

BUILDING A STRONG SYSTEM OF EARLY EDUCATION AND CARE FOR NEW MEXICO

Legislative Finance Committee –
August 25, 2021



NEW MEXICO

Early Childhood

Education & Care Department

Investing for tomorrow, **delivering today**



Acknowledgment

With gratitude to the people and communities who have cared for this land, we humbly acknowledge we are on the unceded ancestral lands of the original peoples of the Apache, Navajo and Pueblo past and present. We also acknowledge Taos Pueblo and the children, families and elders who continue to live on and care for the land.



Agenda

- Agency Overview
- Early Childhood Strategic Plan
- Four Year Finance Plan Preview
 - New Mexico PreK
 - Home Visiting
 - Family Infant Toddler Program (FIT)
 - Child Care
- Child Care Cost Estimation Model
- Early Childhood System Capacity and Infrastructure Needs



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Our Commitment

Our commitment to New Mexicans is to create a cohesive, equitable, and responsive **prenatal to five early childhood system** that supports families, strengthens communities, and enhances child health, development, education and well-being.



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Vision and Mission of ECECD

Vision: All New Mexico families and young children are thriving

Mission: Optimize the health, development, education and wellbeing of babies, toddlers, and preschoolers through high-quality, community-based and family-driven early childhood programs and services



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Five Strategic Priorities

- Grow Investments
- Advanced a Diverse, Well Compensated, and Credentialed Workforce
- Increase Quality and Access
- Achieve Equity
- Enhance Authentic Collaboration



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See detailed Organizational Chart:

[ECECD Organizational Chart - Updated August 2021](#)



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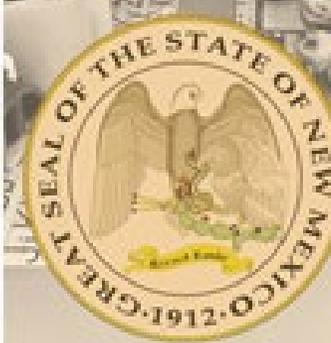
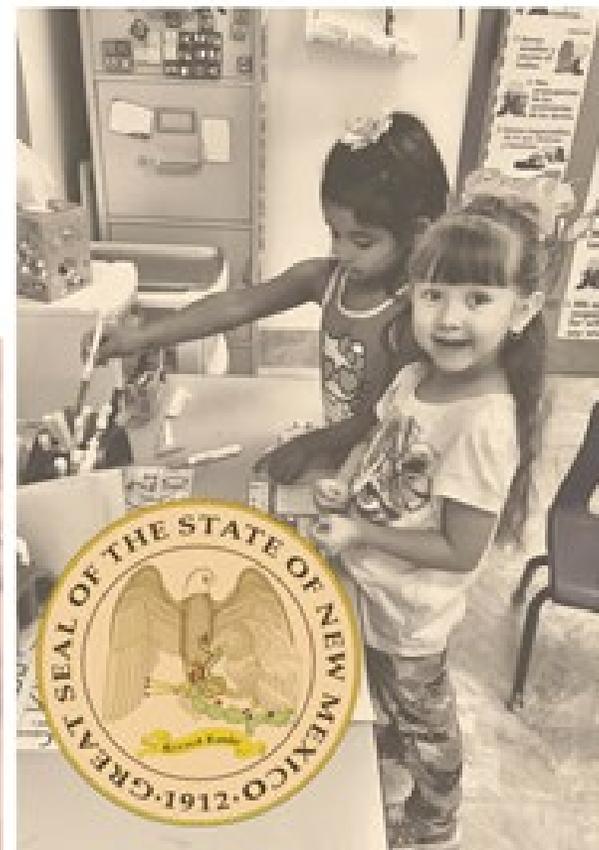
State Plans





THE NEW MEXICO

EARLY CHILDHOOD STRATEGIC PLAN 2021-2024



GOAL ONE: FAMILY

RECOGNIZE ALL FAMILIES IN NEW MEXICO AS KEY DECISION MAKERS AND ENSURE THEY HAVE ACCESS TO THE RESOURCES THEY NEED TO THRIVE

GOAL TWO: GOVERNANCE

CREATE A COHESIVE GOVERNANCE SYSTEM THAT SUPPORTS AN ALIGNED, EFFICIENT, AND RESPONSIVE SYSTEM OF HIGH-QUALITY EARLY CHILDHOOD PROGRAMS AND SERVICES.

GOAL THREE: WORKFORCE

ENSURE THAT NEW MEXICO'S EARLY CHILDHOOD WORKFORCE IS SUPPORTED TO MEET THE NEEDS OF ALL FAMILIES AND YOUNG CHILDREN THROUGH AN ALIGNED PROFESSIONAL DEVELOPMENT SYSTEM AND THROUGH COMPENSATION THAT REFLECTS THE LEVEL OF EXPERIENCE AND TRAINING.

GOAL FOUR: FUNDING

PROVIDE SUSTAINABLE AND SECURE FUNDING TO SUPPORT NEW MEXICO'S YOUNGEST CHILDREN AND THEIR FAMILIES

GOAL FIVE: DATA

DEVELOP A STATEWIDE, INTEGRATED DATA SYSTEM TO BETTER INFORM PLANNING AND DECISION-MAKING FOR ALL STAKEHOLDERS

GOAL SIX: TRIBAL

STRENGTHEN ONGOING GOVERNMENT TO GOVERNMENT RELATIONSHIPS WITH TRIBAL COMMUNITIES IN ORDER TO FOSTER MUTUAL TRUST, UNDERSTANDING, AND PARTNERSHIPS THAT RESPECT TRIBAL SOVEREIGNTY.

