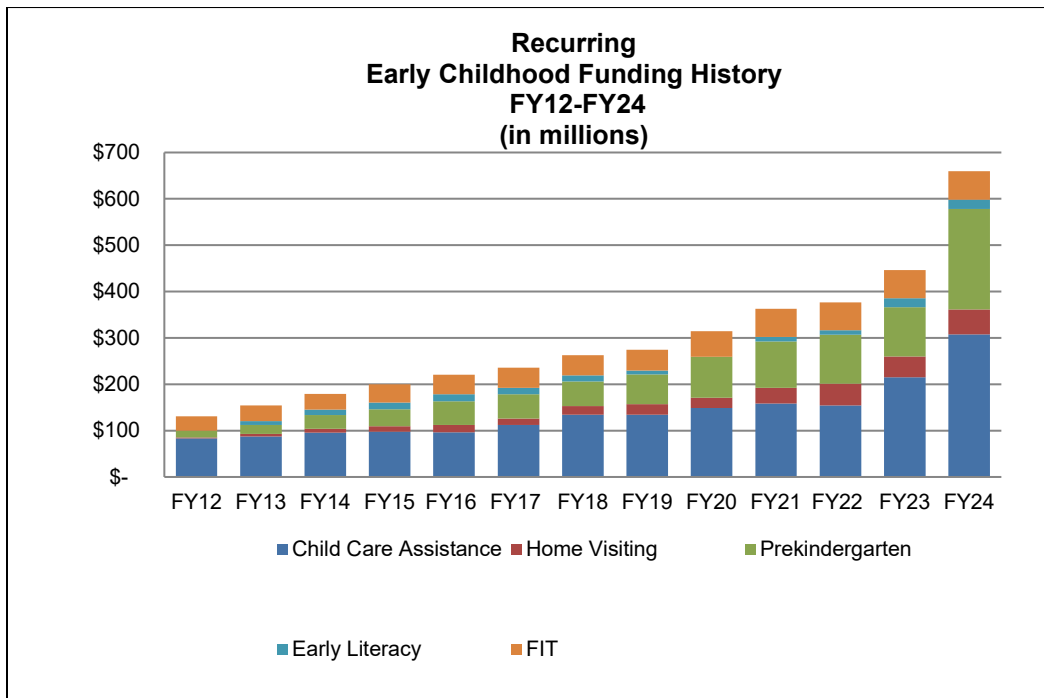


Update:

Since the August 2022 LegisStat hearing, the Home Visiting, Prekindergarten, and Childcare Assistance programs received historic funding increases to begin in FY24. Additionally, there has been significant policy changes to expand services and eligibility for these programs. For FY24, the Legislature appropriated \$327.6 million in recurring general fund revenue for the Early Childhood Education and Care Department (ECECD), a nearly 68 percent increase from the FY23 operating budget. A majority of the increase came from revenues generated through a constitutional amendment that increases distributions from the permanent school fund for early education. The department will also receive an additional \$120 million from the early childhood trust fund to increase services for Childcare Assistance, tribal early childhood services, and workforce supports. The large investment of revenues by the Legislature means continued oversight of implementation should be a priority to monitor program expansion and ensure high quality delivery of services.



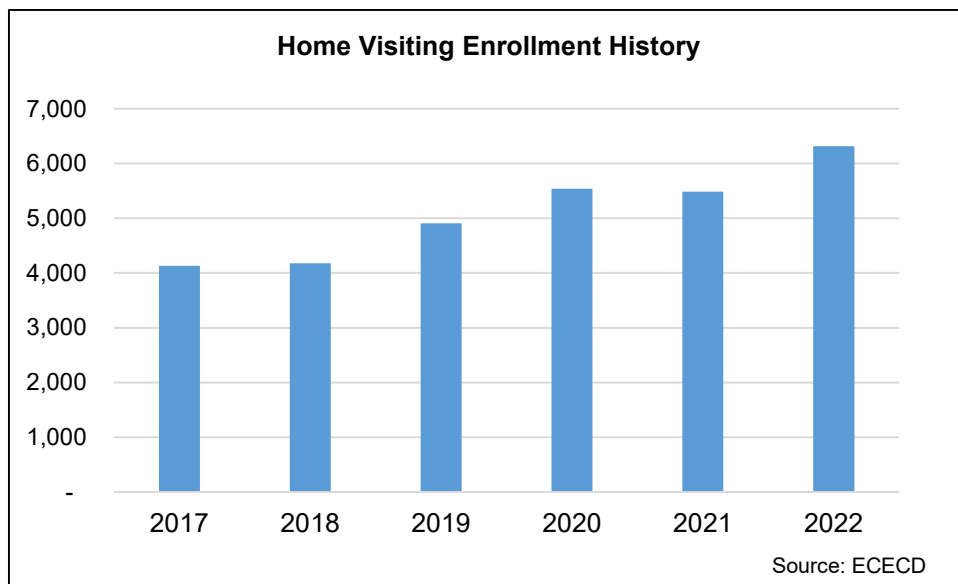
Topic Area: Update Medicaid-Matched Funded Home Visiting Services

