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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 2/14/15

**SPONSOR** Espinoza **LAST UPDATED** \_\_\_\_\_ **HB** 281

**SHORT TITLE** Child Care Licensure Recognition **SB** \_\_\_\_\_

**ANALYST** Klundt

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

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Could be Significant	Could be Significant	Could be Significant	Recurring	CYFD Operating Budget/Child Care Block Grant

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Children, Youth and Families Department (CYFD)

### SUMMARY

House Bill 281 amends a section of the Children, Youth and Families Department Act, Child Care Assistance Regulations, requiring the agency to recognize additional national accrediting bodies for Early Childhood Care and Education Programs.

### FISCAL IMPLICATIONS

There is no appropriation attached to this bill. However, the Children, Youth and Families Department (CYFD) reports that because this bill will obligate the state to pay significantly higher provider rates, and there will be a considerable impact to expenditures for programs such as child care assistance.

### SIGNIFICANT ISSUES

HB 281 requires CYFD to recognize any national accrediting body approved by at least three other state governments as sufficient qualification for department's tier reimbursement criteria. Currently the department recognizes seven national accrediting bodies. These national bodies' accreditation criteria have been evaluated to ensure alignment with currently quality improvement initiatives. However, this bill would remove agency input regarding the criteria of accreditation and therefore management of alignment with current quality improvement efforts.

In 2012, New Mexico was awarded \$37.5 million during the second phase of the Race to the Top-Early Learning Challenge discretionary federal grant (RTT-ELC). The New Mexico RTT-ELC grant focuses on improving early childhood care quality and staff professional development programs. One of the grant goals includes implementing FOCUS, a tiered quality rating and improvement system (TQRIS) to observe and document early childhood provider curriculum planning based on the New Mexico Early Learning Guidelines, establish common program standards, and utilize a common comprehensive assessment system for continuous quality improvement. Essential elements of FOCUS include observational child assessment, curriculum planning and support, family engagement strategies, health and safety practices, comprehensive program assessment and continuous improvement, and early childhood educator workforce qualifications support. These essential elements are predictive indicators of high-quality early childhood programs and practices.

Nationally, thirty-six states approve accrediting entities as a part of their Tiered Quality Rating and Improvement Systems (TQRIS). Other states, like Florida, approve accrediting bodies for other purposes outside their TQRIS. Nine accrediting entities are currently approved by at least three of the states with a TQRIS system. It is unknown how many accrediting entities are approved by other states, like Florida, that do not have a state-wide TQRIS but approve accrediting entities for other purposes. There is no standard criteria used to approve accrediting bodies across these states, and the criteria vary greatly.

A recent LFC report found that despite significant investment in child care assistance, low income children fail to improve school readiness and early literacy. The LFC recommended the agency continue efforts to establish a framework for high-quality child care through the implementation of the FOCUS, New Mexico's TQRIS, or national accrediting standards aligned with those standards. The report was also critical of previously accepted national accrediting bodies and found that the childcare program will pay up to \$5 million over the next five years to 5-star day care centers despite a CYFD study calling many 5-star accreditation agencies and standards inferior. A University of New Mexico report commissioned by CYFD noted that standards of several accrediting agencies are inferior to the highest standards set by the National Association for the Education of Young Children (NAEYC); however CYFD is allowing providers until 2017 to transition to new 5-star standards.

Additionally, the CYFD believes this may place the State of New Mexico in legal and fiscal jeopardy.

Establishing a consistent and fair standard for state subsidy rates paid to early childhood care and education programs based on their quality is crucial. To incentivize quality, CYFD pays early childhood programs that meet the highest standard of quality significantly more than other programs to subsidize the high costs of quality. To be fair to all programs, and to protect the liability of the state, the standard must be equitable.

The current standard for the highest level of reimbursement is 1) accreditation by a national early childhood accreditation program approved by CYFD, or 2) demonstrating that quality criteria established by CYFD and validated by a nationally recognized research firm has been met.

Introducing a third standard that is not equal to the two established standards would undermine the credibility of the rating and could place the state in legal jeopardy. Every state uses different criteria for the recognition of accrediting entities. Some states have approved only one, while

other states have approved more than two dozen different entities. Each state has approved these accrediting entities for different purposes. Very few states have connected being accredited to receiving a higher rate of subsidy.

Currently, CYFD has approved seven early childhood accrediting entities (See Administrative Implications below). These accrediting entities are national leaders in promoting quality early care and education and are highly respected by early childhood practitioners and researchers. Determination of whether an early childhood accrediting entity meets the CYFD's criteria is conducted through a contract with an unbiased third party: the Center for Education Policy and Research (CEPR) at the University Of New Mexico College Of Education.

The comprehensive evidence-based criteria used by the Center for Education Policy and Research reflects research and best practice in early childhood education.

The fact that all accrediting entities that have applied (except one) have been approved indicates that the criterion is reasonable and attainable. The national leadership of the one accrediting entity that was not approved has informed CYFD that they will spend 2015 modifying their criteria to meet New Mexico's standard and will re-apply in early 2016. The agency believes this timeline is sufficient to meet the reimbursement deadline of December 31, 2017.

Approved national early childhood care and education accrediting entities are:

- The Council on Accreditation (COA) for early childhood programs
- The National Accreditation Commission (NAC)
- The National Association for the Education of Young Children (NAEYC)
- The Association for Christian Education International (ACEI)
- The International Christian Accrediting Association (ICAA)
- The National Association for Family Child Care (NAFCC)
- The Council on Accreditation (COA) for school age programs

Currently, there more than 150 early childhood care and education programs in New Mexico that are accredited by these organizations. Therefore, these 150 programs receive the highest level of subsidy from CYFD. Criteria for early childhood center-based program accreditation is found at Attachment 1.