Click [here](#) to view **THE NEW MEXICO EARLY CHILDHOOD STRATEGIC PLAN 2021-2024.**

Infant Early Childhood Mental Health (IECHM) Consultation

- In partnership with Project ECHO, ECECD and the NM Behavioral Collaborative developed a **three-year plan for implementing IECMH Consultation** statewide
- IECMH Consultation is a multi-level mental health strategy that spans the care continuum from promotion, to prevention, to intervention
- Helps address serious emotional disorders that can derail a child's development and education
- Consultation approach grounded in equity
- Works with children individually, but also seeks to address the entire system of care around a child



INTEGRATION OF HEALTH AND EARLY CHILDHOOD

Federal Early Childhood Comprehensive Systems Grant Awarded July 2021

- \$1.28 million over five years
- **GOAL:** To advance equity and **strengthen state infrastructure in New Mexico's maternal and early childhood systems** through better integration of health and early childhood programming and more meaningful engagement of family and community partnerships and the health sector.
- **OBJECTIVES:**
 - ◆ Enhanced integration and use of data
 - ◆ Implementation of innovative financing strategies
 - ◆ Development of a more coordinated intake and referral system

Four Year Finance Plan Preview



Four Year Finance Plan: A Systemic Approach to Building New Mexico's Early Childhood System

- Address the broken child care market, siloed funding approaches, and lack of sustainable and adequate funding
- Create a unique, cross sector approach that includes education, family support, health, and maternal health



Solving complex social problems requires systemic solutions
(Kania and Kramer, FSG)

Four Year Finance Plan: Plan Components

“ *Every System is perfectly designed to get the results it gets* ”
W. Edwards Deming

Plan includes:

- Costing direct services and system infrastructure
- Projecting service and revenue needs for the next four fiscal years

Narrative Components

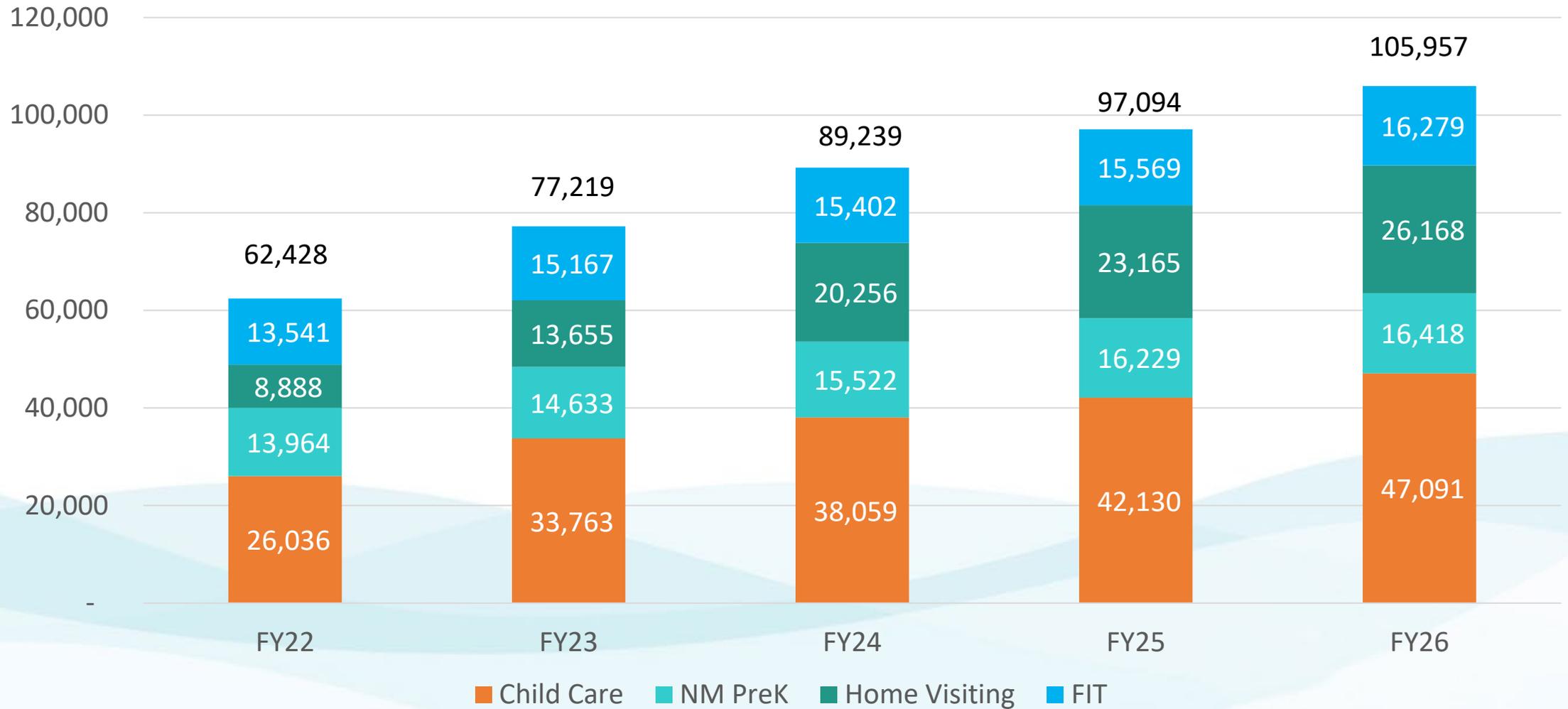
- Governance and shared leadership
- Financing and fiscal strategies
- Assessment and Planning
- Professional Development and Technical Assistance
- Continuous Quality Improvement and implementation
- Monitoring and Accountability

