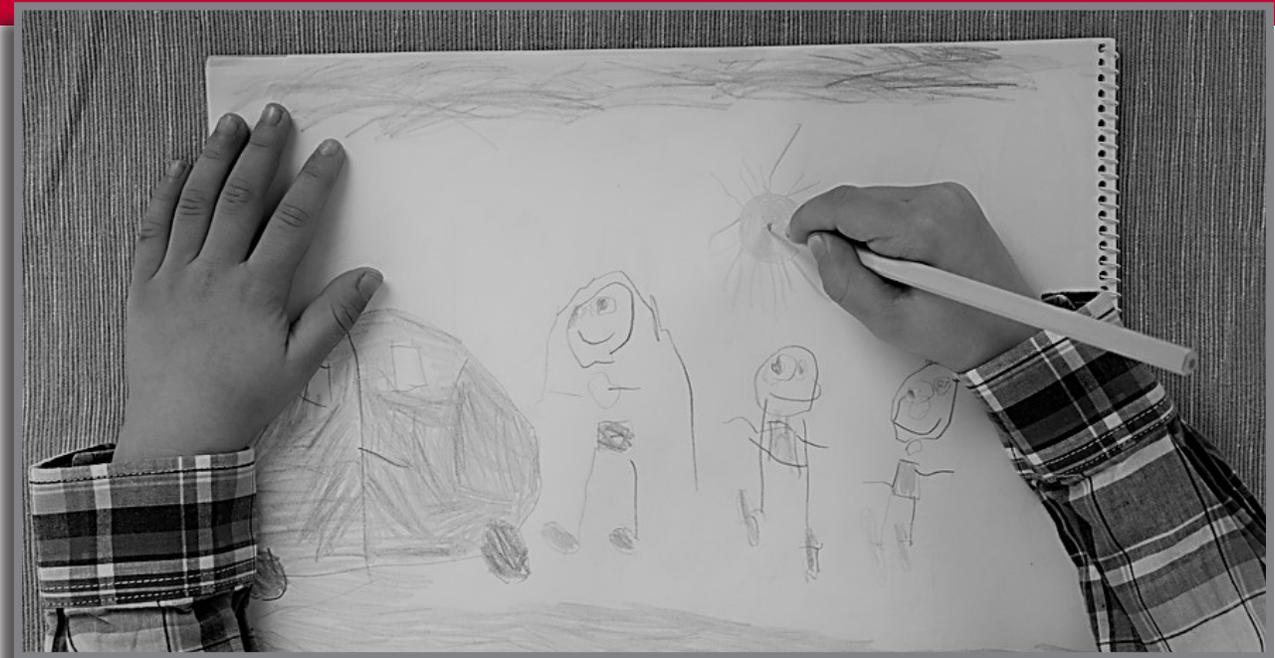


# New Mexico Child Care Annual Outcomes Report, FY19

January 2020



**New Mexico Early Childhood  
Education and Care Department**

# **New Mexico Child Care Annual Outcomes Report, FY19**

**FY19 Data Analysis by the CYFD Division of  
Early Childhood Services**

**January 2020**

**Prepared by**

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**Prepared For**

**cyfd**



Children Youth & Families Department

**and**

*The New Mexico Early  
Childhood Education and Care  
Department*

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## Executive Summary

For families seeking economic security and stability, there are few needs more pressing than the need for safe and reliable child care. Without consistent child care arrangements, families simply cannot pursue their employment and educational goals. Additionally, children benefit from being safe and well-fed during the child care day, and from experiencing high-quality interactions with their caregivers and peers. New Mexico's child care system, and child care assistance in particular, seeks to make these two-generation benefits available to families who might otherwise not be able to afford them.

In 2018 the Legislature passed, and the Governor signed, the Early Childhood Care Accountability Act. This act codified child care's role in New Mexico's early childhood system and established requirements for annual data reporting. This report responds to the requirements of that act, and is based on FY19 data. The report is also intended to share data about the state's progress, to highlight areas in need of improvement, and to serve as a catalyst for discussion of whether policy choices are effecting meaningful change for families. The report concludes with recommended next steps for systematically gathering the data needed to better inform policymaking that supports access to quality child care for all.

Selected key data points required by the New Mexico Early Childhood Care Accountability Act and reported here for FY19 include:

- Child care assistance served approximately 21,000 children from 12,000 families per month. Of those, an average of about 13,500 children from 8,880 families were babies and young children not yet in kindergarten.
- To be eligible for assistance, a child's caregivers must be employed, enrolled in school or job training, or both. Eighty-three percent of families receiving child care assistance reported that child care assistance enabled them to work. Another 8.5 percent reported enrollment in school, and 4.8 percent reported both work and school. The final 3.1 percent reported that they were participating in training.
- More than half of families receiving child care assistance live at or below the Federal Poverty Level (FPL), which in 2019 was \$25,750 for a family of four.
- Most children receiving assistance are those who have not yet entered kindergarten, though the program also serves school-age children. Of the young children served, more than half (55 percent) are pre-school aged. Approximately another 20 percent are toddlers, and about 25 percent are infants.
- Among children birth to five who are served by child care assistance, about 1.77 percent experienced a substantiated case of maltreatment.
- CYFD investigated 699 complaints and incidents in licensed settings, with 33 of these investigations resulting in an administrative action such as a fine or suspension.
- An estimated 51,000 children enrolled in licensed child care programs participated in the Child and Adult Care Food Program, a federal nutrition support program.
- Among children receiving child care assistance and enrolled in licensed settings, 42.6 percent are enrolled in settings with the highest 5-STAR rating.

- Among a sample (n=533) of preschool-aged children enrolled in 4- and 5-STAR settings, 95 percent made developmental progress while in care, according to observational assessments.
- Among a sample (n=595) of children enrolled in 4- and 5-STAR settings, about 95 percent of those eligible for developmental screening received a screen. Of those whose screening results showed a possible need for services, about 58 percent received a referral. These are baseline data being collected for the first time.

New Mexico is at the confluence of several exciting developments for early childhood care and education. In 2019, the Legislature passed and the Governor signed Senate Bill 22, which created a new Early Childhood Education and Care Department, to be fully operational by summer of 2020 under the leadership of Secretary Elizabeth Groginsky. In addition, New Mexico received a federal \$5.4 million planning grant (the Preschool Development Grant Birth to Five), which funded a comprehensive needs assessment and strategic plan for early childhood. And finally, historically high state revenues have enabled the state to imagine early childhood policy possibilities that might require substantial investment. At this unique moment, this report aims to clearly describe the child care system as it currently exists, and to support New Mexico's early childhood community in imagining what might be next.

## Introduction

For families seeking economic security and stability, there are few needs more pressing than the need for safe and reliable child care. Without consistent child care arrangements, families simply cannot pursue their employment and educational goals. National research shows families with access to child care subsidies are more likely to be employed or in school,<sup>1</sup> and experience fewer work disruptions related to child care.<sup>2</sup> This can allow parents to advance in their jobs, increase their earnings,<sup>3</sup> and create safe, predictable homes for their children. This is in addition to the benefits children experience from being safe, healthy and well-fed during the child care

### At a Glance

**What is Child Care Assistance:** *New Mexico aims to help low-income families access high-quality care through child care assistance, a program administered by the New Mexico Children, Youth and Families Department (CYFD) which will move in 2020 into the new Early Childhood Education and Care Department (ECECD). Private child care providers are reimbursed by the state for the cost of serving low-income families, who pay a portion of the cost as well. The system aims to ensure low-income families can choose child care in their communities that meets their needs and preferences, across a variety of settings that includes for-profit centers, non-profit centers, faith-based programs, and private homes.*

**Who is Eligible:** *Assistance is available for children from age six weeks to age 13, with school-aged children eligible to receive before- and after-school care. To become eligible, parents must be working or attending school and must have incomes at or below 200 percent of the Federal Poverty Level (FPL). Once eligible, they can stay on assistance until their incomes exceed 250 percent of FPL. Families are also eligible if they receive or are transferring off of Temporary Assistance for Needy Families (TANF) or if they are involved with or at risk of involvement with Child Protective Services (CPS).*

**What Eligible Families Receive:** *Families who receive child care assistance access discounted or free care at any child care program that voluntarily participates. State-regulated care in New Mexico begins with ensuring children are safe in all settings and that programs can access federal funds to support healthy meals for children in care. As programs climb the tiers of FOCUS – the state’s quality rating and improvement system – more elements of quality are added, including higher standards for workforce training and education, expectations around high-quality interactions between caregivers and children, and screenings for development, vision and hearing.*

**How it is Funded:** *About \$155.4 million was allocated for child care assistance in FY19, including both state and federal dollars (Figs. 1 and 2). Federal funds come primarily from the Child Care and Development Fund (CCDF) Block Grant, which makes allocations to states for child care assistance and gives them considerable discretion in how they administer the funds.*

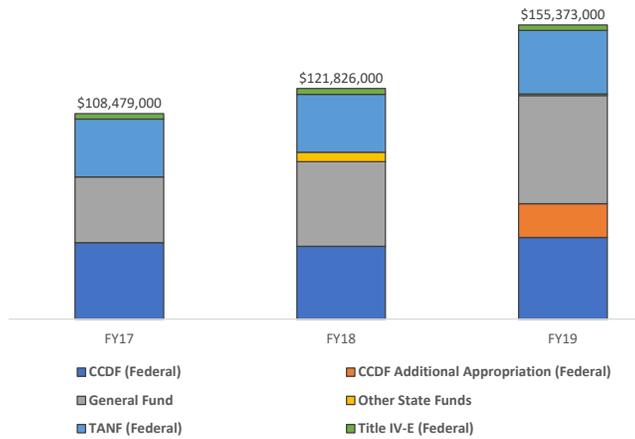
day, and the further benefits they experience in high-quality settings that foster their cognitive and social-emotional growth. New Mexico’s child care system, and child care assistance in particular, seeks to make these two-generation benefits available to families who might otherwise not be able to afford them. None of this would be possible without the many people who work every day across the state to make it so. This includes the Children, Youth and Families Department, Early Childhood Services Division, our early childhood educators, community-based stakeholders, UNM Early Childhood Services Center and the New Mexico Child Care Resource and Referral (CCR&R) staff.

**Key Policy Considerations**

Child care policy requires attention to **access, quality, and affordability**. This report is organized around these three priorities, which are central to the state’s efforts to expand and improve child care assistance. Much progress has been made in New Mexico over the past decade in implementing policies designed to improve access to quality, affordable care for all families.