## **PERFORMANCE IMPLICATIONS**

According to several national research and taskforce reports such as the "Taking Stock: Assessing and Improving Early Childhood Learning and Program Quality", funded by Pew Charitable Trusts, the Foundation for Child Development, and the Joyce Foundation, the levels of quality within states vary significantly. A great concern is that states lack accountability systems for early education that yield positive child outcomes. By requiring the state to reimburse the highest rate of subsidy to programs accredited by an entity "that has had its accreditation standards approved by at least three other state governments", the agency believes the state will have no way to ensure the level of quality is aligned with national best practices. Particularly because there is not specification of which three other state governments are being considered as the base for the approval.

## ADMINISTRATIVE IMPLICATIONS

New Mexico ranks 49th in the Nation in the overall wellbeing of children and financial health of their families according to the latest Kids Count Data Book rankings from the Annie E. Casey Foundation. Research has demonstrated that high quality early learning programs can positively impact long-term educational goals and success in the life of young children. All research confirms, however, that to realize these outcomes, the programs must meet quality standards.

According to the September 25, 2013 Legislative Finance Committee (LFC)-(Report # 13-08), there had been a significant state and federal investment in programs accredited by entities whose accrediting standards were not at the highest level of quality. A recommendation was made by the LFC to look at strategies to ensure that children in subsidy participate in high quality early childhood programs, indicating that “low-quality care undermines efforts to improve child development during a critical before school entry” and to implement quality criteria to align with national best practices.

### CYFD’s Response to Recommendations:

As a response to the status of our children’s wellbeing in New Mexico and following the LFC recommendations, the Children, Youth and Families Department developed a fair, objective and meaningful process for approval of accrediting entities that would establish a high level of quality across all programs receiving the highest rate of subsidy.

So, currently, one option is to participate in New Mexico’s Revised Tiered Quality Rating and Improvement System (TQRIS) called *FOCUS (on young children’s learning)*. Standards are based on solid research that address measurable positive child outcomes and school readiness. This process includes comprehensive onsite consultation, training, and supports not typical in other TQRIS systems in the nation.

The Second Option is to earn accreditation by a CYFD-approved accrediting entity based on the current national standards.

### Implementation Process:

CYFD has contracted with an external research organization (UNM CEPR) to evaluate each accreditation entity currently approved to nationally recognized standards. The crosswalk can be found at <https://www.newmexicokids.org/content/announcements/>. Accreditation entities that are wishing to apply for approval as a recognized entity, must submit an application with supporting documentation to the CYFD Office of Child Development. The application and supporting documentation are compared to the standards listed above. Programs and accrediting entities have been notified of this requirement and the timelines to come into compliance.

### Status of Recommendation Implementation:

CYFD recently amended its child care regulations to recognize certain accrediting bodies that met the new state standards. In addition, CYFD, through the child care regulations, established differentiated rates to incentivize participation in FOCUS or to become accredited through the newly recognized accrediting bodies. The deadline is December 31, 2017, for programs accredited through the one entity that has not been-approved. These programs have a choice to participate in FOCUS or be accredited through an approved accrediting bodies.

## CONFLICT

Laws 2011, Chapter 123 states that an early childhood care and education system is vital in ensuring that every New Mexico child is eager to learn and ready to succeed by the time they enter kindergarten, that high quality early learning experiences have been proven to prepare children for success in school and later in life, and that cost-benefit research demonstrates a high return on investment for money spent on early childhood care and education for at-risk children

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Attachment 1

### Criteria for the approval of early childhood center-based program accreditation entities:

#### Standard 1: Relationships

The program promotes positive relationships among all children and adults to encourage each child's sense of individual worth and belonging as part of a community and to foster each child's ability to contribute as a responsible community member

#### Standard 2: Curriculum

The program implements a curriculum that is consistent with its goals for children and promotes learning and development in each of the following areas: social, emotional, physical, language, and cognitive development

#### Standard 3: Teaching

The program uses developmentally, culturally, and linguistically appropriate and effective teaching approaches that enhance each child's learning development in the context of the program's curriculum goals

#### Standard 4: Assessment of Child Progress

The program is informed by ongoing systematic, formal, and informal assessment approaches to provide information on children's learning and development. These assessments occur within the context of reciprocal communications with families and with sensitivity to the cultural contexts in which children develop. Assessment results are used to benefit children by informing sound decisions about children, teaching, and program improvement.

#### Standard 5: Health

The program promotes the nutrition and health of children and protects children and staff from illness and injury.

#### Standard 6: Teachers

The program employs and supports a teaching staff that has the educational qualifications, knowledge, and professional commitment necessary to promote children's learning and development and to support families' diverse needs and interests

#### Standard 7: Families

The program establishes and maintains collaborative relationships with each child's family to foster children's development in all settings. These relationships are sensitive to family

composition, language, and culture

Standard 8: Community Relationships

The program establishes relationships with and uses the resources of the children's communities to support the achievement of program goals

Standard 9: Physical Environment

The program has a safe and healthful environment that provides appropriate and well maintained indoor and outdoor physical environments. The environment includes facilities, equipment, and materials to facilitate child and staff learning and development

Standard 10: Leadership and Management

The program effectively implements policies, procedures, and systems that support stable staff and strong personnel, fiscal, and program management so all children, families, and staff have a high-quality experience

Accreditation Process Criterion:

Criteria 1: On-site reliable, independent assessment is conducted at each site

Criteria 2: Unannounced visits are made during accreditation period