Since the previous LegisStat hearing regarding Medicaid-matched funding for Home Visiting, the department has been focused on improving provider technical assistance and low referrals; however, the number of families enrolled remains well below performance targets. In FY24, general fund revenues for Home Visiting will increase to \$18.5 million, or 87 percent above FY23. Additionally, LFC will be publishing an evaluation on state-funded Home Visiting services in the summer of 2023 with possible recommendations on rates, referrals, and other system improvements.

Home Visiting is one of the state’s cornerstone programs for improving the well-being of young children. Funded by a mixture of state and federal revenues, efforts to maximize federal Medicaid revenues, and therefore expand services, has stalled. Beginning in FY12 the Legislature appropriated \$2.3 million from the general fund for Home

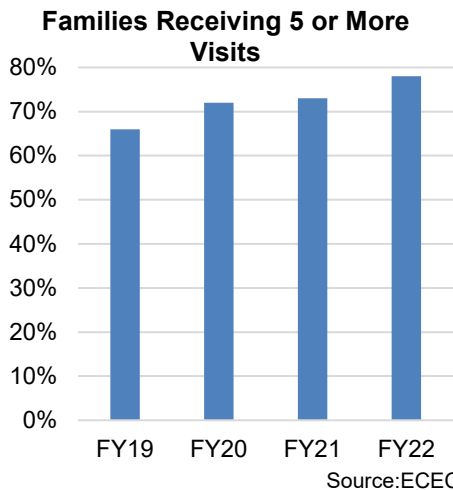
Visiting, growing to \$28.3 million from the general fund in FY24. Currently, most state general fund revenues for Home Visiting are not being matched by the Medicaid Home Visiting program. Maximizing Medicaid revenues would allow the state to provide Home Visiting services to many more families than are currently being served, without increasing state appropriations. Expanding Medicaid eligible Home Visiting models and providers, in addition to growing family interest and improving the state’s referral systems, are key opportunities to growing Medicaid-matched Home Visiting services. As of FY23, the Early Childhood Education and Care Department (ECECD) has contracted to serve over 5,000 families of which 406 were enrolled in Medicaid-matched Home Visiting, up from 299 in FY22 but far below performance target of 1,500.

According to the Human Services Department (HSD), Medicaid funds 72 percent of babies born in New Mexico. This represents a large population of families who are also possibly eligible for Home Visiting services. Prior to FY20, Home Visiting services were primarily funded from the state general fund and with some designated federal revenues. Expansion of Medicaid-funded Home Visiting could allow the state to match \$15 million in state general fund revenues currently appropriated for Home Visiting with federal revenues. On average, every \$1 from the state general fund can be matched with an additional \$3 in federal Medicaid revenue.



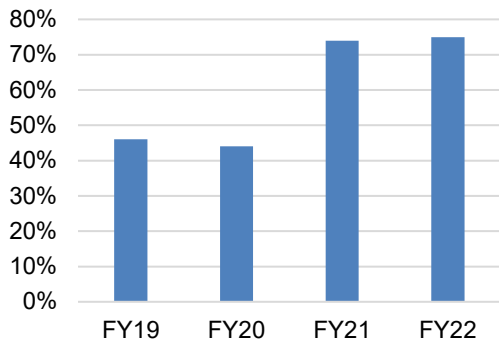
Home Visiting outcomes.

Key Data



- Families need consistent contact and services from providers to ensure positive Home Visiting outcomes.
- Intensive services may require families receive weekly or bi-weekly visits.
- In FY22, 48 percent of families served were new to Home Visiting, with 52 percent continuing from the prior year. Of families who were discharged during the fiscal year, about 10 percent had completed their program.
- For FY22, families received both in-person and virtual service visits, of which 42 percent of visits on average were delivered in-person and 58 percent, on average, were delivered virtually.

