UNM
Center for Education Policy Research

2016 New Mexico Child Care Data Report

December 2016

cyfd
Children Youth & Families Department

PULLTOGETHER.ORG

State of New Mexico
CHILDREN, YOUTH and FAMILIES DEPARTMENT

SUSANA MARTINEZ
GOVERNOR

JOHN SANCHEZ
LIEUTENANT GOVERNOR

MONIQUE JACOBSON
CABINET SECRETARY

JENNIFER SAAVEDRA
DEPUTY CABINET SECRETARY

December 1, 2016

Dear Friends of New Mexico's Children and Families,

It is with great pleasure that I present to you the first annual New Mexico Child Care Data report. This report is a result of successful collaboration between CYFD and many state and community partners, providers and advocates. The collaboration I'm referencing took place in the Fall 2015 when CYFD convened multiple workgroups to study and provide recommendations on behalf of the New Mexico child care system. One of the groups formed was the Data Group. This group met multiple times and provided the necessary and specific input needed to plan, develop and ultimately inform this first report. I'm very excited about the level of information this first annual report contains, but I'm also equally excited about the collaborative approach taken, which I think is a perfect example of everyone pulling together to improve the lives of New Mexico's children.

By now, most have heard me say I'm convinced child care plays a major role in the effort to improve the quality of life for our children. It's amazing when I think about the tens of thousands of New Mexico's children being served by dedicated child care providers on a daily basis, this includes my children as well. The Child Care Assistance program alone serves approximately 18,000 children daily. In addition, there are thousands of private pay children who attend child care programs throughout New Mexico.

Finally, I believe this first report and annual reports to come will aid with guiding CYFD and communities along a continuous path of improving New Mexico's much needed child care infrastructure and system.

Sincerely,

Monique Jacobson, Cabinet Secretary
Children, Youth and Families Department

2016 NEW MEXICO
CHILD CARE DATA REPORT

DECEMBER 2016

PREPARED BY

Dana Bell

Hailey Heinz

Natalia Lara Gonzalez

Andrew Breidenbach

UNM

Center for Education Policy Research

cyfd

Children Youth & Families Department

PULLTOGETHER.ORG

TABLE OF CONTENTS

INTRODUCTION

For families seeking economic security and stability, there are few needs more pressing than the need for high-quality child care. Without a stable and consistent child care arrangement, 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,[1] and experience fewer work disruptions related to child care.[2] This can allow parents to advance in their jobs, increase their earnings,[3] and create stable, predictable homes for their children. These benefits are in addition to the peace of mind parents experience knowing their children are in a safe, enriching environment that is preparing them for success in school. 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 high-quality care.

New Mexico aims to help low-income families access high-quality care through child care assistance, a partnership between private child care providers and the New Mexico Children, Youth and Families Department (CYFD). This means low-income families choose available child care that meets their geographic needs, values and preferences, and the state reimburses providers for supplying that care to families, who pay a reduced rate. This public-private partnership means state-regulated child care is provided in a variety of settings, including private centers, non-profits, church-based programs, and private residences.

New Mexico in recent years has steadily increased its investment in early childhood education, and child care is the largest single system included in that effort, with about $96.6 million allocated for FY16 in state and federal funds (Figure 1). Federal funds come primarily from the Child Care Development Fund Block Grant, which allocates funds to states for child care assistance and gives them considerable discretion in how they administer the funds (Figure 2).

New Mexico's child care assistance program served 27,589 unique children in federal fiscal year 2016 (FFY16) and served 17,781 children in a representative month.[4] This number only includes children receiving state-administered child care assistance, and does not account for children receiving assistance through the 15 tribal CCDF grantees in New Mexico or the many children whose families pay privately for child care, and who benefit from New Mexico's efforts to raise the quality of all care.

> In fall of 2015 CYFD convened working groups of child care stakeholders including care providers and their professional associations, state administrators and policymakers, higher education experts, and advocates.
>
> These groups discussed state recognition of national early childhood accrediting bodies, support for Montessori programs, and data reporting on the child care system. This report is one result of those work groups and their recommendations.

| Figure 1	Recurring Funding History FY12-FY16 (in millions): Total Early Childhood System
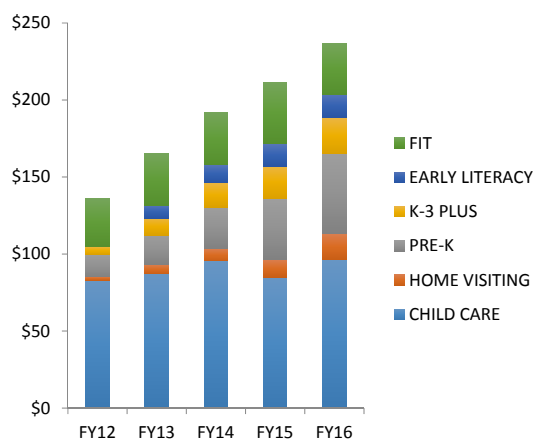
Source: Based on New Mexico Legislative Finance Committee, March 2016 Post-Session Review.

The federal Child Care Development Block Grant, reauthorized in 2014, has a dual purpose:

- **promoting families' economic self-sufficiency** by making child care more affordable

- **fostering healthy child development and school success** by improving the overall quality of early learning and afterschool programs

Figure 2	Recurring Funding History FY12-FY16 (in millions): Child Care Assistance
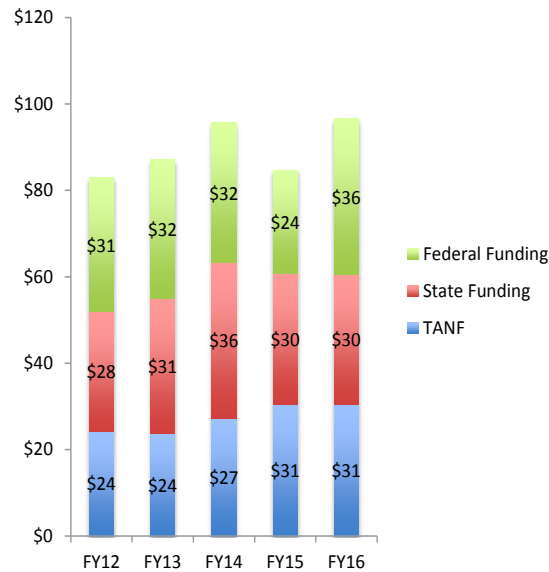
Source: Based on New Mexico Legislative Finance Committee, March 2016 Post-Session Review.

These efforts have been spearheaded by CYFD, which is charged with administering child care assistance, regulating child care providers, and balancing the competing priorities of access, affordability, and quality. This report is organized around these three priorities, which are all critical and which may sometimes be in tension with one another: Increase quality and costs go up, affecting access and affordability. Increase subsidy rates to pay for quality, and the same amount of money now serves fewer families. Considerations like these are central to CYFD'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 low-income children's access to quality care. This first annual report is intended to share important data about the state's progress toward those goals, and to invite discussion and analysis among all stakeholders, drawing on a common set of data. The report is also intended 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 gathering the data needed to better inform policymaking that supports access to quality child care for low-income working families.

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 November of 2014 for the first time since 1996.

WHO IS SERVED?

In June of 2016, New Mexico's child care assistance program served 17,781 children and 10,765 families. Annually, it is estimated that 27,589 unique children and 16,577 unique families were served by the program in fiscal year 2016 (FY16). This represents approximately one-third of children and families who might be considered eligible.[5]

27,589	Children served in FFY16 through New Mexico child care subsidy assistance	**96,020**	Estimated number of children eligible for child care assistance under CYFD state eligibility requirements
16,577	Families served in FFY16 through New Mexico child care subsidy assistance	**59,298**	Estimated number of families with children under age 5 with all available parents working

Trends nationally and in New Mexico show declining numbers of families receiving child care assistance. In New Mexico, enrollment has dipped from FY13 when it served about 20,000 children per month to 17,781 children in June of 2016.[6] And nationally, the number of children receiving child care assistance decreased by 18 percent from 2006 to 2013, according to a 2015 report.[7] The same report estimates New Mexico's enrollment decreased by 15 percent during the same period. There are a number of factors that may be driving this trend. Nationally, this decrease in enrollment has tracked with decreased funding, and the economic recession may also have pushed families out of the workforce and made them ineligible for assistance. Other factors may include policy shifts such as below-market rate subsidy rates for after-school

