

Trends After Policy Change in New Mexico's Child Care Assistance Program

An Analysis of Family Eligibility, Uptake, and Provider Supply



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Introduction and Context

New Mexico is a state with some of the nation's highest levels of childhood poverty and a significant need for family support services. In an effort to address these challenges, the state has made unprecedented investments in policies intended to support families' access to child care. This research, funded by the Robert Wood Johnson Foundation and conducted by the University of New Mexico Cradle to Career Policy Institute, examines preliminary data on the implementation and outcomes of those policies, using survey methods, interviews, and analysis of administrative data. This particular brief describes statewide findings from administrative data analysis, with a supplement describing substate geographical findings available elsewhere [here](#).ⁱ Interview and survey findings are summarized in a [companion brief](#).ⁱⁱ

About New Mexico

New Mexico is a geographically large state, with several urban population centers as well as vast, sparsely populated rural and ranching areas. Its people include the nation's largest share of Hispanic population (50.1 percent), as well as 23 federally recognized tribal nations.ⁱⁱⁱ Native Americans comprise about 10 percent of the population, which is higher than in all but two other states.^{iv} New Mexico has made rich contributions to American culture, including as a hub for scientific discovery at the state's national laboratories, as an energy-producing state, and as a hub for the fine and performing arts. New Mexico has also been challenged for decades by high rates of childhood poverty and associated poor health and educational outcomes. The state consistently receives poor rankings for child wellbeing by the Annie E. Casey Foundation, and is currently rated 50th among the states.^v Notably, however, the state has below-average rates of childhood poverty according to the U.S. Census' Supplemental Poverty Measure, which accounts for factors such as families' out-of-pocket child care costs.^{vi}

New Mexico's Child Care Policies

New Mexico has invested significantly in policies to expand families' access to child care. This has been in response to the stated needs and challenges of New Mexico families,^{vii} as well as an increasing body of national research highlighting the importance of access to quality child care for families' economic stability.^{viii} State leaders have primarily addressed child care access through Child Care Assistance, a voucher-style subsidy program funded by a combination of state revenues and

At A Glance: Changes from 2019 to 2023

- *Policy changes increased the estimated number of children eligible for New Mexico's Child Care Assistance program by 70 percent, to 166,681.*
- *The Child Care Assistance program in 2023 served 26,941 children, up 39 percent since enactment of expansive eligibility policies.*
 - » *Increases have been most pronounced among children in families with incomes above 200 percent of the federal poverty level (FPL), most of whom were previously ineligible for the program.*
 - » *Although growth has been greatest among the newly eligible, families with incomes above 200 percent FPL still comprised a minority (24.2 percent) of subsidy recipients in 2023.*
 - » *While child care assistance enrollment has increased for most populations, it has decreased for families qualifying through education and for those with incomes between 50 and 100 percent FPL.*
- *Licensed capacity has increased 7.5 percent, to 62,922 slots.*
- *New Mexico's child care sector is shifting toward more center-based, licensed care at higher levels of quality, and away from less formal home-based providers who are license-exempt.*



the federal Child Care and Development Block Grant. Eligible families who enroll in the program can use their assistance voucher to pay for care at any participating provider, and providers receive reimbursement from the Early Childhood Education and Care Department (ECECD).

New Mexico initially used federal COVID relief dollars to fund expansive child care policies, and has subsequently maintained these policies with funding from the state general fund, from an early childhood trust fund established in 2020, and from the state's land grant permanent fund. The land grant permanent fund is a unique state investment account, and disbursements from the account support New Mexico's public education system. New Mexico voters in 2022 voted overwhelmingly and on a bipartisan basis to increase the rate of disbursement from the permanent fund to create a recurring funding source for early childhood services, including the Child Care Assistance program.^{ix} Even before these policy expansions, New Mexico had been identified as the state providing child care subsidies to the highest overall percentage of its eligible children, and of its eligible Hispanic children in particular.^x

Most notably, New Mexico since 2021 has:

- **Expanded eligibility for child care subsidies to 400 percent of the federal poverty level (FPL)**, which as of 2024 is \$103,280 in annual income for a family of three. This expansion of eligibility to middle- and higher-income families was done in recognition of the fact that the high cost of child care strains families across the income spectrum. Previous eligibility caps created "cliff" effects for families who saw modest income increases and then lost their child care, becoming worse off financially as a result of modest raises.^{xi}
- **Waived child care assistance copayments for all families.** States traditionally require families to pay a portion of their child care costs as a copayment, even if they receive a child care subsidy to reduce their costs. New Mexico has waived copayments for all families, making child care functionally free for all families with a subsidy while the waiver remains in place.
- **Set provider reimbursement rates based on a cost model.** The child care providers who care for children enrolled in the subsidy program have traditionally been reimbursed based on the market price of child care in their state or region. This methodology has been identified as flawed, in that it benchmarks reimbursement rates to the price that local families are able to pay, rather than the true, higher cost of providing quality care. In recognition of this, New Mexico became the first state (after Washington, D.C.) to base rates on a model estimating the true costs of staffing and providing high-quality care for children of different ages in different settings.
- **Made a variety of investments in workforce development**, including wage supplements that increase based on educational attainment and full scholarships for early childhood professionals going back to school. The state has also funded a professional media campaign focused on workforce retention and recruitment and on raising community awareness of early childhood jobs and their importance.