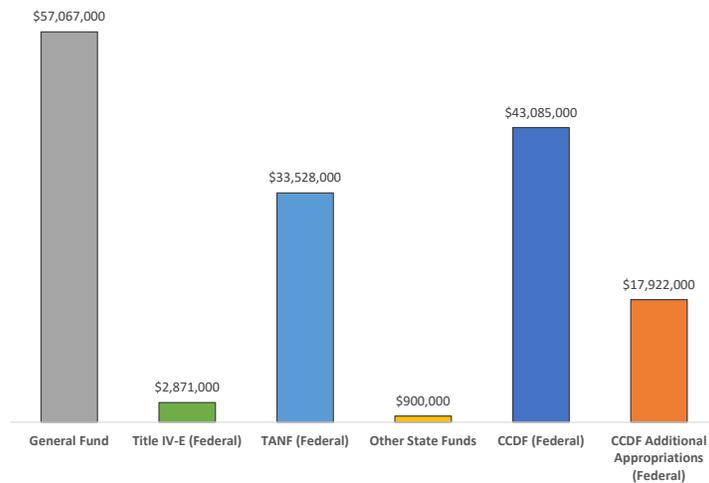
In 2018 the Legislature passed, and the Governor signed, the Early Childhood Care Accountability Act. This act codified child care’s role in New Mexico’s early childhood system and established requirements for annual data reporting. This report responds to the requirements of that act (see Appendix A), and is based on FY19 data. The report is also intended to share data about the state’s progress, to highlight areas in need of improvement, and to serve as a catalyst for discussion of whether policy choices are effecting meaningful change for families. The report concludes with recommended next steps for systematically gathering the data needed to better inform policymaking that supports access to quality, affordable child care for all.

Figure 1. Recurring Child Care Funding History, FY17-FY19



Source: CYFD analysis.

Figure 2. FY19 Child Care Operating Budget, by Funding Source



Source: CYFD analysis.

## Access

Child care assistance can only be successful if eligible families are aware that assistance is available, are easily able to establish their eligibility and enroll in the program, and are able to stay enrolled without disruptions in care. All these facets of access are balanced against one another and against other priorities in the New Mexico child care system and in the national Child Care and Development Block Grant Act, which was reauthorized in 2014 for the first time since 1996.

## Who is Served?

### *Reversing a Trend*

In FY19, child care assistance served approximately 21,000 children from 12,000 families per month. Of those, an average of about 13,500 children from 8,880 families were babies and young children not yet in kindergarten.

New Mexico's average monthly enrollment in child care assistance has trended upward each year since FY15, reversing a decline that had begun in FY10. That earlier downward trend reflected a national pattern. One report found that child care assistance participation in the U.S. reached a historic low in 2015, with the smallest number of participating children since 1998, despite an increasing number of low-income young children.<sup>4</sup> This national decrease had tracked with decreased funding, and the economic recession may also have pushed families out of the workforce and made them ineligible for assistance.

In New Mexico, child care assistance enrollment decreased along with national trends, hitting the same low point in FY15. In addition to national factors, decreased enrollment in New Mexico may also have been partly due to below-market subsidy rates for after-school care (raised in Sept. 2015), and a requirement that families receiving child care assistance seek child support.<sup>5</sup> CYFD has since adopted measures that aim to ensure that families with reasons not to seek child support (such as an ex-partner with a history of domestic abuse) can more easily seek a waiver. By addressing this challenge and raising subsidy reimbursement rates, CYFD has sought to address some of the causes of declining enrollment. Twelve-month recertification – a policy adopted in 2016 that allows families to continue receiving assistance for a full year after becoming initially eligible – has also driven increased family enrollment.

In New Mexico, where 32.6 percent of children under 5 live in poverty,<sup>7</sup> the need for child care assistance continues to outstrip the supply. There are an estimated 49,000 young children of working parents earning less than 200 percent of the federal poverty level in New Mexico.<sup>8</sup> With a monthly average of 13,519 children under 5 served by child care assistance in FY19, the program is reaching 27.6 percent of those currently eligible. If more state and federal funding is allocated to child care assistance in the coming years, policymakers may have an opportunity to expand access to more families who need it. As part of that expansion, it will be important to look to data, research, and community engagement to better understand

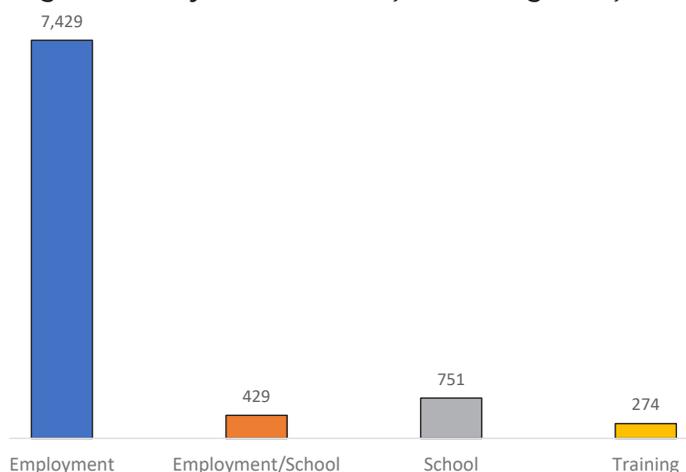
the types of care that communities need and want to meet the needs of their families around cultural and language match, care for infants and toddlers, care during non-traditional hours, and other dimensions of care.

### Reasons for Assistance

To be eligible for assistance, a child’s caregivers must be employed, enrolled in school or job training, or both. **In FY19, 83.6 percent of families receiving child care assistance reported that child care assistance enabled them to work. Another 8.5 percent reported enrollment in school, and 4.8 percent reported both work and school. The final 3.1 percent reported that they were participating in training.** (Fig. 3).

As these data show, a substantial majority of families receiving child care assistance are employed. In addition, analyses conducted by the Legislative Finance Committee (LFC) show the incomes of families enrolled in child care assistance increased more than would be expected from inflation alone. Specifically, the LFC reports that enrollment in child care assistance is associated with a \$3,500 increase in family income, which is statistically significant. The same report also surveyed a sample of families exiting child care assistance, and found that 98 percent of families surveyed reported that assistance had supported their employment, with 65 percent reporting that the program allowed them to work longer hours and 88 percent reporting that it helped improve their families’ self-sufficiency.<sup>9</sup> To further support families’ ability to grow their incomes and self-sufficiency, CYFD in October of 2019 increased the income eligibility threshold for program entry to 200 percent of the Federal Poverty Level (FPL) for program entry, allowing families to remain enrolled until their incomes reach 250 percent of FPL. This policy change aims to ensure that families do not fall off a financial “cliff” and lose valuable child care subsidy benefits when their incomes inch over 200 percent of FPL. It also aims to ensure families do not face disincentives to accept small raises and promotions.

Figure 3. Family Reason for Care, Children Ages 0-5, FY19



Source: CYFD analysis for FY19, ages 0-5.

Child care assistance is equally critical for the smaller number of families who use subsidies to support increased adult educational attainment and training. This is especially vital in New Mexico, where educational attainment lags behind other states, and where employers often cite a lack of skilled workers as an impediment to hiring and economic growth.<sup>10</sup> Supporting parents in their efforts to gain additional skills, certificates and degrees may have benefits for the entire communities where these families live.

In addition to these federally eligible adult activities such as work or school, New Mexico uses state funds to provide an innovative program for families at risk, who might lack the stability to work or attend school. Families in this program receive case management from the Child Care Services staff, as well as access to child care while they address barriers to family stability.

For example, a family who is not federally eligible for care because they are not working or attending school might access care for their child while they attend treatment for behavioral health or substance use.

In future years, the ECECD will collect more detailed data from families about whether child care assistance has helped them reach career, educational, and other goals. In particular, regularly and systematically collecting data on parents' levels of educational attainment and workforce engagement will help illuminate whether child care assistance is helping them advance educationally and economically, and will paint a clearer picture of the families in child care assistance.

**Income Eligibility**

Families with incomes up to 85 percent of the state median income are federally eligible for child care assistance. In New Mexico, that means families with incomes up to \$54,456 for a family of four are eligible for federal support. States, however, may establish other priorities for eligibility. New Mexico has chosen to set eligibility at or below 200 percent of the Federal Poverty Level (FPL), or \$51,500 for a family of four (Table 1). Families are also prioritized if they are receiving or transitioning off of TANF, if they have children with special needs, if they are experiencing homelessness, or if the parents are teens. While enrolled, income-eligible families can keep their child care assistance even if their income rises to 250 percent of FPL, or \$64,375 for a family of four. This graduated phase-out allows families to continue receiving child care supports as their incomes increase, and aims to minimize sudden benefit cliffs that can create hardships for families or a disincentive to increase earnings. Families contribute a co-pay for their child care services, which is based on family income and size and gradually increases as family income rises. More than half of families receiving child care assistance with young children live below 100 percent of the Federal Poverty Level, which in 2019 was \$25,750 for a family of four.

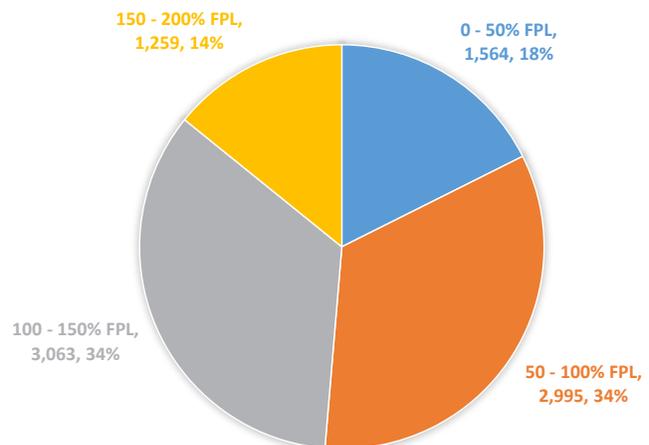
Federal and state child care assistance laws allow CYFD some flexibility in where to set the income threshold for child care assistance, and this has been the subject of substantial dialogue among stakeholders concerned with different dimensions of access. In October of 2019, New Mexico raised its income thresholds to the current rate in an effort to ensure more families can take advantage of the program. CYFD analysts estimate this change will allow 4,000 families to stay eligible for

**Table 1. Federal Poverty Level (FPL) for 2019**

FAMILY SIZE	100% FPL	150% FPL	200% FPL	250% FPL
2	\$ 16,910	\$ 25,365	\$ 33,820	\$ 42,275
3	\$ 21,330	\$ 31,995	\$ 42,660	\$ 53,325
4	\$ 25,750	\$ 38,625	\$ 51,500	\$ 64,375
5	\$ 30,170	\$ 45,255	\$ 60,340	\$ 75,425

Source: healthcare.gov.

