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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 02/04/09  
**LAST UPDATED** 03/05/09    **HB** \_\_\_\_\_

**SPONSOR** Ortiz y Pino

**SHORT TITLE** Family Infant Toddler Program Funding Formula    **SB** 227/aSPAC

**ANALYST** Hanika-Ortiz/Chabot

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$0.1 See Narrative	\$0.1 See Narrative	\$.01	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)

Department of Finance and Administration (DFA)

Human Services Department (HSD)

### SUMMARY

#### Synopsis of SPAC Amendment

The Senate Public Affairs Committee Amendment states that DOH may, as opposed to shall, use the creative funding strategy in the bill to devise a funding formula for the "family infant toddler program". As a result, DOH will study the existing method and determine if a change is needed.

### OTHER COMMENTS

The Public Education Department does not use the term "pupil unit value" nor is it found in statute. PED computes a unit value using the factors in the Section 22-8 NMSA 1978. DOH expects the program to grow regardless of whether formula funding is used or not. The Interagency Coordinating Council testified \$5.9 million from all sources would be required to fund the proposed formula. Currently approximately \$39 million is spent on the program with a general fund component of \$12.5 million. Using the funding ratio suggest in the bill, the additional general fund cost would be \$2 million.

#### Synopsis of Original Bill

Senate Bill 227 enacts a new funding formula and specifies the factors to be used by DOH to generate the annual budget request for the Family Infant Toddler Program (FIT).

## **FISCAL IMPLICATIONS**

The FIT Program is experiencing significant growth that proponents of this bill believe may not be supported by the current funding strategy. HSD notes that the proposed funding formula is likely to increase state appropriations to DOH for the FIT program.

DOH will use the Public Education Department's "pupil unit value" as a baseline; compute the FIT program cost differential (ratio of the cost of serving infants and toddlers to the pupil unit value); compute the FIT unit value (multiplying the pupil unit value and FIT program cost differential); determine total FIT program costs (multiplying the FIT unit value by the average child census); and, then deduct all non-state revenue sources to determine GF.

To develop the annual budget request for the FIT Program, DOH currently uses previous year expenditures and adds a projected growth factor based on the average annual growth in the number of children served. The FIT Program has experienced a growth of 120% over the past 7 years as a result of increased referrals.

DOH reports that the FIT Program maximizes funding from other sources including Federal Medicaid (74% of children served), private insurance (9% of children served at \$3,500 per child per year) and the Federal Individuals with Disabilities with Education Act (IDEA) grant. Funding from these non-state sources would continue to be deducted from the annual appropriation request under the proposed funding formula.

The FIT Program's early identification and intervention services may help minimize future health and social issues for a child and family and may a positive impact on future Medicaid expenditures.

## **SIGNIFICANT ISSUES**

The FIT unit value would reflect the "unique" costs of providing community-based, in-home services to infants and toddlers with disabilities or developmental delays.

The bill would require DOH to determine the annual child census of children served in the FIT program by averaging the number of children enrolled for services on the 60 day of the current fiscal year with the number of children enrolled on the 300 day of the prior year.

## **PERFORMANCE IMPLICATIONS**

The FIT Program served 11,071 children in FY 08; or 13% (1 in 8) of children birth to age 3.

## **ADMINISTRATIVE IMPLICATIONS**

The FIT Program at DOH is the lead agency for the Individuals with Disabilities Education Act (IDEA) Part 'C' which requires a statewide system of early intervention services to be available to eligible children from birth to age three. In New Mexico, early intervention services are provided by thirty five FIT Program providers to children with or at risk for, developmental delays and their families.

**TECHNICAL ISSUES**

The bill does not define what is “unique” about the costs of providing community-based, in-home services to infants and toddlers with disabilities and developmental delays or how that would be determined.

**OTHER SUBSTANTIVE ISSUES**

In addition to children with developmental delays or established conditions, the FIT program also serves young children who are at risk for developmental delays due to environmental factors. These environmental factors can include child abuse and neglect; substance abuse; a primary caregivers with mental health or developmental disability as well as variety of other social factors that may impede the child's healthy development.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

DOH will continue to utilize previous year data, including child count and expenditures, to generate its annual budget request.

AHO/svb:mt