Figure 3	Child Care Subsidy Enrollment Trends, U.S. and New Mexico FY06-FY15
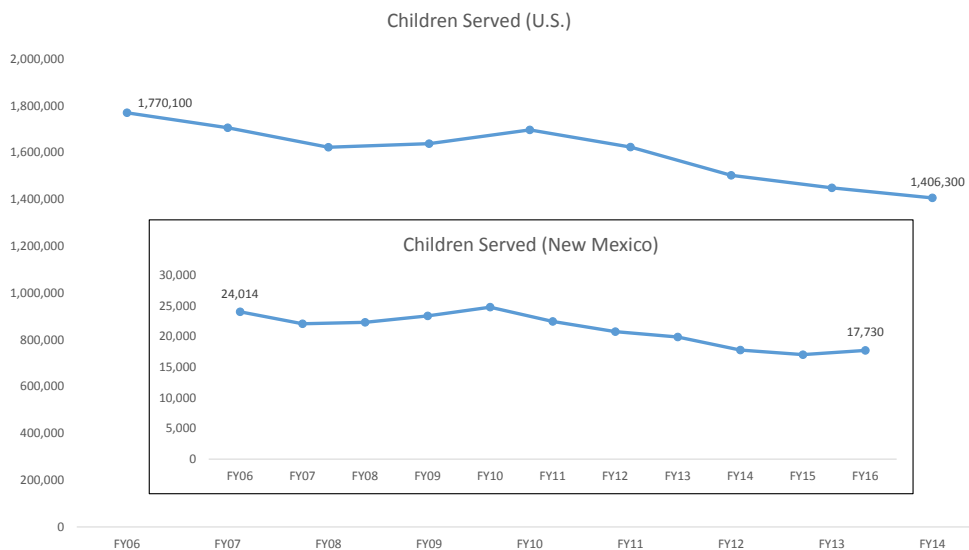
Source: CYFD Early Childhood Services; U.S. Dept. of Health and Human Services, Administration for Children and Families, Office of Child Care, presentation to National Conference of State Legislatures, "On the Path to Child Care Reform: Implementing the CCDBG Act of 2014", accessed at: http://www.ncsl.org/documents/capitolforum/2015/onlineresources/NCSL_CCDBG_Presentation.pdf.

care (raised in Sept. 2015), and requiring families receiving child care assistance to seek child support.[8] That policy has been the subject of extensive public discussion, and CYFD has 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 easily seek a waiver. Even when barriers are low, however, child care assistance does not reach all families who could benefit from it. In 2011, the peak year for federal funding of child care assistance, the U.S. Department of Health and Human Services estimated only one in six eligible children received child care assistance.[9]

CYFD collects some data about these children and their families, giving some insight into who is served by child care – and by extension, who is not yet served. Most New Mexico children receiving child care assistance (55.7 percent) are those too young for kindergarten (age 0-4). Another 10.8 percent of children receiving child care assistance are 5, and the remaining 33.5 percent are children age 6 and older receiving care before and after school or during the summer (Figure 4). These percentages track closely with national data on the ages of children served by child care assistance.[10]

Children served by child care assistance are 72 percent Hispanic, 12 percent white, 7 percent multi-racial, 5 percent Native American and 3

percent black (Figure 5). 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 and white children each represent significantly lower percentages compared to national figures. New Mexico also serves a higher percentage of Native American children than child care assistance nationwide (5 percent versus 1 percent), and that number does not include children served by New Mexico's 15 tribal CCDF grantees in New Mexico, which include the Navajo Nation, Mescalero Apache Tribe, and 13 Pueblos.

The percentage of children receiving child care assistance who are Hispanic also outstrips the percentage of young Hispanic children in New Mexico's overall population (Figure 6). This reflects that child care assistance is reaching Hispanic families, who are more likely than their white counterparts to be low-income and in need of supports.

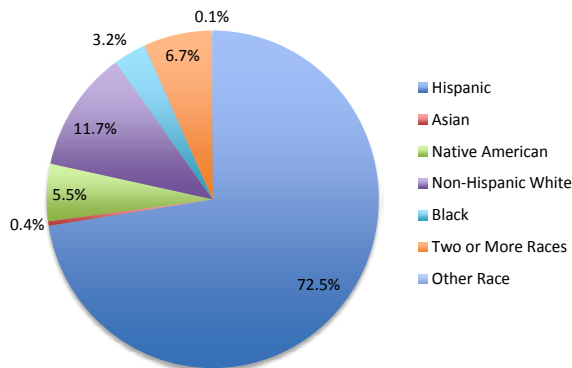The vast majority (99 percent) of New Mexico children receiving child care assistance live with a birth parent, although small numbers of children are cared for by siblings, adoptive parents, and grandparents. A large majority (91 percent) of those heads of household identify as single parents. It is

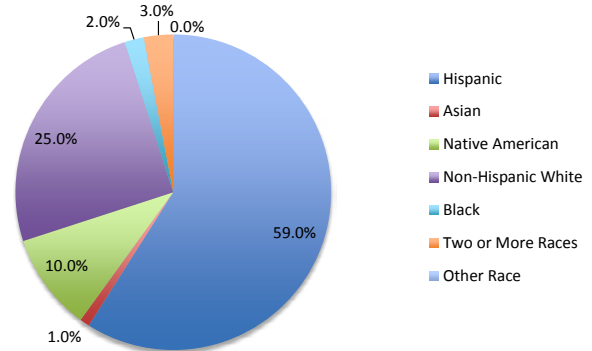| **Figure 4**	FY16 Ages of Children Served by Child Care Assistance
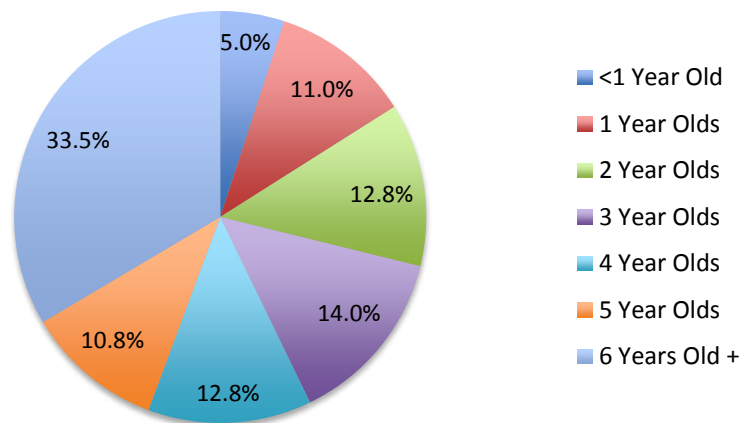
Source: CYFD, June 2016.

Figure 5	FY16 Race and Ethnicity of Children Served by Child Care Subsidy

Legend:
- Hispanic
- Asian
- Native American
- Non-Hispanic White
- Black
- Two or More Races
- Other Race

Values: 0.1%, 3.2%, 6.7%, 11.7%, 5.5%, 0.4%, 72.5%

Source: CYFD, June 2016.

Figure 6	Race and Ethnicity of Children in New Mexico, Ages 0-4

Legend:
- Hispanic
- Asian
- Native American
- Non-Hispanic White
- Black
- Two or More Races
- Other Race

Values: 2.0%, 3.0%, 0.0%, 25.0%, 10.0%, 1.0%, 59.0%

Source: Census Bureau, Population Division, 2015.

unclear from the data whether they are all truly raising children alone or whether they identify this way because they are unmarried. About 90 percent of families receiving assistance speak primarily English, 5 percent speak Spanish, 4 percent are categorized as "English/Spanish bilingual," and about 1 percent speak a different language. All children served by child care assistance are legal United States residents, although the immigration status of adults in the home is not collected or considered.

