



Early Childhood Actic
New Mexico

2007 Early Childhood Children's Budget

DRAFT
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New Mexico 2007
Early Childhood Children's Budget Summary

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New Mexico 2007 Early Childhood Children's Budget Summary

The 2006 New Mexico Children's Budget developed by the New Mexico Children's Cabinet identifies state and federal investment in programs that serve New Mexico children and youth birth to age 21. The data in the New Mexico Children's Budget represents program funding for children from the state agencies that administer early childhood programs. The Early Childhood Action Network, with the assistance of the Fiscal Policies

Institute, has analyzed the state and federal investment in early childhood services in New Mexico, derived from the New Mexico Children's budget data. The state Early Childhood programs included in this report can be found in Table 7. The Early Childhood Children's Budget seeks to identify trends in public investment in New Mexico's youngest children, birth to five.

Early Childhood State and Federal Funding: 2003 through 2007

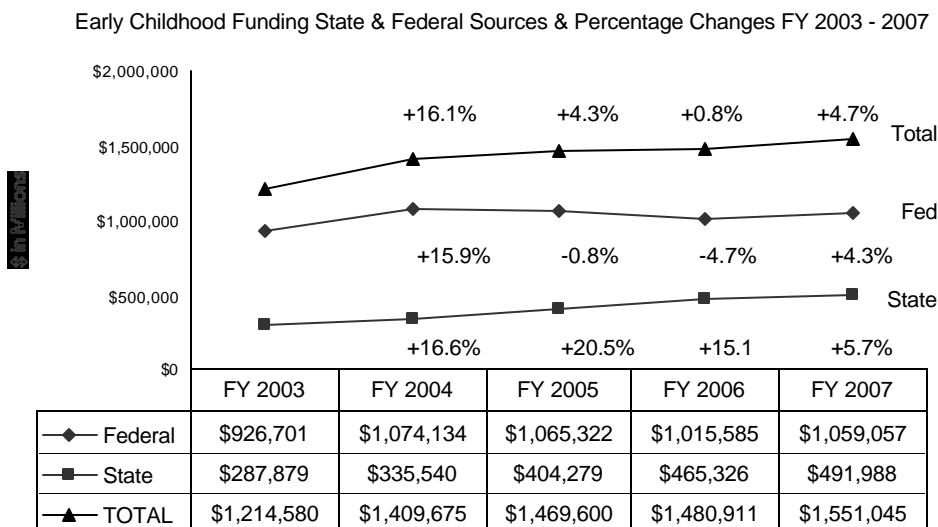


Table 1. Early Childhood State and Federal Funding shows the federal and state general fund expenditures for early childhood programs in New Mexico between Fiscal Years 2003 and 2006.

Table 1. Source: NM Inventory of Early Childhood Program. [See Appendix A. Early Childhood Programs]

Between FY 2003 and FY 2006, State funding for early childhood programs grew by 70.9%. Between FY 2003 and FY 2006, Federal funds grew by only 14.3%. Between FY 2005 and FY 2006, Federal funds were reduced by 5.5%.

State expenditures have increased each fiscal year while Federal expenditures decreased in both 2005 and 2006. Federal expenditures decreased by .8% in 2005 and decreased again by 4.7% in 2006. Between Fiscal Year 2003 and 2004, the increases are due to expenditures in Medicaid and Kindergarten programs. Between Fiscal Years 2004 and 2005, the 20.5% increase is primarily due to an expansion of Full-Day Kindergarten.

Relative Proportion of State General and Federal Funds for Early Childhood

Total Early Childhood Funding - Percentage of Federal and State Funding FY 2003-2007

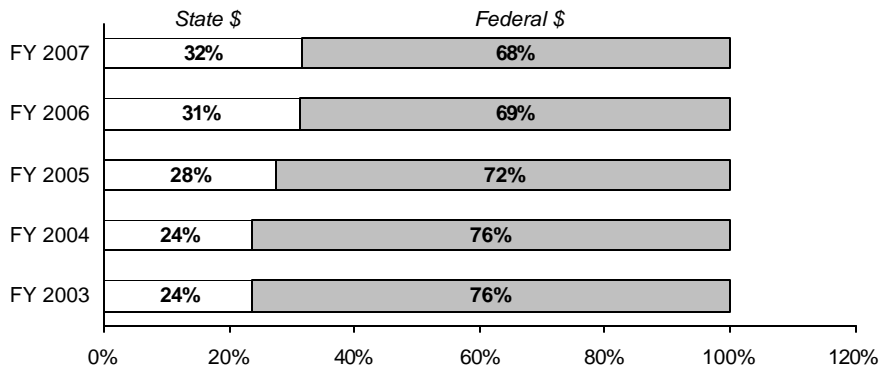


Table 2. contrasts the relative proportion of state and federal expenditures for young children in New Mexico.

