

# Cost Analysis of New Mexico's Early Childhood Programs

*A Five Year Strategy for Increasing Investment*

November 2012

Prepared by the  
New Mexico Early Childhood Development Partnership



new mexico **early childhood development** partnership

# Overview

---

The **New Mexico Early Childhood Development Partnership (NMECDP)**, a public-private partnership, recognizes that when our young children are deprived of quality early life experiences the result is a lack of readiness for school and life, depriving our state of its most precious “potential” resource. The NMECDP is on a mission to create the public awareness and political will for early childhood investment in New Mexico. Funded by the Kellogg Foundation, United Way of Santa Fe County has been tasked with leading the NMECDP multi-year effort.

In an ongoing effort to understand the complexities of early childhood programs and to then translate that learning for the public at large, the NMECDP commissions research and analyses from which policy and funding recommendations can be drawn. This cost analysis document is one such piece of work. In the last few years, policy makers and others have inquired as to the cost of quality as well as the costs associated with expanding early care and education programs to more children and families in New Mexico.

**As a result of a thorough cost analysis of New Mexico’s early childhood programs, the NMECDP advocates for a five year strategy to increase the investment through a policy platform of seven components which, when taken as a whole, address the full continuum of supports for children ages zero through five and their families.**

## **Five Year Strategy to Invest in a Full Continuum of Supports**

- 1. Home Visiting.** Provide universal, voluntary “evidence-based” or “promising practice” home visiting for all first births
- 2. Child Care Assistance.** Ensure access to all children ages zero through five in households with income below 200% of the federal poverty threshold
- 3. Pre-K.** Further universal half-day pre-K with the long term objective of full day pre-K for all children
- 4. Professional Development.** Heighten professional standards for teachers in state-funded early childhood programs
- 5. Additional Education & Training.** Enhance access to higher education for early childhood workers through expansion of the TEACH scholarship program.
- 6. A unique identifier.** Support efforts for the use of a unique identifier, by all publicly funded and/or regulated programs, so that one is assigned to each child as early as birth.
- 7. Data System.** Support a comprehensive and fully integrated data system utilizing a unique identifier that enables both real time and longitudinal assessment of individual children, early childhood workers, early childhood service providers and the public programs that serve children and their families.

Although the NMECDP policy platform emphasizes efficiency and will ultimately save New Mexico hundreds of millions of dollars by improving health, resiliency, academic success and workforce productivity for parents and children in current and future generations, full implementation will require a first year investment of \$15.9 million and a total recurring investment at full implementation of \$73 million. Due to cost and capacity constraints, we recommend that the policies be phased in over 5 years.

**Table 1: Summary of NMECDP Recommendations and Cost**

	<b>Total</b>	<b>5 Year Phase-In, Year 1</b>
Home visiting	\$23,376,407	\$4,235,085
Child Care Assistance	\$32,355,730	\$8,088,933
Pre-K	\$12,645,651	\$2,529,130
Professional Development		
TEACH	\$1,658,078	\$420,000
TTAPS	\$3,000,000	\$600,000
<b>Total new spending</b>	<b>\$73,035,867</b>	<b>\$15,873,147</b>

## Home Visiting

---

### RECOMMENDATION IN BRIEF

NMECDP recommends that the state of New Mexico offer home visiting services to all first-time expectant mothers, regardless of family income or other risk factors. We further urge the state to establish a set of clearly defined minimum standards of quality for all publicly-funded home visiting programs. In addition to meeting the state minimum standards, all home-visiting programs that receive state support should be required to follow a well-documented and consistently-applied methodology that has been proven to be effective through rigorous external review. State funding for home visiting should be sufficient to ensure that all first-time parents are able to access services and that all programs consistently implement the underlying home visiting model upon which their effectiveness was evaluated.

### BACKGROUND

Home visiting programs are an extremely cost-effective way to significantly improve outcomes for families and children. Quality home visiting programs improve birth outcomes, enable early detection and prompt, cost-effective remediation of health problems and developmental delays, facilitate more efficient use of the health care system (ie establishment of a medical home, regular preventative care and fewer emergency room visits), lower rates of child abuse and neglect, improve school achievement, enhance parental attachment to the labor force and produce more self-sufficient and resilient families. In fact, studies have shown that every taxpayer dollar invested in home visiting can return as much as \$5.70 by reducing the costs imposed on society by poor health and academic failure<sup>1</sup>.

In 2013, an estimated 1,673 families will receive home visiting services through the First Born Program, the Nurse Family Partnership or one of the other home visiting programs under contract to the State of New Mexico. In addition, approximately 800 infants ages 0 to 1 and roughly 4,000 toddlers between the ages of 1

---

<sup>1</sup> [www.pewstates.org/uploadedFiles/PCS\\_Assets/2011/Home\\_Visiting\\_model\\_policy\\_framework.pdf](http://www.pewstates.org/uploadedFiles/PCS_Assets/2011/Home_Visiting_model_policy_framework.pdf)

and 2 who are at physical or environmental risk for developmental delays will receive home-based early intervention services through the New Mexico Department of Health's Family, Infant Toddler program<sup>2</sup>.

Each year approximately 10,797 first babies are born in New Mexico. The 2,473 families expected to receive home visiting services in 2013 will constitute less than 1 in 10 New Mexico births and 1 in 4 first births. The remaining 8,324 first time expectant mothers and their babies will not have access to these potentially life-changing services<sup>3</sup>.

The State of New Mexico contracts with a variety of home visiting providers. Some home visiting programs utilize evidence-based models or promising practices currently undergoing rigorous evaluation, but some utilize models that have not been tested or shown to achieve desired outcomes.

New Mexico has established minimum standards to which all state-funded home visiting programs must adhere. The New Mexico standards address the essential components of a high quality home visiting program, but they are not sufficiently rigorous or detailed to ensure that all programs funded by the state actually provide a high quality service to all their clients.

## **RECOMMENDATIONS -- KEY CHARACTERISTICS OF A HIGH QUALITY, UNIVERSAL HOME VISITING PROGRAM FOR NEW MEXICO**

### ***(1) Universal but Targeted***

New Mexico's home visiting program should contact, screen and offer services to *all* first time expectant women and new parents regardless of family income or risk factors, but provide the most targeted and intensive services to those families with the greatest need.

