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FISCAL IMPACT REPORT

SPONSOR	King and Sapien	ORIGINAL DATE	02/02/11	HB	296/aHCPAC
SHORT TITLE	Early Childhood Care & Education Act	LAST UPDATED	03/01/11	SB	
		ANALYST			Peery-Galon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)
Public Education Department (PED)
Department of Health (DOH)
University of New Mexico (UNM) - Family Development Program

No Responses Received From

Office of the Governor (GOV)

SUMMARY

Synopsis of HCPAC Amendment

The House Consumer and Public Affairs Committee amendment for House Bill 296 makes the following changes:

- Increases the number of early care and education services providers from one to two that serve on the State Early Learning Advisory Council and requires that at least one represent a privately owned provider;
- Decreases the number of public members from three to two that serve on the State Early Learning Advisory Council; and
- Adds a Section 7 that includes the following:
 - The State Early Learning Advisory Council is to terminate on July 1, 2017 pursuant to the provisions of the Sunset Act;

- The council is to continue to operate pursuant to the provisions in Section 4 regarding membership of the council and Section 5 regarding council and Children Youth and Families Department duties of the Early Childhood Care and Education Act until July 1, 2018; and
- A repeal date of July 1, 2018, for Section 4 of the Early Childhood Care and Education Act.

Synopsis of Original Bill

House Bill 296 creates an Early Childhood Care and Education Act to establish a comprehensive early childhood care and education system through an aligned continuum of state and private programs, including home visitation, early intervention, child care, Early Head Start, Head Start, early childhood special education, family support and pre-kindergarten, and to maintain or establish the infrastructure necessary to support quality in the system's programs.

The proposed legislation establishes a State Early Learning Advisory Council to consist of 15 members. The members are to consist of the secretary or secretary designee of the Public Education Department; Children, Youth and Families Department (CYFD); and director of CYFD's Head Start state collaboration office are to serve ex officio. The remaining members are to be appointed by the governor for four-year terms. Along with the ex-officio members, the council will consist of the following members: one representative of an institution of higher education; one representative of a local educational agency; one representative from a Head Start or Early Head Start organization; one provider of early care and education services; one representative of a state agency responsible for programs under Section 619 or Part C of the federal Individuals with Disabilities Education Act; one representative of the state agency responsible for children health and mental health care issues; three members of the New Mexico business roundtable for educational excellence; and three public members with knowledge and experience in early childhood care and education. Council members are not to be paid or receive per diem and mileage as provided in the Per Diem and Mileage Act.

The council is designated as the council required pursuant to the federal Improving Head Start for School Readiness Act of 2007. The council is to fulfill all the duties required under the federal act for early childhood care and education. The proposed legislation also requires the council to do the following:

- Make recommendations to CYFD and the Legislature on the most efficient and effective way to leverage state and federal funding for early childhood care and education; and
- Make recommendations to CYFD and the Legislature on how to coordinate and align an early childhood care and education system to include child care, pre-kindergarten, home visitation, Early Head Start, Head Start, early childhood special education, early intervention and family support and to provide New Mexico families with consistent access to appropriate care and education services.

The proposed legislation creates an Early Childhood Care and Education Fund as a nonreverting fund in the state treasury. The fund is to be administered by CYFD and is to consist of gifts, grants, donations and bequests made to the fund. The money in the fund is subject to appropriation by the Legislature to CYFD and education providers for carrying out the provisions of the Early Childhood Care and Education Act. The council and CYFD may apply for and accept gifts, grants, donations or bequests for the fund from any source, public or private, and enter into contracts or other transactions with any federal or state agency, any private organization or any other source for the purpose of carrying out the Early Childhood Care and Education Act.

FISCAL IMPLICATIONS

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

CYFD noted there is no appropriation included in the proposed legislation. The department reported any operating costs above and beyond revenues raised from allowable methods within the proposed legislation would be absorbed by existing resources.

PED reported that the proposed legislation will not require a general fund appropriation for the establishment of the Early Childhood Care and Education Act to carry out the activities of the act. Since the state Early Learning Advisory Council is a requirement of the federal Head Start for School Readiness Act of 2007, it may require that federal funds from the Head Start collaboration grant be used to carry out the council's activities.

SIGNIFICANT ISSUES

DOH noted the House Consumer and Public Affairs Committee amendment for House Bill 296 adds a second early care and education provider representative to the council, and at least one is to be a private early care and education provider. This change will ensure the voice of private child care and preschool providers are represented on the council.

UNM's Family Development Program reported the House Consumer and Public Affairs Committee amendment for House Bill 296 demonstrates good understanding of the importance for engagement of private sector providers as on-the-ground "reality check" for early childhood advisory council roles and responsibilities. Assuring a balance from private sector representation will enrich the oversight, planning and strategic investment for an integrated system. Also, UNM's Family Development Program recommends consideration for the inclusion of two parent leaders to serve on the council to ground the discussion with deeper insights into the realities faced by families with small children.