Five-Year Population Estimates

based on low birth rate projections

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|----------------------|----------------|----------------|----------------|----------------|----------------|
| 0-1 years | 21,110 | 20,535 | 19,961 | 19,386 | 18,793 |
| 1-2 years | 21,550 | 21,110 | 20,535 | 19,961 | 19,386 |
| 2-3 years | 21,820 | 21,550 | 21,110 | 20,535 | 19,961 |
| 3-4 years | 22,966 | 21,820 | 21,550 | 21,110 | 20,535 |
| 4-5 years | 23,038 | 22,966 | 21,820 | 21,550 | 21,110 |
| 5-6 years | 23,708 | 23,038 | 22,966 | 21,820 | 21,550 |
| TOTAL UNDER 6 | 134,192 | 131,019 | 127,942 | 124,362 | 121,335 |
| 6-13 years | 184,498 | 180,411 | 176,198 | 172,172 | 167,750 |
| TOTAL 0-13 | 318,690 | 311,430 | 304,140 | 296,534 | 289,085 |

Projected Estimates of Children to be Served by Program Type and Fiscal Year



New Mexico PreK

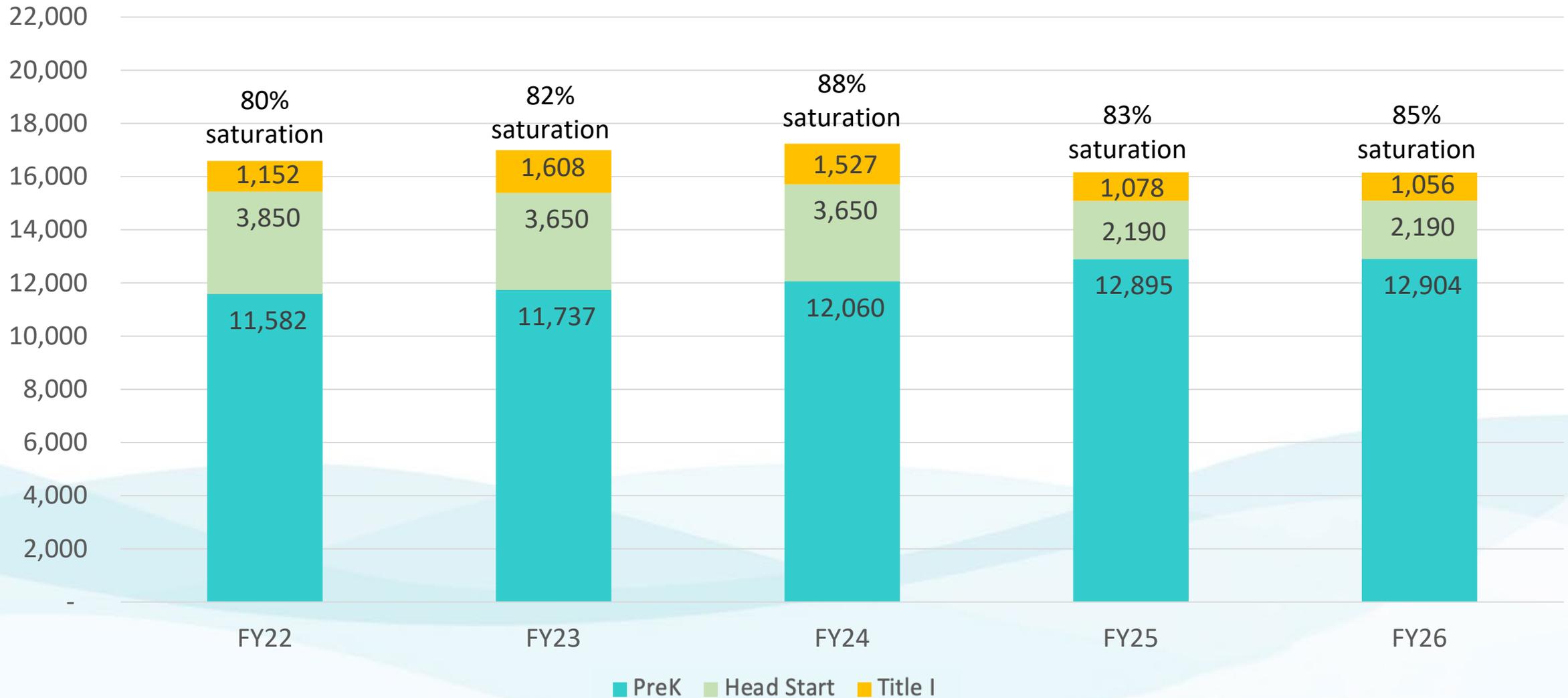


NM PreK: Projected Estimates of Children to be Served by age and fiscal year

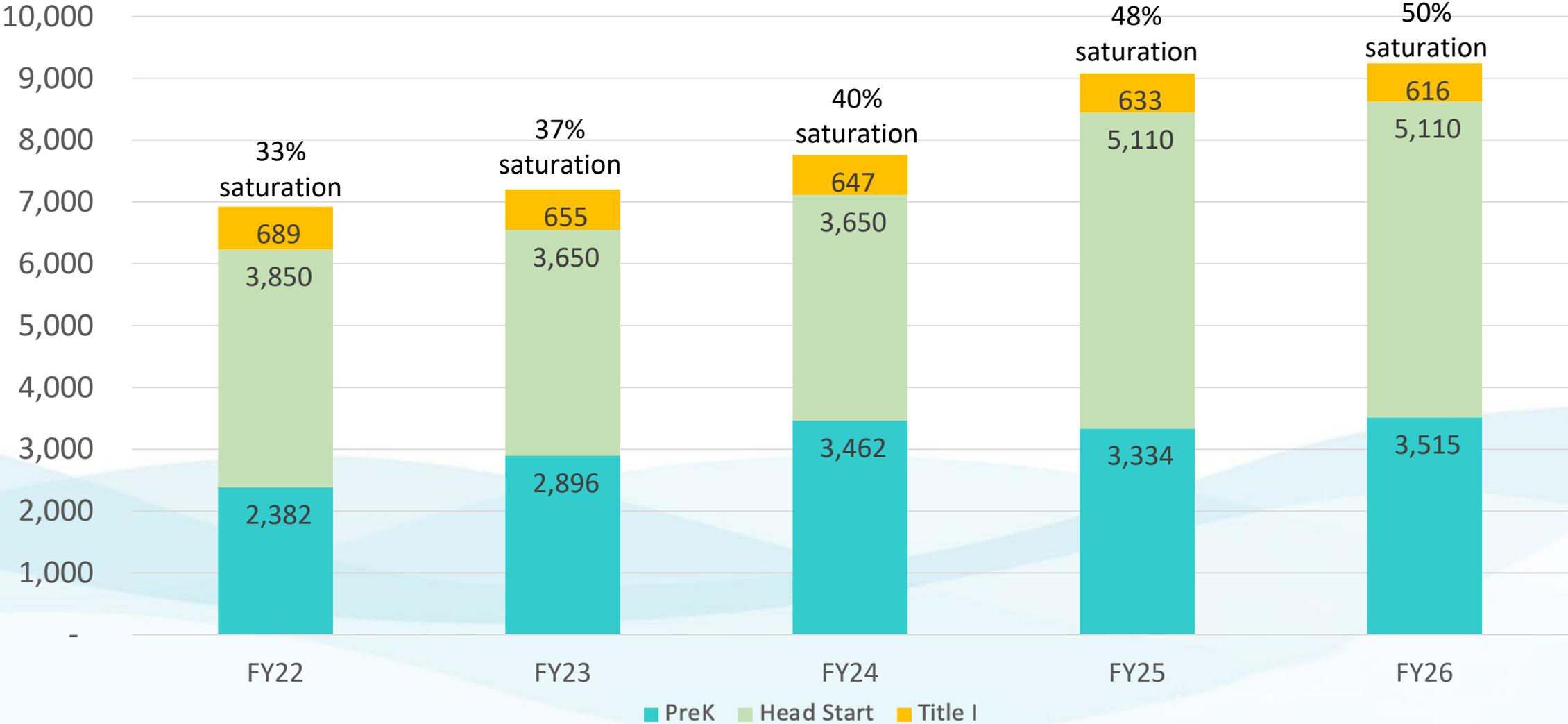
| | FY22 | FY23 | FY24 | FY25 | FY26 |
|-----------|---------------|---------------|---------------|---------------|---------------|
| 3-4 years | 2,382 | 2,896 | 3,462 | 3,334 | 3,515 |
| 4-5 years | 11,582 | 11,737 | 12,060 | 12,895 | 12,904 |
| TOTAL | 13,964 | 14,633 | 15,552 | 16,229 | 16,418 |
| Cost | \$108,286,600 | \$113,313,009 | \$120,575,584 | \$125,789,498 | \$127,395,809 |

Projected Estimates of 4-year Olds to be Served

by different programs, based on kindergarten entry cohort



Projected Estimates of 3-year-olds to be served by different programs, based on kindergarten entry cohort