Table 2. Source: NM Inventory of Early Childhood Programs.

While there has been a steady increase in the commitment of state investments in early childhood programs, the decreases in federal funds have created a less than optimal funding picture. For example, Federal funds have been decreasing in the Title V Block Grant Program which funds state Children with Special Health Needs and Maternal, Child Health Programs, as well as the Title X Family Planning Program. See Appendix A.

Fair Share of the State Budget: New Mexico's Children Birth to Five

Early Childhood Expenditures Compared to State General Funds & Percentage Change Between FY 2003 - 2006

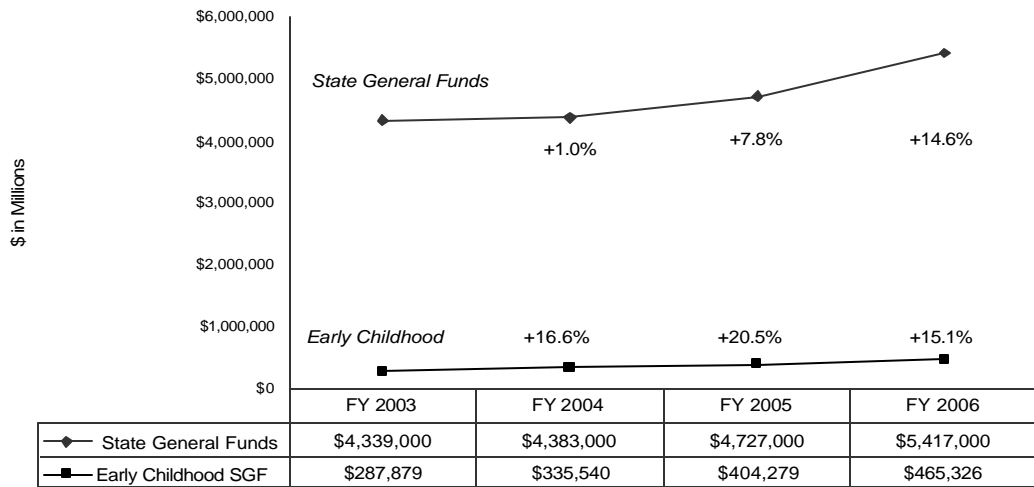


Table 3. Source: NM Inventory of Early Childhood Programs. 2005 State Expenditure Report, National Governor's Association (NGA), National Association of State Budget Officers (NASBO).

Table 3. Shows trends in growth of state early childhood services compared to New Mexico State General Fund expenditures between Fiscal Years 2003 and 2006.

Major progress has been realized in the state investment in early childhood programs which grew by 61.6% between 2003 and 2006. In contrast, state general funds grew overall by 24.8%. Children birth to five comprise 8% of the state's population.

Percent Early Childhood Expenditures of Total State General Fund Expenditures

Early Childhood General Fund Expenditures as a Percentage of Total General Fund Expenditures

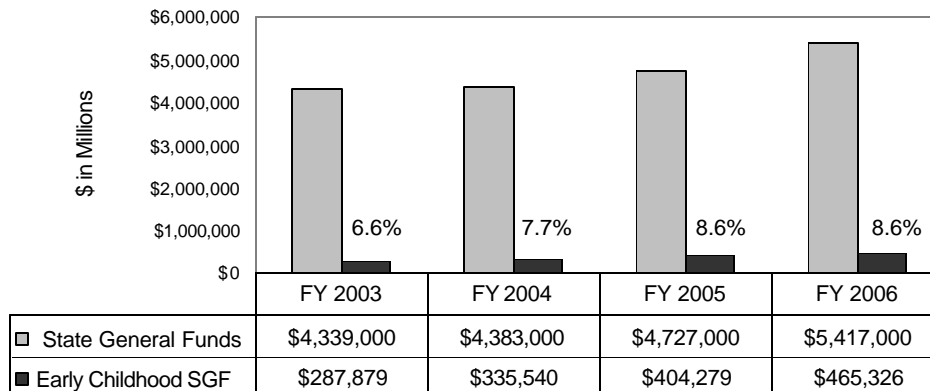


Table 4. Shows the percent of early childhood expenditures of total State General Fund expenditures for New Mexico. The portion of total state expenditures on early childhood increased between 2003 to 2005 from 6.6% to 8.6%.