Due to its proven ability to prevent prematurity, low birth weight, abuse and neglect and other negative and costly outcomes, home-visiting is most cost effective for those families most at risk. This, however, does *not* mean that all families cannot benefit from home visiting or that a universal program is not ultimately the most efficient approach for the state to take.

Universality fosters acceptance by the general public and thereby maximizes the chances that the families and children with the greatest need will participate. Means-testing or otherwise targeting services to low income or at-risk families may stigmatize the service and deter the families most in need of support from accepting or staying with the service. Acceptance by the general public will also fortify New Mexico's home visiting program against fluctuations in state revenues and political pressures. In addition, no screening tool is perfect. Restricting services on the basis of income or a specific set of risk factors may exclude some families with high needs from eligibility.

---

<sup>2</sup> New Mexico Family Infant Toddler Program Annual Report FY 2010, April 2012  
<http://nmhealth.org/ddsd/nmfit/Documents/documents/nm-apr-2012c.pdf>

<sup>3</sup> Assumes 80% of the 9,124 first-time expectant mothers not currently receiving home visiting service would accept services if they were offered

A cost-effective approach that avoids the limitations of screening and stigmatization would be to offer home visiting services to all pregnant women and new families, but provide more intensive targeted services of longer duration to those with the greatest need. This approach can be visualized as a pyramid in which all pregnant women and new mothers/families receive general services geared toward the promotion of healthy behaviors and interactions through education and mentorship, those with identified needs receive more targeted preventative services, and those families with high needs receive very specific, intensive services and interventions.

***(2) Serves first-time expectant mothers and families***

Although every birth is a major event and every child warrants special attention, home visiting for first-time expectant mothers and their infants is especially beneficial because it provides information and support early in family formation and improves a woman's ability to effectively parent all the children she may ultimately have. Because they constitute about 38% of births, offering services to first births only dramatically reduces program costs while ensuring that every family has the opportunity to participate.

***(3) Emphasizes Early, Prenatal Engagement***

Ideally, women should start receiving information about home visiting and working toward a healthy pregnancy before they become pregnant. Broad and intensive promotion of home visiting should be conducted through the media, social networks and at schools, workplaces and community gatherings. Participants and graduates of home visiting programs should be empowered to become ambassadors for the program in their communities and provided the tools with which to effectively carry the message. Actual home visits should begin as early as possible in pregnancy to ensure a healthy baby and establish a firm foundation of trust before the birth.

***(4) Is Adequately Resourced***

Funding for New Mexico's home visiting program must be sufficient to ensure universal access to high quality services. Prospective participants should not be discouraged by waiting lists or other more subtle forms of rationing. In addition, service providers must not be forced to choose between serving clients or maintaining fidelity to state standards or their underlying program model. Ensuring this means tapping into a stable, consistent funding stream and making sure home visiting is considered on par with other core state services such as public education and safety in the state appropriations process.

***(5) Meets Minimum State Standards and Employs Promising or Evidence Based Models***

**A. Minimum State Standards**

To ensure that all recipients of state funded home visiting services derive the maximum possible benefit New Mexico must clearly articulate and enforce minimum standards of quality. The state has already established minimum standards that address the essential components of a high quality home visiting program. The state standards are a good starting point but they are quite broad. The lack of specificity allows for differentiation between programs and responsiveness to the special needs of specific populations and communities, but in some areas, such as number and frequency of visits as a function

of the child's age, level of need and/or the family's duration in the program, more rigorous requirements may be needed to ensure that all state funded programs actually provide a high quality service to all of their clients.

## **B. Evidence-Based and Promising Practice**

There are a wide variety of home visiting models. No single model has proven to be the most effective for all families or all communities. However, some programs have been shown through rigorous evaluation to generate a high return on investment by measurably improving outcomes for children and families in a cost effective manner. To ensure that all first time parents get the full benefit of home visiting, the State of New Mexico should invest in home visiting programs with a documented and verifiable record of success. The State can foster innovation, evolution and adoption of best practices by also funding models that are still being evaluated but show exceptional promise. New Mexico should seriously consider codifying these principles in state law as has already been done in states including Maryland and Iowa (see below).

The federal government has given funding priority to home visiting programs with proven records of success and has made funding available through the Maternal Infant Early Childhood Home Visiting (MIECHV) program for states to plan and implement "evidence-based" and "promising" home visiting programs. The federal government defines an "evidence based" program as one that has been evaluated using a well-designed, rigorous, randomized controlled research design and shown to produce enduring improvements in at least one of the following areas: maternal or child health, child development and school readiness, prevention of child injuries and maltreatment, parenting skills, reductions in crime or domestic violence, family economic self-sufficiency and coordination of other community resources and supports<sup>4</sup>. A "promising approach" is defined is one that does not yet meet the criteria for an evidence-based model but is grounded in relevant empirical work, has an articulated theory of change, has been developed by or is identified with a national organization or institution of higher education and is undergoing the rigorous evaluation necessary to determine if it is in fact "evidence based"<sup>5</sup>.

In 2012, Iowa and Maryland enacted laws to require that most of the state's home visiting funds go to evidence-based programs. Maryland's Home Visiting Accountability Act<sup>6</sup> aligns Maryland's funding of home visiting with the federal MIECHVP by adopting the federal definitions of "evidence based" and "promising approach" and dedicating 75% of state home visiting funds to evidence based programs and the remaining 25% to promising programs that are still undergoing evaluation.

---

<sup>4</sup> US Department of Health and Human Services Health Resources and Services Administration Maternal and Child Health Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program Supplemental Information Request for the Submission of the Updated State Plan for a State Home Visiting Program Appendix A  
<http://www.hrsa.gov/grants/manage/homevisiting/sir02082011.pdf>

<sup>5</sup> Ibid, Appendix C

<sup>6</sup> State of Maryland Home Visiting Accountability Act of 2012  
[http://mlis.state.md.us/2012rs/chapters\\_noln/Ch\\_80\\_hb0699T.pdf](http://mlis.state.md.us/2012rs/chapters_noln/Ch_80_hb0699T.pdf)

In addition, the Maryland Act directs the development of standardized reporting and accountability tools and requires that all home visiting programs report on the state funds spent, the characteristics of families served and the outcomes produced for both children and parents.

