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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/14

SPONSOR Beffort LAST UPDATED _____ HB _____

SHORT TITLE Early Childhood Care & Education SB 259

ANALYST Klundt

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$2,800.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)
 Department of Health (DOH)
 Public Education Department (PED)
 Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 259 appropriates \$2.8 million from the general fund to Children, Youth and Families Department (CYFD) and the Higher Education Department (HED) for the purpose of several early childhood development quality initiatives. House Bill 2 as amended by HAFC currently includes \$1.5 million from the general fund to CYFD for several of the early childhood quality initiatives contained in this bill.

SB 259 makes the following appropriations from the general fund for the following purposes:

- \$100 thousand to CYFD for expenditure in FY15 for the Early Learning Advisory Council (ELAC) proposal as well as other allocations necessary for the establishment of a quality early childhood care and education system.
- \$500 thousand to CYFD for communities for expenditure in FY15 and FY16 preparing for the establishment of a continuum of comprehensive site-specific early learning programs that will serve as model demonstration and training sites. These sites will provide a variety of high quality early childhood education services - each tailored to appropriately meet the cultural and linguistic needs of children and families in both urban and/or rural settings.

- \$500 thousand to the Higher Education Department (HED) for expenditure in FY15 and FY16 to work collaboratively with the ELAC and CYFD for the next two years to build the capacity of the early childhood workforce.
- \$500 thousand to CYFD for expenditure in FY15 and FY16 to improve the quality of home-based (family) child care.
- \$700 thousand to CYFD for expenditure in FY15 and subsequent years for the training and education of early childhood educators to improve the quality of their services. This could provide Teacher Education and Compensation Helps (T.E.A.C.H). Scholarships, provide training and consultation to child care educators regarding children with emotional and behavioral needs, or provide consultation regarding children’s assessment and curriculum planning. These funds are non-reverting.
- \$500 thousand to CYFD for expenditure in FY15 to increase subsidy rates for children from low income families who choose to send their children to higher quality programs that are participating in the Race to the Top/Early Learning Challenge Fund pilot quality rating system.

This bill also adds new language to the Early Childhood Care and Education Act which (1) defines "early childhood care and education system", , (2) requires ELAC to make recommendations on improving early childhood provider workforce capacity to CYFD, and (4) directs ELAC to prepare and submit a comprehensive proposal for a statewide early childhood care and education system to the Legislature by November 1, 2014.

FISCAL IMPLICATIONS

This bill appropriates \$2.8 million from the general fund to CYFD and HED for expenditure in FY15 and subsequent years as discussed in the Synopsis above. Of this, any unexpended or unencumbered funds remaining in the \$2,100.0 itemized in paragraphs A, B, C, D, and F shall revert at the end of the relevant fiscal period. The appropriation in paragraph E shall not revert.

SIGNIFICANT ISSUES

The measures contained in the draft bill follow a September 2013 LFC evaluation (“Impact of Child Care and Head Start on Student Achievement”) which examined the effectiveness of early childhood care and education programs. This evaluation recommended that the Legislature “[e]stablish a framework for high-quality child care in statute through a child care accountability act, including provisions for pilot programs.” The same evaluation identified challenges to the state of New Mexico’s early childhood care and education workforce, finding recent reductions in resources for training and professional development increasing waiting lists for training and decreasing professional development opportunities.

According to CYFD, this bill is consistent with the responsibilities of ELAC as written in the Early Childhood Care and Education Act to make recommendations for the establishment of a high quality, comprehensive, and coordinated early childhood care and education system. The ELAC was formed to coordinate a state early childhood care and education system as a result of the federal requirement added to the Head Start Act (2007) to form such a council.

This bill would require the ELAC to document their recommendations and submit them in the form of a legislative proposal by November 1, 2014. As the purpose of the report is to identify the performance and accountability measures CYFD must use and report on, to recommend requirements for licensure of programs providing early childhood care and education, and to make recommendations for the administration of the early childhood care and education program, the agency reports that it is probable that CYFD may need to change the licensure requirements of entities involved with early childhood care and education, and develop the tracking methods and reports necessary to address changed performance measures.

