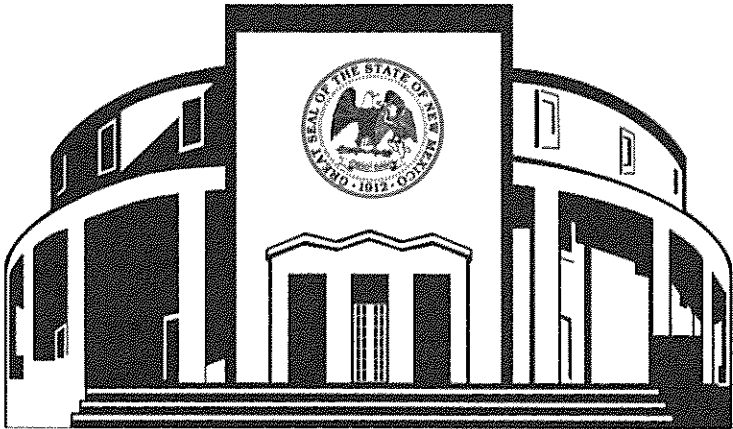


New Mexico Legislative Finance Committee
Progress Report

Prekindergarten
Quality and
Educational
Outcomes



June 25, 2025

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June 18, 2025

Elizabeth Groginsky, Cabinet Secretary
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Early Childhood Education and Care Department
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Secretary Groginsky:

The Legislative Finance Committee (LFC) is pleased to transmit the progress report *Prekindergarten Quality and Educational Outcomes*. The progress report updated findings from the 2020 program evaluation, examining the effectiveness and outcomes of the NM PreK program and evaluating program quality and quality control mechanisms. An exit conference was held with you and your staff on June 12, 2025, to discuss the report's contents.

The report will be presented to the LFC on June 25, 2025.

I believe this report addresses issues the LFC asked us to review and hope the department will benefit from our efforts. We very much appreciate the cooperation and assistance we received from you and your staff.

Sincerely,

Charles Sallee, Director

Cc: Representative Nathan Small, Chair, Legislative Finance Committee
Daniel Schlegel, Chief of Staff, Office of the Governor
Wayne Probst, Cabinet Secretary, Department of Finance and Administration
Joseph M. Maestas, State Auditor

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Summary

State-funded prekindergarten improves kindergarten readiness, but instructional quality and data tracking vary across programs.

The Legislative Finance Committee's 2020 program evaluation, *Prekindergarten Quality and Educational Outcomes*, concluded that New Mexico's prekindergarten programs improve student performance throughout students' public-school tenure. Examining longitudinal results from the inaugural prekindergarten cohort (2005-06), the report showed that students who enrolled in state-funded prekindergarten had better assessment scores, higher graduation rates, were held back less frequently, were less likely to be referred to special education services, and had fewer disciplinary issues than their peers who did not attend prekindergarten. Across more recent cohorts, the evaluation also found that students who attended state-funded prekindergarten entered kindergarten better prepared across a variety of educational domains.

Nearly two decades from that initial cohort, New Mexico's prekindergarten program looks radically different. In the 2024-25 school year, state-funded prekindergarten served more than 10 times the number of children compared to the inaugural cohort almost two decades ago, with slots available to 65 percent of 4-year-olds and 24 percent of 3-year-olds in the state. The Early Childhood Education and Care Department (ECECD), newly created when the 2020 program evaluation was written, has faced the trifold challenge of shepherding New Mexico's program through the integration of community-based and public school programs, the Covid-19 pandemic, and rapid increases in slots, programmatic offerings, and state funding. ECECD has successfully implemented several key recommendations from the 2020 report, including building program capacity while improving coordination, piloting the classroom assessment scoring system (CLASS) to track classroom quality, and reining in high administrative costs.

Even in the wake of the pandemic and rapid program expansion, children who attend prekindergarten score better on various measures of academic outcomes in kindergarten than those who do not. Consistent with other state and national studies, New Mexico students who qualify for free and reduced lunch see the biggest and most long-lasting benefits from prekindergarten.

Initial analysis linking classroom quality as measured by CLASS to student outcomes suggests that quality matters in prekindergarten. But despite efforts to standardize operations across New Mexico's prekindergarten classrooms, significant disparities between provider types flagged in the

Key Findings from LFC's 2020 Program Evaluation

1. Participation in state-funded prekindergarten leads to improved social and academic outcomes including higher high school graduation rates, especially for low-income students and English learners.
2. Full-day prekindergarten students from the 2018 school-year cohort outperformed half-day participants on beginning-of-year kindergarten assessments.
3. In K-12, students who attended NM PreK were less likely to be held back a grade, had better attendance, and students with special needs were more likely to exit services.
4. NM PreK has a benefit to cost ratio of \$5.82 to \$1 due to increased tax revenues generated by the higher earnings of high school graduates.
5. Measurement and monitoring systems for prekindergarten are inconsistent across agencies.

2020 evaluation remain in student performance, teacher preparation, and instructional quality.

Additionally, the program has not made meaningful progress toward crucial recommendations from the 2020 evaluation regarding the tracking and sharing of student assessment data. Prekindergarten programs still lack the ability to communicate information about incoming students with kindergarten providers. The reverse is also true: kindergarten classrooms have no way of providing feedback about student progress to prekindergarten providers. There is also no way for parents or caregivers to easily access information about program quality and student outcomes. Foundational to all these data-related recommendations, the state still lacks a statutory definition of kindergarten readiness, which could guide both ECECD's choice of assessments and the data the agency tracks.

This report urges a renewed commitment to setting consistent statewide goals around kindergarten readiness, investing in the right tools to assess progress toward those goals, and creating effective data infrastructure to make that information widely available and useful. By directing current funding toward capacity building, evidence-based teaching and coaching tools, and professional development, ECECD can improve program quality and ensure that NM PreK remains a cost-effective way of improving academic outcomes for the state's youngest learners.

Background

The New Mexico Legislature created state-funded prekindergarten in 2005 through the Prekindergarten Act (Section 32A-23 NMSA 1978), having determined that “special needs are present among the state’s population of four-year-old children and those needs warrant the provision of prekindergarten programs.” The state has significantly expanded prekindergarten over the last 19 years, both in the duration and variety of offerings and in the number of students and ages served. The Early Childhood Education and Care Department (ECECD) has managed New Mexico’s publicly funded prekindergarten programs since July 2020. ECECD has addressed or is currently addressing many of the programmatic and administrative issues highlighted in the 2020 LFC prekindergarten evaluation (see Appendix A). Echoing a large body of high-quality research literature, the 2020 LFC evaluation, *Prekindergarten Quality and Educational Outcomes*, found that participation in prekindergarten corresponded with improved short- and long-term student outcomes across multiple academic and social-emotional trajectories. However, the 2020 evaluation also emphasized the need for active monitoring as prekindergarten continues to expand and highlighted inconsistencies in the evaluation of student performance and program quality.

High-quality prekindergarten has long-lasting positive impacts on students, especially English learners and those from low-income families.

Numerous studies and the 2020 LFC evaluation find that high-quality prekindergarten improves academic, social, and lifetime outcomes, particularly for disadvantaged students. Updated analysis for this report shows that the positive effect of prekindergarten on high school graduation rates persisted in subsequent cohorts.

LFC’s 2020 program evaluation found long-term positive impacts for students enrolled in New Mexico’s Prekindergarten. Five years ago, LFC staff conducted a longitudinal data analysis of the first prekindergarten cohort (2005-06 school year). For this first cohort, LFC analysis revealed that prekindergarten had a significant positive impact on academic outcomes, especially among English learners and low-income children. The study, which LFC staff later published in the *International Journal of Child Care and Education Policy*, compared prekindergarten students with demographically similar students who did not attend state-funded prekindergarten. LFC staff found that enrollment corresponded with a statistically significant increase in high school graduation rates and improved math and reading proficiency in third, sixth, and eighth grades. Previous LFC reports have reached similar conclusions, including a 2012 evaluation of early literacy showing that the mostly high-need, low-income

A Note on Terminology

New Mexico’s Prekindergarten Program: The program of state-subsidized prekindergarten offered 2005 to present, including the versions of the program that existed before ECECD was created in 2020.

NM PreK: The public prekindergarten program administered by ECECD, encompassing all aspects of the state’s mixed-delivery system. **Early PreK** serves 3-year-olds. **Mixed** programs serve both 3- and 4-year-olds. For simplicity, this report refers to programs by the ages they serve.

NM PreK community-based programs: Licensed homes and childcare centers that receive funding from ECECD to offer NM PreK programs.

NM PreK school-based programs: Programs operated by New Mexico public schools. Funding flows from ECECD to PED yearly in a lump sum to support these programs.

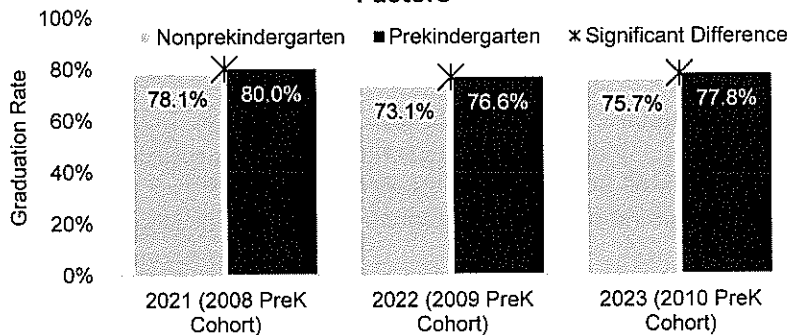
Community providers: Homes and centers that rely on private tuition or other nongovernmental revenue sources and do not receive NM PreK funding.

Head Start: Federally funded early education programs targeted to low-income families. **Head Start** serves 3- and 4-year-olds while **Early Head Start** targets expectant families, infants, and toddlers under age 3. Along with 25 other states, New Mexico receives a portion of its Head Start funding for Native American children, which flows through the state’s tribal governments.

students who attended prekindergarten performed at nearly the same reading proficiency rates as the overall third-grade population. LFC’s findings align with numerous high-quality randomized control trials conducted over the past several decades, pointing to early childhood education’s many long-lasting positive effects across metrics such as lifetime income, teen pregnancy, incarceration, school suspension, and educational attainment. While some studies find that effects diminish by the second or third grade, most studies find long-lasting benefits and a substantial return on investment, ranging from \$2 to \$17 for every \$1 invested. A 2009 study from the National Institute for Early Education Research (NIEER) on New Mexico’s first four years of prekindergarten found a 5:1 return on investment looking at all variables, and a 2014 LFC Results First brief identified a 3:2 return on investment, based on increased student test scores alone.

Positive and significant graduation effects identified in the 2020 program evaluation continue for subsequent cohorts. For this report, LFC staff used a similar modeling approach and found that statistically significant improvements in graduation persisted, including the most recent three years for which graduation data is available. (See Appendix C for more on the methodology behind these findings.)

Chart 2. Students that Participated in NM Prekindergarten Graduated at Significantly Higher Rates Even After Controlling for Demographic Factors

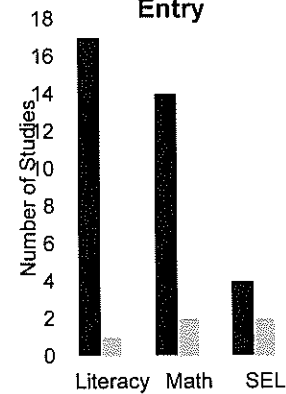


Note. Analysis controlled for demographic factors including student and school level FRL, ELL, and minority status.
Source: LFC analysis of ECECD and PED data.

The expansion of New Mexico’s Prekindergarten program brings quality and access challenges, even as the program continues to serve a high-need population.

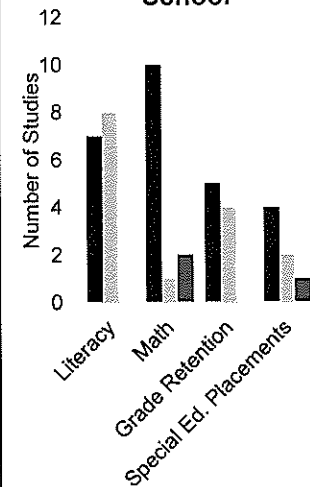
New Mexico’s Prekindergarten program has grown significantly since its inception, transitioning from a targeted intervention to a near-universal service. Over the past two decades, enrollment in New Mexico’s

Chart 1a. Studies of Impacts of PreK at School Entry



Note: SEL stands for social emotional learning.

Chart 1b. Studies of Impacts of PreK Throughout School



- Participants had better outcomes than comparison group children.
- ◻ No difference between participants and comparison group children.
- Participants had worse outcomes than comparison group children.

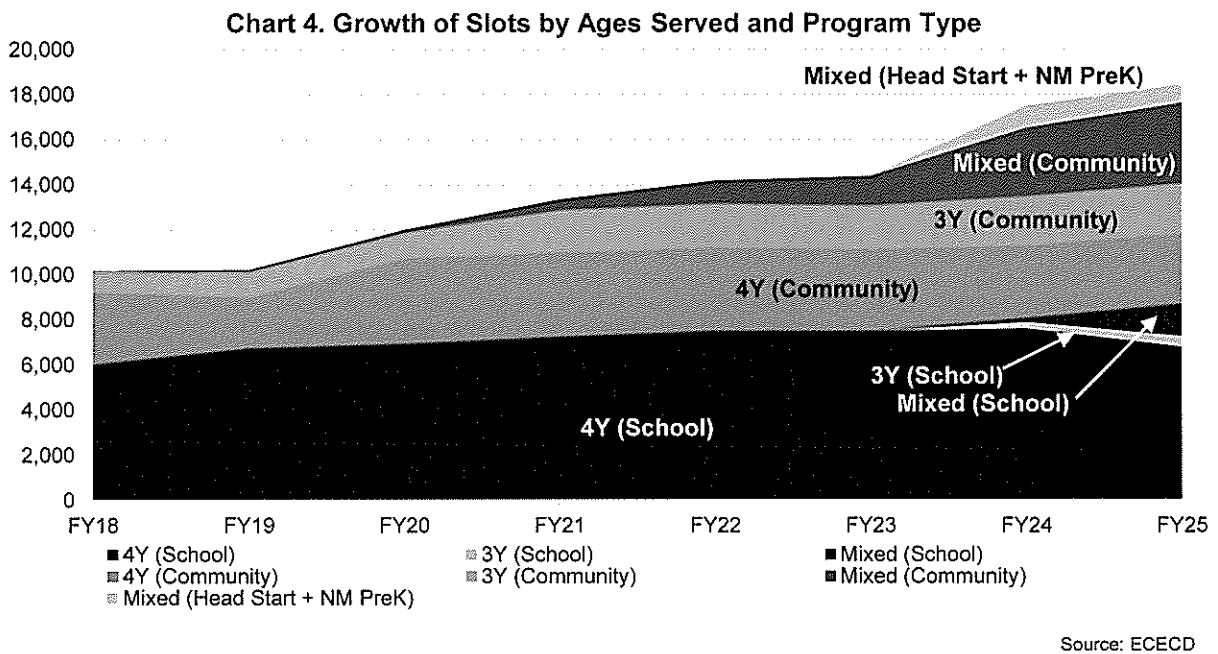
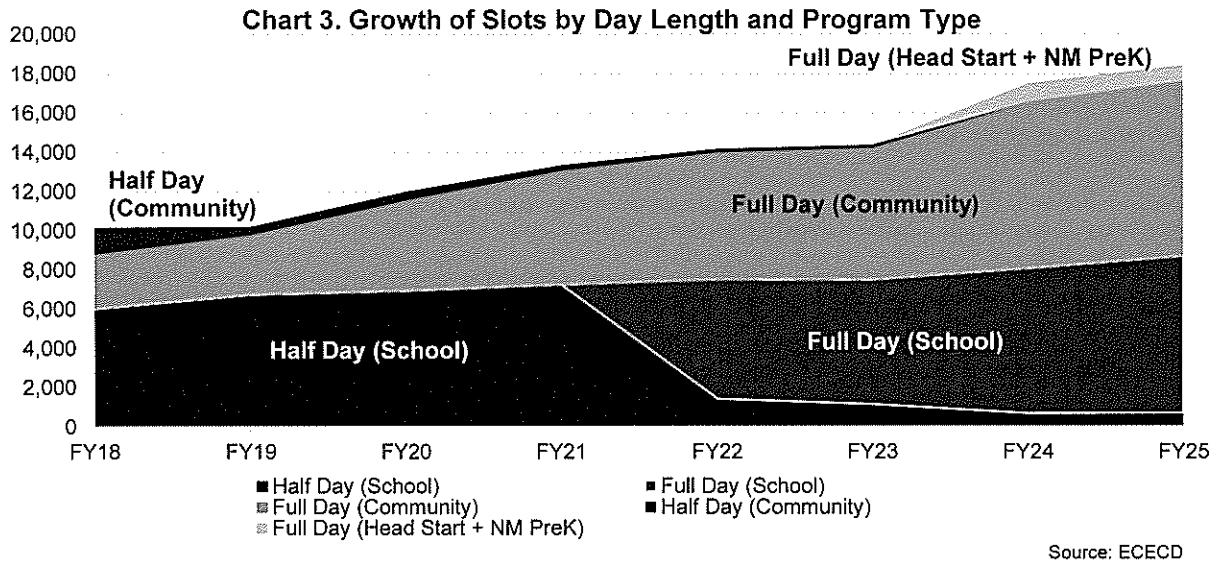
Source: Learning Policy Institute Meta-Analysis, 2019

Prekindergarten has increased more than tenfold. While this growth has expanded access across the state, it also introduces new challenges in maintaining program quality and ensuring equitable access.

When New Mexico's Prekindergarten launched in school year 2005–2006, just over 1,500 4-year-olds were enrolled in a new half-day program. These early participants were disproportionately likely to qualify for free and reduced-price meals (FRL), be English learners, and identify as Native American or Hispanic. Longitudinal studies consistently show that these student groups benefit most from participation in high-quality prekindergarten programs. Even as New Mexico's Prekindergarten has expanded to serve a much larger portion of the state's children, the demographic profile of its participants has remained relatively consistent. Across nearly two decades, children enrolled in New Mexico's Prekindergarten have been significantly more likely to qualify for free and reduced lunch, be English learners, or be from racial or ethnic minority groups. For instance, 81 percent of New Mexico's Prekindergarten participants since inception were designated FRL, compared to 73 percent of their non-participating peers (see Appendix C).

Since the Legislature created ECECD in 2019, the state has made concerted efforts to expand and coordinate early childhood services. ECECD assumed oversight of New Mexico's Prekindergarten, home visiting, early intervention, and childcare, while also coordinating with federal Head Start programs. Under ECECD's oversight, New Mexico's Prekindergarten was rebranded as NM PreK, which encompassed all aspects of the state's mixed delivery system. The agency has worked to standardize NM PreK requirements across providers while expanding the scope and duration of programs, expanding service hours and school calendars while creating more slots for 3-year-old and 4-year-old students. There are now also Early PreK slots available for about one-third of New Mexico's 3-year-olds.

Research from New Mexico and other states suggests that rapid program expansion can strain quality and disrupt equitable access. The 2020 LFC evaluation warned that "prekindergarten programs must remain of high quality and use resources efficiently to preserve the positive impact they have on student performance." As NM PreK has scaled up, the state has faced regional oversaturation, competition among providers, and declining Head Start enrollment due to shifting enrollment patterns. The pandemic further strained the system, highlighting the limitations of remote learning and disrupting services. New Mexico's experience mirrors national trends: many large-scale public prekindergarten programs struggle to maintain quality as they expand. A 2022 study of California's program found that Black, Hispanic, and multiracial children were underrepresented in high-quality classrooms during expansion. A 2017 research review concluded that most public prekindergarten programs in the U.S. fail to replicate successful models and fall short in duration, intentionality, and instructional quality.

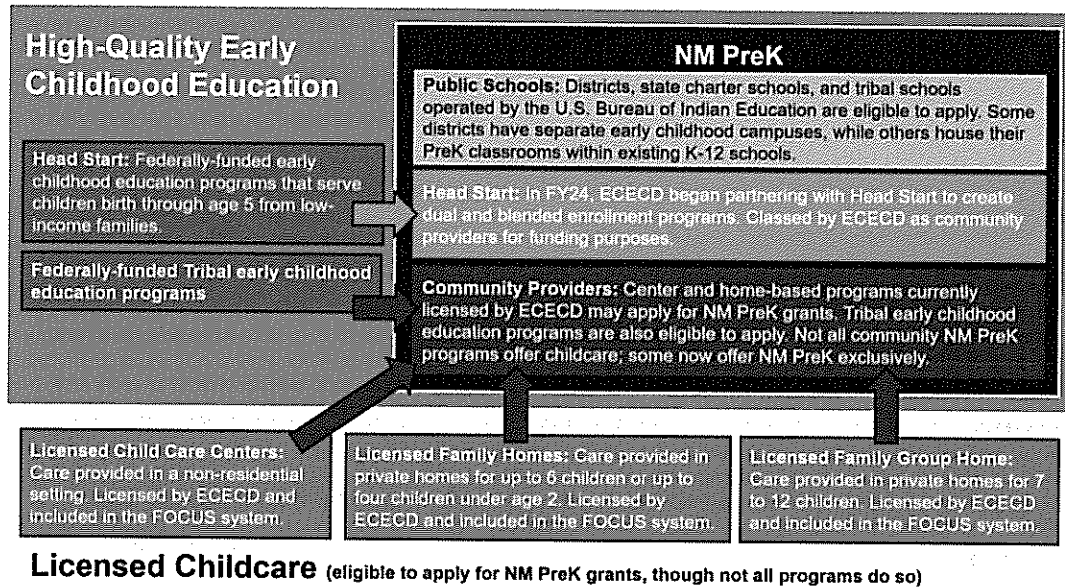


NM PreK encompasses a wide variety of educational settings.