The Iowa law implements reporting requirements similar to Maryland’s, directs the adoption of statewide professional competency standards and program performance benchmarks and requires that by 2016 90% of all state home visiting funds go to evidence-based or promising programs and provides for a gradual phase in of this requirement beginning in 2013<sup>7</sup>.

Several other states including Michigan, South Carolina and Vermont are actively pursuing home visiting accountability legislation<sup>8</sup>.

***(6) Effectively Leverages all Available Funds***

Over time, New Mexico’s investment in home visiting will be returned many times over through decreased costs to the educational, health care, public safety, child protective and corrections systems. Fully realizing the long term benefits of universal voluntary high quality home visiting will require a substantial upfront investment.

In 2013 approximately \$11.1 million will be spent on home visiting in New Mexico. Almost half of current funding (approximately \$5.1 million) will be provided by private philanthropies<sup>9</sup>. The other half will be split fairly evenly between state government (\$3.1 million) and the federal government (\$2.9 million)<sup>10</sup>. Full implementation of high quality universal home visiting is expected to cost an additional \$30 million in recurring funds. To meet this funding target on an on-going basis New Mexico must leverage all sources of funding to the greatest extent possible.

**Table 2: Funding for NM Home Visiting\* Programs in FY 2013**

	<b>FY 13 (\$ millions)</b>	<b>Share</b>
State*	\$3.1	28%
Federal	\$ 2.9	26%
Private	\$ 5.1	46%
<b>Total</b>	<b>\$ 11.1</b>	<b>100%</b>
*Does not include NM Department of Health Family Infant Toddler (FIT) Program		

Many states are recognizing the value of home visiting and working to expand their programs using a variety of federal funding sources. These include relatively new funding sources such as the Affordable Care Act as well as existing federal programs including Medicaid, TANF and federal Child Abuse Prevention and Treatment Act (CAPTA) grants to state and local governments.

<sup>7</sup> [http://www.pewstates.org/uploadedFiles/PCS\\_Assets/2012/Excerpt\\_from\\_Iowa\\_Senate\\_File\\_2321.pdf](http://www.pewstates.org/uploadedFiles/PCS_Assets/2012/Excerpt_from_Iowa_Senate_File_2321.pdf)

<sup>8</sup> Pew Model State Policy Framework

[www.pewstates.org/uploadedFiles/PCS\\_Assets/2011/Home\\_Visiting\\_model\\_policy\\_framework.pdf](http://www.pewstates.org/uploadedFiles/PCS_Assets/2011/Home_Visiting_model_policy_framework.pdf)

<sup>9</sup> Estimate provided by Susan Hererra, Los Alamos National Laboratory Foundation First Born® program

<sup>10</sup> FY 2013 State of New Mexico Operating Budget

Major sources of federal home visiting funding include the Maternal Infant Early Childhood Home Visiting (MIECHV) program implemented as part of the federal Affordable Care Act, IDEA Part C, and Medicaid. New Mexico has already leveraged the funds readily available through MIECHV and IDEA Part C. New Mexico's formula grant through MIECHV is incorporated in the CYFD budget for home visiting services and IDEA Part C funds are used to fund early intervention services provided through the New Mexico Family, Infant Toddler (FIT) program for young children diagnosed with, or at risk for, disabilities. The FIT program is also partially financed through Medicaid.

Implementing or expanding home visiting programs may reduce costs and increase the efficiency of care delivery for managed care organizations (MCO's) and other health insurers. Evidence-based home visiting programs have been shown to reduce health care costs by preventing complications in pregnancy, reducing injuries and maltreatment, enhancing maternal and child health through prevention and early detection and promoting efficient use of the health care system.

Consider the Medicaid MCO example in Table 3 below. On average, it is estimated that every low birth weight baby costs the health care system over \$50,000 in just her first year of life<sup>11</sup>. Roughly 7.4% of New Mexico infants are low birth weight<sup>12</sup> and about two-thirds of these infants are Medicaid-eligible. Thus, every year, roughly \$25 million is spent on health care for low birth weight babies covered under New Mexico Medicaid. Home visiting has been shown to reduce the incidence of low birth weight by as much as 50%<sup>13</sup>. If the Medicaid MCO's provided home visiting services to all clients expecting their first baby (about 6,700 women annually) at a cost of \$3,200 per client they could potentially reduce costs attributable to low birth weight by over half and offset 60% of their investment in home visiting with this single improved outcome, which is one among many. Once the additional cost savings from enhanced nutrition, improved safety, decreased substance abuse, establishment of a medical home, early detection of maternal and child health problems, more efficient use of the health care system and reduced rates of low birth weight and prematurity for subsequent births are factored in, the business case for home visiting should become even more compelling to the MCO's.

---

<sup>11</sup> Preterm Birth: Causes, Consequences, and Prevention. Institute of Medicine (US) Committee on Understanding Premature Birth and Assuring Healthy Outcomes; Behrman RE, Butler AS, editors. Washington (DC): National Academies Press (US); 2007 <http://www.ncbi.nlm.nih.gov/books/NBK11358/>

<sup>12</sup> New Mexico Birth Certificate Database, Bureau of Vital Records and Health Statistics, NM Department of Health, found at: <http://ibis.health.state.nm.us/query/result/birth/BirthWtCnty/BirthWtLow.html>

<sup>13</sup> Reducing Low Birth Weight Through Home Visitation A Randomized Controlled Trial  
Eunju Lee, PhD, Susan D. Mitchell-Herzfeld, MA, Ann A. Lowenfels, MPH, Rose Greene, MA,  
Vajeera Dorabawila, PhD, Kimberly A. DuMont, PhD American Journal of Preventive Medicine, Volume 36, Number 2  
[http://www.healthyfamiliesnewyork.org/Media/pdf/HFNY\\_low\\_birth\\_weight\\_article.pdf](http://www.healthyfamiliesnewyork.org/Media/pdf/HFNY_low_birth_weight_article.pdf)



**Table 3: Potential MCO Cost Savings from Home Visiting**

Annual Medicaid-paid first births	6,760
Home Visiting Cost per Client	\$3,200
Total MCO Home Visiting Cost	\$21,631,181
Medicaid Low Birth Weight Births	500
Medicaid LBW avoided at 50% reduction	250
Avg Annual Medical Cost per LBW Infant	\$50,000
Avg Annual Medicaid Cost Savings	\$12,905,703
Net Cost	\$9,131,181

