

MINUTES
of the
FIFTH MEETING
of the
WELFARE REFORM OVERSIGHT COMMITTEE
October 29 and 30, 2008
State Capitol, Santa Fe

The third meeting of the Welfare Reform Oversight Committee (WROC) was called to order by Representative Luciano "Lucky" Varela, chair, on Wednesday, October 29, 2008, at 10:15 a.m. in Room 311 of the State Capitol.

Present

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair
Sen. Sue Wilson Beffort (10/29)
Rep. Antonio Lujan
Sen. Gerald Ortiz y Pino
Sen. John Pinto
Rep. Nick L. Salazar (10/30)
Rep. Jim R. Trujillo
Rep. Shirley A. Tyler
Rep. Gloria C. Vaughn

Absent

Sen. Dianna J. Duran
Sen. Clinton D. Harden, Jr.

Advisory Members

Rep. Nathan P. Cote
Rep. Miguel P. Garcia
Rep. Larry A. Larranaga

Rep. Candy Spence Ezzell
Rep. Daniel R. Foley
Sen. Steven P. Neville
Sen. John C. Ryan
Rep. Edward C. Sandoval

(Attendance dates are noted for those members who did not attend the entire meeting.)

Staff

Jennie Lusk
Carrie McGovern
Karen Wells

Guests

The guest list is in the meeting file.

Wednesday, October 29

Minimizing the "Cliff Effect"

Bill Jordan, policy director of New Mexico Voices for Children, introduced Kinsey Dinan, senior policy associate with the National Center for Children in Poverty, to the committee, but first he thanked committee members for getting the child care assistance eligibility rate up to 200% of the federal poverty level (FPL). He noted that it had taken seven years and 17 days to get the rate back up to 200% and praised the efforts of legislators in enabling more marginal families in New Mexico to qualify for state subsidies for child care.

Ms. Dinan explained in a nutshell the problem of the "cliff effect": for some persons, receiving a raise of \$.50 can disqualify a family from receiving income assistance, causing the person to decline a potential salary raise. It takes a parent working at \$19.00 per hour year-round to cover basic family needs for two children, which is triple the minimum wage and double the FPL.

The National Center for Children in Poverty has created an income "simulator" program on its web site so that persons throughout the country can determine how much money they need in order to survive in various communities.

The center's studies have found that three major "bumps" cause families to be forced off eligibility rolls — those associated with the loss of temporary assistance for needy families (TANF) benefits, whereby the parent is eligible for public health insurance; the loss of food stamps; and the loss of child care subsidies. Ms. Dinan explained that the state can help close the gap in affordability by increasing subsidies. She also suggested expanding "categorical eligibility" for assistance, e.g., tying eligibility for child care to eligibility for other public assistance programs. The federal government, for instance, allows TANF-eligible families to collect food stamps — but states may use even different programs to qualify families for child care subsidies. In Vermont, the state's earned income tax credit (EITC) is funded with TANF funds, so persons who qualify for the EITC also qualify for food stamps. Ms. Dinan agreed to look at New Mexico programs to analyze ways to offer other expansions.

Ruth Hoffman, director of the Lutheran Advocacy Ministry, said that the Human Services Department (HSD) is aware of the possibility and that it requires only an administrative change to provide categorical eligibility. At present, 20 other states enable persons to become eligible for child support subsidies based on qualifying for other programs.

The committee requested a memorial urging the HSD to provide categorical eligibility.

The committee also supported ensuring that individual development accounts (IDAs) remain nontaxable; Senator Beffort reported that the HSD is planning to ensure this by issuing a new rule on IDAs. In addition, the committee agreed that IDA information should be available in all one-stop job shops operated by the New Mexico Workforce Solutions Department.

On questioning by Senator Lopez, New Mexico Voices for Children research director

Gerry Bradley said that the organization continues to update the "bare bones budget", demonstrating how much income is required to live above poverty in various New Mexico locales.

Minutes

On motion of Representative Lujan and seconded of Representative Vaughn, the minutes of the WROC's August and September meetings were unanimously passed.

Models for State Benefits in Private Child Care

Dan Haggard, director, Office of Child Development with the Children, Youth and Families Department (CYFD), brought to the committee's attention several models that other states use for funding private child care with state dollars. In New Mexico, there are 6,310 child care providers, 1,014 of them licensed by the CYFD. While the state cannot get detailed attendance figures because the unlicensed facilities do not report to the state, the department estimates approximately 50,000 children are in child care, 21,000 of them in registered facilities. The state pays for 23,000 children.