The Study

This study primarily examines the impacts of expanded family eligibility, waived copayments, and increased provider reimbursement rates. Planning for an additional study focused on the outcomes of workforce development policies is underway. This study examines initial outcomes from New Mexico's child care access expansion policies, with a focus on identifying any successes, implementation challenges, and ongoing barriers to families' access to child care. The study design included an initial set of interviews with key policy stakeholders to inform the rest of the research, a survey of child care providers, follow-up interviews with child care providers, interviews with newly eligible families, estimates of changes in the subsidy-eligible population, and analyses of administrative data to examine trends in family enrollment and the provider supply.



This particular brief reports findings from the eligibility estimates and the analysis of administrative data, with a focus on statewide changes in the composition of families receiving child care assistance and in New Mexico's supply of regulated care. A supplemental brief providing analyses at smaller substate levels of geography is [also available](#).

Findings

Eligibility Changes

Estimates of changes in New Mexico's population of subsidy-eligible children were conducted in partnership with the Urban Institute, using their ATTIS¹ model that draws on U.S. Census sources to predict how a population will respond to policy changes over time. Their [methods and detailed findings](#) are reported separately.^{xii} **Broadly, they estimate that policy changes between 2019 and 2022 expanded the number of New Mexico children eligible for child care assistance by 70 percent.** This increased the estimated eligible population to 166,681 children overall, of whom an estimated 70,870 are under age 6. **The change represents an overall eligibility increase of approximately 69,000 children in about 40,000 families.** Key findings about eligibility changes include:

- While the estimated number of eligible children increased in every subgroup, increases were especially pronounced for school-aged children (ages 6-12). Of the newly eligible children, more than half (about 41,000) were school-aged.
- Eligibility increases were concentrated among children in two-parent households. The number of eligible children in two-parent households more than doubled, with more than half of newly eligible children (about 47,000) residing in two-parent homes compared to 22,000 in single-parent homes.
- The majority of children who became newly eligible are Hispanic, with Hispanic children accounting for an estimated 41,000 of the 69,000 newly eligible children. The size of the eligible population increased markedly across racial and ethnic groups, and more than doubled for children who are non-Hispanic White, non-Hispanic Asian/Pacific Islander, or non-Hispanic of other races.

These estimates are all attributable to Kelly Dwyer and Margaret Todd, and detailed in their related brief.^{xiii}

Enrollment Changes

The total number of children served by New Mexico's child care subsidy program increased by about 39 percent between fall of 2019 and spring of 2023, from 19,366 to 26,941.

This growth primarily occurred between spring of 2022 and spring of 2023, and is contextualized by the sector's recovery from COVID-19. Data from August through December of 2019 were used to establish a pre-COVID baseline, while data from January through May of 2022 reflect conditions after initial implementation of expansion policies. These initial policy changes included raising entry eligibility for child care subsidies to 350 percent FPL, with continuing eligibility to 400 percent and waiving copays for those with incomes at 200 percent FPL or lower. Data from January through May of 2023 reflect conditions later in the economic recovery from COVID-19, and reflect the implementation of further expansion policies. For this time period, initial income eligibility for child care subsidies was further raised to 400 percent FPL with continuing eligibility to 425 percent FPL. Additionally, copays for all eligible families were waived during this period.

¹Analysis of Transfers, Taxes and Income Security



Table 1 shows an overview of changes in the subsidy-receiving population, by key family and child characteristics.