**Table 4: Estimating the Unmet Need for Home Visiting Services**

First births	10,797
First Births receiving FIT services	320
First Births receiving home visiting, all other programs	1,506
Unmet need for home visiting	8,971

**Table 5: Multi-Year Cost of Meeting New Mexico’s Unmet Need for Home Visiting**

Year	1	2	3	4	5
% of Unmet Need* Served	9%	20%	30%	40%	50%
Families Served	1,307	1,413	2,153	2,826	3,499
Direct Services Cost	\$3,716,812	\$7,371,078	\$11,825,258	\$16,161,186	\$20,497,114
Professional development & technical assistance cost	\$518,273	\$1,151,717	\$1,727,576	\$2,303,435	\$2,879,293
Total cost	\$4,235,085	\$8,522,795	\$13,552,834	\$18,464,621	\$23,376,407
*Unmet need is defined as all New Mexico first births less births already receiving home visiting services, regardless of income or Medicaid eligibility					

***The estimate of unmet need for home visiting services is based on the following assumptions:***

1. All firstborns and their families would potentially benefit from home visiting<sup>14</sup>
2. 10,797 first births annually;
3. 40% of the 800 infants receiving early intervention services through the Family Infant Toddler program are firstborns and
4. 90% of the 1,600 infants expected to receive services in 2013 through other home visiting programs are firstborns.

<sup>14</sup> Advocates of a means-tested approach to home-visiting often use Medicaid-paid births, regardless of birth order, as a proxy for the number of infants potentially eligible for home visiting. Medicaid covers roughly 19,000 births in New Mexico annually.

***The estimated cost of meeting the unmet need for home visiting services is based on the following assumptions:***

1. Direct home visiting services cost an average of \$3,515 per family per year,
2. 50% of the newborns who received services in the previous year continue to receive services in the current year for an average of six months,
3. Pregnant women receive home visits for an average of 3 months prior to delivery.
4. Training, technical assistance, professional development and evaluation services provided to home visiting programs costs the State of New Mexico an average of \$642 per newborn per year.

## **HOME VISITING WORKFORCE DEVELOPMENT**

Implementing universal, voluntary home visiting throughout New Mexico would require employing, and thus training, at least 500 new home visitors and home visiting managers. This would be an important job creation opportunity and a workforce development challenge. Early intervention programs already struggle to recruit and retain qualified staff<sup>15</sup>. Burn-out and turn-over are significant problems for home visiting and early intervention programs, particularly among managers.

Successful home visitors possess a unique combination of skills and innate abilities. They are effective educators and mentors who are knowledgeable and experienced in all areas of child development, familiar with the communities in which they work and able to collaborate effectively with a wide variety of professionals. Although a base of knowledge in child development, basic health, community dynamics and the social welfare system is extremely important to the work they do, the key characteristics of a successful home visitor are primarily interpersonal qualities that engender trust -- empathy, respect and genuineness. These traits are difficult to teach and not associated with any traditional educational credentials. Thus, many (although not all) home visiting programs rely on mentorship and on-the-job training more than formal education to establish minimum competencies and further professional development for their staff.

Although all home visiting programs are required to have multidisciplinary personnel and access to a master's level clinician for mental health consultation, there are currently no specific state-level educational requirements for home visitors or home visiting supervisors. Different programs have different educational requirements for their employees. Home visitors in New Mexico thus run the gamut from licensed nurses and social workers to people with graduate degrees in unrelated disciplines to those with a just GED or high school diploma. Because implementing universal, voluntary home visiting throughout New Mexico would require a significant increase in the number of trained home visitors it could necessitate a more formal, standardized approach to work force development. .

The Child Development Associate (CDA) is a nationally recognized credential for early childhood workers. There is a home visitor track within the CDA requiring 120 clock hours of formal training and 480 hours of professional experience. The CDA does not require any college course work and it does not count toward a college degree. It usually takes about a year to complete although this time frame can be shortened (or lengthened)

---

<sup>15</sup> New Mexico Family Infant Toddler Program Annual Performance Report 2010  
<http://nmhealth.org/ddsd/nmfit/Documents/documents/nm-apr-2012c.pdf>

considerably. Applicants for the CDA must have a high school diploma and sufficient English skills to complete the required course work. The CDA home visiting curriculum strongly emphasizes the child development component of the home visitor knowledge base.

The New Mexico Child Development Certificate (NMCDC) is similar to the national CDA but requires completion of the four basic college classes in early childhood education. Unlike the CDA, the NMCDC is part of the progression towards a college degree in early education. Obtaining the NMCDC costs about \$50, or one sixth of the cost of the CDA.

There is no home visiting track within the NMCDC. However, CNM offers a five course sequence in early intervention geared toward the employees of the FIT program as part of the Associate Degree in Family, Infant, Toddler Studies. The classes are offered sequentially and can be completed in a year. They can be taken on-line and are thus available to students throughout New Mexico. Tuition and books for the full year cost about \$400. Although this seems like a modest sum, it may be difficult for some low income students to afford. Scholarships similar to the TEACH scholarships available to child care and pre-K teachers seeking college degrees would help to offset the cost could be a valuable tool of workforce development for home visiting. Providing scholarships for the five course CNM sequence to 100 home visitors annually would cost approximately \$40,000 annually. North Carolina is currently using Race to the Top funds to pilot an expansion of the TEACH scholarship program to include early interventionists, home visitors and trainers.

Eastern New Mexico University will soon offer a bachelor's degree in Family, Infant, Toddler Studies. However, enrollment in the program remains uncertain. Thus far, CNM has found it difficult to sustain enrollment in its early interventionist sequence and, as a result, has had to cancel some courses.

Training and technical assistance through the University of New Mexico and the TTAP's will be another critical component of the workforce development necessary to expand home visiting. The cost estimate for universal, voluntary home visiting includes \$642 in annual external professional development and technical assistance costs per infant served which equates to \$4.7 million per year at maximum program saturation and client uptake.

