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FISCAL IMPACT REPORT

SPONSOR Nava DATE TYPED 2/25/2005 HB _____

SHORT TITLE Increase CYFD Early Childhood Workers SB 510

ANALYST Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$1,000.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB554

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children Youth and Families Department (CYFD)

NM Public Education Department (NMPED)

SUMMARY

Synopsis of Bill

Senate Bill 510 appropriates \$1 million dollars from the general fund to the Children, Youth and Families Department (CYFD) to provide salary increases for approximately 1,500 early childhood workers, depending on their level of education.

Significant Issues

This bill would provide funds to professionals who work in the field of early care and education for salary increases, depending on their level of education. Salary increases would provide support to teachers with higher educational levels to stay in the field. This would further support New Mexico T.E.A.C.H and the proposed state pre-Kindergarten initiative.

PED notes affordability and quality hinge on one of the most important factors: the quality of the staff. More than two-thirds of full-time teachers are paid salaries that fall below the poverty threshold (Whitebook & Phillips 1999). Improving quality means paying higher salaries to at-

tract and retain staff and increasing funding for training and education. For example, according to the Cost, Quality and Child Outcomes Study (Helburn et al. 1995), which surveyed 401 childcare centers, the single largest expenditure for centers is personnel costs; the labor average was 70% of all costs per month.

Studies find that higher quality of care is associated with good staff-child ratios, higher levels of teacher education and specialized training, better teacher wages and lower staff turnover (Whitebook, Howes, & Phillips 1990; Phillips, Howes, & Whitebook 1991; Helburn et al. 1995). PED indicates children in North Carolina childcare programs who had teachers with bachelor degrees and were provided ongoing professional development, appropriate class size and ratios, comprehensive services and good curricula showed better early literacy and math skills and better behavior skills (Campbell et al. 1999). Programs like the T.E.A.C.H. Early Childhood Project and the Child Care WAGE\$ Project in North Carolina successfully promote professionalism and reduce staff turnover. Families are the primary source of revenue for most programs. Parents pay roughly 60% of all expenditures for childcare in the country (Stoney & Greenberg 1996; Mitchell, Stoney, & Dichter 1997). Federal, followed by state and local governments provide most of the remaining funding for childcare. Most of the public resources, however, go to low-income working families (for example, through the Child Care and Development Block Grant), to Head Start, state pre-kindergarten programs or families' tax credits. Such limited public funding forces typical childcare programs to rely heavily on parent fees.

According to PED the dilemma is quality and compensation versus affordability: When programs must rely exclusively on parent fees for funding, this dilemma is particularly challenging; directors are forced to ask families, many of whom have limited resources, to pay more in order to enhance quality.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

CYFD would have to develop a funding formula to disburse these funds to eligible child care workers.

RELATIONSHIP

Relates to HB554

BD/yr