

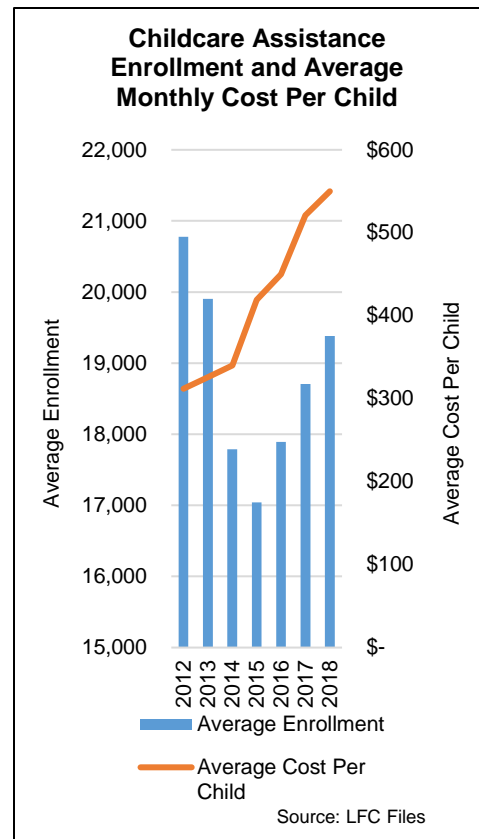
Childcare Assistance Outcomes



CHILDCARE ASSISTANCE		Kids Attending 4 or 5 STAR Focus Center	4-Year-Olds Attending Child Care	Enrolled 9 or More Months	Low Income Child Care Participants Proficient in Reading by 3 rd Grade
FY18	FY19	FY18	June FY18	FY18	FY18
\$116	\$134	43%	2,371	47%	18%
20,488	21,300	Better	Lower	Worse	Better
		FY17 36%	FY17 2,463	FY17 49%	FY17 17%
Source:		CYFD	CYFD	CYFD	All low income students- 23% CYFD

The Childcare Assistance program is a subsidy program for families with children between the ages of 3 weeks and 13 years whose families make less than 200 percent of the federal poverty level (FPL) and who work or attend training and education programs. Child care is not an entitlement program and is funded through a combination of federal block grants (Child Care and Development Fund, and Temporary Assistance for Needy Families) and state appropriations (general fund). Historically, the largest source of funding for childcare assistance was from the federal Child Care and Development Fund (CCDF), however, in FY19, general fund has become the largest source of funding.

Since FY12, enrollment in child care has fallen by 7 percent cost per child has risen by 76 percent. Administered by the Children, Youth and Families Department (CYFD), in FY18 childcare assistance average monthly enrollment was 20,488, an increase of 9.5 percent over FY17. The average monthly cost per child was \$550, \$53 more per child per month than FY17. At \$550 per child per month, it will cost an additional \$6 million for every one thousand additional children served. Total direct spending for childcare assistance in FY18 reached \$135.2 million, nearly \$19 million above anticipated spending in CYFD’s FY18 operating budget. In FY19, childcare assistance received an additional \$22 million from the general fund and \$3 million from TANF.



Increased provider rates for the highest levels of quality care contributed to increased spending as more providers qualify for 5-STAR reimbursements. Child care providers can qualify as a

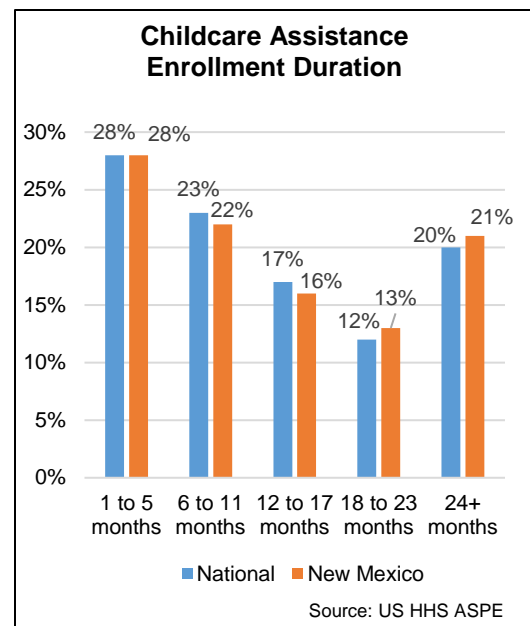
5-STAR provider by either meeting quality standards in the state’s tiered rating quality improvement system, Focus, or through an approved national accrediting body. Periodically, the state recertifies that child care providers are meeting Focus standards, while accredited providers are endorsed by their accrediting body. The newest childcare block grant funding framework released in early 2018 will provide the state an additional estimated \$18 million in discretionary funds, helping with projected increased costs in FY20. Aside from income eligibility requirements, parents must also work or go to school. The vast majority of qualified parents use child care assistance to support their employment.

