

Free Child Care for All? What Families and Providers Have to Say

Presented by:

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Audience Question:

What is your role in the child care sector?
(e.g., teacher, director, owner, advocate, researcher)

New Mexico Context

- Sparsely populated, Hispanic majority state
 - 2.1M: 50% Hispanic, 36% white not-Hispanic, 11% Native American
- Challenges with child well-being
 - 50th in state ranking of child well-being
 - Hispanic and Native American children 2.2x and 3.1x more likely to live in poverty than white children
- NM governor's policy goal: be the first state to make child care universally available to families
 - Covid: stabilize the child care sector

Audience Question:

What policy changes have you noticed related to the child care sector?

Goals of Policy Changes

- Give more families access to affordable child care
 - Increased subsidy eligibility in phases from 150% to 400% FPL
 - Copays: from income-based to waived for all
 - Result: free child care for family of 4 under \$120,000
- Increase provider supply and drive higher quality care
 - Raised reimbursement rates
 - Cost modeling that aims to reflect the true costs of quality care

Policy Changes: Child Care Subsidies For Families

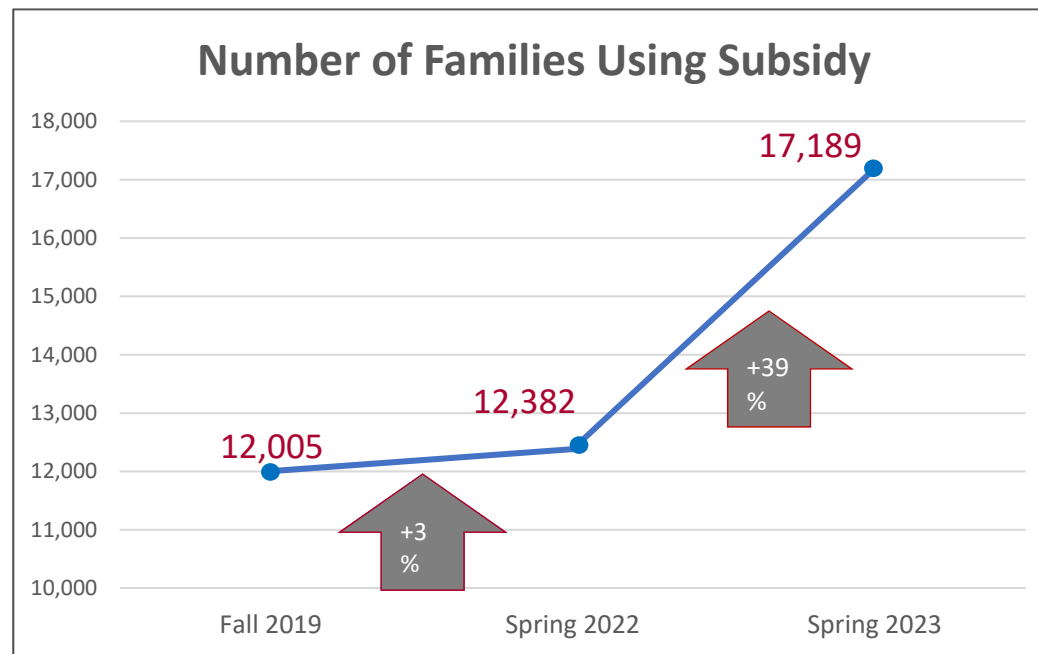
Start End	Apr-Nov 2018 (previous administration)	Dec 2018-Sept 2019	Oct 2019-July 2021	Aug 2021-April 2022	May 2022-present
Eligibility	150%	200%	200% (eligibility categories expanded)	350%	400%
Exit	200%	200%	250%	400%	425%
Copays	Income based, no waiver			Waived to 200%, sliding scale above	Waived for all

- Initially funded using federal COVID relief dollars
- Currently maintained using the state general fund, from an early childhood trust fund established in 2020, and land grant permanent fund

Findings Presented Today

- Research questions:
 - How has expanded income eligibility affected subsidy use for families?
 - How have families and providers benefitted from subsidy expansion?
 - What systemic barriers are families and providers encountering?
- Methods:
 - Analyzed state subsidy use data at three periods: Fall 2019, Spring 2022, Spring 2023
 - Interviewed providers and newly eligible families
 - Surveyed providers

More Families Are Using Subsidy



43% increase
from Fall
2019 to
Spring 2023

Benefits to Newly Eligible Families

- Enrollment in care benefits children
 - Socialization; structured learning environments; monitoring developmental milestones; learning languages
- Enables life changes
 - Returning to work; increasing work hours; starting a business; returning to school
- Provides a variety of economic benefits
 - Saving for a house; purchasing a car; starting savings accounts; extracurricular activities

“It has absolutely allowed my husband and I to be able to afford our mortgage. Quite honestly, without the subsidy program...we literally would have to be back in an apartment.”

