

A Business Plan for Early Childhood in New Mexico



Spring 2018

Introduction

The New Mexico Early Childhood Funders Group is pleased to present the “Business Plan for Early Childhood in New Mexico,” developed by Bellwether Education Partners with input from many local stakeholders and community leaders. The funders for this project include the Brindle Foundation, McCune Foundation, Los Alamos National Laboratory Foundation, W.K. Kellogg Foundation, Santa Fe Community Foundation, JF Maddox Foundation, Keeler Foundation, and Thornburg Foundation. We hope this will serve as a framework for policymakers and state agencies, guiding the state’s future direction and priorities for services and opportunities that address the needs of New Mexico’s youngest children and their families.

As a group of early childhood funders, we understand the importance of a high quality early childhood system, given that 85% of a child’s brain is developed by age three. We have also consistently heard questions from policymakers about how to responsibly spend current and future funds to get meaningful, measurable early childhood results. Those questions are frequently about funding effective, high-quality programs; the capacity of existing programs to expand; expected short- and long-term benefits; and how to ensure accountability.

We recognize previous efforts to estimate early childhood gaps and needs and hope this plan brings independent, credible, non-partisan expertise to create a statewide early childhood business plan. Our group contracted with Bellwether Education Partners, a national nonprofit with a mission to dramatically change education and life outcomes for traditionally underserved children, to provide research, analytic, and facilitation support. The project included input from a local steering committee, the Early Childhood Funders Group, and other early childhood experts.

We are excited by the results, particularly how the plan goes beyond individual programs to take a comprehensive view of the state’s early childhood system, including home visiting, childcare, and PreK. The plan identifies key strategic levers and charts a path for a more effective, expanded, and coordinated early childhood system for young children, their families and communities.

We view this as a living document that should be further refined by engaging broad stakeholder groups and state leadership. Along with emerging consensus on the overall framework and key levers, early feedback has surfaced diverging views. With this in mind, the plan’s cost model allows for dynamic analysis of how changing variables affect funding requirements. We will continue to obtain and incorporate input from stakeholders across the state to identify areas of agreement as well as further opportunities for improvement.

Much is at stake as we deliberate on the vision and strategies for an improved early childhood system in our state. We hope this business plan will serve as a helpful framework, ultimately leading to better-informed decisions about specific policy and funding proposals. The decisions will have a lasting impact on New Mexico’s future.

Acknowledgements

This work was made possible by the generous funding of the New Mexico Early Childhood Funders Group (www.nmecfg.org).

About the New Mexico Early Childhood Funders Group

The New Mexico Early Childhood Funders Group is a collaborative of eight private and public charitable foundations dedicated to improving the lives of babies, young children, and families in New Mexico by working and funding together and engaging other government, business, and philanthropic partners from within and outside of New Mexico. The Funders Group has co-funded grants to support home visiting and regularly shares information and thinking across participating members.

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Executive Summary

The early childhood years are a crucial period in young children's development — one that lays the foundation for future success in both school and life. Experiences in the earliest years of life form the basis for language and literacy, the ability to form positive relationships, and health and well-being. Early childhood experiences have consequences not only for individual children and their families, but for New Mexico: Children whose early experiences and relationships support healthy development are more likely to become successful students, adults, parents, employees, and citizens.¹ Supporting parents to foster their children's healthy development and learning and ensuring access to high-quality early childhood education, care, health and family supports is far more cost-effective than waiting to address problems when children are older.

Yet too many young children in New Mexico do not have the types of early childhood experiences that build a strong foundation for future success. New Mexico has the nation's highest child poverty rate: More than one in three children under age 6 lives in poverty.² Poverty rates within New Mexico's diverse racial and ethnic subgroups can be even more acute — over 57 percent of Native American children under age 5 live in poverty.³ Further, children in the state experience three or more Adverse Childhood Experiences (or ACEs) — a strong risk factor for future educational, health, and mental health problems — at nearly twice the national average rate.⁴ Fortunately, many New Mexico parents, voters, and policymakers already recognize the crucial importance of early childhood development. Over the past decade, state policymakers more than doubled investments in early childhood programs. But there is more to do — fragmentation and gaps in service persist. Enabling all New Mexico's young children to realize their potential requires strengthening the systems that support New Mexico families and children's early learning and development.

Realizing the potential of New Mexico's children requires shifting from the state's current program-based approach to a systemic approach that places the needs of families and children at the center and builds capacity of local providers and communities to match service offerings to local and family needs. Such an approach will better meet the needs of families, improve the efficiency and results of existing early childhood investments, and ensure that future increases in funding are used wisely to maximize benefits for the state and its children.

Recognizing the opportunity to build on the state's commitment and prior investments, the New Mexico Early Childhood Funders Group sponsored the development of a strategic vision and business plan for early childhood in New Mexico. This plan charts a path forward to harness the state's existing assets and address its challenges through strategic, high-impact investments that meet the needs of young children and their families across New Mexico's diverse communities. The plan lays out a vision for a future in which:

All New Mexico children receive high-quality and affordable early learning and development services to prepare them for success in school and life.

To realize this vision, it identifies a set of levers and strategies that state policymakers and partners across the state's early childhood system could employ to build New Mexico's early childhood system. Supporting child development requires a holistic approach that recognizes the vital importance of parents and families as the primary nurturers of children's development and extends to experiences and supports beyond what publicly funded service expansions address. These levers integrate to create an early childhood ecosystem supporting positive outcomes for all children:

- **Coordinate state and tribal systems to be greater than the sum of their parts**
Key Activities: Cultivate state-level and tribal leadership and support for coordinated early childhood systems and establish a senior executive level early childhood leadership position with responsibility and authority to coordinate across early childhood programs; Design and build a truly integrated data system that supports strong state and local coordination and meets the needs of multiple stakeholders
- **Leverage local community capacity to improve program implementation**
Key Activities: Cultivate local lead agencies to coordinate early childhood outreach and services at the local level, assess local needs, and collaborate with the state to allocate funding and resources to ensure the mix of supports and services meets the needs of families and communities
- **Build and support a highly effective early childhood workforce**
Key Activities: Adopt statewide goals and priorities for the early childhood workforce and align annual investments to those goals; Align state training requirements and professional development with one another and with higher education; Expand scholarships and compensation supports to reduce barriers to degrees, enhance wages for early childhood workers, and create incentives linked to state priorities for credentials and quality initiatives
- **Conduct outreach and engagement to provide families with tools and information**
Key Activities: Create flexible and adaptable materials and resources that can be customized locally to educate families about the importance of early childhood development and how families can support it, build awareness of early childhood supports, and connect families to programs; Streamline enrollment processes for families with multiple entry points to a range of services
- **Expand programs with quality to increase access for young children**
Key Activities: Build system capacity for quality in childcare; Strategically allocate any increases in childcare funding through contracts that emphasize high quality and strong workforce supports and in communities and areas of the state where the need is greatest; Expand funding for pre-k and home visiting over time, but allow local flexibility in determining how funds are allocated based on local needs

These system improvements and programmatic expansions will have real benefits for New Mexico children, families, and New Mexico as a whole. High-quality early childhood programs have been shown to produce a myriad of benefits for children, parents, and society at large. If New Mexico makes these investments in building the capacity of its early childhood system to support children's development in the first five years of life and in expanding access to quality early childhood programs, it should expect to reap significant benefits, including:

- Increased rates of school readiness for New Mexico children and narrowing of gaps in school readiness among low-income, Hispanic, and Native American children
- Improved rates of third-grade reading and math proficiency and narrowing of gaps in achievement among low-income, Hispanic, and Native American children
- Reductions in grade retention and special education placements
- Reduced rates of child maltreatment
- Economic multiplier effects of childcare spending
- Increased rates of high school graduation and postsecondary attainment and narrowing of gaps among low-income, Hispanic, and Native American young people

- Economic benefits from a better prepared workforce and increased employment
- Savings to taxpayers due to reduced rates of special education placement, grade retention, child maltreatment, crime, and public dependency and increased tax revenues due to increased economic activity and earnings

Some policymakers and stakeholders in New Mexico have questioned whether additional state funding is needed or whether the state can achieve its goals for young children through improved coordination or better leveraging existing funds. There are, indeed, opportunities for improved coordination of early childhood services in New Mexico, and this plan offers recommendations for strategies and policies to improve coordination and efficiency within the system. That said, any meaningful and sustainable increase in access to publicly funded services will require a meaningful increase in state funds.

However, as the systems investments that this plan proposes improve the efficiency and effectiveness of existing programs, the state will get more return on both current and increased spending. Additionally, not all costs must be publicly funded. There are multiple opportunities for the philanthropic community to play a significant role as a partner to the state in strengthening the early childhood system for the long-term benefit of New Mexico.

The plan presents a cost analysis based on one set of assumptions and targets based in research and tied to the goals and priorities reflected in the structure of the plan itself. While this plan provides an informed blueprint for how the state should move forward, the cost model on which the analysis is built is flexible and designed to enable adjustments to reflect changing circumstances, new information, and additional perspectives.

As modeled, the plan assumes a five-year phased-in implementation timeline that spreads increased investments over time (Figures 1 and 2).

Figure 1. Year-Over-Year Increases in Investment to Fund Plan Implementation

2020	2021	2022	2023	2024
\$19,793,838	\$15,090,561	\$16,052,547	\$16,019,452	\$16,305,647

Figure 2. Total Implementation Cost Compared to Current (FY2019) State Early Childhood Funding

2020	2021	2022	2023	2024
\$19,793,838	\$34,884,399	\$50,936,947	\$66,956,399	\$83,262,046

In addition to improved education and health and wellness measures for New Mexico’s young children, state leaders can expect these investments in early childhood programs to generate economic activity and multiplier effects that benefit the state’s economy; contribute to improving school readiness and third-grade reading outcomes; and, over time, contribute to economic growth that will help the state sustain these investments.

Most importantly, investing in a vision in which all New Mexico children receive the support they need in their first five years is a necessary first step in realizing a future in which New Mexico thrives in measures of health, education, and economic vitality.

A Call to Action to Support Early Childhood

The early childhood years are a crucial period in young children's development — one that lays the foundation for future success in both school and life. Young children's brains are developing particularly rapidly, building critical architecture for later learning: More than one million neural connections are formed every second in a child's first few years of life,⁵ and 90 percent of a child's physical brain volume develops by 5 years old.⁶ Experiences in the earliest years of life — both at home and in childcare or early childhood programs — form the foundations for language and literacy, the ability to form positive relationships, and health and well-being.

Early childhood experiences have consequences not only for individual children and their families, but for society as a whole: Children whose early experiences and relationships support healthy development are more likely to become successful students, adults, parents, employees, and citizens.⁷ Children who do not receive this support, or who experience early childhood trauma or unaddressed health or developmental problems, are at increased risk for negative outcomes.⁸ Research shows that disparities in learning and development for low-income and otherwise at-risk children are visible as early as nine months in age and grow as children get older.⁹ Supporting children's early development and preventing or mitigating risks through high-quality early childhood education, care, health, and family supports is far more cost-effective than waiting until children are older. Economists estimate that each dollar spent on high-quality early childhood programs generates \$3 to \$10 in broad social benefits (including reductions in crime and public dependency) and a \$2 to \$3 economic return on investment to states from increased jobs or earnings.^{10 11}

Yet too many young children in New Mexico do not have the types of early childhood experiences and supports that build a strong foundation for future success. New Mexico has the nation's highest child poverty rate: More than one in three children under age 6 in New Mexico lives in poverty.¹² Poverty rates within New Mexico's diverse racial and ethnic subgroups can be even more acute — over 57 percent of Native American children under age 5 live in poverty.¹³ New Mexico children experience three or more Adverse Childhood Experiences (or ACEs) — a strong risk factor for future educational, health, and mental health problems — at nearly twice the national average rate.¹⁴ Gaps and challenges in children's early childhood experiences contribute to poor outcomes later in their schooling: In 2016, only 24 percent of third graders read at grade level or above according to the PARRC assessment — placing New Mexico's proficiency rate last among seven states administering the assessment.¹⁵

New Mexico's young children and their families also have important assets. The state's linguistic diversity creates an opportunity to support dual language learning, which research shows can improve children's academic, social-emotional, and executive function skills⁴ and produce a more globally competitive workforce. Strong family ties and cultural pride in many communities also support children's development. But enabling all New Mexico's young children to realize that potential requires strengthening supports for their early learning and development, at the family, early childhood program, local community, and statewide levels.

Many New Mexico parents, voters, and policymakers already recognize the crucial importance of early childhood development. Over the past decade, this recognition has led state policymakers to more than double investments in early childhood programs. Yet these programs still do not meet the needs of all children — including those with the greatest needs — and access to quality early childhood services varies across the state.

Research shows that early childhood development is holistic: Children's health and physical development, social-emotional development, and learning are integrated, interdependent, and highly influenced by their family and cultural context. Parents and families play the most important role in shaping and nurturing children's development and learning. But high-quality early childhood services and programs can help parents support their children's development and learning. Enabling all children to achieve their potential requires a variety of supports that start early, address health and social-emotional development as well as learning, and apply a two-generation lens to support both children and parents. Not all families will need all these supports, but providing a variety of services, along with outreach and information to help families access what they need, is crucial to ensure all children enter school ready to succeed.

State-level early childhood efforts in New Mexico haven't always reflected this comprehensive approach, however. Instead, state-level policymaking has tended to focus on individual, specific programs — such as home visiting or pre-k — rather than starting with the comprehensive needs of children and families. As a result, programs operate in silos, and New Mexico's early childhood system is fragmented across multiple agencies and offices within agencies. This, in turn, has led to duplication or gaps at the local level — with a shortage of program slots in some communities and others where slots go unfilled.