**Figure 4. FY19 Income Distribution, Ages 0-5**



Source: CYFD analysis, FY19 household incomes of NM families enrolled in child care assistance with children age 0-5.

assistance who would otherwise have lost their benefits. Figure 4 shows the distribution of income levels for FY19 among families enrolled in child care assistance who have children age 0-5. Among that pool of families, about 70 percent have incomes at or below 125 percent of FPL, which reflects a commitment by CYFD to reach out to the state’s lowest-income families. As eligibility expands, New Mexico will be faced with policy questions about how to ensure newly eligible families are aware of the program, understand how to access it, and do not face barriers to enrolling and staying enrolled.

***About the Families***

Most New Mexico children receiving child care assistance are those who have not yet entered kindergarten (age 0-5), though the program also serves school-age children for before- and after-school care and care during the summer. Of those young children, more than half (55 percent) are pre-school aged. Approximately another 20 percent are toddlers, and about 25 percent are infants (Table 2).

*Table 2. Children in Child Care Assistance by Month by Age Group, FY 19*

<b>Month</b>	<b>Infants</b>	<b>Toddlers</b>	<b>Pre-School</b>	<b>Total</b>
<b>Aug-18</b>	2,582	2,324	7,393	12,299
<b>Sep-18</b>	3,293	2,732	7,718	13,743
<b>Oct-18</b>	3,456	2,759	7,668	13,884
<b>Nov-18</b>	4,556	3,310	6,867	14,734
<b>Dec-18</b>	3,503	2,701	7,106	13,309
<b>Jan-19</b>	3,211	2,766	7,093	13,070
<b>Feb-19</b>	3,268	2,766	7,347	13,382
<b>Mar-19</b>	3,246	2,760	7,459	13,465
<b>Apr-19</b>	3,174	2,761	7,580	13,515
<b>May-19</b>	3,218	2,719	7,779	13,715
<b>Jun-19</b>	3,051	2,630	7,909	13,589
<b>Average</b>	<b>3,324</b>	<b>2,748</b>	<b>7,447</b>	<b>13,519</b>

Source: CYFD analysis.

About 73 percent of children served by child care assistance in New Mexico identify as Hispanic. About 7 percent are Native American, with about 5 percent black and 3 percent multi-racial.<sup>13</sup> These percentages are markedly different from the race and ethnicity of children receiving assistance nationwide, which is unsurprising given New Mexico’s unique demographics. Hispanic children are a much higher percentage of children served in New Mexico, and black children represent a significantly lower percentage compared to national figures. New Mexico also serves a higher percentage of Native American children than child care assistance nationwide, and that number does not include children served by New Mexico’s 16 tribal CCDF grantees operating in New Mexico, which include the Navajo Nation, Mescalero Apache Tribe, and Pueblo communities.

## Reaching Eligible Families

### Eligibility

*In New Mexico, eligibility priority is given to:*

- *Families receiving or transferring from TANF*
- *Families at or below poverty income*
- *Families with children with special needs*
- *Families experiencing homelessness*
- *Families involved or at risk of involvement with Child Protective Services*

CYFD provides multilingual consumer education materials and statewide Child Care Resource & Referral Services (CCR&R), accessible by phone and online. CCRR offers all parents and caregivers in the state information on the range of child care options available to them (Table 3), and referrals in person, by phone and online at the NewMexicoKids.org website to help them select a provider of their choice from the statewide database of all regulated child care providers. Referral staff help parents choose a provider by supplying information about types of care, characteristics of high-quality child care, availability of subsidized care, average costs of care, and program quality ratings. CCR&R helps connect families with child care centers, preschool programs, Head Start, NM PreK, school-age programs, faith-based programs, family in-home care, and other family resources. This CCR&R service is part of a portfolio of family resources highlighted by the PullTogether public awareness campaign, intended to connect families to supports and enlist diverse stakeholders in efforts to improve child well-being in New Mexico.

CYFD has also embedded an “Am I Eligible?” tool in its PullTogether.org website. Families can anonymously enter information on income, family size and child age to discover whether they might be eligible for child care assistance, as well as other support services. Families then can connect with local CYFD (or other service) offices to begin the enrollment process. Both English and Spanish versions of the tool are available.

In partnership with the UNM Cradle to Career Policy Institute, state child care administrators have secured a four-year federal research grant to study families’ access to child care assistance, including analysis of how families learn about the assistance program, their perceptions of the program, any barriers or stigma that they may face in accessing the program, and best practices and strong policies that support sustained access. That research is funded by the U.S. Administration for Children and Families’ Office of Planning, Research and Evaluation, and will begin in 2020.

### Eligibility

*New Mexico child care assistance is available to any parent, grandparent, or legal guardian who is:*

- *Working, going to school or in a job training program*
- *In need of help with child care expenses for a child between 6 weeks and 13 years old, or up to 18 years old if special supervision is required*

*Eligibility depends on income and family size; children in protective services are also eligible for care.*

Table 3. Child Care Options Available in New Mexico

Type of Child Care Setting	Description
Family, Friends and Neighbors (Unlicensed and Unregistered)	Care is provided in private homes. Providers do not participate in child care assistance or federal food assistance programs.
Registered Homes	Care is provided for <b>up to four children</b> in private homes. Providers must register with CYFD, and may receive child care assistance funds and federal food assistance. Providers must attend six annual hours of training, as well as first aid and CPR certification. They do not participate in the FOCUS quality rating and improvement system.
Licensed Family Homes	Care is provided in private homes for <b>up to six children or up to four children under age 2</b> . Licensed by CYFD and included in the FOCUS quality rating and improvement system. Eligible for child care and food assistance.
Licensed Family Group Homes	Care is provided in private homes for <b>seven to twelve children</b> . Licensed by CYFD and included in the FOCUS quality rating and improvement system. Eligible for child care and food assistance.
Licensed Child Care Centers	Care is provided for <b>larger groups of children</b> in classroom settings. Licensed by CYFD and included in the FOCUS quality rating and improvement system. Eligible for child care and food assistance.

Source: Adapted from information presented by the NM Child Care and Education Task Force, 2014

### Learn More

Information about New Mexico child care is available:

**by phone:**

1-800-691-9067  
(PullTogether/  
NewMexicoKids  
Resource &  
Referral)

**and online:**

[https://  
pulltogether.org](https://pulltogether.org)  
[www.  
newmexicokids.  
org](http://www.newmexicokids.org)  
[www.cyfd.org](http://www.cyfd.org)

## Supporting Continued Eligibility

### 12-Month Recertification

After families initially enroll in child care assistance, keeping them consistently enrolled is another key policy priority. Beginning in October of 2016, New Mexico adopted a policy of 12-month recertification, meaning eligible families remain enrolled in child care assistance for 12 months before having to re-determine their eligibility. This change was made in response to a new federal requirement established in the 2014 reauthorization of the Child Care and Development Fund (CCDF) block grant.

Under the new policy, CYFD may check in with families by phone at the six-month mark, to offer case management and other supports to ensure continued eligibility. If families do experience a short-term change, such as temporary job loss or gaps between school or training periods, the state will provide at least three months of continued child care assistance to allow for job search or resumption of educational programs.

The new requirement is grounded in research that finds policies tying child care eligibility too closely to adult work and school schedules can have the unintended consequence of creating instability for children in their care and education settings.<sup>14</sup> Prior to the 12-month recertification requirement, one study of 31 states found that the median length of time families received subsidy was between four and eight months.<sup>15</sup> Research shows children who have the same caregivers over time can form more secure attachments, which are associated with increased cognitive performance, less disruptive or aggressive behavior, and higher quality peer relationships in school.<sup>16</sup> Prior to October of 2016, families had to re-qualify for child care assistance every six months, and could become ineligible for assistance if a parent lost a job or their academic program was on summer break. While parents in these circumstances may be able to stay home with their children, these kinds of breaks in care can also create stress and

uncertainty for families, may jeopardize the stable routines children have established in care, and may separate them from the benefits of quality care and education settings. In its 2019 evaluation of child care effectiveness, the New Mexico Legislative Finance Committee noted that the average length of enrollment for a child receiving assistance is now about 15 months.<sup>17</sup>

National research shows that most families are still eligible for child care assistance after 12 months, even if they are briefly ineligible at some point during the year (e.g., they lose their job but then get another one, or their income slightly exceeds the cutoff but then dips back down again).<sup>18</sup> This means that in many cases, 12-month recertification decreases paperwork and other barriers for families to continue receiving care they are eligible for – it rarely means ineligible families linger on the child care assistance rolls.

## Quality

Child care can serve families and children in a multitude of ways: it can enable adults to work or attend school, keep children safe, and provide nutritious meals. It can also be a place where children learn early literacy and numeracy skills, develop cognitive and social-emotional competence, form secure attachments with caring adults, and become ready for school. However, these benefits to children are contingent on the quality of care. Quality has been a significant priority for CYFD in recent years as the state has implemented FOCUS on Young Children’s Learning, a tiered quality rating and improvement system (TQRIS) developed to raise the overall quality of child care in New Mexico.

## Ensuring Safety

### Preventing Abuse and Neglect

Before children can learn and thrive, they must be safe and have their basic needs met. Child care providers can keep children safe in several ways, including providing a place where they are safe from abuse and neglect. Parents with access to high-quality and stable child care are less likely to leave their children with inappropriate caregivers, and they have lower levels of stress and maternal depression – both associated with child maltreatment and neglect.<sup>19</sup> Child care providers are also well-positioned to spot and report maltreatment of children, are legally required to do so, and have been provided with training related to identifying and reporting signs of maltreatment. National research has also found that adequate availability of child care, measured by size of waiting lists and density of licensed child care providers relative to need, is associated with decreased child maltreatment.<sup>20</sup>

In New Mexico, CYFD tracks data on how many children age birth to five receiving child care assistance have one or more substantiated referrals for abuse and/or neglect. For FY19, that rate was 1.77 percent of all young children receiving assistance (Table 4). For the first quarter of FY20, it was 0.21 percent.<sup>21</sup> The rate of substantiated child abuse victims

**Table 4. Children Age 0-5 in Child Care Assistance with CPS Substantiation, FY 19**

<b>0-5 Child Care Children with CPS Substantiation FY19</b>	
FACTS and EPICS CCA Population 0-5 (Denominator)	14,470
Total CC Children with CPS Substantiation (Numerator)	256
Percentage of Children 0-5 with CPS Substantiation	1.77%

Source: CYFD analysis of Child Care Assistance (CCA) and Child Protective Services (CPS) data from its EPICS and FACTS systems.

in the general New Mexico population is about 2.1 percent.<sup>22</sup> There are many factors affecting these rates. Families receiving child care assistance are necessarily those who are working or in school, and who may have some measure of stability. Families receiving assistance are also lower income than the general population, and low-income families under stress are at heightened risk for abuse and neglect. Efforts to keep children safe are especially important in New Mexico, which has one of the nation’s highest rates of child abuse and maltreatment and has seen the rate worsen in recent years.<sup>23</sup>

**Safety While in Care**

In New Mexico and nationwide, increasing quality standards have focused on the safety of children while they are in care. The 2014 federal reauthorization of the CCDF increased health and safety requirements in ten different domains, including safe sleeping practices, first aid/CPR, immunization, group sizes and teacher/child ratios.

