

areas were found to be less than the rates paid in the designated metropolitan areas.

As a result of this survey, childcare reimbursement rates were increased. This increase in reimbursement rates was estimated to cost approximately \$3.6 million dollars, with \$2 million directed to rural providers and \$1.6 million directed to metro providers. The result of the increase in rates was to reduce the disparity between rural and metro reimbursement rates. The rate increase went into effect September 1, 2001.

However, the SDE explains that the current procedures to determine market rate do not include the most costly childcare providers (New Mexico Child Care Association). According to SDE a rural market rate of reimbursement is lower than the urban market rate. Therefore, a rural community included in urban area catchments may receive a higher rate than an equal rural community in a rural catchments area (Child Care Compensation Report, September 23, 2001, CYFD).

Reimbursement rates have continually been an issue, and this study may address some of the concerns of the providers in the rural areas who indicate that they are not being paid for what it cost to run childcare programs.

FISCAL IMPLICATIONS

The memorial does not contain an appropriation; therefore, CYFD would have to absorb any fiscal implications within its existing resources. The cost of conducting a market rate survey for childcare in New Mexico is approximately \$25.0.

ADMINISTRATIVE IMPLICATIONS

CYFD will be required to work closely with all parties identified in this memorial when developing the protocol and methodology for market rate surveys including issues relating to rural and metropolitan areas. CYFD will have to consult with federal agencies when conducting market rate surveys to ensure equal access to services and parental choice.

RELATIONSHIP/ DUPLICATION

HJM 14 relates to the market rate value of childcare reimbursement rates.
HJM 37 is a duplicate.

OTHER SUBSTANTIVE ISSUES

The sponsor may wish to cite SDE as a member of the task force, and ensure that fair reimbursement rates be joined to quality programs based on measurable performance standards.

BD/njw