Realizing the potential of New Mexico's children requires shifting from a program-based approach to a systemic approach that places the needs of families and children at the center and builds capacity of local providers and communities to match service offerings to local and family needs. Such an approach will better support families to nurture their children's development, improve the efficiency and results of existing early childhood investments, and ensure that future increases in funding are used wisely to maximize benefits for the state and its children.

This plan lays out a vision for a future in which:

All New Mexico children receive high-quality and affordable early learning and development services to prepare them for success in school and life.

To realize this vision, it identifies a set of levers and strategies that state policymakers and partners must employ to strengthen New Mexico's early childhood system.

With increased investments in early childhood education, improvements in the state's early childhood system infrastructure, the promising local early childhood coordination efforts in communities across the state, and a growing awareness of the importance of early childhood care and education, New Mexico is poised to build on progress to date and create an integrated, robust, and flexible early childhood system that meets the needs of children, families, and communities and establishes New Mexico as a leader on early childhood issues. Seizing that opportunity, however, will require leaders with the political will to increase spending on early childhood programs while also demanding changes to business as usual to maximize the effectiveness of new and existing resources.

This business plan offers a path for them to do so.

A Working Plan for Early Childhood for New Mexico

Recognizing the opportunity to build on the state's prior investments, the New Mexico Early Childhood Funders Group sponsored the development of a strategic vision and business plan for early childhood in the state. This plan charts a path forward to harness the state's existing assets and address its challenges through strategic, high-impact investments that meet the needs of young children and their families across New Mexico's diverse communities and ultimately help drive improved education and life outcomes for all New Mexico's children.

To assist in developing the plan, the funders group engaged Bellwether Education Partners, a national nonprofit focused on dramatically changing education and life outcomes for underserved children, to provide research, analysis, and facilitation support. A steering committee of New Mexico leaders with expertise in government, business, early childhood, and economic development has led the work through a process of building consensus around a shared vision and set of strategies the state should leverage to achieve that vision.

The plan development process began with research and analysis to establish the "current state" of early childhood in New Mexico and identify the most pressing challenges and promising opportunities. Based on this analysis, the committee developed a shared vision for early childhood in New Mexico and a strategy to improve outcomes for New Mexico's young children.

Although the steering committee has the most hands-on role in shaping the development of the plan, the process also incorporated expertise and diverse perspectives of multiple stakeholders across the state, through expert interviews with numerous New Mexico stakeholders and a stakeholder meeting midway through the process (See Appendices B and C for lists of interviewees and meeting attendees).

This working draft is intended as a living document, and represents the first, data-driven phase of a longer process. It is intended to build a fact base and create a draft strategy that can be shared with policymakers and stakeholders as the basis of a conversation about how the state should build on its investments over the next five years. The following sections lay out a plan for early childhood in New Mexico that is informed by analysis of the state's current early childhood landscape, the assets and needs of its children and families, and the strengths, weaknesses, and results of its existing early childhood systems and programs. That analysis is summarized in Appendix A.

The specific strategies, action steps, enrollment targets, and cost estimates presented reflect assumptions that are informed by the landscape analysis, the deliberations of the steering committee, and engagement with stakeholders. The written plan seeks to clearly present and explain these assumptions and the rationale behind them. But it is important to acknowledge that perspectives on early childhood education vary in the state, which could lead to differing assumptions. In addition, future changes in the New Mexico landscape and federal funding context could also affect these assumptions — which would lead to changes in the targets and estimates presented here. In the next phase of work, the draft plan will be shared more broadly with stakeholders to gather additional input and test the strategy with diverse perspectives from across the state.

Looking Forward to a New Vision for Early Childhood in New Mexico

New Mexico has built a strong foundation for investment in early childhood systems. But there is more work to be done to ensure all of the state's children and families have access to high-quality services and supports needed for them to thrive.

Based on a thorough analysis of the current state of early childhood education in New Mexico and review of research on child development and effective state early childhood systems, the steering committee adopted a vision for early childhood in New Mexico and identified the key enabling conditions that must be in place for New Mexico to realize that vision.

Plan Vision

All New Mexico children receive high-quality and affordable early learning and development services to prepare them for success in school and life.

Enabling Conditions

This vision will be realized when the following conditions are true in New Mexico:

- **Parents** are equipped with tools and information to support their children's development and access services that meet their children's needs
- **Early childhood workforce** is well supported, fairly compensated, and has the knowledge and skills to support children's learning and development
- **Diverse, high-quality providers** across geographies have the capacity to meet children's and families' unique needs and respond to the state's rich cultural and linguistic diversity
- **Robust, aligned early childhood system infrastructure** at the state and local levels enables coordinated service delivery, uses data to support ongoing improvement and efficient resource allocation
- Supportive **accountability systems** align with evidence and best practices, support improvement, and assess programs based on outcomes
- **Funding** is adequate to ensure access for at-risk children and cover the costs of quality programs

Theory of Action

This vision leads to a theory of action for realizing these conditions in the state that frame the specific strategies state leaders, the philanthropic community, and other New Mexico stakeholders should undertake to create an early childhood ecosystem that supports all New Mexico families. This plan identifies five key "levers" New Mexico leaders should focus on to put in place key enabling conditions and realize this vision. These levers integrate to create an early childhood ecosystem supporting positive outcomes for all children:

- Coordinate state and tribal systems to be greater than the sum of their parts
- Leverage local community capacity to improve program implementation
- Build and support a highly effective early childhood workforce
- Conduct outreach and engagement to provide families with tools and information
- Expand programs with quality to increase access for young children

Levers and Strategies

Lever 1: Coordinate State and Tribal Systems

Rationale

New Mexico's early childhood system is fragmented. State services are not well coordinated across the multiple agencies and entities that administer them. As a result, the quality and availability of services is uneven across the state and is poorly matched with community needs in some places. The state's data infrastructure lacks the capacity, integration, and transparency to enable strong understanding of how families access services and to support program improvement at the provider level and accountability for state services.

In contrast, in states with well-integrated early childhood systems, coordination of early childhood programs at the highest levels of administration supports consistent high-quality, streamlined services for families, and efficient resource allocation. Effective early childhood governance should promote:

- Coordination across the different parts and programs of the early childhood system
- Coherence across system-wide tasks like data collection, quality standards, and outcome measurement
- Efficient allocation of resources
- Sustainability across political and leadership changes
- Accountability for both individual programs and system-wide outcomes

What do coordinated state systems look like?

State programs are governed through a coordinated approach that reflects a clear mission and vision for early childhood education and is led by a senior-level executive with authority to facilitate coordinated decision-making, resource allocation, and oversight across agencies and systems. In addition, state data systems and infrastructure are integrated and support:

- Accountability and data-driven improvement
- State-to-local-to-provider connections and feedback loops
- Efficient allocation of resources that ensures prioritization of highest need or underserved populations

What is required?

The first step in achieving true coordination of early childhood at the state level is cultivating a shared vision and common goals. This work begins at the top — with the governor, the state legislature, and tribal leaders. Some states have pursued the establishment of a separate executive department of early learning that administers all early education-related functions or consolidated early learning functions within a single existing department (usually the state education agency). Others have pursued a leadership position that coordinates functions across agencies. New Mexico could begin operationalizing its commitment by establishing a senior-level executive leadership position with the authority and capacity to facilitate and enforce coordination across agencies and overseeing the work of any advisory bodies (such as the Early Learning Advisory Council (ELAC) or the Children's Cabinet).

In addition to establishing relationships, processes, and protocols across state agencies with early childhood-related functions, the new executive leader would also play a crucial role in

ensuring strong coordination and communication among the state, tribes, and local providers and communities. Critical early tasks would include leading plans for cultivating local coordination capacity (see Lever 2: Leverage local capacity) and facilitating the development of the data system functionality required to ensure successful coordination and promote quality and accountability at the state, local, and provider level. Part of developing data system functionality should include ensuring that the state collects the data needed to track progress through the indicators established in existing accountability structures as well as any new indicators or goals established in the implementation of this plan or other new initiatives, including the collection, aggregation, and public reporting of data on progress toward increasing school readiness from the state’s Kindergarten Observation Tool.

New Mexico’s current data system, the Early Childhood Integrated Data System (ECIDS), is intended to inform early childhood stakeholders and support data-driven decision making, support an early childhood workforce development plan, and track the efficacy of early learning programs through the longitudinal tracking of child outcomes.¹⁶ A collaborative project among Public Education Department (PED); Children, Youth, and Families Department (CYFD); and the Department of Health (DOH) that was designed under New Mexico’s federal Race to the Top Early Learning Challenge Grant, ECIDS is not yet fully operational. Even once ECIDS is fully implemented, however, it is not clear that it will provide the level of transparent, integrated information that state and local decision-makers need to evaluate how well the state is serving young children, identify gaps and unmet needs, support continuous improvement at the provider level, or inform resource allocation and policy decisions.

Adapting ECIDS to allow the system to achieve the functions it needs to have will likely require additional funding. To ensure funds are spent effectively, however, New Mexico must first clearly define the functionalities and use cases that policymakers, providers, and the public need the system to support.¹⁷ Appropriating funding to build the system without this critical step will lead to inefficiencies and most likely result in a system that doesn’t fully meet the needs of key stakeholders and the state.

As such, in this plan, we are only able to articulate activities and costs for this first critical early step. Taking these steps is essential to the state’s ability to monitor progress and allocate resources widely going forward. But we recognize that more will be required based on the results of that process.

Key Activities and Actors

Activities	Actors
Cultivate leadership and support for coordinated early childhood systems	Policymakers, advocates, providers, tribal leaders, other stakeholders
Establish a senior-executive-level early childhood leadership position with responsibility and authority to coordinate across early childhood programs	State legislature, governor, tribal leaders
Build and support use cases for an integrated data system	Policymakers, research community, advocates, providers, philanthropy (convening)
Appropriate additional funds needed to support development of additional data integration and functions <i>(Note: These costs are not included in this plan)</i>	New Mexico legislature

Lever 2: Leverage Local Community Capacity

Rationale

Although strong coordination of services at the state level is essential, local coordination and capacity is needed to match provider capacity and service offerings to local needs and help families access the combination of services that best supports their child's holistic development. Service needs vary across communities. Local communities are better equipped than the state to understand local needs, coordinate funding allocation and service delivery at the local level, and ensure that service offerings reflect the ethnic, linguistic, and cultural diversity between and within New Mexico's communities.

The state should identify and cultivate local community organizations and leverage them as lead agencies to connect with families and coordinate state and local resources. These local lead agencies can act as the arms and legs of state systems, extending the capacity of those systems to reach and support communities and families in every corner of the state.

What does leveraging local capacity look like?

When supports and services are well coordinated at the local level, the mix of community-based and state-provided supports is integrated to match families' needs and preferences without duplication or gaps of unmet need or demand. Families understand the supports and services available to them in their community and are able to access what they need.

Key activities for local lead agencies in driving these outcomes could include:

- Aligning local stakeholders on a shared early childhood mission/vision
- Assessing local area needs and assets to define need for state support
- Coordinating funding to maximize efficient allocation of resources
- Leading community outreach, application, and enrollment for eligible families in the area
- Implementing family engagement plans tailored to local needs and community characteristics
- Coordinating local provider networks and communities of practice
- Supporting quality among local providers and acting as primary point of contact with state

Local coordination *could* be led by a range of entities (school districts, nonprofits, tribal organizations, community health collaboratives, regional educational cooperatives, or newly created partnerships or councils). Strong local coordination efforts in some communities, such as United Way of Santa Fe's Community Conversations¹⁸ and Ngage New Mexico in Las Cruces, provide models that could be replicated in other parts of the state. For example, with the support of Ngage New Mexico and the leadership of Success Partnerships, a group of leaders from early childhood programs in Doña Ana County created a vision and set of goals for early childhood in their community.

What is required?

Establishing a network of local lead agencies will require strong state-level coordination. State-level senior executive early childhood leadership (see Lever 1: Coordinate state and tribal systems) should coordinate the process of identifying and cultivating local lead agencies.

The state would take the lead in establishing criteria for candidate organizations to serve as local lead agencies, defining geographic service areas and defining state roles, responsibilities, and authority for interacting with local lead agencies once the structure is in place. Initially, the state could pilot the approach where local lead agency capacity already exists, building on existing networks and local efforts that can inform administrative and policy structures that will be needed to support this model at scale. Future grant cycles would expand local capacity across the state over time.

Local lead agencies would be responsible for assessing needs in their communities and directing allocation of state funds to providers based on identified needs. Each local lead agency would submit a combined request to the state for early childhood program slots for all providers in the community, and state agencies would allocate funding to providers based on this request. If needed to enable local customization of services and funding, the state could establish a limited waiver process to create flexibility in administrative requirements (not quality standards or health and safety requirements).

Once local lead agencies are established in their coordination roles, the state could provide ongoing funding to support them in executing specific functions involved in coordinating outreach, enrollment, and allocation of resources within the community. The level of funding needed will vary based on a number of factors, such as population size and geographic area served, demographic characteristics of the population of families and young children served, and the characteristics of the existing service and provider community.

Case Study: Louisiana Act 3

Louisiana's Act 3 used local agencies to coordinate pre-k, Head Start, and childcare enrollment and accountability. The legislation, passed in 2012, aims to better align and integrate its fragmented system of early childhood programs and funding streams.

Each parish (analogous to a county in other states) has a lead agency responsible for coordination of networks with three functions: common observations, enrollment, and funding application and allocation.