NM PreK is a mixed delivery model, delivering services in both public schools and community providers. Though the program comprises a broad range of settings and student experiences, NM PreK is branded as a single, undifferentiated service. While ECECD maintains program standards that set requirements for every NM PreK classroom, some providers exceed expectations while others struggle to keep up. Nationally, school-based

programs tend to outpace their community provider peers when it comes to student outcomes, but some studies show community providers have benefits, especially for lower income and minority students.

Figure 1. The NM PreK Mixed-Delivery System



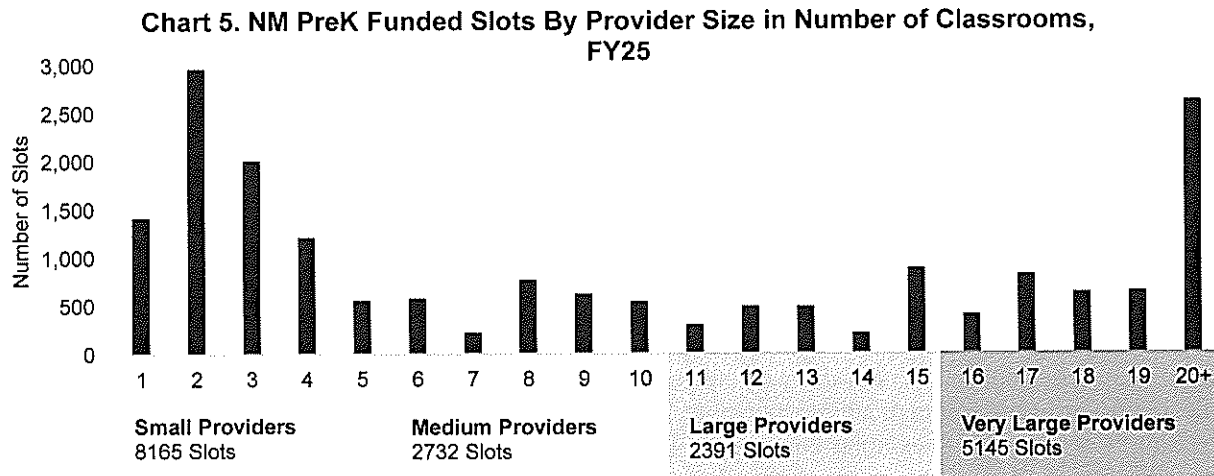
Source: LFC files

Currently, 35 states use a mixed-delivery system like New Mexico's, offering free prekindergarten in public schools and community-based organizations. New Mexico distributes prekindergarten offerings between public schools and community providers, which include everything from home-based programs with fewer than 10 students to large centers serving several hundred students. Mixed-delivery systems can offer families an array of culturally and linguistically responsive choices for early childhood education. Capitalizing on existing community-based services also allows states like New Mexico to create prekindergarten capacity quickly as compared to building out new programs in public schools that may lack physical space or staff capacity. However, a substantial body of research indicates targeted interventions are necessary to ensure quality and even implementation across mixed-delivery systems.

New Mexico's mixed-delivery prekindergarten system sets a per-child rate. New Mexico's statute requires that total prekindergarten program appropriations be divided equally between public schools and community providers but does not specify that amounts per slot be equal. Under the state's current funding model, NM PreK funding is awarded by slots. The fixed amount per slot is determined by age of child served (4-year-olds, 3-year-olds, or mixed), and the number of program hours per school year.

Nationwide, school-based programs tend to surpass their community provider peers on metrics of academic preparation for kindergarten.

A 2024 study examined setting inequities and student outcomes across five large-scale mixed-delivery prekindergarten systems. Children in public-school prekindergarten made significantly larger gains in their language skills than their counterparts in community-based programs. Similarly, a 2020 study found that public school programs in a mixed-delivery county featured more educationally oriented activities, led to greater academic knowledge, and featured higher-quality teacher-student interactions. However, occasional studies do find the opposite, including a 2016 national study, which found that community providers produced greater academic gains and equivalent social-emotional gains among low-income students than among their public-school peers. In New Mexico, LFC staff have previously found that school-based programs have slightly larger impacts on academic outcomes than community providers. However, both types of structured prekindergarten programs surpassed non-prekindergarten childcare in improving school readiness by accelerating reading, math, and language skills.



Source: LFC analysis of ECECD data

Most NM PreK students are served by either small or very large providers. Across both community providers and school districts, most students are in centers with fewer than five classrooms or more than 16. The largest provider in the state is Albuquerque Public Schools, which in FY25 operated 99 NM PreK classrooms. One third of community providers operate a single classroom, and another third operate two classrooms. This difference between program sizes points to a potential need for technical assistance tailored to varying economies of scale.

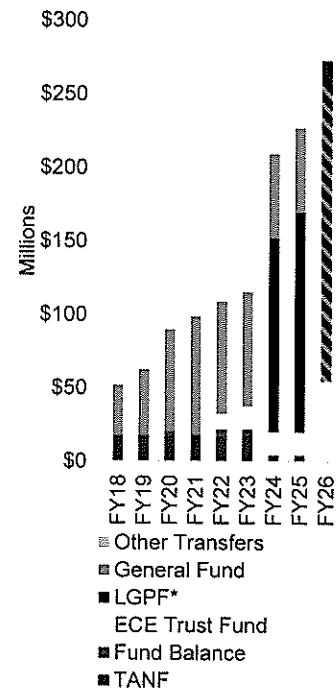
State funding for prekindergarten has nearly quintupled since FY18 as the state draws on long-term investments to rapidly expand access.

In the last five years, New Mexico’s early childhood investment strategy has shifted to maximizing the impact of long-term state investments by expanding access, aligning resources with need, and continuing to support the infrastructure developed over the past decade. The establishment of the early childhood trust fund and increased distributions from the land grant permanent fund have driven recent funding increases and should provide financial sustainability for these initiatives in the long term. As the state approaches universal access for 4-year-olds, funding has shifted to prioritizing mixed and 3-year-old (early prekindergarten) classrooms. Statute does not specify the distribution of funds for early prekindergarten and most new 3-year-old slots have been created with community providers.

State funding for prekindergarten has grown by 15 times over the last 13 fiscal years. As of 2024, New Mexico ranked fourth in the nation for per-child annual prekindergarten spending (\$13,227). For comparison, Oregon, which ranked first, spent \$18,637, and Nebraska, which ranked last, spent \$2,225. Between 2023 and 2024, New Mexico was one of only five states to increase per-child funding for prekindergarten by more than \$2,500 adjusted for inflation—continuing a sustained growth trend in New Mexico’s investments in early childhood. In FY12, the state provided only \$14.5 million in total prekindergarten funding. By FY18, state funding had grown to \$53.5 million, and in FY25, the Legislature appropriated \$222.6 million to fund prekindergarten programs. Through FY23, the state appropriated most NM PreK monies from the general fund, supplementing this with the state’s Temporary Assistance for Needy Families federal block grant. In FY24 and forward, the bulk of appropriations derived from the Land Grant Permanent Fund (LGPF). Since FY21, NM PreK has also drawn on the early childhood education and care fund.

A 2022 constitutional amendment allows distributions from the Land Grant Permanent Fund to directly benefit state-funded prekindergarten. A 2024 report from the National Institute of Early Education Research lauded New Mexico as a “rising star” of state-funded prekindergarten, calling attention to recent rapid increases in access, fueled largely by new distributions from the LGPF. In New Mexico, a constitutional amendment is required to alter the distribution of the LGPF, one of the largest sovereign wealth funds in the country. Nearly 700 thousand voters cast a ballot on this measure, with 70 percent voting to approve the amendment in 2022. The amendment allocates 1.25 percent of the five-year average year-end market values of the money in the LGPF to early childhood education and the public school permanent fund. Even though general fund transfers to the prekindergarten program decreased

**Chart 6.
Prekindergarten
Funding by Source**



*Note: The 2022 amendment to the New Mexico constitution (Paragraph [2] of Subsection H of Article 12, Section 7) allows for the transfer of money from the land grant permanent fund (LGPF) via the Permanent School Fund to the common school current fund for early childhood programs, including prekindergarten. In FY24 and on, general fund appropriations were expanded through this new constitutionally enabled funding stream.

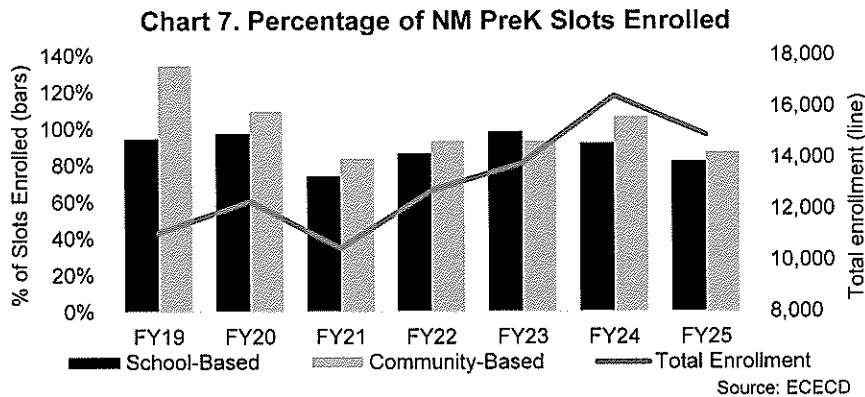
Source: General Appropriation Act and LFC Post Session

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slightly in FY24 and FY25, the addition of large LGPF distributions led to historic investments in prekindergarten.

In FY25, there were slots for 82 percent of 4-year-olds and 35 percent of 3-year-olds in either NM PreK or Head Start programs. As New Mexico approaches universal availability of free early childhood education for 4-year-olds, ECECD’s FY26 funding priorities are first to shore up 4-year-old services in underserved areas and then expand 3-year-old program capacity in areas of the state with the most need.

During FY25, school-based programs were enrolled at 82 percent of capacity, and community providers were enrolled at 87 percent of capacity, suggesting the state is approaching saturation as supply catches up with demand. After enrollment dropped during the pandemic, numbers have rebounded and in FY25, nearly 15 thousand 3- and 4-year-olds enrolled in NM PreK. Most school-based programs cannot operate at 100 percent of capacity due to requirements that programs hold open slots for children with individualized education programs or who are receiving McKinney-Vento homeless assistance. Additionally, community providers serve most 3-year-olds in NM PreK and these slots are currently in higher demand due to lower supply.



NM PreK continues to improve kindergarten reading proficiency, especially for low-income students.

State-funded prekindergarten began almost two decades ago as a targeted intervention to help close the educational opportunity gap for students from lower-income families. However, as the program has shifted from a targeted program to one aspiring to near-universal access, the goals and expectations of state-funded prekindergarten need to be reconsidered and updated. Broadly speaking, public prekindergarten results can be thought of in three categories: academic student outcomes, non-academic student outcomes (including social-emotional development), and benefits for families. Currently, New Mexico's kindergarten-12th grade (K-12) assessment portfolio still focuses mostly on academic outcomes. For this reason, the analysis presented in this chapter centers almost exclusively on reading proficiency scores, captured on the Istation assessment that New Mexico has used since the 2016-2017 school year. This is not to discount the potential benefits of prekindergarten that are not captured in standardized tests such as Istation. To understand these other benefits, the state will need to invest in better data tracking and more targeted tools. At the heart of New Mexico's prekindergarten data issue is a lack of shared understanding about the goals of prekindergarten and what constitutes kindergarten readiness.

The data in this chapter tell the story of New Mexico's rebound from the Covid-19 pandemic. By the 2023-2024 school year, beginning-of-year Istation proficiency rates surpassed pre-pandemic rates for all students, and students who attended prekindergarten were again significantly outperforming their peers.¹ Yet even in the immediate aftermath of the pandemic, prekindergarten students were still more likely to score proficient on Istation assessments of reading than their peers, especially among lower-income students who qualify for free or reduced-priced meals.

Even in the aftermath of the Covid-19 pandemic, prekindergarten students still started kindergarten better prepared in reading, with especially big gains for lower income students.

Even as NM PreK has expanded, low-income students still see the most benefits.

When New Mexico launched its prekindergarten program in 2005, the intervention targeted students who were most at risk. Even as the program has expanded more than tenfold over the past two decades, the students for

¹ This evaluation utilized beginning-of-year Istation proficiency as a measure of kindergarten reading proficiency. Previous LFC evaluations have utilized the kindergarten observation tool (KOT), but PED discontinued use of KOT in 2023.

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whom the program was originally designed are still benefitting the most. Updated analysis for this progress report shows that students who qualify for FRL see the biggest boost in Istation proficiency rates at the beginning of kindergarten, and that “prekindergarten bump” lasts longer for this demographic group compared to non-FRL peers. However, *all* students who attend New Mexico’s prekindergarten program are more likely to reach proficiency in reading on beginning-of-year Istation assessments compared to students who do not attend.

NM PreK students perform better on beginning-of-year kindergarten Istation tests, with the biggest gains among low-income students.

Consistent with a substantial national body of research literature and previous LFC findings, New Mexico students with one or more risk factors tend to gain the most from participation in NM PreK. Prekindergarten students who qualify for FRL significantly outperformed demographically similar peers who had not enrolled in NM PreK on beginning-of-year Istation tests in every year since the test was first implemented statewide in

Interpreting Istation Scores

- **SY17** – Istation first implemented statewide in New Mexico.
- **SY21** – Children are taking Istation in remote learning settings; proficiency rates are artificially inflated due to parent involvement.
- **SY22** – Scale for Istation changed but not the proficiency cut-off points.
- **SY23** – Istation data only available for end-of-year.
- **SY24** – Scale has been steady since SY22, indicating that New Mexico kindergarteners are making real academic gains in literacy.

Chart 8. Prekindergarten Cohort Percent Proficient on Istation BOY Comparing Prekindergarten vs Nonprekindergarten

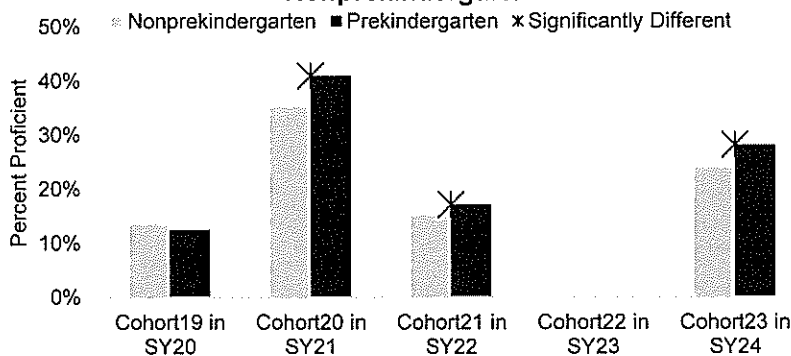
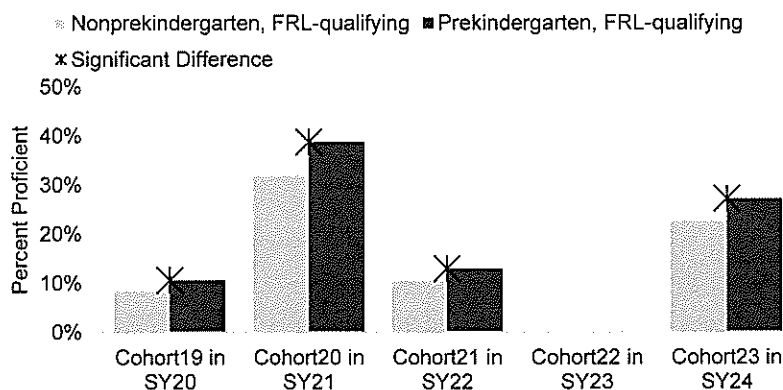


Chart 9. Proficiency on Beginning of Year Istation for FRL-Qualifying Children



Note. Analysis controlled for demographic factors including student and school level FRL, ELL, and minority status. BOY Istation not available in SY23.

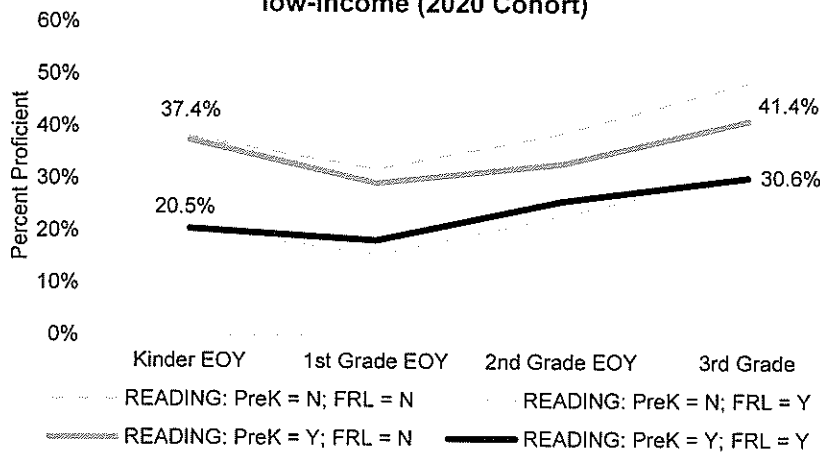
Source: LFC analysis of ECECD & PED data.

Delays Related to the Covid-19 Pandemic Appear to be Modest

Although the largest national study to date found only modest developmental delays in children under 5 due to the Covid-19 pandemic, all 10 NM PreK programs visited by LFC staff reported increases in behavioral issues and self-regulation challenges. The Johns Hopkins Children’s Center analyzed data from over 50 thousand and found small but statistically significant declines in communication, problem-solving, and social skills. New Mexico providers’ observations may reflect compounding risk factors like poverty. Researchers also noted that some pandemic-related impacts may emerge later, underscoring the need for ongoing longitudinal tracking of affected cohorts.

school year 2016-2017. Additionally, while the beginning-of-year literacy proficiency rates of all New Mexico kindergarten students improved between school year 2021-2022 and 2023-2024, the “prekindergarten bump” also grew during this period, suggesting that prekindergarten is effectively boosting kindergarten reading levels after the disruption of the pandemic.

Chart 10. Low-income students who attended prekindergarten had significantly higher academic gains in reading compared to students who are not low-income (2020 Cohort)



While non-FRL students who attended NM PreK saw a 4 percentage point growth in reading proficiency between the end of kindergarten and the end of third grade, FRL prekindergarten students saw a 10 percentage point jump during that same period.

Source: LFC analysis of ECECD & PED data

The literacy boost New Mexico’s low-income students experience after prekindergarten is larger and longer-lasting than that of their higher-income peers. Although students who did not attend prekindergarten tend to catch up academically, longitudinal data analysis indicates that prekindergarten has longer lasting reading proficiency effects for low-income students who attended prekindergarten compared to those who are not low-income (see Appendix C for explanation of analysis). For

How to Think About the Kindergarten Catch-Up Effect

Nationwide, studies often find that students who attend prekindergarten start school at higher levels, but that their peers catch up to them by the mid-elementary grades. However, this does not mean that prekindergarten does not work. Prekindergarten consistently corresponds with higher graduation rates, indicating the program has a persistent effect, even as assessment gains may diminish. How do researchers make sense of this?

Isolation captures a narrow range of academic skills. Using the social-emotional and demographic markers in the new early development instrument data set may provide a more comprehensive understanding of student outcomes.

As children move from high-quality, small, nurturing prekindergarten environments into larger and more variable elementary settings, **peer effects and school-wide quality** begin to matter more. If a child enters a low-performing elementary school, the advantages they gained in prekindergarten can be overwhelmed by systemic challenges.

Effective school practices in kindergarten to third grade are necessary to sustain the “prekindergarten bump.” LFC’s 2025 Policy Spotlight *Successful School Practices* pointed to the importance of grade-level instruction, teacher development and accountability, monitoring of student learning, and high-quality school leadership. Wraparound supports are also necessary to sustain gains, especially among children from vulnerable populations—the same children who are more likely to enroll in NM PreK in the first place.

example, among the 2020 New Mexico prekindergarten cohort, low-income students who attended prekindergarten demonstrated proficiency at a rate of 20.5 percent at end-of-year kindergarten and 30.6 percent at end of third grade, a gain of 10.1 percentage points in proficiency. Students who are not low-income who attended prekindergarten demonstrated proficiency at a rate of 37.4 percent at end-of-year kindergarten and 41.4 percent at end of third grade, a 4 percentage point proficiency rate gain. Longitudinal analysis indicates that the gains in proficiency rates over time are significant, but that the academic gains for the low-income prekindergarten group are greater.

