidance to entities such as these, and helps to avoid duplication and fragmentation of individual planning efforts.

⁶⁹ Tom Cole. Journal Capital Bureau. “Indians Seek Summit With State’s Leaders. Improving Relations Would Be Only Item”. The Albuquerque Journal. April 24, 1996.

Chapter 6 Elected Leadership—Some Perspectives

Letters From Elected Leadership

In the spring of 1996, New Mexico First President Arlene Roth and Strategic Planning Town Hall Co-Chair William E. Schuler sent letters to New Mexico Governor Johnson, the twenty-two Tribal Governors, members of the New Mexico State Legislature and members of the New Mexico Congressional Delegation, asking them to respond to the following:

“What are your thoughts on the major issues we will be facing in New Mexico over the next five to ten years?”

“What are the major issues you see from your tribes’ point of view as they relate to the State of New Mexico?”

Responses were received from the following:

1. Jeff Bingaman. United States Senate.
2. Ted Hobbs. New Mexico House of Representatives.
3. Emmit Jennings. New Mexico State Senate.
4. Timothy Jennings. New Mexico State Senate.
5. Gary Johnson. New Mexico Governor.
6. Bill Richardson. United States House of Representatives.
7. Raymond Sanchez. New Mexico House of Representatives.
8. Steve Schiff. United States House of Representatives.
9. Joe Skeen. United States House of Representatives.
10. W.C. “Dub” Williams. New Mexico House of Representatives.
11. Robert Yazzie. Navajo Nation Judicial Branch.

Their responses are published in this chapter.

Chapter 7 Prospects for a Collective Vision for New Mexico

Issues in Developing a Collective Vision

Strategic Planning for New Mexico is a widely supported concept that has yet to be effectively achieved. Past Town Halls conducted by New Mexico First have consistently and enthusiastically underscored the need for and importance of strategic planning. Numerous public, private, and nonprofit sector at the local, county, and state levels have entered into the vision-setting or strategic planning processes. Nonetheless, a collective vision for New Mexico and a fundamental strategic plan for achieving that vision remain elusive. The Seventeenth New Mexico First Town Hall provides an opportunity to establish such a vision and plan.

As this background report suggests, a promising vision and strategic plan for New Mexico will address the following issues:

- *Unique New Mexico Needs.* Although it is essential to understand and build upon the lessons from strategic planning in other states, New Mexico deserves a vision which recognizes its' inherent qualities and constraints. It would be unwise to adopt another state's plan on a wholesale basis.
- *Bipartisan Political Support.* To the greatest extent possible, New Mexico's collective vision should benefit from legislative and executive branch buy-in. Recent history has demonstrated that the planning process bogs down when either branch fails to become involved.
- *Citizen Input.* As many other states have discovered, citizen input is fundamental to a widely embraced plan. Decentralized planning is a prerequisite to a supportive environment for implementation.
- *Coordination.* Many strategic planning or vision setting efforts have been completed or are in the process of being completed. Nonetheless, there is a significant gap in the extent of coordination among the disparate efforts.

The lack of coordination is compounded by fragmented governmental districts at many levels. Some, such as the Native American Nations have been inadvertently left out of planning processes that deserve full participation from all constituents.

- *Private Sector Integration.* Most states including New Mexico, have done little to integrate public, nonprofit, and private sector planning. Consequently, state-wide visions tend to overemphasize governmental concerns and solutions. This fails to capitalize on the knowledge and resource base of important private and nonprofit organizations.
- *Planning Without Implementation Accountability.* Due to the political nature and cycles of government, it is apparent that more effort is focused on planning (i.e., the development of plans) than on implementation and assessment of implementation results. In this respect, there is a prevalent tendency to study the issues with little emphasis on putting plans into action, or to periodically take a hard look at what planning has accomplished or failed to accomplish.
- *Foresight of Leaders.* A collective vision can benefit from recognizing the common denominators of future concern identified by leading politicians and government officials in this report such as: Crime, Education, Economic Development, Government Efficiency, Health Care, Infrastructure, Natural Resources, and Quality of Life.

The Seventeenth New Mexico First Town Hall provides a forum by which these issues can receive rich discussion and consideration in building a collective vision for an improved future for all New Mexicans.