The department estimates 9,500 persons work in daycare, approximately 4,000 in licensed facilities. Most have few, if any, benefits beyond their salaries. The average child care employee makes \$7.75 per hour, and there is an average 30-40% turnover rate. The most important contributor to quality child care, Mr. Haggard said, is a small staff-to-child ratio; the second, a decent salary; the third, the ability to build strong ties between children and the caregiver, most likely developed when turnover is infrequent.

Across the country, there are varieties of ways by which states reward employees for early childhood education — some 10 states make direct payments from state or local government to the employees, often through "retention grants" whereby an employee does not get a bonus until the employee has stayed for a fixed period of time or through paying wage supplements to private daycare teachers to ensure that wages are comparable with public school teacher wages. In California, private teachers can earn up to \$4,000 per year based on transcripts of early childhood education completion. In Madison, Wisconsin, city employees earn between \$750 and \$2,000, paid on a quarterly basis, depending on how long they stay in their jobs. Most states begin by giving grants to excellent teachers and moving from there to more direct government support. In North Carolina, the state offers a boost in wages for graduates of the "TEACH" program, as the state does in New Mexico, and in addition reimburses up to one-third of the cost of provider premiums for health insurance for employees in private child care and up to two-thirds of the premium for pre-kindergarten (pre-K) employees. In Rhode Island, private pre-school teachers may enroll in state coverage initiatives.

New Mexico's support is indirect — that is, the state rewards certain child care providers with higher subsidies for staff that earns "star" ratings for progress in education and training. A discussion followed on ways to improve salaries and benefits for New Mexico's private child care employees, with special concern on how to do so in the gloomy fiscal environment predicted for the coming session. Bill Dunbar, deputy secretary, CYFD, said the department's

priority is to ensure that child care funding is not cut in the coming session.

Senator Beffort warned committee members not to tamper with private child care providers — not to require staff to hold bachelor's degrees, for instance. With the budget squeeze, it may be a good time to slow down on government involvement with child care providers. On questions from Senator Beffort, Mr. Haggard said that training in early childhood education is important and rewarded. While an associate degree or bachelor's degree in early childhood education is best, those licenses do not necessarily qualify a person for being a good teacher. In other states, he said, the state supports wages of teachers as they seek certification or degrees in early childhood education. Mr. Haggard agreed to let the committee know if any federal money is available to help in paying private child care providers higher salaries or benefits.

Mr. Haggard also reported that the department has formed a committee to address parity problems between private and public child care providers. Among the issues the committee will explore are compensation and benefits.

The committee agreed to discuss endorsement of a bill that would ensure that the ratio between private and public pre-K providers remains at 50/50%. Mr. Dunbar noted that the number of registered providers is decreasing with the new requirement for a criminal records check; Senator Ortiz y Pino expressed concern that the requirement for criminal background testing may drive providers "underground" and allow the state less access to information on who is watching New Mexico children. He said that family providers often have a particular problem with such a requirement.

Impact on Private Daycare Centers of Minimum Wage Increases

Representative Vaughn's constituent Jake Meyer expressed a concern to committee members that private child care providers will be unable to pay for salary increases required by the increase in the minimum wage unless the state increases the rates it pays to providers. Mr. Meyer said infants and toddlers are the most expensive children to serve and, as such, slots are always full for them. He predicted that parents who do not use a state subsidy will be left seeking slots where there are none.

Higher Education

Secretary Reed Dasenbrock, Higher Education Department, introduced his staff, including deputy secretary William Flores, Len Malry, Matt Martinez, Brandon Trujillo, Teresa Acker and Pam Perez, all of whom were available for questions. The secretary directly linked higher education with higher income and noted that New Mexico tuition for higher education has more than doubled over the past decade. Until now, the United States has led the world in collegiate graduation, but this is no longer so, he said. With more education, a person is less likely to be poor, unhealthy or incarcerated. While higher education is not like public education in that it is not an entitlement, having a good percentage of persons enrolled in higher education benefits the entirety of society, the secretary said.

University students who come from New Mexico, Mr. Dasenbrock continued, have a 40% lower attainment rate than persons who attend New Mexico universities but originate elsewhere. He recommended the following as a strategy for encouraging more New Mexico students to attend New Mexico institutions of higher learning: (1) hold costs low, especially since tuition has increased over 125% in the past decade; (2) increase the amount of need-based aid, especially since the lottery scholarship does not take financial need into consideration; and (3) increase the amount of work-study assistance available for students. The department's legislative requests are for appropriations for college affordability, adult basic education, work-study and outreach. Statutory changes recommended include the 3% scholarship change, expanding dual credit to Bureau of Indian Education schools, enacting the post-secondary Indian education act and cleaning up the language in the College Affordability Act. The secretary noted that some 60% of New Mexico high school students start college but that a high percentage drop out during students' third semester of school.