New Mexico is still developing a unified kindergarten readiness framework and the data infrastructure needed to support early childhood accountability.

In 2020, LFC recommended the adoption of a statutory definition of kindergarten readiness that would articulate the broad outcomes prekindergarten is meant to achieve—such as emotional self-regulation, foundational language and literacy skills, or executive functioning. In 2025, New Mexico’s early childhood education system continues to operate without a set of statewide benchmarks for kindergarten readiness, a foundational omission that undermines efforts to ensure quality and accountability across NM PreK. As a result, the state’s approach to measuring and improving NM PreK outcomes remains fragmented: ECECD is updating the state’s early learning guidelines (ELG) and planning a new portfolio of assessments, but without ensuring that these tools align with each other or with assessments conducted in kindergarten classrooms.

A statutory definition would provide a clear, enforceable benchmark to align instruction, guide assessment choices, and support consistent practices across the state. Although the state is revising its ELG, a critical tool for identifying developmental milestones in children from birth to age 5, these guidelines are not, on their own, sufficient to define or measure readiness. As of June 2023, 15 other states had adopted statutory definitions of school readiness (see Appendix D). These states use their definitions to drive instructional focus, determine eligibility for support services, and communicate expectations to families and schools. For example, Maryland defines readiness broadly, incorporating language, literacy, math, social foundations, and physical well-being. As a 2019 LFC evaluation pointed out, other states including Colorado and Texas directly measure kindergarten readiness in literacy based on Istation. New Mexico could build on its current ELG revision to adopt a similar multidimensional framework.

Developmentally Appropriate Practices for Observing, Documenting, and Assessing Children’s Development and Learning

Observation, documentation, and assessment of young children’s progress and achievements is ongoing, strategic, reflective, and purposeful.

The assessment focuses on children’s progress toward developmental and educational goals. Such goals should reflect families’ input as well as children’s background knowledge and experiences.

A system is in place to collect, make sense of, and use observations, documentation, and assessment information to guide what goes on in the early learning setting.

The methods of assessment are responsive to the current developmental accomplishments, languages, and experiences of young children. They recognize individual variation in learners and allow children to demonstrate their competencies in diverse ways.

Assessments are used only for the populations and purposes for which they have been demonstrated to produce reliable, valid information.

Decisions that have a major impact on children, such as enrollment or placement, are made in consultation with families.

When a screening assessment identifies a child who may have a disability or individualized learning or developmental needs, there is appropriate follow-up, evaluation, and, if needed, referral.

Source: National Association for the Education of Young Children Position Statement

Figure 3: Prekindergarten and Kindergarten Assessments, up to 2023

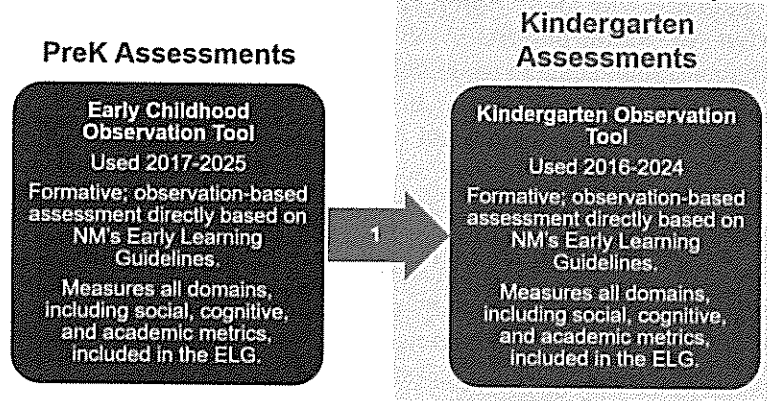
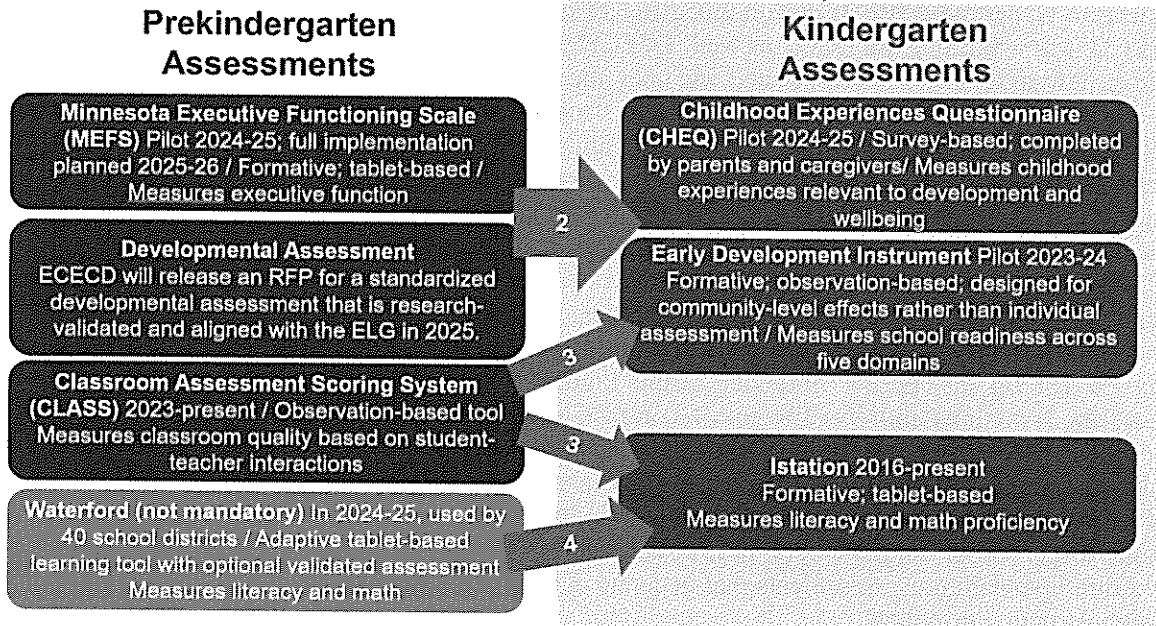


Figure 4: Prekindergarten and Kindergarten Assessments, Current Situation



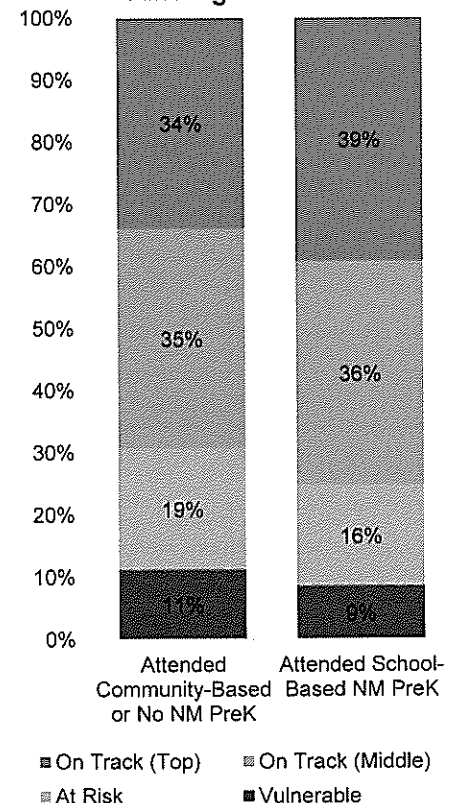
1. Created for use in New Mexico and based on the state's early learning guidelines, the ECOT and KOT used the same rubric and could be used to track progress from prekindergarten to kindergarten. However, the 2020 LFC program evaluation found the data was not being effectively used in this way.
2. ECECD is piloting several assessments of kindergarten readiness in partnership with the University of California, Los Angeles. Hypothetically, these observation- and survey-based assessments could be tied back to the MEFS and a new standardized, research-validated developmental assessment is aligned to the state's early learning guidelines. Currently, the EDI data collected in the 2023-24 school year lives at PED, where the department is exploring ways to digest the data into its NOVA system for stable long-term storage and accessibility. ECECD reports that the data is already being used by local early childhood coalitions. However, the granularity of the EDI data would lend itself to more powerful analyses, with the potential to reveal neighborhood effects and inform decisions about future NM PreK policies and funding.
3. CLASS data shows the quality of teacher and student interactions. Istation and EDI outcomes could be tied back to CLASS data to show the extent to which high-quality classroom experiences predict school readiness.
4. Waterford, a tablet-based learning tool used in 40 districts, provides data that could hypothetically be linked to Istation to show growth in literacy proficiency over time. However, because the tool is not statewide, data is only partial.

Source: ECECD, PED, and LFC files

Lacking cohesive readiness goals, New Mexico has struggled to select focused assessments that meaningfully track student progress from prekindergarten to kindergarten. A 2024 U.S. Government Accountability Office report found that 36 states collect readiness data, and 27 administer kindergarten entry assessments. In other states, readiness assessments tend to include both academic and non-academic domains. New Mexico previously used a homegrown set of observation-based assessments—the early childhood observation tool (ECOT) in prekindergarten and the kindergarten observation tool (KOT)—that were directly aligned with the state’s ELG. Though these tools had shortcomings in terms of usability and data capture, they provided a conceptual throughline from prekindergarten to kindergarten. However, despite this alignment, the 2020 LFC evaluation found the state had failed to build mechanisms for kindergarten teachers to receive ECOT data or provide feedback to prekindergarten providers, undermining their value. The Public Education Department (PED) discontinued use of the KOT in 2023, and ECECD is now phasing out ECOT as well. ECECD plans to replace ECOT with a new assessment portfolio that includes the Minnesota executive function scale (MEFS) and a developmental assessment that will be chosen through an RFP during 2026. Istation, which captures only outcomes in literacy and math in kindergarten, is the current best tool for gauging the academic effects of prekindergarten and since FY25 has been used to calculate ECECD’s annual performance measures in literacy and math outcomes. Under this setup, New Mexico would effectively be measuring social-emotional factors at prekindergarten and then pivoting to emphasize academic outcomes in kindergarten. As a result, prekindergarten teachers may be aiming at one set of goals, while kindergarten teachers are measuring something entirely different. In contrast, many other states have invested in systems where preschool and kindergarten assessments build on a shared framework. North Carolina, for instance, uses the early learning inventory at kindergarten entry, aligned to its Foundations ELG, and links results to preschool data. Without similar coherence, New Mexico risks investing in misaligned assessments that generate data too disconnected to guide instruction or policy.

The early development instrument may provide a more comprehensive picture of kindergarten readiness—if ECECD and PED can process and use the data. The early development instrument (EDI) provides information about children’s health, development, and school readiness. EDI is an observation-based assessment across five domains carried out by kindergarten teachers that resembles the multidimensional kindergarten observation tool but has been validated and tested across many states. Using benchmarked national data, EDI allows teachers to classify students across multiple domains as vulnerable, at risk, or on track. LFC staff compared Istation and EDI scores and found that EDI scores for two domains—language and cognitive development, and communication skills and general knowledge—show statistically significant, moderate correlations with kindergartener’s Istation reading scores, effectively providing additional validation for both tests. Children who attended

Chart 11. Early Development Instrument Language and Cognition Results for 2023-24 School Year New Mexico Kindergarteners



Source: LFC analysis of EDI data

Prekindergarten Quality and Educational Outcomes

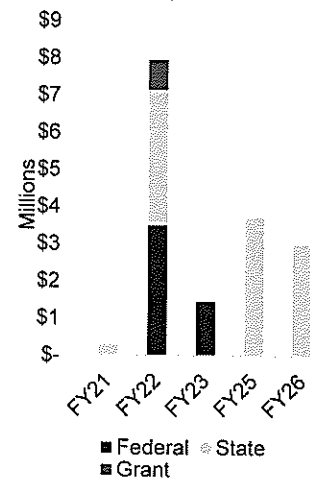
school-based prekindergarten in the 2022-23 school year were less likely to be rated vulnerable or at risk in kindergarten across all five domains of the EDI, with the biggest gains in the language and cognition domain. The tool ties data to PED student ID numbers, which track outcomes for prekindergarten students who attended school-based programs. However, because children who enrolled in community-based programs do not receive a PED student ID until they enroll in kindergarten, it is currently not possible to disaggregate data for this group from the larger data set. As of March 2025, ECECD and PED had not decided how to process, store, or use data collected using the EDI in the long-term.

New Mexico’s continued failure to complete integrated educational data systems impedes both classroom support and high-level program evaluation. The state’s early childhood integrated data system (ECIDS), first proposed in 2015, remains incomplete. An \$8.5 million federal Race to the Top grant originally supported the program, and PED spent over \$1 million through a contract with the education-focused IT company eScholar. In 2023, ECECD entered a \$1.1 million contract with Resilient Solutions 21 (RS21), due for completion in 2024. The last report to the Department of Information Technology’s project certification committee was in April 2024, and despite having a proposed completion date of June 2024, DoIT still lists the project as “active” and only 78 percent of the current budget has been spent to date. Further complicating ongoing progress, the original data that ECIDS was meant to ingest, including the ECOT and the KOT, are now obsolete. As noted in a 2019 LFC evaluation on the procurement process, ECIDS is an example of the state not obtaining value from the initial contract.

Meanwhile, the New Mexico longitudinal data system (NMLDS) remains inaccessible to researchers. As of 2021, New Mexico was one of 10 states without a functioning state longitudinal data system according to the Education Commission for the States. In 2012, the state received a federal state longitudinal data system (SLDS) grant of \$4.6 million. Over the past five fiscal years, New Mexico appropriated \$13 million to support the NMLDS. In 2025, the Legislature appropriated another \$3 million to the project. LFC’s report cards have given the project a “red” status for four consecutive quarters (as of FY25, quarter 2), denoting that significant issues limit the project’s success and require corrective action. The project was originally slated for completion by September 2026. However, the Higher Education Department, which houses the NMLDS project, has added several new project phases and contracts and has not successfully moved from planning (phase one) to implementation (phase two).

Other states have made greater progress. For example, Pennsylvania uses its Early Learning Network to link student-level assessment data with early intervention services, professional development, and longitudinal tracking. In the absence of a functional state system, some districts and providers have developed their own data-sharing workarounds. Gadsden Independent

Chart 12.
Appropriations to
NMLDS, FY21-26



Source: HED July 2024 PCC Presentation; HB2 2025

School District, for example, has adapted the Marzano proficiency scales to align with the state’s early learning guidelines and district-specific goals. LFC interviews revealed that other efforts to pass prekindergarten data to elementary schools were piecemeal and highly localized. These efforts underscore the necessity of scalable, equitable, and coordinated statewide data infrastructure.

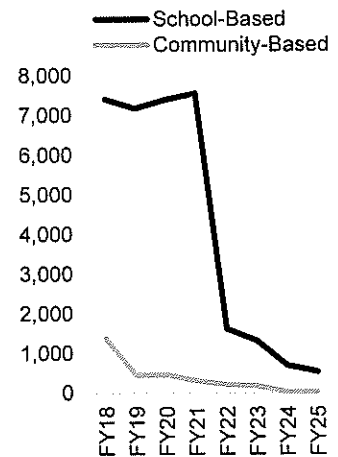
The lack of a unified data system makes it difficult to evaluate the effects of ECECD’s suite of programs and support services—or to disaggregate these from prekindergarten. The early childhood integrated data system (ECIDS) is meant to track the outcomes not only of prekindergarten, but of ECECD’s other programs, including childcare assistance, home visiting, and more. This would allow the agency and external researchers to see which combinations of services produce the greatest impact. On the prekindergarten side, ECIDS would be useful in evaluating the impacts of various NM PreK formats currently offered, namely basic (half-day), extended (full-day), extended plus (full-day with longer hours and school years), and early prekindergarten (programming for 3-year olds). Since the 2020 evaluation, ECECD has largely phased out half-day programs, making it difficult to compare these diminished cohorts against expanded extended day programs. Likewise, until FY24, all 3-year-old and mixed classrooms were housed with community providers, meaning that before this year, all students who stacked early prekindergarten and prekindergarten would have attended community-based programs. However, that has started to change as ECECD adds more mixed classrooms to public school programs. LFC staff compared kindergarten assessment outcomes for students who attended various formats of prekindergarten from 2020 to present but found varied and largely insignificant results—no clear trend emerged to show how full-day or early prekindergarten investments are paying off. Rapid program change, insufficient data tracking on the community provider side, and the Covid-19 pandemic are the likely behind these inconclusive findings.

Recommendations

ECECD should:

- Work with the Higher Education Department to ensure that new data sources such as the early development instrument and the classroom assessment scoring system are actively digested and incorporated into the New Mexico longitudinal data system;
- Work with the PED to ensure that PED’s unique student identifiers are assigned to children in all NM PreK programs by the start of the 2025-26 school year, including those enrolled with community providers and dual enrollment or blended Head Start programs;
- Use prekindergarten and kindergarten assessments to track students’ short- and long-term success and inform quality improvement and support for educators and administrators;

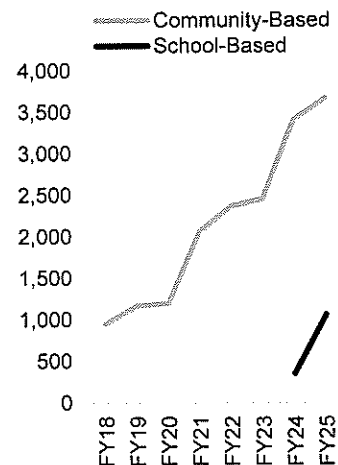
Chart 13. Half-Day NM PreK Slots



Note: FY18 school-based slots are an estimate based on surrounding years as ECECD did not provide data for this year.

Source: ECECD data.

Chart 14. 3-Year-Old NM PreK Slots



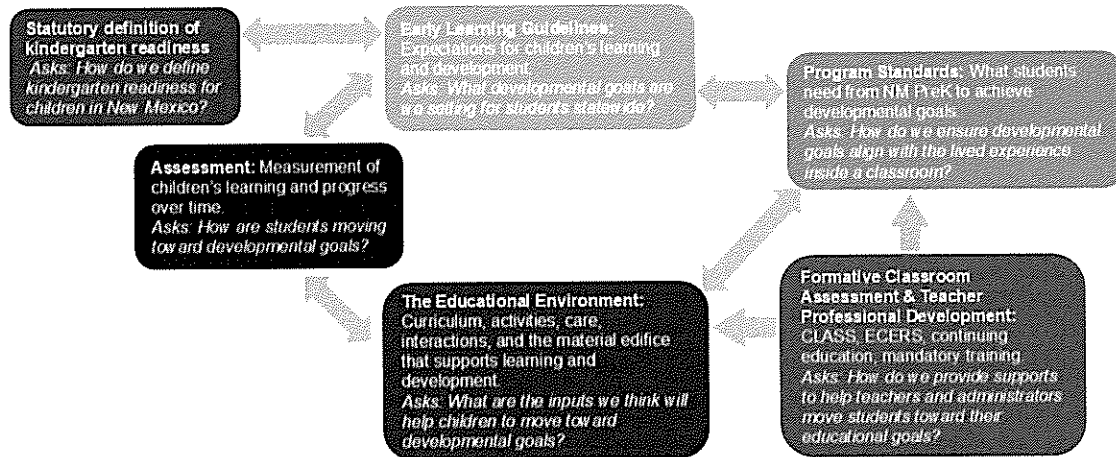
Source: ECECD data

- Collaborate with PED to plan for the long-term data digestion and usage of the early development instrument results by the start of the 2025-26 school year; and
- Consistently include program type in student enrollment data, including classroom type (3-year-old, 4-year-old, or mixed), and basic, extended, or extended plus, starting in the 2025-26 school year.

Instructional Quality Matters but Differences Across Providers Persist

In 2020, LFC’s prekindergarten evaluation noted several instances where PED and Children, Youth and Families Department (CYFD) had adopted divergent approaches to evaluating and maintaining quality across their programs. Since that time, ECECD has taken steps to set consistent expectations for programs, classrooms, teachers, and students across public school-based and community provider settings (see Appendix E). However, despite efforts to standardize policy and evaluation, rapid capacity growth has rendered it difficult to ensure uniform quality across all programs.

Figure 5. NM PreK Continuous Quality Improvement Model



Source: LFC files; based on Maryland's standards, assessments, and guidelines model

Table 1. Selected Building Blocks of High-Quality Early Childhood Education Programs

Building Block	Status in New Mexico
Comprehensive Early Learning Standards and Curricula: Developmentally appropriate, effectively implemented, and addressing multiple domains (academic, social-emotional, and physical).	Funded by a federal grant, ECECD is revising the state's early learning guidelines to be more usable and culturally relevant. However, the state still lacks a statutory definition of kindergarten readiness. ECECD will only pay for evidence-based curricula but could be doing more to encourage the use of evidence-based domain-specific teaching tools.
Ongoing Teacher Support: Professional development, coaching, and mentoring to maintain quality.	Practice-oriented coaching and annual professional development are provided for all teachers, but coaching styles and data tracking vary.
Well-Prepared Teachers: Teachers with specialized knowledge and qualifications in early childhood education.	As NM PreK has expanded, the percentage of community providers with a bachelor's degree has declined. More support may be necessary to hasten pathways to degrees.
Appropriate Child Assessments: Assessing academic, social-emotional, and physical progress for instructional planning.	ECECD is piloting a new assessment portfolio with tools for gauging executive function and development, including early math and reading. The new developmental assessment has not yet been selected, and if ECOT is phased out first, the state will lack measurements of prekindergarten math and literacy.

