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FISCAL IMPACT REPORT

SPONSOR Varela **ORIGINAL DATE** 02/03/09
LAST UPDATED _____ **HB** 319
SHORT TITLE State Child Care Assistance Eligibility **SB** _____
ANALYST Peery-Galon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$13,200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)

Human Services Department (HSD)

Department of Finance Administration (DFA)

No Response From

Workforce Solutions Department

SUMMARY

Synopsis of Bill

House Bill 319 appropriates \$13,200.0 from the general fund to the Children, Youth and Families Department for child care assistance. Of the total appropriation, \$5.2 million is for families making up to 165 percent of the federal poverty level, and \$8 million is for families making between 165 percent and 200 percent of the federal poverty level.

FISCAL IMPLICATIONS

The appropriation of \$13,200.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

CYFD and DFA noted the executive recommendation includes \$3 million from Temporary Assistance of Needy Families (TANF) funding and \$7 million from general fund for the childcare assistance program. The LFC recommendation includes \$7.2 million from TANF funding for the childcare assistance program.

CYFD and DFA stated that if the proposed legislation is enacted, it would replace the executive recommendation completely with general fund, add \$3.2 million to the executive recommendation, or change the TANF and general fund composition for the childcare assistance program. CYFD and DFA reported the executive recommendation for use of TANF provides the opportunity for alternate use of the general fund monies.

SIGNIFICANT ISSUES

HSD reported that CYFD has entered into a Governmental Service Agreement with the department to transfer \$32.4 million for FY09 from the TANF Block Grant for the purpose of providing childcare benefits to eligible participants under the TANF Child Care Development Fund. Another \$7.2 million was appropriated by the legislature in the 2008 special session to CYFD to provide childcare benefits statewide for active TANF cash assistance recipients. CYFD has specific eligibility requirements for providing childcare. The proposed legislation expands the eligibility of recipients for childcare services by raising the income limits for those eligible for services. HSD noted a potential impact of the proposed legislation may be that TANF recipients who become employed will retain their eligibility for childcare assistance through CYFD as their income level increases.

The child care assistance program provides support to low-income families so parents can go to work or school, while knowing that their children are safe, and are provided with healthy meals and an optimal age-appropriate development, care and education. CYFD and DFA noted the proposed legislation is consistent with Governor Richardson's request for FY10 funds during the 2008 special session to sustain the current caseload and to increase eligibility to 200 percent of the federal poverty level. CYFD and DFA reported as a result of the recent economic downturn, CYFD has experienced an increase in childcare assistance program applicants who are at or below 100 percent of the federal poverty level.

DFA reported that 200 percent of federal poverty level is approximately \$35,200 for a family of three and \$42,400 for a family of four. With the monthly cost of childcare averaging \$550 per month, childcare consumes between 20 to 33 percent of the average household budget.

PERFORMANCE IMPLICATIONS

CYFD maintains performance measures focusing on the number of children served through the child care assistance program, and the quality of childcare received by children whose fees are subsidized by the department. CYFD and DFA reported the proposed legislation is consistent with its performance measures and the with the Governor's Healthy New Mexico initiatives.

ADMINISTRATIVE IMPLICATIONS

HSD states it would benefit by being able to report the funding as state Maintenance of Effort (MOE). In order to report MOE, additional tracking data will be required.

CYFD noted it would absorb the administrative impact associated with serving more families through this program with existing resources.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

DFA noted the consequence of not funding childcare assistance through the recommendation process or through the proposed legislation will be that CYFD will have to establish a “waiting list” that would prevent eligible families access to the program at the time of application.

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