Challenges For Families

- Awareness of program
- State bureaucracy:
 - Long wait times fueled by increase in applications
- Lack of availability (centers and slots):
 - Rural areas; infant/toddler slots; nontraditional hours
- Concerns about program sustainability

“Everything was full for the age range that I needed at the time, so I had to wait probably two or three months. That's pretty fast compared to other people that I've known... People would tell me, ‘Hey, you need to get on the waiting list now,’ and I was four months pregnant.”

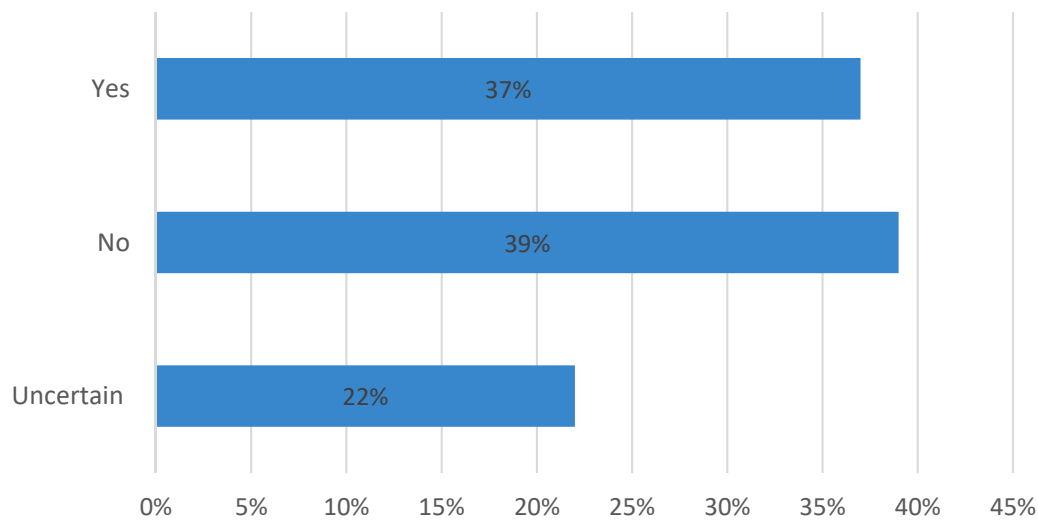
Audience Questions:

Do these findings align with what you hear from families?

What is similar or different?

Adequacy of Reimbursement Rates

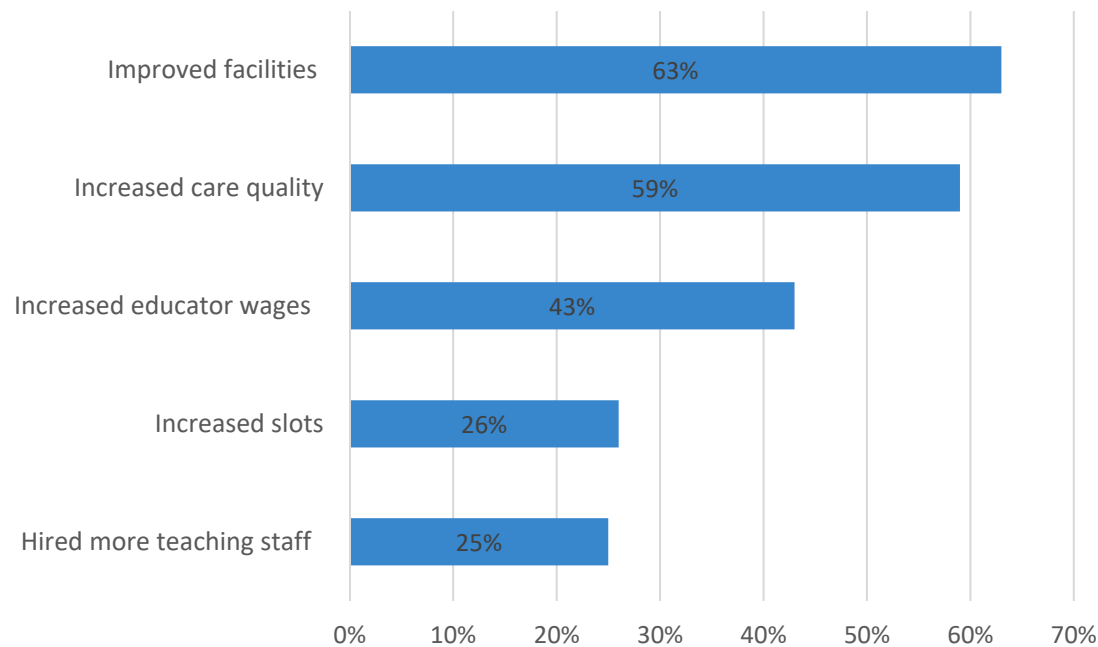
Do New Rates Adequately Reflect Costs of Quality Care?



- Reimbursement viewed as inadequate due to high operating costs and the cost of teacher raises

“It's not givin' us that much of a break if it's only gonna be 20 percent and we're still having to get \$15 an hour to draw in people to help us.”