Note: See the full list and New Mexico's progress in Appendix F.

Source: LFC; Learning Policy Institute, 2016

As New Mexico approaches full NM PreK saturation for 4-year-olds and invests in more 3-year-old slots, quality improvement will be paramount to ensure that students continue to progress. Resourcing community providers with the right professional development, instructional tools, and coaching will be critical to achieving this goal.

Students in programs with higher instructional quality tend to score better on kindergarten assessments.

Expanded program options and better hours to support working parents have been key to ECECD’s plans to encourage NM PreK enrollment. In its 2025 budget hearings, the agency detailed a three-step plan (see Figure 3) to first increase capacity and then improve and assess quality. Capacity has steadily increased, though enrollment slightly tapered in FY25, suggesting an opportunity for the agency to shift its focus to increasing quality as the program approaches saturation. LFC’s 2020 prekindergarten evaluation recommended the uniform adoption of a validated tool for measuring classroom quality. ECECD has required all NM PreK classrooms to undergo a classroom assessment scoring system (CLASS) observation at least once a year starting in the 2022-23 school year. This nationally validated tool measures teacher-student interactions and can give teachers, administrators, and ECECD a clearer picture of where teachers excel and where there is room for growth. New Mexico’s CLASS data shows that, on average, most providers exhibit strong emotional support and skilled classroom management. However, public school classrooms score higher for instructional support and spend more time on early math and reading activities. Accordingly, since the introduction of Istation in 2016, students in PED NM PreK programs have outperformed their peers with community providers on measures of kindergarten literacy and math proficiency.

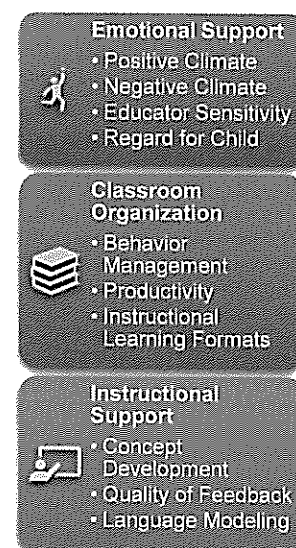
Annual use of CLASS now allows ECECD to compare quality across all classrooms. The 2020 LFC evaluation pointed to disparities in required assessments between school-based and community provider programs. At the time, PED mandated the use of the early childhood environment rating scale (ECERS), but CYFD had dropped requirements for ECERS in community classrooms in 2016. As a result, PED’s classrooms were ranked using a nationally validated tool and could be easily compared to other classrooms across the nation. Meanwhile, CYFD used its own quality rating system, which did not allow for comparisons to other classrooms in the state and nation. During the 2023-24 school year, coaches and observers conducted CLASS observations across 548 community- and 692 school-based prekindergarten classrooms.

ECECD’s Framework for Increasing Capacity and Quality

1. **Build capacity:** Achieve universal access through greater capacity
2. **Improve quality:** Improve child outcomes through higher quality services
3. **Enhance outcomes:** Use outcome-based measures to drive better decision-making and strategic investments

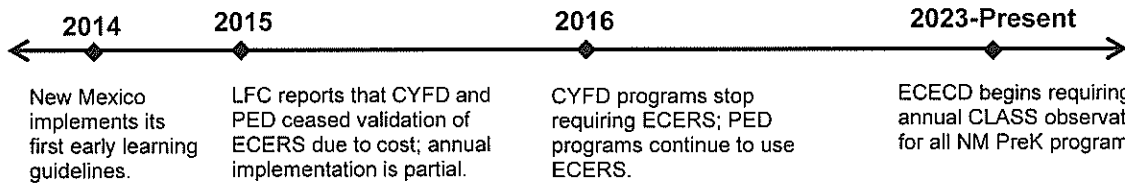
Source: ECECD budget hearing, Feb. 20, 2025

Figure 6. The Pre-K-3rd CLASS Framework



Source: TeachStone

Figure 7. Timeline of Prekindergarten Quality Rating System Use



Source: LFC files

School and community programs score similarly for emotional support and classroom organization, but school-based programs surpass their community peers for instructional support. For the 2023-24 school year, community providers and school-based programs received similar average scores within the domains of classroom organization and emotional support. However, community providers averaged 2.8 points for instructional support while school-based programs averaged 3.8 points in this category. While Teachstone, the developer of CLASS, does not provide nationally normed averages, federal Head Start programs are mandated to use CLASS, and national averages can provide a benchmark for scores. In 2020 (the most recent year for which the U.S. Department of Health and Human Services has published scores), Head Start classrooms nationally averaged 2.9 points in this category—only slightly above New Mexico’s community providers and well below its public schools. National Head Start averages for emotional support and classroom organization fell right around New Mexico’s scores in both areas. School-based programs were almost twice as likely to present subject matter focused on language or math as community providers.

How a CLASS Observation Works

CLASS observations typically last between two and four hours and consist of four observation cycles.

During each observation cycle, a trained observer watches the classroom for 15-20 minutes and then spends approximately 10 minutes coding their findings across the domains of emotional support, classroom organization, and emotional support.

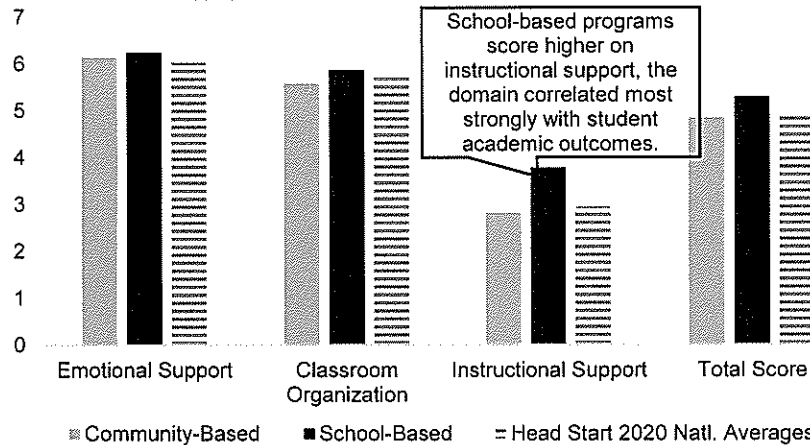
Each of the dimensions shown in Figure 7 are ranked on a scale from one to seven, which are then used to calculate the overall domain score. The average of the three domain scores gives the total CLASS score.

CLASS observations are conducted while children are participating in facilitated activities. This might include, for example, a scheduled snack time in which students interact with their teacher but would exclude unstructured outdoor recess. Observations are also meant to capture multiple instructional formats and subject areas.

TeachStone, the developer of CLASS, recommends randomly assigning observers, double coding by using two observers, checking fidelity with expert observers, or calibrating by watching consensus-coded videos.

Source: Teachstone

Chart 15. 2023-24 New Mexico CLASS Scores by Domains versus National Benchmarks



Note: Teachstone, the maker of CLASS, does not provide national average scores. Instead, the company recommends using national Head Start averages as a rough benchmark.

Source: LFC analysis of ECECD data; U.S. Department of Health and Human Services

The strongest CLASS indicator of difference in Istation proficiency rates across prekindergarten programs was instructional support.

LFC researchers identified the top and bottom NM PreK programs based on student proficiency on the beginning-of-year 2023-24 kindergarten Istation test. LFC staff matched those programs with average CLASS

scores from that program. The top performing school-based programs had higher average Istation scores than community providers. Among school-based programs, the largest difference between high and low performers for CLASS scores was in the domain of instructional support. This relationship also held true for prekindergarten programs where 90 percent or more students qualified for free and reduced lunch. See Appendix G for explanation of methodology.

Chart 16. High CLASS Scores for Instructional Support and Classroom Organization are More Predictive of Student Literacy Outcomes than Emotional Support

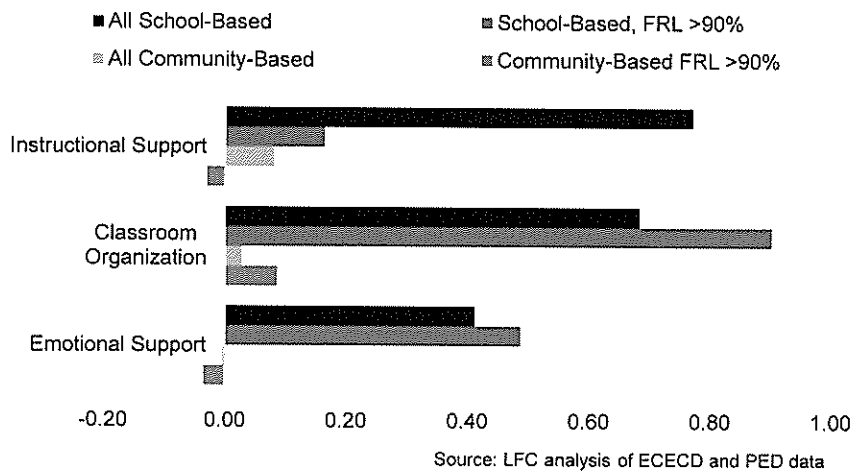


Table 2. Average Istation Proficiency of NM PreK Classrooms Examined for CLASS analysis

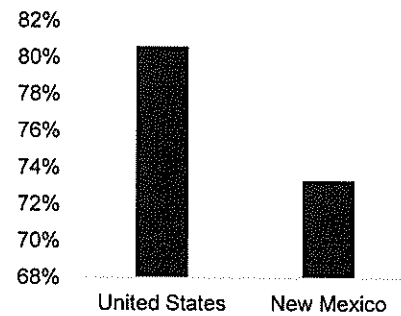
Type	All	FRL >90%
School-Based Top 20	63%	59%
School-Based Bottom 20	5%	7%
Community-Based Top 20	52%	45%
Community-Based Bottom 20	8%	10%

Source: LFC analysis of ECECD and PED data

Effects of Basic Digital Literacy on Istation Assessments

Prior exposure to tablet-based learning tools may contribute to higher kindergarten Istation scores for children who attended public school prekindergarten programs. Currently and historically, public school prekindergarten students are more likely to have access to technology in the classroom. In the 2023-24 school year, over 4,000 public school prekindergarten students across 64 districts and 188 schools in New Mexico were actively using Waterford, an adaptive tablet-based tool for teaching early math and literacy. Basic digital literacy learned through exposure to programs like Waterford may account for some of the higher beginning-of-year Istation scores among public school students, which taper by the end of the year as their peers learn how to use these tools and catch up. A 2021 study of 2- and 3-year-olds using educational applications on tablets showed that toddlers can rapidly acquire motor skills to successfully complete tasks on a touchscreen. In this study, 90 percent of participants had some prior experience using a tablet at home. In 2021, New Mexico ranked 48th in the nation for the percentage of students ages 3 to 18 who had access to a tablet at home. Since students in public school prekindergarten programs are more likely to be exposed to tablets and supplemental learning-based application, like Waterford, compared to students attending community-based NM PreK, this could partially account for the performance difference by students on Istation in kindergarten.

Chart 17. Percentage of Children 3-18 with Home Access to a Tablet or Other Portable Wireless Computer

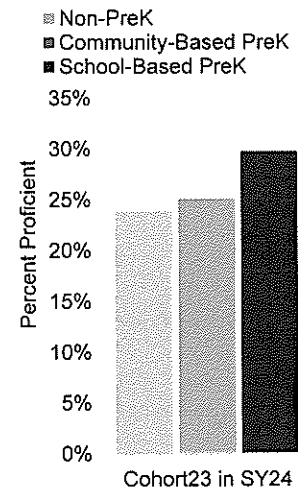


Source: Digest of Education Statistics, 2021

Even given demographic differences, students from school-based programs outperform peers in community programs on kindergarten Istation assessments. Children who attend NM PreK in public schools score significantly higher on beginning-of-year kindergarten Istation than either their peers who attended community programs or those who did not attend any NM PreK. These boosts are seen most strongly at the start of the school year but persist through the end of the year. This pattern holds true throughout the past six school years for which PED has data, except for the 2020-21 school year when pandemic effects appear to nullify any significant gains. For both the 2022-23 and 2023-24 school years, students from public school prekindergarten programs saw particularly significant gains on end-of-year assessments. Furthermore, 83 percent of students who attended school-based prekindergarten qualified for FRL compared to 78 percent of students who attended community-based prekindergarten programs. This indicates that despite serving a more at-risk population, school-based prekindergarten outperformed its community-based counterpart on measures of academic readiness.

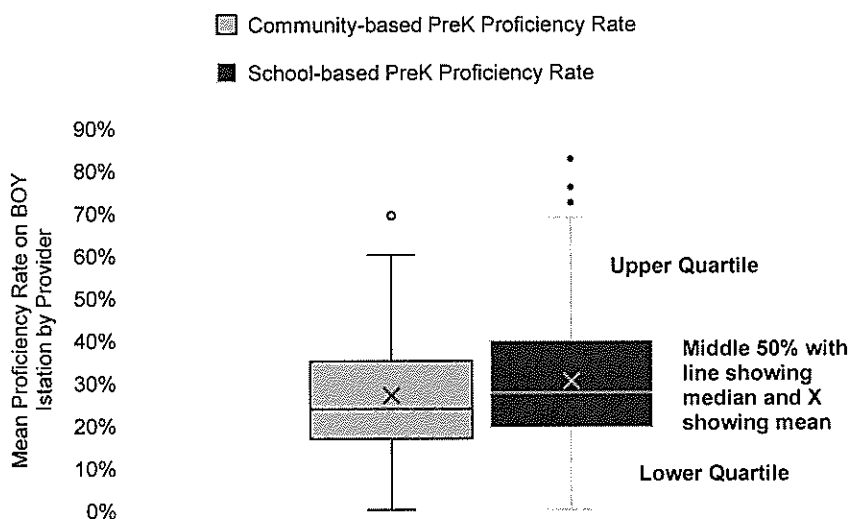
Some community providers produce kindergarten Istation proficiency rates rivaling public schools, demonstrating that high-quality, high-achievement programs are possible in all settings with the right interventions. In the most recent year, students who attended NM PreK in public schools had slightly but significantly higher average proficiency rates. However, the chart below shows that many community providers produce comparable results. By investing in interventions to enhance program quality and provide consistent, meaningful outcomes data, New Mexico may be able to level the playing field for students across the variegated landscape of NM PreK. For example, based on 2023-24 school

Chart 18. Beginning of Year Istation Proficiency



Note. All three groups are significantly different from each other ($p < .05$) on proficiency rates. Source: LFC analysis of ECECD and PED data.

Chart 19. Distribution of Community- and School-Based NM PreK Providers in SY23 on Istation Proficiency Rates in SY24



Note. Kindergarten Readiness is defined as proficiency on beginning-of-year Istation. Source: LFC analysis of ECECD and PED data.

To close the Istation gap with public school programs, only 150 additional students who attended community-based prekindergarten would need to achieve proficiency on their beginning-of-year kindergarten assessments.

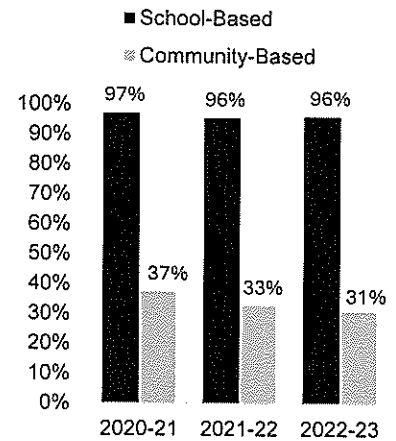
year beginning-of-year proficiency rates on Istation by the 2022-23 school year prekindergarten cohort, community providers would only need to ensure an additional 150 students (or 1 in 16 students) achieve proficiency to close the gap with public prekindergarten providers.

Disparities in teacher preparation contribute to gaps in instructional support.

A 2025 report from NIEER called New Mexico out as a “preschool rising star,” pointing to the state’s recent advances in enrollment, teacher pay parity, and funding. New Mexico meets nine out of 10 NIEER quality standards—but fails to meet the final standard because most community providers still do not have bachelor’s degrees. Previous LFC reports have indicated that differences in teacher training have real impacts for students. Pay parity and wage supplement programs are designed to incentivize teachers to remain with community and Head Start providers, and improved tracking of early educator career lifecycles should help ECECD determine whether these programs are working as intended. However, as community programs have expanded in the past five years in part to add more slots for 3-year-olds, the percentage of community providers holding a bachelor’s degree or higher has declined.

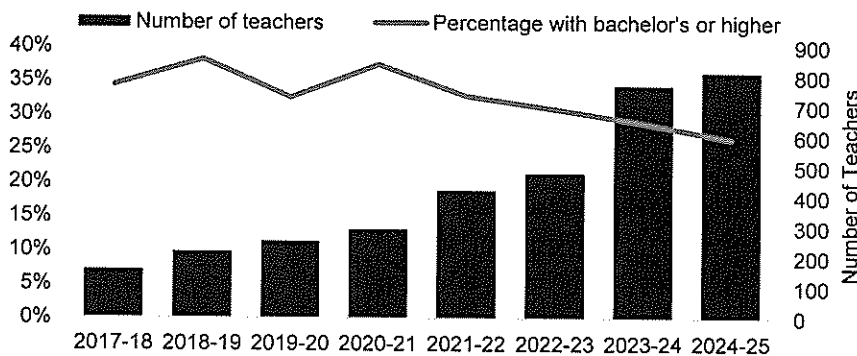
ECECD has standardized educational requirements for teachers and educational assistants across schools and community providers, but many community providers have not yet attained bachelor’s degrees. Prior to the inception of ECECD in 2020, CYFD and PED had diverging educational requirements for NM PreK teachers. Under today’s ECECD program standards, minimum degree levels and annual professional development requirements are now standardized for all teachers and educational assistants regardless of setting (see Appendix E). However, many community providers start from a different point in their educational careers than teachers in PED-administered programs. In the 2022-23 school year, 31 percent of community teachers had attained a bachelor’s degree or

Chart 20. NM PreK Teachers with Bachelor’s Degree or Higher by Provider Type



Source: LFC analysis of ECECD workforce and PED teacher cost index data

Chart 21. Community-Based Prekindergarten Teachers with a Bachelor’s Degree or Higher

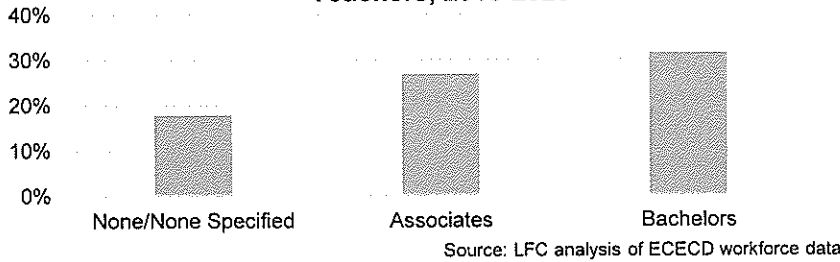


Source: LFC analysis of ECECD workforce data

higher compared to 96 percent in public schools. The likelihood of having any credentials with a specialized focus on early childhood education is also substantially higher in public schools.

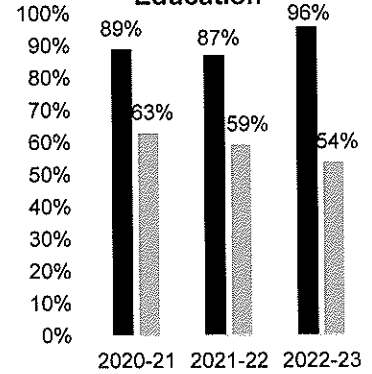
The community provider teacher workforce has grown rapidly over the past decade, but average teacher education levels have declined. Since the 2017-18 school year, the number of NM PreK teachers at community providers has more than quadrupled from 160 to 816. During that same period, the percentage of these teachers who hold a bachelor's degree or higher has fallen from its peak of 38 percent in 2018-19 to 26 percent in 2024-25. Multiple peer-reviewed studies show that teacher education level matters when it comes to early childhood educational outcomes. The 2020 LFC prekindergarten evaluation found that students taught by an educator with a bachelor's degree or higher tended to score slightly higher on the beginning-of-year kindergarten observation tool (70 percent as compared to 66 percent for peers taught by an instructor without a bachelor's). Additionally, teachers in community programs with bachelor's degrees have higher rates of multiyear retention than their peers with associate's degrees or no higher education.

