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FISCAL IMPACT REPORT

SPONSOR: Vaughn DATE TYPED: 03/15/03 HB 658/aSEC

SHORT TITLE: Head Start Program Funds SB _____

ANALYST: Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$0.0				

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 572

SOURCES OF INFORMATION

Responses Received From
Human Services Department

SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee made the following changes:

1. On page 1, line 12, after "USED" strike the remainder of the line, strike line 13 through "PROVIDERS" and insert in lieu thereof "TO CONTRACT AND SUBCONTRACT WITH PRIVATE AND NONPROFIT PROGRAMS THAT MEET FEDERAL HEAD START PERFORMANCE STANDARDS".
2. On page 1, line 22, strike "collaborate" and insert in lieu thereof "subcontract".
3. On page 1, line 23, after "provide" strike the remainder of the line, strike "services" on line 24 and insert in lieu thereof "programs that meet federal head start performance standards".

The amendment clarifies areas where there could have been confusion but does not change the intent or potential impact of House Bill 658.

Synopsis of Original Bill

House Bill 658 would provide for at least twenty-five percent of Temporary Assistance for Needy Families (TANF) maintenance of effort (MOE) funds appropriated for Head Start programs to be used to contract or collaborate with private and nonprofit child care providers.

Significant Issues

The TANF regulations require that states continue to spend a certain amount of state funds on TANF activities. This spending is called MOE, and is based on the size of the federal grant and historical state spending under the Aid to Families with Dependent Children (AFDC) program. The amount for New Mexico that has been calculated for fiscal year 2004 is \$32.7 million.

In its appropriations of state funds for the purposes of MOE, the legislature has provided money to the Children, Youth, and Families Department (CYFD) for Head Start activities. In fiscal year (FY) 03, \$2 million was appropriated for this purpose. The Executive and Legislative Finance Committee (LFC) recommendations for FY04 would continue funding at this level. Under HB 658, \$500,000 would need to be used to contract with private and nonprofit childcare providers to provide Head Start and related child care services.

CYFD uses the state Head Start money to fund agreements with a small number of providers. All of these providers are private and/or nonprofit organizations. **It does not appear that SB 572 would change current practices.**

HB 658 states that the funds “shall be used to contract or collaborate” with providers. It is unclear what is meant by “collaborate”. Both HSD and CYFD would like to ensure that the MOE funds are used for the provision of services.

MW/sb:yr