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FISCAL IMPACT REPORT

SPONSOR King DATE TYPED 1/28/04 HB 219

SHORT TITLE Child Care Assistance SB _____

ANALYST Maloy

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$10,000.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 136

SOURCES OF INFORMATION

LFC Files

Response Received From
Children, Youth and Families Department

SUMMARY

Synopsis of Bill

House Bill 219 appropriates \$10 million to the Children, Youth and Families Department (CYFD) for the purposes of supporting child care assistance services.

Significant Issues

This additional \$10 million to the Child Care Program could result in a *significant* expansion of services. In fact, such funding takes the program beyond that which the department has stated is needed to take the eligibility level to 200 % of the federal poverty level. Currently, CYFD has set the eligibility level at 150% of the federal poverty level. The department has expressed the desire to move to 200%.

The additional revenue need not be directed to higher eligibility levels and additional child care “slots”. The additional revenue could support development and implementation of quality, early

intervention and school-readiness criteria. For instance, New Mexico currently pays, on average, \$3,100 annually for a child. However, public programs, such as Head Start, that include quality, intervention and school-readiness criteria cost, on average, \$7,100 annually for a child.

The LFC has already recommended an expansion of childcare by \$1.1 million. It is expected that the House Appropriations and Finance Committee and the Senate Finance Committee will consider an even greater expansion (to \$3.1 million). The question becomes whether the state should expanding programs to such an extent when faced with the challenge a simply maintaining existing programming, such as adult services programming.

According to CYFD:

The proposed increase in funding for child care assistance would allow CYFD to serve an additional 3,500 children per month, and raise the childcare assistance program eligibility to 200% of the Federal Poverty Level.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill will result in an expansion of services where there will be a recurring need and expense to the general fund. The bill does propose any unexpended or unencumbered balance remaining at the end of FY05 shall revert to the general fund.

CYFD notes:

This appropriation is not part of the CYFD request or Executive recommendation, and there is no language in the bill indicating that these would be recurring funds.

ADMINISTRATIVE IMPLICATIONS

Such an infusion of revenue into the child care program would undoubtedly ease CYFD's administrative burden, at least initially. However, will there be enough providers to provide services at the heightened levels? If not, would CYFD consider state-operated child care facilities and, if it did, is \$10 million sufficient to establish and maintain such state facilities?

SJM/lg