Chart 23. Four-Year Retention Rate by Highest Level of Education for Community-Based Prekindergarten Teachers, 2018-2025



ECECD's new professional development information system (PDIS) should enhance the agency's ability to track credentials, training, and degrees. According to the agency, prekindergarten specialists based at ECECD track degree advancement informally without a centralized database. However, ECECD contracted with local data science company RS21 to create a custom, cohesive, and equitable platform to meet the needs of New Mexico's early childcare professionals and ECECD. This new system for ECECD will serve as the primary development tool and resource for New Mexico's early childhood professionals. Costing around \$3 million dollars, the project is on schedule and on budget with a projected close-out date of July 2025. Once complete, early childhood professionals, including NM PreK educators, will be able to track their entire career lifecycles within a single platform—including credentials, employment, wages, and more. ECECD will also be able to use PDIS to analyze and guide policy recommendations for ongoing professional development. In other mixed-delivery systems, such as New Jersey's, program administrators have tracked how teacher upskilling and degree attainment on the community

Chart 22. NM PreK Teachers Specializing in Early Childhood Education



- School-Based Teachers with an ECE License (Gen. Ed.)
- ▨ Community-Based Teachers with a Specialized Certificate, License, or Degree in ECE

Source: LFC analysis of ECECD workforce and PED teacher cost index data

Professional Development Plans and PreK Program Standards

All PreK program educators must have a current professional development plan (PDP). Personnel must document ongoing activities to increase knowledge, specialization, and qualifications in early childhood education, individualization of instruction, and family support. PDPs must be updated throughout the academic year to include specific coursework that must be entered into ECECD's locally utilized database and/or Professional Development Information System upon successful course completion and as goals are met. This requirement is effective January 1, 2025.

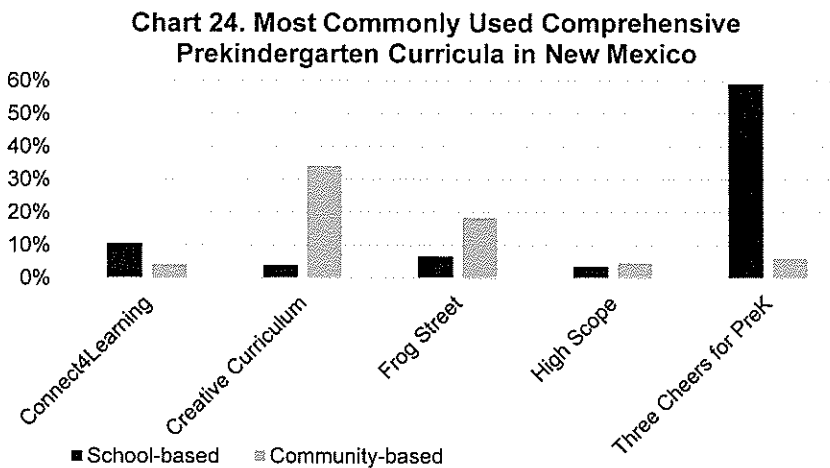
Source: ECECD

provider side has aligned with corresponding gains in student outcomes. PDIS should likewise help ECECD track how teacher education corresponds with student gains.

Evidence-based, subject-specific tools that can improve student outcomes are used more commonly in public school programs.

ECECD adopts an agnostic stance on NM PreK curriculum, requiring only that curriculum purchased with state funds be culturally relevant and “evidence based.” However, some curricula are better than others. Recent research shows that curricula and instructional tools specific to a single subject area such as literacy or math, tend to produce better student outcomes than global, or comprehensive, curricula used on their own. In New Mexico, public school prekindergarten programs are more likely to use subject-specific, evidence-based tools in the classroom.

Recent research indicates that using evidence-based subject-specific curricula leads to the greatest academic growth for prekindergarten students, but most New Mexico programs rely on more general, comprehensive curricula. A major 2024 preschool curriculum report from the National Academies of Sciences, Engineering, and Medicine (NASEM) found the most effective curricula for use in early childhood settings were those targeted at a single learning domain such as math, literacy, or social-emotional learning. The report cited previous studies showing that classrooms using math-specific curricula spent more and higher-quality time on math learning and that students saw better numeracy outcomes. Additionally, classrooms using two of the most popular comprehensive curricula, Creative Curriculum and HighScope scored no better on literacy, math, and quality of teaching interactions than classrooms that used no published curriculum. NASEM recommended that providers



Source: LFC analysis of ECECD data.

either use several of these targeted curricula in parallel or wrap one or more subject-specific interventions into a comprehensive curriculum.

Public school programs are more likely to use high-quality, subject-specific tools. In line with national data, New Mexico providers most frequently use comprehensive (i.e., multi-domain) curricula. Creative Curriculum and other multi-domain curricula assume these programs implemented at high fidelity (i.e., by following the scripts and lesson plans exactly) can compensate for the inexperience of teachers with less training. Creative Curriculum, which is also used extensively in Head Starts across the nation, offers helpful tools for teachers and, crucially for New Mexico, robust Spanish language support. Public schools use comprehensive curricula too, with nearly 60 percent of districts using the Three Cheers program from Savvas. However, as is the case nationally, New Mexico’s public schools were more likely to use evidence-based, subject-specific tools such as Heggerty (early phonics) or Waterford (literacy and numeracy) to complement their comprehensive curricula than community providers. Many of these tools are highly cost-effective, especially compared to comprehensive curricula. Heggerty can be purchased as a paper-based teaching manual, a one-time \$80 cost. Even digital tools like Waterford, as described below, can cost less than \$150 per student per year when total costs are spread across a statewide license.

Additionally, new resources have been developed over the last few years that decouple evidence-based strategies from proprietary curricula. In 2022, the Institute of Education Sciences What Works Clearinghouse released an educator’s practice guide titled “Preparing Young Children for School.” This guide compiles subject-specific evidence-based practices derived from proprietary curricula and shows how to use them in the classroom, without the need to buy any certain product or tool.

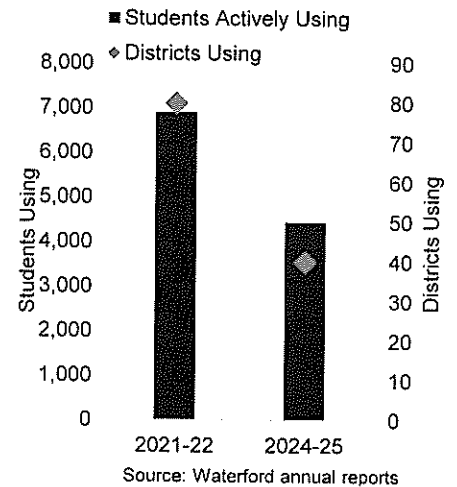
Figure 8. What Works Clearinghouse Evidence-Based Practices for School Readiness

Practice recommendation	Level of evidence		
	Minimal	Moderate	Strong
1. Regularly provide intentional, engaging instruction and practice focused on social-emotional skills.			✓
2. Strengthen children’s executive function skills using specific games and activities.		✓	
3. Provide intentional instruction to build children’s understanding of mathematical ideas and skills.			✓
4. Engage children in conversations about mathematical ideas and support them in using mathematical language.		✓	
5. Intentionally plan activities to build children’s vocabulary and language.			✓
6. Build children’s knowledge of letters and sounds.			✓
7. Use shared book reading to develop children’s language, knowledge of print features, and knowledge of the world.			✓

Source: What Works Clearinghouse

Currently, 40 school districts use a supplemental evidence-based early literacy and math program, while no community providers do so. While evidence-based supplemental tools exist in multiple forms, the advantage of a digital tool is the ability to track individual student learning and adapt teaching accordingly. During the pandemic, ECECD purchased statewide access to a software program called Waterford for public-school prekindergarten students, alongside a smaller number of home-based licenses. Waterford, which provides supplemental instruction in literacy and math through 15-minute daily tablet-based lessons, has a broad evidence base, including several high-quality randomized control trials. After the license expired, many districts continued to pay for the tool out of their own funds. Currently, 4,444 students across 40 districts still use this tool, which reinforces classroom lessons, adapts to student learning, and provides real-time feedback to teachers and administrators. The total annual cost for these licenses and district professional support is \$613 thousand, or about \$138 per child per year, though there is some variability based on district size, uptake, and wraparound services. Additionally, Waterford or an equivalent tool would fill the gap that currently exists in ECECD’s assessment of early literacy and math knowledge. Currently, Waterford produces yearly statewide reports showing aggregated student progress in literacy and math. However, these reports only reflect the districts that have continued the tool’s use, presenting a data equity issue as students with community providers are not represented.

Chart 25. Prekindergarten Students Actively Using Waterford Software in School-Based Programs



Evidence-backed curriculum can also strengthen the outcomes of job-embedded coaching, but coaching practices and data capture should be standardized across providers. A good curriculum can be a valuable tool, but implementation depends on teacher training and administrative support. Several recent meta-analyses find the positive effects of job-embedded coaching are amplified when paired with evidence-based curriculum. Rather than working on general best practices, coaching based on curricula allows teachers and coaches to focus on tools and strategies, and to measure progress and improvement more effectively. The 2025 LFC Policy Spotlight *Successful School Practices* found that schools with high student achievement were more likely to have a strong culture of regular, structured job-embedded coaching.

After PED and CYFD prekindergarten programs were consolidated under the auspices of ECECD in 2020, the new agency retained the existing job-embedded coaching and professional support contractors: the Central Regional Education Cooperative (CREC, mostly public schools) and the UNM Early Childhood Services Center (UNM-ECSC, mostly community providers). Additionally, Albuquerque Public Schools and some other larger districts provide their own instructional coaches from within the district rather than using statewide contractors. The structure of the coaching and intensity of data tracking varies across coaching providers. One potential benefit of the current system is that it allows for flexibility and acknowledges that community providers and public schools may have different coaching needs. However, it also perpetuates a system under

which coaching practices are divided by provider type and district size. CREC uses the TORSH Talent platform to capture data about coaching progress and outcomes. To eliminate differences in service delivery between providers, ECECD should work with its two contractors to explore adopting a standard but flexible coaching model that engages with evidence-based curricula and captures data in a unified system.

Table 3. NM PreK Job-Embedded Coaching Structures

Key Feature	CREC (mostly public schools)	UNM-ECSC (community providers)
Coaching Structure	Highly structured with biweekly practice-based coaching cycles that focus on a single skill or practice at a time.	Flexible, relationship-based coaching that adapts to individual teacher needs.
Use of Data	CLASS assessments and strength/needs assessments guide coaching. Outcomes tracked in TORSH Talent.	Uses CLASS and other assessments but focuses more on teacher reflection and self-directed learning.
Focus Areas	Heavy emphasis on structured literacy (LETRS training) and intentional instruction.	Social-emotional learning, and classroom quality improvement.
Training Approach	Job-embedded coaching with specific, structured professional development (LETRS, Pyramid, numeracy training).	Mix of group learning communities, reflective coaching, and self-directed growth.
Target Population	Public school teachers (mostly BA/MA degrees); currently piloting in 55 community providers.	Community-based providers (varied credentials), including all staff who interact with children.

Source: CREC, UNM-ECSC, ECECD

Recommendations

The Legislature should consider:

- Creating a statutory definition of kindergarten readiness based on a future recommendation from ECECD.

ECECD should:

- After refreshing the state’s early learning guidelines, recommend a definition of “kindergarten readiness” to the Legislature for consideration before December 31, 2025 and adopt a version of the definition into agency rule;
- Distribute a request for proposals for an evidence-based supplemental literacy tool and purchase a statewide license to defray costs for community providers by January 2026;
- Capture job-embedded coaching data from all prekindergarten classrooms in a unified system and work with its coaching contractors and districts to devise a flexible statewide coaching model that eliminates gaps in service delivery starting in the 2026-27 school year;
- Develop a list of evidence-backed subject-specific tools and curricula to recommend as supplements to comprehensive curricula chosen by providers by January 2026; and
- Use the new professional development information system (PDIS) to track completion of training, progress toward degrees, and enrollment status in the scholarship, wage supplement, and pay parity programs in the 2025-26 school year and forward.

Technical Assistance and Improved Coordination can Help Providers Leverage Funding

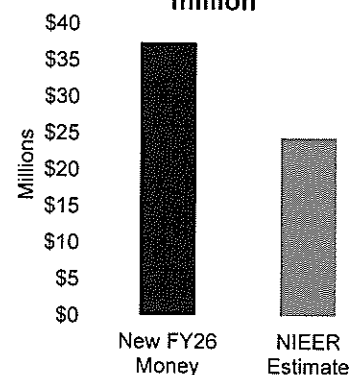
Current FY26 funding for NM PreK is sufficient to close the prekindergarten quality gap, particularly with the expanded distributions from the early childhood education and care fund, which could support investments in teachers and evidence-based classroom tools. With an additional \$55 million available in FY26—more than twice the estimated cost to meet all national quality benchmarks—state agencies have the opportunity to prioritize teacher professional development and statewide access to subject-specific evidence-based teaching tools. While public schools benefit from flexible funding streams and economies of scale, community providers often operate on thin margins and face greater administrative and facility-related hurdles. One-third of community providers operate a single NM PreK classroom, highlighting the need for technical assistance, capacity building, and shared service alliances. Improved coordination and a universal application portal could level the playing field for families and providers alike. With strategic use of currently available funds and better support systems, the state can expand access to high-quality prekindergarten.

New Mexico can close the prekindergarten quality gap by focusing existing funding on teachers and evidence-based tools.

As previously discussed, New Mexico meets nine out of 10 of the National Institute for Early Education Research’s preschool quality benchmarks. The only benchmark that New Mexico has yet to meet is requiring that all prekindergarten teachers have bachelor’s degrees. Thanks to increased distributions from the early childhood education and care trust fund, NM PreK can now afford unprecedented investments in teacher quality and the use of evidence-based tools in prekindergarten classrooms.

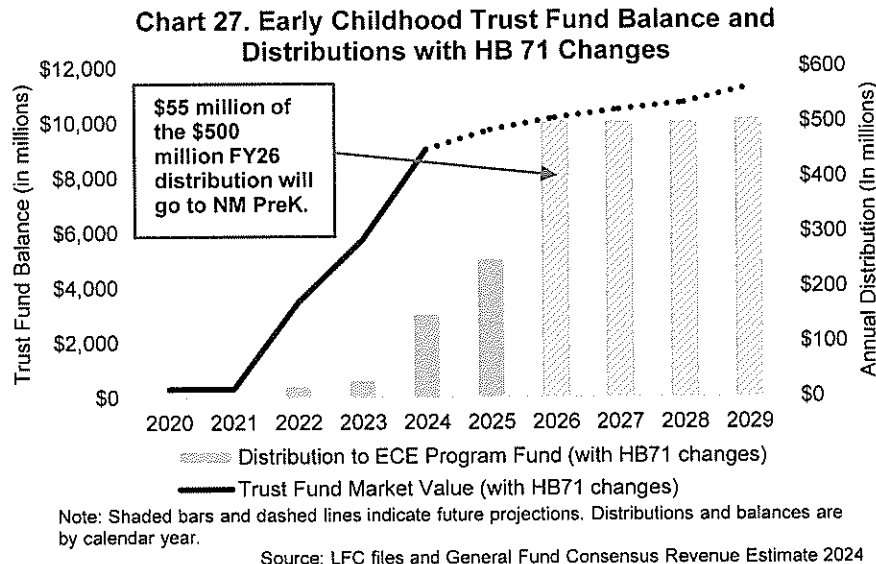
New distributions from the early childhood education and care fund for FY26 could more than cover necessary investments for New Mexico to reach its final national quality benchmark. According to a new report from the NIEER, New Mexico would need to invest only \$25 million to meet all 10 quality benchmarks—or less than half of the \$55 million now directed to NM PreK from increased FY26 distributions. Chapter 26 of 2025 session law, (House Bill 71) will expand the annual distribution of the early childhood education and care fund. In 2020, the Legislature established the early childhood education and care fund as a trust fund. On July 1 of each year, a distribution is made from the trust fund to the early childhood education and care program fund in an amount equal

Chart 26. New FY26 Money from the Early Childhood Education and Care Trust Fund Exceeds NIEER’s Estimates for Closing the State’s Prekindergarten Quality Gap by \$13 million



Source: NIEER; LFC analysis

to the greater of 5 percent of the average of the year-end market values of the fund for the immediately preceding three calendar years or \$250 million. Laws 2025, Chapter 26, raises the \$250 million minimum to \$500 million. Beginning in FY22, prekindergarten programming received \$10.4 million from this source, and \$15.7 million in FY23, FY24, and FY25. In FY26, NM PreK is slated to appropriate \$55 million from the fund. This money could be used to support investments in prekindergarten quality, including reaching NIEER’s final benchmark.



Under the current teacher pay structure, providers rather than ECECD would cover the pay increase for teachers who attain their bachelor’s degrees. According to FY25 data from ECECD, 571 teachers with community providers have less than a bachelor’s degree. ECECD’s pay parity program helps community providers close the pay gap between what employers can afford to pay teachers and what those teachers would be earning by teaching in a public school. However, it is the responsibility of providers to pay teachers with bachelor’s degrees at the equivalent of a Level 1 PED salary (now \$55 thousand annually). Thus, as teachers attain bachelor’s degrees, ECECD should not see an immediate increase in pay parity costs to the state.

ECECD should consider investing in discounted statewide licenses for evidence-based, subject-specific teaching and assessment tools. In May 2025, ECECD was granted a \$2.7 million sole source determination for a statewide rollout of the LENA Grow tool, which will help support the work the agency is already doing through CLASS observation and practice-based coaching to improve teacher-student interactions. One or more tools focused on early literacy or numeracy could further strengthen ECECD’s portfolio of teacher tools and help improve CLASS scores in the instructional support domain—the area where LFC analysis in the previous chapter shows the state has the most room to grow. According to

Raising Community Provider Outcomes by Investing in Teachers in New Jersey

New Jersey has prioritized the quality of its community providers and has seen student outcomes increase as a result. Community providers are required to attain certain benchmarks within the state’s quality rating improvement system (QRIS) before being eligible for prekindergarten funding. After an initial grace period where teachers with a certification and two years of experience were allowed to continue teaching, all lead teachers are now required to have completed a bachelor’s degree and hold a certification in early childhood education. A 2022 study of five mixed-delivery systems showed that New Jersey had eliminated the outcomes gap between public schools and community providers on student literacy, math, and executive function outcomes, in contrast to systems with less equitable policies.

Source: NIEER

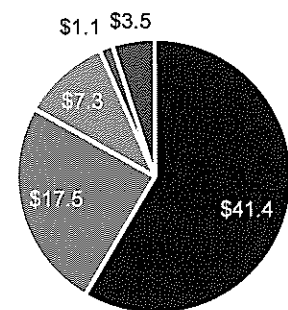
Waterford’s estimates, all 18.5 thousand slots for NM PreK could be given a software license and accompanying professional development for their teachers for \$942 thousand per year, or only about \$300 thousand more than what districts are currently paying out of pocket. The department would likely need to make an initial startup investment in tablets. If approximately half of NM PreK students have already access to a tablet through their class, the state would need to purchase about 9,000 more to provide for both 3- and 4-year-old students. Assuming a cost of \$250 per tablet, this would come to \$2.25 million. Rounding up, it would cost about \$3.5 million for startup costs and a year of licensing.

ECECD should encourage best practices to help community providers navigate a complex financial landscape.

LFC cost modeling shows that both public school programs and community providers are adequately funded, but community providers face different challenges. Embedded within the larger K-12 system, public school NM PreK programs tend to have greater economies of scale and can draw on operational funding through the state equalization guarantee (SEG) to support additional costs. Lacking these options, some community providers occupy a precarious financial position, often reliant partially or entirely on state investment in childcare subsidies and NM PreK grants. While New Mexico offers some of the nation’s largest childcare subsidies and the fourth highest per-student prekindergarten funding, some providers still struggle to balance age groups or enroll enough children to break even. Clarification of enrollment policies, capacity building support, and technical assistance for community providers in accessing facility funding could help level the playing field.

Public school districts spent \$70 million, or 86 percent of their overall NM PreK grant amounts, in FY24. While community providers are paid in a monthly invoicing process, public schools receive their NM PreK funds through a request for reimbursement process. At the start of the fiscal year, money for public school classrooms flows from ECECD to PED in a lump sum. Schools then submit a monthly request for reimbursement to PED’s Fiscal Grants Bureau. Twelve districts use Regional Education Cooperatives as their fiscal agents and do not report their NM PreK expenditures to PED in the same way. In New Mexico, public schools can pull prekindergarten substitutes from an existing pool rather than hiring dedicated floaters. Additionally, as discussed below, public schools can cover physical plant improvements out of capital outlay funds. Public schools can also bundle software licenses and curricular materials to achieve better economies of scale. For instance, a district can purchase a curriculum from its operational funds to use for prekindergarten through third grade but categorize the whole purchase as being for “elementary school.” In some cases, spending operational funds may be easier than going through the NM PreK request for reimbursement process, which may

Chart 28. FY24 Public School NM PreK Expenditures in Millions



- Salaries
- Benefits & Other Compensation
- Materials and Supplies
- Administration
- Other

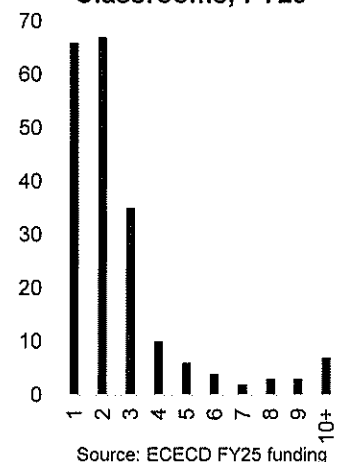
Source: LFC analysis of OBMS data

explain why, across the system, PED-administered programs spent less than their full grant amounts in FY24. Because of district-level accounting procedures, it is difficult to determine how much additional money per child is spent on top of or in lieu of prekindergarten grant funds.

