Early Childhood Comprehensive Needs and Cost Analysis

Winter 2016
# Table of Contents

I. Introduction .................................................................................................................. 3

II. Overview ....................................................................................................................... 3
   - Relationship of the Model to the Current System ..................................................... 6
   - What’s New in the 2015 Report? .............................................................................. 6

III. The Comprehensive Needs and Cost Analysis .......................................................... 6
   A. Direct Services ........................................................................................................... 6
      - Home Visiting ....................................................................................................... 7
      - Child Care Assistance ............................................................................................ 8
         - Child Care and Education Quality Rating and Improvement Systems ............... 9
      - Child Care Assistance Cost Analysis ..................................................................... 11
         - Race to the Top Early Learning Challenge ....................................................... 12
      - NM PreK Cost Analysis ....................................................................................... 14
         - Federally Funded PreK Programs ................................................................. 16
         - Supporting Business Operations in Community-Based PreK ......................... 17
   B. Capacity ..................................................................................................................... 18
      - Workforce ............................................................................................................ 18
         - Pre-Service Education and Training .............................................................. 21
         - In-Service Education and Training .................................................................. 21
         - Wage Supplements ............................................................................................ 23
         - Home Visiting Workforce ............................................................................... 23
         - Child Care Workforce ...................................................................................... 24
         - New Mexico PreK Workforce .......................................................................... 25
         - Higher Education Faculty ................................................................................. 26
      - Data Systems ........................................................................................................ 26

IV. Conclusion .................................................................................................................. 27

Notes .................................................................................................................................. 28

*This report authored by Dr. Kelly O’Donnell*
I. Introduction

If New Mexico were to dramatically increase access to high-quality home visiting and child care and provide all three-and four-year-olds access to full-day New Mexico PreK, what would the state’s early childhood system look like and how much would it cost?

This report presents the results of the 2015 early childhood comprehensive needs and cost analysis— an attempt to answer this question using an economic model, current and historic data on early childhood education (ECE) in New Mexico, and assumptions about the quantity and quality of services necessary to meet the state’s current unmet need for high quality early education and care. The 2015 Needs Analysis envisions a larger and better-resourced ECE system that builds upon New Mexico’s existing system. New Mexico currently lacks the resources and capacity to provide all of the high-quality services its children clearly need. The state has established, through many years of painstaking and collaborative endeavors, a strong conceptual framework – in the form of early childhood guidelines, quality rating systems, career lattices, policies, and priorities – upon which to build a comprehensive, statewide access, and robust ECE system. The 2015 Needs Analysis is constructed on the theoretical foundation that:

1. All children, regardless of socio-economic status or parental employment, can benefit from high quality ECE, and should have access to it.
2. Parents should have a range of ECE options from which to choose.
3. Participation should be entirely voluntary.

This report describes the components of the 2015 Needs Analysis, their relevance to New Mexico’s overall ECE system, and the assumptions that underlie the estimates of unmet need and cost.

II. Overview

Providing access to high-quality home visiting, child care and New Mexico PreK services to every New Mexico child who wants these services, and is not currently receiving them, would cost the state of New Mexico an additional $311 million, bringing the total government expenditure for these three categories of ECE services to $524 million. Currently, New Mexico’s formal ECE workforce\(^\text{ii}\) totals about 15,281. Approximately 4,084 additional ECE workers would be needed

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Terms

1. **Additional Children** synonymous here with “unmet need,” is the number of children who need subsidized ECE services, but are not currently receiving them.
2. **Additional Funding** is the funding needed to meet the currently unmet need.
3. **Total Funding** is the sum of “Additional Funding” and current state spending on ECE services.\(^1\)
4. **Capacity** is the workforce development and systems infrastructure needed to support the expansion of services necessary for unmet need.

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\(^1\) 2016 state and federal funding for CYFD’s home visiting program, DOH’s Family Infant Toddler (FIT) early intervention services, Child Care Assistance and New Mexico PreK totals $213.1 million.