APPENDIX:

NEW MEXICO VISION STATEMENTS

NEW MEXICO MISSION STATEMENTS

Appendix New Mexico Vision Statements

New Mexico Children, Youth, and Families Department

Our vision is for the Children, Youth and Families Department to provide high quality essential services at reasonable cost to the people of New Mexico.

New Mexico Economic Development Department

New Mexico is a state that capitalizes on its high quality of life and unique cultural diversity to promote enterprise and economic development in a manner that is consistent with local community values. It recognizes and promotes individual independence and entrepreneurship but blends that with collaboration as a way to add value to individual efforts.

New Mexico State Board and State Department of Education

The State Board of Education, by the authority of the New Mexico State Constitution, sets policy and direction for the education of all students in New Mexico. We believe that education must challenge all students to reach their potential and must involve all citizens of the state.

New Mexico Energy, Minerals and Natural Resources Department

Our vision is a New Mexico where all citizens are responsible stewards of the natural resources which enrich their lives and those of future generations.

New Mexico Human Services Department

The Human Services Department provides resources and supports the most vulnerable in time of need. Our vision is to create an organization that frees families and individuals

from dependency and assists them to go forth and make their own future. The Human Services Department is committed to strengthening communities in New Mexico

Appendix New Mexico Mission Statements

New Mexico Department of Agriculture

The New Mexico Department of Agriculture is devoted to five goals which govern the activities of the department. These five goals serve to focus the department to protect the citizens of New Mexico in the enforcement of agricultural and consumer service laws passed by the Legislature and to serve as an advocate for the agricultural community where state and Federal issues, regulation and laws impact agriculture and property rights. Additionally, the goals ensure a professional and efficient work environment.

New Mexico Children, Youth and Families Department

We are dedicated to enhancing the safety, dignity and well-being of children, youth and families in New Mexico. We protect children and adults from abuse, neglect, and exploitation; we operate the juvenile corrections system; and we seek to prevent abuse, reduce juvenile crime, rehabilitate juvenile offenders, promote quality child care and support healthy families.

New Mexico Department of Health

Four key priority areas developed for the Department of Health reflect their mission: Partnership with others in the development of a comprehensive healthcare delivery system; Facilitating prevention, promotion, and education; Fiscal responsibility and management; and Ensuring quality of care.

New Mexico Economic Development Department

The Economic Development Department exists in order to help improve the economic status of New Mexicans by encouraging the development of enterprises within the state. It provides technical assistance, marketing promotion, and financial support in pursuing economic development. The department works as a partner with local companies in

developing and implementing processes that enable them to develop in accordance with local desires. It acts as a leader in promoting business development in New Mexico, in recruitment of new business to the state, in focusing on retention and expansion of the existing base, as well as promotion of New Mexico as a place for new enterprises to begin. In its capacity as a leader, it prepares and updates a strategic plan in order to provide guidance and establish common goals, and coordinates with other government and private sector entities in pursuing these goals.

New Mexico State Board and State Department of Education

The State Board of Education, through its Constitutional duties and responsibilities, affirms that the primary purpose of schools in New Mexico is to provide equal opportunities for all students. The purpose of schools, therefore, is to guarantee that students reach their full potential by mastering learning skills and knowledge and by acquiring desirable personal qualities and values. The State Board of Education believes that local control and direction will best accomplish the shared responsibility and leadership necessary for the effective and efficient use of public and private resources and for the continuing involvement of parents and communities in the educational process. The mission will be carried out by the policy leadership of the State Board of Education through the State Department of Education.

New Mexico Energy, Minerals and Natural Resources Department

The mission of the Energy, Minerals and Natural Resources Department is to provide leadership in the protection, conservation, management and responsible development of New Mexico's natural resources.

New Mexico Environment Department

Preserve, protect and perpetuate New Mexico's environment for present and future generations.

New Mexico Human Services Department

The Mission of the Human Services Department is to lead welfare reform in New Mexico. Human Services will forge partnerships with families and individuals to replace dependency with self sufficiency and self reliance; serve vulnerable populations to meet basic needs; and require program accountability.

