

LFC Hearing Brief

The Legislature has prioritized appropriations and expanded services for early childhood care and education programs from \$136.5 million in FY12 to \$439.5 million in FY20, over 220 percent. A majority of the increases were for economic support such as childcare assistance and educational support such as prekindergarten and K-5 Plus. These three programs represent over \$356 million of state appropriations on early childhood services in FY20. Family stability and developmental support programs such as home visiting and the Family, Infant and Toddler Program (FIT) represent the next largest service type, appropriated over \$78 million FY20. Due to the rapid growth of early childhood programs, the state has struggled with coordination and quality resulting in minimal changes to outcome for children and families and some unspent funding.

While programs such as childcare, prekindergarten, K-5 Plus, home visiting, and FIT have been traditionally defined as the state's early childhood system. Federally Funded programs such as Head Start, Women, Infant, and Children (WIC), and Medicaid programs such as Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) also provide significant resources to New Mexico children and families. In FY19 Head Start and Early Head Start received nearly \$70 million to provide services to nearly 7.4 thousand children statewide. In addition, WIC received \$43 million in FY19 to provide supplemental nutrition support to over 40 thousand families. When including these programs, early childhood program spending reaches nearly \$550 million annually, excluding Medicaid.

Outcomes

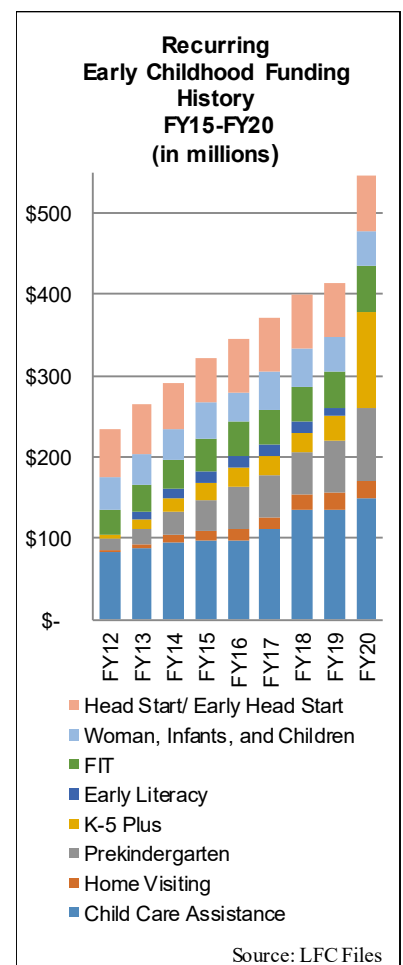
Early health and learning begins prenatally and grows exponentially through the first few years of life. Learning social-emotional skills early in life contributes to better long-term outcomes for children. The long-term returns from early interventions vary. The Perry Preschool Project, which studied the impact of high-quality early education on low-income minority preschoolers in Michigan, estimated \$7 saved for every \$1 invested due to lower education and welfare expenditures and gains in economic engagement; however, early results in New Mexico, are closer to \$2 for every \$1 invested. The returns in New Mexico may be lower because a majority of early childhood programs are independently operated. Under a rapidly growing system and changing program standards, program quality can vary widely.

LFC analysis of early childhood programs such as childcare assistance, prekindergarten, K-3 Plus, and home visiting have identified mixed results. Childcare assistance supports families economically but has not shown to increase educational outcomes for children. Previously, LFC analysis found significant and lasting educational gains for low-income children when combining prekindergarten and K-3 Plus, but those results may have slightly weakened in the most recent analysis (See Early Childhood Accountability Report 2019). Continued and focused oversight to ensure high quality services and program

AGENCY: Children, Youth and Families Department/ Early Childhood Education and Care Department (ECECD)