Table 4. Source: NM Inventory of Early Childhood Programs. 2005 State Expenditure Report, National Governor's Association (NGA), National Association of State Budget Officers (NASBO).

Table 3 shows that early childhood expenditures have increased between 2003 and 2006 and Table 4 shows that early childhood expenditures as a proportion of State General Fund expenditures have also increased.

Remediation Costs: Costs We are Trying to Prevent

Remediation: Federal & State Expenditures and Percentage Change Between FY 2003 - 2006

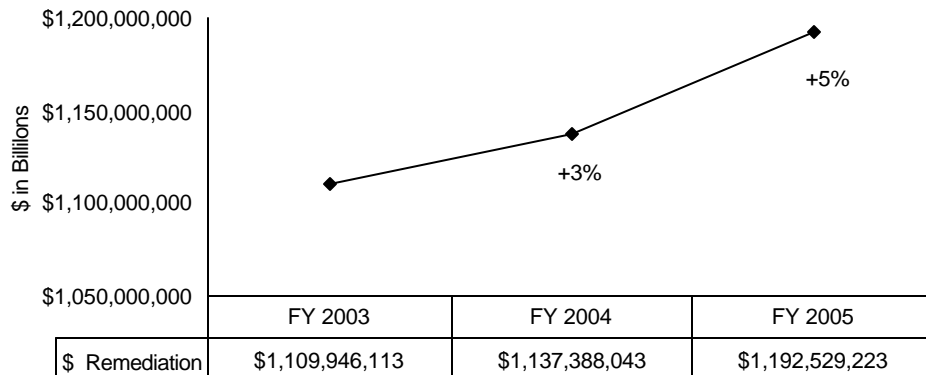


Table 5. Remediation costs are what taxpayers are spending to address child and family problems. Over \$1 billion is being spent each year on remediation in New Mexico.

Remediation costs for New Mexico reflected in Table 5 and 5.a. were determined using the methodology of the Fiscal Policy Studies Institute for Children’s Budget analysis.

Table 5. Source: 2005 State Expenditure Report, NGA, NASBO. New Mexico Inventory of Early Childhood Services

The costs of remediation are estimated by adding all of the federal and state general fund expenditures for welfare, juvenile justice and child welfare, 1/3 of Medicaid (the estimated children and family share) and one-half of all adult law enforcement and corrections costs.

This conservative estimate is based on an assumption that one-half adults in the corrections system had involvement with the juvenile justice system. These expenditures are underestimates as they leave out mental health costs not included in Medicaid, preventable costs of special education, the costs of grade repetition and high school drop-out, the cost of public housing, homeless services, low income energy assistance, etc. It also excludes other costs that are harder to quantify like the education costs of poor birth outcomes and societal costs of alcohol and drug abuse.

Spending on remediation is for children who are not born healthy, not ready for school, not succeeding in school, not staying out of trouble. In essence, these expenditures can be labeled “the cost of bad results”.

The costs of bad results show up not just in government, but in private sector expenditures and even in the share of our monthly insurance bills caused by juvenile crime.

Table 5a. Shows what New Mexico has spent in remediation by category for 2004, 2005 and 2006.

Federal and State General Fund Expenditures in Remediation Services 2003 - 2006

	FY 2003	FY 2004	FY 2005
Juvenile Justice	48,568,771	52,068,650	56,074,800
Child Welfare	94,044,008	96,986,060	92,121,090
Medicaid: 1/3	785,333,334	800,333,333	842,333,333
Income Support	71,000,000	74,000,000	70,000,000
Corrections: 1/2	111,000,000	114,000,000	132,000,000
Totals	\$1,109,946,113	\$1,137,388,043	\$1,192,529,223

Table 5a. Source: NM Inventory of Early Childhood Programs. 2005 State Expenditure Report, NGA, NASBO

Early Childhood Development Programs vs. Remediation: What Does it Cost Per Child?

