F I S C A L   I M P A C T   R E P O R T

SPONSOR Ortiz y Pino

ORIGINAL DATE 2/14/17
LAST UPDATED 2/15/17

HB

SHORT TITLE Family Support Services Info to LFC

SJM 18

ANALYST Klundt

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Children, Youth and Families Department (CYFD)

SUMMARY

Senate Joint Memorial 18 (SJM 18) requests the Children, Youth and Families Department (CYFD), Department of Health (DOH), and Human Services Department (HSD) provide the Legislative Finance Committee (LFC) eligibility, eligibility thresholds, and other requirements for participating in or receiving family support service benefits by July 1, 2017.

This information will be used by New Mexico First to convene a taskforce in which the cliff effects of family support services will be reviewed. The joint memorial asks that recommendations to mitigate these effects be reported to the LFC and Legislative Health and Human Services (LHHS) by July 1, 2018.

FISCAL IMPLICATIONS

There are no appropriations attached to this bill. If reprioritized by the LFC, any additional fiscal impact may be absorbed by the operating budget.

SIGNIFICANT ISSUES

SJM 18 is an evaluation of several executive agencies and programs which are administered by these agencies. The memorial is concerned with the "cliff effect," for potential working families with a minor increase in income to lose eligibility for programs that allow them to work, such as child care assistance, transportation, food stamps, and reduced lunch programs.

The mission of the Legislative Finance Committee (LFC) is to provide the Legislature with objective fiscal and public policy analyses, recommendations, and oversight of state agencies to improve performance and to ensure accountability through the effective allocation of resources for the benefit of all New Mexicans. The LFC consistently evaluates public policies impacting economic opportunity and reducing poverty. Several previous LFC evaluations published by staff are relevant to this memorial. The LFC Evacuation Unit maintains a work plan of evaluations approved by the LFC. This study is not currently on the work plan and would require a reprioritization of pending evaluations if LFC has to evaluate or review data.

The child care assistance (CCA) program, administered by the Early Childhood Services (ECS) Division of the Children, Youth and Families Department is one of the family support services identified within this memorial. CCA provides assistance to families by paying for their child care costs while they work and/or attend school.

CCA is primarily federally funded through the Child Care Development Fund (CCDF) of the Child Care Development Block Grant (CCDBG) and therefore must adhere to regulations set forth within **Federal Register** / Vol. 81, No. 190 / Friday, September 30, 2016 / Rules and Regulations.

The CCDBG was reauthorized in November 2014 for the first time since 1992. Two significant requirements relating to this memorial within the CCDBG reauthorization is that states must implement a graduated phase out of eligibility and a 12 month certification for families receiving CCA. It’s important to note that the CCA program of CYFD has had in place a graduated eligibility phase out for the past several years. It’s also worth noting that the 12 month certification, implemented October 1, 2016, may help in addressing the churn effect of the CCA program mentioned within this memorial.

One requirement within the federal regulations cited above is that families receiving CCA cannot exceed 85 percent of the state median income. The citation is as follows:

> ***§ 98.20 A child’s eligibility for child care services.***
> *(a) To be eligible for services under § 98.50, a child shall, at the time of eligibility determination or redetermination:*
> * * * * *
> *(2)(i) Reside with a family whose income does not exceed 85 percent of the State’s median income (SMI), which must be based on the most recent SMI data that is published by the Bureau of the Census, for a family of the same size….*

While CYFD does not object to engaging in additional conversations surrounding the cliff effect topic as it relates to CCA, it’s important to note that the exit eligibility for the CCA program is already equivalent to or in some cases above the 85 percent state median income threshold set by federal regulations. Therefore, if and when this threshold is exceeded to mitigate the cliff effect for families receiving CCA, the State will be responsible for the full and complete cost of child care for families whose income exceeds 85 percent state median income and no federal dollars are authorized to be used.

OTHER SUBSTANTIVE ISSUES

It is unclear if data from this memorial would contain personally identifiable information. LFC and CYFD have previously shared personally identifiable information under a memorandum of understanding in which the LFC protected information in line with internal policies and procedures. Any information provided to the taskforce cannot contain personally identifiable information and such information could be redacted by the state agencies or the LFC staff.

KK/jle