New Mexico PreK: Gaps

Workforce credentials and pay parity

Data sharing with Head Start programs

Quality measure across all settings

Coordination with special education in private sector programs

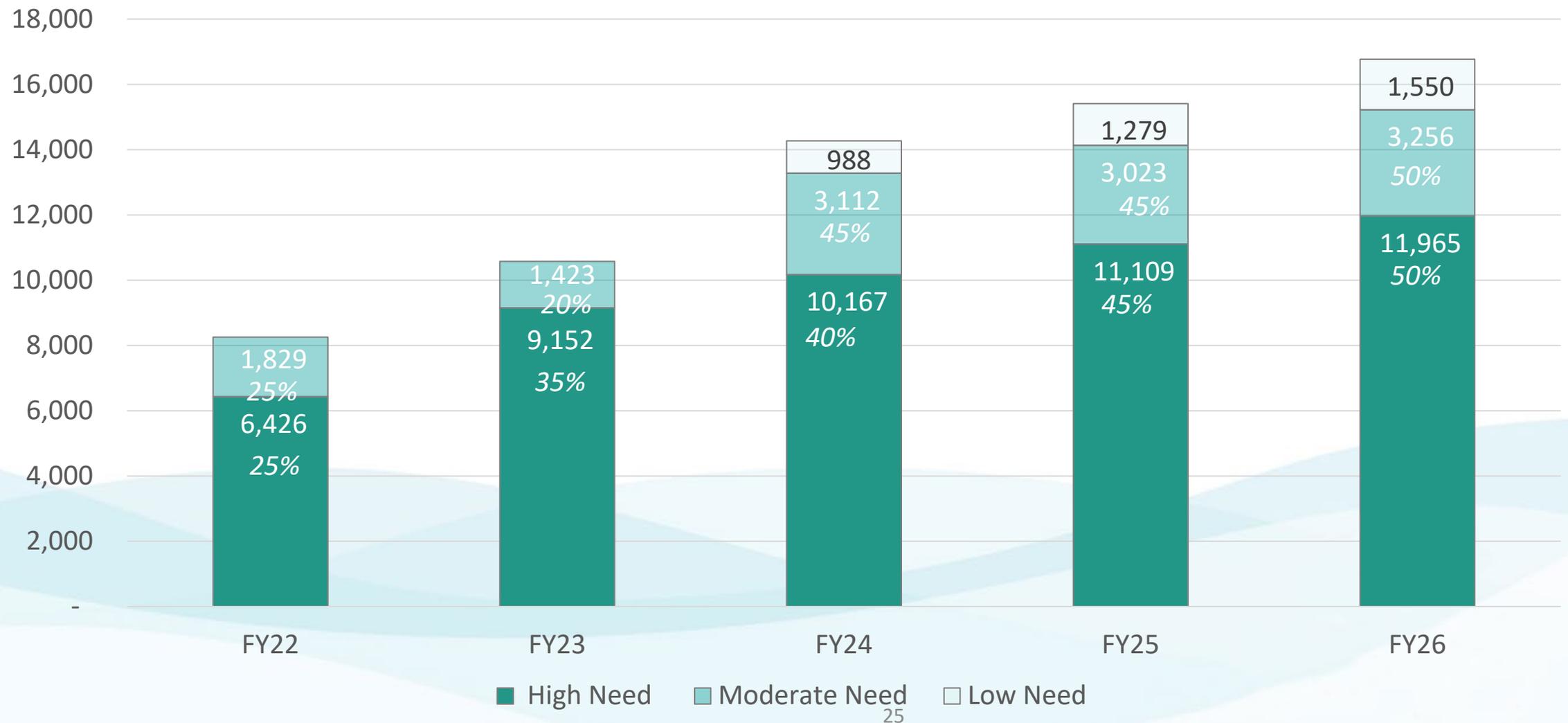
Home Visiting



Home Visiting: Projected Estimates of Children to be Served by age by fiscal year

| | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|
| Intensive Home Visiting, prenatal to three years | 8,255 | 10,575 | 14,268 | 15,411 | 16,772 |
| Universal Touch program, 0-1 years | 633 | 3,080 | 5,988 | 7,754 | 9,396 |
| TOTAL | 8,888 | 13,655 | 20,256 | 23,165 | 26,168 |
| Cost | \$46,186,601 | \$75,039,953 | \$92,585,705 | \$100,276,042 | \$108,713,168 |

Home Visiting: Projected Estimates of Children to be Served by need by fiscal year



Home Visiting Gaps

Workforce recruitment, retention, and compensation

Program capacity

Fidelity to home visiting models and state standards

Coordinated intake and referral system

Family Infant Toddler Program (FIT)



Family Infant Toddler: Projected Estimates of Children to be Served by fiscal year

| | FY22 | FY23 | FY24 | FY25 | FY26 |
|-----------|--------------|--------------|--------------|--------------|--------------|
| 0-3 years | 13,541 | 15,167 | 15,402 | 15,569 | 16,279 |
| Cost | \$64,477,904 | \$75,831,535 | \$80,855,247 | \$85,823,087 | \$94,222,982 |



Family Infant Toddler: Gaps

Limited access to therapists in rural areas

Telehealth has improved accessibility, but not ideal for speech therapy or Physical and Occupational Therapy

Workforce - need to incentivize students to enter career path

Child Care



BRIDGING THE GAP

Market Rate vs. Cost Estimation

- Setting subsidy rates via market rate survey embeds the market failures in the system
 - Providers in low-income areas have to set rates low, but then receive low subsidy rate
- Market rate surveys would work in a market where consumers could afford the true cost of child care
- Alternative rate methodology sets rates based on what it actually costs
 - Incentivize providers to accept subsidy
 - Help drive quality in low-income areas



BRIDGING THE GAP

Cost Estimation Modeling

- Estimates the cost of providing care at varying levels of quality and the resources needed for a provider to remain financially solvent.
- Examines the impact of program size, ages of children served, geographic region, enrollment, bad debt, etc.
- Demonstrates the impact of funding from multiple sources
- Identifies the gap between the costs and the revenue sources
- Helps policymakers and other interested parties understand the costs associated with delivering care in different settings, to different age groups at different levels of quality



Stakeholder Meetings: Cost Estimation Process

| Content | Date |
|--|--|
| Child Care Study Launch | July 15, 2020 |
| Child Care Quality Frame Discussion | Sept. 1, 2020 |
| Child Care Quality Measures and Cost Drivers | Sept. 10, 2020 |
| Child Care Small Group Meeting | Oct. 21, 2020 |
| Discussion of Cost Model Assumptions | March 4, 2021 |
| Discussion of Cost Model Findings Early Learning Advisory Council | March 11, 2021 |
| Discussion of Cost Model Findings Public Stakeholder Feedback Meetings | March 24, 2021 (ASL interpretation) March 30, 2021 (ASL interpretation) April 1, 2021 (Spanish session; ASL interpretation) |