CYFD serves multiple monitoring roles that seek to ensure the safety of children in care settings. These include establishing health and safety standards, monitoring compliance, providing trainings and assistance to support providers in meeting standards, and investigating

**Table 5. FY19 Substantiated Incidents and Complaints in Child Care Settings**

Quality/Star Level	Total Number of Providers	Substantiated Complaints	Substantiated Incidents
1 Star	18	1	0
2 Star	439	26	21
2+ Star	94	25	6
3 Star	99	43	21
4 Star	59	28	4
5 Star	270	43	50
<b>Total</b>	<b>979</b>	<b>166</b>	<b>102</b>

Source: Complaints and incidents from FACTS system; provider totals from CYFD August 2019 data.

complaints and incidences of potential harm to children. Requirements for staff background checks, checklists for health and safety, and frequency of on-site monitoring have all been strengthened recently, both prior to and in response to new federal rules. CYFD offers required health and safety training through a variety of venues, including online, to accommodate program schedules and needs. In 2017, more than 3,900 individuals completed these trainings, 365 of them in Spanish.<sup>24</sup> CYFD also investigates complaints against child care providers and looks into any reported incidents that could endanger a child. Findings from site inspection reports and complaint investigations are made available to the public, and are posted and searchable at [www.newmexicokids.org](http://www.newmexicokids.org).

In FY19, CYFD investigated a total of 699 complaints and incidents in licensed homes and centers, stemming from allegations that the health, safety, or welfare of a child could be in jeopardy. Thirty-three of these investigations resulted in an administrative action such as a monetary sanction and/or conditions of operation, or suspension. In addition, of the 49 investigations conducted for license-exempt or registered providers, 21 resulted in a suspension of the provider’s registration. Table 5 shows the distribution of substantiated incidents and complaints by STAR level. Although a complaint may sometimes result in a documented incident, the “incidents” category also includes events not associated with a complaint such as report of a child with a communicable disease, a natural disaster resulting in facility damage, or a child with an injury that requires off-site treatment. CYFD works with programs on promptly self-reporting such incidents. Although it is not yet clear why a slightly larger concentration of complaints and incidents occur in 5-STAR settings, it may be because staff and directors in these settings are quicker to self-report any incidents that arise.

## Providing Nutrition

Children also often receive meals through the federally funded Child and Adult Care Food Program (CACFP), administered through the CYFD Family Nutrition Office. This program ensures low-income children are fed while in care, by providing reimbursement to caregivers for healthy meals and snacks served in child care facilities. **In FY19, an estimated 51,000 children enrolled in licensed child care programs participated in CACFP.** CYFD staff work with all new child care providers to help them enroll in CACFP. In New Mexico, food program eligibility has also been extended to registered home providers, where many children on subsidy receive care. CYFD also provides a summer food program that enables children to receive nutritious meals in the summer, in locations throughout the state.

## Enhancing Quality

### *FOCUS on Young Children’s Learning*

In addition to meeting children’s critical needs for safety and food, the FOCUS quality rating and improvement system aims to ensure children are in stimulating environments that prepare them for success in school. The requirements of FOCUS include education and training for staff, structural components such as class size and staff ratios, and substantive requirements such as

*Table 6. Distribution of Providers, by Star Level and Setting Type, FY19*

Type of Provider	Number of Providers	% of Licensed Providers	Total Capacity	% of Total Capacity
Star 1 Child Care Centers	14	1.4%	1,056	1.9%
Star 2 Child Care Centers	275	28.1%	17,700	31.0%
Star 2 + Child Care Centers	72	7.4%	4,909	8.5%
3 Star FOCUS Child Care Center	85	8.7%	6,955	12.2%
4 Star FOCUS Child Care Center	45	4.6%	3,950	6.9%
5 Star FOCUS Child Care Center	250	25.5%	22,610	39.5%
<b>Total</b>	<b>741</b>	<b>75.7%</b>	<b>57,180</b>	<b>100%</b>
Star 1 Licensed Family Homes	2	0.2%	18	3.0%
Star 2 Licensed Family Homes	76	7.8%	454	76.4%
Star 2 + Licensed Family Homes	12	1.2%	69	11.6%
3 Star FOCUS Family Child Care Home	5	0.5%	36	6.1%
4 Star FOCUS Family Child Care Home	3	0.3%	17	2.9%
5 Star FOCUS Family Child Care Home	0	0%	0	0%
<b>Total</b>	<b>98</b>	<b>10.0%</b>	<b>594</b>	<b>100%</b>
Star 1 Licensed Group Homes	2	0.2%	24	1.5%
Star 2 Licensed Group Homes	88	9.0%	1,048	63.2%
Star 2 + Licensed Group Homes	10	1.0%	114	6.9%
3 Star FOCUS Group Child Care Home	9	0.9%	104	6.3%
4 Star FOCUS Group Child Care Home	11	1.2%	132	7.9%
5 Star FOCUS Group Child Care Home	20	2.0%	237	14.2%
<b>Total</b>	<b>140</b>	<b>14.30%</b>	<b>1,659</b>	<b>100%</b>

Source: CYFD Analysis

frameworks for planning activities that support developmentally appropriate learning. FOCUS was developed based on research-based criteria, and also mirrors successful elements of New Mexico’s PreK program. NM PreK is associated with improved test scores, lower rates of grade retention, and decreased use of special education services.<sup>25</sup> FOCUS was initially developed using funds from the Race to the Top Early Learning Challenge, a \$37.5 million federal grant New Mexico received from 2013 to 2017 to cultivate data systems, quality standards and other infrastructure related to early childhood.

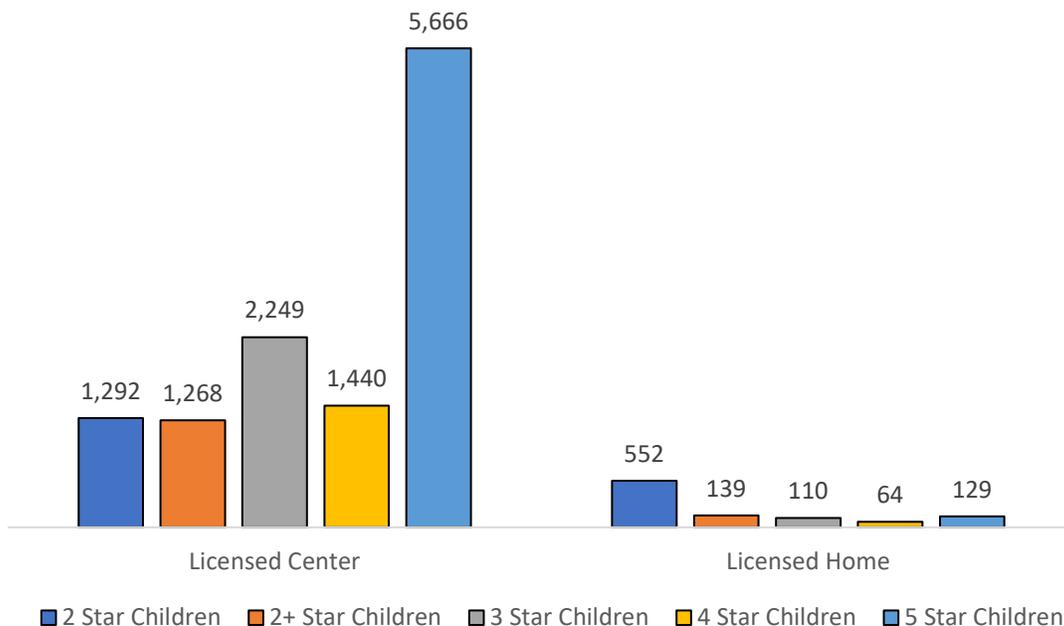
Many child care providers in New Mexico are working with CYFD through a voluntary process of continuous improvement and verification to earn higher STAR quality ratings within FOCUS. Three-, four-, and five-STAR ratings entitle programs to increasingly higher rates of reimbursement through child care assistance. This is intended to incentivize a system in which high-quality care is available to low-income families. Table 6 shows the variety and distribution of providers in FY19, by type and by quality rating.

Providers can also receive 5-STAR status under FOCUS if they are accredited by a national accrediting body that has been approved by CYFD. Seven accrediting bodies have been approved, and CYFD has an ongoing process that aims to ensure other applicants meet standards as rigorous as those set out in FOCUS.

**Children in Quality Programs**

Over time, CYFD has seen steady increases in programs meeting higher standards of quality, as well as a steady increase in the percentage of families using their child care assistance to access high-quality care. In FY19, a plurality of children using child care assistance in licensed settings (42.6 percent) were cared for in 5-STAR settings. Figure 5 and Table 7 show the FY19 distribution of where children were cared for in licensed settings, by type of setting and quality rating level. These trends, combined with the more rigorous requirements of FOCUS, suggest

**Figure 5. Number of Children by Type of Care and STAR Level, FY19**



that the overall quality of New Mexico's child care system is improving, and that low-income families are able to benefit from that quality. The positive effects of this system change are not limited to children enrolled in child care assistance. As the overall quality of the system increases, higher income parents who pay privately for child care also benefit from higher standards of care and an increased number of high-quality care options in their communities. In this way, the effects of quality improvement efforts ripple out to the tens of thousands of New Mexico children who are cared for in CYFD regulated settings.

While the FOCUS TQRIS has moved New Mexico forward in terms of quality inputs, the system is still in early years of full implementation. Over time, it will be important to examine whether the child care system is having the desired outcomes for children, both in the short and the

*Table 7. Percentage of Children by Care Setting Type and STAR Level*

<b>Type of Provider</b>	<b>% 2 Star</b>	<b>% 2+ Star</b>	<b>% 3 Star</b>	<b>% 4 Star</b>	<b>% 5 Star</b>	<b>Total Children</b>
<i>Licensed Center</i>	9.50%	9.33%	16.55%	10.60%	41.69%	11,915
<i>Licensed Group Home</i>	2.95%	0.72%	0.60%	0.46%	0.95%	773
<i>Licensed Family Home</i>	1.11%	0.30%	0.21%	0.01%	0.00%	222
<b>Total</b>	<b>13.57%</b>	<b>10.35%</b>	<b>17.36%</b>	<b>11.07%</b>	<b>42.64%</b>	<b>12,909</b>

long term. By improving the quality of care through educator training, structural elements such as ratios, and best practices in child development, policymakers expect that high-quality child care can help children enter school ready to learn and succeed at grade level, as well as decrease child maltreatment and enable families to seek gainful employment or schooling. Improved data and systematic reporting systems will support efforts to examine these quality outcomes in the future on an ongoing basis. As more children receive care that meets the highest standards, it will be possible to see whether this high-quality care leads to improved outcomes for children and families on a statewide scale.