Key takeaways from Louisiana's Act 3 implementation to date include:

- **Establishment of local lead agencies** should be accompanied by engagement of and capacity building for local entities that are not school districts; this builds buy-in across the community and facilitates new funding mechanisms
- **Local relationships, communications, and events can help build awareness of and encourage enrollment** in early childhood programs, but it takes time
- A **unified/common application** is effective in streamlining the application process and data analysis across communities, programs, and providers; a similar process would improve matching and make it more equitable
- A **common set of state standards, enforced by local governance, can improve accuracy of quality ratings** and program implementation in just a few years

Key Activities and Actors

Activities	Actors
Establish authority for a competitive grant or pilot process, including authority to provide policy and funding flexibility to grantees; Appropriate grant funds	New Mexico state legislature
Administer competitive grant program with local lead agency grantee/partners	Senior executive early childhood leadership
Establish processes for local agencies to submit coordinated funding requests; develop coordinated local funding requests	Senior executive early childhood leadership; Local lead agencies
Evaluate grant process and progress to identify necessary state policy changes and supports and to inform future grant cycles	Senior executive early childhood leadership
Establish coordinated application/enrollment process for families	Local lead agencies

Level 3: Build and Support a Highly Effective Early Childhood Workforce

Rationale

Skilled early childhood workers are essential to the quality of early childhood programs, and program expansion requires increased workforce capacity. Cultivating and retaining a highly skilled workforce requires multiple quality pathways to develop skills and knowledge as well as tuition and compensation incentives to facilitate career development and retention. And those pathways must provide support for the development of specialized skills needed to serve New Mexico's linguistically and culturally diverse population.

Building skills, credentials, and compensation among early childhood workers benefits not only the children and families served and early childhood workers themselves, but also local and state economies through increased educational attainment and wages within the state's overall workforce.

What does building and supporting a highly effective early childhood workforce look like?

Early childhood workers in like programs meet the same credentialing and training requirements and are compensated comparably. State-funded or mandated training and professional development is aligned with the higher education system both to improve quality and relevance and to enhance career development pathways for early childhood workers. Policies and supports reduce barriers to career-enhancing training and degrees, and early childhood workers are fairly compensated.

New Mexico has four primary tools to address early childhood workforce needs; doing this work well requires an integrated approach:

- a. Standards and required credentials for early childhood workers
- b. Integrated professional development system
- c. Reduced barriers to postsecondary education and degrees
- d. Compensation and incentives

Standards and credentials

Currently, several states are increasing credential requirements for early childhood workers, in an effort to improve quality and increase compensation. Thirty-five state pre-k programs require all teachers to hold a bachelor's degree and specialized training in early childhood, while New Mexico PreK requires this only for teachers in PED PreK programs (teachers in CYFD-funded programs must be working toward a degree). School- and childcare-based New Mexico PreK providers receive the same per-pupil funding, but differences in cost structures in the two types of providers may mean that childcare providers need more funding per-pupil to employ teachers with the same credentials and compensation found in school-based pre-k programs. This would create potential trade-offs with program expansion goals, and additional analysis is needed to accurately evaluate these potential costs.

Further, equalizing credentials and compensation across CYFD and PED PreK programs would address disparities within New Mexico PreK, but not between PreK teachers and other childcare workers. Considering the broader childcare workforce, incentives and supports are more promising than mandates for raising teacher quality. It's crucial that any approach to raising credentials be phased in, include funding and capacity to help the existing workforce meet higher standards, and address compensation incentives.¹⁹

Integrating Professional Development

Professional development is also an essential strategy to boost skills of the existing workforce. An integrated professional development system would prioritize alignment across all state-funded professional development offerings and align required trainings with higher education to provide credit and on-ramps for postsecondary degrees. The state should engage the higher education community as partners in defining training and professional development pathways and content and enlisting higher education's support in providing trainings linked to course credit.

Supporting Continued Education

New Mexico has built a competency-based system that allows early educators to progress toward degrees, and the state's existing career lattice serves as a model for others. However, that infrastructure needs to be updated to ensure it reflects current research and best practices.

To achieve its vision for the early childhood workforce, New Mexico must build on this foundation to support more early childhood educators to advance their education. This will require increasing funding for scholarships and supports and coordinating with the higher education community to ensure sufficient capacity to support workforce development.

One such avenue is expanding early education scholarship opportunities, such as the T.E.A.C.H. program. The current program helps early childhood workers earn degrees, but its reach is limited, and the \$1,500 annual limit on scholarships limits the number of courses recipients can take at a time. Scholarships alone do not immediately make up for the day-to-day challenges of low wages and other barriers to degrees faced by early childhood workers, but expanding the program serves the dual purposes of enhancing opportunities for workers to earn degrees, which can in turn lead to increased opportunity for employment and compensation, and providing incentives for more early childhood educators to earn degrees, which can build quality and capacity across the system.

Compensation Support

Finally, attracting and retaining skilled early childhood workers requires addressing compensation through multiple approaches, including building on supports the state already provides. Options include:

- Expanding New Mexico's current INCENTIVE\$ wage subsidy program
- Tax credits, which could be provided to individuals as direct compensation support and/or to early childhood employers in exchange for meeting established quality and compensation standards
- Wage enhancements tied to increased program funding

Compensation enhancements should be tied to credentials or other quality markers so they serve the dual purpose of supporting workers and incentivizing individuals and employers to achieve higher credentials, remain in the profession, or improve program quality.

New funding for program expansion should also be linked to wage incentives. For example, if the state receives additional federal funding under the Child Care Development Block Grant (CCDBG), it could choose to dedicate all or some of those funds to contract with providers or groups of providers who commit to meeting higher-quality standards and increasing compensation for their workers in exchange for enhanced funding. In addition, as the state's CCDBG funds grow, it should also prioritize workforce investments as a focus for any increased funding the state is required to set aside for statewide quality initiatives.

What is required?

Three primary categories of activities are necessary to support the cultivation and retention of a highly skilled early childhood workforce:

- Recalibrating education and training systems in partnership with the higher education community
- Expanding supports targeting the early childhood workforce
- Linking supports like scholarships and compensation policies to create incentives for increased credentials, quality, and workforce retention

Significant new funding will be required to meaningfully expand compensation and scholarship supports. New compensation supports may also require authorizing legislation. While the state would play a significant role in expanding funding for these initiatives, there is also a role for philanthropy in providing targeted supports, particularly at the community level to address specific community needs.

Updating higher education course articulation agreements and integrating training and professional development requirements and offerings with the higher education system would also require funding. However, those initiatives could also be good candidates for the philanthropic community, which is well positioned to fund stakeholder convenings and secure needed subject matter expertise and support to inform and facilitate those processes.

Depending on the results of a coordination and planning process with the higher education community, legislation and/or regulatory change may be required to operationalize a more aligned training and professional development system.

Key Activities and Actors

Activities	Actors
Adopt statewide goals and priorities for early childhood workforce, and align annual investments to those goals	State early childhood leadership
Align state training requirements and professional development with one another and with higher education	State early childhood leadership and philanthropy (convening)
Expand scholarships and compensation supports and double scholarship amounts to reduce barriers to degrees and enhance wages for more early childhood workers	State legislature, philanthropy
Ensure that scholarships and compensation supports are allocated in alignment with state's early childhood workforce goals	CYFD, PED, NMAEYC, philanthropy
Link scholarships, compensation supports, and other funding policies to state priorities for quality and credentials	State legislature and the regulatory process
Prioritize any increase in CCDBG quality set-aside funds to workforce support investments, and ensure that existing CCDBG quality funds are allocated in ways that align with the state's workforce goals	CYFD

Lever 4: Conduct Outreach and Engagement

Rationale

Parents and families are children's first teachers and play the primary role in nurturing children's development and learning. In order for young children to thrive, parents need to understand the importance of early development, have the skills and strategies to foster their children's development and learning, and be able to access programs and services that meet their and their children's needs. All New Mexico families — including those facing significant challenges — have the capacity to support their children's healthy development and have rich personal, family, and community assets, most importantly their deep love for their children. At the same time, many families lack information about early childhood development, the parenting practices that nurture healthy development and learning, and the services and supports available to help support them and their children. Siloed administration of state programs makes navigating systems challenging, and some programs carry stigma that discourages access.

New Mexico has laid a foundation for this work by sponsoring websites that centralize information and provide web-based resources for families. However, the state currently operates three separate sites,²⁰ and while they provide useful tools, none presents a comprehensive inventory of all early childhood programming and family supports offered by the state.

Plus, web-based resources that rely on families proactively accessing them are only one piece of the puzzle. Outreach and engagement efforts should meet families where they are, leveraging common touchpoints (such as hospital births and pediatric visits) to provide information about the importance of and strategies for supporting healthy child development.

Program enrollment processes should be streamlined and family-friendly, allowing families to access multiple services for which they are eligible through a single process.

What does improving outreach and engagement around early childhood look like?

Improving outreach and engagement around early childhood requires a locally responsive approach with state and philanthropic support. Local agencies (See Lever 2: Leverage local capacity) and networks would lead outreach and engagement, customized to local schedules, culture, and language needs to build families' awareness, understanding, and familiarity with early childhood resources and services.

Local lead agencies would also provide a single point of contact for families to access information about supporting children's development and services for which they are eligible, managing common enrollment and referral processes. Information collected during enrollment processes for any one support would be used to connect families to other supports for which they may be eligible. A streamlined but adaptable family engagement model would ensure there is "no wrong door" into the early childhood system and that all families are able to access the resources they need. Local examples of this type of work already exist in New Mexico. The Bernalillo County Home Visiting Work Group meets regularly to coordinate efforts between home visitors and the wider array of the social services sector. One success from this work has been the creation of a single home visiting referral form, allowing health care providers to more easily connect families with services.

What is required?

The state's role in supporting outreach and engagement relies in part on successfully implementing the strategies under Lever 1: Coordinate state and tribal systems, and Lever 2: Leverage local capacity. By establishing strong coordination at the top; strengthening the data systems that connect program information and making it accessible to local agencies, providers, and other stakeholders; and building local capacity to engage in targeted and informed outreach, the state enables strong, streamlined interactions with families at the local level.

Outreach and engagement would be a core function of the local lead agencies recommended under Lever 2. These agencies would design locally responsive outreach plans and cultivate networks across community touchpoints where families engage, such as the health care system, community gathering spots, faith communities, social media forums, and other systems that engage children and families.

Local agencies would also act as a single point of contact connecting families to the breadth of supports and services available to them and streamlining enrollment processes across programs. Supporting this aspect of local agencies' role in coordination should be a key consideration in developing use cases for the state's early childhood data system (Lever 1).

In addition to the coordination and infrastructure enhancements that are the focus of Levers 1 and 2, the state should support locally driven outreach and engagement efforts by providing flexible and adaptable resources and materials that local agencies can customize based on community needs and cultural and linguistic characteristics. Some funding would be required to create materials supported across media (print, web-based) that enable local agencies to adapt content and presentation to local circumstances.

The state or the philanthropic sector could also undertake statewide or targeted outreach and communication campaigns to build parents’ awareness and understanding of the importance of early learning and how they can support their children’s development.

Key Activities and Actors

Activities	Actors
Create flexible and adaptable materials and resources that can be customized locally to enable local messengers to build awareness, educate families about the benefits of early childhood supports and services, and connect families to programs	State early childhood leadership and/or philanthropy
Support engagement and outreach through local coordination agencies	State early childhood leadership (See Lever 2)
Ensure that state infrastructure supports streamlined enrollment processes and data sharing	State early childhood leadership and philanthropy (See Lever 1)
Streamline enrollment processes for families with multiple entry points to a range of services	Local lead agencies

Lever 5: Expand Programs with Quality

Rationale

Currently, state-funded early childhood programs serve only a fraction of intended populations. Expanding these programs will scale impact to serve more children, but must be done with attention to quality and capacity.

What does program expansion look like?

There is no question that more children and families could benefit from state programs that support early childhood development than are currently served in New Mexico. Because of data limitations and variability in needs and preferences across New Mexico’s diverse and dispersed communities, the state needs a thoughtful and coordinated approach to allocating slots across communities, informed by an enhanced data system and local coordination.

All the strategies under this plan combine to create an early childhood ecosystem that supports strategic investment in high-quality services and supports, and expanding programs strategically and with a commitment to quality requires the combined impact of those efforts.

With that ecosystem in place, the state should incrementally expand programs over time with consideration for:

- Targeting and sequencing investments to prioritize the highest-need communities and families
- The availability of highly effective early childhood workers and local provider capacity to provide high-quality services in alignment with expansion efforts at the community level

- The need for coordination with existing services and local demand to avoid duplication and unfilled slots

The determination of program expansion goals in this plan are anchored on the levels of service found in other states with universal service models and on estimates of need projected by other organizations in the state.

For pre-k, analysis of states with large-scale or universal access for 4-year-olds reveals that, on average, these states serve about 80 percent of the 4-year-old population in publicly funded pre-k programs.²¹ The pre-k expansion goals in this plan are based on a goal of serving 80 percent of 4-year-olds in either a New Mexico PreK classroom or in a Head Start program within five years. In addition, the proposed expansion model sets a goal of serving 25 percent of 3-year-olds in full-day New Mexico PreK or Head Start settings.

For home visiting, the plan relies on prior analysis from the Legislative Finance Committee (LFC) and the New Mexico Early Childhood Development Partnership (NMECDP). While these analyses employed different methodologies, they produced similar estimates of need.^{22 23} Drawing from that work, home visiting expansion goals in this plan are based on a goal of serving 11,500 families across the state within five years.

Because of its size and engagement with young children from birth to school age, the market-based childcare system has the greatest potential to influence early childhood development for the largest number of children in the state. Any program expansion strategy must go hand in hand with building quality and capacity among childcare providers, which will benefit a much larger population of children than state-funded services can serve.