DATE: August 28, 2019

PURPOSE OF HEARING: Update Early Childhood Programs

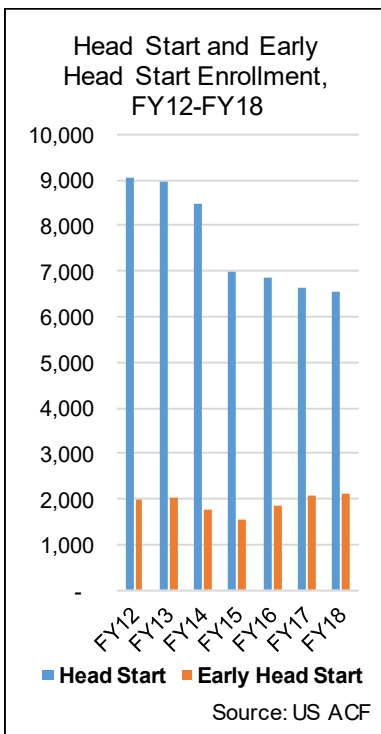


fidelity of these services are necessary to ensure educational outcomes. Building a coordinated early prevention system to improve family stability and child health, safety, and educational outcomes should be the mission of the newly authorized Early Childhood Education and Care Department (ECECD).

Coordination

As a result of significant expansion of services and a declining birthrate, competition among providers instead of collaboration has resulted in some struggles to coordinate. Multiple reports over the last several years have identified the problem of increasing supply of 3 and 4-year-old services from multiple programs such as prekindergarten, childcare assistance, and Head Start. Ensuring community resources are dedicated toward quality is essential; otherwise competition can lead to diminished outcomes.

Insufficient coordination with programs can lead to Head Start programs losing funding if federal enrollment standards are not maintained. If a program is chronically under enrolled, the program can potentially lose existing funding and be disqualified from competing for new funding opportunities in the future. Several Head Start providers have reported this as a significant concern in recent years and the statewide enrollment has declined from 9 thousand in FY12 to less than 7 thousand in FY18. If the state and the federal Head Start providers do not coordinate more closely, New Mexico will be at continued risk of declining federal revenues.



Rapid expansion without robust coordination can lead to:

- Diminished teacher quality or qualifications;
- Declining program fidelity; and effectiveness; and
- Potential loss of federal resources.

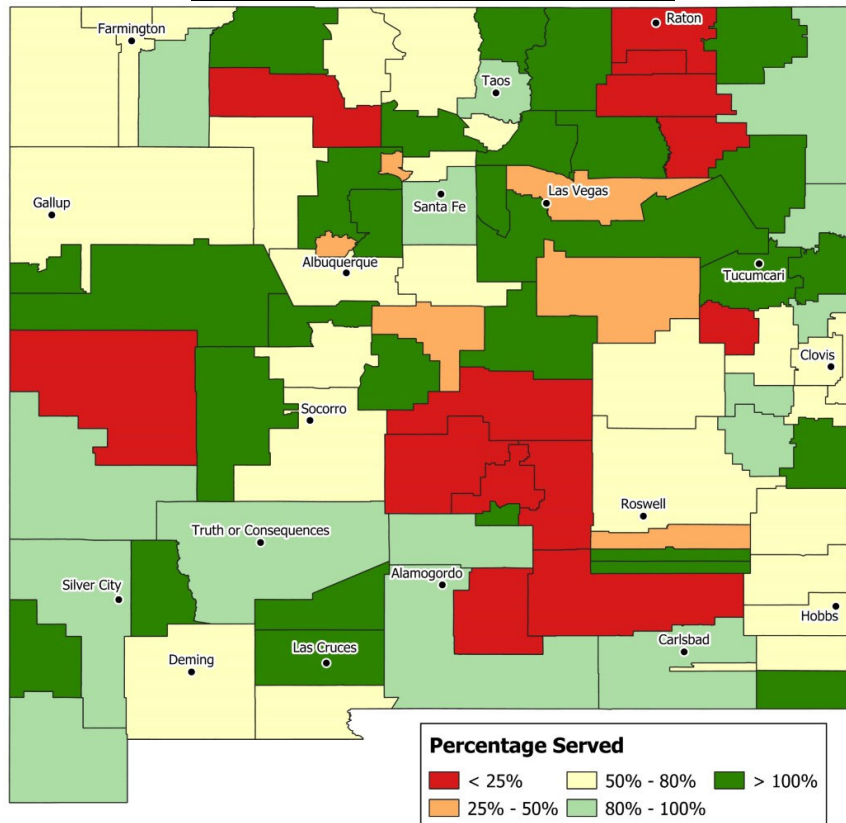
Service for 3 and 4-year-olds

There is more capacity to service 3- and 4-year-olds in day services than prenatal up to 3-years-of-age. Due to promising educational outcomes, previously reported by LFC when combining high quality prekindergarten with the K-3 Plus program, expansion of these programs have soared. However, system coordination with other programs which also serve 3- and 4-year-olds such as childcare and Head Start have not been sufficient resulting in over-saturating some communities and unused federal revenues.