Qualifying Activity for Parent		
	FY17	FY18
Employment and Training	8.5%	8.5%
Employment	75.7%	78.9%
Training/Education	15.7%	12.6%

Source: CYFD ACF Files
Note: Point in time data from June of each fiscal

Policy makers should use caution in increasing child care resources as a tool to improve long-term educational outcomes or to reduce child maltreatment. Despite significant increased investments in quality initiatives, evidence linking participation in child care with long-term impacts on educational outcomes is lacking. There is some evidence that select child care facilities perform on par with high performing prekindergarten facilities. There is also some evidence that child care assistance has a short-term impact on improving school readiness. LFC staff have found small, short-term effects for Aim High (the legacy tiered quality rating improvement system), and UNM’s Cradle to Career Policy Institute (CCPI) found similar short-term impacts. However, several LFC studies, along with the recent CCPI study, have found no impact of child care participation on 3rd grade scores, which is consistent with national research on fade out effects of some early childhood programs. While some studies have shown promising short-term educational gains, there is no evidence to conclude that participation in New Mexico child care has a long-term positive impact on educational outcomes. Child care may have other benefits for kids and parents, such as contributing to economic stability, however.

- **2013:** LFC produced a report showing small improvements in DIBELS scores for child care Aim High participants, however these effects faded out by the 3rd grade.
- **2015-Current:** LFC begins producing an annual accountability report showing child care participant proficiency on the 3rd grade PARCC comparable (typically a bit lower) to proficiency among non-participant low-income students.
- **2018:** CCPI produces a report showing improvements in DIBELS scores for some child care participants. However, the CCPI projects that participants must be in child care two years or more to reach benchmark. CCPI reports only about 1/5th of children participate in child care for 24 months or more, according to a study from the U.S. Health and Human Services Department. Similar to the 2013 LFC study and subsequent accountability reports, CCPI found no effect of child care participation on 3rd grade PARCC scores.

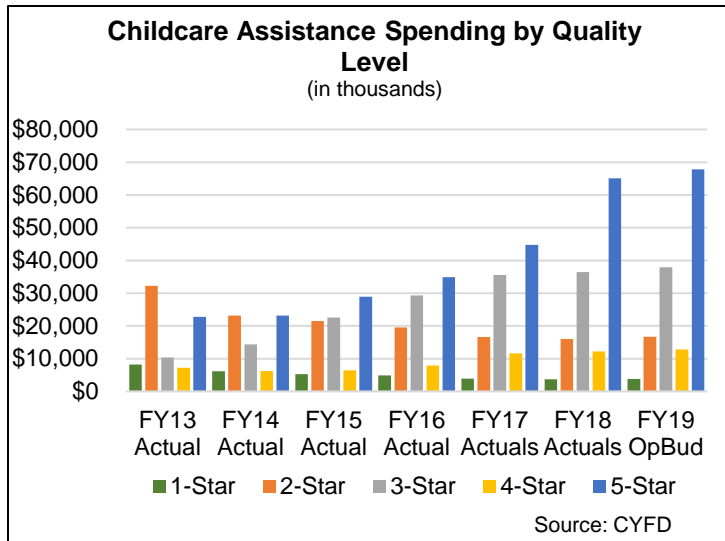


Participation in Focus has not been shown to reduce the likelihood of child maltreatment. The Centers for Disease Control reports some promising relationships between certain aspects of child care and outcomes for parents and children relating to maltreatment. The LFC has received testimony from CYFD that Focus

may reduce child maltreatment. LFC staff followed up with CYFD to determine the method of the study used to examine this issue. According to CYFD’s Chief Data Officer, a study was not conducted; instead, a comparison of high level outcome data was taken as evidence that child care may be impacting child maltreatment. While this initial comparison is promising, and there is some research suggesting that high quality child care may reduce one type of maltreatment (neglect) there is not enough evidence to conclude that participation in New Mexico child care prevents child maltreatment. The comparison did not control for various factors including the age of the victim, which is problematic as the measure of repeat maltreatment includes children from 0-18 whereas children included in the comparison measure of child care participation is limited by age. CYFD offered to partner with LFC staff to conduct a valid study. Note several programs studied in LFC Results First reports have been shown to reduce maltreatment (e.g. alternative response, SafeCare, Nurse-Family Partnership home visiting).