Current data systems do not allow for reporting about how children with special needs are served in the child care system, although these children are prioritized for assistance if their families are eligible. As data systems mature, it
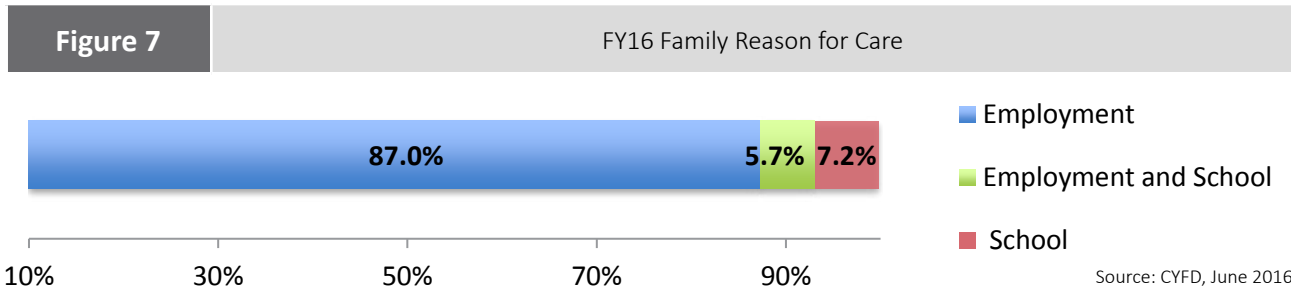
Data Development

To help understand how children with special needs are served by the child care system, data from the Department of Health's Family Infant Toddler (FIT) program should be linked to child care assistance data.

will be useful to collect data about how many children receiving child care assistance are also enrolled in the New Mexico Department of Health's Family Infant Toddler (FIT) early intervention program or the Public Education Department's program that funds services for children ages 3 to 5 who have delays or disabilities (sometimes called IDEA Part B, Section 619). This may shed light on who is served and whether supports are in place to meet their needs. Currently, CYFD funds Child Care Inclusion Specialists, who work through regional Training and Technical Assistance programs to train and support educators working in home- and center-based child care settings with children with identified delays or disabilities.

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
- needs 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.

Figure 7	FY16 Family Reason for Care

- Employment
- Employment and School
- School

87.0% 5.7% 7.2%

10%   30%   50%   70%   90%

Source: CYFD, June 2016.

WHO IS ELIGIBLE?

To be eligible for assistance, a child's caregivers must be employed, enrolled in school or job training, or both. In June of 2016, 87 percent of families receiving child care assistance reported that child care assistance enabled them to work. Seven percent reported enrollment in school, and 6 percent reported both work and school. In future years, it would be useful to 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 could help illuminate whether child care assistance is helping them advance

Data Development

Data should be collected from the parents or guardians of children receiving child care assistance about their educational attainment and workforce engagement. This may help illuminate whether child care assistance is helping them advance educationally and economically.

educationally and economically, and could paint a clearer picture of the families in child care assistance.

Families with incomes up to 85 percent of the state median income ($45,985 for a family of four) are federally eligible for child care assistance. However, New Mexico has chosen to prioritize access for families living at or below 150 percent of FPL, or $36,450 for a family of four. Families are also prioritized if they are receiving or transitioning off of TANF, teen parents in school, families of children with special needs, or homeless families. While enrolled, income-eligible families can keep their child care assistance even if their income rises to 200 percent of FPL, or $48,600 for a family of four. This graduated phase-out allows families to continue receiving child care supports as their incomes increase, to avoid sudden benefit cliffs that could create hardships for families or a disincentive to increase earnings.

Nearly half (47 percent) of families receiving child care assistance live below 100 percent of the Federal Poverty Level, which in 2016 is $24,300 for a family of four (Table 1). The median income for all families receiving assistance is about $20,872. This figure includes all household sizes, and the median household size of families receiving child care

Federal Poverty Level (FPL) for 2016			
Family Size	100% FPL	150% FPL	200% FPL
2	$ 16,020	$ 24,030	$ 32,040
3	$ 20,160	$ 30,240	$ 40,320
4	$ 24,300	$ 36,450	$ 48,600
5	$ 28,440	$ 42,660	$ 56,880

Table 1	FY16 Children and Families Served by FPL Grouping			
Poverty Level Groupings	**Number of Families**	**Percentage**	**Number of Children**	**Percentage**
0% to 50% FPL	1,290	12.0%	2,231	12.5%
50% to 100% FPL	3,776	35.1%	6,871	38.6%
100% to 150% FPL	4,117	38.2%	6,495	36.5%
150% to 175% FPL	991	9.2%	1,390	7.8%
175% to 200% FPL	591	5.5%	794	4.5%
Total	10,765		17,781	

Source: CYFD, June 2016.

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

• Teen parents
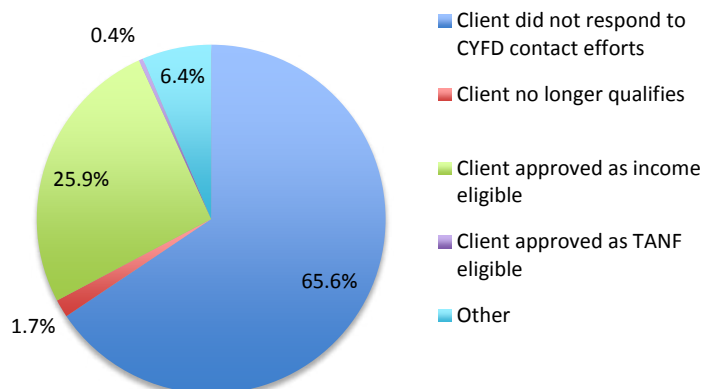
• Families experiencing homelessness

assistance is three. The median number of children receiving subsidy per family is one. About 10 percent of families are eligible because they receive or are transferring off of TANF benefits, and another 6.5 percent are eligible due to involvement with Child Protective Services.

Families with incomes between 150 and 200 percent of FPL can be placed on a waiting list for initial placement in child care assistance, with priority given to families with lower incomes. As budget allows, CYFD is periodically able to clear that waiting list, offering child care assistance through letters and follow-up phone calls to all the families with slightly higher incomes. The waiting list was recently cleared in this way, although 65 percent of families did not reply to this offer (Figure 8), suggesting they may have made other care arrangements in the meantime, or their contact information may have changed while on the waiting list. New Mexico is one of about 40 percent of states with a waiting list for child care assistance,[11] and all waitlisted families have incomes between 150 and 200 percent of FPL. The number of families on the waiting list has varied over time with eligibility criteria, but waiting lists have largely declined in recent years, from 5,467 in February of 2013 to 792 in spring of 2016. Of those families, 64 percent have incomes between 150 and 175 percent of FPL, with the rest between 175 and 200 percent. In 2015, the average time spent on the waiting list in New Mexico was between six months and one year.[12]

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

Figure 8	FY16 Reason for Waiting List Removal

- 65.6% Client did not respond to CYFD contact efforts
- 1.7% Client no longer qualifies
- 25.9% Client approved as income eligible
- 0.4% Client approved as TANF eligible
- 6.4% Other

Source: CYFD, June 2016.

different dimensions of access. While some have suggested raising the initial priority income threshold to make child care assistance available to more families, CYFD has chosen to focus on outreach to families who are already eligible at 150 percent of FPL, estimating that only about 30 percent of eligible families currently receive child care assistance.[13] While some of these families may be happy with their care arrangements (such as grandparent care), there are likely many more who struggle to piece together safe and consistent care, and may not know child care assistance is available to them.

In targeting outreach to eligible families as a goal, New Mexico is building on some degree of success. In a 2016 policy brief, The Center for Law and Social Policy (CLASP) estimated that New Mexico serves 18 percent of children eligible for child care

assistance, compared to just 13 percent of eligible families nationwide.[14] This ranked New Mexico among the top 10 states for access. In the same report, CLASP found New Mexico served a higher percentage of its eligible Hispanic children than any other state, at 20 percent compared to just 8 percent nationally. While these numbers show considerable room for improvement, they also show New Mexico as a leader in reaching Hispanic families and bringing them into the formal child care system.[15]

REACHING ELIGIBLE FAMILIES

CYFD provides multilingual consumer education materials and statewide Child Care Resource & Referral Services (CCRR), accessible by phone and online. CCRR offers all parents and caregivers in the

Information about New Mexico child care is available

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

and online:
https://pulltogether.org
www.newmexicokids.org
www.earlylearningnm.org
www.cyfd.org

state information on the range of child care options available to them (Table 2), 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

Table 2	Types of Child Care Settings
Type of Child Care Setting	**Description**
Family, Friends, and Neighbors (Unlicensed and Unregistered)	Care is provided for **up to four children** in private homes. Providers do not participate in child care assistance or federal food assistance programs.
Registered Homes	Care is provided for **up to four children** 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 STARS quality rating and improvement system.
Licensed Family Home	Care is provided in private homes for **up to six children or up to four children under age 2.** Licensed by CYFD and included in the STARS quality rating and improvement system. Eligible for child care and food assistance.
Licensed Family Group Home	Care is provided in private homes for **seven to twelve children**. Licensed by CYFD and included in the STARS quality rating and improvement system. Eligible for child care and food assistance.
Licensed Child Care Centers	Care is provided for **larger groups of children** in commercial settings. Licensed by CYFD and included in the STARS quality rating and improvement system. Eligible for child care and food assistance.