## Child Care Assistance

---

NMECDP recommends that the child care subsidies be made available to all eligible children five and under in households with family income below 200% of the federal poverty level and that investments be made to increase the average quality of the new subsidized child care slots. The eligibility expansion is expected to increase the number of young children receiving state subsidies by about 10,000 children or roughly 33% and, at full implementation, cost the state of New Mexico about \$32.4 million annually, or about \$8.1 million in the first year if phased in 20% increments over five years.

**Table 6: 2012 Federal Poverty Guidelines**

Eligibility	Percent FPL	Family of 2	Family of 3	Family of 4	Family of 5	Family of 6
Current	100%	\$15,130	\$19,090	\$23,050	\$27,010	\$30,970
	150%	\$22,695	\$28,635	\$34,575	\$40,515	\$46,455
Recommended	200%	\$30,260	\$38,180	\$46,100	\$54,020	\$61,940

New Mexico’s child care assistance program makes child care and early education affordable for low income families by subsidizing the cost of care for eligible children. It is a key element of our state’s early childhood education system and its social safety net, enabling low income children to access quality learning environments and their parents to work or go to school. Currently, about 21,500 children ages 0-5 receive state child care assistance<sup>16</sup>.

At present, enrollment in New Mexico’s child care assistance program is limited to children in households with income below 100% FPL<sup>17</sup>. This means that a single parent with one child who works full time and year round for the New Mexico minimum wage of \$7.50/hour (earning an annual before-tax income of \$15,600) will qualify for child care assistance. If the same parent instead earns \$7.75/hour her annual before-tax income will be \$16,120, too high to qualify for aid.

**Table 7: New Mexico Children Ages 0-5 by Poverty Status, 2010**

Income	Children	Percent of all Children 0-6
Under 100% FPL	49,729	30%
100-200% FPL	44,414	27%
100-150% FPL	25,032	15%
150%-200% FPL	19,382	12%
Source: US Census Bureau, American Community Survey		

Almost 50,000 children, or 30% of New Mexicans ages 0 through, 5 live in poverty. Another 27% of New Mexico’s young children are “near poor” – living in households with income between 100% and 200% of the federal poverty level (See table 7).

**Table 8: Median Market Rates for Full time 4-Star Child Care Center, 2011**

	Urban	Rural
Infant	\$650	\$524
Toddler	\$596	\$511
Preschool	\$566	\$495

<sup>16</sup> The New Mexico child care assistance program is open to children under the age of 13 or older children with certain disabilities. Approximately two-thirds of children who currently receive assistance are under the age of 6.

<sup>17</sup> If the household income of a child currently receiving subsidized care increases above 100% FPL but remains below 200% FPL the family remains eligible for assistance, but at a substantially higher copayment. If an otherwise eligible family with income between 100% and 200% of the FPL applies for child care assistance they will not receive a subsidy, but will instead be put on an indefinite “waiting list” pending the availability of state funds to reinstate assistance for this population. Currently, there are over 5,000 families on the waiting list <http://www.cyfd.org/content/child-care-assistance/>

Source: New Mexico Children Youth and Families Department 2011 Market Rate Survey

In 2010 high quality center-based early care and education cost, on average, between \$500 and \$650 per month (See Table 8), this is between a quarter and a third of pre-tax income for someone making \$11/hour (150% of the FPL for a single parent with one child). Households with income between 100 and 200% of the FPL thus still struggle to afford quality child care. In many ways they are actually *worse off* in this regard than impoverished households because they have fewer affordable options. Not only are the near-poor precluded at present from state child care assistance, but federal law requires that at least 90% of Head Start slots be reserved for children in households at or below 100% of the federal poverty level<sup>18</sup>.

**Table 9: Multi-Year Cost of Expanding Child Care Assistance to 200% FPL**

Year	1	2	3	4	5
Eligibility threshold (%FPL)	120%	140%	160%	180%	200%
Additional Children served	2,413	4,825	6,755	8,203	9,650
Direct Services Cost	\$7,013,379	14,026,759	\$19,637,463	\$23,845,490	\$28,053,518
With Quality Enhancement	\$8,088,933	\$16,177,865	\$22,649,011	\$27,502,371	\$32,355,730

Expanding eligibility for child care assistance from the current 100% FPL to 200% FPL for children under 5 would extend benefits to approximately 10,000 additional children and cost the New Mexico general fund between \$28 million and \$32 million depending whether quality enhancements were concurrently enacted.

Children receiving state subsidies receive care in a variety of settings ranging from registered homes in which one person cares for just a few children to large child care centers with numerous separate rooms for infants, toddlers and preschoolers. The quality of care also varies widely -- from programs that meet the minimum standards necessary to ensure health and safety to those that maintain a nationally recognized standard of care predicated on the most recent research in child development. To maximize the benefits of the state’s early childhood investment, it is critical that expansions in access to care be coupled with improvements in quality. Thus the estimate of cost assumes that the 10,000 new subsidized slots are, on average, one quality (star) level better than the current distribution of subsidized slots across the quality tiers (“star levels”) established in the current New Mexico Quality Rating Improvement System (QRIS).

**Table 10: New Mexico Child Care Assistance Reimbursement Rates for Licensed Child Care Centers**

	Infant		Toddler		Pre-K	
	Metro	Non-Metro	Metro	Non-Metro	Metro	Non-Metro
2-Stars	\$521.37	\$463.75	\$470.72	\$434.63	\$440.01	\$408.02
3-Stars	\$591.37	\$533.75	\$540.72	\$504.63	\$510.01	\$478.02
4-Stars	\$625.87	\$568.25	\$575.22	\$539.13	\$544.51	\$512.52
5-Stars	\$653.37	\$653.37	\$602.72	\$602.72	\$572.01	\$572.01

<sup>18</sup> Children in households receiving TANF also qualify for HeadStart. The vast majority of these households also have income under 100% of the FPL. [www.newmexicoresources.org/pages.cfm?dynamicID=474&subpages=yes&contentID=24&pageID=8#income](http://www.newmexicoresources.org/pages.cfm?dynamicID=474&subpages=yes&contentID=24&pageID=8#income)