Multiple reports have found significant improved educational outcomes from participation in prekindergarten and K-3 Plus. LFC reports have consistently found that participation in prekindergarten is associated with improved attendance and performance through 8th grade. The effect is so strong in some instances that it can be seen in descriptive statistics alone (non-inferential statistics), however when certain variables such as poverty are controlled for, the effect is even stronger. Additionally, in 2017, LFC staff found that participation in both prekindergarten and K-3 Plus was associated with a closing of the achievement gap at kindergarten entry for a cohort of students. There are also studies outside of New Mexico with evidence suggesting prekindergarten programs involving parents may reduce child maltreatment.

CYFD projects continued growth in enrollment and costs. CYFD continues moving forward in its implementation of Focus, New Mexico’s third-generation tiered quality rating system. CYFD reported in FY18 more childcare providers are moving into the highest levels of quality rating, but nonetheless fell slightly below performance targets for the fiscal year. In FY18, 60 percent of children attended “high quality”, 3-, 4-, and 5-STAR programs. The agency also reported rural providers are struggling to move into the state’s newest quality rating system, Focus, and there is no timeline for transition of providers remaining in the legacy system (Aim High). Additional technical assistance may be needed to assist providers remaining in the legacy system to increase quality standards and to transition from Aim High to Focus.



Four-year-old child care enrollment increased from FY16 to FY17 from 1,972 to just fewer than 2,500 and remained relatively stable in FY18. Additionally, the number of children enrolled nine or more months increased from 34 percent in FY14 to 49 percent in FY17, however there was a drop in FY18 to 47 percent. The Legislature has implemented new reporting requirements. In the 2018 legislative session, House Bill 193 enacted the Early Childhood Care Accountability Act (ECCAA) in the Children’s Code, establishing standards for licensure and registration and put a number of data collection and reporting requirements into place, including requiring a report of these data to the Legislature beginning in December of 2019.