**Workforce**

For child care providers, meeting the higher standards required by FOCUS often means further expanding and equipping their workforce. Meeting new class size ratios can mean hiring new staff, who must then attend required trainings. CYFD has provided these trainings free of charge to providers statewide through a training and consultation system for early childhood providers reorganized in 2017. Trainings address defined competency areas and are available online and around the state, in English and Spanish. Participants in FOCUS also have access

**Trainings**

*Trainings for early childhood professionals are offered in 7 required competencies:*

- *Child Growth, Development & Learning*
- *Health, Safety & Nutrition*
- *Family & Community Collaboration*
- *Assessment of Children & Evaluation of Programs*
- *Developmentally Appropriate Content*
- *Learning Environment & Curriculum Implementation*
- *Professionalism*

to on-site coaching through consultants, who bring expertise on developmentally appropriate practices, as well as FOCUS criteria and assessment requirements.

Even with supports, maintaining staff training levels can be difficult due to high staff turnover in the child care sector. One survey of child care center directors in New Mexico found that about 31 percent of the child care workforce turns over annually.<sup>26</sup> This high turnover is unsurprising given the low wages and lack of benefits often offered for child care work.

A 2019 workforce survey conducted on behalf of the state as part of a federally-funded statewide needs assessment found that though 60 percent of educators reported working in the early childhood development field for more than five years, more than half the workforce reported making less than \$30,000 annually. Only 40 percent received health care benefits through their job, less than half (46 percent) received paid sick leave and 16 percent reported receiving no traditional job benefits of any kind.<sup>28</sup>

The survey also found that New Mexico's early childhood workforce is largely female (94 percent) and Hispanic (49 percent), and 42 percent bring skills in languages other than English.<sup>29</sup> While New Mexico does not yet have data that

can provide a comprehensive picture of its child care workforce, training data analyzed in 2018 show that about 13,900 people work in the state's child care sector, of which the vast majority (90 percent) worked in licensed centers. Their most common levels of educational attainment are high school or GED (14.4 percent) and some college (14.3 percent<sup>30</sup>). Bureau of Labor Statistics data suggest that the early childhood workforce has somewhat lower educational attainment than the New Mexico workforce as a whole, with a lower percentage possessing bachelor's or associate degrees and a higher percentage with less than a high school diploma.<sup>31</sup>

### Career Lattice

*CYFD and the Early Childhood Services Center at UNM have gathered some preliminary information about the state's early childhood workforce, beginning with self-reported data on training and coursework completed. Workforce data will be expanded over the next several years.*

*Coursework and trainings support educators at all points on New Mexico's Early Care, Education and Family Support Career Lattice, an aligned statewide set of core courses and competencies established by the New Mexico Early Childhood Higher Education Task Force in 2011. The career lattice has six levels:*

- *Entry Level 45-hour course*
- *New Mexico Child Development Certificate (for Infant/Toddler or for Preschool)*
- *Associate Degree (Early Childhood Educator, Program Administrator and FIT Studies)*
- *Bachelor's Degree (Early Childhood Educator, Program Administrator and FIT Studies)*
- *Master's Degree (Early Childhood Education)*
- *Doctoral Degree*

*Each level of training and education articulates with more advanced levels. CYFD issues certificates of completion for the 45-hour entry-level course; the New Mexico Child Development Certificate, a one-year vocational certificate; associate degree certificate; and bachelor's degree certificate. Teacher licenses are issued by the New Mexico Public Education Department in Early Childhood Education.*

In an effort to mitigate these challenges, the state in FY19 provided supports for early childhood professionals pursuing college degrees and certificates, through the CYFD Comprehensive Early Childhood Scholarship program. Scholarships support educators at all points on New Mexico’s Early Care, Education and Family Support Career Lattice, an aligned statewide set of core courses and competencies established by the New Mexico Higher Education task force in 2011. In FY19, out of an applicant pool of 1,078 providers, 872 active scholarships were supported, including 402 licensed child care providers and 33 registered home care providers.<sup>32</sup> CYFD also launched a salary supplement pilot in FY19, increasing salaries of participating Las Cruces worker salaries by \$2 per hour. In FY20, CYFD allocated \$1.5 million to the pilot, and has included greatly increased funding for expansion of the program in its FY21 budget request.<sup>33</sup>

### School Readiness

The FOCUS system merges the state’s Early Learning Guidelines, Early Learning Program Standards, and Early Childhood Professional Development Standards to ensure that many more children from birth through age five have access to dramatically improved early learning programs so that they enter school with the skills and knowledge they need to be successful. Through the use of the FOCUS quality rating and improvement system, early learning programs can increase their ability to focus on children’s learning, improve their practice, and improve each child’s kindergarten readiness.

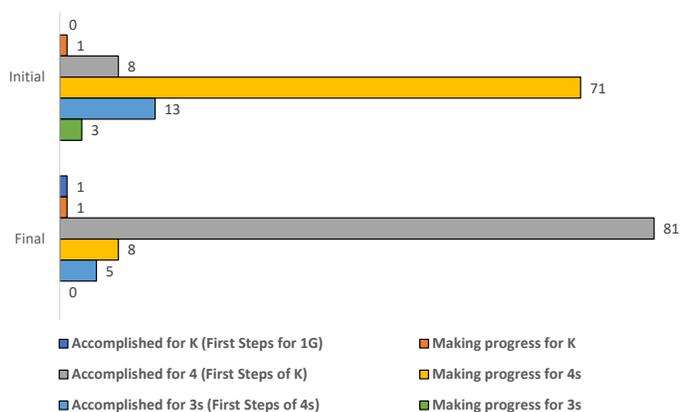
New Mexico has not adopted an official definition of school readiness. However, national research suggests any such definition should include social, emotional, cognitive, physical and motor development, and some definitions also encompass families and communities. The Head Start approach to school readiness, for example, defines it as children who are ready for school, families who are ready to support their children’s learning, and schools that are ready for children. Because this understanding of school readiness is broad, CYFD measures learning and developmental progress through an assessment system based on the New Mexico Early Learning Guidelines and an authentic observation and documentation process.

### Intentional Teaching and Assessment

Research and best practices in early childhood care and education emphasize the importance of carefully observing and assessing children within the context of their daily activities – and using those observations for curriculum planning and the ongoing monitoring of each child’s growth, development, and learning. These criteria-based observations are the best way to plan developmentally appropriate curriculum that acknowledges each child’s culture, language, and abilities.<sup>34</sup>

New Mexico has created a comprehensive system for using the New Mexico Early Learning Guidelines: Birth through

Figure 6. Progress on Early Learning Measures, Sample of Children in 4-STAR FOCUS Care



Source: CYFD analyzed observational assessment data for a sample of 96 4-year-olds who received at least 8 months of full-time 4-STAR FOCUS care and did not receive NM PreK.

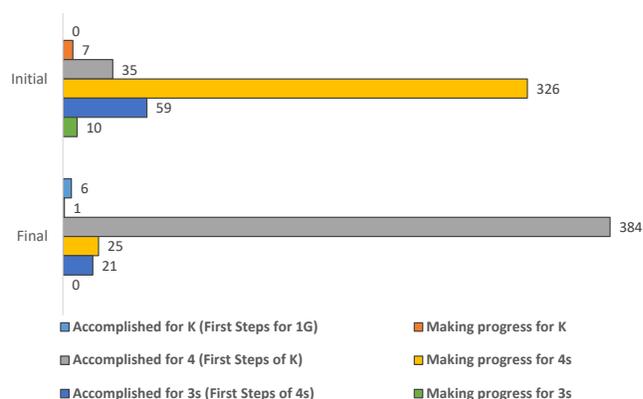
Kindergarten as the framework and criteria for an authentic assessment and curriculum planning process. This approach requires educators to complete and document focused observations of each child’s progress on domains including “Beginning to Know about Ourselves and Others,” “Beginning to Communicate,” and “Beginning to Move and Do.” More details about learning domains and Intentional Teaching requirements at each STAR level are included as Appendices B and C.

The Authentic Observation, Documentation, Curriculum Planning (AODCP) process is used to assess children’s growth, development and learning. FOCUS programs are required to create portfolios to track children’s progress and share with families. AODCP is organized by Domains, Indicators and Rubrics, allowing educators and families to monitor practices, adjust curriculum, and access training and technical assistance.

For this first annual report on the child care system, data from the AODCP process were collected and analyzed for a sample of 533 children who attended 4- and 5-STAR FOCUS programs while they were 4 years old. Specifically, the children in the sample did not attend New Mexico PreK, and all participated for eight months or longer during FY19 on a full-time basis. This sample was chosen to reflect the developmental progress of children who have sustained access to high-quality programs, and to avoid conflating the effects of child care with the effects of NM PreK. Because New Mexico does not have a comprehensive database to capture the information in real time, assessment data were gathered specifically for this report. The CYFD consultation team, verification team and data team recorded the information manually and a summary was created based on the raw information collected. Progress is considered a score of 4 or higher on the final assessment, and Figures 6 and 7 show the progress of students in this sample. Among students in the 4-STAR sample, 96 were assessed and 91 (94.8 percent) showed progress. For the 5-STAR sample, 95.2 percent of the sample (n=437) made progress according to their assessments. Overall, assessments showed that 95.1 percent of the sample (n=533) made developmental progress while in care.

Gathering the assessment information in an accurate, timely and concise matter was challenging for the CYFD Division of Early Childhood Services and the UNM Early Childhood Services Center teams. The information was gathered manually by several individuals at several times of the year, in several formats. Demonstrating progress in children’s development throughout the year requires information to be entered in real time by the assessing individual and tracked in a standardized format. For the FY2020 reporting cycle, the cohort of children included in this report will be tracked and reported using the Kindergarten Observation Tool (New Mexico’s Kindergarten Entry Assessment System).

**Figure 7. Progress on Early Learning Measures, Sample of Children in 5-STAR FOCUS Care**



Source: CYFD analyzed observational assessment data for a sample of 437 4-year-olds who received at least 8 months of full-time 5-STAR FOCUS care and did not receive NM PreK.