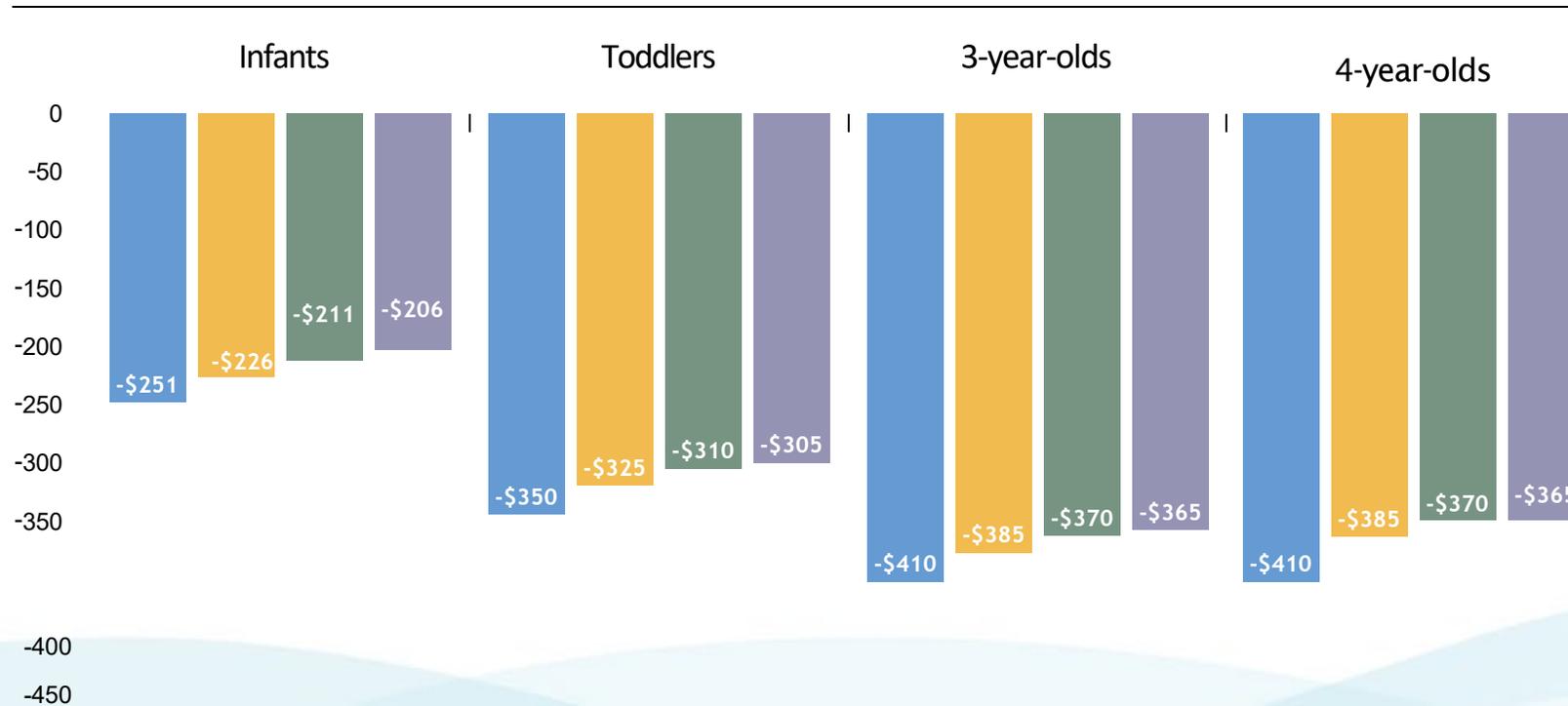
Monthly Gap Between Subsidy and Cost per Child, Licensed Family Child Care Home