Due to a historic increase in federal childcare appropriations in the FY2018 Omnibus Appropriations Act, New Mexico can expect to receive roughly \$20 million in additional federal childcare funds in federal FY2018 and 2019 (funding levels after that will depend on subsequent federal appropriations processes). CYFD can use these funds to support the added costs of serving families at the current service levels, due to the combined impact of past policy changes and funding decisions. To the extent that funding is available to increase access to childcare subsidies for more families, those funds should be strategically invested in ways that grow the supply of high-quality slots for underserved populations (e.g., infants and toddlers) and communities (based on analysis of local need) and incentivize more childcare providers to achieve four- or five-star ratings in FOCUS.

What is required?

Building Capacity in the Childcare System

Building capacity across the childcare system to serve more children in higher-quality slots could be achieved through a variety of strategies. One would be to allocate increases in childcare slots (due to increased federal funding) via contracts with providers or networks of providers, rather than vouchers. Over 30 states currently use contracts or grants to advance specific state system priorities, or are exploring ways to do so.²⁴ The state could hold an RFP process to solicit bids for contracted slots from local coordination agencies, providers, or networks of providers who commit to offer additional slots in areas with documented unmet need, achieve four or five stars on FOCUS within a set number of years of contract award, and increase compensation for their workforce. The RFP could prioritize communities where state

and local data show unmet need and providers or networks of providers agree to implement innovative approaches, such as shared services alliances, to deliver quality care in more efficient ways.

The RFP process could also be designed to leverage philanthropic funds to start up new alliances or classrooms while targeting public funds to enhance slots. This approach would complement pre-k and home visiting investments by helping to expand access to quality care for infants and toddlers, who are currently underserved.

Expanding State-Funded Services

Expanding programs with quality and with consideration for local needs and capacity means that increased funding is not sufficient on its own. Coordination across programs at the state and local level, in combination with local outreach efforts, will be required.

Under the local capacity model outlined in Lever 2 above, state funding would be flexible, and local agencies would determine allocation among providers and programs (in coordination with the state and tribal organizations) based on local needs assessment and provider capacity. This model allows for the mix of services and providers receiving funding to match local capacity and needs.

For example, pre-k expansion could take several forms, including expanding state-funded 4-year-old slots in district and center-run programs, expanding access for 3-year-olds, or growing the number of full-day slots. However, any one strategy may make more or less sense depending on local demographics, provider capacity, and family demand. Under the proposed strategy, local communities would coordinate with the state to define the best mode of expansion of services.

Funding levels for program expansion should be based on annual targets for service levels that progress toward the goal of funding sufficient to serve 80 percent of 4-year-olds and 25 percent of 3-year-olds in full-day pre-k classrooms and 11,500 New Mexico families through home visiting. Annual allocations and the rate of growth could be adjusted based on improved data on need and demand available as integrated data systems and local coordination improve (as contemplated in other strategies proposed in this plan).

Key Activities and Actors

Activities	Actors
Build system capacity for quality in childcare	State early childhood leadership, local coordination agencies, tribes, providers
Flexibly expand PreK for 3- and 4-year-olds	State early childhood leadership, local coordination agencies, providers, and Head Start grantees (including Tribal Head Start)
Expand home visiting while addressing quality and fidelity	State early childhood leadership, local coordination agencies, tribes, providers
Develop an RFP process to strategically allocate increases in childcare funding via contracted slots	CYFD

Benefits for New Mexico and Its Children

If state policymakers take the steps outlined above, New Mexico will have strong state-level leadership championing the needs of children and coordinating the state's early childhood system. It will have high-quality, integrated data that supports state policymakers and local leaders to monitor progress toward the state's early childhood goals, hold programs accountable, identify gaps and areas of unmet need, and make informed resource allocation and policy decisions that target resources efficiently. And it will have a robust and integrated system of professional development, training, and support that cultivates the early childhood profession by enabling early childhood educators to increase their competencies and rewarding them with increased compensation.

Enhanced state leadership and coordination will in turn support increased local capacity to facilitate efficient, coordinated service delivery at the community level; tailor resources and services to match diverse family and community needs; build local provider capacity; and engage families in culturally and linguistically responsive ways to build awareness of the importance of early childhood and help families access early childhood resources and services.

This enhanced state and local capacity, combined with investments in the workforce through professional development, training, and compensation, will improve access to quality home visiting, FIT, childcare, and pre-k services across New Mexico's early childhood system and will also enable the state to invest strategically and efficiently in expanding these services with quality to reach more children and families.

By increasing efficiency and coordination across the early childhood system, New Mexico policymakers can increase the impact of both current spending and new investments, strengthening the case for greater funding. And by focusing on building capacity for the system as a whole — not just expanding publicly funded programs — New Mexico can support all families and children.

These system improvements and programmatic expansions will have real benefits for New Mexico children, families, and New Mexico as a whole. High-quality early childhood programs have been shown to produce a myriad of benefits for children, parents, and society at large:

Improved educational outcomes

- High-quality, evidence-based home visiting models have been found to improve children's cognitive development, behavior,²⁵ and language skills, leading to improved school readiness.²⁶ This in turn leads to higher educational achievement and test scores in elementary school²⁷ and increased high school graduation rates for children whose families received evidence-based home visiting services.²⁸
- High-quality pre-k programs have been shown to improve children's cognitive, language, and social-emotional skills and school entry and produce gains in learning that are sustained through at least the late elementary grades²⁹ and into middle school.³⁰
- Children who participate in pre-k programs are less likely to be identified as needing special education or to be retained a grade in school, resulting in cost savings for schools and the state.³¹

Improved health and wellness

- Some high-quality, evidence-based home visiting models have also been shown to improve children's health in both childhood and adulthood and to reduce incidence of mental health problems.³² Some programs have also been shown to reduce rates of child maltreatment.³³

Improved economic outcomes for individuals and society

- Some high-quality, evidence-based home visiting models have been shown to increase parents' rate of workforce participation and earnings,³⁴ which has both immediate economic benefits for parents and the state and benefits for children's long-term development and outcomes.³⁵
- Longer-term studies of children who attended high-quality preschool programs find that these children are more likely to graduate high school and have higher rates of educational attainment, employment, and earnings as adults, and are less likely to commit crimes, have children out of wedlock, or become dependent on government assistance.³⁶ Children who attended Head Start also have higher rates of educational attainment and adult earnings and are more effective parents than siblings who did not attend Head Start.³⁷
- Investments in childcare programs produce a variety of economic benefits: They enable parents to work or go to school, resulting in increased earnings and opportunities. Jobs and spending in the childcare industry also have ripple effects that benefit the broader economy.³⁸
- Increasing early childhood workforce compensation would increase the purchasing power of early childhood teachers, yielding multiplier effects for the state's economy, and reduce rates of teacher turnover, yielding benefits for children's development and savings for early childhood providers. National research shows that 46 percent of early childhood workers and their families are enrolled in public assistance programs (e.g., Temporary Assistance for Needy Families, Medicaid, S-CHIP, food stamps, or Earned Income Tax Credit). Increasing compensation so that early childhood workers no longer need these services would yield cost savings for the state.³⁹

The Economic Value of Early Childhood Supports and Return on Investment

Research also suggests that benefits for children and families translate into substantial return on investment in early childhood programs. Various cost-benefit analyses of individual programs find positive returns associated with individual programs.^{40 41} Looking broadly across early childhood programs, economists estimate that each dollar spent on high-quality early childhood programs generates \$8 to \$16 in return on investment to society as a whole, including a \$2 to \$3 return on investment to the state's economy, through increased jobs and earnings for state residents.⁴²

Since this plan proposes a systems-based approach that includes strategies to improve quality and capacity across programs, systems, and supports for young children and families, it is challenging to assess the combined return on investment in the full plan. However, high quality analyses of individual components of the plan for suggested ranges of return and timelines for those returns.

For example, a recent national analysis of the potential costs and benefits of universal pre-k for 3- and 4-year olds identifies net benefits to society of \$8.90 over a 35-year period and indicates such a program would “break even” within eight years based on societal returns on investment. Isolating direct benefits to government, which would be the primary “investor” in a universal pre-k program, the study indicates that universal pre-k could produce \$2.37 for every \$1 invested over a 35-year period and, taking into account government cost savings and increased tax revenues, would break even within 16 years of implementation.

While this analysis assumes a program structure that is more expansive than the pre-k expansion assumptions presented in this plan, the estimated returns are not inconsistent with other analyses of universal pre-k programs that are limited to 4-year-olds.

An analysis of several cost-benefit analyses on home visiting found a positive return of \$2.24 per \$1 invested in home visiting and parent education across programs. However, the range of returns across different program models varied significantly, underscoring the importance of supporting quality implementation of proven models under New Mexico’s current policy of supporting a range of home visiting models and providers.

[What Can New Mexico Expect From its Investment in Young Children and Families?](#)

Most studies focus on the positive effects of individual early childhood programs. But because child development is continuous and holistic, many children and families will need a combination of services⁴³ that start early,⁴⁴ continue to school entry, and take a “two generation” approach,⁴⁵ while others may have less need for formal programs and services. The investments that this plan proposes in strengthening state, tribal, and local coordination, building the capacity of the state’s childcare system to support families and children with quality, and expanding access to home visiting and pre-k programs would work together to increase the likelihood that families receive the combination of services that best support their children’s success in school and life.

If New Mexico makes these investments in building the capacity of its early childhood system to support children’s development in the first five years of life and expanding access to quality early childhood programs, it should expect to reap significant benefits in improved education outcomes, measures of health and wellness, and economic outcomes in the near- and longer-term.

By taking this systems-based approach and investing in quality, state leaders could reasonably expect to see returns on investment in state services such as those discussed above for similar programs (\$2 to \$3 per \$1 invested in returns to the state and around \$8 per \$1 invested in overall returns to society). Investments in the overall quality of the system and capacity across providers, whether they are providing publicly funded services or not, should amplify these returns.

While the timeline for realizing the full return on early childhood investments is long, New Mexico leaders can also expect some short-term economic benefits from investments in the early childhood workforce and some of the near-term benefits to children and families. And impacts will grow as the number of beneficiaries grows and children who benefit from a strong system of support reach young adulthood, enter the workforce, and become parents themselves.

Most importantly, investing in a vision in which all New Mexico children receive the support they need in their first five years is a necessary first step in realizing a future in which New Mexico thrives in measures of health, education, and economic vitality.

Indicators and Metrics

If New Mexico policymakers and citizens make these investments in early childhood, they need a way to know if these investments are producing the intended results. The ultimate goal of early childhood investments is to enable children to grow into healthy, educated, productive adults and citizens who contribute to the state's economic growth and well-being. But New Mexico can't wait that long to measure its progress on improving early childhood systems and outcomes.

Through the Home Visiting Accountability Act of 2013 and the recently passed Early Childhood Care Accountability Act,⁴⁶ New Mexico has already established strong frameworks and outcomes measures for measuring the quality and results of the state's early childhood programs. The Legislative Finance Committee's Annual Early Childhood Accountability Report Card also provides a structure for measuring the performance of the state's early childhood programs and overall outcomes for children in the state. These are important accountability tools that provide valuable data to hold program operators, state agencies, and state leadership accountable for results.

In addition, New Mexico needs a set of high-level indicators of early childhood system performance and outcomes that can anchor the work of both the new senior executive charged with leading the state's early childhood system and community-based efforts to coordinate early childhood services to meet families' and children's needs. The following table outlines a set of outcomes this plan supports, indicators that the state and its communities should use to track progress toward those outcomes, and targets for those indicators. All indicators would draw on data the state already collects or has committed to collect under the Home Visiting Accountability and Early Childhood Care Accountability Acts. In some cases, however, the state is still putting in place data collection systems and capacity to report those indicators, or phasing in changes to systems that provide this data (e.g., FOCUS). Where this is the case, a key task for the new state senior executive leader will be to establish targets for these indicators once baseline data is available.

Outcomes	Indicators	Targets
Children are safe	<ul style="list-style-type: none"> • Rate of child maltreatment 	<ul style="list-style-type: none"> • Annual progress toward reducing New Mexico rate to meet national average by 2023
Children are healthy	<ul style="list-style-type: none"> • Rate of early access to prenatal care • Rate of low birthweight • Percentage of children on track for scheduled well-child care 	<ul style="list-style-type: none"> • Annual progress toward reducing gaps between New Mexico and national average <ul style="list-style-type: none"> ○ <i>Establish targets once baseline data becomes available</i>⁴⁷
Children are ready to learn by kindergarten	<ul style="list-style-type: none"> • Aggregate and annually report KOT data for all children in state • Kindergarten readiness (as measured by Kindergarten Observational Tool) <ul style="list-style-type: none"> ○ All children ○ Low-income children • Percentage of 4-year-olds enrolled in high-quality early learning programs <ul style="list-style-type: none"> ○ All children ○ Low-income children • Percentage of children receiving childcare subsidies who are enrolled in 4- or 5-star care 	<ul style="list-style-type: none"> • 90% of children assessed using KOT <ul style="list-style-type: none"> ○ Data aggregated and publicly reported • Annual progress toward reducing school readiness gap for low-income by half by 2023 <ul style="list-style-type: none"> ○ <i>Establish targets once baseline data is available</i> • Annual progress toward enrolling 80% of 4-year-olds in NM PreK or Head Start by 2018 <ul style="list-style-type: none"> ○ Low-income children enrolled in pre-k at rates at least as high as non-low-income children • <i>Establish target once baseline data is available</i>⁴⁸
Children are on track to succeed in third grade	<ul style="list-style-type: none"> • 3rd-grade reading proficiency (PARCC) <ul style="list-style-type: none"> ○ All children ○ Low-income children ○ Disaggregated by race and ethnicity • 3rd-grade math proficiency (PARCC) 	<p>Because children who enroll in preschool in 2019 will not take the 3rd-grade assessment until 2024, it is not reasonable to expect to see significant progress on these indicators as a result of this plan during the duration of this plan.</p> <p>Between the strategies in this plan</p>

	<ul style="list-style-type: none"> ○ All children ○ Low-income children ○ Disaggregated by race and ethnicity 	and other efforts underway in the state, New Mexico policymakers should align on targets that reflect those complementary efforts.
Families are supported to foster children’s development	<ul style="list-style-type: none"> • Number of families receiving high-quality home visiting services • Number of families reached through local outreach, engagement, and parent education efforts • State data systems have the capacity to track families’ engagement across state systems and provide data to local lead agencies to facilitate family support 	<ul style="list-style-type: none"> • Progress toward serving 11,500 families annually (annual targets included in cost model) • Targets established in coordination with local lead agencies consistent with locally developed outreach and engagement plans • All state data capacity to support local coordination and family engagement in place by 2023
New Mexico has a strong early childhood workforce	<ul style="list-style-type: none"> • Percentage of early childhood workers with associate degrees • Percentage of early childhood workers with bachelor’s degrees • Average compensation of New Mexico early childhood workers 	<i>State leader should work with state agencies and stakeholders to develop targets for these indicators (and potentially other goals) as outlined in Lever 3.</i>
State systems and infrastructure support child and family success	<ul style="list-style-type: none"> • State has in place data capacity to collect and track data on all indicators required by this plan and state legislation • Number and percentage of childcare slots in the state at the 4- and 5-star levels 	<ul style="list-style-type: none"> • All state data capacity to collect these indicators in place by 2023 • <i>Establish target once baseline data is available</i>⁴⁹

Cost Analysis

Some policymakers and stakeholders in New Mexico have questioned whether additional state funding is needed, or whether the state can achieve its goals for young children through improved coordination or better leveraging existing funds. Achieving the goals outlined in this plan, however, will require additional funding.