Reimbursement rates for Child Care Assistance (CCA) vary according to several provider characteristics including type of facility (center versus home), licensure status, location, and QRIS star level. Table 10 shows current CCA reimbursement rates for licensed child care centers by star level. The reimbursement rate for a 2-star center is the base rate. Three-star child care providers receive an additional \$70 per child per month above the base rate. Four-star providers receive an additional \$104.50 per child per month and 5-star providers receive an additional \$132 per child per month. The star-level reimbursement differentials compensate providers for the higher cost of providing quality care. For example, moving from star level 2 to star level 3 is widely considered the most substantial and costly QRIS advancement a child care provider can make. The relatively large reimbursement rate increase that accompanies advancement from star level 2 to star level 3 reflects the magnitude of the improvement. Conversely, advancing from star level 4 to star level 5 increases reimbursement by only \$27.50 per child per month. Advancing from level 4 to level 5 reflects attainment of accreditation by one of several national accrediting bodies. Child care accrediting bodies differ dramatically in the rigor of their accreditation standards and even the extent to which those standards comport with New Mexico's Early Childhood Guidelines, thus the incremental cost and improvement in quality associated with accreditation may be considerably less than the cost incurred in moving from star level two to star level three.

## New Mexico Pre-K

---

NMECDP recommends that New Mexico implement universal, voluntary public preschool by opening enrollment in NM Pre-K to *all* four year olds, not just those residing in Title 1 districts as is currently the case. Providing universal access to voluntary pre-K would serve an estimated 4,300 additional children at an approximate cost to the state general fund of \$12.6 million, or \$2.5 million in the first year if the expansion were phased in over five years.

New Mexico Pre-K is a voluntary public preschool program jointly administered by CYFD and PED. In school year 2012-13 New Mexico Pre-K will serve an estimated 6,569 four year olds at a cost to the state general fund of \$19.2 million. This represents a 40% increase in students and a 32% (\$4.7 million) increase in funding over the previous school year<sup>19</sup>.

Currently, New Mexico Pre-K serves children in communities in which at least 66% of children live within the attendance zone of a Title 1 elementary school. Title 1 schools are those in which at least 40% of children qualify for free or reduced price lunch. Giving funding priority to Title 1 schools made sense in the Pre-K's early days because it targeted limited resources to the most vulnerable children and communities. However, now that New Mexico Pre-K has demonstrated its effectiveness, continuing a policy of unequal access prevents Pre-K from obtaining universal acceptance as the first step in the continuum of public education to which *all* New Mexico children have a right. NMECDP recommends that New Mexico pre-K be made available to *all* four year olds, not just those residing in Title 1 districts. Universal, voluntary Pre-K would serve an estimated 4,300

---

<sup>19</sup> New Mexico Legislative Finance Committee 2012 Post Session Review, April 2012.  
<http://www.nmlegis.gov/lcs/lfc/lfcdocs/2012%20Post%20Session%20Review%20Final.pdf>

additional children at an approximate additional cost of \$12.2 million, or \$2.4 million in the first year if the expansion were phased in over five years (Table 11).

**Table 11: Multi-year Cost of Universal Voluntary Public Pre-K in New Mexico**

<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Additional children served	858	1,716	2,574	3,433	4,291
Total children served	2,172	\$4,344	6,516	8,688	10,860
Additional service cost	\$2,431,519	\$4,863,037	\$7,294,556	\$9,726,075	\$12,157,593
Additional training cost	\$97,612	\$195,223	\$292,835	\$390,446	\$488,058
Total incremental cost	\$2,529,130	\$5,058,260	\$7,587,391	\$10,116,521	\$12,645,651

The cost estimate assumes the 2012 per-student Pre-K cost of \$3,161. While this accurately reflects per capita general fund spending, it may underestimate the program’s true costs because it fails to account for the potential co-mingling of New Mexico Pre-K program funds with funding for other programs such as Head Start, Title 1 and Child Care Assistance.

The assumption of 2012 average cost also implicitly assumes no change in the quality of Pre-K services or the length of the Pre-K day or school year, despite the fact that there is considerable variation in quality across programs and room to increase program effectiveness with a longer school day and year. Currently, PED Pre-K classrooms may have a maximum of 20 children and a maximum 10:1 ratio of children to teachers. In contrast, CYFD Pre-K providers must be at least star level 2 (levels 4 and 5 are considered “high quality” learning environments). Teachers in PED Pre-K classrooms are required to have at least a bachelor’s degree and a New Mexico teaching license. Staff at child care centers participating in NM Pre-K program through CYFD must be at least 18 and able to complete the 45-hour-entry-level course within the first six months of hire. Pre-K is a partial day program and the pre-K school year roughly parallels the public school year.

## Professional Development

---

The level of education and training attained by a child care provider is one of the strongest predictors of their ability to offer quality care. NMECDP recommends that New Mexico heighten professional standards for workers in state-funded early childhood programs and make it possible for workers and programs to meet the new standards by increasing funding for the TTAP’s, enhancing access to higher education for early childhood workers through expansion of the TEACH scholarship program and by supporting incentives including access to affordable health insurance to attract and retain a high-caliber early childhood workforce.

In addition to the specific recommendations above, NMECDP supports the goals for increasing the educational attainment of New Mexico’s early childhood workforce that were articulated in New Mexico’s first Race to the Top application. These include increasing enrollment in early childhood programs at New Mexico colleges and universities by 5% annually, increasing the number of early childhood associate and bachelor’s degrees awarded

in New Mexico by roughly 100 in each if the next four years and substantially increasing the percentage of early childhood workers that hold credentials beyond the basic 45 hour course certificate.

The 45 hour course is the entry level introduction to the early childhood field that must be completed by most workers in state-funded early childhood programs within one year of hire. It is, by far, the most commonly held credential among early childhood workers in New Mexico. The 45 hour course makes early childhood workers *aware* of their profession's seven core competencies and is geared to be accessible to the full spectrum of early childhood workers including those of limited literacy and/or proficiency in English. The 45 hour course is administered through community colleges, TTAP's and by on-site trainers. CYFD does not require that early childhood workers have a high school diploma or GED, and many early childhood workers have no formal training beyond the 45 hour course. In fact, almost 20% of New Mexico child care providers surveyed, including many at star levels 3 and above, listed the 45 hour course as their minimum educational requirement for teachers<sup>20</sup>. NMECDP recommends that CYFD enhance the 45 hour course curriculum and, if necessary to accommodate the more rigorous curriculum, make the course longer. NMECDP further recommends that early childhood workers be encouraged and supported in their efforts to obtain training beyond the 45 hour course.