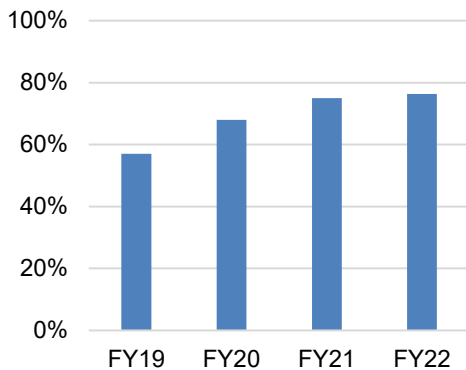
Parents Demonstrating Progress in Positive Parent-Child Interaction



Source:ECECD

- Research shows positive parent interactions are key to long-term child development. Growth in those interactions is a measurement of how well New Mexico's Home Visiting system is promoting positive parenting practices and supporting the building of healthy parent and child relationships.
- New Mexico Home Visiting uses one of two validated observational tools to guide practice and measure Home Visiting impact on parental capacity.
- The four evidence-based tools measure four domains of parenting behavior: teaching, affection, encouragement, and responsiveness. In FY22, 1,666 parents showed growth in at least one domain.

Well-Child Exams



Source:ECECD

- Well-child visits allow pediatricians to examine children holistically to assess physical and emotional needs, support growth and development, and intervene quickly if any issues arise
- The most recent data available from the US CDC data reports 91.9 percent of 0-4 year received well-child exams in 2018.

Medicaid Home Visiting Providers. Previously, a majority of Medicaid Home Visiting services were offered through the University of New Mexico Center for Development and Disability (UNM CDD) and ENMRSH. UNM CDD offers Nurse-Family Partnership and Parents as Teachers programs in Bernalillo and Valencia counties, and ENMRSH offers the Parents as Teachers program in Curry and Roosevelt counties. In FY23, ECECD provided funding to nine home visiting providers to implement the Medicaid-Matched Home Visiting Program to 933 families in 15 counties. However, only 406 have enrolled.

Medicaid Waiver Update. In 2022, HSD submitted an updated waiver to the federal Centers for Medicare and Medicaid Services that will add additional models for Medicaid eligibility. These models are Healthy Families America, Family Connects, Safe Care Augmented, and Child First. More models will allow more families to meet enrollment eligibility and providers greater variety in selecting what model may best suit their community.

Performance Challenge: Ensuring Expansion, Quality Services, and Referrals

The Legislature increased revenues significantly to grow Home Visiting in FY24, funding a substantial opportunity to leverage more federal funds and make Home Visiting services available to most new families in the state. Both continued training and support for home visiting providers to become Medicaid eligible and technical assistance are still necessary to expand services. Increasing the number of providers who become Medicaid eligible will allow the state to expand services to more families by maximizing federal Medicaid revenues. Lack of a centralized

referral or regional-hub referral system, in addition to general knowledge of the program for families, is a significant barrier to expansion. Research suggests referral and enrollment in Home Visiting early in pregnancy supports better long-term outcomes for children and families. When an MCO is notified of a positive pregnancy, the organization is one of the earliest points for possible referrals. However, data suggests referrals from MCOs are low. Additionally, there have been some reports of low success rates for MCOs home visiting providers once a referral is made. Some anecdotal reports suggest families may need to be offered Home Visiting services several times before they accept and enroll, potentially due to not having the value of the services communicated to them effectively.

Multiple referral points may be necessary to boost enrollment. Medical providers and other trusted community organizations should also be points of referral. For this to happen, more training for medical providers and community organizations regarding what home visiting is and how to refer needs to happen. Additionally, a centralized referral or regional hub system would then allow all referring entities to refer a family to services and remove the guesswork of figuring out what home visiting provider can serve the family.

Questions

1. What has the department done to improve Medicaid-funded Home Visiting since the previous LegisStat hearing?
2. What are the most significant barriers for providers to become Medicaid eligible?
3. Why are referrals from MCOs low?
4. What additional points of referral and enrollment is the department working to develop?
5. When does the department think they will reach a performance goal of enrolling at least 1,500 families in Medicaid Home Visiting?
6. What incentives can the state provide to families to encourage enrollment?
7. What is the department's plan for scaling the significant funding increase?