Impact of Reimbursement on Providers

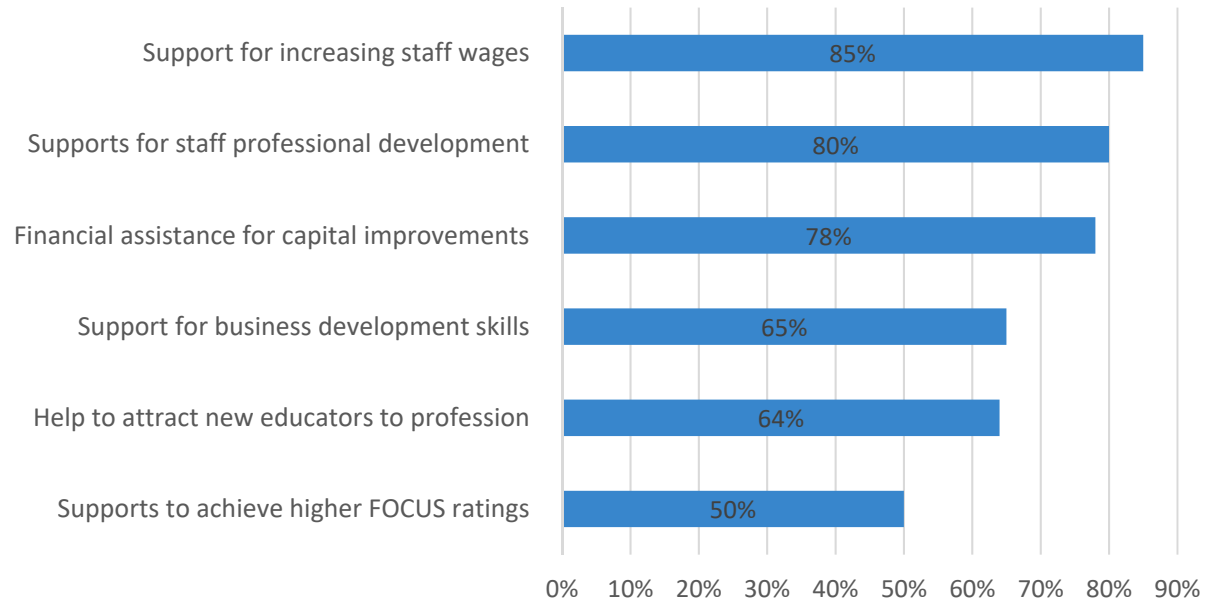


“You're able to pay for your bills. You're able to run a successful business, really. It decreases your stress on a financial level so that you can spend more time doing what you're supposed to be doing, which is being with the kids.”

- Note: 86% of respondents participated in subsidy

Additional Support Needed by Providers

State Supports Rated “Important” by Providers



Benefits to Providers:

Subsidy reimbursement increases revenue

- Subsidy reimbursement is greater than cost of private pay

Waived copays provide financial stability

- More reliable stream of revenue
- No longer spending time and effort to collect copays

Provider Challenges:

Teacher Recruitment and Retention

- Low pay for high responsibility
- Competition with other employers
- Lack of an aligned career and wage lattice

State bureaucracy

- Late or incorrect reimbursement
- Long wait times

“We do just give the free childcare... we don't want parents to be at work concerned about the safety of their kiddos just because they're leaving them with random neighbors or friends because it's difficult for them to get on a contract.”

Audience Questions:

Do these findings align with your perceptions and experiences?

What do you need to grow the success of your childcare operation?

Summary

- More families have access to affordable care and have experienced a variety of benefits
- Providers report that new investments have stabilized their businesses
- Both groups continue to experience challenges
 - Families: state bureaucracy, care availability, program awareness
 - Providers: state bureaucracy, teacher salaries, inadequate reimbursement

We're interested in hearing from you!

Were you surprised by any of the findings?

What does the ideal child care sector look like for you?

Thank You!

Feel free to reach out:

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Thanks to our project team:

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Which Types of Families Are Benefitting?

Analyzing Growth From Fall 2019-Spring 2023

Annual Income (% FPL)	Annual Income (Family of 4)	Change from Fall 2019 – Spring 2023	Fall 2019 % of Subsidy Use	Spring 2023 % of Subsidy Use
0-50% FPL	\$0 – \$15,000	11%	17%	13%
51-100% FPL	\$15,001 – \$30,000	-18%	31%	18%
101-150% FPL	\$30,001 – \$45,000	4%	34%	24%
151-200% FPL	\$45,001 – \$60,000	50%	16%	17%
200%+ FPL	\$60,001+	2315%	2%	27%

Which Types of Families Are Benefitting?

Analyzing Growth From Fall 2019-Spring 2023

Geography Type	Change from Fall 2019 – Spring 2023	Spring 2023 % of Subsidy Use
Large Metro	48%	50%
Small Metro	37%	27%
Large Town Rural	42%	21%
Small Town Rural	33%	2%

Family Composition	Change from Fall 2019 – Spring 2023	Spring 2023 % of Subsidy Use
Single Parent Household	27%	80%
2+ Adults Household	185%	20%