Monthly Gap Between Subsidy and Cost per Child

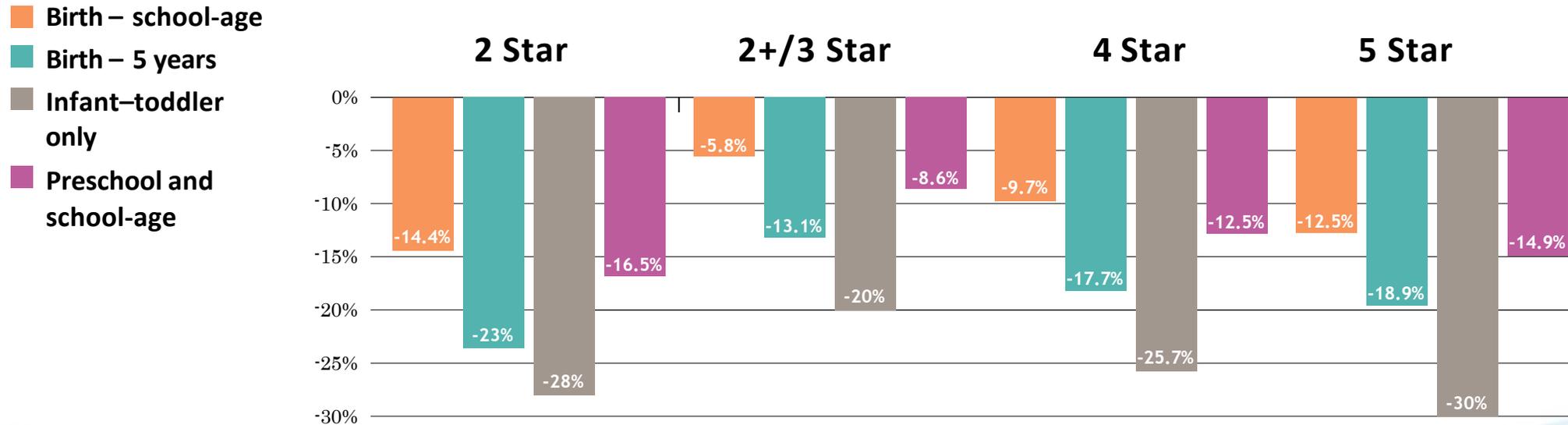
Group Home

- 2 Star
- 2+/3 Star
- 4 Star
- 5 Star



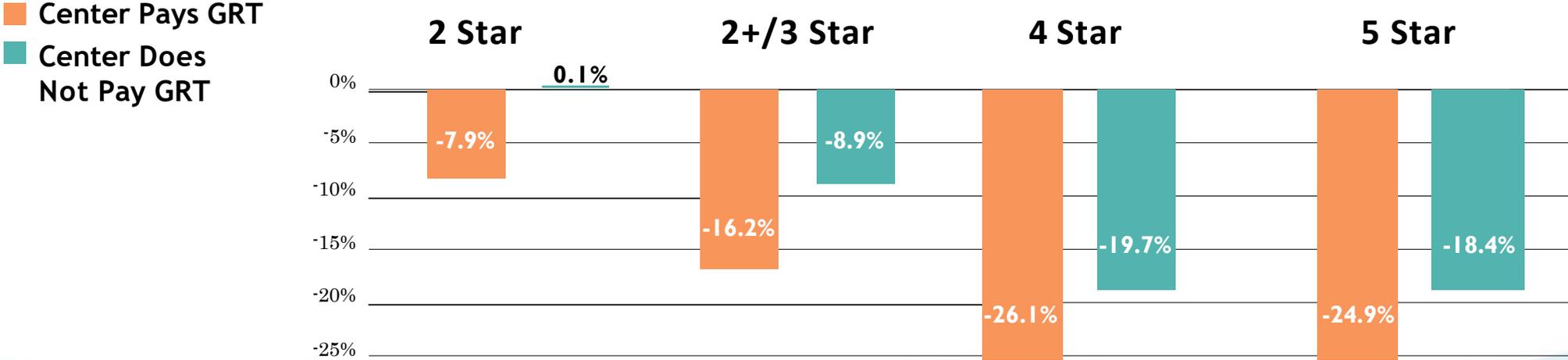
Comparison of Center Based Program Net Revenue when Different Ages of Children are Served

Impact of Program Age Mix: Annual Net Revenue Child Care Center



Impact of Gross Receipts Tax (GRT) on annual net revenue

Impact of GRT on revenue of child care center





Impact of New Rates on Child Care Businesses

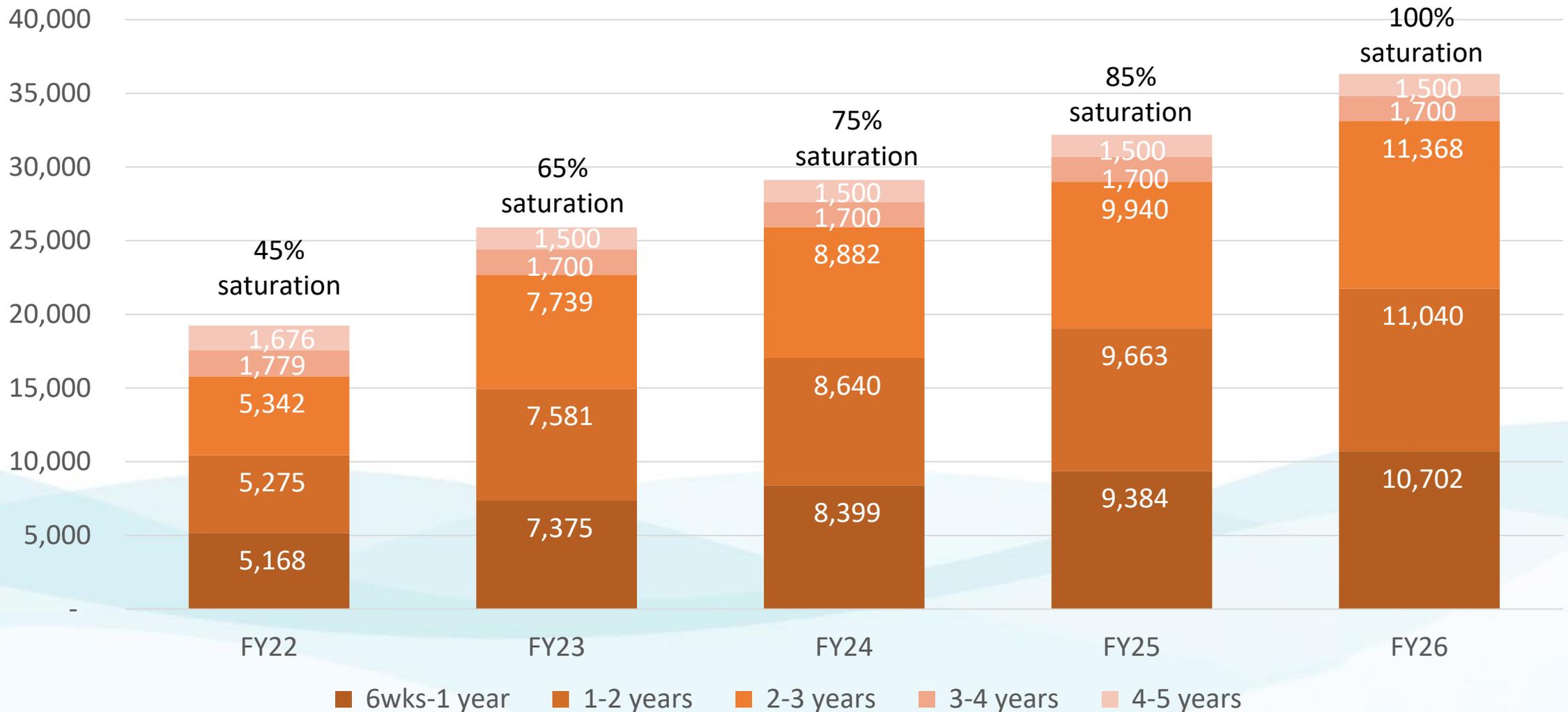
| Program Type | Average Underfunding Percent | |
|-------------------------|------------------------------|------------|
| | 2020 Rates | 2021 Rates |
| Center | 21% | 6% |
| Family Child Care (FCC) | 38% | 0% |
| Group Home | 27% | 0% |