Topic Area: Prekindergarten Services to Improve School Readiness

New Mexico Prekindergarten is a proven early education program for 3- and 4-year olds that improves school readiness administered by the Early Childhood Education and Care Department (ECECD). In FY23, Prekindergarten is available to New Mexico families for either half-day or extended-day services. For FY24, the Legislature provided over \$100 million to expand Prekindergarten for 3-year-olds and 4-year-olds, increasing the number of hours in a day for wraparound care, and adding days for Prekindergarten services. New Mexico is providing sufficient funding to ensure 4-year-olds receive at least some type of early education through Childcare Assistance, Prekindergarten, or Head Start. In fact in 2022, the National Institute for Early Education Research (NIEER) ranks New Mexico as 10th in spending on Prekindergarten and 10th for access of 3-year-olds, and 13th on access for 4-year-olds and the state will likely continue to improve ranking given the recent increased investments.

Proposed Prekindergarten Rate and Hour Increase		
	Early PreK (3s)	PreK (4s)
Current Rate	\$ 8,750	\$ 7,000
FY24 Proposed Extended (1,080 hours of instruction; 90 hours of parent engagement)	\$ 12,300	\$ 10,300
FY24 Proposed Extended Plus (1,380 hours of instruction; 90 hours of parent engagement)	\$ 15,750	\$ 14,300

Proposed Prekindergarten Supplemental Funding		
	Current	2023-2024
Startup and Safety	\$15,000 per classroom	\$25,000 per classroom
Transportation	\$585 per child	\$1,000 per child
One-Time Purchase of Research-Based Curriculum and Professional Development	N/A	\$5,000 per classroom

Source: ECECD

Previous LFC research found participation in Prekindergarten corresponds with a 10 percent increase in college entrance. This evidence builds on a large body of national and LFC research and evaluations finding Prekindergarten programs increase math and reading proficiency for low-income 4-year-olds, lower special education and retention rates, and lessen negative effects of mobility, or a child changing schools throughout the school year. A 2020 LFC evaluation of Prekindergarten quality and educational outcomes examined student data in New Mexico. In 2020, the graduation of the inaugural cohort of Prekindergarten students, tracked by LFC staff through high school, found Prekindergarten programs improve student performance throughout the student's public school tenure.

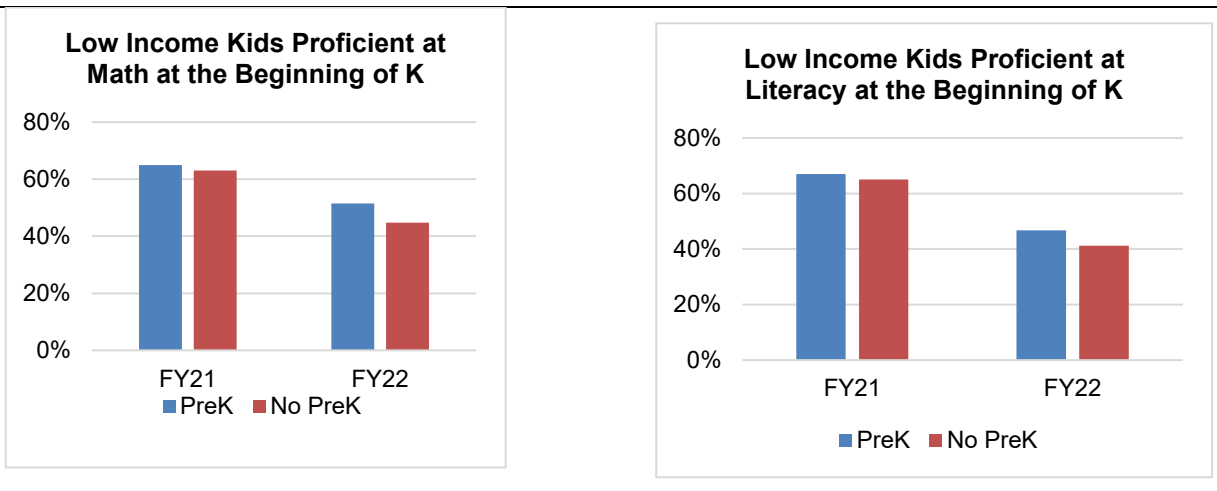
An LFC evaluation reported the 2006 inaugural New Mexico Prekindergarten cohort had a four-year high school graduation rate of 80.2 percent, 6.5 percentage points higher than students who did not attend Prekindergarten. Gains in graduation rates were even higher—11 percentage points—for English learners and lower-income children. Additionally, the LFC evaluation found Prekindergarten reduces chronic absenteeism and the chance a child will be held back a grade and improves the odds a child will exit special education services. Prekindergarten also provides a positive return on investment for New Mexico taxpayers, with the state earning \$6 for every dollar spent through tax revenue on the higher earnings of participants and reduced social costs.

