

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 259

51st Legislature, 2nd Session, 2014

Tracking Number: .195237.9

Short Title: Early Childhood Care & Education

Sponsor(s): Senator Sue Wilson Beffort and Others

Analyst: Mark Murphy

Date: February 9, 2014

FOR THE LEGISLATIVE FINANCE COMMITTEE

Bill Summary:

SB 259 makes appropriations and amends the *Early Childhood Care and Education Act* (ECCEA) in the *Children's Code* to:

- add a definition of the term “early childhood care and education system” to mean a system that provides child-care, information and assistance to children from prenatal through five years of age and to their families;
- modify the powers and duties of the state Early Learning Advisory Council (ELAC) to include home visitation into the list of components the ELAC is to develop within the high-quality, comprehensive system of early childhood development and care; and
- require ELAC to:
 - make recommendations to the Children, Youth and Families Department (CYFD) on funding strategies to improve the state’s early childhood workforce capacity;
 - consider how to provide a system of seamless transition from prenatal to early childhood programs to kindergarten;
 - by November 1, 2014, develop and submit a legislative proposal for a statewide early childhood care and education system that includes:
 - a definition of “high-quality child-care;”
 - the purpose of the early childhood care and education system;
 - performance and accountability measures to be used by the CYFD to collect and report information to the Legislature related to children served by early childhood care and education providers;
 - requirements for licensure of programs providing early childhood care and education; and
 - recommendations for administration of the early childhood care and education program.

Among its other provisions, SB 259:

- appropriates a total of \$2.8 million through six separate appropriations (see “Fiscal Impact,” below); and
- specifies an effective date for these provisions of July 1, 2014.

Fiscal Impact:

\$2.8 million, in total, is appropriated through six different appropriations from the General Fund to CYFD or the Higher Education Department (HED) for expenditure in FY 15 and, in some cases FY 16.

Specifically, SB 259 includes the following appropriations:

- \$500,000 to CYFD for expenditure in FY 15 and FY 16 for high-quality pilot program planning grants (any unexpended or unencumbered balances at the end of FY 16 revert to the General Fund);
- \$500,000 to HED for expenditure in FY 15 and FY 16 for the expansion of the state's early childhood care and education workforce capacity through the state's institutions of higher education, consistent with recommendations of ELAC (any unexpended or unencumbered balances at the end of FY 16 revert to the General Fund);
- \$100,000 to CYFD for expenditure in FY 15 for ELAC to develop recommendations on how to increase the state's early childhood care and education workforce capacity and to prepare a legislative proposal for a statewide early childhood care and education program; (any unexpended or unencumbered balances at the end of FY 15 revert to the General Fund);
- \$500,000 to CYFD for expenditure in FY 15 and FY 16 to improve the quality of child-care services by in-home registered child-care providers; (any unexpended or unencumbered balances at the end of FY 16 revert to the General Fund);
- \$700,000 to CYFD for expenditure in FY 15 and subsequent fiscal years for training and education advancement of early childhood care and education providers (any unexpended or unencumbered balances do not revert to the General Fund); and
- \$500,000 to CYFD for expenditure in FY 15 to provide increases in reimbursements made to child-care providers who are participating in the state's child-care quality rating pilot program and who are providing program services at level 3, 4 or 5 (any unexpended or unencumbered balances at the end of FY 15 revert to the General Fund).

Substantive Issues:

Several substantive issues have been raised in agency bill analyses.

According to CYFD:

- because members of the ELAC are volunteers who receive no reimbursement or compensation, the bill's appropriation of \$100,000 to contract for the coordination of the planning effort, development of the recommendations, and documentation of the proposal will contribute to ensure the quality of the report;
- due to existing personnel responsibilities as well as responsibilities associated with the federal Race to the Top-Early Learning Challenge (see "Background," below), the allocation for support to contract for assistance with the development and writing of the legislative proposal by November 1, 2014 is critical; and

- given the purpose of the legislative proposal is to identify the performance and accountability measures CYFD must use and report on, it is probable that CYFD will need to change the licensure requirements of entities involved with early childhood care and education and develop the tracking methods and reports necessary to address changed performance measures.

The Department of Health (DOH) states that SB 259:

- adds home visitation to the list of early care and education programs coordinated by ELAC, which may be appropriate, as home visiting is a key early childhood program with significant investment of state, federal, and private philanthropic funds;
- makes a number of appropriations to CYFD to fund various initiatives to improve the quality of early care and education programs, but does not specify the role of ELAC in the oversight of these appropriations; and
- makes an appropriation of \$500,000 for “high quality child-care pilot program grants;” however, New Mexico is developing and implementing a Tiered Quality Rating and Improvement System that will measure quality early care and education programs, including child-care and it is unclear how a pilot program planning grant would improve the quality of child-care.