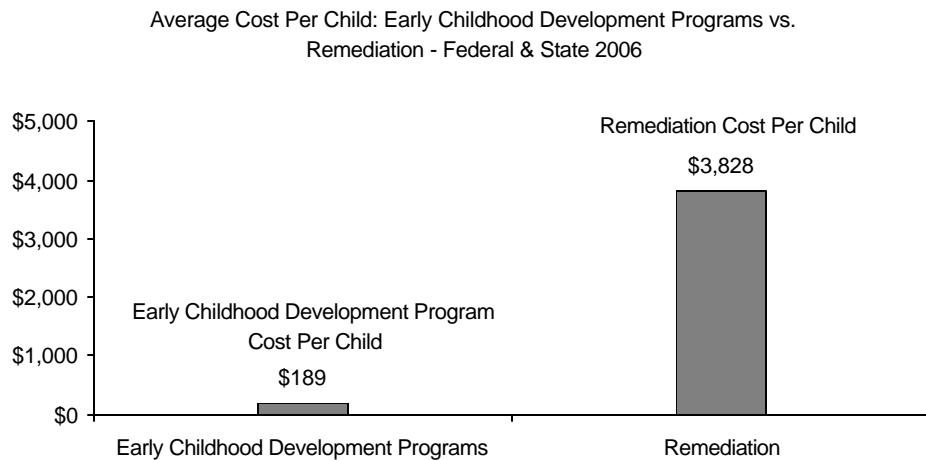


Table 6. The cost per child for remediation and early childhood services is calculated by dividing the total number of children receiving services by the total expenditures for each program.¹ This is a crude estimate that does not remove unduplicated counts of children or children receiving multiple state services.

Table 6. Source: *NM Inventory of Early Childhood Programs (Analysis based on FY 2006). State Expenditure Report, NGO, NASBO*²

The cost per child for Early Childhood Development Programs ranges from \$5.58 for Newborn Hearing Screening, \$111.88 for Women, Infant Children (WIC) providing nutrition to pregnant women and post partum, to \$4,093.75 per child for Quality Child Development services.

Cost per child for Remediation Services range from \$1,478.60 for youth involved with the Juvenile Parole Board to \$19,464.82 in permanency planning for children who are abused or neglected.

Besides their lower costs, expenditures for services that support the well-being of young children are an economic development strategy; they yield high returns on investment. Federal Reserve Bank of Minneapolis researchers have identified that investing in early childhood programs produces an annual rate of return of 16% of which 80% accrues to the general public.³ In contrast, subsidies to corporations, a common economic development strategy, yield negligible rates of return and almost no return to the general public. Investing in New Mexico’s youngest children is one of the most powerful economic development tools that we have to improve New Mexico’s economic future.

¹ Please note that calculations are rough projections only. Multiple data systems are utilized to collect information on children served. Many programs report duplicate counts for a variety of reasons. For example, children may be counted based upon the number of encounters such as in the Immunization Program where one child receives multiple immunizations from birth to five.

² See Appendix C. Tables of Per Child Expenditures

³ Rob Grunewald and Arthur J. Rolnick. (2003) *Early Childhood Development: Economic Development with a High Public Return*. Federal Reserve Bank of Minneapolis

New Mexico Early Childhood Programs

What does New Mexico have in place to support the well-being of young children? The New Mexico Children Youth and Families Department (CYFD), Department of Corrections (DOC), Department of Health (DOH) and the Public Education Department (PED) have responsibility for publicly funded services to the young children of New Mexico. Table 7 identifies the programs administered through the State of New Mexico that serve children birth to five and their families. The programs identified are those for which expenditures for Fiscal Years 2003 through 2006 have been identified for the Early Childhood Inventory and provide the basis of analysis for the Early Childhood Children's Budget.

New Mexico Publicly Funded Early Childhood Programs By Categories of Service & State Agency

	Healthy Births	Physical & Mental Health	Nutrition	Child Development & Early Learning	Child Safety	Family Support
CYFD			-Family Nutrition	-Child Care Assistance -Quality Child Development -Head Start Extended Day -Head Start Look-Alike -NM Pre Kindergarten -T.E.A.C.H. NM -Training & TA Programs	-Protective Services -Domestic Violence	-Adoption Services -Home Visiting -Community Based Services -Wrap-Around Services -Children's Trust Fund -Teen Parent Services
DOH	-Family Planning -Abstinence -Families First -Maternal Child Health	-Newborn Hearing Screening -Newborn Genetic Screening -Immunizations -Medically Fragile Waiver -Children's Respite -Children w/ Special Health Needs -Healthier Kids -Birth Defects Surveillance -Asthma -Children's Medical Services	-WIC (Women, Infants & Children) -Commodities	-Family Infant Toddler (FIT)	-NM Safe Kids	-Home Visiting
DOC						-Mothers as Readers -Fathers as Readers -Family Transportation -Televisits -Peanut Butter and Jelly Family Services
HSD		-New Mexico Kids - Medicaid	-Food Stamps ⁴	-Head Start TANF -Education & Training Child Care (Food Stamps)		-TANF Cash Assistance
PED				-NM Pre Kindergarten -Special Ed PreK -Title 1A PreK -Kindergarten Plus -Grads -Kindergarten -T.E.A.C.H. NM		