Recent research emphasizes the importance of brain development in early childhood, especially in developing cognitive and social skills. Eighty percent of the human brain is developed between birth and age 5. Early experiences help determine whether a person's brain architecture develops in ways that promote future learning, behavior, and health. Quality child care, home visiting, and pre-kindergarten are early childhood initiatives gaining attention throughout the United States.

In 2005, the research company RAND published a book, *Early Childhood Interventions: Proven Results, Future Promises*, that evaluated 20 early childhood programs. The study estimates the returns to society for each dollar invested in early childhood programs range from \$1.26 to \$17.07. The largest benefit-cost ratios were found in programs with long-term follow-up because they allowed measurement at older ages for outcomes such as educational attainment, delinquency and crime, and earnings.

Economic benefits of early childhood interventions tend to be greater for programs that effectively target at-risk children than for programs that serve all children. Research shows investments in early childhood programs have the potential to generate government savings that more than repay the costs and have returns to society as a whole. The returns to society are through increased taxes paid by more productive adults and significant reductions in public expenditures for special education, grade retention, welfare assistance, and incarceration.

The Legislative Finance Committee's *Volume I – Legislating for Results: Policy and Performance Analysis* stated "Over the last five years, the Legislature has made significant investments in early childhood services by funding prekindergarten, home visiting, and other initiatives. Early childhood programs exist in several state agencies, creating problems with coordination and duplication of services. With shrinking resources, it is imperative that early childhood programs are evaluated and prioritized and target at-risk children."

CYFD noted the proposed legislation supports the development of a structure through which early childhood programs can be aligned. While the programs named in the proposed legislation are serving many of the same children, they are funded through different entities and governed through different regulations. Also, each entity has its own database and there is no system that permits data to be shared and connected between programs.

CYFD reported that in October 2009, when the Early Learning Advisory Council application was submitted, there were 5,649 licensed and registered child care providers, 19 Head Start and Early Head Start Programs, 284 early childhood special education programs and 51 pre-kindergarten sites. The Early Learning Advisory Council is mandated through the federal Improving Head Start for School Readiness Act of 2007 and currently is funded through the American Recovery and Reinvestment Act.

CYFD reported *A Science Based Framework for Early Childhood Policy* (2007) report published through Harvard's University's Center on the Developing Child presented the following evidence that:

- Early experiences determine whether a child's brain architecture will provide a strong or weak foundation for all future learning, behavior and health;
- Young children need positive relationships, rich learning opportunities, and safe environments;
- Several factors can enhance development in the first five years of life, including center-based programs that have positive impacts on young children's development;
- Effective programs are implemented well, evaluated regularly, and improved continuously; and
- Ensuring that children have positive experiences prior to entering school is likely to lead to better outcomes than remediation programs at a later age, and significant up-front costs can generate a strong return on investment.

CYFD reported the following ways in which alignment of early childhood programs would benefit children and families:

- Better tracking and integration of data would allow for the identification of gaps in service, vulnerable populations, and understanding of whether and how specific programs are benefiting children and families. As a result, funding for programs can be streamlined to match specific need.
- Consistent consumer education would increase family awareness of services available to them.
- An aligned professional development system would result in well-qualified professionals able to make a positive impact on children.
- Consolidating and coordinating resources and public funding streams permits funding to be maximized.
- The acknowledgement that families play a central role in the planning, operation and evaluation of early childhood programs provides a foundation upon which families are included and considered in decisions that affect them.

PED reported an integrated and comprehensive state early childhood care and education system could bridge the gaps that are created by multiple and non-integrated funding streams. A framework, such as the Early Childhood Care and Education Act, could further support fostering childhood systems integration at the state and community levels. PED stated that while the vision for an aligned continuum for early childhood care and education is worthy of further discussion, creation of a council, would appear to be contrary to efforts during the 2010 interim to create better efficiencies in state government. Further, it is not clear how the proposed act would improve transparency, accountability and effectiveness.

Membership of the Early Learning Advisory Council is to consist of 15 members, which includes one representative of a state agency responsible for programs under Section 619 or Part C of the federal Individuals with Disabilities Education Act. PED and DOH stated there should be consideration for two representatives as opposed to one because the Section 619 and Part C programs are housed in two different state agencies. The Section 619 program is housed in Public Education Department and the Part C program is housed in the DOH.

DOH stated consideration should be given to adding at least one member of the council that is a parent of a child receiving early childhood services.

PERFORMANCE IMPLICATIONS

CYFD noted the proposed legislation supports the department's strategic plan initiative to "improve the quality, accessibility and affordability of early care and education programs statewide" and to "help these programs achieve and maintain high quality standards." CYFD stated the proposed legislation provides a method by which to coordinate with other agencies, both public and private, toward a clear goal. It is anticipated this will improve the department's performance.

The Early Learning Advisory Council will consider how to develop and manage effective data collection processes to support the necessary functions of a coordinated system of care and education of young children. PED noted this process will also track children through the educational system beginning at prenatal through higher education to enable accurate evaluation of the impact of early childhood care and education.