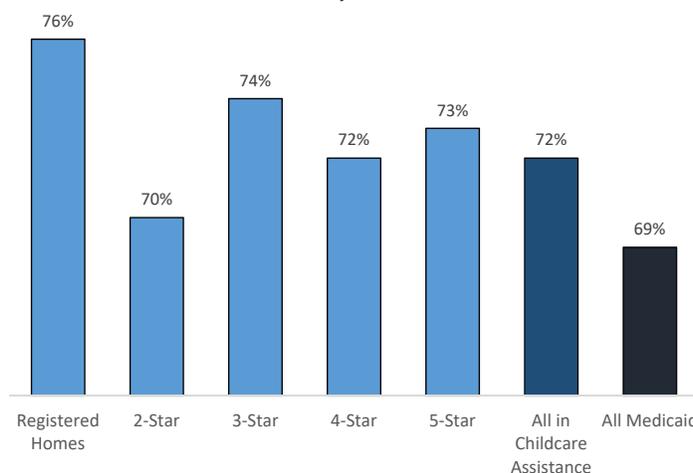
## Screenings and Referrals

Attention to each child’s health and wellness (including behavioral health) establishes a foundation for healthy development and provides for early detection, support, and intervention. With parental consent, quality programs use information from screenings and assessments to provide appropriate referrals while supporting the full participation of each child and family. FOCUS programs with ratings of 3-STAR or higher are required to ensure well-child checks are up-to-date and to provide developmental screenings and follow-up. Those with a 4-STAR rating or higher are also required to ensure children are current with dental screenings.

At a well-child visit with a pediatrician, medical personnel check for health-related issues, ensure children’s immunizations are current, and confer with parents about their child’s overall health and development. The pediatrician may also conduct a developmental screening, which provides families with information about their child’s growth and development. If a developmental delay or disability is detected through a screening, providers can refer families to early intervention or other appropriate supports.<sup>35</sup> High-quality licensed child care providers are also equipped to provide these screenings and referrals, if they are not already occurring in a medical setting.

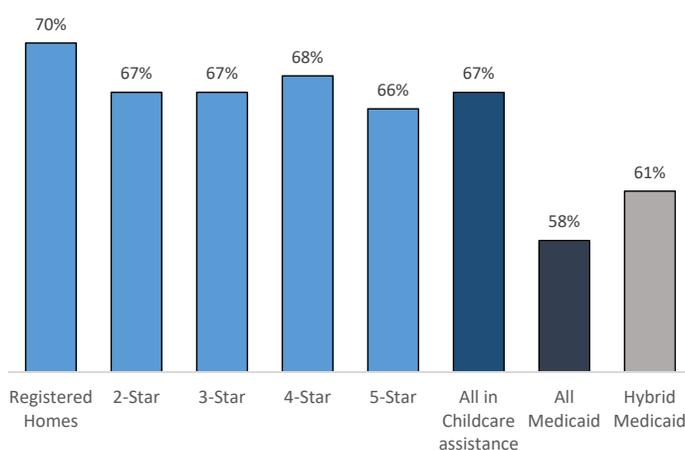
In addition to developmental and other health concerns, screenings for vision and hearing are vital to detecting issues that might need correction or monitoring. Because much of children’s learning is based on what they see and hear, these screenings are crucial for supporting school readiness. Impaired vision may prevent children from developing important skills through observing written words and other materials. Similarly, hearing loss can affect a child’s ability to develop speech, language, and social skills. The earlier a child who is deaf or hard of hearing begins receiving

**Figure 8. Percentage of Children Age 2-6 Receiving a Dental Visit, 2017**



Source: NM Legislative Finance Committee analysis of Medicaid administrative data.

**Figure 9. Percentage of Children Under 6 Receiving Recommended Well-Child Visits, 2017**



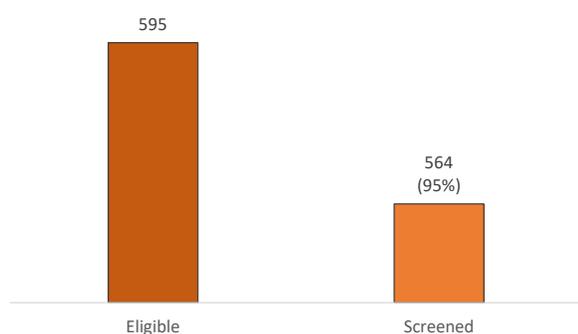
Source: NM Legislative Finance Committee analysis of Medicaid administrative data.

services, the more likely he or she will reach full potential. Finally, dental health can also have a significant impact on a child’s general health and well-being, as poor oral health can lead to serious infections and can lead to limitations in communication and social interactions.

In its recent evaluation of child care, the Legislative Finance Committee found that children in child care assistance had an almost 10 percent higher rate of well-child visits than children not enrolled in child care assistance and on Medicaid. They posited this might be due at least in part to the fact that CYFD requires licensed providers to check whether children are up-to-date on their well-child checks.<sup>36</sup> Selected LFC findings are presented as Figs. 8 and 9.

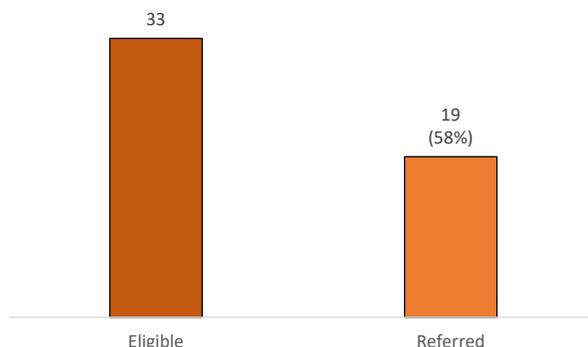
For this first annual report on the child care system, screening and referral data were collected and analyzed for a sample of 595 children who attended 4- and 5-STAR FOCUS programs while they were 4 years old. Specifically, the children in the sample did not attend New Mexico PreK, and all participated for eight months or longer during FY19 and received 19 or more hours of care per week. The CYFD consultation team, verification team and data team recorded the information manually and a summary was created based on the raw information collected. Findings from this analysis are presented as Figs. 10 and 11.

**Figure 10. Percentage of Children Who Received Health or Developmental Screenings, FY19**



Source: CYFD analysis of a sample of 595 children in high-quality programs.

**Figure 11. Percentage of Children Screened who were Referred to Services, FY19**



Source: CYFD analysis of a sample of 595 children in high-quality programs.

## Affordability

### Cost to Families

For families all along the socio-economic spectrum, affording high-quality child care can be a significant financial strain. New Mexico is one of 39 states in which the estimated cost of having two children in child care exceeds the median mortgage.<sup>37</sup> In more than half of states (including New Mexico), the average annual price of child care is higher than a year’s tuition and fees at a public university, according to a 2018 analysis by Child Care Aware of America.<sup>38</sup> Specifically, that report estimates the average annual cost in New Mexico for an infant in center-based care is \$9,135, while average tuition at a public university is \$7,130 including fees (Fig. 12).

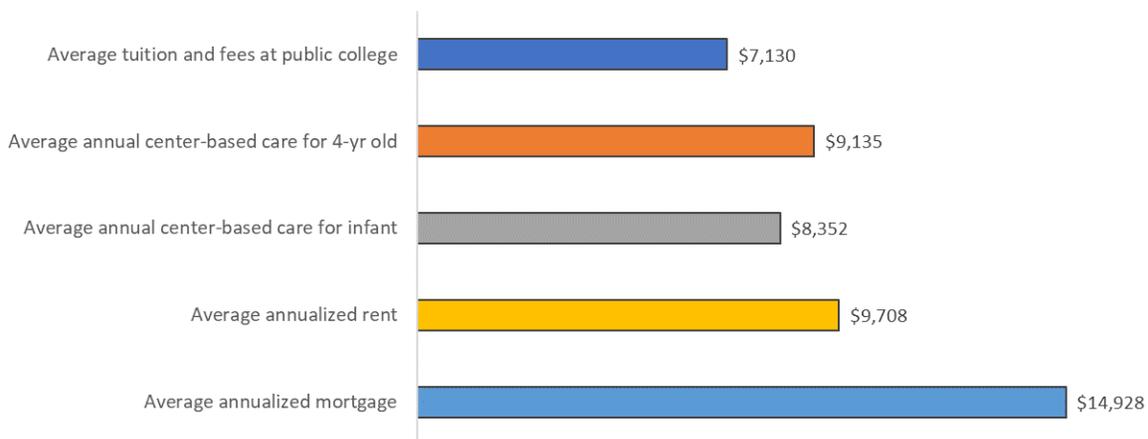
Child Care Aware also ranks states’ child care affordability based on the cost of care as a percentage of median income. For a single parent earning the median income in New Mexico, care for one infant costs an estimated 41 percent of income.<sup>39</sup> New Mexico ranks near the middle for center-based care, and is ranked as one of the least affordable states for family child care. While it is not clear why this is the case, the New Mexico rates reported by Child Care Aware are very similar for center-based and family child care, while in other states there is a larger gap (with family child care offered at a cheaper rate). It may be that unique geographic and cultural considerations in New Mexico drive the importance of family child care in the market, resulting in family child care costs that are similar to those in centers.

Affordability challenges, which plague families nationwide, are particularly critical in a state like New Mexico, where 32.6 percent of children under age 5 live below the federal poverty level.<sup>40</sup> Without assistance, high-quality child care would be beyond the reach of most low-income families, forcing them to make difficult decisions such as whether to forgo work or schooling or, if they must work, how to cobble together informal care arrangements that may not be safe, stable, or stimulating for children.

National data indicate that families who pay for child care (both those who receive subsidy assistance and those who don’t) spend an average of 7.2 percent of their income on care. And twenty-six states require families at 150 percent of FPL to pay a higher portion of their income as co-pays than this national average. New Mexico’s families receiving assistance contribute below the national average (7 percent for a family of three at 150 percent of FPL and 5 percent for a family of three at 100 percent FPL). This percentage of family income has not increased since 2014.<sup>41</sup>

Most New Mexico families contribute a co-payment for their child care assistance, which combines with state dollars to reimburse providers at established rates. For example, if the reimbursement rate for a child in care were \$1,000, the provider might receive \$900 from the state and \$100 from the family. Co-pays are based on the size and income of a child’s household, the number of children in care and the amount of time spent in care.

**Figure 12. Cost of Child Care in New Mexico**



Source: Child Care Aware of America, Parents and the High Cost of Child Care 2019, Report Appendices.