Source: Adapted from information presented by the New Mexico Child Care and Education Task Force, May 2014.

FAMILIES SUCCEEDING: GROWING SELF-SUFFICIENCY

Sarah no longer qualifies for child care assistance. That, she says, is a good thing.

"Since I just got my last raise, I'm not eligible now for assistance. But that's the goal, to use the assistance when you really need it and work to get off of assistance, and that's what I've done," she said.

Sarah began using child care assistance in 2012, when she was finishing an associate degree at San Juan College. At the time, she qualified for Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP), often called food stamps. When she finished that degree, she got a job as a receptionist and administrative assistant at Reliance Medical Group. As a low-wage single mother, she still qualified for assistance. But she also gained experience and gradual increases in pay.

Through child care assistance, Sarah was able to enroll her daughter Lydia in early care and education settings that provided reliable care so Sarah could work. She chose a couple of different care centers over the years, and her four-year-old daughter Lydia is now at Just Us Kids in Farmington.

Last November, Sarah was offered a job at the San Juan Country Club, where she does clerical work similar to what she did at Reliance, but with added responsibilities. She now runs human resources and accounts payable, and is learning the payroll system and other administrative tasks. She also now earns more than $15 per hour, and no longer qualifies for child care assistance, TANF, or SNAP. Her parents recently helped her buy a home.

Sarah said a key strength of child care assistance is the way eligibility shifted gradually as her income increased. Instead of losing the entire benefit all at once, her co-payments increased incrementally as she earned more money, until she phased out of the program over the course of years.

"Now it's been an adjustment," she said. "But I moved up the wage ladder to where I was paying a little bit more and a little bit more."

Finances are still tight. Sarah's employer stopped offering insurance benefits, which means she is buying insurance for herself that she didn't budget for, although Lydia still qualifies for Medicaid. But a year from now her daughter will start public kindergarten, and Sarah will no longer have the expense of child care. For Sarah and Lydia, these years of assistance have laid the foundation for the years to follow.

"It's gotten me all the way to here," Sarah said.
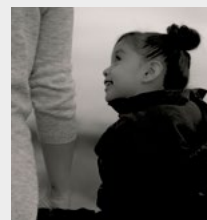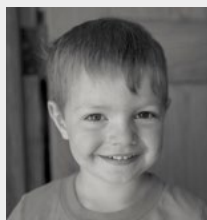
of care, characteristics of high-quality child care, availability of subsidized care, average costs of care, and program quality ratings. CCRR helps connect families with child care centers, preschool programs, Head Start, NM PreK, school-age programs, faith-based programs, family in-home care, and other family resources. This CCRR service is part of a portfolio of family resources highlighted in a new public awareness campaign, PullTogether, intended to connect families to supports and enlist diverse stakeholders in efforts to improve child well-being in New Mexico.

SUPPORTING CONTINUED ELIGIBILITY

After families initially enroll in child care assistance, keeping them consistently enrolled is another key priority. Policies that tie 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.[16] 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.[17] To date, families have had to re-qualify for child care assistance every six months and may also become ineligible for assistance if a parent loses a job or their academic program breaks for the summer. 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. Nationally, families tend to use child care assistance for relatively short time periods, usually for less than one year. In 31 states examined by one report, the median length of time

families received subsidy was between four and eight months.[18]

In light of the critical importance of continuity of care for children, and of the burdens that frequent recertification may impose on low-income families, the 2014 reauthorization of the Child Care Development Fund block grant requires states to establish eligibility policies that allow families to stay in care for a minimum of twelve months before having to re-determine eligibility. This is intended to make it easier for families to keep their child in the same care setting for a year, even if the family's income or employment situation changes. Effective October 1, 2016, New Mexico has adopted the minimum 12-month eligibility. 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.

Data suggest that many New Mexico families currently move on and off of child care assistance. By one estimate, New Mexico families stay eligible for child care assistance for an average of nine months.[19] Of the 950 new child care assistance cases opened in June 2016, 55 percent were cases being reopened (36 percent after a break of 60 days or more, 5 percent after 30 to 60 days, and 14 percent after a break of less than 30 days). It is not clear from the data how many of these re-openings represent true breaks in care for children, and what systemic barriers might cause children to become temporarily ineligible. CYFD does track the reasons that cases were closed, and of the cases closed in June, the vast majority were closed because families did not recertify or asked for case closure, not because families were deemed ineligible (Table 3). What is

Data Development

Analyzing data on continuity of care, including the length of time that families remain eligible for assistance and the length of time children spend in a consistent care setting, will help policymakers assess whether 12-month recertification policies are meeting their desired goals.

Table 3	FY16 Reasons for Subsidy Care Case Closure

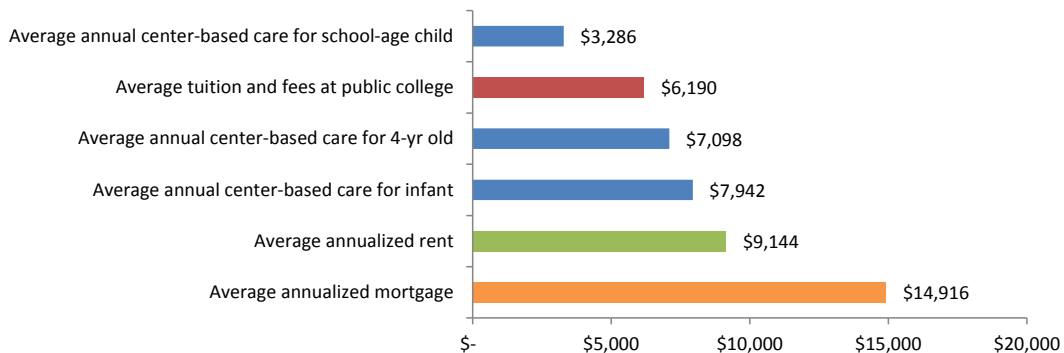| Closure Reason	Number of Cases Closed
Client Did Not Recertify	979
Client Requested Closure	110
Client No Longer Eligible	47

Source: CYFD, June 2016. Duplicative categories have been combined. Closure categories with fewer than three families have been omitted.

not clear from the data is why families did not recertify, and whether some may have chosen not to recertify because they knew or believed they had become ineligible. As New Mexico adopts its 12-month recertification policy, it will be critical to collect data that measures whether the policy is reaching its goals of promoting continuous eligibility and care for children. Clear communication to families and training for those who interact with them will be critical aspects of implementation to be reported on in future years.

AFFORDABILITY

For families all along the socio-economic spectrum, affording high-quality child care can be a significant financial strain. For many families it is among their largest monthly expenses, second only to mortgage or rent payments.[20] And for single-parent families in New Mexico, an estimated 38 percent of monthly income goes to child care expenses.[21] In more than half of states (including New Mexico), the average annual cost of child care is higher than a year's tuition and fees at a public university, according to a 2015 analysis by Child Care Aware of America.[22] Specifically, that report estimates the average annual cost in New Mexico for an infant in

Figure 9	High Cost of Child Care in New Mexico

- Average annual center-based care for school-age child: $3,286
- Average tuition and fees at public college: $6,190
- Average annual center-based care for 4-yr old: $7,098
- Average annual center-based care for infant: $7,942
- Average annualized rent: $9,144
- Average annualized mortgage: $14,916

Source: Child Care Aware of America, Parents and the High Cost of Child Care 2015 Report, www.childcareaware.org.

FAMILIES SUCCEEDING: CHOOSING NEW PATHS

Jennifer graduated in spring of 2016 with two certificates from Central New Mexico Community College. She also already had a job offer in hand from University of New Mexico Hospital, where she works in sterile processing. That is, she sterilizes and organizes the tools used in surgeries and other medical procedures. She loves the work, and it allows room for future specialization, like repair and sharpening of surgical tools. Her future holds many possibilities.

"I love the shift I'm on, I love the people I work with, and I love the job itself," she said.

This is a dramatic transformation. Nearly five years ago, Jennifer became pregnant with her daughter. Then 32, she had not had a job since 2009, and had used drugs off-and-on since she was 15. She was also on probation resulting from a DWI conviction. Her pregnancy, she said, gave her immediate motivation to get clean in a way that nothing ever had before.

"I had wanted to quit for a long time, I just never had a

reason to," she said, adding that everything changed when she found out she was pregnant with Aven, who is now four. "I have my baby; she's all I need to say, 'Don't do anything stupid.'"