This analysis finds that there are, indeed, opportunities for improved coordination of early childhood services in New Mexico, and offers recommendations for strategies and policies to improve coordination and efficiency within the system. That said, any meaningful and sustainable increase in access to publicly funded services will require a meaningful increase in state funds. Moreover, as the systems investments that this plan proposes improve the efficiency and effectiveness of existing programs, the state will get more return on both current and increased spending, further strengthening the case for additional investments.

Costs presented below are based on a set of assumptions about goals for program services described under each of the five Levers. Adjusting those assumptions and targets would produce different cost scenarios. This working plan is intended to serve as a blueprint that presents an informed view of how the state should move forward, while remaining open to changes based on additional input or changing state circumstances. The assumptions and targets underpinning this cost scenario are built into a flexible Microsoft Excel-based model that can be adjusted to test different implementation scenarios and to reflect changing circumstances, new information, or additional perspectives.

Costs for “Infrastructure” represent a model for operationalizing Lever 1: Coordinating state and tribal systems; Lever 2: Leveraging local capacity; and Lever 4: Conducting outreach and engagement. Costs for “Workforce” represent funding required to implement recommendations under Lever 3: Build and support a highly effective early childhood workforce. Costs for “Program Expansion” model the cost of expanding state-funded home visiting and pre-k programs. Figures 12 and 14 present estimated costs to implement the full plan, and figures 13 and 15 break out program expansion costs by program.

Costs are presented two ways. Figures 12 and 13 present year-over-year cost estimates, representing the annual increased investment that state policymakers and leaders would need to consider to implement the plan. To represent the total new investment compared to current funding (and service) levels, figures 14 and 15 present estimated costs compared to a baseline of FY2019 expenditures.

Note that costs presented here do not reflect any offset for potential new revenues from increases in the required state set-aside from federal CCDBG funds, which could provide an estimated \$1.4 million annually to support workforce development strategies proposed in this plan.

Figure 12. Summary of Year-Over-Year Expenditure Increases Required for Implementation

	2020	2021	2022	2023	2024
Infrastructure - (Levers 1, 2, 4)	\$879,411	\$82,500	\$82,500	\$99,500	\$82,500
Workforce - (Lever 3)	\$6,515,766	\$1,114,146	\$1,084,467	\$1,139,968	\$1,195,312
Program Expansion - (Lever 5)	\$12,398,661	\$15,293,915	\$14,885,581	\$14,978,984	\$15,027,835
Total Year-Over-Year Expenditures	\$19,793,838	\$16,490,561	\$16,052,547	\$16,019,452	\$16,305,647

Figure 13. Year-Over-Year Investments Required for Program Expansion

	2020	2021	2022	2023	2024
Pre-K Expansion	\$8,854,701	\$11,749,955	\$11,341,621	\$11,435,024	\$11,483,875
Home Visiting Expansion	\$3,543,960	\$3,543,960	\$3,543,960	\$3,543,960	\$3,543,960
Total Year-Over-Year Expenditures	\$12,398,661	\$15,293,915	\$14,885,581	\$14,978,984	\$15,027,835

Figure 14. Summary of New Investments Required for Implementation Compared to FY2019 Expenditure

	2020	2021	2022	2023	2024
Infrastructure - (Levers 1, 2, 4)	\$879,411	\$961,911	\$1,044,411	\$944,911	\$1,027,411
Workforce - (Lever 3)	\$6,515,766	\$7,629,912	\$8,714,379	\$9,854,347	\$11,049,659
Program Expansion - (Lever 5)	\$12,398,661	\$27,692,576	\$42,578,156	\$57,557,140	\$72,584,975
Total Incremental Cost Compared to Baseline	\$19,793,838	\$36,284,399	\$52,336,947	\$68,356,399	\$84,662,046

Figure 15. New Investments Required for Program Expansion Compared to FY2019 Expenditure

	2020	2021	2022	2023	2024
Pre-K Expansion	\$8,854,701	\$20,604,656	\$31,946,276	\$43,381,300	\$54,865,175
Home Visiting Expansion	\$3,543,960	\$7,087,920	\$10,631,880	\$14,175,840	\$17,719,800
Total Incremental Cost Compared to Baseline	\$12,398,661	\$27,692,576	\$42,578,156	\$57,557,140	\$72,584,975

Overview of Cost Scenario Assumptions

The cost model includes the cost of salary and benefits for the new state leadership role and a small supporting staff, per the recommendations under Lever 1: Coordinate state and tribal systems. However, the model assumes that some current agency resources would be reallocated to support coordination. This model also presents costs of developing use cases and development plans for the state’s integrated data system, including costs of convening and budget capacity to bring in needed expertise to inform and facilitate the process. However, it excludes costs of data system modifications or enhancements, as those would be determined through that process and are unknown at this time.

The model assumes that the state would support local capacity building and coordination under Lever 2 with grant funds, beginning as a pilot effort in a few communities and expanding over time. Infrastructure costs include funding to support the creation and updating of high-quality resources and support for local outreach and engagement activities (Lever 4).

Costs modeled for Lever 3: Build and support a highly effective early childhood workforce, include costs to expand the state’s existing T.E.A.C.H. and INCENTIVE\$ programs to reach more early childhood workers, as well as expanding scholarship opportunities to home visitors. The model assumes doubling the average annual scholarship amount to \$3,000, which would allow recipients to take more courses and help cover higher costs of bachelor’s degree coursework. In addition, the model includes funding to support processes to update the current higher education early childhood “green book” and to gradually undertake a process of crosswalking early childhood training requirements and content with higher education coursework to support a professional development system in which participants earn credit for required trainings that can be applied to degree programs.

The program expansion model is based on funding levels modeled by LFC in the FY2019 appropriations process. To the extent that those increase, costs will increase. The model

assumes that expansion occurs incrementally over five years, meeting the following goals at full implementation:

- 11,500 families will be served through home visiting programs
- 80 percent of New Mexico's 4-year-olds will be served in a state-funded pre-k classroom or through a Head Start program
- 25 percent of New Mexico's 3-year-olds will be served in a state-funded pre-k classroom or through a Head Start program
- 100 percent of state-funded pre-k programs will be full-day

The phased-in approach helps mitigate the need for a larger infusion of new public dollars immediately and allows time for providers and the early childhood workforce to develop the capacity to serve increased numbers of families and children. However, over time, increased, sustained public investments will be required to successfully achieve the vision for all New Mexico's children. That said, there are multiple opportunities for the philanthropic community to play a significant role in funding the activities in the plan as a partner to the state, supporters, and stakeholders in strengthening the early childhood system for the long-term benefit of New Mexico.

Revenue Options

New Mexico could access a range of funding options by expanding current early childhood funding streams, tapping existing state revenues that aren't currently funding early childhood activities, or creating new funding streams to support the plan.

Options for expanding current funding streams include:

- Increasing General Fund appropriations
- Accessing increased federal childcare funding
- Expanding the use of Medicaid funds for allowable expenditures, such as home visiting

Among those options, increasing state General Fund appropriations provides the most flexible opportunity with likely the highest revenue potential. It also requires strong legislative support, and funding proposals for early childhood must compete with other important state systems and services for limited additional funding.

The federal FY2018 Omnibus Appropriations Act, passed in March 2018, provides a historic increase in federal childcare funding. As a result, New Mexico can expect to receive roughly \$20 million in additional federal childcare funds in federal FY2018 and 2019, which the state can use strategically to increase access to quality childcare and support workforce investments, as discussed above.

The state is currently piloting the use of Medicaid to fund home visiting. However, home visiting is one small piece of the critical health care access and support Medicaid provides for the most vulnerable New Mexicans, and state leaders must consider proposals to expand Medicaid expenditures for home visiting alongside growth in the need for other services Medicaid supports.

Other state revenue streams not currently used for early childhood services that could potentially be tapped for that purpose include:

- Enhanced distributions from the state’s Land Grant Permanent Fund
- Enhanced distributions from the state’s Severance Tax Permanent Fund
- Enhanced taxes on special goods or services, such as incremental increases to taxes levied on tobacco, alcohol, or beverages (“sin” taxes)

While the Permanent Funds could potentially provide substantial new revenue for early childhood, there is not consensus in the state around exercising these options. And although several states have passed incremental increases to various excise taxes, including sin taxes, and dedicated resulting revenue to priorities like early childhood services, these taxes are also unpopular and controversial and may not produce sufficient new revenues to justify the tradeoffs. The state could also leverage entirely new funding streams such as local matching funds, family fees for programs that are currently provided free of charge, or “pay for success” programs. Pay for success programs (see sidebar) leverage private investment for public programs and pay returns to investors based on future public savings. Some states are experimenting with pay for success models to expand home visiting by leveraging potential future savings.⁵⁰ These programs offer models New Mexico may wish to explore, but because they would need to be tested at a relatively small scale, are not likely to provide a major source of revenue for early childhood programs in the short term.

All revenue discussions involve tradeoffs, and state leaders and advocates will need to determine how those tradeoffs align with the potential benefits of investments in early childhood.

Cost-Benefit Analysis and Cost Savings

As noted above, high-quality early childhood programs benefit the state’s overall economy, increasing tax revenues and producing savings for taxpayers. But that does not necessarily mean that these savings can be used to “pay for” early childhood programs. The largest savings from early childhood investments — those due to reductions in crime and increased earnings for participants — occur far in the future and accrue to private citizens and to different government agencies than those that administer early childhood programs. Reductions in grade retention and special education yield nearer-term benefits, but the way that the state currently funds schools and special education does not lend itself to translating reductions into “savings” that can be channeled directly to fund early

Pay for Success

“Pay for success” is an innovative funding mechanism in which a public/government entity contracts with a private investor, who provides up-front funding to scale evidence-based social programs. If an independent evaluation shows the program achieved agreed-upon outcomes, the investment is then repaid by the government entity, with modest returns for the investor.

Benefits:

- Independent evaluation creates transparency for all parties
- Attracts new forms of capital to the sector

Risks:

- Requires robust experience in assessment and evaluation, and the infrastructure and capabilities to scale
- Programs that sign up for scrutiny but fail to meet targets could suffer real damage to their reputations
- Often requires enabling legislation in advance
- May reduce up-front costs without reducing total costs of services for government; as a result, may still require increased appropriations

childhood programs. Home visiting programs improve near-term health and mental health for mothers and children, and some models also reduce rates of child maltreatment, both of which could result in near-term savings in Medicaid and child welfare costs that could be monetized through pay for success or similar models (see sidebar) to help pay for early childhood program costs. The revenue or savings generated through these models would likely be modest relative to total investment need, however.

Milestones and Implementation Plan

The timing and sequencing of activities put forth in this plan will depend on several factors, including the availability of funding and the capacity of current systems to undertake new activities and absorb additional funds. Several activities could be undertaken on a flexible timeline, but some should be prioritized.

Step 1: State Leadership

Because of the need for strong state leadership to oversee multiple aspects of implementing the plan, cultivating support among state and tribal leaders and creating a senior-executive-level leadership position with the authority to drive coordination across state agencies and systems should be the first order of business.

This leadership commitment is essential to solving critical challenges of fragmentation and uneven access and quality and to leading the charge on ensuring that key state infrastructure, such as data systems and quality and accountability mechanisms, is in place and functioning optimally.

Step Two: Policy groundwork for building capacity and systems intentionally

Once state leadership commitment is secured and coordination efforts are underway across agencies and systems, then the work of building capacity and expanding across the system can begin.

That process begins with establishing the policy and regulatory groundwork to facilitate coordination efforts at the local level and, potentially in a parallel track, with the higher education community to ensure alignment in degree and training programs. Additionally, the state will need to revise policies related to scholarships and financial supports for workers and programs to create incentives linked to state goals for quality initiatives, credentials, compensation, or other priorities for system improvement.

