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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 2/16/15  
**LAST UPDATED** 3/18/15     **HB** \_\_\_\_\_

**SPONSOR** Beffort

**SHORT TITLE** Early Childhood Books And Toys     **SB** 304/aSEC/aSFC

**ANALYST** Chavez/Klundt

### REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17	FY18	FY19		
	(\$200.0)				Nonrecurring	CYFD - CCDF

Duplicates HB 2

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Children, Youth and Families Department (CYFD)  
 Public Education Department (PED)  
 Regional Educational Cooperatives (RECs)

### SUMMARY

#### Synopsis of SFC amendment

The Senate Finance Committee amendment for Senate Bill 304 replaces the term “toys” with “learning resources.”

#### Synopsis of SEC amendment

The Senate Education Committee amendment for Senate Bill 304 removes the appropriation from the early childhood care and education fund to PED for books and toys to be purchased by Regional Education Cooperatives (RECs) to be loaned to state-funded early child care assistance programs. In its place, the amendment requires the Children, Youth and Families Department (CYFD) to enter into an inter-governmental agreement (IGA) with RECs to use \$200 thousand for the same purpose as in the original appropriation.

#### Synopsis of Bill

Senate Bill 304 appropriates \$200 thousand from the Early Childhood Care and Education Fund (ECCEF, “Fund”) to the Public Education Department (PED) for the purchasing and loaning of

toys and books by Regional Education Cooperatives (RECs). The books and toys would be loaned to providers of state-funded early child care assistance programs.

## **FISCAL IMPLICATIONS**

The appropriation of \$200 thousand contained in this bill is a nonrecurring expense to CYFD's operating budget. This bill does not contain a reversion clause; however, it only provides for funds to be spent in FY16.

CYFD analysis states that, as the SEC amendment does not specify the origin of the funds, and as the federal Child Care Development Fund (CCDF) expects that states will use a percentage of their child care funds to support quality initiatives (especially those that impact services for low income children receiving child care subsidy from the state), funding for toy lending libraries may be an allowable use of CCDF funds.

However, the Legislature may wish to ensure that these funds are allowable under federal law to avoid risking any CDDF funding. If such use of CDDF funds is not allowable, the Legislature should ensure that the CYFD FY16 operating budget will have sufficient funds to meet the requirements of this bill. The amendment could be considered an unfunded mandate, depending on the resources available in the CYFD budget to make available for the purchase of learning resources and books.

RECs note that infrastructure and personnel availability at each REC would need to be assessed after program implementation is outlined to determine any additional costs to those organizations.

## **SIGNIFICANT ISSUES**

PED analysis states that while this bill as amended changes the source of the funds and the agency allocating the funds, it maintains that the RECs statewide will be responsible to establish the lending of toys and books to child care programs receiving assistance. PED notes that the agency's concerns about extending the responsibility and authority of RECs remain.

PED adds toy and book lending libraries were previously housed in the regional CYFD-funded Training and Technical Assistance Programs (TTAP). With the advent of the Race to The Top FOCUS Tiered Quality Rating and Improvement System (TQRIS), these programs were downsized. Due to the cost of staffing and maintaining the inventory in the libraries, most libraries have closed in the past two years. In some cases, the regional libraries were transferred to community child care providers. Some community providers, including Santa Fe Community College, have closed their libraries due to lack of funds to staff and maintain the library.

Regional Education Cooperatives (RECs) provide fiscal administration, technical assistance, and direct services to participating member school districts and state-operated schools. They are formed by local school boards or other state-supported educational institutions to form cooperatives to provide education-related services. The original intent of RECs was to provide economies of scale for small and rural districts to be able to provide education services (such as special education and reading intervention) in a cost-effective manner. This bill proposes to extend the duties of the regional education cooperatives to serve the private and non-profit child care centers that receive child care assistance funds.

RECs state they are regionally located and thus can assist in all areas of the state with this initiative. However, potential space issues may occur depending on the needs for a potential lending library. Infrastructure and personnel availability at each REC would need to be assessed after program implementation is outlined.

PED notes that the purchase of books and toys could be accomplished by one REC who would then distribute the books and toys to the other eight RECs. This should be relatively easy if the RECs pattern the "loan" of these materials after the Instructional Materials distribution methodology for private schools.

CYFD states historically, RECs have not provided services to child care providers in their designated service delivery areas, but that every year there are more RECs providing early childhood services such as home visiting or prekindergarten through their member school districts.

### **ADMINISTRATIVE IMPLICATIONS**

PED notes the SEC amendment transfers the responsibility to monitor expenditures, lending policies, and contracts administration from PED to CYFD. CYFD will have to perform oversight of RECs to make sure that the program is effectively implemented.

### **TECHNICAL ISSUES**

This bill may be in conflict with the definition of duties of RECs under Section 22-8B NMSA 1978. Currently, RECs provide services to cooperative members. Membership consists of local education agencies (LEAs) but does not currently include state-funded early child care assistance programs.

### **AMENDMENT**

This bill requires RECs to purchase books and learning resources to be loaned to child care assistance programs, however language in HB2 requires CYFD to purchase the items. In keeping with federal regulations, SB304 should be amended to provide that CYFD, rather than RECs, purchase instructional materials.

### **RELATIONSHIP**

This bill is duplicative to HB2 as amended by SFC. (See page 104)

### **ALTERNATIVES**

PED suggests an alternative could be that CYFD re-establishes the toy and book lending programs at training and technical assistance programs (TTAP) or at community colleges.

### **POSSIBLE QUESTIONS**

If this bill is enacted, do the duties of RECs as outlined in Section 22-2B NMSA 1978 need to be expanded to include state-funded early child care assistance programs?