After Jennifer got clean, she faced the challenges of raising Aven with limited work experience and education. Her relationship with Aven's father soured within the first year, leaving Jennifer as a single mom. She had scattered credits from various attempts at college, but no certificate or degree to show for them. She wanted to go back to school, but worried she couldn't do it because of the cost of child care for her daughter, who was then about 18 months old.

That's when she heard about child care assistance. She was exploring child care options at CNM when she learned about the program, and once she knew she could get help with child care, she felt she would have the support she needed to enroll at CNM. She found care for her daughter in her neighborhood, first at

Baby Farm and then at Sandia Montessori.

Jennifer said she would never have gotten her certificates or her new career without child care assistance.

"If it weren't for (assistance), then I probably would not have been able to come back to school, in order to get the job, in order to become the mom that I wanted to be and start feeling good about myself again and be able to support my daughter," she said.

She said without child care assistance, she would not have had the financial breathing room to go to school, and instead she probably would have gotten a low-level job without opportunities for advancement. Jennifer lives with her mother and has persistent concerns about burdening her with expenses or with Aven's care. Child care assistance lifted some of that feeling.

"If it hadn't been for CYFD, my mom and my dad, I don't know where I'd be," she said.

center-based care is $7,942, while average tuition at a public university is $6,190 including fees.

These affordability challenges are particularly critical in a state like New Mexico, where 31.5 percent of children under age 5 live below the federal poverty level.[23] 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.

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.[24] Child care assistance reimbursements are differentiated based on child's age, care setting (home-based 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.[25] By 2014, 37 states had adopted systems that link child care assistance reimbursement rates to specific quality requirements.[26]

Most parents also 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, as well as the amount of time spent in care. Discounted copays are calculated for each additional child in care. For June of 2016, the average copay was $112, and the median was $91. These are average total co-pays per family, not per child, and do not account for differences in family size or hours in care.

Nationally, 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 child care.[27] And more than half of states require families at 150 percent of FPL to pay a higher portion of their income as co-pays than this national average.[28] However, 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.

As part of the CCDF block grant that largely funds child care assistance, states are 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 2015, only one state had met this reimbursement benchmark, and 31 states had set rates for 4-year-olds in child care centers at least 20 percent below the 75th percentile mark.[29] In New Mexico, CYFD has raised reimbursement rates for infants in child care centers to 75 percent of the market rate, to help incentivize an essential, expensive, and underserved part of the market. This makes New Mexico one of only three states with a portion of its market rates set at or above the federally recommended 75th percentile.[30]

Over the last several years CYFD has made changes to its 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

Table 4	Sample Subsidy Reimbursement Rates (full time care)	
	2-STAR (base rate)	5-STAR FOCUS or National Accreditation*
Infant Care		
Licensed Center	$720.64	$720.64 + $550
Registered Home	$289.89	$289.89
Preschool Care		
Licensed Center	$490.61	$490.61 + $350
Registered Home	$251.68	$251.68

*State-approved national accreditation bodies as of Oct. 1, 2016 are the Association of Christian Schools International (ACSI); the Council on Accreditation (COA); the International Christian Accrediting Association (ICAA); the National Accreditation Commission (NAC); the National Association for the Education of Young Children (NAEYC); and the National Association of Family Child Care (NAFCC).

Source: New Mexico Regulations (NMAC, 8.15.2.)

raised rural area rates to align with metro rates. And in September 2015, the state increased preschool and school-age care rates (Table 4). 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.[31] Going forward, New Mexico may rely on 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 instead, to take into account the cost of providing higher quality services.

QUALITY

At its best, child care can serve families and children in a multitude of ways: it can enable adults to work or attend school, it can keep children safe, provide for their basic needs like nutrition, and can also be a place where they learn and become ready for school. However, all of these benefits are contingent on the quality of care. Quality has been a significant priority for CYFD in recent years as the state has piloted FOCUS on Young Children's Learning, a new Tiered Quality Rating and Improvement System (TQRIS) developed to raise the overall quality of child care in New Mexico.

ENSURING SAFETY

Before children can learn and thrive, they must be safe and must have their basic needs met. Child care providers can keep children safe in several ways, including through prevention of child abuse and neglect. Parents with access to high-quality and stable child care are less likely to leave their children with inappropriate caregivers, and have lower levels of stress and maternal depression – both associated with child maltreatment and neglect.[32] National research has also found that smaller waiting lists for subsidized child care (a measure of unmet need)[33] and density of licensed child care providers relative to need[34] are both

NEW: CYFD is piloting a new Protective Services at-risk child care program, which provides child care as an intervention for families at risk of child maltreatment and neglect. Child care is provided to allow parents to participate in required programs and to allow for continuity after family reunification. No income eligibility is required.

associated with decreased child maltreatment. CYFD is beginning to measure the relationship between child care assistance and child maltreatment prevention, and preliminary results suggest that child care also has protective effects in New Mexico.

Child care providers are also well-positioned to spot and report maltreatment of children, and are required by law to do so. In addition, increasing quality standards have focused on the safety of children while they are in care. The federal reauthorization of the CCDF increased health and safety requirements in ten different areas, 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 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. An expanded roster of trainings on safety topics is being planned for providers statewide, offered through a variety of venues, including online, to accommodate program schedules and needs. CYFD also investigates complaints against child care providers and looks into any incidents that are reported. Findings from site inspection reports and complaint investigations are made available to the public, and are posted and searchable on the www.newmexicokids.com website.

Table 5	FY16 Child Care Complaints and Incidents	
	Total	**Percentage Substantiated**
Priority 1	160	13.1%
Priority 2	706	17.7%
Priority 3	459	24.0%
Total	1,325	19.3%

Source: CYFD, June 2016.

In FY16, CYFD investigated a total of 1,325 complaints and incidents, which are allegations that the health, safety, or welfare of a child could be in jeopardy. These are coded on a severity scale from 1 (highest) to 3 (lowest). Twelve percent (160) were high-priority complaints and incidents, and 13 percent of those (21) were found to be substantiated (primarily involving unattended children at imminent risk). Another 1,165 complaints and incidents were lower priority, with 18 percent found to be substantiated at level two (primarily involving unsafe or inappropriate supervision or discipline of children) and 24 percent at level three (largely involving unattended children and custodial care) (Table 5). Complaints and incidents, as well as substantiated findings, were distributed proportionately across providers by quality rating.

PROVIDING NUTRITION

Children also receive meals through the federally funded Child and Adult Care Food Program (CACFP), administered through the CYFD Family Nutrition Office. This program, which served an average of more than 1.5 million meals to children per month in FY15, ensures low-income children are fed while in care, providing reimbursement to caregivers for healthy meals and snacks served in child care facilities. 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 10 percent of 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. In federal FY15, these programs served another 2 million meals, to more than 33,000 children monthly.

1,589,222	Meals served monthly to children through the Child and Adult Care Food Program (CACFP)

FAMILIES SUCCEEDING: EDUCATION ACROSS TWO GENERATIONS

Jessica and her three-year-old daughter both started at new schools about two years ago. Jessica began her bachelor's degree in liberal arts with a pre-law focus, and her daughter Amia started attending Springstone Montessori, an early care and education program.

"For us to do it together meant the world to me," Jessica said in a recent interview. "It wasn't just her who was going to have to learn new things and make new friends and go to a classroom. We were both doing it together, even though she is three and I'm going to be twenty-eight."

Jessica credits child care assistance for allowing her to send her daughter to Springstone while she worked toward her bachelor's degree at the University of New Mexico. For the first few years of Amia's life, Jessica's parents took care of her while Jessica pursued an associate degree in paralegal studies. As Amia neared her second birthday, however, Jessica wanted to send her to a care and education setting where she would learn rich content and socialize with other children. "(My parents) were teaching her the alphabet, but she was learning so quickly," Jessica said.

She heard about child care assistance from a friend, as she was contemplating both her daughter's education, and her own educational plans. "I fell more and more in love with the law, and as she started to grow and learn I thought, she needs a good school," Jessica said.

So Jessica and Amia started school together, with support from child care assistance. Jessica said one of the best things about the past two years has been setting an example for her daughter, who sees her doing homework in the evenings. "She sees me doing it," Jessica said. "My hope is that I'm influencing her to see that she can do it, and that she picks that up and influences people that she's around."

When she was growing up, Jessica said her parents talked about the importance of education, but the idea was always abstract to her. The notion of a university with colleges and departments for different disciplines was foreign to her until she started her degree, despite having lived in Albuquerque all her life, in close proximity to UNM. For her daughter, she says education will be more concrete. At least once per semester she brings Amia to campus, which she calls, "Lobo School," and Jessica

said the experience has opened up possibilities for both of them.