Step Three: Growth and expansion

Once the groundwork is laid, growth and expansion in programs and supports can begin and should be scaled in coordination. For example, increases in funding for pre-k or home visiting slots should be made with recognition of the capacity and limitations of the quality workforce pipelines needed to support expansion. And investments in workforce supports, such as wage enhancements and scholarships, should be made incrementally and in line with the capacity of the field to meet quality requirements and of the higher education sector to meet demand for educational opportunities.

Key Stakeholders and Partnerships

The strategies laid out in this plan and the ambitious outcomes it seeks to achieve cannot be achieved through increased state appropriations alone. Though enhanced state investment will be required and state leaders and policymakers will play the lead role in spearheading coordination efforts, adopting new policies, and expanding and enhancing programs, there are clear roles for the philanthropic community and for advocates and other stakeholders in realizing this plan's vision.

Actors outside of government, particularly philanthropy and advocates, must work to build support around the plan as it evolves in the next phase of work and amplify key messages and strategies that will help build the will to make needed investments among state leaders, policymakers, and the public.

Appendix A: The Current Early Childhood Landscape in New Mexico

Any plan to improve early childhood development and outcomes in New Mexico must be grounded in a deep understanding of the current state of young children and families and the systems and services that support them. New Mexico's early childhood system faces big challenges, but also has many assets, including rich cultural and linguistic diversity, a commitment at the state and community levels to supporting children and families, and a strong foundation of supports and services on which to build.

Young children make up 6 percent of New Mexico's population and reflect the state's racial, cultural, linguistic, and ethnic diversity (Figure 3).⁵¹ Thirty percent of young children speak a language other than English at home (Figure 4).⁵²

Many New Mexico children face significant challenges to their health, education, and overall well-being. Nearly one in five children in New Mexico experiences three or more adverse childhood experiences, putting them at risk for later negative outcomes.⁵³ With 34 percent of children under age 6 living in poverty, New Mexico's child poverty rate is the highest in the country.⁵⁴ And 75 percent of young children in New Mexico have at least one risk factor impacting health, education, or development.⁵⁵ The high prevalence of risk factors makes early childhood services a particularly important intervention to mitigate risks and put children on track for success.

Figure 3. Demographics of New Mexico's Young Children Compared to the State's Total Population

Demographics of NM young children vs. total population

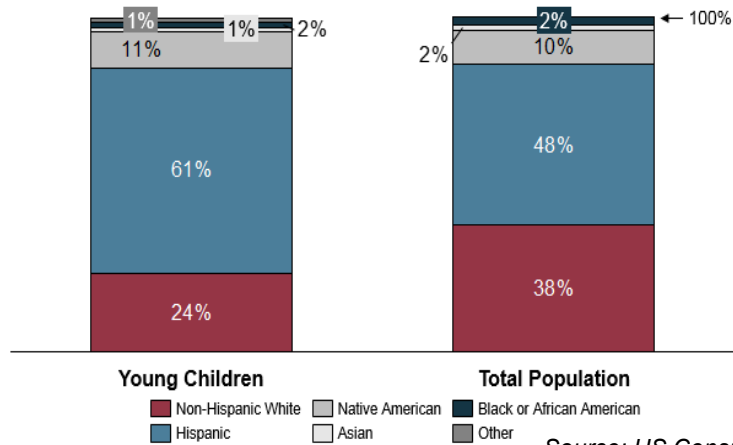
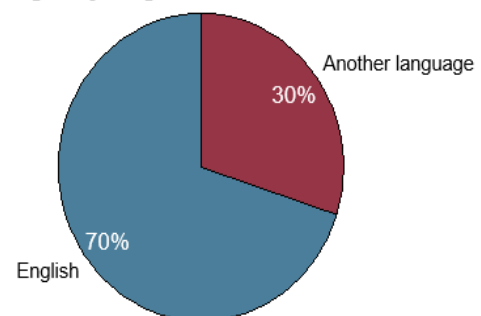
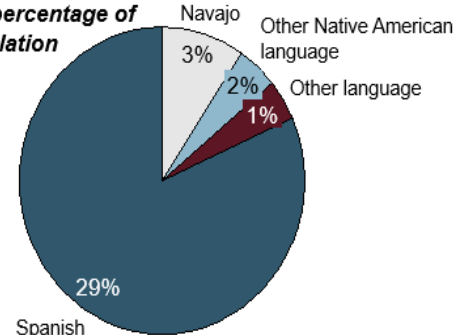


Figure 4. Trends in Home Language in New Mexico

Languages spoken at home by percentage of young children



Languages spoken at home by percentage of total population



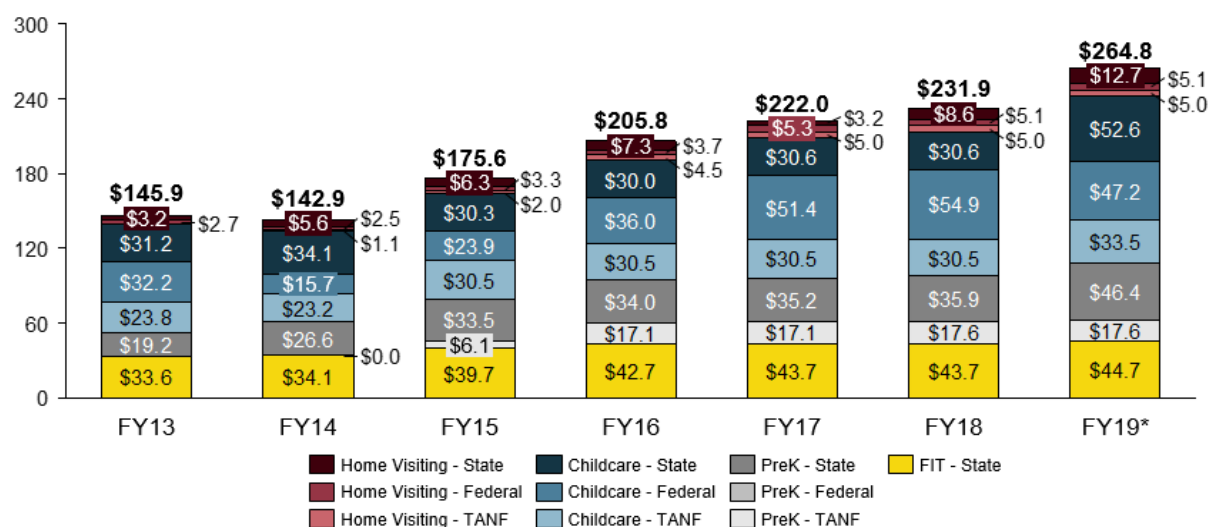
Source: Kids Count Data Center 2016

Overview of New Mexico’s Early Care and Education System

As a state, New Mexico has invested significantly in programs serving young children and families and is projected to spend \$264.8 million⁵⁶ on early childhood programs in FY2019. New Mexico’s early care and education system comprises multiple programs administered across several state agencies. The majority of these funds are distributed through four programs: childcare subsidies, home visiting, New Mexico PreK, and FIT (Families, Infants, and Toddlers). Besides these state-funded programs, Head Start programs in New Mexico receive federal funds that flow directly to local grantees and tribal organizations (about \$85 million in FY2017).

Childcare subsidies receive the largest percentage of funding, but only two-thirds of these funds support services for children aged birth to 5 (the rest supports afterschool care for school-aged children).⁵⁷ State funding for home visiting and pre-k has increased over time, while childcare funding will remain largely stagnant until FY2019, when all four programs will receive increased state appropriations (Figure 5).

Figure 5. NM Early Childhood Program Funding by Source, FY2013 to FY2019 (in millions)



*Appropriated

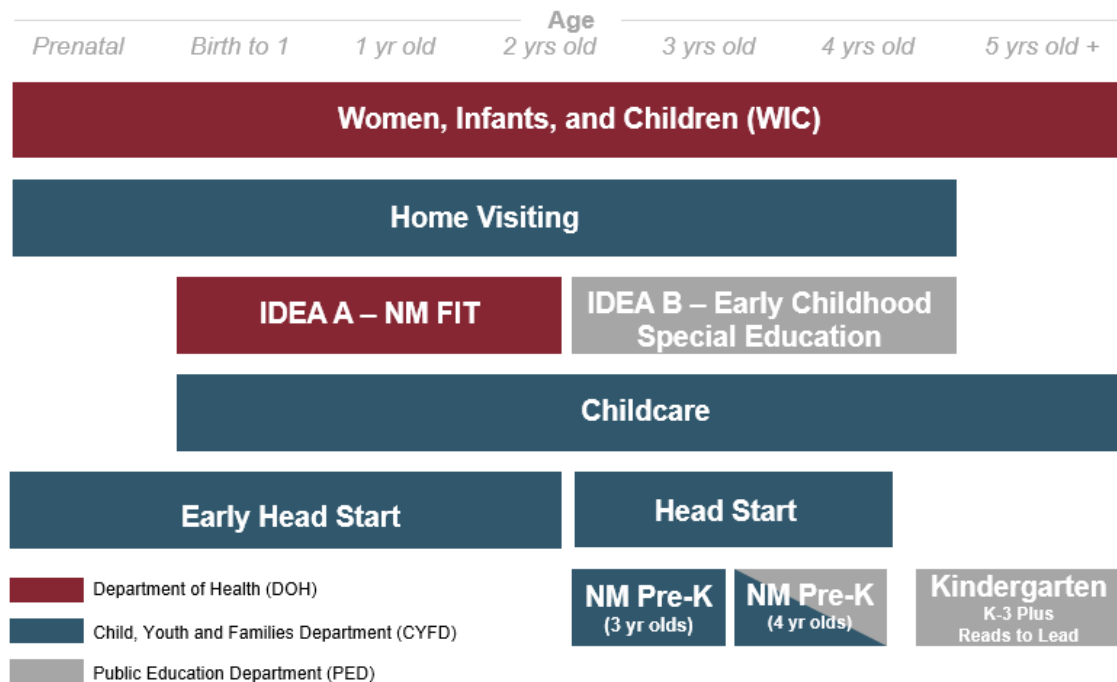
Source: New Mexico Legislative Finance Committee

Recent funding increases have focused primarily on program expansion, which is an important and valuable tool for improving child outcomes. Because New Mexico doesn’t currently have the ability to track the total number of children served across programs or the combination of services any one family receives, it’s difficult to measure how well the state is meeting needs across all families in the state. It is clear, however, that even with recent expansions, most programs serve only a fraction of the eligible or intended population and may not consistently reach those with the greatest needs, much less a high proportion of all children and families who could benefit. To maximize the potential impact of current and future investments, New Mexico needs to ensure that program expansions prioritize quality, not just great access. The state must also improve coordination at the state and local levels to ensure that families have access to high-quality information, supports, and services across all communities. An improved early childhood ecosystem in New Mexico will benefit all families of young children, but will particularly benefit those most at risk.

New Mexico’s Early Childhood Systems Governance and Management Structure

New Mexico’s governance and management structure for early childhood is fragmented across multiple state agencies. The Public Education Department (PED), the Children, Youth, and Families Department (CYFD), and the Department of Health (DOH) each administers programs that support young children and their families (Figure 6). Data and interviews indicate that poor program coordination across agencies prevents a coherent vision for early childhood success, resulting in uneven service capacity, inconsistent quality, and a lack of clarity for families. In the past, the state has tried various early childhood coordination structures, including the ELAC and the now discontinued Children’s Cabinet, but none of them has fully achieved the goals of integrated governance and systemic coherence.

Figure 6. Distribution of Administration and Oversight of Early Childhood-Related Programs and Services Among New Mexico’s State Agencies

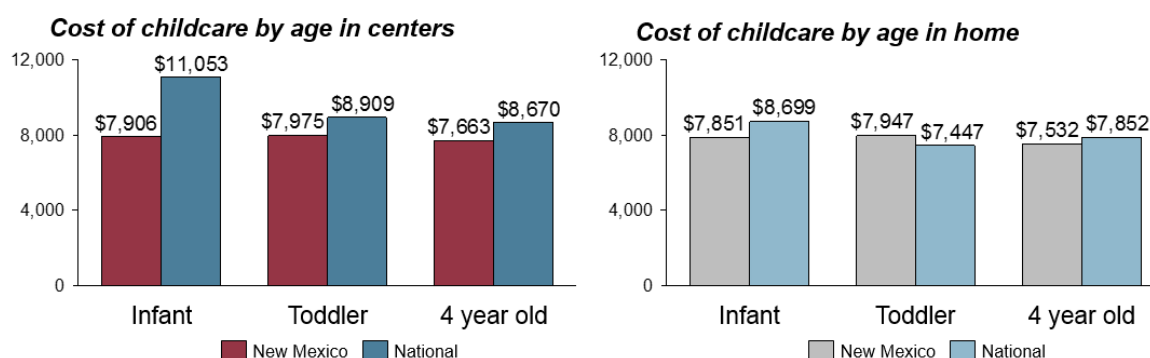


New Mexico Early Childhood Program Overview

Childcare in New Mexico

Childcare plays a crucial role in both enabling parents to work or go to school and supporting children’s development. New Mexico’s 975 licensed childcare providers and 2,244 registered homes offer a variety of settings and options.⁵⁸ Most childcare is purchased directly by parents, at an average cost of \$8,000 a year for licensed care — a substantial expense for many families (Figure 7).⁵⁹

Figure 7. Average Cost of Childcare in New Mexico by Age Group and Setting



Source: Child Care Aware of America 2017

With 70,000 slots available in licensed care, New Mexico’s childcare providers constitute the state’s largest system of support for young children and are the foundation for its broader early childhood system, playing a crucial role in delivering pre-k, home visiting, and other services. Historically, however, state policies have focused on childcare as a workforce support — only recently has focus shifted to prioritize its dual role of supporting children’s development. Building the capacity of childcare providers to support early childhood development with quality across diverse settings must be a cornerstone of any strategy to improve early childhood outcomes in New Mexico. At the same time, policymakers must ensure that efforts to improve quality don’t drive the cost of care beyond the reach of families or render providers’ business models unsustainable.