Table 1: Mean children served by child care assistance, by time period and subgroup

	Fall 2019		Spring 2022		Spring 2023		Fall '19 - Spring '23 change
	Children served		Children served		Children served		
	N	%	N	%	N	%	
Total children served	19,366		20,009		26,941		39%
Qualifying via work	16,162	85.4%	17,314	90.2%	23,453	90.6%	45%
Qualifying via school	1,963	10.4%	1,217	6.3%	1,334	5.2%	-32%
Qualifying via work and school	810	4.3%	664	3.5%	867	3.4%	7%
Qualifying via job search ¹	-		-		219	0.8%	
Aged 0-2	6,020	31.1%	5,833	29.2%	7,960	29.5%	32%
Aged 3-5	7,167	37.0%	7,323	36.6%	9,996	37.1%	39%
Aged 6-12	6,092	31.5%	6,760	33.8%	8,877	33.0%	46%
Aged 13+ (underestimate)	83	0.4%	92	0.5%	107	0.4%	29%
Hispanic of any race	13,530	77.4%	13,109	78.9%	16,117	77.8%	19%
White, non-Hispanic	2,233	12.8%	2,041	12.3%	2,749	13.3%	23%
AIAN, non-Hispanic ²	962	5.5%	842	5.1%	1,070	5.2%	11%
Black, non-Hispanic	629	3.6%	520	3.1%	646	3.1%	3%
AAPL, non-Hispanic ³	124	0.7%	100	0.6%	140	0.7%	13%
Missing race/ethnicity data		10%		17%		23%	229%
English-speaking	17,072	88.2%	17,243	86.2%	23,382	86.8%	37%
Spanish-speaking	1,176	6.1%	1,392	7.0%	1,701	6.3%	45%
Native American Language ⁴	21	0.1%	9	0.0%	13	0.0%	-38%
All Other Languages	1,097	5.7%	1,366	6.8%	1,845	6.8%	68%
Receiving TANF	1,845	9.5%	1,259	6.3%	1,304	4.8%	-29%
Not receiving TANF	17,522	90.5%	18,750	93.7%	25,637	95.2%	46%
One-parent household ⁵	17,224	88.9%	17,170	85.8%	21,317	79.1%	24%
Two-parent household ⁶	2,142	11.1%	2,839	14.2%	5,624	20.9%	163%
Children without disabilities	19,230	99.3%	19,868	99.3%	26,759	99.3%	39%
Children with disabilities	136	0.7%	141	0.7%	181	0.7%	33%
0-50% FPL	3,379	17.4%	3,267	16.3%	3,780	14.0%	12%
51-100% FPL	6,718	34.7%	5,535	27.7%	5,623	20.9%	-16%
101-150% FPL	6,318	32.6%	5,874	29.4%	6,712	24.9%	6%
151-200% FPL	2,701	13.9%	3,377	16.9%	4,301	16.0%	59%
>200% FPL	250	1.3%	1,957	9.8%	6,525	24.2%	2508%
Large Metro	9,040	46.8%	9,558	47.9%	13,069	48.6%	45%
Small Metro	5,725	29.6%	5,855	29.3%	7,588	28.2%	33%
Large Town Rural	4,200	21.8%	4,226	21.2%	5,824	21.7%	39%
Small Town Rural	344	1.8%	312	1.6%	401	1.5%	17%

¹ Eligibility category added August 2021, ² American Indian or Alaska Native, ³ Asian-American or Pacific Islander,

⁴ Includes Athapascan, Keres, Navajo, and Zuni, ⁵ Unmarried parent with no partner or with a non-parent partner,

⁶ Married couple or two unmarried parents



As shown in Table 1, overall subsidy enrollment gains reflect growth in most subgroups. The larger enrolled group in 2023 looks much the same as the enrolled group in 2019 in terms of geographical distribution, age of children in care, child language spoken at home, child race and ethnicity, and proportion of children with disabilities receiving care. The Child Care Assistance program still primarily serves children from families with incomes below 200 percent FPL, who comprise nearly three-quarters of enrolled families. Enrollment increases, however, are concentrated among children in newly eligible families.

Key Changes

Growth was especially pronounced for children from families with incomes between 200 percent FPL and 400 percent FPL, who became newly eligible. Just 1 percent of children served in 2019 came from families with incomes over 200 percent FPL, who in 2023 comprised nearly one quarter of all children served. Of the net increase of 7,575 new children who were served in 2023 compared to 2019, about 83 percent of that growth was in the 200 percent+ FPL category. The enrolled population of children from families with incomes between 150 percent FPL and 200 percent FPL also increased markedly, by 1,600 children.

The number of subsidy-receiving children from families with incomes below 150 percent FPL decreased in the aggregate by 300 children, driven by a 16 percent decrease among children in families with incomes between 51 percent and 100 percent of FPL. Relatedly, the number of children in subsidy-receiving families who also receive Temporary Assistance for Needy Families (TANF) declined by 541 children from 2019 to 2023. In 2019, about 9.5 percent of subsidy-receiving children lived in homes with income from TANF—a share that declined to 4.8 percent in 2023.

Enrollment gains were also markedly higher among children in households with two or more adults.