"Now I see the world in my hands, where I had never seen it that way before," Jessica said. "And that's what I want to teach her, that she can go to schools across the country, that she can go to other countries, that she can learn anything."

Jessica will graduate this semester, having completed her bachelor's degree early thanks to transfer credits she earned while pursuing her associate degree. She is applying to the UNM School of Law, and will transfer off of child care assistance, which does not cover graduate studies. For Jessica and Amia, the timing is fortuitous: as Jessica graduates and moves on to law school, Amia will turn four and move from child care assistance into NM PreK. So after beginning school together, mother and daughter will graduate together to their next phase of learning.
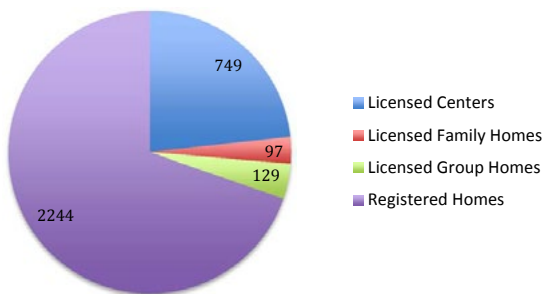
"It's kind of perfect timing," Jessica said, adding that she often tells friends and family about child care assistance. "My friends don't know about it, or they say, 'Oh, I'll have to make a co-payment. I say, a co-payment is nothing for your kid and for your future. I've got to make a stable ground for her and for me.'"

ENHANCING QUALITY

In addition to meeting children's basic need for safety and food, the new FOCUS TQRIS 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 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.[35] FOCUS was initially developed using funds from the Race to the Top Early Learning Challenge, a $37.5 million federal grant New Mexico received to cultivate data systems, quality standards and other infrastructure related to early childhood.
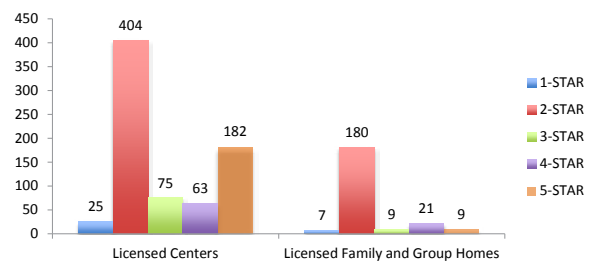
Many child care providers in New Mexico are currently working with CYFD through a voluntary process of continuous improvement and verification to earn higher STAR ratings within FOCUS. Three-, four-, and five-STAR ratings signify that providers offer high-quality care, and also entitle them to higher 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. Figures 10 and 11 show the variety and distribution of FY16 providers, by type and by quality rating.

Figure 10	FY16 Providers, by Type (Total = 3,219)

- Licensed Centers
- Licensed Family Homes
- Licensed Group Homes
- Registered Homes

749
97
129
2244

Source: CYFD, June 2016.

Figure 11	FY16 Providers, by STAR Quality Rating

- 1-STAR
- 2-STAR
- 3-STAR
- 4-STAR
- 5-STAR

Licensed Centers: 25, 404, 75, 63, 182
Licensed Family and Group Homes: 7, 180, 9, 21, 9

Source: CYFD, June 2016

Providers can also receive 5-STAR status under FOCUS if they are accredited by a national accrediting body that has been approved by CYFD. Most accrediting bodies have already been approved, and CYFD is in the process of ensuring other applicants meet standards as rigorous as those set out in FOCUS. See Figure 12 for a breakdown of how many New Mexico programs are accredited by different national bodies.

Figure 12	2016 Accreditation of Licensed Centers and Homes

- Accredited
- No Accreditation

182
792
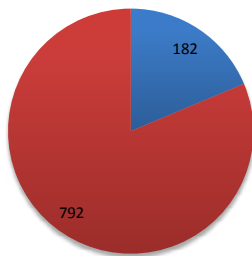
National Association for the Education of Young Children*	101
National Early Childhood Program Accreditation	42
Council on Accreditation*	20
Association of Christian Schools Intl.*	7
National Association of Family Child Care*	6
National Accreditation Commission*	4
Other	2
Total Accredited Programs	**182**

*National accrediting body recognized by State of New Mexico as of October 2016.
Source: CYFD, June 2016.

While there are more registered homes than licensed centers operating in New Mexico, Figures 13-15 show that far more children are served in licensed settings. Nearly 80 percent of regulated child care slots are in licensed center, family home or group home settings (Figure 13). Nearly 90 percent of children receiving subsidy are in licensed care as well (Figure 14), with nearly 54 percent of these children served in high-quality 3-5 STAR settings (Figure 15). Close to 30 percent are in the highest quality 5-STAR care, and 35.8 percent are in 2-STAR basic licensure settings.

Figure 13	FY16 Slot Capacity, by STAR Level (Total = 70,654)

Source: CYFD, June 2016.

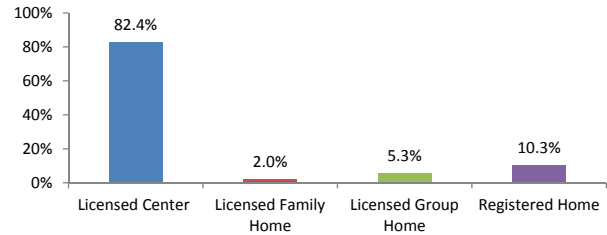| **Figure 14**	FY16 Children Receiving Child Care Assistance, by Provider Type
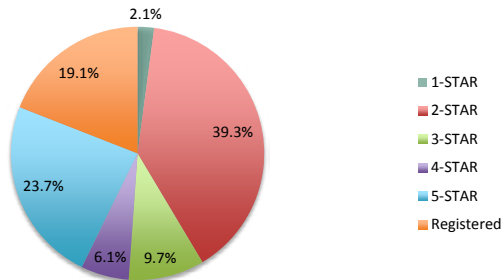
Source: CYFD, June 2016.

Registered homes are currently not eligible to participate in FOCUS, but that will soon change. In order to better support registered providers in providing quality care, CYFD is currently developing a TQRIS specifically for registered homes, including differential reimbursement rates based on quality critera.

This change may be especially impactful in more rural areas of the state and near the state's southern border, where lower percentages of children receiving subsidy are in licensed care. That may be due to a combination of fewer available licensed care settings and family preference for registered home care. Some of New Mexico's less populated counties, such as Catron and Union, have no licensed care capacity at all. Others rely more heavily on registered home care, such as Doña Ana, McKinley and Rio Arriba counties.

For child care providers, meeting the higher standards required by FOCUS is not simple. Meeting new class size ratios can mean hiring new staff, who must then receive required trainings. CYFD provides these trainings free of charge to providers statewide, through four regional New Mexico Training and Technical Assistance programs. Trainings address defined competency areas and are available online and around the state, in English and Spanish. Participants in FOCUS also have access to on-site coaching and consultation through FOCUS consultants, who bring expertise on developmentally appropriate practices, as well as

Figure 15	FY16 Children Receiving Child Care Assistance, by STAR Quality Rating
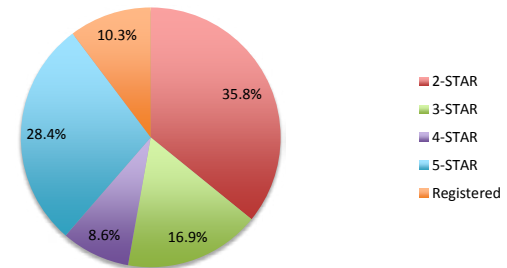
Source: CYFD, June 2016.

FOCUS criteria and assessment requirements. But even with these 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.[36]

This high turnover is unsurprising given the low wages and lack of benefits often offered for child care work. A July 2016 report from the University of California, Berkeley indicates that the median hourly wage of a child care worker in New Mexico is $9.10 (a 4 percent decrease since 2010). This means child care workers are in the 3rd percentile of earnings in the state, and their median wage is only 59 percent of the state median wage.[37] This hourly wage translates to maximum gross annual pay of $18,928 if a care provider worked full-time, every week of the year.

Limited information is available about just who comprises the child care workforce in New Mexico. While some data is available through the Bureau of Labor Statistics (BLS), current data codes make it difficult to accurately capture data on caregivers in home- and center-based settings. New Mexico has begun efforts to create an early childhood workforce registry, and should prioritize efforts to record data on the size of the workforce, demographic information, educational attainment, turnover, and pay and benefits.

