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FISCAL IMPACT REPORT

ORIGINAL DATE 1/21/08

SPONSOR Lopez LAST UPDATED _____ HB _____

SHORT TITLE CYFD Child Care Program Eligibility SB 188

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
0.00	\$3,800.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB162 “CYFD Child Care Programs” and Relates to: HB222 “CYFD Child Care Programs”

Relates to Appropriation in the General Appropriation Act

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	FY10	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$64.4	\$64.4	\$128.8	recurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)

SUMMARY

Synopsis of Bill

Senate Bill 188 appropriates three million eight hundred thousand dollars (3,800,000) from the general fund to Children, Youth and Families Department to increase eligibility for the child care program and increase provider rates. The bill specifies two million eight hundred thousand (\$2,800,000) is to expand eligibility for child care programs to two hundred percent of the federal poverty level (FPL) and one million (\$1,000,000) is to increase the reimbursement rate for licensed child care providers.

FISCAL IMPLICATIONS

The appropriation of three million eight hundred thousand dollars (3,800,000) 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.

This appropriation is not included in the executive recommendation for CYFD.

SIGNIFICANT ISSUES

Currently, CYFD assists working families earning up to 165 percent of the federal poverty level (FPL) by helping them pay for the high cost of quality child care through full or partial payments (offset by co-payments) to providers chosen by the family. Assistance is based primarily on the income of working families, the hours that parents are involved in work or an approved training or education experience, and the amount of child care needed.

CYFD projects \$2.8 million could serve 882 new clients by increasing eligibility from 165 percent to 200 percent of FPL in FY09. Approximately \$6.2 million would be required in FY10 to remain at 200% FPL without running waiting lists. The increase in FY10 over the FY09 estimated cost is the direct result of the program “ramping up” to serve additional families who would be eligible for child care at 200 percent of the FPL, and then continuing to serve these families in FY10.

Funding for expanded eligibility and increasing the reimbursement rate for licensed child care providers was not included in the executive recommendation for CYFD.

PERFORMANCE IMPLICATIONS

CYFD maintains performance measures focusing on the number of children served through the child care assistance program as well as measures focusing on the quality of child care received by subsidized children.

A significant barrier to entering the workforce is childcare. The Workforce Solutions Department is charged with placing displaced workers back in the workforce. This bill does not address an increased level of employment, job retention, educational attainment, etc associated with the additional slots for the parents.

ADMINISTRATIVE IMPLICATIONS

An increase in funding for childcare assistance to two hundred percent of the federal poverty level would require two additional eligibility interviewers at an estimated annual cost of \$128,800. Funding for these additional staff is not contained in this bill.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates HB162 “CYFD Child Care Programs” and Relates to: HB222 “CYFD Child Care Programs”

Relates to Appropriation in the General Appropriation Act.

OTHER SUBSTANTIVE ISSUES

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

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)

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