New Mexico Taxation and Revenue Department

Taxation and Revenue employees are committed to providing the highest level of service to the citizens of the State of New Mexico. We will, with courtesy, impartiality and efficiency, collect revenues from taxpayers, provide driver and vehicle related services and enforce commercial vehicle safety regulations. We will timely and accurately distribute tax revenues to other governmental agencies for the provision of essential services to the citizens of the state. We will advise the Legislature on productive, innovative and practicable methods to administer taxes and vehicle services. We will remain a recognized leader in our field through the efficiency of our operations, our innovation and our participation in nationally tax and motor vehicle organizations. We will provide a safe, comfortable and challenging work environment to attract, develop and retain competent and self-fulfilled employees.

New Mexico Department of Tourism

The mission of the Department of Tourism is to promote and develop economic growth in the state through a strong visitor industry that will enable New Mexico to benefit environmentally, culturally, as well as economically, while maintaining and improving the quality of life for our citizens.

APPENDIX

SAMPLE STATE-LEVEL VISION AND MISSION

STATEMENTS

Appendix Vision Statement for Oregon

A Vision of the Next Two Decades

The strategies we outline here stem from a vision of Oregon that we are well positioned to achieve. Here is the essence of that vision:

The Best Would be Retained

Oregon's values would be much the same. As summarized in 1986 by the Oregon Futures Commission, Oregonians value sustained and well managed economic development, innovation and creativity, pride in our natural heritage, quality education for all citizens, individual energy and spirit, and strong ethical leadership.

Oregon's quality of life would be undiminished. Well-located industrial land would be available and competitively priced, especially compared to settings like Seattle and Los Angeles. Power would be plentiful and affordable. Water would be clean and abundant. The work force would be well educated and productive. Our communities would boast excellent, affordable housing, efficient services, good schools, and minimal congestion. Our buildings, bridges, and roads would be well maintained. Our communities, streets, and highways would be uncongested. Both east and west of the Cascades, our natural environment would remain unspoiled and accessible, offering year-round outdoor recreation.

A New Economy and Cultural Life Would be Evident

It would be evident two decades from now that Oregon's process of diversification had continued. Forest products and agriculture would still be important industries, but Oregon would be refining its woods and crops into smaller finished goods, creating more jobs for Oregonians and a larger export market.

Industries requiring skilled, knowledgeable workers would abound, and Oregon would be a noted producer of products in microelectronics, computer software, biotechnology,

specialty metals and light manufacturing. Oregon's professional services would rank among the best in the country, and would be sought out by clients in other states and regions. Oregon would boast a wealth of tourist attractions throughout the state and would be a popular destination for foreign and domestic visitors. At the Portland International Airport, one would hear visitors and Oregonians conversing in international languages. Significantly, healthy economic enterprise would be evident throughout Oregon—not just in the Willamette Valley, but in Pendleton, Burns, Coos Bay, Medford, and other points on the compass.

The work force would be Oregon's pride. Children who were toddlers in the late 1980's would be entering the work force with self-confidence and an array of skills suited to the challenges of Oregon's industries. Older workers would also be securely employed in knowledge-intensive industries, including workers displaced by the contraction of traditional resource industries. Such workers would result from investments begun in the late 1980's—programs to strengthen families and enrich the development of young children; increased attention to basic skills, problem solving, and foreign languages in our grade schools, high schools, and post-secondary institutions; and retraining for older workers displaced from low-skilled jobs.

Individual Oregonians would be more prosperous. Since the turn of the century, income per capita will have equaled or exceeded the national average, a rate Oregonians hadn't enjoyed since the late 1970's. While the quality of Oregon's work force will have grown significantly, its size will have grown moderately. Oregon will not have had to grow its economy by importing workers to take low-skilled, low-paid jobs.

Quality would be the hallmark in all phases of Oregon life—quality jobs, workers, products, attractions, communities, environment and overall quality of life. All these hallmarks of quality would be present alongside and within a dynamic, competitive, internationally oriented economy.