Achieving a minimum economy of scale and the right mix of private tuition, childcare assistance, and NM PreK grants is key to financial viability for many NM PreK community providers. Most community providers offer NM PreK in addition to other childcare services, financed by a mix of families paying tuition and New Mexico childcare assistance subsidies. LFC cost modeling shows that without a combination of childcare assistance subsidies and NM PreK grants, which typically offer better rates per child compared to what providers can charge in tuition, providers with only one or two classrooms may be unable to break even. Even some large providers depend extensively on state and federal funds. However, as enrollment grows and centers expand, businesses can achieve better economies of scale and leverage other funding sources. To illustrate the delicate balance of government support and private tuition, LFC staff modeled the “Zia Child Care Center,” a fictional provider that operates two NM PreK classrooms. The enrollment numbers and operating expenses are based on what real providers reported spending scaled to the six-classroom Zia center. In LFC’s model below, the fictional Zia Child Care Center broke even for the year and had \$42 thousand to add to its operating reserves for future use. Consistent with actual providers of this same scale, only 9 percent of Zia’s revenue came from private tuition; the rest derived from state and federal grants and subsidies. Notably, even minor changes in student enrollment can impact the center’s bottom line. See Appendix H for more about how LFC staff developed the cost model.

One-third of community providers only operate a single NM PreK classroom, creating an opportunity for capacity building, technical assistance, and shared service alliances. An additional third of providers operate two classrooms, like the Zia example above. ECECD could consider expanding regular professional development opportunities to include business and administrative topics for community providers. In 2019, the Office of Head Start offered grantees the opportunity to consolidate their grants, decreasing overall administrative burden by reducing the total number of applications. NM PreK could consider a similar strategy, encouraging smaller providers to share administrative services or consolidate their programs under the auspices of a single program with several sites. As previously recommended in the 2019 LFC evaluation of childcare assistance, some childcare networks also use shared service alliances to consolidate administrative functions, software licensing, and technical assistance. Some of these functions could even be centralized through ECECD by leveraging the professional development information system (PDIS) and a new universal application portal, discussed on page 41.

Chart 29.
Community
Providers by
Number of PreK
Classrooms, FY25



Source: ECECD FY25 funding

Table 6. Community Provider Cost Model Framework

Income				Zia Child Care Center Income (Hypothetical)	
NM PreK Grant FY26 rates: Includes per-child base, curricular support, start-up funds, and transportation. NM PreK funds can only be used for prekindergarten expenses.*				Zia operates two full-day prekindergarten classrooms, one for 4-year-olds and the other for 3-year-olds. They do not need transportation and are an established program, but they receive curricular support from ECECD.	
4Y half-day	\$5,150	3Y/mixed half-day	\$6,150	20 slots x 4Y full-day rates	\$206,000
4Y full-day	\$10,300	3Y/mixed full-day	\$12,300	18 slots x 3Y full-day rates	\$221,400
4Y full-day+	\$14,300	3Y/mixed full-day+	\$15,700		
Transportation		Up to \$1,000 per child		None	
Curricular materials		Up to \$5,500 per classroom		2 classrooms x \$5,500	\$11,000
Start Up		Up to \$25,000 per classroom		None	
5-Star FOCUS Monthly Childcare Subsidy Reimbursement Rates, FY25*				Zia is a 5-Star program that serves two infant classrooms and two toddler classrooms; the equivalent of 20 slots. Seventeen slots are enrolled. Thirteen of these children qualify for child care assistance. All children attend full time.	
Age	Full Time	PT 1	PT 2	PT 3	
Infant	\$23,100	\$17,325	\$11,550	\$5,775	5 full-time infants x \$23,100 \$115,500
Toddler	\$18,000	\$13,500	\$9,000	\$4,500	8 full-time toddlers x \$18,000 \$144,000
Preschool	\$13,500	\$10,125	\$6,750	\$3,375	None
Private Tuition				Four children pay private tuition at Zia. Zia serves a middle-income community and tries to charge reasonable rates.	
Depends on the provider and community served; typically less than the equivalent childcare assistance monthly subsidy. Some providers provide tiered tuition rates based on family ability to pay.				2 x Zia's yearly infant rate of \$18,000	\$36,000
				2 x Zia's yearly toddler rate of \$15,600	\$31,200
ECECD Facilities Support				Zia received \$5,000 from ECECD to help mend a fence.	
Up to \$5,000 per project, potentially more for projects classified as "maintenance or repair."				Facilities grant	\$5,000
Other Income				Zia receives federal money from the USDA's Child and Adult Food Care Program (CACFP).	
Federal grants, donations, etc.				Annual CACFP	\$7,000
Subtotal Income				\$777,100	
Expenses				Zia Child Care Center Expenses	
Staff Costs				Zia has six teachers and two TAs.	
Teachers				1 w/ BA x \$50,000	(\$50,000)
				5 x \$43,000	(\$215,000)
Teaching Assistant				2X for PreK x \$35,000	(\$70,000)
Director/Administrator				1 FTE x \$80,000	(\$80,000)
Janitors/Floaters/Cooks				1.5 FTE x \$30,000	(\$45,000)
Staff benefits				~18% of staff salary costs	(\$82,800)
Program Costs				Zia uses the Creative Curriculum in combination with several other supplemental evidence-based tools.	
Art supplies, books, curricular supplies, etc.					(\$45,000)
Building Expenses				Zia has a triple net lease on a 3,000 sq. ft. building at \$24 per square foot that includes common area maintenance.	
Occupancy and maintenance				Rent, property taxes, utilities, CAM	(\$72,000)
Indirect Costs & Overhead				Zia carefully monitors their budget to keep indirect costs at about 10 percent of overall expenses.	
Providers can delegate up to 7 percent of their NM PreK Grant funds toward indirect costs.				~10% of total expenses	(\$75,000)
Expenses Subtotal				(\$734,800)	
Total Balance = Revenues - Expenses				\$42,300	

*Since July 1, 2024, NM PreK Grants and Child Care Assistance have been exempted from the Gross Receipts Tax, which saves an average of 5 to 7 percent depending on provider location.

Table 7. Shared Service Alliance Examples from Other States

Alliance Name	Location	Key Services Offered
Early Learning Ventures (ELV)	Colorado	Provides a shared services platform offering childcare management software, licensing support, and business tools to streamline operations for childcare providers.
Wisconsin Early Education Shared Services Network (WEESN)	Wisconsin	Offers free access to business and financial resources, including customizable templates, training opportunities, and mental health support for family and group childcare programs.
Palmetto Shared Services Alliance (PSSA)	South Carolina	Provides a resource platform with policy templates, job boards, professional development, and access to discounts from national vendors to support childcare providers.
Collaborative for Children's Shared Services Alliance	Texas	Offers business coaching, professional development, and access to a centralized childcare management system to improve the quality and sustainability of childcare centers.
AVANCE Shared Services Alliance	Texas	Tailored for in-home childcare educators, providing shared learning, access to business experts, and resources like childcare management systems and marketing materials.
Morris County Early Childhood Educators Shared Services Alliance	New Jersey	Enables childcare providers to pool resources for business and staffing support, aiming to build a higher-quality workforce and improve service delivery.

Source: LFC files

Even though ECECD has created a policy to control indirect costs, money is not necessarily reaching teachers. In FY20, LFC staff randomly sampled the budgets of 75 prekindergarten programs operated under the auspices of CYFD. According to this analysis, the median program spent 33 percent of its overall budget that year on administrative overhead. Per ECECD FY25 financial guidelines, all providers (including both public school and community) can allocate at maximum 7 percent of their overall grant awards to administrative costs, which can include personnel, non-personnel, direct, and indirect costs. In FY24, public schools reported prekindergarten administrative costs of only 2 percent; likely because additional overhead can be folded in with other operational costs. Allowable administrative costs include the salaries of staff not integral to the NM PreK program, rent and utilities not associated with direct implementation, and supplies used for the general operation of the childcare or school program. However, despite capping indirect costs, administrative staff costs remain high. According to data from the U.S. Bureau of Labor, New Mexico's childcare and prekindergarten administrators are the second highest paid in the nation, making on average nearly \$100 thousand annually.

ECECD may need to clarify its enrollment policy as NM PreK continues to grow. According to ECECD's prekindergarten program standards, programs must maintain enrollment rates of 95 percent or risk having funds reduced. LFC interviews with ECECD staff and providers revealed that this policy is more of a guideline and very rarely enforced. ECECD reports they have only reduced funding for a few providers in the last several years, and that providers receive support including implementing recruitment plans before the agency considers reducing grant amounts. The enrollment at some small public schools and community providers sits well below their funded slots, particularly in rural districts with highly mobile populations and seasonal economies. Even big, high-

Table 8. Average Salaries and Comparative National Rank of New Mexico's Early Childhood Workforce

Childcare Worker	
Avg. salary	\$35,261.20
National rank	15
PreK Teacher	
Avg. salary	\$58,448.00
National rank	10
Childcare and PreK Administrators	
Avg. salary	\$97,739.20
National rank	2

Source: 2024 Occupational Employment and Wage Statistics Data

demand urban public schools struggle to reconcile ECECD's policy with competing requirements to hold open spots for children on individualized education programs or who qualify for aid under the McKinney-Vento Homeless Assistance Act.

Tracking attendance is a key piece of larger efforts to track enrollment. According to NM PreK program standards, all programs must track attendance and have a plan to support families in achieving 85 percent attendance for their children. However, ECECD does not require or collect attendance records from its community-based providers. School-based programs record attendance within PED's system. From the 2019-20 school year through the 2022-23 school year, school-based prekindergarten attendance rates averaged over 90 percent and were within a percentage point of the average attendance for students in kindergarten through third grade. Without similar data tracking on the community provider side, it remains difficult to determine if absenteeism is impacting student outcomes in these programs.

Multiple state, federal, and local funding sources exist to help community providers improve their facilities, but technical assistance may be necessary to help these businesses access funds. Beyond providing basic safety and hygiene, stimulating and rich early childhood learning environments are linked to better learning outcomes. While public schools have access to capital outlay funds, community prekindergarten providers sometimes struggle to cover facility upgrades and routine maintenance. Under the current ECECD policy, community prekindergarten providers can request up to \$5,000 per facilities-related project. However, numerous federal and local funding streams exist that can support the repair, purchase, and construction of early childhood education centers. A 2022 Reinvestment Fund study found that of available local resources, providers relied primarily on Small Business Administration (SBA) programs, community development financial institutions (CDFI) funding, and philanthropic support. Small programs may lack the capacity to navigate SBA or CDFI loans, which are underutilized in New Mexico's early childhood sector. Between 2016 and 2020, just 2 percent of SBA and 0.3 percent of CDFI loans in New Mexico went to childcare facilities.

SB 175: Child Care Facility Revolving Loan Fund Expansion

This bill (2025) expands the use of the Child Care Facility Revolving Loan Fund to allow the New Mexico Finance Authority and Early Childhood Education and Care Department to offer low-interest, long-term loans and service contracts to childcare providers and employers creating or expanding childcare facilities. To qualify, providers must meet conditions such as being in a childcare desert, offering nontraditional-hour care, serving at least 50 percent childcare assistance recipients, expanding enrollment by at least 10 percent, and meeting other department-defined criteria. Up to 20 percent of the fund may be used per project, with priority given to providers in high-poverty areas serving subsidized families.

In 2025, Senate Bill 175 (Section 24-24-3 NMSA 1978) expanded the state’s Child Care Facility Revolving Loan Fund, allowing eligible providers—especially in childcare deserts—to fund health, safety, and expansion projects. ECECD also used ARPA funds to create the Child Care Supply Building Grant, offering \$10 million for facility improvements and expansion costs. At least nine other states provide more permanent support through grants, loans, or technical assistance. See Appendix I for more on other states’ approaches. Community providers in New Mexico may need similar long-term support and help applying for available resources.

Table 9. All ECECD and Public School Facilities Administration Capital Outlay Appropriations Related to NM PreK

Short title	Fiscal Year	Amount
Renovation of state-owned buildings	'25	\$2,000,000
Tribal early childcare and Head Start centers improvements	'25	\$3,000,000
Pre-K Classrooms	'24	\$5,000,000
CTE, Pre-K and Maintenance	'24	\$65,000,000
Pre-K Classrooms and Infrastructure	'23	\$5,000,000
Pre-K Classrooms and Infrastructure	'22	\$4,000,000
Albuquerque Early Childhood Services Programming Renovations	'22	\$4,740,455
Santa Fe Renovations Early Childhood Services Programming	'22	\$1,500,000

Note: PSFA appropriations are in blue, all others are to ECECD.

Source: LFC Post-Session Review

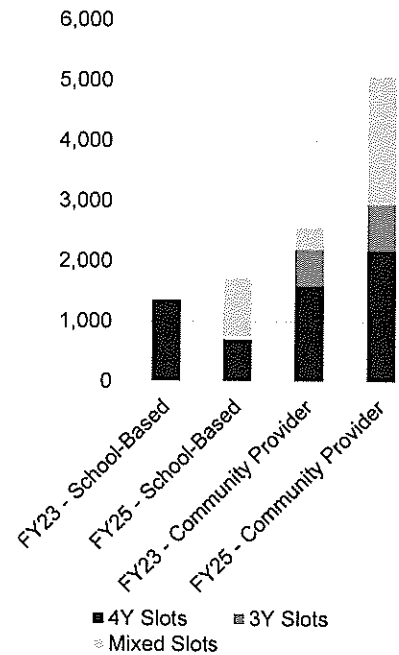
A statewide early childhood facilities assessment could improve coordination and maximize use of available resources. In 2013, an investigation of childcare facilities receiving federal dollars across 10 states found that 96 percent of centers had one or more potentially hazardous conditions. A 2015 Office of Head Start assessment found that nationwide, childcare and Head Start centers are aging rapidly—with about a third constructed in the 1970s or earlier. A 2022 federal study suggested that 40 percent of early childhood facilities nationwide may require renovations and recommended that all states undertake early childhood facilities need assessments. As of 2022, Massachusetts and Rhode Island were the only states to have conducted the recommended comprehensive assessments. Renovation estimates vary more than tenfold, depending on whether the goal is merely to bring facilities up to a bare minimum of licensing and safety requirements or to align facilities fully with best practices in early childhood education. A statewide needs assessment would likely cost between \$734 thousand and \$1.1 million and take three years to complete.

Better coordination can boost other quality improvement efforts.

Better coordination between early childhood programs can improve quality, enrollment, and equity across providers. In Albuquerque, difficulties meeting enrollment goals among community providers appears to stem from market competition rather than public school expansion, but similar concerns about crowd-out have emerged elsewhere. New dual-enrollment policies allowing Head Start programs to blend NM PreK funding may help boost quality and reduce slot loss, particularly in underserved areas—though data monitoring is necessary to ensure New Mexico’s results line up with positive findings from other states. A centralized enrollment portal could further promote equity by making application processes easier for families and helping ensure that providers—including Head Start grantees—fill available seats. Stronger coordination would also give ECECD better data for planning and funding decisions.

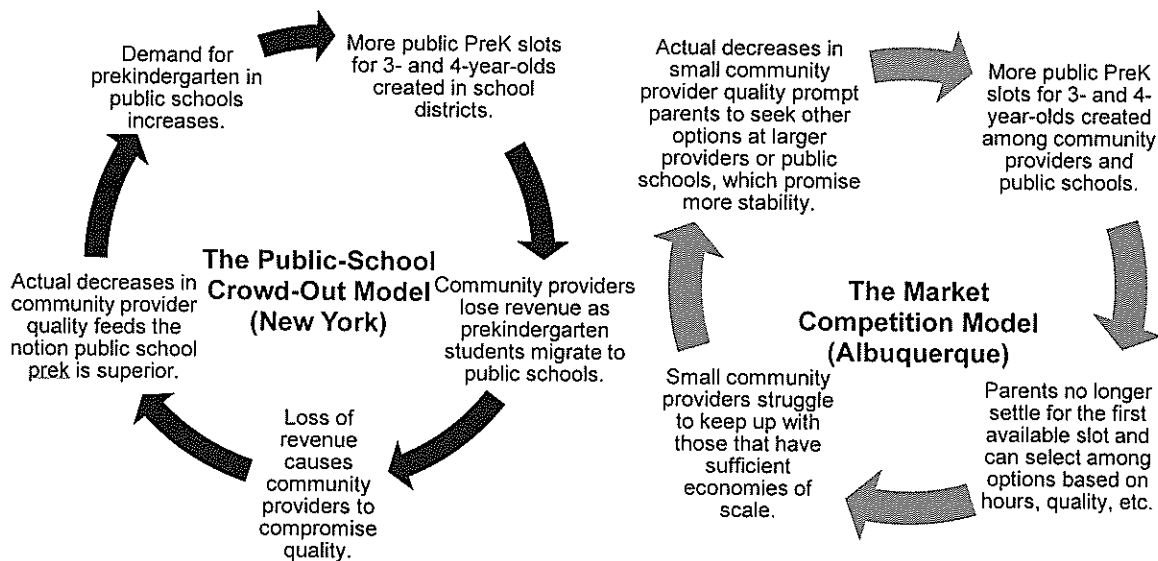
Creating too many slots in a large urban area in either public schools or community providers may negatively impact NM PreK community provider quality. A 2018 study of New York City’s universal prekindergarten expansion found that placing prekindergarten classrooms in public schools reduced infant and toddler care capacity at nearby daycare centers—particularly in low-income neighborhoods—by an average of 1.6 slots within a 10-block radius. As providers lost revenue from enrolling fewer 4-year-olds, researchers also observed signs of declining quality, including more complaints and failed inspections near new public prekindergarten sites. LFC cost modeling shows how the New Mexico’s small providers rely on childcare assistance subsidies and prekindergarten

Chart 30. Growth of Albuquerque NM PreK Slots from FY23 to FY25



Source: ECECD data

Figure 9. Two Models of the Mixed-Delivery Prekindergarten Quality Feedback Loop



Source: LFC files

grants to keep their costs down for families paying for infant and toddler care out of pocket. If smaller providers are unable to consistently fill their 3- and 4-year-old prekindergarten slots, it becomes increasingly difficult for them to break even. Over the past three fiscal years, the number of prekindergarten slots has grown rapidly in Albuquerque, leading to fears that the city might be seeing similar effects as New York. However, analysis of the slots in Albuquerque reveals that while *total* slots have expanded 27 percent between FY23 and FY25, *community provider* slots in the city have almost doubled. Albuquerque Public School slots consumed 9 percent of total state prekindergarten classroom funding FY23 and continued at that rate in FY25. Meanwhile, community providers in Albuquerque went from accounting for 18 percent of total statewide funding in FY23 to 27 percent in FY25. Thus, as seen in Figure 9 above, market competition rather than crowd-out from public schools is likely to blame for financial stress on community providers in Albuquerque.

ECECD’s new approach to NM PreK partnership with Head Start may improve Head Start program quality and enrollment—issues cited frequently in past LFC reports. Head Start and Early Head Start are federal programs that promote the school readiness of children under age 5 from low-income families by supporting their cognitive, social, and emotional development and providing wraparound services. Head Start funding goes directly to providers, bypassing state agencies. Between FY13 and FY23, total New Mexico Head Start and Early Head Start enrollment declined 33 percent. Enrollment of 3-year-olds declined 41 percent over the same period, while 4-year-old enrollment plummeted 55 percent. LFC Early Childhood Accountability reports show how New Mexico has lost Head Start slots in parts of the state due to state program expansions and have urged ECECD to improve coordination to prevent further slots from being supplanted by state-funded prekindergarten and childcare. Indeed, previous LFC Early Childhood Accountability reports citing dwindling enrollment and quality concerns, recommended that the state focus on improving Head Start using its licensing and oversight powers.