\(^\text{ii}\) Does not include caregivers in informal “families, friends and neighbors” arrangements and other forms of unregulated care

\(^\text{iii}\) Estimate derived from employment data from the US Census American Community Survey 2011-2013
to support New Mexico’s currently unmet need for high-quality ECE.

Table 1 provides an overview of the system expansion necessary to meet New Mexico’s current need for ECE.

Table 1: Summary of 2015 Early Childhood Comprehensive Needs and Cost Analysis

<table>
<thead>
<tr>
<th>SERVICES</th>
<th>Additional Children*</th>
<th>Additional Funding*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Visiting</td>
<td>7,335</td>
<td>$28.6 million</td>
</tr>
<tr>
<td>Child Care</td>
<td>-</td>
<td>$14.1 million</td>
</tr>
<tr>
<td>Pre-K</td>
<td>29,193</td>
<td>$183.6 million</td>
</tr>
<tr>
<td><strong>Total Services</strong></td>
<td><strong>36,528</strong></td>
<td><strong>$226.3 million</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAPACITY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>INCENTIVE$</td>
<td></td>
<td>$4.6 million</td>
</tr>
<tr>
<td>T.E.A.C.H®</td>
<td></td>
<td>$4.9 million</td>
</tr>
<tr>
<td>Physical Capacity</td>
<td></td>
<td>$75.3 million</td>
</tr>
<tr>
<td><strong>Total Capacity</strong></td>
<td><strong>$84.8 million</strong></td>
<td></td>
</tr>
<tr>
<td>Total Recurring Capacity</td>
<td></td>
<td>$9.5 million</td>
</tr>
<tr>
<td><strong>Total Annual Expenditure</strong></td>
<td></td>
<td><strong>$311.1 million</strong></td>
</tr>
<tr>
<td><strong>Total Recurring Annual Expenditure</strong></td>
<td></td>
<td><strong>$235.8 million</strong></td>
</tr>
</tbody>
</table>

*Figures may not sum due to rounding

The availability of a qualified workforce is the single greatest determinant of ECE system capacity. Table 2 provides estimates of the additional workforce needed to support the ECE system expansion.
Table 2: Additional Early Educators Needed for Program Expansion

<table>
<thead>
<tr>
<th>Additional Early Educators Needed for Program Expansion</th>
<th>2015 (approx)</th>
<th>Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Care Workers 1</td>
<td>7,886</td>
<td>224</td>
</tr>
<tr>
<td>Head Start Personnel 2</td>
<td>2,193</td>
<td>0</td>
</tr>
<tr>
<td>CYFD PreK Teachers 3</td>
<td>267</td>
<td>590</td>
</tr>
<tr>
<td>CYFD Educational Assistants</td>
<td>119</td>
<td>590</td>
</tr>
<tr>
<td>PED PreK Teachers 4</td>
<td>238</td>
<td>590</td>
</tr>
<tr>
<td>PED Educational Assistants 5</td>
<td>238</td>
<td>590</td>
</tr>
<tr>
<td>Administration &amp; Support 6</td>
<td>3,676</td>
<td>379</td>
</tr>
<tr>
<td>Home Visitors 7</td>
<td>422</td>
<td>489</td>
</tr>
<tr>
<td>Higher Education Faculty 8</td>
<td>3</td>
<td>42</td>
</tr>
<tr>
<td>Trainers and Consultants 9</td>
<td>239</td>
<td>590</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,281</strong></td>
<td><strong>4,084</strong></td>
</tr>
</tbody>
</table>

1 75% of New Mexicans employed by establishments providing “child care services” NAICS 6244, less Head Start and community-based PreK programs. 2 National Head Start Association New Mexico 2013-2014 state factsheet. 3 CYFD November 2015, 4 Public Education Department. October 2015. 5 Estimated, 6 Estimated as 25% of “child care services” employment. 7 Current number estimated as 12 annual slots per home visitor, expansion assumes greater program efficiency and therefore 15 annual slots per home visitor. 8 Faculty with terminal degree in Early Childhood Education. 9 PreK consultants, FOCUS consultants, and TTAP personnel

Table 3 presents the five-year phase-in of the additional expenditure to home visiting, child care assistance, and NM PreK. It provides annual totals of children served and cost to the state of meeting the unmet need for ECE incrementally over five years.