Enrollment for this group increased by 163 percent between 2019 and 2023, and aligns with estimates that eligibility among this population increased sharply as new eligibility policies were adopted. Children in households with two parents or guardians now make up 21 percent of all children served by subsidies, when in 2019 they comprised 11 percent. Among the net increase of 7,575 new children served in 2023 compared to 2019, approximately 3,482 of those children (about 46 percent) lived in households headed by more than one adult.

Key Areas of Stability

The geographic spread of children around the state receiving subsidized care looked much the same in 2023 as it did in late 2019, with rural areas (large and small towns) seeing on average 37 percent more children enrolled in the Child Care Assistance program, and metro areas seeing on average 40 percent more children enrolled. See our [companion brief](#) on substate geographies for more detailed analyses.

The relative racial and ethnic composition of subsidy-receiving children remained stable across policy contexts, though findings about race and ethnicity have substantial limitations.² Setting aside an increasing proportion of children's racial-ethnic identity that is not known, Hispanic children of any race continued to be by far the most common subgroup receiving subsidies, with roughly 78 percent of all children with known race/ethnicity identifying as Hispanic. Non-Hispanic White children comprised 13 percent of subsidy recipients, while Native American children comprised 5 percent. Black children made up about 3 percent of children with known race/ethnicity, while Asian-American and Pacific Islander children comprised roughly 1 percent. Hispanic children also accounted for the majority of enrollment growth during this period. Excluding children for whom race/ethnicity data were unknown in 2023, approximately 80 percent of the enrollment growth from 2019 to 2023 was among Hispanic children.

²This data field became increasingly incomplete across the study time period. Roughly 10% of children were missing one or both race/ethnicity indicators in 2019, and nearly a quarter were missing one or both by 2023. Therefore, our counts for subgroups in 2022 and 2023 are likely undercounts, since we do not know the true size of these populations.



The composition of the subsidy-receiving population by child age was also stable across this time period, despite the proportionately greater increase in the pool of eligible school-aged children. Throughout the study period, children aged 3-5 comprised about 37 percent of all children served, while children 0-2 comprised about 30 percent and school-aged children aged 6-12 comprised 33 percent. Similarly, the distribution of languages spoken in served children's households changed little during this time. Children from English-speaking households remained the majority at nearly 90 percent, but proportionally fell about 1.4 percentage points from 2019 to 2023. Children from households that filled out their application for assistance in Spanish rose incrementally from 6.1 percent to 6.3 percent, while those from households speaking all other languages (including bilingual English/Spanish) rose marginally from 5.7 percent to 6.8 percent.

Eligibility and Uptake

Policy changes can be enacted quickly, while implementation and uptake by individuals can take more time. Overall, the estimated number of children eligible to receive child care subsidy in New Mexico increased by about 70 percent during the study period, while actual subsidy enrollment of children increased by about 39 percent. In practice, this means that the percentage of eligible children served has decreased, even as the raw number of enrolled children has grown. In this section, we examine by subgroups the extent to which subsidy uptake has or has not kept pace with expanded eligibility during this initial expansion period.

Table 2 in this section shows the estimated number of eligible children by subgroup at three points in time (fall 2019, spring 2022, and spring 2023), accompanied by the actual number of children enrolled and the percentage of eligible children who were served. Eligibility increased most dramatically between fall 2019 and spring 2022 due to policy changes. Then between 2022 and 2023, the pool of eligible children remained relatively stable while actual uptake increased in the recovery from COVID-19.

Key Changes

Because New Mexico's policy changes expanded eligibility to higher income families, the largest differences in the percentage of eligible children served are centered on income, measured as a percentage of the federal poverty level. Children in families with incomes between 100 and 200 percent FPL are one of the few populations for whom the percentage of eligible children served increased between 2019 and 2023, from 17.1 percent to 20.0 percent. This represents 22 percent growth in uptake for children from families in this category, particularly those with incomes between 150 and 200 percent FPL. The percentage of eligible children served from families with incomes below 100 percent FPL declined during this period from 22.8 percent to 19.9 percent. This decline is modest, but it reflects a decline of approximately 7 percent in the actual number of children served in this income band. The overall eligibility pool for this group changed minimally, as most children in this category were eligible under all policy environments. Relatedly, the percentage of eligible TANF recipients who enrolled in the subsidy program dropped from 41.3 percent in 2019 to 26.3 percent in 2023, reflecting a drop in the actual number of children served in this category. Subsidy enrollment increased markedly for children from families with incomes above 200 percent FPL, though it did not keep pace with the major expansions in eligibility for this population. For this reason, the percentage of eligible children served dropped sharply among those with incomes above 200 percent FPL, from 24.6 percent to 10.1 percent, even as numbers served increased.