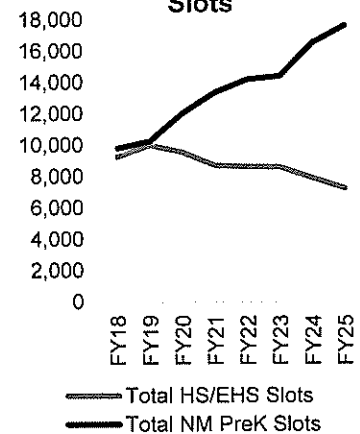
In FY24, ECECD allowed Head Start programs to become community-based prekindergarten providers offering “dual” or “blended” enrollment. The goal of these programs is to extend Head Start days, to improve quality by supplementing federal funds to bring annual per-child spending up to NM PreK amounts, and to create additional prekindergarten slots in areas that may have few other early childhood education options. As of 2022, 14 other states and the District of Columbia also supplemented their federal Head Start and Early Head Start funding. Nationwide, states and D.C. invested \$355 million in these programs, most commonly to create more slots, boost compensation, and improve quality. A 2024 study of students in Iowa, which uses blended programs to provide Head Start students with the option of longer days, found that children who were dual-enrolled in Head Start and the state’s prekindergarten program scored higher across all six developmental domains measured as compared to children in Head Start only. Results were statistically significant but moderate, with the greatest

NM PreK Funding for Head Start

Dual Enrollment
For HS programs to extend or maintain 1080 or 1380 instructional hours annually and for children to be dually enrolled in both HS and NM PreK.
For each child enrolled, the HS program is paid the difference between the HS per child rate and the NM PreK child rate.
Blended Enrollment
For HS programs to serve non-HS NM PreK-only children who are being served within the same classroom with HS or dually enrolled children for 1080 or 1380 hours annually.
Each NM PreK-only slot will receive the full 3-year-old/mixed age rate per fiscal year.

Source: ECECD FY26 Notice of Grant Application

Chart 31. Total Funded Head Start and Early Head Start Slots versus NM PreK Slots



Note: For simplicity, does not include dual or blended enrollment slots.

Source: ECECD; federal HS data

increases for dual-enrolled students in literacy and math. Researchers also examined characteristics of partnerships between Head Starts and local school districts and found that dual enrollment increased where there was better communication, more joint processes and resource sharing, and memoranda establishing formal relationships between programs. By reinforcing the need for closer cooperation, blended funding strategies like Iowa's and New Mexico's may mitigate the displacement of federal dollars, but coordination remains critical.

A universal early education application portal could improve program coordination, increase equity across providers, and strengthen data regarding family decision-making. Currently, New Mexico families can use the NM PreK website to search for programs in their area, but they are not able to apply for spots or see if programs are accepting new participants. Instead, parents must apply individually to programs in their area. Bigger programs with more attractive branding and easy-to-navigate applications tend to have the advantage. For instance, Albuquerque Public Schools' ParentVUE allows parents to see and apply for slots throughout the Albuquerque Public School system (currently 99 NM PreK classrooms) in one place. A statewide centralized application portal could level the playing field for smaller community providers and would allow families to get off waitlists faster. Additionally, the portal could provide ECECD with granular enrollment data to inform future funding decisions. Finally, a single portal could be used to notify families of Head Start eligibility while also showing other local options. In Michigan, the legislature requires that children eligible for Head Start be referred to a Head Start provider before being referred to a state prekindergarten provider. This way, Head Start grantees are more likely to fill their funded slots, the state better leverages federal dollars, and other prekindergarten providers have more slots available for children from families who do not meet Head Start income requirements.

Recommendations

The Legislature should consider:

- Funding a statewide childcare facility (physical plant) needs assessment to better inform the expenditure of the Child Care Facility Revolving Loan Fund; and
- Mandating that families who qualify for Early Head Start or Head Start programs be informed of their eligibility by ECECD as part of the universal application portal recommended below.

The Early Childhood Education and Care Department should:

- Require community providers to keep digital records of student attendance in the 2025-26 school year;
- Develop and present a plan to LFC for the use of the increased early childhood trust fund distribution with focus on quality improvements by December 2025;

Prekindergarten Quality and Educational Outcomes

- Provide NM PreK specialists with the information they need to help community providers apply for federal grants and other types of capital grants and loans;
- Clarify the enrollment policy in the FY26 NM PreK Program Standards, as well as clearly outlining steps that will be taken to address any enrollment shortfalls;
- Create a universal prekindergarten application portal to include options with community providers, public schools, and Head Start programs.

School districts should:

- In advance of the creation of a universal ECECD application portal for NM PreK, add local community providers to their prekindergarten application systems (if existing) so that families can get their children off waitlists sooner; and
- Coordinate with ECECD, Head Starts, community providers as part of any current or future planning studies to avoid duplication of service.

Appendix A. Progress on Past Recommendations

Recommendation	Status	Comments
ECECD should continue to improve data quality and collection of prekindergarten programs, which will allow for more targeted analyses identifying prekindergarten classroom characteristics leading to success.	Progressing	ECECD now collects high-quality, validated data on student-teacher interactions through the annual implementation of the Classroom Assessment Scoring System (CLASS). However, there is currently no way to tie classroom quality to student success. ECECD is in the process of revamping its assessment portfolio and working with partners at UCLA to collect aggregate data on kindergarten readiness.
ECECD should strategically expand early prekindergarten while coordinating with other early childhood programs including Head Start to ensure the state is maximizing resources.	Progressing	After several years of largely unplanned growth, ECECD has taken steps to factor in existing saturation of prekindergarten programs and Head Start slots by school district. It may take several additional funding cycles to sufficiently expand early prekindergarten offerings to underserved regions of the state while right-sizing areas that are currently offering an overabundance of 4-year-old slots.
ECECD should create a workgroup to examine changes that need to be made to the Prekindergarten Act with plans to address the following: <ul style="list-style-type: none"> - Defining school readiness; - Aligning the Prekindergarten Act to reflect current practice and new programming being administered but not currently represented in the act, such as 3-year-old programming and full-day programming; - Defining and setting limits to administrative spending. 	Progressing	ECECD has set limits on administrative spending (7 percent of total grant budget) and the Pre-Kindergarten Act now defines 3-year-old programming and full-day programming. New Mexico still lacks a statutory definition of school readiness. ECECD also proposed legislation in 2025 that would have added Early PreK to the Pre-Kindergarten Act and created an advisory group to help the department determine future investments.
ECECD should standardize a quality rating system among all prekindergarten programs and include the required use of ECERS, CLASS, or other valid and reliable tools that assess teacher-child interaction.	Complete.	Starting in the 2023-24 school year, ECECD has required both public school and community providers to administer the CLASS assessment. Currently, the assessment is conducted annually.
Once a new and valid quality assessment tool is established, ECECD should share metrics with parents annually, similarly to those shared in Head Start (assessment scores, proportion of teachers with a bachelor's degree, child progress).	No progress.	No public dashboard has been created and progress on both the Early Childhood Information Data System (ECIDS) and the New Mexico longitudinal data system (NMLDS) have slowed. However, with the scheduled completion of the Professional Development Information System (PDIS) it will be possible to easily track and share metrics publicly on teacher preparation.
ECECD should ensure prekindergarten observational tool assessment data from contracted providers migrates to the public school before a student enters kindergarten.	No progress.	ECECD is currently phasing out the prekindergarten, or early childhood, observation tool (ECOT). The department is currently evaluating new assessment tools but plans to communicate prekindergarten progress and kindergarten outcomes between ECECD and PED remain undeveloped.
Report aggregated prekindergarten observational tool assessment data annually to identify areas throughout the state in need of high-quality data programs, as well as prekindergarten programs in need of additional	Progressing	ECECD is working with partners at UCLA to implement the Early Development Instrument (EDI), which functions as an aggregated gauge of school readiness. Strategic use of the EDI should help ECECD identify areas of the state that require additional support. ECECD currently lacks the IT infrastructure to store and digest this data and will

professional development and technical assistance.

need to work with PED to make sure that EDI data can be integrated into an existing data system for long-term storage and use.

The PED should provide additional opportunities to proliferate successful practices, such as use of student data to drive decision-making across schools.

Progressing

Under ECECD, it is not enough for PED to be the sole repository and disseminator of best practices; professional development opportunities and the use of student data also need to be extended to community providers. Currently, most data tracking within public school programs is driven by the districts rather than PED. ECECD should continue dismantling the silos between public schools and community providers to ensure that best practices in professional development and data tracking are accessible to all programs.

Appendix B. Program Types

Types and Lengths of Prekindergarten Programs

Type	Minimum/Maximum Length of Day	Instructional Hours + Family Engagement Hours = Total Hours Per School Year	Max Group Size	Adult to Child Ratio	Reimbursement per student for FY25	Years Available
Basic 4-year-olds	~3 hrs.	450			\$5,150 (FY24)	Up to FY23; now renewal only
Early Basic 3-year-olds	~3 hrs.	450			\$6,150 (FY24)	Up to FY23; now renewal only
Extended 4-year-olds	6.5/7 hrs.	1080 + 90 = 1170 hrs.	20	1:10	\$10,300	Longer hours FY24 and on
Early Extended 3-year-olds	6.5/7 hrs.	1080 + 90 = 1170 hrs.	16	1:8	\$12,300	Longer hours FY24 and on
Mixed Extended 3 and 4-year-olds	6.5/7 hrs.	1080 + 90 = 1170 hrs.	16	1:8	\$12,300	Longer hours FY24 and on
Extended Plus 4-year-olds	6.5/8 hrs.	1380 + 90 = 1470 hrs.	20	1:10	\$14,300	FY24 and on
Early Extended Plus 3-year-olds	6.5/8 hrs.	1380 + 90 = 1470 hrs.	16	1:8	\$15,570	FY24 and on
Mixed Extended Plus 3 and 4-year-olds	6.5/8 hrs.	1380 + 90 = 1470 hrs.	16	1:8	\$15,570	FY24 and on
Head Start Dual Enrollment Extended	N/A	1080	N/A	N/A	Program paid difference between Head Start per child rate and NM PreK child rate (\$12,300)	FY24 and on
Head Start Dual Enrollment Extended Plus	N/A	1380	N/A	N/A	Program paid difference between Head Start per child rate and NM PreK child rate (\$15,750)	FY24 and on
Head Start Blended Enrollment Extended	N/A	1080	N/A	N/A	Each PreK only slot receives \$12,300.	FY24 and on
Head Start Blended Enrollment Extended Plus	N/A	1380	N/A	N/A	Each PreK only slot receives \$15,750.	FY24 and on

Source: ECECD FY26 Notice of Funding: NM PreK Grant Application

Appendix C. Methods and Results

Research Design and Analysis

The methodology employed in this evaluation builds upon prior LFC data collection efforts and analysis of New Mexico prekindergarten programs developed in recent years and applies a statistically rigorous framework (multilevel modeling) to further evaluate prekindergarten’s impact on various social and educational outcomes. The statistical method used allows for factors likely influencing outcomes (FRL status, EL status, school attended, etc.) to be controlled for, therefore isolating the prekindergarten effect. The data used in the evaluation spans between SY06 (inaugural New Mexico prekindergarten cohort) and SY24 and is comprised of numerous unique datasets (prekindergarten enrollment data, student demographic data, student assessment/test data), merged by unique student identification numbers. LFC’s Program Evaluation Unit was recently awarded the 2020 National Legislative Program Evaluation Society (NLPES) Excellence in Research Methods Award for the 2019 report *Childcare Assistance Effectiveness*. This evaluation uses the same multilevel modeling technique as the recognized study.

Cohort and Dataset Development

LFC staff will develop cohorts from longitudinal data obtained by ECECD and PED.

Cohort	PreK	Kindergarten	3 rd grade	6 th grade	8 th grade	11 th grade	Graduation
1	SY06	not tested	SY10	SY13	SY15	SY18	SY19
2	SY07	not tested	SY11	SY14	SY16	SY19	SY20
3	SY08	not tested	SY12	SY15	SY17	not tested	SY21
4	SY09	not tested	SY13	SY16	SY18	not tested	SY22
5	SY10	not tested	SY14	SY17	SY19	SY22	SY23
6	SY11	not tested	SY15	SY18	not tested	SY23	SY24
7	SY12	not tested	SY16	SY19	not tested	SY24	NA
8	SY13	not tested	SY17	not tested	SY22	NA	NA
9	SY14	not tested	SY18	not tested	SY23	NA	NA
10	SY15	not tested	SY19	SY22	SY24	NA	NA
11	SY16	SY17	not tested	SY23	NA	NA	NA
12	SY17	SY18	not tested	SY24	NA	NA	NA
13	SY18	SY19	SY22	NA	NA	NA	NA
14	SY19	SY20	SY23	NA	NA	NA	NA
15	SY20	SY21	SY24	NA	NA	NA	NA
16	SY21	SY22	NA	NA	NA	NA	NA
17	SY22	SY23	NA	NA	NA	NA	NA
18	SY23	SY24	NA	NA	NA	NA	NA
19	SY24	SY25	NA	NA	NA	NA	NA

Hierarchical Linear Models

LFC staff will analyze the cohorts of New Mexico children who participated in New Mexico prekindergarten or had no record of participating in prekindergarten and compare their beginning-of-year Istation scores in kindergarten, third, sixth, eighth, and 11th grade reading and math scores on standardized assessments and whether they graduated within 4 years or not. Multilevel modeling, also known as hierarchical linear modeling (HLM) is a more rigorous approach by the researchers. The description below outlines the building of models from null, through individual-level to group-level, and results will be reported in the program evaluation.

Null model. A null model was developed to examine variability in intercepts between school districts for each individual i in school district j where γ equals the average slope coefficient and ε_{ij} represents the variation in individual scores within school districts. Due to concerns regarding small n -size, an initial null linear mixed model was not run between prekindergarten providers. A linear mixed model was run

excluding predictor variables to determine the total variability in test scores between schools. The null model is summarized by equation 1.1.

$$Y_i = \beta_{0j} + \varepsilon_{ij}$$

Individual-Level Random Intercept Model. A random intercept model was developed to examine variability in intercepts between school districts for each individual i in school district j where γ equals the average slope coefficient and u equals the individual school districts coefficients.

$$Y_{ij} = \gamma_{00j} + u_{0j} + \gamma_{10} FRL_{ij} + \varepsilon_{ij}$$

Group-Level Random Intercept Model. Using a group-level random based intercept model, group-level (schools) and individual-level (students) variables were controlled for as covariates during the various educational outcome analyses. Based on exploratory data analysis and existing academic research, certain school-level variables help explain variability in intercepts across schools. In the model, the following school-level variables were created: percentage of FRL students, percentage minority students, and percentage EL students. At the individual-level, prekindergarten participation, race/ethnicity, FRL status, and EL status were included as variables.

$$Y_{ij} = \gamma_{00j} + \gamma_{01} FRL_mean_j + \gamma_{02} EL_mean_j + \gamma_{03} MinorityStatus_mean_j + \gamma_{04} PreKParticipation_{ij} + \gamma_{05} FRL_{ij} + \gamma_{06} EL_{ij} + \gamma_{07} RaceEthnicity_{ij} + u_{0j} + \varepsilon_{ij}$$

To answer questions regarding effects of the quality provided by community-based and school-based prekindergarten on student outcomes, the group-level random intercept model can be adjusted to account for participation in attending either community-based or school-based prekindergarten.

$$Y_{ij} = \gamma_{00j} + \gamma_{01} FRL_mean_j + \gamma_{02} EL_mean_j + \gamma_{03} MinorityStatus_mean_j + \gamma_{04} PreKProviderType_{ij} + \gamma_{05} FRL_{ij} + \gamma_{06} EL_{ij} + \gamma_{07} RaceEthnicity_{ij} + u_{0j} + \varepsilon_{ij}$$

To answer questions regarding dosage effects of attending early prekindergarten, the group-level random intercept model can be adjusted to account for participation in attending early prekindergarten amongst only those who attended prekindergarten.

$$Y_{ij} = \gamma_{00j} + \gamma_{01} FRL_mean_j + \gamma_{02} EL_mean_j + \gamma_{03} MinorityStatus_mean_j + \gamma_{04} EarlyPreKParticipation_{ij} + \gamma_{05} FRL_{ij} + \gamma_{06} EL_{ij} + \gamma_{07} RaceEthnicity_{ij} + u_{0j} + \varepsilon_{ij}$$

To answer questions regarding dosage effects of half-day, full day, or extended day prekindergarten, the group-level random intercept model can be adjusted to account for participation in attending different schedules of prekindergarten amongst only those who attended prekindergarten.

$$Y_{ij} = \gamma_{00j} + \gamma_{01} FRL_mean_j + \gamma_{02} EL_mean_j + \gamma_{03} MinorityStatus_mean_j + \gamma_{04} PreKSchedule_{ij} + \gamma_{05} FRL_{ij} + \gamma_{06} EL_{ij} + \gamma_{07} RaceEthnicity_{ij} + u_{0j} + \varepsilon_{ij}$$

Longitudinal Data Analysis. Longitudinal data analysis allows researchers to examine rate of student progress over time. To answer questions regarding student's rate of improvement over time, an assessment period variable can be added to the group-level random intercept models. Positive fixed effect coefficients for assessment period measure indicates that students are improving on rate of proficiency over time. The

Prekindergarten Quality and Educational Outcomes

higher the magnitude of the coefficient, the more that students are improving on rate of proficiency over time.

$$Y_{ij} = \gamma_{00j} + \gamma_{01} \text{Test_Period}_j + \gamma_{02} \text{FRL_mean}_j + \gamma_{03} \text{EL_mean}_j + \gamma_{04} \text{MinorityStatus_mean}_j + \gamma_{05} \text{PreKParticipation}_{ij} + \gamma_{06} \text{FRL}_{ij} + \gamma_{07} \text{EL}_{ij} + \gamma_{08} \text{RaceEthnicity}_{ij} + u_{0j} + \varepsilon_{ij}$$

In order to determine whether participation in prekindergarten effected different groups in their rate of improvement on proficiency rates over time, students were divided into four different groups: participated in prekindergarten and designated as FRL, participated in prekindergarten and not designated as FRL, did not participate in prekindergarten and designated as FRL, did not participate in prekindergarten and not designated as FRL. Higher positive fixed effect coefficients for assessment period would indicate that students in that group improved more on rate of proficiency over time.

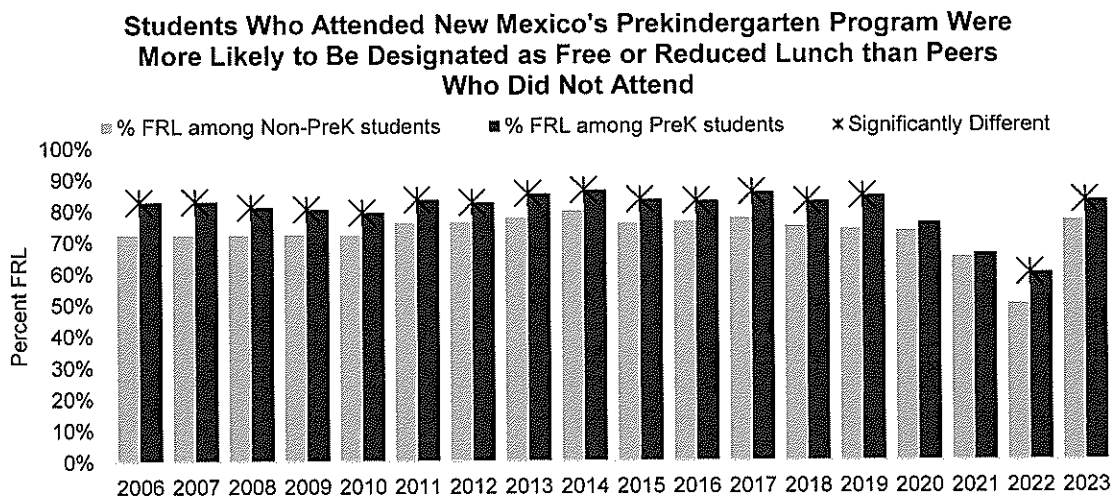
$$Y_{ij \text{ PreK Yes FRL Yes}} = \gamma_{00j} + \gamma_{01} \text{Test_Period}_j + u_{0j} + \varepsilon_{ij}$$

$$Y_{ij \text{ PreK Yes FRL No}} = \gamma_{00j} + \gamma_{01} \text{Test_Period}_j + u_{0j} + \varepsilon_{ij}$$

$$Y_{ij \text{ PreK No FRL Yes}} = \gamma_{00j} + \gamma_{01} \text{Test_Period}_j + u_{0j} + \varepsilon_{ij}$$

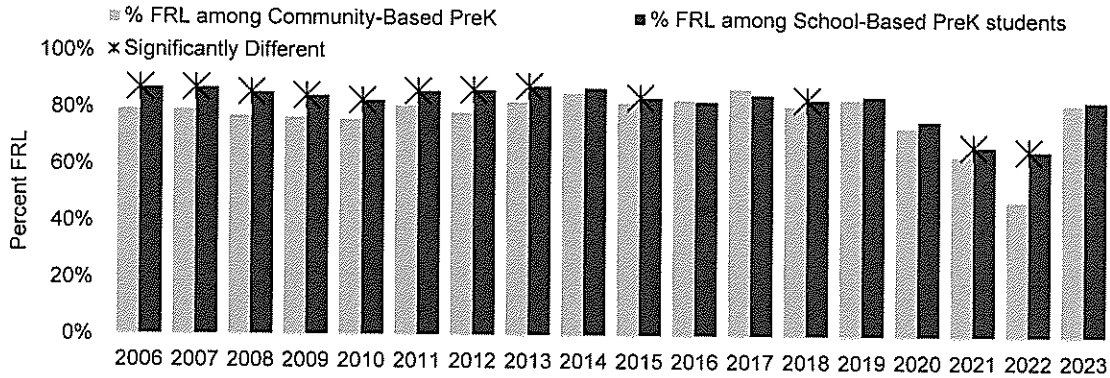
$$Y_{ij \text{ PreK No FRL No}} = \gamma_{00j} + \gamma_{01} \text{Test_Period}_j + u_{0j} + \varepsilon_{ij}$$

Demographic Breakdown



Source: LFC analysis of ECECD & PED data.