## Reimbursing Providers

Because so many New Mexican families are low-income, child care assistance is an essential driver of the child care sector in New Mexico. Assistance payments allow high-quality child care providers to exist in communities that could not otherwise support them through private payments, and are central to the business model of many centers. One report found that public funding accounts for 46.2 percent of child care industry revenue in New Mexico.<sup>42</sup> Child care assistance reimbursements are differentiated based on child’s age, care setting (home-based

*Table 8. Selected New Mexico Subsidy Reimbursement Rates (full-time care)*

	2-Star (base rate)	5-Star FOCUS or National Accreditation
<b>Infant Care</b>		
Licensed Center	\$720.64	\$720.64 + \$550
Registered Home	\$289.89	
<b>Preschool Care</b>		
Licensed Center	\$490.61	\$490.61 + \$350
Registered Home	\$251.68	

Source: New Mexico Regulations (NMAC, 8.16.2.)

versus centers) and the program’s STAR rating under the state’s quality rating system for providers. This reimbursement structure is intended to recognize that it costs more to care for an infant than a 3-year-old, for instance, and that there are costs associated with meeting high-quality standards of care. In addition, the system aims to incentivize and support more expensive forms of care that families need, such as care for infants and toddlers and care during non-traditional hours, which is reimbursed at a higher rate. New Mexico has been a leader in establishing differentiated reimbursement rates, and in 1997 was the first state to establish a tiered quality rating and improvement system.<sup>43</sup> As of 2019, 42 states had adopted systems that link child care assistance reimbursement rates to specific quality requirements.<sup>44</sup>

As part of the CCDF block grant that largely funds child care assistance, states have been required to assess the market rate that is charged to parents paying out-of-pocket and ensure that subsidy rates are set at 75 percent of that rate or higher. As of 2019, only four states had met this reimbursement benchmark, and 32 states had set rates for 4-year-olds in child care centers at least 20 percent below the 75th percentile mark. In New Mexico, CYFD has raised reimbursement rates for infants in child care centers to nearly 75 percent of the market rate, to help incentivize an essential, expensive, and underserved part of the market.<sup>45</sup>

Over the last several years CYFD has made changes to its subsidy rate structure, aiming to offset the rising costs of care and incentivize provision of high-quality care where it is most needed. In 2014, the state set new differential reimbursement rates to reflect the higher quality standards of the FOCUS rating and improvement system, and increased base rates for infant and toddler care (e.g. from \$542 to \$721 for infants in center care.) In January 2015, CYFD raised rural area rates to align with metro rates. And in September 2015, the state increased preschool and school-age care rates. A selection of current rates are presented in Table 8, and a complete rate table is available in Appendix D. Though subsidy rates have not yet caught up with market rates, provider reimbursements, after a 4 percent increase in FY14, were increased another 27 percent in FY15.<sup>46</sup> Going forward, New Mexico will use other information for setting

reimbursement rates, in addition to market rate surveys. As part of the 2014 reauthorization of the CCDF grant, states are permitted to set rates based on cost modeling as well, to take into fuller account the cost of providing higher quality services.

## Policy Considerations and Next Steps

State officials have worked to expand access to child care assistance through a raised income eligibility threshold and efforts to make the application process and co-pay calculations more transparent. In the coming year, efforts should be undertaken to target recruitment and access efforts to populations and geographies where access remains challenging for families.

New Mexico is also working to improve the quality of care that children receive through the implementation of FOCUS. CYFD has adjusted the system in response to provider feedback about feasibility and costs. These efforts to work with providers, while maintaining high standards, are central to CYFD's current work within the child care system.

Affordability remains a central concern for all families, and increased subsidy reimbursement rates to providers are one way CYFD has incentivized programs to accept child care assistance and to meet critical community needs such as infant and toddler care and care during non-traditional hours. As the state adds cost modeling to supplement market rate surveys, New Mexico may gain even clearer insight into the true costs of providing different elements of quality.

Across the policy dimensions of access, quality, and affordability, New Mexico is changing the child care assistance system in ways that aim to help low-income families. Serving more families, serving lower-income families who pay less in co-pays, keeping families eligible for longer, and reimbursing providers at higher rates all combine to make the child care assistance system more robust and also more expensive. Stable, sufficient funding will be necessary in order for these policy shifts to take root.

## Data Development Recommendations

Additional data should be collected and reported to give a fuller picture of the child care system. Data development recommendations include:

### Access

- As implementation of the new 12-month certification policy moves forward, the ECECD will track and analyze whether there are changes in the length of time that children remain enrolled in the same child care center, and whether policy changes are effective in improving continuity of care for children.
- The child care system aims to help families through two-generational change, and the ECECD will collect data from families about whether child care assistance has helped them reach career and educational goals. In particular, collecting data on parents' levels of educational attainment and workforce engagement may help illuminate whether child care assistance is helping them advance educationally and economically.

- To more fully understand New Mexico’s child care capacity, the ECECD will collect data on the number of slots available with each provider. While licensed capacity is one proxy for this information, it does not capture whether providers are actually staffed for their entire licensed capacity, so does not give a true picture of slots available in communities.
- To help understand how children with special needs are served by the child care system, data from the Family Infant Toddler (FIT) program will be linked to child care assistance data through the Early Childhood Integrated Data System (ECIDS).
- In future years, collaboration across data systems may allow for reporting on children in programs that are not administered by the state, such as tribal Child Care and Development Fund grantees. This would provide a fuller picture of how many families are able to access care in their communities.

### Data Goals

- *Analyze any changes in continuity and duration of care as 12-month certification policies are implemented.*
- *Collect data on educational attainment and workforce engagement of families receiving child care assistance.*
- *Report data on children receiving care through tribal Child Care Development Fund grantees.*
- *Continue and expand development of a child care workforce registry, to collect data on the size of the workforce, demographic information, educational attainment, turnover, pay, and benefits.*
- *Collect data on developmental screenings administered through child care, referrals made based on these screenings, expulsions, and health and safety supports.*
- *Link data across systems through the Early Childhood Integrated Data System to examine how families served by child care assistance are also served by home visiting, PreK, FIT and other early childhood supports.*

### Affordability

- Families who pay privately for child care contribute significantly to the system, and often pay large shares of their income for care. However, data are not currently collected about how much these families contribute. Future data collection from providers could help quantify the significant ways in which private family investment fuels the child care system.

### Quality

- New Mexico has begun efforts to gather data on the early childhood workforce, through information collected about completed trainings. The ECECD will prioritize efforts to capture data on the early childhood workforce including demographics, educational attainment, tenure and turnover in job sites.

- Data should be systematically collected on whether children in care are up-to-date on their well-child checks, immunizations, and developmental screenings.
- The ECECD will analyze data geographically to better understand which specific supports for quality will help meet particular community needs (e.g., infant-toddler care, support for dual language learners, or non-traditional care hours).
- As the Early Childhood Integrated Data System (ECIDS) becomes operational, it will be easier to link data from different systems and to understand how families move through New Mexico's system of systems and access multiple forms of support. For example, ECIDS may enable future reports to examine how many families served by the child care system are also served by FIT, home visiting, and PreK. It may also allow future analyses of how the duration, quality level, and other characteristics of children's child care experiences relate to their school readiness and ongoing success in school.

Collecting and reporting the data in these recommendations – as well as consistently reporting on the data in this report to show trends over time – can help create shared understanding among stakeholders, and can generate conversations about whether the policies in place are having intended effects.

New Mexico's child care system has made marked gains in the 20 years since the state adopted the nation's first tiered quality rating and improvement system. High-quality practices are now more widespread than ever before, and more low-income children are able to access this improved quality. However, there is clearly more work ahead: to help make child care affordable for all families that need it, to make FOCUS a more constructive and supportive system for providers, and to reach the thousands of families who qualify for child care assistance but do not apply for it. These goals, along with efforts to collect more and better data about the child care system for future reporting, can be cornerstones of an agenda shared by the ECECD, policymakers, providers and advocates seeking to improve the system for all New Mexico families.

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## Appendix A - New Mexico Early Childhood Care Accountability Act: Section 4

### SECTION 4.

“A new section of the Children's Code is enacted to read:

LICENSED EARLY CHILDHOOD CARE PROGRAMS-- REPORTING.--Beginning December 31, 2019 and annually thereafter, the department shall produce an annual outcomes report for the legislature and the governor that includes:

- A. the goals and achieved outcomes of the licensed early childhood care program standards implemented pursuant to the Early Childhood Care Accountability Act; and
- B. the following data:
  - 1. The number of substantiated incidents and substantiated complaints received for each licensed early childhood care program rating level;
  - 2. The income levels of eligible families statewide receiving early childhood care assistance;
  - 3. The stated reasons that eligible families have applied for early childhood care assistance;
  - 4. The percentage of children receiving early childhood care assistance by quality level and provider type;
  - 5. The average annual enrollment in early childhood care assistance
  - 6. The percentage of children participating in early childhood care assistance who have one or more substantiated child abuse cases while participating in early childhood care assistance
  - 7. By rating level, any evidence of an increase in school readiness, child development and literacy among children receiving early childhood care assistance
  - 8. The number and type of licensed early childhood care programs statewide
  - 9. The capacity in licensed early childhood care programs by rating level
  - 10. The number of children enrolled in licensed early childhood care programs who participate in the child and adult care food program
  - 11. The percentage of children enrolled in licensed early childhood care programs receiving health and developmental screenings or assessments in accordance with department rules
  - 12. The percentage of children enrolled in licensed early childhood care programs who have received health or developmental screenings or assessments as department rules require who are referred to services...”

## Appendix B- Authentic Observation Documentation and Curriculum Planning

QUALITY PRACTICES THAT SUPPORT CHILDREN'S GROWTH, DEVELOPMENT, AND LEARNING			
Intentional Teaching: Authentic Observation Documentation and Curriculum Planning Process			
2+ STAR (Year 1) Criteria	2+ STAR (Year 2) or 3 STAR Criteria	4 STAR Criteria	5 STAR Criteria
<b>Preschoolers</b>			
<p>Meet the following requirements:</p>	<p>Meet <b>2+ Year 1</b> requirements <b>plus</b>:</p> <p><b>3.1</b> Using the <i>New Mexico Early Learning Guidelines: Birth through Kindergarten</i>, educators must complete the <i>NM Quick Look Recording Sheets</i> and report data for <b>8 Essential Indicators (EIs)</b>:</p> <ul style="list-style-type: none"> <li>• 1.1 (Body Coordination and Strength)</li> <li>• 1.2 (Balance and Spatial Awareness)</li> <li>• 2.2 (Fine Motor)</li> <li>• 5.1 (Listens with Understanding)</li> <li>• 7.1 (Interest in Books)</li> <li>• 9.2 (Uses Numbers and Counting)</li> <li>• 10.1 (Recognizes Shapes)</li> <li>• 23.2 (Interest in Learning New Things)</li> </ul> <p>This reporting must be done for each child within 45 days of enrollment and every six months thereafter.</p>	<p>Meet <b>2+ Year 1</b> and <b>3 STAR</b> requirements <b>plus</b>:</p> <p><b>4.1</b> Using the <i>New Mexico Early Learning Guidelines: Birth through Kindergarten</i>, educators must complete the <i>NM Quick Look Recording Sheets</i> and report data for <b>11 Essential Indicators (EIs)</b>:</p> <ul style="list-style-type: none"> <li>• 1.1 (Body Coordination and Strength)</li> <li>• 1.2 (Balance and Spatial Awareness)</li> <li>• 2.2 (Fine Motor)</li> <li>• 5.1 (Listens with Understanding)</li> <li>• <b>5.3 (Phonological Awareness)</b></li> <li>• 7.1 (Interest in Books)</li> <li>• 9.2 (Uses Numbers and Counting)</li> <li>• 10.1 (Recognizes Shapes)</li> <li>• <b>12.1 (Sorts and Classifies)</b></li> <li>• <b>19.1 (Cares for Personal and Group Possessions)</b></li> <li>• 23.2 (Interest in Learning New Things)</li> </ul> <p>This reporting must be done for each child within 45 days of enrollment and every six months thereafter.</p>	<p>Meet <b>2+ Year 1, 3 STAR, and 4 STAR</b> requirements <b>plus</b>:</p> <p><b>5.1</b> Using the <i>New Mexico Early Learning Guidelines: Birth through Kindergarten</i>, educators must complete the <i>NM Quick Look Recording Sheets</i> and report data for <b>14 Essential Indicators (EIs)</b>:</p> <ul style="list-style-type: none"> <li>• 1.1 (Body Coordination and Strength)</li> <li>• 1.2 (Balance and Spatial Awareness)</li> <li>• 2.2 (Fine Motor)</li> <li>• 5.1 (Listens with Understanding)</li> <li>• 5.3 (Phonological Awareness)</li> <li>• 7.1 (Interest in Books)</li> <li>• <b>7.4 (Concepts of Print)</b></li> <li>• 9.2 (Uses Numbers and Counting)</li> <li>• 10.1 (Recognizes Shapes)</li> <li>• 12.1 (Sorts and Classifies)</li> <li>• <b>14.3 (Makes Predictions)</b></li> <li>• 19.1 (Cares for Personal and Group Possessions)</li> <li>• <b>23.2 (Interest in Learning New Things)</b></li> <li>• 24.2 (Develops Independence)</li> </ul> <p>This reporting must be done for each child within 45 days of enrollment and every six months thereafter.</p>