Table 7. NM Publicly Funded Early Childhood Programs By Categories of Service & State Agency. *Source: NM Inventory of Early Childhood Programs*

⁴The Food Stamp Program is an important publicly funded program as it provides for nutrition to low-income children and their families. It is identified in Table 7., but is not included in the funding calculations as data was not available.

The well-being of New Mexico’s young children depends upon a commitment to investment in key categories. Six categories of Early Childhood Development Programs include services to promote Healthy Births, Physical and Mental Health, Nutrition, Child Development and Early Learning, Child Safety and Family Support.

Categories of Early Childhood Development Program Services: Total Expenditures and Percentage Changes FY 2003 through 2006

	FY 2003	FY 2004	% Ch	FY 2005	% Ch	FY 2006	% Ch	FY 2007	% Ch
Healthy Births	\$14,030	\$14,588	4%	\$11,437	-22%	\$7,655	-33%	\$8,157	7%
Physical & Mental Health	\$752,358	\$913,215	21%	\$920,984	1%	\$903,874	-2%	\$962,789	7%
Nutrition	\$83,919	\$89,111	6%	\$91,637	3%	\$92,550	1%	\$92,551	0%
Child Development & Early Learning	\$269,704	\$293,366	9%	\$346,774	18%	\$371,728	7%	\$378,041	2%
Child Safety	\$25,689	\$27,101	5%	\$28,768	6%	\$27,320	-5%	\$28,579	5%
Family Support	\$68,878	\$72,294	5%	\$69,999	-3%	\$77,434	11%	\$80,928	5%
Totals	\$1,214,579	\$1,409,675	16%	\$1,469,600	4%	\$1,480,561	1%	\$1,551,045	5%

Table 8. Source: NM Inventory of Early Childhood Programs

Table 8. Shows funding levels by the six categories of early childhood development services for Fiscal Years 2003 through 2006. The 16% increase between FY 2003 and 2004 in Physical and Mental Health was primarily due to an increase in Medicaid funding. The increase of 4% between FY 2004 and 2005 is attributed primarily to increases in Child Care Assistance and Kindergarten funding. The 33% decrease in Healthy Births between FY 2005 and 2006 is due to cuts in funding in Family Planning, Abstinence Education, Families First and Children’s Medical Services. Abstinence Education funding

Categories of Early Childhood Development Services by Percent of Expenditures 2006: Total State and Federal

Early Childhood Development Programs by Percent Expenditures FY 2006
State & Federal

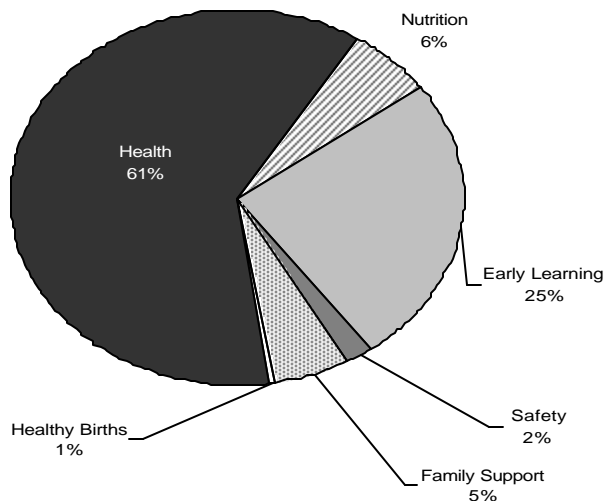


Table 9. Depicts the percentage of expenditures in each of the six categories of early childhood development services. Health expenditures make up the greatest percentage of expenditures (61%) and Healthy Births make up the least at 1%.

Source: New Mexico Inventory of Early Childhood Programs