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FISCAL IMPACT REPORT

ORIGINAL DATE 1-23-06

SPONSOR King LAST UPDATED _____ HB 203

SHORT TITLE Restore Access to Child Care Assistance SB _____

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$10,200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB-159 (duplicates part 1),
Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Family Department (CYFD)

SUMMARY

Synopsis of Bill

House Bill 203 appropriates \$10,200,000 from the GENERAL FUND for expenditure in 2007 to Children, Youth and Families for the purpose of funding child care assistance for eligible families with household incomes up to two hundred percent of the federal poverty level.

FISCAL IMPLICATIONS

The appropriation to expand to 200% of poverty level is not part of the CYFD budget request.

The Executive recommendation includes \$2,438,000 to raise the childcare program eligibility to 160% of the federal poverty level.

The appropriation of \$10,200,000 contained in this bill is a RECURRING expense to the GENERAL FUND. Any unexpended or unencumbered balance remaining at the end of 2007 shall revert to the GENERAL FUND.

SIGNIFICANT ISSUES

The appropriation enables CYFD to raise the childcare assistance program eligibility to 200% of the Federal Poverty Level. Current eligibility standards for child care assistance require families to be at or below 150% of the FPL. However, families that were receiving assistance when eligibility was 200% of the FPL were “grand-fathered” into the program when eligibility was lowered to 150% of the FPL. The total projected expenditure for FY06 is \$79 million. However, the budget is only \$75 million resulting in a \$4 million shortfall.

CYFD, in 2006, is expected to overspend the current childcare budget by an estimated 4 million. CYFD will use carryover of federal childcare funds to resolve the shortfall. This shortfall is in part attributable to the “grandfathering” of 1,700 slots at FPL levels in excess of the 150%.

The proposed funding increase in this bill for childcare assistance would allow CYFD to serve an additional 3,100 children per year. After the “grandfathering”, approximately 1,400 new slots would be added at a cost of \$4,382.0. (Source: CYFD November Childcare Roadmap and CYFD historical childcare budgets Attached))

PERFORMANCE IMPLICATIONS

It is unclear what the performance objective is of raising the FPL to 200%. The bill does not address an increased level of employment, job retention, educational attainment, etc associated with the additional slots for the parents.

CYFD provided the following statement:

“The appropriation would positively impact the CYFD performance measure of “number of children receiving subsidized child care services.”

A significant barrier to entering the workforce is childcare. The Office of Workforce Training and Development is charged with placing displaced workers back in the workforce. Among the difficulties encountered entering the workforce is childcare. As a new entrant to the workforce increases earnings, loss of their childcare benefit becomes an issue.

ADMINISTRATIVE IMPLICATIONS

CYFD would absorb the administrative impact associated with the appropriation, but would need to consider FTE or contract support.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB0159 which appropriates \$18.1 million as follows:

- \$10 million to expand child care programs to 200% of the FPL.
- \$4 million to increase the reimbursement rate for licensed child care providers
- \$2 million for aim high programs
- \$1 million for scholarships to help early childhood teachers
- \$1million for wage supplements for early childhood teachers
- \$100 thousand to improve accreditation for child care providers

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

Approximately 7% (133,454) of New Mexicans are under five years old. (HPC Quick Facts 2005)

The average annual cost of a childcare slot in New Mexico is \$3,260.00 (CYFD Childcare Road Map November 2006)

Poor Families in the State

- More than 2 in 10 children are poor in this state. (Children’s Defense Fund, January 2003)
- 87,959 (13%) households in New Mexico make less than \$10,000 annually, compared to 9% nationally. (HPC Quick Facts 2005)
- 19% of New Mexicans are poor of which 25% are children under 18
- 36% are families with female head of household with no husband present (US Census 2003 Data Profiles)

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

DL/yr

Attachments