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FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/07

SPONSOR King LAST UPDATED _____ HB 232

SHORT TITLE CYFD CHILD CARE PROGRAM ELIGIBILITY SB _____

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$18,200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 103.

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)

New Mexico Higher Education Department (HED)

SUMMARY

House Bill 232 appropriates eighteen million two hundred thousand dollars (\$18,200,000) to CYFD for the following expenditures:

- \$10,000,000 to expand eligibility for child care programs to two hundred percent of the federal poverty level and to increase the reimbursement rate for licensed child care providers.
- \$2,000,000 for aim high and stars programs designed to increase the quality of early child care programs.
- \$1,000,000 for scholarships to help early childhood teachers study child development and early learning while earning college degrees.
- \$1,000,000 for a pilot program of wage supplements for early childhood teachers based on the educational level that those teachers achieve.
- \$4,200,000 to increase quality services through child development grants for working families with children from birth to five years of age.

FISCAL IMPLICATIONS

The appropriation of eighteen million two hundred (\$18,200,000) contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund.

The Executive recommendation includes \$2,770,200 to raise the childcare program eligibility to 165 percent of the federal poverty level, to fund 4 child care eligibility workers, and \$500.0 for technical training and assistance (TTAP). Items 4 & 5 in this bill are not part of the executive recommendation.

The LFC recommendation for CYFD includes \$3,000,000 to prioritize child care for infants aged 0 through 3 at higher federal poverty levels than the current 155 percent.

SIGNIFICANT ISSUES

New Mexico Higher Education Department (HED) states that the \$1,000,000 for scholarship for early childhood teachers relates to HED and provides the following analysis:

To qualify as a licensed childcare environment, the childcare provider must complete a three credit hour course on Early Childhood Education or its equivalent. Courses taken by early childhood care providers beyond the requirements are not known on a statewide level.

Synthesis research on early childhood education conducted through the Northwest Regional Educational Laboratory shows that higher education specific to early childhood development increases the learning of the students in those environments. Research also shows that quality early childhood education has a variety of long-term benefits including higher grades, greater social and emotional maturity, more frequent high school graduation, etc.

CYFD states: The proposed increase in funding for childcare assistance would allow CYFD to serve approximately 3,077 additional children per month. The appropriation allows CYFD to raise the childcare assistance program eligibility to 200% of the federal poverty level.

PERFORMANCE IMPLICATIONS

The number of licensed early childhood care providers taking courses beyond the three credit hour requirement is a performance measure. The potential benefits of assisting early childhood teachers in increasing their educational attainment are twofold: they may receive salary increases and the students in their care will learn more.

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 by parents entering the workforce is childcare. The bill does not address an increased level of employment, job retention, educational attainment, etc associated with the additional slots for the parents.

ADMINISTRATIVE IMPLICATIONS

CYFD requested additional child care eligibility staff (4 FTE) to help address the growing child care caseload which is included in the executive recommendation for CYFD. Increasing the federal poverty level to 200 percent, CYFD estimates the monthly caseload would increase 3,077. There may be a need for additional administrative staff.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates SB 103 and relates to the General Appropriations Act.

TECHNICAL ISSUES

According to CYFD, the scholarship portion of the appropriation for early childhood teachers will flow through Teach New Mexico. Teach New Mexico will be responsible for developing the criteria for the scholar-ship funds and distributing them.

HED believes that there is a need to develop a system to track the courses earned by early childhood care providers beyond the three credit hour minimum. The effect of additional childcare courses on children's success in the classroom may also be tracked. The scholarships can be distributed by an entity other than Teach New Mexico.

OTHER SUBSTANTIVE ISSUES

As cited in the *New Mexico Business Weekly* in September 2005, In New Mexico, for the past 20 years, the qualifications of early childhood educators have fallen. Thirty percent of teachers and administrators have a high school diploma or less. Twenty-three percent of teachers and administrators have a college degree, the fifth lowest percentage of the 43 states studies. Due to the low wages earned, an average hourly rate of \$7.48, early childhood teachers leave for higher paying jobs as they become more educated. This is addressed in the proposed pilot program for wage supplements based on educational attainment specific to early childhood education. Such a model can be found in the WAGE\$ Project in North Carolina, Florida, Kansas, and South Carolina (<http://www.childcareservices.org/ps/wage.html>).

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)

ALTERNATIVES

None at this time

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without financial assistance, it is possible that early childhood educators will not increase their level of educational attainment, increase their salaries, or enhance their skills in teaching young children.

DL/sb