Early Childhood Accountability Report-2018 Update

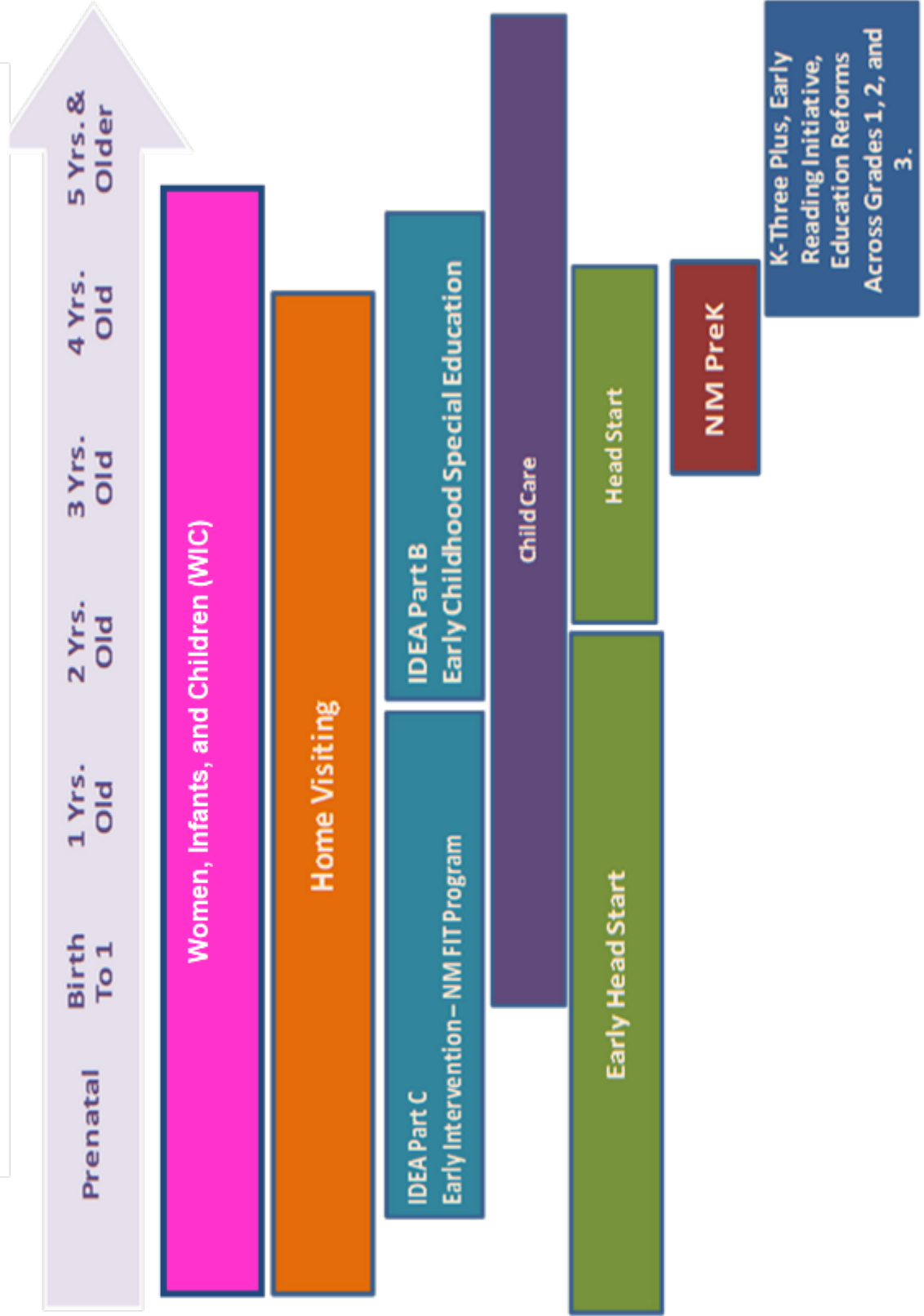
HEALTHY	Infant Mortality	Low Birth Weight	Immunization Rate	Early Access to Prenatal Care
	2016	2016	2016	2016
	6.2	9%	68.5%	63%
	Per 1,000 children U.S. – 5.9 (2016)	2,331 children U.S. – 8.2% (2016)	U.S. – 71% (2016)	24,503 children U.S. – 77% (2016)
	Worse	Worse	Worse	Worse
2015 5.1	2015 8.7%	2015 70%	2015 66%	
Source:	CDC	DOH	DOH	DOH

SAFE	Child Death Rate: Abuse or Neglect	Rate of Child Maltreatment	Rate of Foster Care Placement	Repeat Maltreatment
	2016	2016	2016	2018
	2.24	15.4	3.8	11%
	Per 100,000 children U.S. Range 0-5.96	Per 1,000 children U.S. – 8.8 (2016)	Per 1,000 children	U.S. Std– 5.4%
	Better	Better	Same	Better
2015 2.82	2015 17.5	2015 3.8	2017 11.7%	
Source:	ACF	ACF	ACF	CYFD/NCANDS

READY TO LEARN BY KINDERGARTEN	PreK Students at or Above Grade Level at Kindergarten Entry	Rate of Children Under 5 in Poverty	Kids Funded to Participate in Early Childhood Programs	Low Income 4-Year-Olds in Day Services
	FY18	2016	FY19	FY16/FY17
	81%	34%	73,871	70%
	Non-PreK 77%	U.S. – 34%	children	21,655 children
	Baseline	Same	Better	Better
2015 34%	2015 34%	FY18 65,298	FY15 66%	
Source:	PED/KOT	Census	LFC Vol. 3	CYFD, ACF, & LFC

EDUCATED 3rd Grade	Reading – All Kids	Reading – Low-Income Kids	Math – All Kids	Math – Low-Income Kids
	2018	2018	2018	2018
	30%	25%	32%	27%
	Better	Better	Better	Better
	2017 25%	2017 22%	2017 30%	2017 24%
Source:	PED	PED	PED	PED