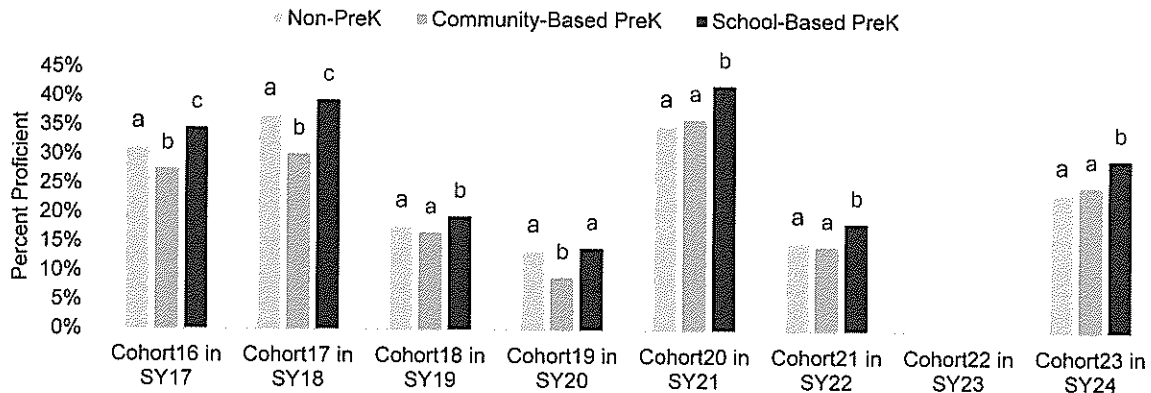
FRL Students are More Likely to Attend School-Based NM PreK than Community-Based NM PreK



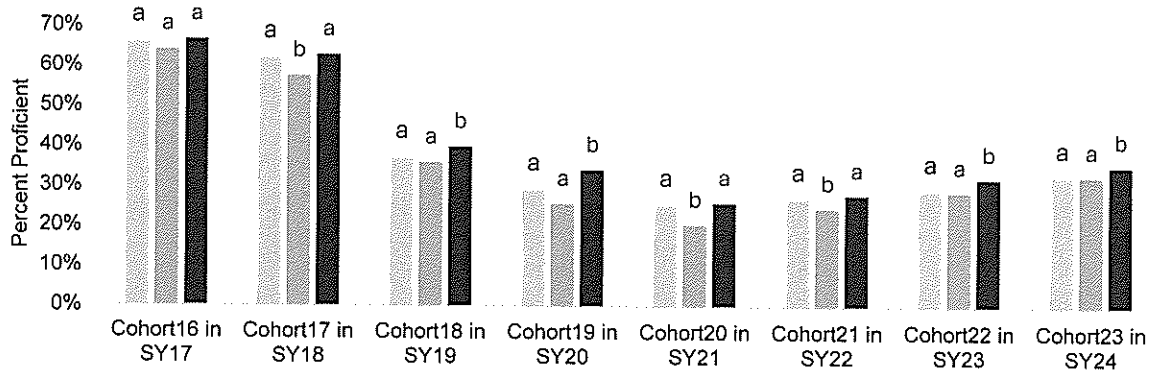
Source: LFC analysis of ECECD & PED data.

Istation Results Over Time

Beginning-of-Year Istation



End-of-Year Istation



Note. Different letters within school year indicate significant differences ($p < .05$) between groups on proficiency rates. For example, a and b within a school year indicates significantly different proficiency rates. In 2019, Istation was rescaled to align with proficiency cut-offs in standardized testing in third through eighth grade. In 2022, Istation was re-scaled, but change did not affect proficiency cut-off points. In 2023, only Istation EOY was available.

Source: LFC analysis of ECECD and PED data.

Appendix D. State Definitions of School Readiness

Key:

Items marked in blue appeared in the 2020 Program Evaluation	Items marked in purple have been adopted between 2020 and 2023
--------------------------------------------------------------	----------------------------------------------------------------

State	Statutory Definition of School Readiness
Colorado	Physical well-being and motor development, social and emotional development, language and comprehension development, and cogitation and general knowledge (Colo. Reve. State. Ann. 22-7-1004)
Connecticut	The Office of Early Childhood is charged with establishing standards for student readiness programs, which may include but need not be limited to guidelines for staff-child interactions, curriculum content including preliteracy development, lesson plans, parental involvement, staff qualifications and training, transition to school and administration, and the office must develop age-appropriate skills and goals for children attending such programs. (Conn. Gen. Stat. Ann. §.10-16p)
Delaware	Five domains of school readiness be measured within the school readiness assessment, including: language & literacy, cognition & general knowledge, approaches toward learning, physical well-being & motor dev., & social emotional dev. (Del. Code Ann. Tit. 14, 151)
District of Columbia	"A child's mastery of approved early-learning standards in language and literacy, mathematical thinking, social emotional dev., scientific inquiry, social studies, approaches to learning & health." (DC Code Ann. 38-271.01)
Florida	The Office of Early Learning must develop and adopt standards and benchmarks that address the age-appropriate progress of children in the development of school readiness skills. The standards for children from birth to 5 years of age in the school readiness program must be aligned with the performance standards adopted for children in the Voluntary Prekindergarten Education Program and must address the following domains: approaches to learning; cognitive development and general knowledge; numeracy, language, and communication; physical development; and self-regulation. (Fla. Stat. Ann. §.1002.82)
Hawaii	Address children's physical, cognitive, linguistic, social, and emotional development. (Haw. Rev. Stat. §. 346-181)
Illinois	Address language & literacy dev., cognition and math, approaches toward learning & social emotional development. These measures inform the Kinder entrance assessment. (Ill. Admin. Code tit. 23, 1.420)
Kentucky	School readiness means a student is "ready to engage in and benefit from early learning experiences that best promote the student's success." (704 KY. Admin. Regs. 5:070)
Louisiana	School readiness means that "children are intellectually prepared for school, but also that they are socially & emotionally prepared for success in the classroom." (28 La Admin. Code Pt CLIX, 701)
Maryland	"School readiness means the stage of early development that enables an individual child to engage in and benefit from early learning experiences. As a result of family nurturing & interactions who others, a young child in this stage has reached certain levels of social & emotional development, cognition & general knowledge, language development, & physical well-being & motor development. School readiness acknowledges individual approaches toward learning as well as the unique experiences & backgrounds of each child" (Md. Code Regs. 13A.06.02.02)
Minnesota	"School readiness is defined as the child's skills, knowledge, & behaviors at kindergarten entrance in these areas of child development: social; self-regulation; cognitive, including language, literacy, and mathematical thinking; and physical." (Minn. Stat. Ann. 124D.141)
Mississippi	Regulations define ready children as those who show an eagerness to explore, discover, engage, and learn. They demonstrate interest and abilities in all dimensions of early learning and development: social and emotional development; language development; cognition and general knowledge; physical well-being and motor development; and approaches toward learning...school readiness should be viewed as a continuum of behaviors rather than an inflexible or narrow set of proficiency skills. Any age eligible child who is eager to attend kindergarten should be deemed 'ready'. (7 Miss. Admin. Code T. 7, Pt. 191)
North Carolina	The kindergarten entrance assessment addresses give domains of school readiness: "language & literacy development, cognition & general knowledge, approaches toward learning, physical well-being & motor development, & social & emotional development." The assessment produces quantitative data on each readiness factor to inform instructional strategies. (N.C. Gen. Stat. Ann. 115C-83.5).

Oregon	The kindergarten entrance assessment measures school readiness, which may include physical & social-emotional development, early literacy, language & cognitive skills, & logic & reasoning. (Or. Admin. R. 581-022-2130).
South Carolina	Under the S.C. First Steps to School Readiness program, school readiness is defined as the level of child development necessary to ensure early school success as measured in the following domains: physical health & motor skills, emotional & social competence, language & literacy development, and mathematical thinking & cognitive skills. School readiness is supported by the knowledge & practices of families, caregivers, healthcare providers, educators, and communities. (S.C. Code Ann. § 59-152-25)
Texas	The state defines school readiness as a child being able to function competently in a school environment in the areas of early language and literacy, mathematics, and social skills. School readiness is measured by state-approved assessment instruments. (19 Tex. Admin. Code 102.1002).
Utah	The state has a school readiness program. The programs must have elements of content knowledge and skill development in oral language, phonics, alphabet and word knowledge, prewriting, book & print awareness, numeracy, creative arts, science & technology, and social studies, health & safety. (Utah Code Ann. 53A-1b-105).
West Virginia	The state defines school readiness as a process of assuring children have access to the best available resources prior to first grade. This process includes activities that support health & physical development, social & emotional development, language & communication development, cognitive & general knowledge, & individual approaches to learning. (W. Va. Code R. 126-28-3).

Source: State Kindergarten-Third Grade Policies. Education Commission of the States (ECS), June 2023

Appendix E. Teaching Requirements

Lead Teacher Qualifications		
PED (2019-20)	CYFD (2019-20)	ECECD (2024-25)
Bachelor's degree	New Mexico child development certificate (four required courses)	Must hold a bachelor's degree in early childhood education or be actively pursuing a degree in early childhood education and must complete a minimum of six credit hours per semester.
New Mexico Early Childhood Teaching License (birth-grade three; birth-prekindergarten; prekindergarten-grade three)	Complete six credit hours annually toward a bachelor's degree in early childhood education	A teacher holding a bachelor's degree in a field other than early childhood education must complete a total of 18 college credit hours of early childhood education or follow PED licensure requirements, when applicable, as outlined in their professional development plan. A minimum of 6 credit hours must be completed per semester.
		Must successfully complete all required training as required in ECECD's annually updated PreK professional learning plan. A minimum of 24 professional learning hours must be completed annually
Educational Assistant Qualifications		
PED (2019-20)	CYFD (2019-20)	ECECD (2024-25)
Associate's degree in early childhood education. Any educational assistant who does not currently possess an associate's degree in early childhood education must provide evidence of the completion of a minimum of six college credit hours toward the degree annually.	Working toward completing the four required courses to obtain a New Mexico Child Development Certificate	Must hold an associate's degree in early childhood education or be actively pursuing a degree in early child education and must complete a minimum of six credit hours per semester.
Hold Level III educational assistant license from PED	Successfully complete six credit-bearing college hours annually toward an associate of arts degree in early childhood education.	Must successfully complete all required training as required in ECECD's annually updated PreK professional learning plan. A minimum of 24 professional learning hours must be completed annually.

Source: New Mexico Prekindergarten Program Standards 2019-2020 and 2024-2025.

Appendix F. Building Blocks of Early Childhood Education

The Building Blocks of High-Quality Early Childhood Education Programs

Marker	NM PreK Status	Notes
Comprehensive Early Learning Standards and Curricula: Developmentally appropriate, effectively implemented, and addressing multiple domains (academic, social-emotional, and physical).	Progressing	Funded by a federal grant, ECECD is revising the state's early learning guidelines to be more usable and culturally relevant.
Appropriate Child Assessments: Assessing academic, social-emotional, and physical progress for instructional planning.	Progressing	ECECD is piloting a new assessment portfolio with tools for gauging executive function and development, including early math and reading. The new developmental assessment has not yet been selected, and if ECOT is phased out first, the state will lack measurements of prekindergarten math and literacy.
Well-Prepared Teachers: Teachers with specialized knowledge and qualifications in early childhood education.	May need more support	As NM PreK has expanded, the percentage of community providers with a bachelor's degree has declined.
Ongoing Teacher Support: Professional development, coaching, and mentoring to maintain quality.	Progressing	Practice-oriented coaching and annual professional development are provided for all teachers, but coaching styles vary.
Support for English Learners and Students with Special Needs: Inclusive instruction and, where applicable, dual language instruction.	Progressing	Spanish PreK classrooms meet or surpass English classroom CLASS scores. ECECD's new special education coordinator should help serve students with more needs.
Family Engagement: Programs that actively engage families and incorporate their cultural and linguistic backgrounds.	On track	ECECD requires 90 hours of family engagement each year for NM PreK programs.
Sufficient Learning Time and Small Class Sizes: Programs with full-day schedules and low student-teacher ratios (no more than 10:1).	On track	Four-year-old classrooms are limited to 20 students and 10:1 ratio. The state has largely phased out half-day programs.
Comprehensive Program Assessments: Evaluating both structural quality and classroom interactions.	On track	ECECD mandates the annual use of the Classroom Assessment Scoring System (CLASS) in all NM PreK classrooms.
Quality Rating and Improvement Systems (QRIS): State systems that support continuous quality improvement and program accountability.	Progressing	ECECD is currently revising its FOCUS QRIS system, which previously did little to predict student outcomes.

Source: LFC; Learning Policy Institute, 2016

Appendix G. CLASS and Istation Analysis Methodology

The analysis shown in Chart 16 in this report assessed whether classroom quality—captured by the *Classroom Assessment Scoring System* (CLASS)—was associated with higher beginning-of-year literacy performance on Istation in kindergarten. All work was carried out by Legislative Finance Committee (LFC) staff.

1. Data sources and scope

- **CLASS pilot observations (2022-23).** New Mexico’s Early Childhood Education and Care Department (ECECD) conducted the first statewide CLASS observations in 2022-23. Because observers and teachers were still becoming familiar with the instrument, scores from this pilot year may contain learning-curve effects. When a classroom or program was observed twice, only the *first* observation was retained to avoid the inflation seen in subsequent “practice-effect” visits.
- **Istation kindergarten data (2023-24).** Public Education Department (PED) test files provided beginning-of-year literacy proficiency outcomes for kindergarten students who had attended NM PreK.
- The overlapping school-year window meant only one cohort (PreK in 2022-23, kindergarten in 2023-24) could be examined.

2. **Unit of analysis:** CLASS scores were reported at the *program/center* level, and student rosters were organized the same way. Consequently, all statistics were calculated on center-level averages rather than individual classrooms or teachers.

3. Data integration

- An initial fuzzy-string match on program names produced numerous ambiguous links, so staff manually verified matches for the programs of greatest analytic interest.
- Programs were included only if (a) they enrolled ≥ 9 NM PreK students and (b) corresponding CLASS and Istation data were both available.

4. Sample construction

Four primary groups were created to focus the analysis on the extremes of performance:

1. 20 highest-performing public-school programs
2. 20 lowest-performing public-school programs
3. 20 highest-performing community-provider programs
4. 20 lowest-performing community-provider programs

Performance was defined as the proportion of students scoring “Proficient” on the Istation literacy assessment.

- To examine outcomes for economically disadvantaged settings, each list was re-filtered to retain only programs where ≥ 90 percent of enrolled children qualified for free or reduced-price lunch (FRL).

5. **CLASS variable preparation**

- Only observations of four-year-old or mixed-age PreK classrooms were used; rooms serving exclusively three-year-olds were excluded.
- For each program the first-visit scores on the three CLASS domains—**Emotional Support, Classroom Organization, Instructional Support**—were averaged, producing a single composite quality score.

6. **Statistical analysis**

- **Descriptive comparisons:** Mean CLASS composites were compared between top- and bottom-performing groups within both public and community sectors, with and without the FRL filter.

7. **Limitations**

- Only one year of overlapping data was available, limiting the inference to a single cohort.
- Potential measurement error in pilot-year CLASS scores may attenuate observed relationships.
- Center-level aggregation masks within-program variation across individual classrooms and teachers.

This structured approach enabled LFC staff to explore whether higher observed classroom quality corresponded to stronger early-literacy readiness among former NM PreK students entering kindergarten, while transparently documenting sample restrictions and methodological choices.

Appendix H. Community Provider Cost Models

The cost model of the fictional Zia Child Care Center that appears on page 35 of the report is based on field work and the real reported budgets of three providers. LFC staff used ECECD's Child Care Cost Model tool as a starting point to mockup routine income and expenditures. LFC staff shared the Excel-based model with several community providers who provided feedback on accuracy. Three community providers opened their books and allowed LFC staff to see their actual revenues and expenditure for FY24. LFC visited ten NM PreK programs for this report and while almost every program faces its own unique challenges based on regional circumstances and community served, specific financial challenges tend to emerge repeatedly for smaller community-based programs. For this reason, LFC staff chose to model a smaller community provider serving two New Mexico PreK classrooms. The hypothetical Zia Child Care Center uses data from the real providers who shared their budgets, which is approximately halfway between Provider A and Provider B in size.

Provider A: A Small Urban Provider in a Lower Income Area

Provider A used to operate at significantly larger numbers, serving a mix of toddlers and preschool-age children across two classrooms with steady enrollment numbers. Many families left during the Covid-19 pandemic. The program has consolidated to a single NM PreK classroom but still struggles to stabilize enrollment.

Provider B: A Medium-Sized Provider in a Higher-Income Area

Even though Provider B has nearly 100 slots, the business relies on operating support from a faith-based organization and drawdown of operating fund reserves to balance its budget, as its private tuition rates are lower than the equivalent childcare subsidy. Due to the relatively affluent community it serves, Provider B does not qualify for income-based federal grants such as the Child and Adult Food Care Program.

Provider C: A Large Provider Serving Locals and Commuter Families

Provider C offers extended hours and language instruction that attracts families from neighboring municipalities. The economy of scale that this provider has achieved allows for increased staffing, expanded operating reserves, and the ability to take out SBA loans to finance physical plant expansion. However, the provider is still heavily dependent on state subsidies and federal grants. Only 14 percent of this provider's income comes from private tuition; the rest is comprised of New Mexico childcare assistance, NM PreK grants, and federal food assistance.

Appendix I. Capital Sources

Federal and Local Capital Sources for Childcare Facilities

Agency or Fund	Type	Restrictions
American Rescue Plan Act	Federal	Minor upgrades and renovations only, not allowable for the purchase or improvement of land or for major renovations.
Community Development Block Grant	Federal (HUD)	Supports affordable housing and job creation in areas of need; labor, supplies, and materials, as well as to operate or maintain the facility in which the public service is located.
Child Care and Development Fund (ARPA)	Federal (HHS)	Minor upgrades and renovations only, not allowable for the purchase or improvement of land or for major renovations (except for tribes, which can use these funds for major renovations and culturally appropriate design elements).
Head Start grants	Federal (HHS)	Usable to pay rent for operating leases, and minor repairs or renovations. A separate application can provide funding for purchase, construction, or major renovations.
Community Facilities Programs	Federal (USDA)	Supports essential community facilities in rural areas. Funds are broadly usable, and include purchase, construction, and labor costs.
Economic Impact Initiative Grants	Federal (USDA)	Like the above but can be combined with a variety of grants and guaranteed loan programs to stimulate growth in economically struggling rural areas.
Child Care Access Means Parents in School	Federal (Dept. of Education)	Provides support for programs that serve parents enrolled in postsecondary education, including for personnel, equipment, and minor renovations and repairs.
Small Business Administration loans and technical assistance	Federal (SBA)	Includes technical assistance and matching with lenders who can provide SBA guaranteed loans.
Community Development Financial Institutions	Local	Established as part of the CDFI Fund (federal Department of Treasury), these financial institutions provide affordable financing to low-income communities to spur economic development.

Note: Green = grant; blue = loan

Source: Bipartisan Policy Center

State Child Care Facilities Funding and Technical Assistance

State	Program/Initiative	Funding Type	Purpose	Dollar Amount
Arkansas	Act 131 (2019)	State funds	Encourage childcare entrepreneurship in rural areas.	N/A
California	Child Care Facilities Revolving Loan Fund; Infrastructure Grant Program	State funds	Renovation, repair, or construction of childcare facilities.	\$350.5 million (Infrastructure Grant Program)
Colorado	Employer-Based Child Care Facility Grant Program; Property Tax Exemption	State funds, public-private partnerships	Support for facility construction, remodeling, and tax exemptions.	\$8.7 million (initial); additional funding varies
Iowa	Child Care Challenge Fund; Business Incentive Grant Program	State funds, federal ARPA funds	Expand and establish childcare facilities, including minor renovations.	\$36.6 million (ARPA and state funds)
Illinois	Early Childhood Construction Grant Program	State capital funds	Renovate, expand, or construct facilities to serve more children.	\$100 million (capital funds)
Maryland	Family Child Care Provider Grant Program	Reimbursement grants	Reimburse family childcare providers for compliance-related expenses.	Up to \$1,000 per provider
Massachusetts	Early Education and Out of School Time Capital Fund	General obligation bonds	Improve facilities serving low-income families.	Up to \$1 million per grant; \$45 million reauthorized
Oregon	Co-location Financing Program; Child Care Capacity Building Fund	State funds	Facility construction, maintenance, and program capacity expansion.	\$32 million (various programs)
Washington	Early Learning Facilities Grant and Loan Program	State funds, federal funds, loans	Expand, remodel, purchase, or construct childcare facilities.	Up to \$800,000 per project

Source: Bipartisan Policy Center

Appendix J. Bibliography

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