Progress

In addition to expansion of Prekindergarten services, rates increases, and extended hours, many Prekindergarten providers also receive Childcare Assistance funding. In FY24, the Legislature increased federal funds and revenue from the general fund, opioid settlement, and early childhood education and care fund to over \$100 million for Childcare Assistance for expanded eligibility, reduced co-payments, and rate increases. Historically Childcare Assistance provided an opportunity for low-income families to work or go to school by paying a voucher to childcare providers. However, because the department has expanded income eligibility to nearly double New Mexico’s median household income, the program now supports higher income families as well. The program subsidizes the cost of childcare for families with incomes up to 400 percent of the federal poverty level (FPL), increased from 250 percent in previous fiscal years. In May 2023, ECECD published new proposed average rate increase of 20 percent (see attached proposed rate tables). Oversight of these two large increases and service expansions to ensure scaling and high quality services should be a priority of the policymakers in the coming years.

Prekindergarten outcomes.

Key Data

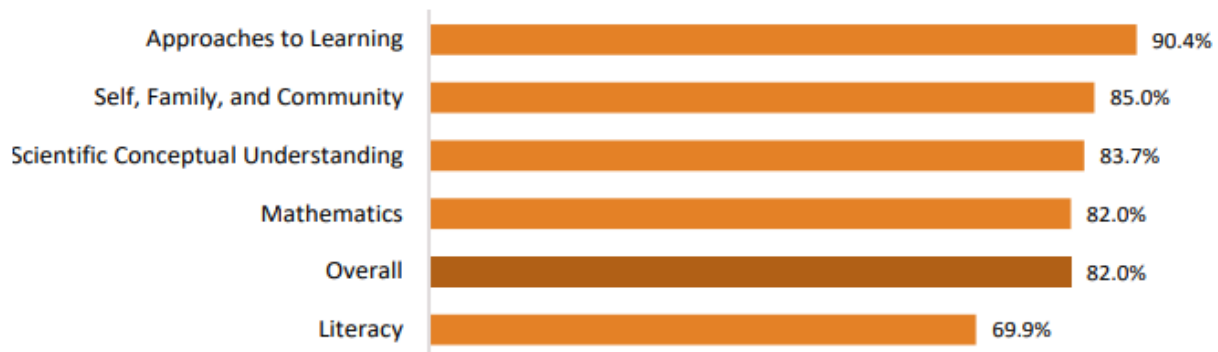


ECECD’s Annual Outcomes Report published in January 2023 reported progress in the Prekindergarten early learning domains as measured by the New Mexico Preschool Observational Assessment and the Early Childhood Observation Tool (ECOT). The tools measure kindergarten readiness scores from birth to the middle of first grade, allowing teachers to understand where students begin the school year and assess progress over time. The state collects scores through an online platform so student growth reports are available to educators and are aggregated to student, classroom, school, and district levels to drive curriculum planning. ECECD reported 72.6 percent of Prekindergarten students met the end of the year overall benchmark of “Accomplished for 4s/First Step for K” or higher, 67 percent reached the “Accomplished for 4s” benchmark for mathematics, and 66.4 percent met the benchmark for literacy (see below for tables from ECECD Annual Outcomes Report).

Chart 21. All NM PreK (4-year-old) Students Scoring "Accomplished for 4s/First Steps for K or Higher," End of SY22



Chart 22. All NM PreK (3-year-old) Students Scoring "Accomplished for 3s/First Steps for 4s or Higher," End of SY22



Performance Challenge: Ensuring Prekindergarten is high quality and expansion impacts educational outcomes

ECECD and LFC research consistently shows good educational outcomes for children who receive Prekindergarten. However, the pandemic brought many challenges for implementation of services in the state's early childhood system, including Prekindergarten. As Prekindergarten begins implementation of significant service expansion, closely monitoring Prekindergarten effects and quality in the coming fiscal years will be extremely important to ensuring the program maintains or increases performance outcomes.