Because members of the ELAC are volunteers who receive no reimbursement or compensation of any sort, the bill's appropriation of \$100 thousand to contract for the coordination of the planning effort, development of the recommendations, and documentation of the proposal will contribute to ensuring the quality of the report.

This bill also appropriates \$500 thousand for communities to embark on a two-year preparation for the establishment of a continuum of comprehensive site-specific early learning programs that will serve as model demonstrations and training sites. These sites will provide a variety of high quality early childhood education services - each tailored to appropriately meet the cultural and linguistic needs of children and families in both urban and/or rural settings – and as such the appropriation and development time will help ensure these sites attain the high quality sought. These planning grants should also help identify barriers to coordinating early childhood services and braiding local, state, and federal funds.

This bill also appropriates \$500 thousand for expenditure in FY15 through FY16 to HED for the expansion of early childhood care and education workforce capacity building through the state's institutions of higher education. In this capacity, HED reports the agency will consult with the CYFD and the Public Education Department (PED) to ensure that funds are distributed in accordance with the recommendations of ELAC.

PERFORMANCE IMPLICATIONS

CYFD reported that due to existing personnel responsibilities as well as responsibilities associated with the federal Race to the Top/Early Learning Challenge grant, the allocation for support to contract for assistance with the development and writing of the legislative proposal by November 1, 2014 is critical.

CYFD also reported, recommendations for performance and accountability measures may conflict with the existing data systems. It is therefore likely that CYFD will need to change current measures to accommodate the recommendations by the council, and possible that the data CYFD currently collects regarding childhood care and education may become unusable as the data may not be comparable.

Performance implications for PED is the participation in the expansion of the state's early childhood care and education workforce capacity, development and management of the data collection system and in the increases in funding for schools in the state's total quality rating improvement system.

ADMINISTRATIVE IMPLICATIONS

The bill requires ELAC to prepare a legislative proposal for a statewide early childhood care and education system and to make recommendations on improving the early childhood workforce capacity to CYFD. The bill also requires CYFD to develop procedures and criteria for awarding program funds, distribute funding to approved providers, and report on program efficacy to the Legislature and the governor. Finally, HED must work to expand the early childhood care and education work force capacity based on ELAC’s recommendations.

The CYFD stated any staff time or effort required to ensure the expenditure of the funds appropriated to CYFD, including procurement and contract monitoring, and possible changes of methodology in data collection, tracking, and reporting, shall be absorbed by existing resources.

RELATIONSHIP

This bill relates to:

- HM 13 and S M5, which request the University of New Mexico, Health Sciences Center to reconvene the J. Paul Taylor Early Childhood Task Force;
- SB 68, which proposes to appropriate \$975 thousand to Department of Health to fund the creation and operation of early childhood services committees within county and tribal health councils;
- SB 66, which would amend the service definition for three types of Infant/Early Childhood Mental Health Services approved by the Children Youth and Families Department (CYFD), Department of Human Services (HSD) and the Interagency Behavioral Health Collaborative and provides \$2.0 million of state general fund for the provision of these services;
- SB 155, which would appropriate \$300 thousand to the Children, Youth, and Families Department for a demonstration project to provide incentives to promote the retention of qualified teachers in early childhood education programs (birth through age 5);
- HJM 17, which would request the Legislative Education Study Committee (LESC), in cooperation with the Public Education Department (PED), the Children, Youth and Families Department (CYFD), and the Legislative Finance Committee (LFC), study the feasibility of using senior citizens to assist with providing early childhood education for preschoolers; and
- Senate Bill 265 which established an interim legislative children’s council to develop and submit to the legislature a comprehensive proposal regarding issues that impact children by December 1, 2014.

AMENDMENTS

DOH requests the following amendments:

Replace page 2, lines 7 – 10, “early childhood care and education system” means a system that provides child care, information or assistance to children from prenatal through five years of age and to their families” with “early childhood care and education system means programs, regardless of setting or funding source, that promote the early learning and development of children prenatal through five years of age and involve families in their children's learning”.

Replace Page 6 line 8, “...statewide early childhood care and education system” with “...a

definition of high quality early care and education”.

KK/ds