Intentional Teaching: Authentic Observation Documentation and Curriculum Planning Process			
2+ STAR (Year 1) Criteria	2+ STAR (Year 2) or 3 STAR Criteria	4 STAR Criteria	5 STAR Criteria
<b>Infants and Toddlers</b>			
<p>Meet the following requirements:</p>	<p>Meet <b>2+ Year 1</b> requirements <b>plus</b>:</p>	<p>Meet <b>2+ Year 1</b> and <b>3 STAR</b> requirements <b>plus</b>:</p>	<p>Meet <b>2+ Year 1, 3 STAR, and 4 STAR</b> requirements <b>plus</b>:</p>
<p><b>2+.1</b> Using the <i>New Mexico Early Learning Guidelines: Birth through Kindergarten</i>, educators must complete <b>3 focused observations for each child</b> using the <i>NM Portfolio Collection Forms</i> under the domains Beginning to Know About Ourselves and Others, Beginning to Communicate, and Beginning to Move and Do for each child within 45 days of enrollment and every four months thereafter.</p>		<p><b>4.1</b> Using the <i>New Mexico Early Learning Guidelines: Birth through Kindergarten</i>, educators must complete <b>4 focused observations for each child</b> using the <i>NM Portfolio Collection Forms</i> under the domains Beginning to Know About Ourselves and Others, Beginning to Communicate, Beginning to Move and Do, and <b>Beginning to Build Concepts</b> for each child within 45 days of enrollment and every four months thereafter.</p>	<p><b>5.1</b> Using the <i>New Mexico Early Learning Guidelines: Birth through Kindergarten</i>, educators must complete <b>5 focused observations for each child</b> using the <i>NM Portfolio Collection Forms</i> under the domains Beginning to Know About Ourselves and Others, Beginning to Communicate, Beginning to Move and Do, Beginning to Build Concepts, and <b>Approaches to Learning</b> for each child within 45 days of enrollment and every four months thereafter.</p>
<p><b>2+.2</b> Child observations must use objective language.</p>	<p><b>3.2</b> Child observations must use objective language and <b>match the domains and components</b>.</p>	<p><b>4.2</b> Child observations must use objective language, match the domains and components, and <b>include contextual detail</b>.</p>	
	<p><b>3.3</b> Use information from multiple sources, such as assessments, ongoing child observations, and family input, to complete the <i>NM Weekly Lesson Plan Form</i> or approved alternate lesson plan form.</p>		

## Appendix C - New Mexico Child Assessment System

New Mexico uses the Authentic Observation Documentation and Curriculum Planning (AOCDP) process, based on the New Mexico Early Learning Guidelines, as the assessment system for PreK and Child Care programs. The information is captured in “quick looks” and is organized by Domains, Indicators and Rubrics, allowing educators and parents to monitor practices, adjust curriculum and access training and technical assistance.

Domain	Essential Indicators
PHYSICAL DEVELOPMENT, HEALTH, and WELL-BEING	1.1 Demonstrates body coordination and strength in activities such as climbing stairs with alternating feet, marching, running, jumping, hopping, dancing, riding tricycles and scooters.
	1.2 Demonstrates balance and spatial awareness in many situations (running and stopping, climbing, ball-handling, and/or simple group games [i.e., “Duck, duck, goose”]).
	2.1a Develops manual coordination to use writing and crafting tools.
	2.1b Demonstrates self-help fine motor skills such as buttoning and zipping.
LITERACY	5.2 Demonstrates the ability to attend, understand, and follow increasingly complex directions.
	6.1 Demonstrates the ability to effectively engage in a range of conversational skills in his or her home language (including ASL) for a variety of purposes relating to real experiences and different audiences.
	7.2 Demonstrates comprehension of a story “read aloud” by asking relevant questions or providing key details in literacy texts.
	7.3a Shows an understanding of the basic concepts of print.
	7.3b Understands that print carries meaning.
	7.4a Recognizes and generates rhyming sounds in spoken language.
	7.4b Demonstrates understanding of spoken words, syllables, and sounds (phonemes).
	7.5a Shows an understanding of alphabetic knowledge.
7.5b Knows and applies letter-sound correspondence and beginning sound-recognition skills.	
MATHEMATICS	8.3 Understands how to apply the early stages of drawing and writing to convey meaning.
	9.1 Uses numbers and counting as means for solving problems and determining quantity.
	9.3a Rote counts in sequence.
	9.3b Names and identifies written numerals.
	10.1 Recognizes, names, describes, compares, and creates familiar shapes.
AESTHETIC CREATIVITY	12.1 Sorts, classifies, and groups materials by one or more attributes.
	13.1 Communicates ideas and/or feelings through creative activities (for example, making up a song, acting out a story, creating a piece of art work or a set of movements).
SCIENTIFIC CONCEPTUAL UNDERSTANDING	14.1 Uses senses to investigate characteristics and behaviors in the physical and natural worlds and begins to form explanations of observations and explorations.
	14.3 Makes predictions and forms hypotheses.
SELF, FAMILY, and COMMUNITY	18.1 Adapts behaviors to fit different situations (for example, accepts transitions, follows daily routines, and/or incorporates cultural expectations).
	19.1 Cares for personal and group possessions.
	20.1 Plays and interacts with various children sharing experiences and ideas with others.
	20.2 Uses and accepts negotiation, compromise, and discussion to resolve conflicts.
APPROACHES TO LEARNING	21.2 Accepts guidance from a variety of appropriate adults and seeks their support when needed.
	24.2 Develops increasing independence during activities, routines, and play.
	25.3 Role-plays to express feelings, to dramatize stories, to try out social behaviors observed in adults, and to reenact real-life roles and experiences.
	27.1 Focuses and completes a variety of tasks, activities, projects and experiences.

### Rubrics

3-Year-Old Rubrics			4-Year-Old Rubrics		Kindergarten 5-Year-Olds		Grade 1
First Steps for 3s	Making Progress for 3s	Accomplished for 3s First Steps 4s	Making Progress for 4s	Accomplished for 4s First Steps K	Making Progress for K	Accomplished for K (First Steps for Grade 1)	Making Progress for Grade 1
①	②	③	④	⑤	⑥	⑦	⑧

## Appendix D - New Mexico Child Care Rate Structure

### Childcare Assistance Provider Rates 8.15.2.17 NMAC

Formula: (Base Rate + Quality Differential) x Units of Service = Provider Rate\*

Base Rates			
Childcare Assistance Base Provider Rate			
Licensed Child Care Centers			
Infant	Toddler	Pre-School	School-age
\$ 720.64	\$ 589.55	\$ 490.61	\$ 436.27
Licensed Group Homes (capacity: 7-12)			
Infant	Toddler	Pre-School	School-age
\$ 586.07	\$ 487.11	\$ 427.13	\$ 422.74
Licensed Family Homes (capacity: 6 or less)			
Infant	Toddler	Pre-School	School-age
\$ 566.98	\$ 463.50	\$ 411.62	\$ 406.83
Registered Homes and In-home Child Care			
Infant	Toddler	Pre-School	School-age
\$ 289.89	\$ 274.56	\$ 251.68	\$ 251.68

Age Range Definitions	
Infant	Zero - 23 months
Toddler	24 -35 months
Pre-school	Three to five year olds
School-age	Six-years and older

Quality Differential			
Childcare Assistance Monthly Quality Differential Provider Rate			
2+ Star Focus Childcare Centers, Licensed Family, and Group Homes			
Infant	Toddler	Pre-School	School-age
\$ 88.00	\$ 88.00	\$ 88.00	\$ 88.00
3 Star Focus Child Care Centers, Licensed Family, and Group Homes			
Infant	Toddler	Pre-School	School-age
\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
4 Star Focus Licensed Family and Group Homes			
Infant	Toddler	Pre-School	School-age
\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00
5 Star Focus or CYFD approved National Accreditation Licensed Family and Group Homes			
Infant	Toddler	Pre-School	School-age
\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
4 Star Focus Child Care Centers			
Infant	Toddler	Pre-School	School-age
\$ 280.00	\$ 280.00	\$ 250.00	\$ 180.00
5 Star Focus or CYFD Approved National Accreditation Child Care Centers			
Infant	Toddler	Pre-School	School-age
\$ 550.00	\$ 550.00	\$ 350.00	\$ 250.00

Units of Service			
Part time 1	Part time 1	Part time 2 (split custody or in two providers)	Part time 3
Care provided for an average of 30 or more hours per week per month	Care provided for an average of 8-29 hours per week per month	Care provided for an average of 8-19 hours per week per month	Care provided for an average of 7 or less hours per week per month
Pay at 100% of full time rate	Pay at 75% of full time rate	Pay at 50% of full time rate	Pay at 25% of full time rate

*Non-traditional Hours Differential (not included in above formula)			
	1-10 hrs/wk	11-20 hrs/wk	21 or more hrs/wk
After hours	5%	10%	15%
Weekend hours	5%	10%	15%



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