Performance Challenge: Coordination with other early childhood services and expansion of services.

Previous LFC analysis found significant expansion of services, a declining birthrate, and competition among providers resulted in the duplication of services or unused funding for Prekindergarten, Childcare Assistance, and Head Start. Insufficient coordination among programs can lead to Head Start programs losing funding if federal enrollment standards are not maintained. Given the broad coverage of care options for 4-year-olds and the expansion of Prekindergarten hours in the day, ECECD coordination will be increasingly important. As more children are covered for more hours in Prekindergarten, the spending of 3- and 4-year-olds with Childcare Assistance funding pressure could decline, possibly expanding funding access for younger ages. In New Mexico, the access to infant and toddler care services is far below that of older children.

Questions

1. Describe the department's work in expansion of prekindergarten.
2. How many children does ECECD expect to enroll in Prekindergarten in FY24?
3. How is the department coordinating Prekindergarten, childcare, and Head Start to reduce duplication or over saturation of services in communities?
4. How does the department see expansion of Prekindergarten affecting enrollment of services in Childcare Assistance?
5. How will the department ensure quality with the extended Prekindergarten hours and days?
6. How many providers are providing half-day services or half day Fridays? What are families doing to cover care needs during the hours not covered by half-day programs?
7. How many children in Prekindergarten are also receiving wraparound hours paid for by childcare assistance?

2023 Childcare Assistance Provider Montly Rate Changes

2021 MONTHLY RATES - COST ESTIMATION MODEL					
Centers	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$880.00	\$980.00	\$980.00	\$1,215.00	\$1,519.50
Toddler	\$635.00	\$735.00	\$735.00	\$925.00	\$1,185.00
Preschool	\$575.00	\$675.00	\$675.00	\$825.00	\$925.00
School Age	\$441.00	\$541.00	\$541.00	\$621.00	\$691.00

2023 MONTHLY RATES - COST ESTIMATION MODEL					
Centers	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$1,075.00	\$1,175.00	\$1,175.00	\$1,550.00	\$1,950.00
Toddler	\$775.00	\$865.00	\$865.00	\$1,150.00	\$1,500.00
Preschool	\$700.00	\$825.00	\$825.00	\$1,015.00	\$1,140.00
School Age	\$535.00	\$625.00	\$625.00	\$700.00	\$800.00

Licensed Family	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$875.00	\$1,005.00	\$1,005.00	\$1,070.00	\$1,135.00
Toddler	\$850.00	\$980.00	\$980.00	\$1,045.00	\$1,110.00
Preschool	\$700.00	\$830.00	\$830.00	\$895.00	\$960.00
School Age	\$412.00	\$512.00	\$512.00	\$592.00	\$662.00

Licensed Family	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$1,100.00	\$1,200.00	\$1,200.00	\$1,300.00	\$1,400.00
Toddler	\$1,075.00	\$1,175.00	\$1,175.00	\$1,290.00	\$1,375.00
Preschool	\$850.00	\$950.00	\$950.00	\$1,075.00	\$1,160.00
School Age	\$515.00	\$600.00	\$600.00	\$695.00	\$765.00

Group Homes	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$855.00	\$985.00	\$985.00	\$1,070.00	\$1,115.00
Toddler	\$830.00	\$960.00	\$960.00	\$1,025.00	\$1,090.00
Preschool	\$680.00	\$810.00	\$810.00	\$875.00	\$940.00
School Age	\$428.00	\$528.00	\$528.00	\$608.00	\$678.00

Group Homes	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$1,080.00	\$1,180.00	\$1,180.00	\$1,280.00	\$1,380.00
Toddler	\$1,060.00	\$1,160.00	\$1,160.00	\$1,275.00	\$1,360.00
Preschool	\$830.00	\$930.00	\$930.00	\$1,055.00	\$1,140.00
School Age	\$530.00	\$615.00	\$615.00	\$710.00	\$780.00

Registered Homes	
Infant	\$375.00
Toddler	\$375.00
Preschool	\$325.00
School Age	\$300.00

Registered Homes	
Infant	\$470.00
Toddler	\$470.00
Preschool	\$400.00
School Age	\$370.00