Table 2 shows that the state now serves approximately 15.1 percent of eligible Hispanic children, down from 20.5 percent in 2019. This reflects enrollment of Hispanic children that has increased markedly since 2019 but not kept pace with the roughly 63 percent increase in the number of eligible Hispanic children statewide. Similarly, the subsidy program now serves about 8.5 percent of eligible non-Hispanic White children, down from 14.9 percent in 2019. While the number of non-Hispanic White children enrolled in the program has grown, the percentage served has decreased in the context of a more than doubling of



the number of eligible White children. Enrollment of Native American children remains the lowest of all subgroups, with 5.9 percent of eligible children served in 2023. These estimates do not reflect enrollment in Tribal child care assistance programs and may therefore underestimate actual total uptake across programs. Declines in the percentage of eligible children served were particularly pronounced for Black children and Asian or Pacific Islander children, both relatively small groups in the New Mexico population whose data may be sensitive to small changes. Enrollment numbers for both groups were much the same in 2023 as in 2019, despite large percentage increases in the number of eligible children.

Table 2: Percent of eligible children served by child care assistance, by time period and subgroup

	Fall 2019			Spring 2022			Spring 2023		
	Children Eligible for CCA			Children Eligible for CCA			Children Eligible for CCA		
	N eligible	N served	% served	N eligible	N served	% served	N eligible	N served	% served
Total children	98,094	19,366	19.7%	154,519	20,009	12.9%	166,681	26,941	16.2%
Aged 0-2	21,599	6,020	27.9%	31,600	5,833	18.5%	34,299	7,960	23.2%
Aged 3-5	22,224	7,167	32.2%	34,271	7,323	21.4%	36,571	9,996	27.3%
Aged 6-12	53,004	6,092	11.5%	87,221	6,760	7.8%	94,359	8,877	9.4%
Aged 13+ (underestimate)	1,268	83	6.6%	1,427	92	6.4%	1,453	107	7.3%
Hispanic of any race	65,848	13,530	20.5%	99,709	13,109	13.1%	107,061	16,117	15.1%
White, non-Hispanic	14,973	2,233	14.9%	28,707	2,041	7.1%	32,526	2,749	8.5%
AIAN, non-Hispanic ¹	12,563	962	7.7%	17,735	842	4.7%	18,204	1,070	5.9%
Black, non-Hispanic	1,808	629	34.8%	2,518	520	20.7%	2,544	646	25.4%
AAPI, non-Hispanic ²	475	124	26.2%	916	100	10.9%	1,034	140	13.6%
Missing race/ethnicity data		10%			17%			23%	
English-speaking	43,727	17,072	39.0%	73,546	17,243	23.4%	80,499	23,382	29.0%
Spanish-speaking	15,352	1,176	7.7%	21,353	1,392	6.5%	21,967	1,701	7.7%
Native American Language ³	2,743	21	0.8%	4,058	9	0.2%	4,177	13	0.3%
All Other Languages	477	1,097	230.0%	843	1,366	162.0%	1,024	1,845	180.1%
Receiving TANF	4,463	1,845	41.3%	4,960	1,259	25.4%	4,960	1,304	26.3%
Not receiving TANF	93,631	17,522	18.7%	149,560	18,750	12.5%	161,722	25,637	15.9%
One-parent household ⁴	69,405	17,224	24.8%	88,056	17,170	19.5%	90,660	21,317	23.5%
Two-parent household ⁵	28,689	2,142	7.5%	66,464	2,839	4.3%	76,021	5,624	7.4%
Non-disabled children	93,049	19,230	20.7%	147,734	19,868	13.4%	159,646	26,759	16.8%
Disabled children	5,045	136	2.7%	6,786	141	2.1%	7,035	181	2.6%
0-100% FPL	44,295	10,091	22.8%	47,115	8,803	18.7%	47,134	9,402	19.9%
101-200% FPL	52,784	9,025	17.1%	55,089	9,250	16.8%	55,111	11,012	20.0%
>200% FPL	1,016	250	24.6%	52,314	1,957	3.7%	64,437	6,527	10.1%

Eligibility estimates not available for qualifying reason or urban/rural indicator, and only in 100% increments for monthly poverty status. ¹ American Indian or Alaska Native, ² Asian-American or Pacific Islander, ³ Includes Athapaskan, Keres, Navajo, and Zuni, ⁴ Unmarried parent with no partner or with a non-parent partner, ⁵ Married couple or two unmarried parents

