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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/22/08

SPONSOR King LAST UPDATED \_\_\_\_\_ HB 222

SHORT TITLE CYFD Child Care Programs SB \_\_\_\_\_

ANALYST Lucero

### APPROPRIATION (dollars in thousands)

| Appropriation |           | Recurring<br>or Non-Rec | Fund<br>Affected |
|---------------|-----------|-------------------------|------------------|
| FY08          | FY09      |                         |                  |
|               | \$9,278.0 | Recurring               | General Fund     |

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to: HB233 “ENMU Child Care Services”, HB162 “CYFD Child Care Program Eligibility”, SB159 “Services for Homeless Children”, SB188 “Increases Child Care Program Eligibility”, and SB303 “Child Care Programs Quality Improvements”.

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Children, Youth and Families Department (CYFD)

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

House Bill 222 appropriates nine million two hundred seventy-eight thousand (\$9,278,000) from the general fund to Children, Youth and Families Department for expenditure in FY09 as follows:

- 1) \$2,000,000 for aim high program and stars program to increase the quality of early child care programs;
- 2) \$1,000,000 for scholarships to help early childhood teachers study child development and early learning while earning college degrees;
- 3) \$1,000,000 for a pilot program of education and retention incentives for early childhood teachers, based on educational levels that those teachers achieve;
- 4) \$4,200,000 for child development grants to increase quality services for working families with children from birth to five years of age;
- 5) \$1,000,000 to implement inclusive child care; and
- 6) \$78,000 for child care resource and referral.

## FISCAL IMPLICATIONS

The appropriation of nine million two hundred seventy-eight thousand (\$9,278,000) contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of 2009 shall revert to the general fund.

## SIGNIFICANT ISSUES

Quality child care programs will provide a solid foundation for learning for young children and better prepares them for school.

AIM HIGH is a program at CYFD that teams a child care providers with a program development specialist or mentor to work together to develop a plan for improving the quality of the program.

The Stars Program or Look to the Stars program is the child care program quality rating system at CYFD that contains five levels. The higher the Star Level, the higher the level of quality. Each Star Level requires a provider to continue to meet higher quality standards and as a program's Star Level increases their reimbursement from the Child Care Services increases.

Inclusive child care designates child care providers to receive an enhanced or "differential" rate if they provide services to children with special needs. Young children receiving early intervention prevents or eliminates the need for receiving special services later in their school years.

The National Association of Child Care Resource and Referral Agencies (NACCRRA) states that "research on the effect caregivers have on children during the early years clearly shows that the caregivers' education training and ability to provide a safe and stimulating environment have an impact on children's cognitive and emotional development."

CYFD currently funds differential pay for child care programs at Aim High/STARS levels 2 through 5; child development grants to increase quality services; and Child Care Inclusion Specialists, who work through the statewide Training and Technical Assistance Programs (TTAP), to ensure that children have access to appropriate, quality services. CYFD is also currently piloting a program to help families of children with documented special needs access care by making an enhanced or "differential" rate available to eligible children. The New Mexico Kids Child Care Resource and Referral is available to assist parents in locating the type of child care that best meets their needs. The T.E.A.C.H. Early Childhood® project provides scholarships to child care workers in homes and centers who qualify and are willing to meet the eligibility criteria.

Relating to the \$1,000,000 for scholarship for early childhood teachers:

- Synthesis research on early childhood education conducted through the Northwest Regional Educational Laboratory shows that higher education specific to early childhood development increases the learning of the students in those environments. Research also shows that quality early childhood education has a variety of long-term benefits including higher grades, greater social and emotional maturity, more frequent high school graduation, etc.

## PERFORMANCE IMPLICATIONS

CYFD maintains performance measures focused on the number of children served through the child care assistance program as well as measures focused on the quality of child care received by subsidized children. This bill is consistent with these performance measures, and with Task 2.6 of the Governor’s Healthy New Mexico initiatives.

The potential benefits of assisting early childhood teachers in increasing their educational attainment are twofold: they may receive salary increases and the students in their care will learn more.

PED states that if HB222 is enacted, it will support and align with the goal to ensure that all children are ready for kindergarten.

## ADMINISTRATIVE IMPLICATIONS

These initiatives would have to be managed with existing resources.

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to: HB233 “ENMU Child Care Services”, HB162 “CYFD Child Care Program Eligibility”, SB159 “Services for Homeless Children”, SB188 “Increases Child Care Program Eligibility”, and SB303 “Child Care Programs Quality Improvements”.

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## TECHNICAL ISSUES

There is a need to develop a system to track the courses earned by early childhood care providers beyond the three credit hour minimum. The effect of additional childcare courses on children's success in the classroom should also be tracked.

## OTHER SUBSTANTIVE ISSUES

As cited in the *New Mexico Business Weekly* in September 2005, In New Mexico, for the past 20 years, the qualifications of early childhood educators have fallen. Thirty percent of teachers and administrators have a high school diploma or less. Twenty-three percent of teachers and administrators have a college degree, the fifth lowest percentage of the 43 states studies. Due to the low wages earned, an average hourly rate of \$7.48, early childhood teachers leave for higher paying jobs as they become more educated. This is addressed in the proposed pilot program for wage supplements based on educational attainment specific to early childhood education. Such a model can be found in the WAGES Project in North Carolina, Florida, Kansas, and South Carolina (<http://www.childcareservices.org/ps/wage.html>).

The average annual cost of a childcare slot in New Mexico is \$3,663.00 (CYFD Childcare Road Map August 2007)

The CYFD contracts with the New Mexico T.E.A.C.H. Early Childhood ® program to provide scholarships to child care staff who meet eligibility criteria and who are willing to earn a college

degree in early childhood education. New Mexico PreK teachers and educational assistants have the same opportunity. Currently, there are 114 PreK teachers and teacher assistants (CYFD—82 and PED 32) receiving scholarships through the T.E.A.C.H. Early Childhood ® program. The scholarships from T.E.A.C.H. are vital to increase the number of teachers and teacher assistants receiving degrees in early childhood education which will increase the quality of the PreK programs. Currently, many of the PED PreK teachers and educational assistants do not have licensure in early childhood education but in elementary education or K-8 licensure.

**Poor Families in the State**

- More than 2 in 10 children are poor in this state. (Children’s Defense Fund, January 2003)
- 87,959 (13%) households in New Mexico make less than \$10,000 annually, compared to 9% nationally. (HPC Quick Facts 2005)
- 19% of New Mexicans are poor of which 25% are children under 18
- 36% are families with female head of household with no husband present (US Census 2003 Data Profiles)

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Without financial assistance, it is possible that early childhood educators will not increase their level of educational attainment, increase their salaries, or enhance their skills in teaching young children.

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