While the BLS data are problematic, they do provide some estimates about New Mexico's child care workforce. The BLS estimates more than half of child care workers in New Mexico (55.1 percent) identify as Hispanic or Latino, and a significant majority (85.5 percent) are women. By these estimates, 38.4 percent of the child care workforce has some college training, while 43.6 percent have a high school diploma or less (data are not available for 17.9 percent of workers).[38] See Table 6.

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

Even when child care workers have bachelor's degrees, those degrees often do not result in middle-class earnings and stability. One report found that early childhood education is the college major with the lowest projected lifetime earnings,[39] and another found that 46 percent of child care workers report accessing some form of public assistance, such as Medicaid or food stamps.[40]

Table 6	Educational Attainment of New Mexico Child Care Workers				
	Less Than High School (HS)	**HS or equivalent, no college**	**Some college or Associate**	**Bachelor's degree or higher**	**Not Available**
NM Child Care Workforce	19.3%	24.3%	27.4%	11.0%	17.9%
Total New Mexico, Age 25+	16.0%	26.3%	31.6%	26.1%	

Source: Bureau of Labor Statistics, 2015 quarterly averages, QWI Explorer Census Data, NAICS code 6244; American Community Survey, U.S. Census, 2009-2014 estimate.

Data Development

New Mexico has begun efforts to create an early childhood workforce registry, and should prioritize efforts to record data on the size of the workforce, demographic information, educational attainment, turnover, and pay and benefits.

In an effort to mitigate these challenges, the New Mexico Association for the Education of Young Children offers T.E.A.C.H. Early Childhood scholarships and INCENTIVE$ wage supplements. T.E.A.C.H. scholarships are awarded to early childhood educators who are pursuing college degrees and certificates, and INCENTIVE$ wage supplements are awarded at six-month intervals to early childhood educators who remain in their current jobs. These supplements are intended to encourage workforce stability, as well as to boost the compensation of child care workers and acknowledge the importance of their contribution. For FY16, T.E.A.C.H. is funding 869 scholarships, of which 382 are to educators working in child care centers, and 38 are to those in family child care homes. Others receiving the scholarships include educators in Head Start, NM PreK, and home visitors. T.E.A.C.H. has a waiting list of 211, indicating there is further need for such supports. INCENTIVE$ is serving 188 educators in FY16, with a waiting list of 87. Of those receiving INCENTIVE$, 91 educators work at centers and 18 are in family child care homes. [41]

Scholarships 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 Higher Education task force in 2011. CYFD is building the state's capacity to track data on the preparedness of its early childhood workforce, beginning with the training and coursework completed by FOCUS participants. In its current pilot phase, FOCUS is also tracking data on children's development and progress toward school readiness. Such data tracking will be expanded on as the state brings its longitudinal data system, EPICS, online in the next several years.

> **Data Development**
>
> As FOCUS matures and as the Early Childhood Integrated Data System (ECIDS) becomes operational in 2017, linking data across systems to examine school readiness outcomes for children will be important for assessing whether FOCUS is having desired effects.

CYFD is building the state's capacity to track data on the preparedness of its early childhood workforce, beginning with the training and coursework completed by FOCUS participants. Such workforce preparedness data will be expanded in 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 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.

ACCESSING QUALITY

Over time, more children receiving child care assistance have used that assistance to enroll in higher quality care, signaling both that there are more high-quality options and that low-income families are able to access them. Since instituting its first system of differential reimbursement for quality in 1997, CYFD has seen steady increases in programs meeting higher standards of quality (Figure 16). Percentages of children receiving high-quality care through the child care assistance program have increased each year as well (Figure 17).

These trends, combined with the more rigorous requirements of FOCUS, show that the overall quality of New Mexico's child care system is improving, and that low-income families are able to tap into that

quality. The positive effects of this system change are not limited to the 28,000 or so low-income children enrolled in child care assistance annually. 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 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 its infancy. Over time, it will be important to examine whether the child care system is having the

Figure 16	Percentage of Licensed Child Care Providers with 3-5 STAR rating
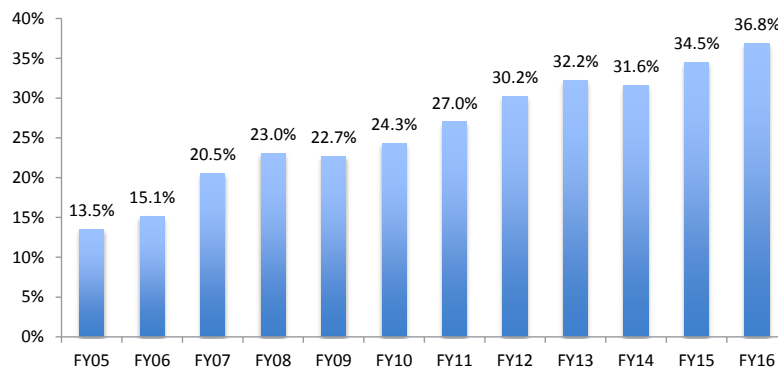
Source: CYFD Early Childhood Services (includes both AIM HIGH and FOCUS).

Figure 17	Percentage of Children Receiving Child Care Subsidy in 3-5 STAR Settings
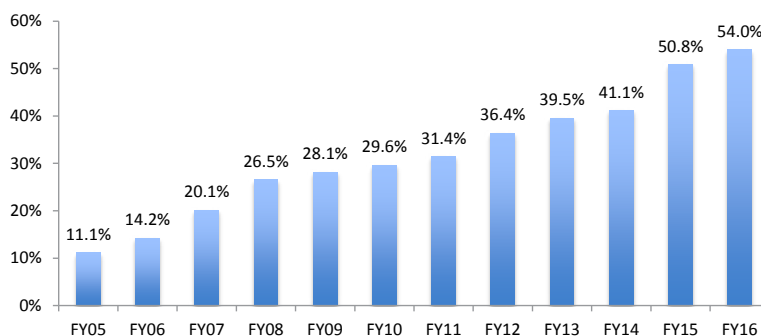
Source: CYFD Early Childhood Services (includes both AIM HIGH and FOCUS).

desired outcomes for children, both in the short and the long term. By improving the quality of care through educator training, structural elements like ratios, and best practices in child development, policymakers hope 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. These crucial outcomes will be important to examine in future reports as data systems are improved, the FOCUS system matures, and high-quality practices are adopted by more programs. 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.

POLICY CONSIDERATIONS AND NEXT STEPS

As New Mexico moves from the pilot phase into full implementation of FOCUS, it will be important to continue evaluating the balance between access, affordability, and quality. It seems clear that many families who would benefit from child care assistance are not receiving it, either because they do not know it is available or because other barriers keep them from applying. As CYFD focuses its access efforts on reaching these families, it will be important to clearly understand who these families are and what is preventing them from applying for child care assistance. Policy changes like twelve-month recertification are central to this effort.

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

New Mexico is also working to improve the quality of care that children receive through FOCUS, which is moving toward full implementation in 2017. As FOCUS has been piloted over the past several years, CYFD has adjusted the system in response to feedback from providers who have raised concerns about feasibility and costs. These efforts to work with providers, while maintaining high standards and excellent practices, are central to CYFD's current work within the child care system. CYFD is also in the process of expanding FOCUS to registered homes, to better support these providers in offering quality care, and to reward quality practices with differentiated reimbursement rates.

CYFD cannot move the child care system forward without help and input from others in the system. In 2014 CYFD participated in a series of statewide child care working group meetings, convened by New Mexico First. And in fall of 2015, CYFD convened working groups of various stakeholders in the child care arena (including child care providers and professional organizations, state administrators and policymakers, higher education experts, and advocates) to discuss issues related to state recognition of national accrediting bodies, support for Montessori programs, and data reporting on the child care system. This report is one result of those work groups and their recommendations about what data should be reported.

DATA DEVELOPMENT RECOMMENDATIONS

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

ACCESS

- As new policies are adopted, such as 12-month certification of child care assistance, it will be important to track 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 it will be useful in future years to 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.

- The child care system relies on both public investment and private enterprise. Although private child care providers are licensed and regulated by the state, much is unknown about the economic health of the child care sector. In the future, data collection about child care center closures or the rate at which home-based providers leave the field will help support understanding of this sector and its challenges and opportunities.

- To more fully understand New Mexico's child care capacity, it will be useful to gather data

Data Development Checklist

- 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.

- Collect data on child care center closings to assess the economic health of the sector.

- Collect data on actual staffed capacity of providers (beyond licensed capacity).

- Report data on children receiving care through tribal Child Care Development Fund grantees.