Table 3: Early Childhood Education Expansion: Annual Additional Cost of Direct Services and Children Served

<table>
<thead>
<tr>
<th>Early Childhood Education Expansion: Annual Additional Cost of Direct Services and Children Served</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 5 total*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Visiting</td>
<td>$5.7 million</td>
<td>$5.7 million</td>
<td>$5.7 million</td>
<td>$5.7 million</td>
<td>$5.7 million</td>
<td>$28.6 million</td>
</tr>
<tr>
<td>Child Care Assistance</td>
<td>$2.8 million</td>
<td>$2.8 million</td>
<td>$2.8 million</td>
<td>$2.8 million</td>
<td>$2.8 million</td>
<td>$14.1 million</td>
</tr>
<tr>
<td>NM PreK</td>
<td>$36.7 million</td>
<td>$36.7 million</td>
<td>$36.7 million</td>
<td>$36.7 million</td>
<td>$36.7 million</td>
<td>$183.6 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$45.3 million</strong></td>
<td><strong>$45.3 million</strong></td>
<td><strong>$45.3 million</strong></td>
<td><strong>$45.3 million</strong></td>
<td><strong>$45.3 million</strong></td>
<td><strong>$226.3 million</strong></td>
</tr>
<tr>
<td>Cumulative Total</td>
<td><strong>$45.3 million</strong></td>
<td><strong>$90.5 million</strong></td>
<td><strong>$135.8 million</strong></td>
<td><strong>$181 million</strong></td>
<td><strong>$226.3 million</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional Families/Children</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Visiting</td>
<td>1,467</td>
<td>1,467</td>
<td>1,467</td>
<td>1,467</td>
<td>1,467</td>
<td>7,335</td>
</tr>
<tr>
<td>Child Care Assistance</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NM PreK</td>
<td>5,839</td>
<td>5,839</td>
<td>5,839</td>
<td>5,839</td>
<td>5,839</td>
<td>29,193</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,306</strong></td>
<td><strong>7,306</strong></td>
<td><strong>7,306</strong></td>
<td><strong>7,306</strong></td>
<td><strong>7,306</strong></td>
<td><strong>36,528</strong></td>
</tr>
<tr>
<td>Cumulative Total</td>
<td>7,306</td>
<td>14,611</td>
<td>21,917</td>
<td>29,222</td>
<td>36,528</td>
<td></td>
</tr>
</tbody>
</table>

*Figures may not sum due to rounding
Relationship of the Model to the Current System
Although the 2015 Needs Analysis envisions an ECE system that is far better supported than New Mexico’s current system is well within the realm of possibility, even in the short-term. The expansion described in this report involves no paradigmatic shifts in how the state administers the ECE system and the policy recommendations are straightforward extensions of current state policy. This is not to say that policy innovations and “outside the box” thinking aren’t needed in ECE, but rather that this report acknowledges and attempts to work within the state’s existing policy framework to achieve meaningful change as quickly and efficiently as possible.

What’s New in the 2015 Report?
The early childhood comprehensive Needs Analysis is updated annually to reflect recent policy changes and adjusted data. The analyses strive for consistency by using many of the same methodologies and assumptions to estimate the costs of better access and higher quality, but the Needs analysis is a living document, evolving over the years as best practices emerge and our understanding of ECE and the capacity of public policy to affect change grows.