New Mexico's Early Childhood Care and Education System



Early Childhood Funding History

(in millions of dollars)

	FY12 Actuals	FY13 Actuals	FY14 Actuals	FY15 Actuals	FY16 Actuals	FY17 Actuals	FY18 OpBud	FY19 Opbud
Children, Youth and Families Department - Early Childhood Services Programs								
Childcare Assistance								
General Fund	\$ 26.8	\$ 29.8	\$ 33.3	\$ 30.3	\$ 30.0	\$ 30.6	\$ 30.6	\$ 52.6
Federal Funds	\$ 30.4	\$ 31.6	\$ 15.1	\$ 23.9	\$ 36.0	\$ 51.4	\$ 54.9	\$ 47.2
OSF	\$ 0.8	\$ 1.4	\$ 0.8	\$ -	\$ -	\$ -	\$ -	\$ 0.9
USDA E&T	\$ 0.6	\$ 0.6	\$ 0.6	\$ -	\$ -	\$ -	\$ -	\$ -
TANF	\$ 24.3	\$ 23.8	\$ 23.2	\$ 30.5	\$ 30.5	\$ 30.5	\$ 30.5	\$ 33.5
Total Childcare Assistance	\$ 82.9	\$ 87.2	\$ 73.0	\$ 84.7	\$ 96.5	\$ 112.5	\$ 116.0	\$ 134.2
Home Visiting								
General Fund	\$ 2.3	\$ 3.2	\$ 4.5	\$ 6.3	\$ 7.3	\$ 3.2	\$ 8.6	\$ 10.1
Federal Funds	\$ -	\$ 2.7	\$ 2.5	\$ 3.3	\$ 3.7	\$ 5.3	\$ 5.1	\$ 5.1
TANF	\$ -	\$ -	\$ -	\$ 2.0	\$ 4.5	\$ 5.0	\$ 5.0	\$ 5.0
Tobacco Settlement Fund	\$ -	\$ -	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -
Total Home Visiting	\$ 2.3	\$ 5.9	\$ 8.1	\$ 11.6	\$ 15.5	\$ 13.5	\$ 18.7	\$ 20.2
Early Childhood Professional Development								
General Fund	\$ 0.5	\$ 0.5	\$ 0.5	\$ 1.0	\$ 1.3	\$ 0.9	\$ 1.3	\$ 1.4
Prekindergarten: Four Year Old Basic Services								
General Fund	\$ 8.2	\$ 9.2	\$ 8.5	\$ 6.4	\$ 4.2	\$ 1.8	\$ 2.1	\$ 2.1
TANF	\$ -	\$ -	\$ -	\$ 6.1	\$ 6.1	\$ 0.1	\$ 0.1	\$ 0.1
Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.1
Tobacco Settlement Fund	\$ -	\$ -	\$ 3.1	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 8.2	\$ 9.2	\$ 11.6	\$ 12.5	\$ 10.3	\$ 2.0	\$ 2.3	\$ 2.3
Prekindergarten: Four Year Old Extended Day Services								
General Fund	\$ -	\$ -	\$ -	\$ 7.8	\$ 6.8	\$ 6.7	\$ 7.8	\$ 7.8
TANF	\$ -	\$ -	\$ -	\$ -	\$ 5.5	\$ 11.5	\$ 11.5	\$ 11.5
Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.4	\$ 0.4	\$ 0.4
Total	\$ -	\$ -	\$ -	\$ 7.8	\$ 12.3	\$ 18.6	\$ 19.7	\$ 19.7
Prekindergarten: Three Year Old Services								
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 2.0	\$ 4.7	\$ 3.3	\$ 5.8
TANF	\$ -	\$ -	\$ -	\$ -	\$ 2.0	\$ 2.0	\$ 2.5	\$ 2.5
Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.4	\$ 1.2	\$ 1.2
Total	\$ -	\$ -	\$ -	\$ -	\$ 4.0	\$ 7.1	\$ 7.0	\$ 9.5
Subtotal CYFD PreK	\$ 8.2	\$ 9.2	\$ 11.6	\$ 20.4	\$ 26.6	\$ 27.8	\$ 29.0	\$ 31.5
Planning Grant: High Quality Early Childhood Development Centers								
General Fund	\$ -	\$ -	\$ -	\$ 0.5	\$ -	\$ -	\$ -	\$ -
TOTAL CYFD	\$ 93.9	\$ 102.8	\$ 93.1	\$ 118.2	\$ 139.8	\$ 154.8	\$ 164.9	\$ 187.3
Public Education Department - Special Appropriations *								
Prekindergarten: Four Year Old Basic Services								
General Fund	\$ 6.3	\$ 10.0	\$ 15.0	\$ 17.7	\$ 21.0	\$ 21.0	\$ 21.0	\$ 29.0
TANF	\$ -	\$ -	\$ -	\$ -	\$ 3.5	\$ 3.5	\$ 3.5	\$ 3.5
Total	\$ 6.3	\$ 10.0	\$ 15.0	\$ 17.7	\$ 24.5	\$ 24.5	\$ 24.5	\$ 32.5
Prekindergarten: Four Year Old Extended Day Services								
General Fund	\$ -	\$ -	\$ -	\$ 1.5	\$ -	\$ -	\$ -	\$ -
Subtotal PED PreK	\$ 6.3	\$ 10.0	\$ 15.0	\$ 19.2	\$ 24.5	\$ 24.5	\$ 24.5	\$ 32.5
K-3 Plus								
General Fund	\$ 5.3	\$ 11.0	\$ 16.0	\$ 21.2	\$ 23.7	\$ 22.6	\$ 23.7	\$ 30.2
Early Literacy								
General Fund	\$ -	\$ 8.5	\$ 11.5	\$ 14.5	\$ 15.0	\$ 14.1	\$ 12.5	\$ 8.8
TOTAL PED	\$ 11.6	\$ 29.5	\$ 42.5	\$ 54.9	\$ 63.2	\$ 61.2	\$ 60.7	\$ 71.5
Department of Health								
Family, Infant and Toddlers Program (Birth to 3)²								
General Fund	\$ 14.5	\$ 14.0	\$ 14.5	\$ 20.1	\$ 19.7	\$ 19.4	\$ 19.4	\$ 20.7
All other funds	\$ 16.5	\$ 19.6	\$ 19.6	\$ 19.6	\$ 23.0	\$ 24.3	\$ 24.3	\$ 24.0
TOTAL DOH	\$ 31.0	\$ 33.6	\$ 34.1	\$ 39.7	\$ 42.7	\$ 43.7	\$ 43.7	\$ 44.7
Human Services Department								
Home Visiting								
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.8
All other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.8
TOTAL HSD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.6
TOTAL RECURRING EARLY CHILDHOOD PROGRAMS	\$ 136.5	\$ 165.9	\$ 169.7	\$ 212.8	\$ 245.7	\$ 259.7	\$ 269.3	\$ 306.1
Race to the Top- Early Learning Challenge								
Federal Funds	\$ -	\$ -	\$ 9.4	\$ 7.8	\$ 14.0	\$ 6.2	\$ -	\$ -
GRAND TOTAL EARLY CHILDHOOD PROGRAMS	\$ 136.5	\$ 165.9	\$ 179.1	\$ 220.6	\$ 259.6	\$ 265.9	\$ 269.3	\$ 306.1