ADMINISTRATIVE IMPLICATIONS

PED reported program administrators will have to commit to implementing a comprehensive state early childhood care and education plan to make sure every child has access to quality programs while providing options for parents.

DOH noted that the Family Infant Toddler Program (Part C) manager would be expected to attend council meetings. The department stated that this could be incorporated into the manager's existing work.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 296 is a duplication of Senate Bill 120 regarding Early Childhood Care and Education Act.

OTHER SUBSTANTIVE ISSUES

The Legislative Finance Committee's *Children, Youth and Families Department, Public Education Department & Department of Health Program Evaluation: Investments in Early Childhood* (May 2009) reported the following significant recommendations:

- The Early Childhood Collaborative or at a minimum CYFD, PED and DOH should report annually to the Legislature and public on spending and performance outcomes for early childhood programs, including prenatal care.
- DOH should begin planning for implementation of a Nurse-Family Partnership home visiting program in FY10, and request funding for implementation of a pilot program.
- CYFD should incorporate the outcomes, standards and performance measures into its administration of home visiting programs cited by the plan "Building a System of Care of Home Visiting in New Mexico" and require all contractors to comply.
- For the New Mexico pre-kindergarten program, CYFD and PED should:
 - Identify methods to integrate NM pre-kindergarten, Head Start, Title I and IDEA preschool into a single public funded preschool system.
 - Submit a plan for reducing pre-kindergarten support costs with CYFD and PED's budget requests.
 - Redirect NM pre-kindergarten funding from the TEACH program to provide services to additional children. Use other existing funding sources for the program, such as federal funding for child care quality and workforce development.
- CYFD should:
 - Revise child care performance measures for FY11 related to quality child care. Only include STAR levels 3-5 in measures, rather than level 2.
 - Consider an evaluation to assess child outcome differences among different types of child care providers, particularly for infants and toddlers in various levels of quality center-based care. Use the evaluation to develop an annual performance measure relating to child outcomes for the program.

CYFD noted the proposed legislation supports the role of the department as stated in the statute which created CYFD – "In addition to other duties provided by law or assigned to the department by the governor, the department shall strengthen collaboration and coordination in state and local services for children, youth and families by integrating critical functions as appropriate, including service delivery and contracting for services across divisions and related agencies."

PED reported that it is unclear of the relationship between the Early Learning Advisory Council and the seven-member Child Development Board (Sections 32A-16-3 through 32A-16-4), which was created to oversee the Office of Child Development at CYFD. The Child Development Board has similar powers and duties.

PED noted the following other substantive issues related to special education:

- Page 2 lines 17 and 18, uses the term "at risk children", not defined in the definition section 2 of this bill." This definition should include children with disabilities.
- Page 2 lines 22-25, school districts are already required by federal regulations within the IDEA 34 CFR §300.304(C)(1)(i)(iii), §300.306(b)(c)(i) and §300.309(a)(3)(b)(1) to implement developmental, cultural and linguistically appropriate program models for students with disabilities.

- Page 3 lines 1-4, school districts are already providing information on Early Learning Outcomes through federally mandated Indicator 6 and Indicator 7, which includes preschool data which is reported annually to the PED through the Student-Teacher Accountability Reporting System (STARS).
- Page 3 lines 5-8, preschool children are currently being assessed through the PED and CYFD approved assessments which include: Brigance Diagnostic Inventory of Early Development II-2004; Creative Curriculum for Preschool, Fourth Edition; and Work Sampling System and New Mexico Pre-K Observational Assessment System. These assessment results are required to be submitted into the STARS system at each reporting period. The student is assessed in the areas of social emotional, language acquisition and behavior.
- Page 3 lines 11-16, a requirement is already in place through federal regulation 34 CFR §300.18 where preschool educators must be licensed by the PED in Early Childhood Birth-Grade 3 or hold a Special Education Pre-k-Grade 12 license.
- Page 3 lines 17-21, New Mexico state statute 6.31.2.11(A)(4) NMAC and 34 CFR §300.124(a) states that each child will have a “seamless transition” when entering Part B (kindergarten-grade 12) from Part C (preschool).
- Page 3 lines 22-25 and page 4 line 1, 34 CFR §300.501(b)(c) states that parents shall be a part of the development stage of a child’s educational program.
- Page 4 lines 5-12, an aligned continuum of state and private programs is part of the transition of children from Part C programs to Part B preschool programs and is included in a child’s Individualized Family Service Plan (IFSP) and Individual Educational Program (IEP).
- Page 5 lines 14-16, if this bill comes to fruition, a representative from Part B should to be a member of the advisory council to facilitate the transition from early childhood to pre-school.
- Page 7 lines 21-25 and page 8 lines 1-3, the IDEA Panel, which is the state advisory panel, was established and is maintained according to 34 CFR §300.167 and §300.168 in order to provide guidance to the PED regarding children with disabilities. The IDEA Panel and the State Early Learning Advisory Council should coordinate efforts to support and provide guidance for students in the state who receive special education or related services.
- Page 8 lines 16-18, clarification is needed to determine who the term “consumer” is referring to in this section of the bill.

RPG/bym:svb