This year’s report emphasizes NM PreK, both as a critical support for three-and four-year old New Mexicans and as a driver of quality system-wide. Implementing the broad expansion of NM PreK modeled in this year’s report would require the equivalent of over 700 new NM PreK classes in private and community-based settings. The standards and practices of the NM PreK classroom are similar to those required of the highest quality accredited child care programs.

In addition, the NM PreK consultation model and professional development requirements help ensure that teaching staff are well prepared and that a consistently high level of quality is maintained. In community-based programs, the NM PreK standards of quality do not remain isolated in the PreK classroom; rather, they diffuse throughout the program, benefiting all children enrolled. Thus, implementing PreK supports improvements in quality program and system-wide.

III. The Comprehensive Needs and Cost Analysis

A. Direct Services

The 2015 Needs Analysis includes policy recommendations for each of three major programmatic stages in New Mexico’s early childhood continuum: home visiting, child care, and NM PreK.
HOME VISITING

To address the current unmet need for home visiting services New Mexico must fund an additional 7,335 standards-based home visiting slots at a cost to the state of $28.6 million.

Roughly 27,800 babies are born each year in New Mexico. Thirty-nine percent are first births. The estimate of unmet need for home visitation assumes that home visiting is statewide, and that services are made available to all first-time parents (10,840 families) as well as the 4,578 families of second and subsequent children whose newborns are likely to experience three or more adverse childhood experiences.

Targeting first-time parents, regardless of income or other risk factors, acknowledges that all parents have questions, need support and face challenges that impact their parenting. It is especially efficient because it benefits both current and subsequent children. Finally, first-time parents often need more support than experienced parents and are more likely to be very young.

Approximately 27 percent of New Mexicans have experienced three or more Adverse Childhood Experiences (ACEs).\(^1\) ACEs include sexual, physical, and verbal abuse; substance abuse in the household; and witnessing domestic violence. A high prevalence of ACEs has been correlated with negative health, social, and behavioral outcomes including: alcoholism, depression, fetal death, illicit drug use, heart disease, sexually transmitted diseases, smoking, and teen pregnancies. Early prevention and consistent intervention have been demonstrated to help curb the impact of adverse childhood experiences.\(^2\) Thus, it is critical that infants deemed at high-risk of multiple adverse childhood experiences receive home visits, regardless of their birth order.

Summing 10,840 first births and 4,578 subsequent births yields a total potential demand for home visiting of 15,418 births annually. In 2016, about 3,762 infants will be served by home visiting programs under contract to the New Mexico Children, Youth and Families Department (CYFD),\(^3\) and an estimated 1,301 more will be served by privately and locally funded, standards-based home visiting programs.\(^4\) The unmet need for home visiting is 10,355 families.

The cost analysis assumes that all families in the target group are offered home visiting services during the prenatal period, or immediately following delivery. Ten percent of parents decline the services outright, 20 percent (2,071 families) receive one home visit before terminating services, and the remaining 70 percent of parents (7,249) receive a full year of home visitation services. Research indicates that home visiting is most effective when it lasts a year or more. The $28.6

\(^{iv}\) Includes Home-Based Early Head Start and Tribal Early Head Start, Tribal MIECHV and privately funded First Born™ programs including Northwest New Mexico First Born and St. Joseph’s First Born.
The 2015 Early Childhood Needs and Cost Analysis million cost estimate assumes 7,335 additional home visiting slots are funded at a cost to the state of $3,896 per slot per year.\textsuperscript{vi}

Although home visiting programs have been around for many years, they began to garner widespread public attention and significant, coordinated government funding around 2008. Unlike public PreK, programs which typically have well-defined curricula and uniform standards of quality for all providers, there are a wide variety of home visiting models, some of which are evidence-based\textsuperscript{vii} and others that are not. There is, however a growing consensus about the factors that contribute to home visiting quality. The 2013 New Mexico Home Visiting Accountability Act prescribes many of these standards for programs funded by the State of New Mexico.\textsuperscript{iv}