The state plays two primary roles in the childcare market — regulation and licensing of childcare settings and providing subsidies for families to access care.

Childcare Licensure and FOCUS

All childcare centers, as well as family care homes serving more than four children, must be licensed by the state. Licensure is intended to ensure a base standard of health and safety in childcare programs.⁶⁰ To recognize higher levels of quality, New Mexico created FOCUS, the state’s current Tiered Quality Rating and Improvement System (TQRIS), which establishes common, tiered quality standards for all licensed care providers. Participating programs receive a star rating on a five-star scale based on factors such as intentional teaching, staffing ratios, and staff qualifications. Participation in FOCUS is currently voluntary, and will ultimately be

available to all types of licensed providers. Licensed family care homes and childcare centers must earn a two-star rating to be eligible to receive subsidies.

Childcare Assistance

Childcare subsidies promote families' economic self-sufficiency and foster healthy child development and school success by helping low-income families pay for childcare. In New Mexico, working families with children birth to 12 years of age and income below 200 percent of the Federal Poverty Line (FPL)⁶¹ qualify for state childcare assistance.⁶² In 2016, 27,589 children (out of an estimated 96,020 eligible) received subsidies, with an average of 17,781 children receiving a subsidy each month.⁶³

Data indicate that childcare subsidies are most often used in lower-quality childcare settings. In 2016, 63 percent of subsidies were used in one-, two-, or three-star providers; 39 percent were used in two-star.⁶⁴ New Mexico provides higher reimbursement rates to providers that earn higher star ratings, but those increments may not fully cover the increased cost of quality, resulting in families who receive subsidies for enrolling in lower-quality care.^{65 66}

Home Visiting Background

Parents and families are children's first teachers and play the primary role in nurturing children's development and learning. New Mexico's home visiting program was established to support families of young children by promoting positive parenting practices and helping to address factors that can make it difficult for families to establish safe, stable, and nurturing home environments for their children. Home visitors provide families with education about child development and parenting skills, screen for child and family risk factors, and connect families with community supports.

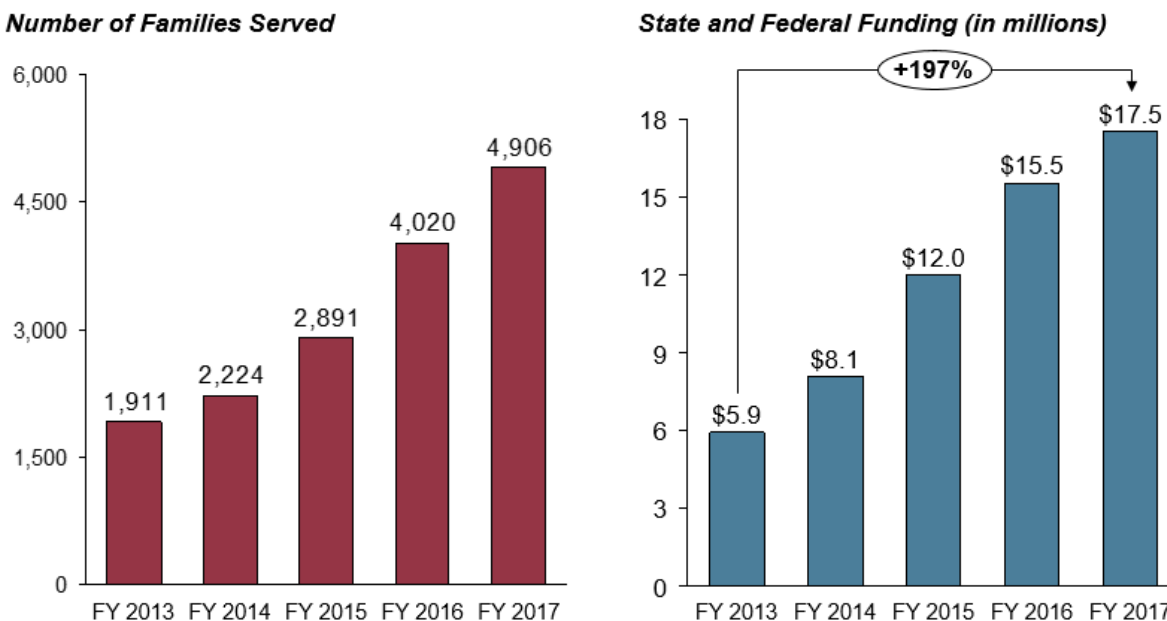
Participation in home visiting is voluntary. All New Mexico families who are expecting or who have children who have not yet started kindergarten are eligible to participate in home visiting where services are available.

Research shows that high-quality home visiting programs improve children's cognitive development and behavior, language scores, grade point averages in school, and high school graduation rates.⁶⁷ Cost-benefit analysis indicates home visiting programs can also help to prevent child maltreatment, which improves children's long-term outcomes and results in savings for taxpayers.⁶⁸ In New Mexico, First Born, a homegrown home visiting program, has been shown to produce similar positive impacts.⁶⁹

Home Visiting in New Mexico

Spurred in part by positive research, New Mexico has increased funding and enrollment in home visiting programs. Public funding for home visiting has more than doubled since FY 2013.⁷⁰ In FY 2017, 4,906 families received home visiting services, including 3,006 served in state-funded programs and 1,900 served from other funding sources (such as private foundations, federal grants, tribal Maternal, Infant, and Early Childhood Home Visiting, and Early Head Start) (Figure 8).

Figure 8. Number of Families Served and Funding Levels in New Mexico’s State-Funded Home Visiting Program



Source: New Mexico Legislative Finance Committee

Rather than adopt a single model or provider for home visiting, New Mexico established standards to inform a common framework of delivery across several approved programs. The state contracts with a variety of providers to deliver home visiting services — including nonprofits, childcare providers, Early Head Start providers, tribal organizations, and other entities — and these providers use a variety of models, including both locally developed approaches and nationally recognized, evidence-based models.

This approach allows for flexibility to adjust offerings to fit local needs and provider capacity. But it allows for wider variation in quality and fidelity of implementation than found in some other states. New Mexico has prioritized service expansion to increase the number of families served, but funding levels and workforce capacity in some communities may be insufficient to support the strongest evidence-based models or ensure high-quality implementation.

The 2013 Home Visiting Accountability Act requires collection and reporting of specific data on program outcomes and accountability measures; however, some important data — such as the percentage of children receiving home visiting services who also enroll in high-quality childcare — are not currently collected.⁷¹ As a result, the state lacks information on some important indicators of home visiting outcomes and quality.⁷²

All families of young children are eligible for home visiting services, but not all families need home visiting. As a result, it is difficult to tell if home visiting programs are reaching the families who need them most. Some families are not aware of these services, how they might benefit from them, or how to access them. Research has shown the stigma of associating home visiting programs with systems like child protective services discourages some families from participating.⁷³

Data indicate the greatest absolute need for home visiting is in urban counties, which have the largest gap between the number of eligible families and funded slots. Some rural areas have more funded slots than estimated need,^{74 75} while others may lack access due to limited supply of quality providers. Large geographic distances between families and communities can create barriers to delivering high-quality home visiting services in these communities.⁷⁶

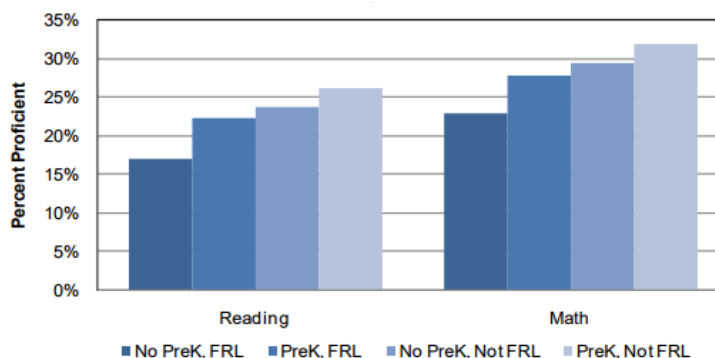
The Los Alamos National Laboratory (LANL) Foundation’s home visiting collaborative works to support collaboration among home visiting programs funded by state, philanthropic, federal, and other sources. This work has led to better information about number of children and families served by all funding sources — not just state funds. But programs funded from other sources do not collect or report the same data the state requires of programs it funds, making it difficult to get a comprehensive picture of home visiting outcomes across the state.

New Mexico PreK Background

New Mexico PreK is a voluntary program funded by the state of New Mexico to provide opportunities for young children to attend a high-quality early childhood education program before going to kindergarten.

National studies have found that high-quality pre-k programs improve children’s school readiness, elementary school achievement, and long-term education and life outcomes, and reduce rates of grade retention and special education placement in elementary school.^{77 78} Pre-k programs save taxpayers money in the long run and produce social benefits estimated at between \$5 and \$10 (variation depends on program structure and how benefits are counted) for every \$1 of pre-k cost.⁷⁹ A 2009 study of New Mexico’s PreK Program found that participation in New Mexico PreK improved children’s school readiness across different types of settings.⁸⁰ The LFC has consistently found the state’s pre-k programs improve math and reading proficiency for low-income children and reduce special education referrals and grade-level retention rates (Figure 9).⁸¹

Figure 9. Third-Grade Reading Proficiency by New Mexico PreK Enrollment and Free and Reduced Lunch (FRL) Status, FY2016

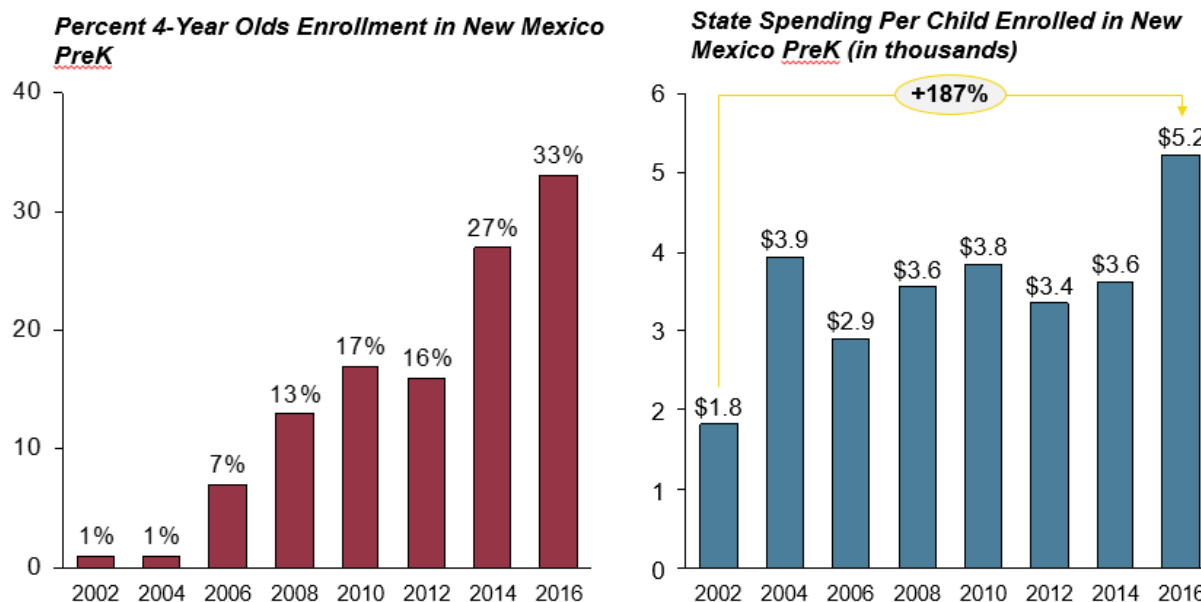


Source: New Mexico Public Education Department

Pre-k in New Mexico

New Mexico PreK spending has increased in recent years, leading to increased enrollment and per-child funding. Since 2002, enrollment has grown to serve over 8,400 4-year-olds and 950 3-year-olds in FY2018.⁸² Funding has also increased, from \$1,200 per child in 2002 to \$5,200 in 2016 on average (Figure 10).⁸³ The increase in the overall average funding level per child reflects both a policy decision to begin funding some full-day slots in recent years as well as increases in per-child funding rates to providers. In FY2012, providers received \$2,418 per child per half-day slot. By FY2017, that amount grew to \$3,206 per child per half-day slot (plus \$6,412 per child per full-day slot).⁸⁴

Figure 10. Percent of 4-Year-Olds Served and Average State Spending Per Student in New Mexico PreK Programs



Sources: National Institute for Early Education Research (NIEER); New Mexico Yearbook 2016

New Mexico PreK is delivered both by public schools and in private childcare settings. PED oversees pre-k offered by school-based providers, while CYFD oversees pre-k in childcare settings. Each agency allocates its own pre-k funding, but they are expected to coordinate in awarding slots to avoid duplication of services. Early learning standards are the same for both PED and CYFD providers.

New Mexico PreK was created as a half-day program for 4-year-olds. But in recent years, the state has piloted full-day and 3-year-old offerings. Research shows that full-day pre-k programs produce greater learning gains and may meet the needs of working families better than half-day programs. New Mexico PreK served 1,400 4-year-olds in full-day programs in FY2018.⁸⁵ Some providers report waitlists for full-day slots, while struggling to fill half-day openings. CYFD also began extending pre-k services to 3-year-olds in 2015-16, in part to make programs more viable in rural communities with too few 4-year-olds to support a classroom, and New Mexico PreK now serves 950 3-year-olds.