Background:

Early Childhood Care and Education Act

Enacted in 2011, the ECCEA has as its purpose “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.” Provisions in the ECCEA:

- create the 15-member ELAC that is attached to the CYFD;
- designate ELAC as the required Head Start program council¹;
- create the Early Childhood Care and Education Fund, a non-reverting fund administered by CYFD for carrying out the provisions of the act;
- allow ELAC to apply for grants and funds from any source, and to contract with any federal or state agency or private organization, to further the purposes of the act;
- require ELAC to make recommendations to CYFD and the Legislature on the most efficient and effective way to leverage state and federal early childhood program funds, including grant applications by CYFD;
- require ELAC to terminate on July 1, 2017 pursuant to the provisions of the *Sunset Act*; and
- require ELAC to make recommendations to CYFD and the Legislature on the coordination and alignment of an early childhood care and education system – recommendations that take a number of factors into consideration, among them:
 - the consolidation and coordination of funding streams;
 - a seamless transition from prenatal to early childhood programs to kindergarten;

¹ The establishment of a body such as the ELAC was mandated through the federal *Improving Head Start for School Readiness Act of 2007*.

- the parent’s “decisive role in planning, operation and evaluation of programs that aid families in the care and education of children”;
- the development and management of effective data collection systems;
- the diversity and cultural heritage of families and communities;
- professional development for providers; and
- the establishment of an effective administrative framework.

2013 Implementation Update

During the 2013 interim, the Legislative Education Study Committee (LESC) heard an update on the implementation of the act.

Testimony began with an LESB staff review of the history and provisions of the act, including:

- a review of seven core principles, arising out of collaborative efforts of the New Mexico Business Roundtable (NMBR) and the New Mexico Early Childhood Development Partnership;
- the establishment of the ELAC and its designation as the state’s official council for the Head Start program, as required by federal law;
- the membership of the council, comprising three *ex officio* members; three members appointed from, and by, the NMBR Board of Directors; and nine other members, from various other stakeholder groups, appointed for staggered terms by the Governor;
- the creation of the Early Childhood Care and Education Fund, a non-reverting fund administered by CYFD; and
- requirements that ELAC make recommendations to the Legislature and CYFD on the best manner of leveraging available program funds, as well as general recommendations regarding the coordination and alignment of an early childhood care and education system in New Mexico, with particular attention to several prescribed components.

The Chair of ELAC (and Chief Executive Officer of the NMBR) testified about the council’s efforts to implement the provisions of the act. Among the points raised were:

- the background and initial findings of the council;
- the council’s mission statement: “To create a quality, sustainable, and seamless Early Care and Learning System, responsive to each child, from birth to age 5, and their family across New Mexico, by building partnerships, integrating systems, and making strategic, research-based and data-driven recommendations to policy makers and stakeholders”;
- the council’s vision statement: “To be the collective voice to move forward the Early Care and Learning System in New Mexico”;
- the council’s three long-term priorities:
 1. accessibility to high-quality early childhood programs, with particular attention to children with disabilities, children from diverse linguistic and cultural backgrounds, and children with challenging behaviors;
 2. improved school readiness (now and at third grade), through focus on children’s progress across certain domains; and
 3. a high-quality early childhood workforce, with appropriate training, credentials, and range of competencies; and
- strategies and best practices to address the council’s three priorities.

Additional testimony came from the respective chairs of committees that ELAC had formed:

- the Chair of the Access to Quality/Early Childhood Programs Committee testified that this committee is working to expand services, particularly high-quality childcare, into all identified early childhood investment zones (see “Race to the Top-Early Learning Challenge,” below);
- the Chair of the School Readiness Committee reviewed the aspects of that committee’s work toward helping students enter school at or above age level;
- the Chair of the Workforce Development Committee testified that early childhood educator pay levels are not commensurate with the work that these educators do; and that help is needed not only to supplement their incomes, but also to help encourage highly qualified educators and caregivers to enter and remain in this field of work;
- the Chair of the Finance Committee described that committee’s focus on all potential funding sources to create multiple pathways for families in need of services, as well as expanding current operations and improving services; and
- the Chair of the Public Policy Committee noted ELAC’s interest in the multiple systems of early childhood development in New Mexico.

Testimony on this topic concluded as the Chair of ELAC noted that the council hopes to accomplish its goals before the provisions that created the council sunset in 2017.

Federal Race to the Top-Early Learning Challenge (RTT-ELC) Grant

As described by the US Department of Education (USDE), the purpose of the Early Learning Challenge Grant is “to improve the quality of early learning and development programs and services and close the achievement gap for children with high needs.” USDE also notes that the overarching goal of the program is “to make sure that many more children, especially children with high needs, enter kindergarten ready to succeed.”

In 2012, the USDE selected New Mexico for a \$25.0 million RTT-ELC grant that would be paid out over four years. In July of 2013, the USDE awarded New Mexico an additional \$12.5 million as part of the RTT-ELC program, making New Mexico’s total RTT-ELC award upwards of \$37.0 million.

Committee Referrals:

SCC/SEC/SFC

Related Bills:

HM 13 *J. Paul Taylor Early Childhood Task Force*
HJM 17 *Senior Citizens for Early Childhood Teaching*
SB 66a *Early Childhood Mental Health Treatment*
SB 68 *County and Tribal Early Childhood Services*
SB 155 *Early Childhood Teacher Retention*
*SB 265 *Legislative Interim Children’s Council*
SM 5 *J. Paul Taylor Early Childhood Task Force*