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FISCAL IMPACT REPORT

SPONSOR: Wilson-Beffort DATE TYPED: 02/17/03 HB _____

SHORT TITLE: Head Start Program Funds SB 572

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 HB 658

SOURCES OF INFORMATION

Responses Received From
Human Services Department

SUMMARY

Synopsis of Bill

Senate Bill 572 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 SB

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572, \$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.**

SB 572 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