Delivering pre-k through both school and childcare providers allows a range of options for families to support the financial viability of childcare providers, which is important to preserve availability of affordable care for infants and toddlers. But there are some challenges. Teacher qualifications and salary differ between childcare- and school-based programs. New Mexico PreK teachers in school-based programs must have a bachelor's degree and state teacher licensure and make substantially more money than New Mexico PreK teachers working in childcare settings, who are required to be working toward a bachelor's degree. Some state stakeholders also perceive a lack of coordination between CYFD and PED in awarding slots, leading to competition between school- and childcare-based providers in some communities.

Head Start Background

Head Start is a federally funded program that provides early learning, health, mental health, family engagement, and family economic well-being services to support the development and well-being of children and families in poverty, using a two-generation approach.

Head Start in New Mexico

Thirty-six grantees across the state offer Head Start programming, including 13 traditional Head Start programs, 15 Early Head Start programs (serving pregnant women, infants, and toddlers), and 17 American Indian and Alaskan Native Head Start programs (administered in coordination with tribal governments).⁸⁶

Together, these programs served 9,225 total enrollees in FY2017, about two-thirds of whom are 3- and 4-year-olds in traditional Head Start (Figure 11). The program was funded at \$85.7 million in FY2017.⁸⁷ Because these programs receive funding directly from the federal government, state agencies have a limited role in overseeing them, though grantees must meet childcare licensure requirements.

Head Start plays a crucial role in serving New Mexico children, but expansion of New Mexico PreK has created challenges for some programs. To maintain funding, Head Start programs must maintain 100 percent enrollment. As New Mexico PreK has expanded, some Head Start programs have experienced enrollment challenges, leading to loss of funded slots. Stronger coordination between Head Start and state-funded programs is needed to maximize the benefits of both state and federal funds for New Mexico's most at-risk children.

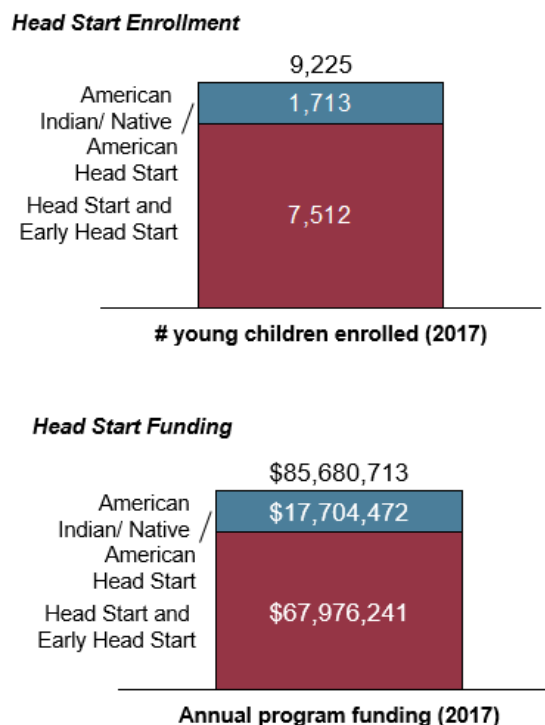
New Mexico's Early Childhood Workforce

A well-prepared, stable, and highly effective early childhood workforce is essential both to expand access to early childhood services and to ensure that expanded services produce positive results for children and families. Safe, stable environments with nurturing caregivers and high-quality adult-child interactions support children's cognitive and social-emotional development.⁸⁸

New Mexico's Workforce Supply

Existing research in New Mexico estimates the overall size of the early childhood workforce at 15,281 as of FY2015, including those working in childcare settings, in pre-k classrooms, as home visitors, and as administrators. Among those, the majority (7,886 in 2015) are childcare workers.⁸⁹ Qualifications and compensation for New Mexico's early educators vary across programs and settings.

Figure 11. Head Start Enrollment and Funding in New Mexico, FY2017



Source: U.S. Department of Health and Human Services, Office of Head Start

New Mexico's early childhood educators are overwhelmingly female (94 percent), and the majority are Hispanic or Native American (51 percent and 13 percent, respectively). On average, New Mexico's early childhood workers earn half as much as other wage earners, one in five live in poverty, and half are "low income." Poverty is twice as prevalent among early childhood workers as among the working population overall.⁹⁰

These characteristics of the early childhood workforce mirror trends in other states, but create challenges for growing the skilled early childhood workforce New Mexico needs to strengthen its early childhood system.

[New Mexico Workforce Training and Professional Development](#)

Twenty New Mexico higher education institutions offer degrees in early childhood, including five offering four-year programs and 15 offering two-year programs. In addition to degree programs, CYFD and PED fund professional development for early childhood educators.

New Mexico has adopted some innovative approaches to support educational advancement for early childhood educators, and is viewed as a national leader in creating a fully articulated, competency-based higher education system. The foundation of New Mexico's early childhood workforce system is the "NM Common Core Competencies for Early Childhood Professional Preparation," which outline the skills that early childhood educators need to work effectively with young children. The 20 degree-offering higher education institutions base their early childhood courses on the "NM Common Core Competencies" and utilize the same catalogue of courses and syllabi at the associate and bachelor's levels.

New Mexico's integrated, competency-based higher education system is a strength, but that system needs to be updated and better integrated with other state professional development requirements.

[Scholarships and Wage Supports](#)

New Mexico funds T.E.A.C.H. scholarships to support early childhood educators pursuing higher education. Roughly 700 scholarships are offered each year and are shown to reduce teacher turnover, enhance compensation, and increase educational attainment.⁹¹ Beginning with a pilot in 2010 and funded on a statewide basis since 2014, the INCENTIVE\$ pay supplement program pays stipends ranging from \$300 to \$2,500 from state and private funds to early childhood teachers on graduated supplement scales according to educational level and retention.⁹² The program provided stipends to 239 educators in 2016.⁹³ These financial incentive programs support early childhood educators to earn degrees and increased pay, but the programs are small, reaching only a fraction of the workforce.

Appendix B: Stakeholder Interviews

Individuals Interviewed	Organization and Role
Mimi Aledo-Sandoval	Alliance for Early Success
Catron Allred	Central New Mexico Community College, Director of Education Program
Jenna Conway	Louisiana Department of Education
Rex Davidson	Las Cumbres Community Services, Executive Director
Hailey Heinz	University of New Mexico Center for Education Policy Research, Senior Policy Analyst
James Jimenez/ Amber Wallen	New Mexico Voices for Children, Executive Director and Deputy Director
Rebecca Kilburn	RAND Corporation, Senior Economist
Kelly Klundt	New Mexico Legislative Finance Committee, Senior Fiscal Analyst
Brenda Kofahl	Public Education Department, PreK Program Manager
Kelly O'Donnell	Economist, University of New Mexico and Institute for Child Success
Regis Pecos	Leadership Institute at the Santa Fe Indian School
Jennifer Ramo	Executive Director, New Mexico Appleseed
Baji Rankin	New Mexico Association for the Education of Young Children, Executive Director
Shannon Rivera	Western New Mexico University, Executive Director of Early Childhood Programs
Alejandra Rebolledo Rea	Children, Youth and Families Department, Child Development Office Bureau Chief
Jennifer Sallee	Santa Fe Community College, Director – Early Childhood Center of Excellence
Helene Stebbins	Alliance for Early Success
Louise Stoney	Alliance for Early Childhood Finance and Opportunities Exchange
Erica Stubbs	Presbyterian Medical Services, Director of Children's Services
Heather Vaughn	Albuquerque Public Schools, Early Childhood Program Manager
Lois Vermilya	University of New Mexico Family Development Program, Executive Director

Appendix C: Attendees at February Stakeholder Meeting

Name	Organization
Catron Allred	Central New Mexico Community College
Terry Anderson	Silver City
Jovanna Archuleta	Los Alamos National Laboratory Foundation
Judy Baca	New Mexico Department of Health
Elizabeth Beers	Socorro General Hospital Community Based Programs
Matthew Bernstein	Pegasus Legal Services
Gloria Bonner	New Mexico Department of Health
Betsy Cahill	New Mexico State University
Deanna Cook	Albuquerque Community Schools
Sabrina Curry	New Mexico Department of Health
Representative Rebecca Dow	Truth or Consequences
Katie Dry	Santa Fe Community Foundation
Claire Dudley Chavez	United Way of Santa Fe County
Cheryl Fairbanks	Native American Budget and Policy Institute
Diego Gallegos	YDI
Anna Marie Garcia	Los Alamos National Laboratory Foundation
Lynda Garcia	United Way
Angelo Gonzales	ABQ Collective Impact
Janis Gonzales	New Mexico Department of Health
Tricia Heffelfinger	La Clinica de Familia, Las Cruces
Hailey Heinz	University of New Mexico, Center for Education Policy Research
Su Hodgman	NWNM First Born, John Paul Taylor Early Childhood Task Force
James Jimenez	New Mexico Voices for Children
Larry Langely	New Mexico Business Roundtable
Frank Lopez	W.K. Kellogg Foundation
Mayra Lovas	JF Maddox Foundation
Javier Martinez	Partnership for Community Action

Lori Martinez	Ngage New Mexico
R.J. Martinez	Los Alamos National Laboratory Foundation
Jonetta Martinez-Pacias	New Mexico Department of Health
Edker Matthews	Early childhood advocate
Tom Miles	John Paul Taylor Early Childhood Task Force
Rhonda Montoya	New Mexico, Children, Youth, and Families Department
Allan Oliver	Thornburg Foundation
Cesia Otero	La Clinica de Familia and the SUCCESS Partnership, Las Cruces
Jenny Parks	Los Alamos National Laboratory Foundation
Jenny Ramo	New Mexico Appleseed
Baji Rankin	New Mexico Association for the Education of Young Children
Shannon Rivera	Western New Mexico University
Robby Rodriguez	W.K. Kellogg Foundation
Jennifer Sallee	Santa Fe Community College
Allen Sanchez	CHI St. Joseph's Children
Nan Schwanfelder	Brindle Foundation
Ezra Spitzer	NMCAN
Kim Strauss	Brindle Foundation
Barbara Tedrow	Gold Star Academy, ELAC member
Lois Vermilya	University of New Mexico
Amber Wallin	New Mexico Voices for Children
Michael Weinberg	Thornburg Foundation
Jasmine Yepa	Native American Budget and Policy Institute

Appendix D: Models Studied to Inform Recommendations

<p>1. Leverage local community capacity to improve program implementation⁹⁴</p> <ul style="list-style-type: none"> • <i>North Carolina's Smart Start Initiative</i>: State leaders created a funding formula that considers both the needs of the region served by the local collaborative and the level of resources available in the region; formula is updated annually. • <i>Virginia's Smart Beginnings</i>: Local collaboratives receive a grant designated as Planning, Getting Ready, Partnership, Sustaining, or Sustaining Partners; those for later stages tend to be smaller than the initial planning grants.
<p>2. Coordinate state systems to be greater than the sum of their parts</p> <ul style="list-style-type: none"> • <i>New Mexico's Early Learning Advisory Council (ELAC)</i>: 15-member council (comprising agency representatives and other stakeholders) makes recommendations and advises the government and legislature regarding early learning issues in New Mexico. Limited actual authority; not always included in key state decisions. • <i>New Mexico's Children's Cabinet</i>: Studied and made recommendations for the design of programs for New Mexico children. Produced annual children's report card. Lack of political sustainability led to lapse of cabinet. • Connecticut, Nebraska, Illinois, Wisconsin, and Colorado all use the coordination governance model to connect the different programs of their state's early childhood system, reflecting its comprehensive nature.
<p>3. Build and support a highly effective early childhood workforce</p> <ul style="list-style-type: none"> • <i>Illinois' Gateways to Opportunity</i>: Statewide professional development support system designed to provide guidance, encouragement, and recognition to individuals and programs serving children, youth, and families. • <i>Louisiana's School Readiness Tax Credits</i>: Tax credit available to teachers and directors who have attained higher training and education, as measured by the Louisiana early care and education career ladder, and are employed in centers participating in the quality rating system. Maximum credits range from \$1,500 to \$3,000. Over 3,770 teachers/directors claimed the credit in 2014.
<p>4. Conduct outreach and engagement to build awareness and understanding of benefits of support</p> <ul style="list-style-type: none"> • New Mexico Kids <i>childcare finder</i>: Managed by CYFD, childcare search is a useful tool for families. Site is still in progress of offering a comprehensive inventory of available early childhood programming. • Vroom: Online inventory of tips, tools, and resources for parents and providers to stimulate early childhood development in various mediums (video, printable materials, best practices, etc.).
<p>5. Expand programs with quality to increase access for NM's young children</p> <ul style="list-style-type: none"> • Texas: Forty-nine percent of 4-year-olds enrolled in state's Pre-K program. All low-

income 4-year-olds, ELL students, children in foster care, children who are homeless, and children of military parents are eligible.

- [Oklahoma](#): Seventy-three percent of 4-year-olds enrolled in Oklahoma’s Pre-K program. Eligibility is universal, and 99 percent of school districts offer Pre-K.
- [Florida](#): Seventy-six percent of 4-year-olds enrolled in Florida’s Pre-K program. Eligibility is voluntary universal.
- [Washington, D.C.](#): Eighty-one percent of 4-year-olds enrolled in D.C.’s public Pre-K program. Eligibility is voluntary universal.

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Deming, “Early Childhood Intervention and Life-cycle Skill Development: Evidence from Head Start,” *American Economic Journal: Applied Economics*,

<https://www.aeaweb.org/articles?id=10.1257/app.1.3.111>;

University of Minnesota, “About the Chicago Longitudinal Study,”

<http://www.cehd.umn.edu/icd/research/cls/docs/Science2011accepted.pdf>.

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