RATE CHANGE, DOLLARS					
Centers	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$195.00	\$195.00	\$195.00	\$335.00	\$430.50
Toddler	\$140.00	\$130.00	\$130.00	\$225.00	\$315.00
Preschool	\$125.00	\$150.00	\$150.00	\$190.00	\$215.00
School Age	\$94.00	\$84.00	\$84.00	\$79.00	\$109.00

RATE CHANGE, PERCENT					
Centers	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	22%	20%	20%	28%	28%
Toddler	22%	18%	18%	24%	27%
Preschool	22%	22%	22%	23%	23%
School Age	21%	16%	16%	13%	16%

Licensed Family	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$225.00	\$195.00	\$195.00	\$230.00	\$265.00
Toddler	\$225.00	\$195.00	\$195.00	\$245.00	\$265.00
Preschool	\$150.00	\$120.00	\$120.00	\$180.00	\$200.00
School Age	\$103.00	\$88.00	\$88.00	\$103.00	\$103.00

Licensed Family	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	26%	19%	19%	21%	23%
Toddler	26%	20%	20%	23%	24%
Preschool	21%	14%	14%	20%	21%
School Age	25%	17%	17%	17%	16%

Group Homes	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$225.00	\$195.00	\$195.00	\$230.00	\$265.00
Toddler	\$230.00	\$200.00	\$200.00	\$250.00	\$270.00
Preschool	\$150.00	\$120.00	\$120.00	\$180.00	\$200.00
School Age	\$102.00	\$87.00	\$87.00	\$102.00	\$102.00

Group Homes	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	26%	20%	20%	22%	24%
Toddler	28%	21%	21%	24%	25%
Preschool	22%	15%	15%	21%	21%
School Age	24%	16%	16%	17%	15%

Registered Homes	
Infant	\$95.00
Toddler	\$95.00
Preschool	\$75.00
School Age	\$70.00

Registered Homes	
Infant	25%
Toddler	25%
Preschool	23%
School Age	23%

2023 ANNUAL RATES - COST ESTIMATION MODEL					
Centers	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$12,900.00	\$14,100.00	\$14,100.00	\$18,600.00	\$23,400.00
Toddler	\$9,300.00	\$10,380.00	\$10,380.00	\$13,800.00	\$18,000.00
Preschool	\$8,400.00	\$9,900.00	\$9,900.00	\$12,180.00	\$13,680.00
School Age	\$6,420.00	\$7,500.00	\$7,500.00	\$8,400.00	\$9,600.00

Copayments	
FPL Percent Income Increments	Percent of Gross Income (Monthly) to Determine Copay
0.00 to 185.00	0.00%
185.01 to 200	0.29%
200.01 to 210	0.59%
210.01 to 220	0.88%
220.01 to 230	1.18%
230.01 to 240	1.47%
240.01 to 250	1.76%
250.01 to 260	2.06%
260.01 to 270	2.35%
270.01 to 280	2.65%
280.01 to 290	2.94%
290.01 to 300	3.24%
300.01 to 310	3.53%
310.01 to 320	3.82%
320.01 to 330	4.12%
330.01 to 340	4.41%
340.01 to 350	4.71%
350+	5.00%

Small FCC	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$13,200.00	\$14,400.00	\$14,400.00	\$15,600.00	\$16,800.00
Toddler	\$12,900.00	\$14,100.00	\$14,100.00	\$15,480.00	\$16,500.00
Preschool	\$10,200.00	\$11,400.00	\$11,400.00	\$12,900.00	\$13,920.00
School Age	\$6,180.00	\$7,200.00	\$7,200.00	\$8,340.00	\$9,180.00

Licensed Family	Licensing/2 Star	2+ Star	3 Star	4 Star	5 Star
Infant	\$12,960.00	\$14,160.00	\$14,160.00	\$15,360.00	\$16,560.00
Toddler	\$12,720.00	\$13,920.00	\$13,920.00	\$15,300.00	\$16,320.00
Preschool	\$9,960.00	\$11,160.00	\$11,160.00	\$12,660.00	\$13,680.00
School Age	\$6,360.00	\$7,380.00	\$7,380.00	\$8,520.00	\$9,360.00

Registered Homes	
Infant	\$5,640.00
Toddler	\$5,640.00
Preschool	\$4,800.00
School Age	\$4,440.00