The second rung on the early childhood professional development ladder, the New Mexico Child Development Certificate (NMCDA), is a credential equivalent to the national CDA but issued by the State of New Mexico and approved by the federal office of Head Start. The NMCDA requires the completion of four college-level courses in early childhood education. NMECDP recommends that all lead teachers in star level 4 and 5 programs that receive state funds be required to have *at least* an NMCDA so they can effectively train and mentor the child care workers they supervise.

### **TTAP's**

New Mexico's eight Early Childhood Training and Technical Assistance Programs (TTAP's) form the core of the state's early childhood training and technical assistance infrastructure. For FY 2012 New Mexico's TTAP's received a total of \$3.2 million through a combination of federal and state funds. TTAP's provide training to programs, providers and individual educators. Professional development opportunities provided by the TTAP's include the 45-hour course, the 18 hour "Conversations" course and the 6-Hour "Quality Early Childhood Programs for All" course. The TTAP's are central to any improvements in early childhood professional development and increasing their capacity to train workers is essential to cost-effectively improving the ability of early childhood programs to deliver quality care. NMECDP recommends increasing funding for the TTAP's by \$2 million to improve the rigor, intensity and number of training and technical assistance opportunities for early childhood programs and workers.

---

<sup>20</sup> Krause, Kate. 2010. The Child Care Workforce in New Mexico. New Mexico CYFD  
[https://www.newmexicokids.org/content/caregivers\\_and\\_educators/resources/docs/CYFD\\_Child\\_Care\\_Workforce\\_in\\_NM.pdf](https://www.newmexicokids.org/content/caregivers_and_educators/resources/docs/CYFD_Child_Care_Workforce_in_NM.pdf)



**T.E.A.C.H<sup>®</sup>**

The T.E.A.C.H<sup>®21</sup> scholarship program provides tuition assistance to early childhood professionals pursuing college degrees in early childhood education and awards scholars financial incentives for successful completion of academic programs. T.E.A.C.H<sup>®</sup> has a 2012 budget of \$503,332. Currently there are 746 T.E.A.C.H<sup>®</sup> scholars.

T.E.A.C.H<sup>®</sup> has been awarding scholarships to New Mexico early childhood educators since 2004. During that time the program has been shown to reduce teacher turnover, enhance teacher compensation and increase educational attainment by early childhood teachers, many of whom have very little education and might not otherwise consider attending college.

Funding for New Mexico T.E.A.C.H<sup>®</sup> scholarships is provided by CYFD, PED (as part of NM Pre-K) and private philanthropy<sup>22</sup>. Roughly half the funding for T.E.A.C.H<sup>®</sup> comes from New Mexico Pre-K and is dedicated for scholarships for Pre-K teachers in public and private preschools. New Mexico Pre-K serves about 6,500 4 year olds, or about 8% of the estimated 83,000 New Mexico children under 5 who receive out-of-home care.

**Table 12: Funding for T.E.A.C.H<sup>®</sup> Early Childhood in New Mexico**

	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>
<b>T.E.A.C.H. Scholars</b>		746	648	746	559
<b>CYFD (birth to 5 grant)</b>	\$381,900	\$231,900	\$231,900	\$481,900	\$481,900
<b>Federal ARRA (birth to 5 grant)</b>	0	0	\$126,000	\$149,000	0
<b>CYFD Pre-K</b>	\$262,729	\$236,521	\$255,754	\$255,754	\$255,754
<b>PED Pre-K</b>	\$60,000	0	\$158,628	\$258,628	\$258,628
<b>Private philanthropy</b>	\$8,305	\$23,008	\$18,297	\$15,784	\$23,016
<b>City of Albuquerque</b>	\$6,034	\$11,903	\$14,743	\$5,687	\$18,404
<b>Total Funding</b>	\$718,968	\$503,332	\$805,322	\$1,166,753	\$1,037,702
<b>State Funding</b>	\$704,629	\$468,421	\$646,282	\$996,282	\$996,282

State support for T.E.A.C.H<sup>®</sup> was severely impacted by the 2010-11 state revenue crisis. State funding for T.E.A.C.H<sup>®</sup> declined by 50% from a high of \$1 million in 2010 to \$503,332 in 2012. Budget reductions forced the program to dramatically reduce scholarship amounts, by halving the bonus awarded for completion of scholarship contracts and limiting the number of classes TE.A.C.H<sup>®</sup> could support each term from as many as 4 or 5 per student to no more than one. In addition, T.E.A.C.H<sup>®</sup> was forced to stop awarding new scholarships and create a waiting list for applicants. The 2013 state budget restored about half of the lost state funds and the program has added 98 scholars since January 2012, however there is still a substantial waiting list composed entirely of early childhood workers who work in programs that are not part of New Mexico Pre-K.

<sup>21</sup> The T.E.A.C.H Early Childhood<sup>®</sup> scholarship program is a project of the New Mexico Association for the Education of Young Children and a licensed program of Child Care Services Association in Chapel Hill, N.C..

<sup>22</sup> The NM Community Foundation, the Kellogg Foundation, the Brindle Foundation, the Kiwanis Club of Albuquerque and individual donors to the Lenore Wolfe Scholarship Fund.

NMECDP recommends that T.E.A.C.H.<sup>®</sup> scholarships be restored to their 2010 levels and that T.E.A.C.H.<sup>®</sup> be funded to support the Race to the Top Goal of increasing the number of early childhood degrees awarded in New Mexico from the current level of 250 per year to 650 per year, an increase of approximately 80 degrees per year in each of five years. Approximately 5% of T.E.A.C.H.<sup>®</sup> scholars receive a degree each year. Increasing T.E.A.C.H.<sup>®</sup> participation from 750 scholars to 2,000 scholars would produce 80 graduates annually. Attaining this goal over 5 years would require awarding T.E.A.C.H.<sup>®</sup> scholarships to an additional 240 students each year at an approximate cost to the New Mexico general fund at full implementation of \$1.7 million, or an additional \$420,000 in each of 5 years. Because most of the unmet demand for T.E.A.C.H.<sup>®</sup> scholarships comes from early childhood workers who are not part of NM Pre-K it is important that the majority of the new funding also come from sources other than New Mexico Pre-K.