Appendix Vision Statement for Minnesota

Vision

We Minnesotans like our state. We believe Minnesota is a good place to raise a family, to go to school, to enjoy life. We appreciate the natural beauty, the friendliness and sense of community, the good government, and the diverse economic opportunities. We believe strong values are important—spiritual beliefs, individual responsibility, volunteering, the work ethic and sharing with others. We appreciate our cultural diversity. These are the personal values that Minnesotans cherish and want to carry into the next century.

Minnesotans do not want growth and change to overpower our quality of life. We want to plan for the future. We want to deepen the values that have guided earlier generations that have made Minnesota a leader in the nation. We want to begin now to build an even better place to live, a Minnesota to pass on proudly to our children and grandchildren.

When we talk about our hopes for the future, we share a vision with these common themes:

- Minnesota will be a community of people who respect and care for one another.
- We will protect and enjoy the natural world.
- Minnesota will have an economy that creates and shares wealth.
- Our citizens will be good thinkers, creative, always learning, with the skills to compete internationally.
- Our government will be responsive, efficient and close to its citizens.

Appendix **Vision Statement for Utah**

Vision

We, the people of Utah, stand at the edge of a new frontier. In a world of rapid economic, social, environmental, and technological change, we confront bold challenges and rich opportunities.

Building upon our diverse cultures, our pioneering spirit, and our belief in the inherent worth of every person we seek to:

Nurture a tolerant, just, and compassionate society that honors integrity, values strong families, welcomes diversity, and promotes positive moral values.

Educate our citizens by providing an environment that supports life-long learning and occupational skills and that enables Utahns of all ages to reach their potential as productive and responsible individuals.

Build a statewide economy and infrastructure that supports a broad spectrum of opportunity for all citizens while advancing the standard of living and maintaining a high quality of life.

Enhance our local and global environment through prudent development, conservation, and preservation of our natural resources while protecting public health.

Promote personal well-being by encouraging healthy lifestyles and disease prevention, and by supporting access to quality health care at an affordable cost for all Utahns.

Broaden our understanding and celebration of the human experience by supporting opportunities in our communities and institutions for artistic and

cultural expression, and by nurturing and protecting our diverse cultural, historic, and artistic heritage.

Encourage self-sufficiency while helping those with special needs to lead productive, fulfilling lives.

Protect our society by supporting a justice system that allows Utahns to enjoy a quality lifestyle consistent with the rights and liberties guaranteed under the United States and Utah Constitutions.

Assure open, just, and accountable government.

Strengthen our free enterprise system while providing a reasonable regulatory environment that protects our citizens.

Prepare ourselves, our state, and our children for the challenges of tomorrow, today.

Appendix Vision Statement For Texas

Vision

Together we can make Texas a beacon state. A state where our laws encourage jobs and justice. A state that frees our greatest resources—our people—to achieve their highest potential. A state where our children receive an excellent education so they have skills to compete in the next century. A state where people feel safe in their communities, and all people know the consequences of committing a crime are swift, sure, and outweigh any potential reward. And a state where each citizen accepts responsibility for his or her behavior. We envision a state where it continues to be true that what Texans can dream Texans can do.

APPENDIX

WHERE DO WE GO NEW MEXICO?

Appendix - Where Do We Go New Mexico?

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Glossary

- **Goals** are the long term end towards which programs and activities are directed.
- **Mission statements** define what an organization seeks to accomplish through its activities.
- **Objectives** are clear targets for specific actions. They are more detailed those goals and have shorter time frames. An objective is achievable, measurable, and sets the direction for strategies. A single goal may have multiple objectives.
- **Performance-Based Budgeting** is the allocation of resources to achieve specific objectives based upon goals and measured results. The basic principle of performance-based budgeting is accountability.
- **Performance measures** are tools or indicators of the actions in achieving a given objective or goal.
- **Strategic planning** is a long-term, future-oriented process of assessment, goal setting, and decision making that maps an explicit path between the present and a vision of the future. It relies on careful consideration of an organization's capabilities and environment, and leads to priority-based resource allocation.
- **Strategies** are methods to achieve goals and objectives. A strategy is the means of transforming inputs into outputs and outcomes.
- **Vision statements** are an inspiring picture of a preferred future. It is the engine that drives strategies. A vision is not bound by time, represents global and continuing purposes, and serves as a foundation for a system of strategic planning.