Small Schools

Fred Nathan of Think New Mexico introduced the committee to the concept that making smaller schools can solve many of New Mexico's educational problems — budgets for security can be reduced, as can the dropout rate as students feel safer and become less anonymous.

Think New Mexico's recent report on small schools laid out a plan for transitioning the plans of New Mexico primary and secondary schools to require smaller enrollment. Smaller schools are demonstrably better than larger ones in terms of dropout rates. In New Mexico, the dropout rate costs the state approximately \$62 million. Dropouts report that they did not feel safe at school and large schools are forced to spend more for security. Mr. Nathan described a "dis-economy" of scale for large schools, including higher costs for security and transportation and a need for more principals.

Significantly, Mr. Nathan suggested focusing on the cost per graduate rather than only the cost per student; the dropout rate, now at 54% in New Mexico, is too high, and small schools offer a solution. America Enriquez, a student at a small charter school, Amy Biehl, talked about the improvement in her grades and her increasing accountability to the high school and to her family. Although she once considered dropping out of high school, she now plans to go to college and hopes to attend the Air Force Academy and become a pilot. On questioning of committee members, Mr. Nathan said that it might take as much as a century to get all schools small; however, now is the time to quit making them large.

Human Services Department Update

Secretary Pamela Hyde, HSD, reported to the committee that food stamp enrollment is at an all-time high and that the department has simplified the application process for food stamps. In other good news, the federal government allotment for the Low Income Home Energy Assistance Program (LIHEAP) will enable the state to almost double LIHEAP. The department has simplified eligibility there, too. The department has started paying an incentive to encourage TANF recipients to keep their jobs. The program, available to persons who earn less than 150% FPL, pays a bonus to those who remain in their jobs longer than 18 months.

The secretary said she had received three proposals to furnish behavioral health services for the state. On questions from committee members, the secretary said she did not have the attorney general review the behavioral health RFP but was content with the contract after executive sessions with the bidders.

The secretary mentioned several other priorities and news items, including these: the department urgently needs a new information technology system and will request funds along with eight other agencies for it; even so, the department's highest priority is additional staff; the department will submit an expansion request. The state housing initiative started by behavioral health, the Mortgage Finance Authority, the Governor's Poverty Task Force and CYFD has caused the groups to recommend increasing the number of low-income units, and federal money is available to developers of such units; the department will recommend changes for housing for youth in transition; the department's veterans' programming for those with post-traumatic stress disorder (PTSD) is expanding to include McKinley and Eddy counties. The department wants to open the old state-owned buildings in Los Lunas and will put in a \$10 million capital outlay request, with \$650,000 in start-up funds. Although New Mexico may see an increase in federal dollars in the coming year, the money will not be as much as is needed. It would take \$10 million to get people off the developmental disabilities and developmental and elderly waiver waiting lists. The George W. Bush veto of SCHIP recently was met with Congress' preauthorization to continue through March 2009. The enrollment in the State Coverage Initiative program has blossomed, leaving the department with large bills for services. The HSD's strategy is to fund existing businesses that participate in covering employees rather than expanding only by enrolling new businesses.

New Mexico Food Gap Task Force

Pam Roy and Clark de Schweinitz, chair of the New Mexico Food and Agriculture Policy Council, briefed the committee on New Mexico's national status on feeding people fresh, healthy foods. The state is second in the country in food insecurity, and 41% of families served by food banks are already working full time. One of six children does not eat from the fruits and vegetables food groups daily, and some New Mexicans travel very far in order to gain access to healthy food. The cost for getting fruits and vegetables into sparsely populated rural areas has increased by 75%.

The two discussed various programs that strive to create a public-private partnership with the Food Gap Task Force and businesses. At this point, the infrastructure for follow-up is there. The group is helping store owners get coolers to their stores. In addition, the group is looking for ways to make the women infant children program (WIC) and the electronic debit cards available at the 40 farmers' markets.

Senator Ortiz y Pino asked about intentions to tax soft drinks sold on school grounds and was told about current developments on the issue of getting healthy food into the schools.

Adjournment

The committee adjourned at 1:10 p.m. after deciding to request only a one-day meeting

next month on Tuesday, November 25, 2008.

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