Head Start funds programs directly to providers from the federal government, thereby bypassing the state administration. Lack of coordination with these providers when increasing capacity for prekindergarten has resulted in some Head Start providers being unable to maintain federal enrollment requirements resulting in declining service capacity. LFC estimates shows when comparing childcare, Head Start, and prekindergarten enrollment to kindergarten enrollment by school district, almost a third of districts have above 100 percent capacity to serve 4-year-olds in their community, while five districts have capacity to serve 30 percent or less of 4-year-olds.

Although many agree on the existing lack of coordination, efforts to increase coordination have yet to see success on a statewide basis. Entities such as the Children’s Cabinet, the Early Learning Advisory Council (ELAC), and the new early learning department are all administrative structures that span agencies and could provide support in this function. However, under the Martinez administration the Children’s Cabinet activities slowed, and reporting was diminished. The state is also the recipient of a Preschool Development Grant – Birth to Five (PDG B-5) grant that is partially funding a needs assessment.

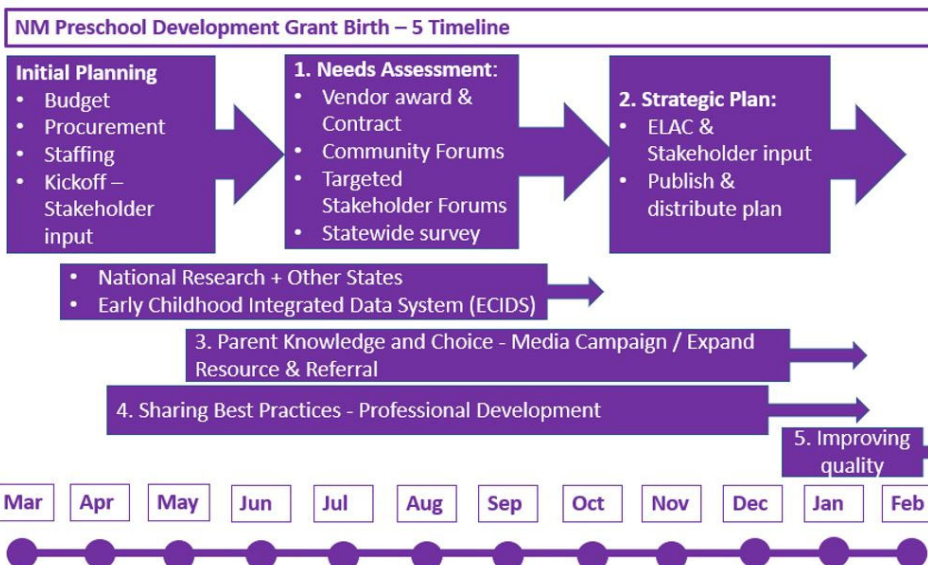
4-Year-Old Services by School District



The \$5.4 million PDG B-5 grant was awarded to CYFD at the beginning of 2019. CYFD is designated as the lead agency for the grant, which was applied for collaboratively with the Department of Health (DOH) and the Public Education Department (PED). This award was for one year with the option of applying for additional funding for years two through four. The PDG B-5 includes funding for a statewide birth to 5-years-old needs assessment, birth to 5-years-old strategic plan, an early learning campaign, expanding resource and referral to families, and a variety of workforce development training activities. The needs assessment is currently underway through a contracted entity.