- Collect data to quantify the statewide contribution of parents who pay out-of-pocket.

- Prioritize 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 other health and safety supports including rates of immunization, well-child check-ups, and referrals linking children and families to community supports.

- As the Early Childhood Integrated Data System becomes operational in 2017, link data across systems to examine how families served by child care assistance are also served by home visiting, PreK, and other early childhood supports.

- ECIDS will also enable future reporting on how children's experiences in child care are linked to later school outcomes, including test scores, attendance, grade retention, and other measures of success.

on the true 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.

- In future years, collaboration across data systems may allow for reporting on children in care through programs that are not administered by the state, such as tribal Child Care Development Fund grantees. This would provide a fuller picture of how many families are able to access care in their communities.

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 is 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

- Although the child care workforce is central to discussions of quality care, knowledge of this workforce is limited and problematic. The Bureau of Labor Statistics estimates characteristics of the child care workforce, but current data codes make it difficult to accurately capture data on child care workers in home- and center-based settings. New Mexico has begun efforts to create an early childhood workforce registry, and should prioritize efforts to record data on the size of the workforce, demographic information, educational attainment, turnover, and pay and benefits.

- As understanding grows of the importance of social-emotional well-being, data should be collected on these dimensions of care, such as developmental screenings administered in child care settings, referrals based on these screenings, data on expulsions, and information on practices and trainings related to social-emotional development. Data should also be collected on other health and safety supports, such as rates of immunization, well-child check-ups, and referrals that link children and families to community supports.

- As the Early Childhood Integrated Data System (ECIDS) becomes operational in 2017, it will be easier to link data from different systems and to understand how families move though 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 future 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. The federal reauthorization of the CCDF calls for improved practices but is not accompanied by new funding, which means funding and policy choices will need careful consideration by policymakers and stakeholders, particularly in these times of budgetary strain.

New Mexico's child care system has made marked gains in the nearly 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 CYFD, policymakers, providers and advocates seeking to improve the system for all New Mexico families.

ENDNOTES

[1] Blau, David, and Erdal Tekin. "The determinants and consequences of child care subsidies for single mothers in the USA." *Journal of Population Economics* 20, no. 4 (2007): 719-741.

[2] Forry, Nicole D., and Sandra L. Hofferth. "Maintaining work: The influence of child care subsidies on child care—related work disruptions." *Journal of Family Issues* 32, no. 3 (2011): 346-368.

[3] Bos, Johannes M., Aletha C. Huston, Robert C. Granger, Greg J. Duncan, Thomas W. Brock, and Vonnie C. McLoyd. "New Hope for People with Low Incomes: Two-Year Results of a Program to Reduce Poverty and Reform Welfare." *New York: Manpower Demonstration Research*. (1999).

[4] All CYFD program data is from CYFD Early Childhood Services; one-month snapshot data is for June of 2016 unless otherwise noted.

[5] APSE Issue Brief: Estimates of Child Care Eligibility and Receipt for Fiscal year 2012, U.S. Department of Health and Human Services, accessed from: https://aspe.hhs.gov/sites/default/files/pdf/153581/ChildEligibility.pdf. Based on two-year average monthly estimates, 2011-2012. APSE estimates 95,950 New Mexico children could be served under broad federal eligibility requirements, and that 96,020 could be considered eligible under CYFD state eligibility requirements. Census estimates for New Mexico indicate that there are 59,298 families with children under age 5 with all available parents working, 29,974 of these with incomes below 200% federal poverty level. 2010-2014 ACS 5-year Public Use Microdata Samples (PUMS) – CSV format, and 2010-2014 ACS 5-year estimates.

[6] New Mexico Legislative Finance Committee, Post-Session Fiscal Review, March 2016.

[7] Matthews, Hannah, Karen Schulman, Julie Vogtman, Christine Johnson-Staub, and Helen Blank. "Implementing the Child Care and Development Block Grant Reauthorization: A Guide for States." *Center for Law and Social Policy, Inc.(CLASP)* (2015).

[8] New Mexico Legislative Finance Committee, "Impact of Child Care and Head Start on Student Achievement," (2013).

[9] APSE Issue Brief: Estimates of Child Care Eligibility and Receipt for FY 2011, U.S. Department of Health and Human Services, accessed from: https://aspe.hhs.gov/report/estimates-child-care-eligibility-and-receipt-fiscal-year-2011.

[10] Matthews, et al. "Implementing the Child Care and Development Block Grant Reauthorization".

[11] Schulman, Karen, and Helen Blank. "Building Blocks: State Child Care Assistance Policies 2015." *National Women's Law Center* (2015).

[12] Ibid.

[13] See fn 5.

[14] Schmit, Stephanie, and Christina Walker. "Disparate Access: Head Start and CCDBG Data by Race and Ethnicity". Washington, D.C.: *Center for Law and Social Policy (*2016); accessed from: http://www.clasp.org/resources-and-publications/publication-1/Disparate-Access.pdf.

[15] These CLASP estimates include all children up to age 13, who might qualify for care during the summers or before or after school. For this reason, the brief may underestimate access, since families are likely to have less need for child care assistance as children enter school, enroll in after-school activities, and require less supervision. Two-thirds of New Mexico children receiving child care assistance in June of 2016 were age 5 or younger.

[16]See Child Care and Development Fund State Plan template; www.acf.hhs.gov.

[17] Pianta, Robert C. *Enhancing relationships between children and teachers*. American Psychological Association, 1999; Elicker, James, and Cheryl Fortner-Wood. "Adult-child relationships in early childhood programs." *Young Children* 51 (1995): 69-69.

[18] Schulman and Blank, "Building Blocks".

[19] Swensen, Kendall. "Child Care Subsidy Duration and Caseload Dynamics: A Multistate Examination", U.S. Department of Health and Human Services. Oct. 2014

[20] Child Care Aware of America. "Parents and the High Cost of Child Care"(2015); accessed from: www.usa.childcareaware.org.

[21] Ibid.

[22] Ibid.

[23] New Mexico's Indicator-Based Information System (NM-IBIS). Accessed from:
    https://ibis.health.state.nm.us/indicator/view/NMPopDemoChildPovUnder5.Cnty.html

[24] Committee for Economic Development, "Child Care in State Economies", August 2015. Accessed from:
    https://www.ced.org/pdf/Report%20-%20Child%20Care%20in%20State%20Economies.pdf.

[25] QRIS Compendium, retrieved on 9/28/16 from: http://qriscompendium.org/top-ten/question-1/.

[26] Schulman, Karen, and Helen Blank. "Turning the Corner: State Child Care Assistance Policies 2014." *National Women's Law Center* (2014).

[27] Schulman and Blank. "Building Blocks".

[28] Swenson, "Child Care Subsidy Duration and Caseload Dynamics".

[29] Schulman and Blank. "Building Blocks".

[30] Ibid.

[31] New Mexico Legislative Finance Committee. Early Childhood Accountability Report (2016).

[32] Fortson, B. L., J. Klevens, M. T. Merrick, L. K. Gilbert, and S. P. Alexander. "Preventing child abuse and neglect: A technical package for policy, norm, and programmatic activities." (2016).

[33] Klevens, Joanne, Sarah Beth L. Barnett, Curtis Florence, and DeWayne Moore. "Exploring policies for the reduction of child physical abuse and neglect." *Child abuse & neglect* 40 (2015): 1-11.

[34] Klein, Sacha."The availability of neighborhood early care and education resources and the maltreatment of young children." *Child maltreatment*(2011): 1077559511428801.

[35] New Mexico Legislative Finance Committee. Early Childhood Accountability Report. (2016).

[36] Heinz, Hailey., Andrew Breidenbach, and Dana Bell. "Early Childhood Workforce Stability in New Mexico: A Study of the INCENTIVE$ Initiative." University of New Mexico Center for Education Policy Research (2015).

[37] Whitebook, Marcy, Caitlin McLean, and Lea J.E. Austin. Early Childhood Workforce Index - 2016. *Center for the Study of Child Care Employment* (2016). University of California, Berkeley.

[38] Bureau of Labor Statistics figures are 2015 averages, drawn from QWI Explorer Census Data for NAICS code 6244: Child Day Care Services. Yearly numbers are based on averages of quarterly data.

[39]Hershbein, Brad, and Melissa Kearney. "Major decisions: What graduates earn over their lifetimes." *Washington: Hamilton Project* (2014).

[40] Whitebook et al. Early Childhood Workforce Index – 2016.

[41] Obtained from NMAEYC, Oct. 10, 2016.