Child Care Assistance: Projected Estimates of Eligible Children to be served by age by fiscal year

| | FY22 | FY23 | FY24 | FY25 | FY26 |
|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 6wks-1 year | 5,168 | 7,375 | 8,399 | 9,384 | 10,702 |
| 1-2 years | 5,275 | 7,581 | 8,640 | 9,663 | 11,040 |
| 2-3 years | 5,342 | 7,739 | 8,882 | 9,940 | 11,368 |
| 3-4 years | 1,779 | 1,700 | 1,700 | 1,700 | 1,700 |
| 4-5 years | 1,676 | 1,500 | 1,500 | 1,500 | 1,500 |
| 5-6 years | 774 | 891 | 1,031 | 1,118 | 1,227 |
| 6-13 years | 6,022 | 6,977 | 7,908 | 8,825 | 9,553 |
| TOTAL 0-12 | 26,036 | 33,763 | 38,059 | 42,130 | 47,091 |
| Cost | \$208,726,525 | \$270,679,660 | \$315,428,694 | \$349,170,417 | \$390,284,758 |

Eligibility set at 350% of federal poverty level

Child Care Assistance: Projected Estimates of Eligible Children to be served, by age and fiscal year, with service saturation rates



CHILD CARE:

Capacity Gaps

- The estimated child care capacity shortfall in New Mexico is **23,042 licensed slots**
- **60 percent of New Mexico children** have all available parents in the workforce
- There are only enough licensed child care slots for just over **50 percent of infants and toddlers** with all available parents in the labor force
- There is only enough licensed child care for **86 percent of children under six** with both parents working
- 14 of New Mexico's 33 counties would be classified as **child care deserts**. (21 percent of total population)



SOURCES:

Center for American Progress April 2020

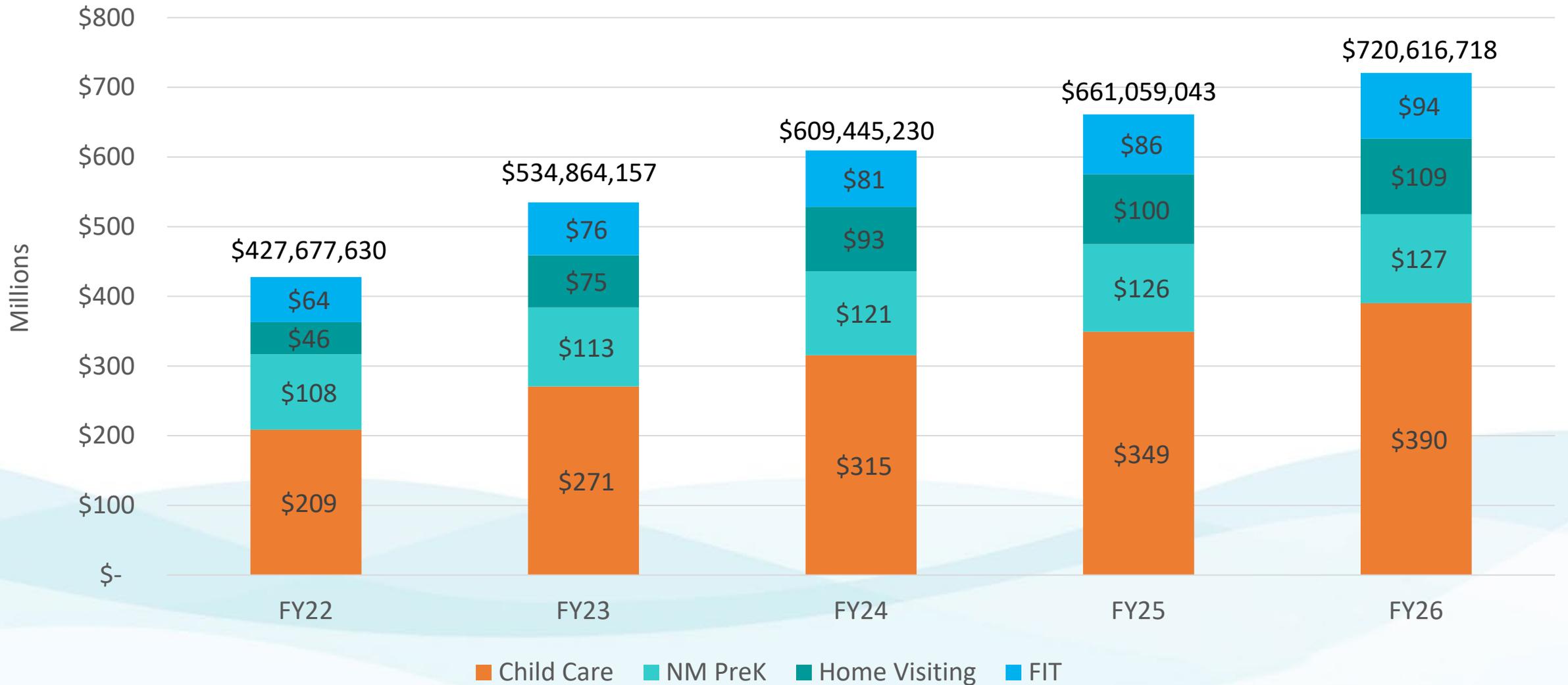
The New Mexico Child Care Gap Assessment, Bipartisan Policy Center 2020

CHILD CARE: Workforce Gaps

- **61 percent of centers are experiencing a staffing shortage**
 - 33 percent of programs impacted by shortages are serving fewer children
 - 33 percent have a longer waitlist
 - 19 percent are unable to open classrooms
 - 12 percent have reduced operating hours
- **74 percent identify wages as main recruitment challenge**



Projected Estimated Spending by program and fiscal year





Early Childhood System Capacity and Infrastructure Needs

- Workforce recruitment, retention, and compensation
- Quality supports - coaching, consultation, and technical assistance
- Facility enhancements and expansion
- Data integration, analysis, and reporting
- Monitoring and accountability

For more information about the New Mexico Early Childhood Education and Care Department Visit:

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