Key Areas of Stability

For a subset of populations, subsidy uptake kept pace with expanded eligibility. Notably, the percentage of children from eligible Spanish-speaking families who were served by the program was the same in 2019 and 2023 (7.7 percent). Although this uptake rate is lower than the estimated uptake for English speakers (29.0 percent), the number of families who filled out their application in Spanish increased by about 45 percent from 2019 to 2023, keeping pace with a similar increase in the estimated number of eligible children from Spanish-speaking families. Note that family preference when filling out a subsidy application is not directly comparable to language data from the U.S. Census that were used to inform eligibility estimates. Similarly,



uptake among children with identified disabilities remained essentially unchanged from 2019 to 2023. Although this uptake rate is low (2.7 percent in 2019 and 2.6 percent in 2023), enrollment numbers for this population have increased in proportion with increased eligibility. The estimated uptake rate for the small number of eligible children over 13 increased, while children in other age groups saw small drops in uptake rates that reflect increased service numbers alongside expanded eligibility. Uptake percentages for children in two-adult and single-adult households remained approximately the same over time. This stable uptake number is notable because the eligible pool of two-adult households more than doubled from 2019 to 2023, and actual uptake by this population has kept pace with that expansion.

Provider Supply

Family uptake of child care subsidies is necessarily conditioned by the supply of care available in communities. A subsidy voucher is of little value to a family if there are no available care slots that meet their needs or that accept subsidy as a form of payment. This section describes changes in the supply of regulated child care in New Mexico, using the same time points of fall 2019, spring 2022, and spring 2023. Table 3 shows the supply of care across time, with attention to the type of provider (or setting, such as a home or center), their quality rating, their licensed capacity (or slot count) for ages 0-12, and whether they are serving at least one child with a subsidy. We present means to represent the average number of providers or slots available at each time.

Table 3: Changes in New Mexico's child care provider supply, 2019-2023

		Fall 2019	Spring 2022	Spring 2023	% change
Type / STAR level	Providers active - by type	2,523	2,096	2,010	-20.3%
	<i>Licensed centers</i>	731	716	755	3.3%
	Base quality centers (2-STAR)	266	232	218	-18.0%
	Higher quality centers (2-STAR+ - 5-STAR)	450	474	523	16.2%
	<i>Licensed family and group homes</i>	229	215	224	-1.8%
	Base quality homes (2-STAR)	149	120	118	-20.8%
	Higher quality homes (2-STAR+ - 5-STAR)	75	91	103	37.3%
	<i>Non-licensed (registered) homes</i>	1,348	954	836	-38.0%
	<i>Non-registered (CACFP only) homes</i>	215	211	194	-9.9%
Accepts subsidy	Providers with 1+ subsidized child	1,218	1,081	1,167	-4.2%
	% of providers with subsidized placements	48.3%	51.6%	58.1%	9.8%
	% of providers with subsidized placements (excluding Head Starts)	50.3%	54.3%	61.2%	10.9%
Capacity	Total capacity	71,289	66,335	69,169	-3.0%
	Licensed capacity	58,523	59,274	62,922	7.5%
	Base licensed quality capacity (2-STAR)	18,533	16,535	15,067	-18.7%
	Higher quality licensed capacity (2-STAR+ - 5-STAR)	38,789	41,945	46,744	20.5%
	Capacity for children under 2	10,112	10,620	11,096	9.7%
	Capacity for children over 2	49,021	49,301	52,171	6.4%
	Registered and non-registered home capacity	12,766	7,061	6,248	-51.1%
	Capacity for children under 2	3,133	2,358	2,085	-33.5%
	Capacity for children over 2	9,351	7,047	6,199	-33.7%

Changes in New Mexico's provider supply are starkly different for licensed centers compared to license-exempt home providers. The number of licensed centers increased by 3.3 percent from 2019 to 2023 (from 731 to 755), while the number of license-exempt homes fell 38 percent (from 1,348 to 836). The precipitous drop in home-based providers has meant that the overall number of active providers in the state of any type fell by 20.3 percent, declining from 2,523 providers to 2,010. License-exempt providers (called "registered homes," in New Mexico) accounted for nearly all of this overall drop. Registered home providers are not licensed and do not receive a quality rating, but they are regulated and inspected by ECECD and families can use a child care assistance voucher to pay for care with a registered provider. New Mexico also offers a less formal tier of regulation for home-based providers. These providers are exempt from certain



oversight requirements but are not eligible to receive subsidy payments. This subset of providers is shown separately on the table and their numbers have declined slightly, from 215 in 2019 to 194 in 2023.

Among licensed centers and homes, changes in the care supply have varied based on quality ratings. The number of licensed providers with a quality rating above basic licensure (2-STAR+ to 5-STAR) has increased for both centers and homes, while the number of providers operating at New Mexico's entry-level quality rating (2-STAR) has declined. The total number of licensed homes stayed about the same over these years, with a slight decline of about 2 percent. However, the quality composition of the licensed home pool has shifted. There has been a 21 percent decline in the number of homes at base quality (falling from 149 to 118), while the number of higher quality homes (2-STAR+ through 5-STAR) increased by 37 percent, from 75 to 103. Similarly, the center-based sector saw an 18 percent drop in the number of centers with base-level quality ratings, along with a 16 percent increase in those with a higher quality rating.