Major Preschool Development Grant Birth to Five (PDG B-5) Activities:

- Create Needs Assessment
- Develop Strategic Plan
- Early Learning Campaign
 - Expand resource and referral system
 - Develop parent engagement self-assessment tool
 - Provide parent leadership training
- Best Practice Training:
 - In-person training for early intervention providers
 - Video training to share best practices
 - Provide comprehensive consultation on infant mental health, socio-emotional development, early literacy and math, and culturally and linguistically appropriate instruction.
- Quality Improvement
 - Video based training
 - Provider consultation
 - Early learning leadership development



New Mexico PDG B-5 Revised Budget (in thousands)	
Needs Assessment	\$ 632.9
Strategic Plan	\$ 307.4
Early Learning Campaign	\$ 1,235.0
Best Practice Training	\$ 1,428.8
Quality Improvement Activities	\$ 1,135.0
Other Activities: Personnel, Travel, Etc.	\$ 635.5
Total	\$ 5,374.6

Source: CYFD

2019 Annual FPL Guidelines			
Family Size	100 Percent	200 Percent	250 Percent
1	\$12,490	\$24,980	\$31,225
2	\$16,910	\$33,820	\$42,275
3	\$21,330	\$42,660	\$53,325
4	\$25,750	\$51,500	\$64,375
5	\$30,170	\$60,340	\$75,425

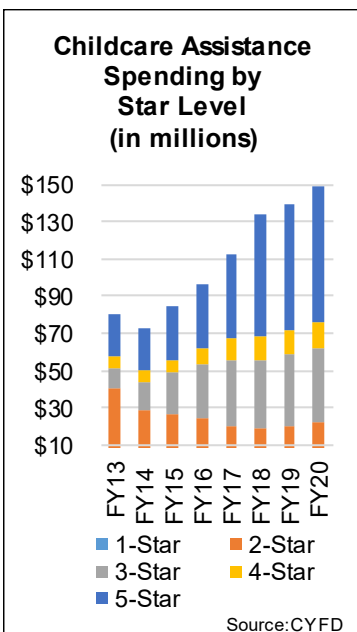
Source: U.S. DHHS

2019 Maximum Monthly Childcare Assistance Family Co-Payment			
Family Size	100 Percent FPL	200 Percent FPL	250 Percent FPL
2	≤\$33	≤\$255	≤\$399
3	≤\$51	≤\$325	≤\$499
4	≤\$94	≤\$386	≤\$612
5	≤\$114	≤\$456	≤\$712

Source: CYFD

Percent of Children Enrolled in Childcare Assistance by Federal Poverty Level	
Less than 50	17%
Between 50-100	33%
Between 100-150	36%
Between 150-200	13%
Greater than 200 and 250	1%

Source: CYFD



In 2019 legislature also created the Early Childhood Education and Care Department (ECECD), as a cabinet department. Major programs in ECECD will include childcare assistance, home visitation, early prekindergarten, early educator professional development, and prekindergarten in collaboration with the Public Education Department. Prekindergarten will continue to be delivered by PED and private providers. The bill also designates the department as the lead agency for early intervention programs, including physical development, communications development, adaptive development, social and emotional development, and sensory development programs designed to meet the developmental needs of eligible children. ECECD will need to be a major leader in program coordination going-forward.

The agency will develop and submit its first independent budget request and operating plan in September 2019. While many early childhood programs were consolidated in to ECECD, several others such as WIC, remain separate. To date, a secretary-designate for the department has not been selected.

Childcare Assistance Spending

In addition to growth in prekindergarten, CYFD announced an increase to childcare assistance income eligibility to 200 percent entry and 250 percent exit of the federal poverty level (FPL), which will increase the number of children served by the program and the need for coordination. In recent years, large increases for childcare assistance have come from state general fund revenues and the childcare block grant for childcare assistance. The average monthly cost per child has reached nearly \$600 up from \$300 in 2013. Average monthly costs have risen significantly due to provider rate increases implemented by CYFD in FY16 and more families enrolling children in the highest levels of quality. Childcare assistance provider rates are based on the age of the child and the quality rating level of the provider. More providers are providing the highest level of quality care and being paid at the higher rates, resulting in rising per-child costs. Increasing enrollment coupled with higher provider rates will continue to drive childcare assistance funding. CYFD estimates the increase in eligibility will require an additional \$26 million in general fund revenue in FY21 while LFC analysis indicates the cost may be closer to \$21 million. Childcare assistance supports low-income families' ability to participate economically but LFC analysis has been unable to identify any increase in educational outcomes due to participation.