**Table 13: Multi-Year Cost of Expanding New Mexico T.E.A.C.H.<sup>®</sup>**

	Year				
	1	2	3	4	5
New Scholars	240	240	240	240	240
Total Scholars	986	1177	1358	1530	1693
Graduates	49	59	68	76	85
Additional State Cost	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000
Cumulative Additional Cost	\$420,000	\$753,725	\$1,070,764	\$1,371,951	\$1,658,078

To qualify for assistance through T.E.A.C.H.<sup>®</sup> educators must work at least 20 hours a week as a teacher or director in an early childhood program that is licensed, registered and/or part of NM Pre-K. T.E.A.C.H.<sup>®</sup> scholars must also commit to completing at least 9 college credit hours annually. Participation in T.E.A.C.H.<sup>®</sup> also requires that the scholar and their employer each pay a portion of the scholar’s educational costs. In addition to enabling T.E.A.C.H.<sup>®</sup> to serve more scholars, the cost-sharing policy helps to ensure that both the student and the employer are invested in the student’s success. T.E.A.C.H.<sup>®</sup> scholars are required to remain with their current employer for the period of the scholarship plus one additional year.

T.E.A.C.H.<sup>®</sup> is an effective way to encourage early childhood workers to attend college. However, once they’ve completed their degree, T.E.A.C.H.<sup>®</sup> scholars can often earn considerably higher wages and obtain better benefits working for other programs or even in other fields altogether. Unfortunately, if T.E.A.C.H. is to maximally enhance the quality and size of the early childhood workforce it must be accompanied by higher wages and better benefits; costs many, if not most, early childhood programs (and parents) are not prepared to bear.

Several other states including North Carolina, Florida and Kansas<sup>23</sup> have implemented wage supplement programs to aid early childhood programs in competing for and retaining highly qualified workers that they might otherwise be unable to afford. INCENTIVES Early Childhood<sup>®24</sup> is a pay supplement program that is being piloted with a small group of early childhood educators in Santa Fe County by the New Mexico Association for

<sup>23</sup> Child Care WAGE\$, Chapel Hill, N.C [http://www.childcareservices.org/ps/teach\\_pu1.html](http://www.childcareservices.org/ps/teach_pu1.html)

<sup>24</sup> INCENTIVES Early Childhood<sup>®</sup> is an affiliate of Child Care WAGE\$ of Chapel Hill, N.C.

the Education of Young Children with funding from the Brindle Foundation. INCENTIVES® is designed to reduce turnover, encourage early childhood workers to obtain additional education and enhance the ability of early childhood programs to retain highly qualified staff by providing pay supplements every six months to early childhood teachers or assistant teachers based on their level of education. Wage supplements increase with level of education and are issued every six months. Nationally, the supplements average \$719<sup>25</sup>. The Santa Fe INCENTIVES® pilot provides ten levels of annual pay supplement starting with \$300 for a teacher who has taken two early childhood college courses to \$2500 for a teacher with an Associate degree in early childhood education and \$5,000 for a teacher with a Bachelor degree in Early Childhood and a teaching certificate. The average annual supplement in the first year of the pilot was \$1,706/year, paid in two \$853 6-month installments. Forty six percent of pilot participants completed additional college coursework during the first year and none of the participants left their jobs, a significant accomplishment in an industry in which turnover averages 33% annually.

### **Other Workforce Incentives**

In addition to low wages, early childhood workers often have limited employment-related benefits. Lack of access to affordable health insurance is a particularly potent disincentive to remaining employed in early childhood. Fortunately, a primary element of the federal Affordable Care Act (ACA), the major provisions of which were recently affirmed by the US Supreme Court, is markedly improved access to health insurance for low wage workers. NMECDP recommends that New Mexico leverage the resources available under the federal affordable care act to increase access to affordable health insurance for early childhood workers.

## **Unique Identifiers**

---

Assigning a unique identifier to each child and utilizing that identifier consistently across all state funded and/or regulated programs is essential to accountability and efficient use of resources. A unique identifier assigned as early as birth and utilized through high school will make it possible to track children's progress, efficiently match children and families to appropriate interventions and support services and assess the effectiveness of children's programs on an on-going basis.

## **Data Systems and Analysis**

---

New Mexico's increased investment in early childhood must be accompanied by increased accountability and coordination across programs that serve young children. New Mexico's system of early childhood supports and services are made up of programs and services provided by numerous state, local, federal and tribal government entities as well as thousands of private providers. The state component of the early childhood system alone is funded and/or overseen by four separate state agencies. These agencies all use different and in some cases

---

<sup>25</sup> Child Care Services Association [http://www.childcareservices.org/ps/child\\_care\\_wage.html](http://www.childcareservices.org/ps/child_care_wage.html)

antiquated data systems making child outcomes difficult to track and impeding the cross-agency coordination necessary to ensure that services are provided efficiently.

NMECDP recommends that New Mexico implement a comprehensive and fully- integrated data system that enables both real time and longitudinal assessment of individual children, early childhood workers, early childhood service providers and the public programs that serve children and their families.

Implementing a comprehensive early learning data system that utilized a common set of unique identifiers and brought all state-level early learning systems together under CYFD's EPICS system was a key component of New Mexico's first Race to the Top Application. The initiative was expected to cost approximately \$15 million over four years.

## Conclusion

---

The New Mexico Early Childhood Development Partnership urges the state of New Mexico to prepare children ages 0 through 5 for success in school and in life by implementing and fully funding the comprehensive and integrated continuum of early childhood services described in this report and implementing the accountability systems and unique identifiers necessary to maximize their effectiveness. Services, support and oversight by the State of New Mexico can make a profound difference at every stage in a child's development – from pre-natal home visiting to high quality pre-kindergarten programs. And although seizing this opportunity to “turn the curve” for New Mexico children will not be without cost, the investment will pay off many times over in both the short and long term through stronger, more resilient families, improved physical and behavioral health, higher rates of academic achievement and attainment, lessened need for remedial services, lower crime rates, a more productive, qualified workforce and a break for many families in the once intractable cycle of generational poverty. This vital investment in our children is one that the State of New Mexico cannot afford to defer any longer.