Table 3 also shows changes in the number and percentage of providers who received subsidy payment for at least one child. This measure is a proxy for whether providers accept subsidies, as data are not available on whether providers have a policy on subsidy acceptance, or whether they simply did not serve any subsidy-receiving children during the months in question. Though the total number of subsidy-receiving providers declined by 4.2 percent during the study period, **the share of providers with at least one subsidy placement increased from 50.3 percent in 2019 to 61.2 percent in 2023.**

Finally, Table 3 also shows how these changes in the state's licensed or regulated provider supply have impacted care capacity. These numbers represent the maximum number of children that providers could legally serve if they were fully staffed. Recent research has shown that licensed capacity substantially overestimates the actual slots available in most communities,^{xiv} so these estimates should be viewed with those limitations in mind. The total permissible capacity of the state's child care sector has declined by 3.0 percent since 2019, declining more sharply during the years most affected by COVID-19 and largely rebounding since then. These figures largely mirror changes in the number of active providers and similarly show gains and losses in capacity by quality level. Capacity among registered homes has dropped by more than 50 percent, from 12,766 in 2019 to 6,248 in 2023. However, **licensed capacity has grown 7.5 percent, rising from 58,523 openings to 62,922. Most of that capacity gain is in higher quality licensed providers, whose openings have increased by 20.5 percent, from 38,789 to 46,744. Thus, new openings since 2019 have been almost entirely higher quality openings, and losses in capacity incurred during 2020 and 2021 have been partially replenished with higher quality slots.** New capacity was somewhat more concentrated in care for infants and toddlers. Capacity for children under two years increased by 9.7 percent, while capacity for children older than two increased by 6.4 percent.

Conclusions and Implications

New Mexico's Child Care Assistance program in 2023 was serving 39 percent more children than were served prior to enactment of expansive eligibility policies. Increases have been most pronounced among families with incomes above 200 percent FPL, most of whom were previously ineligible for the program. Relatedly, the program has seen sharp enrollment gains in the number of children served in families headed by multiple adults. Although growth has been greatest among these populations, they still comprised a minority of subsidy recipients in 2023. About 27 percent of children served by subsidy were from families with household incomes above 200 percent FPL, and 20 percent of enrolled households were headed by multiple adults.

While child care assistance enrollment has increased for most populations, it has decreased for families qualifying through education and for those with incomes between 50 and 100 percent FPL. This finding may warrant attention from policymakers to ensure that targeted messaging and enrollment supports are reaching these populations. Although race and ethnicity data are incomplete for some children enrolled in child care assistance, analyses also suggest that enrollment among non-Hispanic Black and Asian children remained relatively flat despite increases in eligibility for these populations. Targeted outreach to these groups, who represent smaller shares of New Mexico's population, may be needed to ensure their equitable receipt of services.



These changes in subsidy eligibility and uptake have taken place amid a child care sector that is shifting toward more center-based, licensed care at higher levels of quality, and away from less formal home-based providers who are license-exempt. This may suggest a positive development, as more of the state's available care is now more closely regulated and supported through systems designed to support children's learning and healthy development. However, the decline in license-exempt home-based providers may also signal a challenge. Home-based providers are more likely than centers to offer flexible, non-traditional care hours, and may offer families a closer match to their cultural and linguistic preferences.^{xv} This may be of particular concern for some of the families whose subsidy uptake has been less robust; previous research with families from less prevalent racial and ethnic groups has found that lack of care offered during non-traditional hours and from providers who share language and culture are key barriers to child care usage.^{xvi} Efforts to support growth of a high-quality, home-based care sector may be helpful in meeting the needs and preferences of families while also ensuring care supports children's healthy development.

New Mexico has made unprecedented strides, particularly in the domain of care affordability for a wide swath of families. These data point to the success of those efforts, particularly in serving children in newly eligible families and supporting the growth of licensed care settings with higher quality ratings. The data also offer areas for growth in targeting family outreach, including to families from less dominant racial and ethnic groups, to families in school, and to families with lower incomes. Ongoing supports for a robust home-based care sector may also be needed, to ensure that families can make use of the Child Care Assistance program with a provider that meets their needs.

ⁱ Andrew L. Breidenbach, et al., "Supplement: Child Care Subsidy Uptake and Care Supply in Substate Areas of New Mexico," (University of New Mexico Cradle to Career Policy Institute March 2025), https://ccpi.unm.edu/sites/default/files/publications/Supplement_Child%20Care%20Subsidy%20Uptake%20and%20Care%20Supply%20in%20Substate%20Areas%20of%20NM.pdf.