Child Care Funding Sources and Uses, FY13 to FY19

(in thousands of dollars)

	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actuals	FY18 Opbud	FY18 Actuals	FY19 OpBud
Sources								
General Fund	\$35,113	\$22,607	\$35,184	\$34,001	\$34,666	\$35,067	\$44,893	\$57,067
Title IV-E (Federal)	\$900	\$900	\$900	\$900	\$2,871	\$900	\$3,126	\$2,871
TANF (Federal)	\$23,778	\$23,778	\$30,528	\$30,528	\$30,528	\$30,528	\$30,528	\$33,528
Employment & Training (Federal)	\$332	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other State Funds	\$0	\$779	\$0	\$0	\$0	\$0	\$3,513	\$900
CCDF (Federal)	\$33,732	\$37,840	\$32,438	\$48,476	\$61,204	\$70,306	\$65,946	\$61,177
Total Revenue	\$93,855	\$85,904	\$99,050	\$113,905	\$129,268	\$136,801	\$148,007	\$155,543
Uses								
Child Care Services								
1-Star	\$8,177	\$6,092	\$5,265	\$4,830	\$3,906	\$4,027	\$3,677	\$3,831
2-Star	\$32,264	\$23,168	\$21,486	\$19,496	\$16,620	\$17,135	\$16,015	\$16,687
3-Star	\$10,391	\$14,349	\$22,606	\$29,343	\$35,606	\$36,711	\$36,396	\$37,921
4-Star	\$7,222	\$6,223	\$6,399	\$7,916	\$11,630	\$11,991	\$12,243	\$12,756
5-Star	\$22,771	\$23,160	\$28,916	\$34,910	\$44,755	\$46,143	\$65,077	\$67,805
Child Care Services 1-5 Star Uses Total	\$80,825	\$72,992	\$84,672	\$96,495	\$112,518	\$116,007	\$133,408	\$139,000
Quality Initiatives (Consultants, etc)	\$4,152	\$4,623	\$7,741	\$7,363	\$7,281	\$8,442	\$7,549	\$8,183
Admin/Eligibility	\$6,957	\$8,289	\$6,637	\$10,047	\$9,470	\$12,352	\$7,050	\$8,361
Total Spending	\$91,934	\$85,904	\$99,050	\$113,905	\$129,268	\$136,801	\$148,007	\$155,543
Balance	\$1,921	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balances by Revenue								
CCDF (Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employment & Training (Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other State Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Fund	\$1,921	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average Monthly Caseload (# of Children)	19,903	17,790	17,014	17,751	18,705	20,000	20,488	21,300**

Source: Children, Youth and Families Department and LFC Files

**Projected average

Childcare Assistance Provider Rates 8.15.2.17 NMAC

Formula: (Base Rate + Quality Differential) x Units of Service = Provider Rate*

Base Rates			
Childcare Assistance Base Provider Rate			
Licensed Child Care Centers			
Infant	Toddler	Pre-School	School-age
\$ 720.64	\$ 589.55	\$ 490.61	\$ 436.27
Licensed Group Homes (capacity: 7-12)			
Infant	Toddler	Pre-School	School-age
\$ 586.07	\$ 487.11	\$ 427.13	\$ 422.74
Licensed Family Homes (capacity: 6 or less)			
Infant	Toddler	Pre-School	School-age
\$ 566.98	\$ 463.50	\$ 411.62	\$ 406.83
Registered Homes and In-home Child Care			
Infant	Toddler	Pre-School	School-age
\$ 289.89	\$ 274.56	\$ 251.68	\$ 251.68

Age Range Definitions	
Infant	Zero - 23 months
Toddler	24 -35 months
Pre-school	Three to five year olds
School-age	Six-years and older

Quality Differential			
Childcare Assistance Monthly Quality Differential Provider Rate			
2+ Star Focus Childcare Centers, Licensed Family, and Group Homes			
Infant	Toddler	Pre-School	School-age
\$ 88.00	\$ 88.00	\$ 88.00	\$ 88.00
3 Star Focus Child Care Centers, Licensed Family, and Group Homes			
Infant	Toddler	Pre-School	School-age
\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
4 Star Focus Licensed Family and Group Homes			
Infant	Toddler	Pre-School	School-age
\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00
5 Star Focus or CYFD approved National Accreditation Licensed Family and Group Homes			
Infant	Toddler	Pre-School	School-age
\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
4 Star Focus Child Care Centers			
Infant	Toddler	Pre-School	School-age
\$ 280.00	\$ 280.00	\$ 250.00	\$ 180.00
5 Star Focus or CYFD Approved National Accreditation Child Care Centers			
Infant	Toddler	Pre-School	School-age
\$ 550.00	\$ 550.00	\$ 350.00	\$ 250.00

Units of Service			
Full time	Part time 1	Part time (split custody or in cases of two providers)	Part time 3
Care provided for an average of 30 or more hours per week per month	Care provided for an average of 8-29 hours per week per month	Care provided for an average of 6-19 hours per week per month	Care provided for an average of 7 or less hours per week per month
Pay at 100% of full time rate	Pay at 75 % of full time rate	Pay at 50 % of full time rate	Pay at 25% of full time rate

*Non-traditional Hours Differential (not included in above formula)			
	1-10 hrs/wk	11-20 hrs/wk	21 or more hrs/wk
After hours	5%	10%	15%
Weekend hours	5%	10%	15%