ⁱⁱ Hailey Heinz, et al., "Progress for Families, but Obstacles Remain - Findings from New Mexico's efforts to expand child care access," (University of New Mexico Cradle to Career Policy Institute, March 2025), <https://ccpi.unm.edu/sites/default/files/publications/JEC%20Brief%20Update.pdf>.

ⁱⁱⁱ HRSA Maternal & Child Health, "New Mexico - 2023 - III.B. Overview of the State," (U.S. Department of Health and Human Services, 2023), <https://mchb.tvisdata.hrsa.gov/Narratives/Overview/8b609333-f44b-4eeb-a392-f09e56afd404>.

^{iv} "Child Population by Race and Ethnicity | KIDS COUNT Data Center," (The Annie E. Casey Foundation, July 2023), <https://datacenter.aecf.org/data/tables/103-child-population-by-race-and-ethnicity?loc=1&loc=2>.

^v "2023 KIDS COUNT Data Book: State Trends in Child Well-Being" (The Annie E. Casey Foundation, 2023), <https://www.aecf.org/resources/2023-kids-count-data-book>.

^{vi} Emily Wildau, "From Poverty to Prosperity: Understanding the Impact of Income Supports in the Data" (New Mexico Voices for Children, November 2024), https://www.nmvoices.org/wp-content/uploads/2024/11/Improving-Poverty_Part-I_web.pdf.

^{vii} "Preschool Development Grant Birth-Five: New Mexico Early Childhood Needs Assessment" (New Mexico Early Childhood Development Partnership, 2020), https://www.nmecd.org/wp-content/uploads/2020/08/NMECDP_NeedsAssessment_2020.07.20.pdf.

^{viii} Gina Adams, "Stabilizing Children's Lives: Insights for Research and Action" (Urban Institute, n.d.), https://www.urban.org/sites/default/files/publication/86216/stabilizing_childrens_lives_2.pdf.

^{ix} Dan McKay, "Education Amendment Gets Bipartisan Backing," *Albuquerque Journal (NM)*, September 3, 2022, New Mexico Newspapers, https://infoweb.newsbank.com/apps/news/openurl?ctx_ver=z39.88-2004&rft_id=info%3Aid/infoweb.newsbank.com&svc_dat=NewsBank&req_dat=0D0CB5801CC0B900&rft_val_format=info%3Aofi/fmt%3Akev%3Amtx%3Actx&rft_dat=document_id%3Anews%252F18C4C280B7657138.

^x Rebecca Ullrich, Stephanie Schmit, and Ruth Cosse, "Inequitable Access to Child Care Subsidies" (Center for Law and Social Policy, 2019), https://www.clasp.org/wp-content/uploads/2022/01/2019_inequitableaccess.pdf; Zoelene Hill, Lisa A. Gennetian, and Julia Mendez, "A Descriptive Profile of State Child Care and Development Fund Policies in States with High Populations of Low-Income Hispanic Children," *Early Childhood Research Quarterly* 47 (April 1, 2019): 111-23, <https://doi.org/10.1016/j.ecresq.2018.10.003>.

^{xi} Armelle Casau and Sarah Hyde, "The Cliff Effect: One Step Forward, Two Steps Back," *New Mexico Voices for Children*, 2018, <https://www.nmvoices.org/archives/11564>.

^{xii} Kelly Dwyer and Margaret Todd, "CCDF Eligibility in New Mexico, Statewide and in Substate Areas: A Microsimulation Analysis" (Urban Institute, March 2024), https://www.urban.org/sites/default/files/2024-05/CCDF_Eligibility_in_New_Mexico.pdf.

^{xiii} Dwyer and Todd, *ibid*.

^{xiv} Katherine Miller-Bains, Stephen Yu, and Daphna Bassok, "Is Authorized Capacity a Good Measure of Child Care Providers' Current Capacity? New Evidence from Virginia," EdWorkingPaper 24-983 (Annenberg Institute at Brown University, June 2024), <https://doi.org/10.26300/w0mj-nk43>.

^{xv} Juliet Bromer and Toni Porter, "Staffed Family Child Care Networks: A Research-Informed Strategy for Supporting High-Quality Family Child Care" (Washington, D.C.: National Center on Early Childhood Quality Assurance, Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services., April 2017), https://childcareta.acf.hhs.gov/sites/default/files/fcc_networks_brief_0.pdf.

^{xvi} Hailey Heinz et al., "Child Care Use, Preferences and Access Constraints among Native American, Immigrant, Refugee and Spanish-Speaking Families in New Mexico," *Early Childhood Research Quarterly* 70 (January 1, 2025): 393-403, <https://doi.org/10.1016/j.ecresq.2024.11.008>.