\textbf{CHILD CARE ASSISTANCE}

The U.S. Department of Health and Human Services recommends that families spend no more than 10 percent of income on child care,\textsuperscript{v} yet over half of New Mexico’s young children in working families live in households for which the median annual cost of full-time child care in a licensed center ($7,015)\textsuperscript{vi} exceeds 15 percent of income.\textsuperscript{vii}

\textit{“Over half of New Mexico’s working families with children under six are headed by a single parent. In 2014, the average cost of licensed child care for a New Mexico infant was 38 percent of state median income for a single-mother family and 11 percent of state median income for a two-parent family.”} Parents and the High Cost of Child Care, Child Care Aware® of America, 2015

Currently, the State of New Mexico subsidizes child care for approximately 10,317 low-income children, ages birth through five and 6,402 low-income children ages six through twelve through the state Child Care Assistance Program (CCA).\textsuperscript{viii} State funding accounts for $30 million (31 percent) of the program’s $96.6 million 2016 appropriation,\textsuperscript{ix} the remainder of which derives from a variety of federal sources including the Temporary Assistance to Needy Families (TANF) and the Child Care and Development (CCDF) block grants.\textsuperscript{x}

Children in households with income below 150 percent of the Federal Poverty Level (FPL) whose parents are working, seeking work, attending school or transitioning off TANF, are eligible to enroll in the Child Care Assistance program.\textsuperscript{viii} Once enrolled, families may continue to receive assistance until their household income exceeds 200 percent of the FPL, provided that they continue to meet the program’s other requirements. Families are required to recertify their eligibility every six months.

\textsuperscript{v} The 2,071 families who receive one home visit are counted as 1/24\textsuperscript{th} of a slot.
\textsuperscript{vi} 2.5 percent more than the 2015 average annual cost per family for state-funded home visiting services ($3,801).
\textsuperscript{vii} Research-based and grounded in relevant, empirically based knowledge.
\textsuperscript{viii} Children in the state’s child protective system are categorically eligible for child care assistance and currently constitute 941 of the 16,719 children receiving subsidized child care.
In New Mexico, 52,755 children under six reside in households with incomes below 200 percent FPL in which all parents work. ix Currently, about 20 percent of these children receive state subsidized child care.x

Figure 1: New Mexico Children Ages 0-5 by Ratio of Income to Poverty Level

<table>
<thead>
<tr>
<th>Percent of FPL</th>
<th>Income for a family of 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>$20,090</td>
</tr>
<tr>
<td>150%</td>
<td>$30,135</td>
</tr>
<tr>
<td>200%</td>
<td>$40,180</td>
</tr>
</tbody>
</table>

Source: United State Department of Health and Human Services

New Mexico, like most states, requires families receiving child care assistance to contribute toward their child care costs with a system of co-payments that increase with family income. Monthly copayments average about $60 or 12 percent of the total cost of care.11

Child Care and Education Quality Rating and Improvement Systems

Child care providers - both centers and child care homes - are required to abide by the state’s child care licensing regulations. State regulations are intended to ensure that children who are cared for outside their homes are physically safe and are cared for in a way that is not detrimental to their well-being. Adherence to state minimum standards is not enough, however,

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ix Statistic derived by author from US Census American Community Survey 2009-13 Public Use Micro Sample for New Mexico.
xOver 80 percent of CCA recipients qualify on the basis of income. Children involved in the child protective system are categorically eligible.
to mitigate the negative developmental impact of adverse early life experiences or to ensure that children are cognitively prepared to enter kindergarten. The factors that contribute to high quality ECE, including classroom learning environment, authentic observation and assessment protocols, developmentally appropriate curriculum, and caregiver responsiveness to the specific needs of individual children, are addressed through the Tiered Quality Rating Improvement System (TQRIS), which gives providers guidelines, incentives, and technical assistance to improve the quality of their care.

New Mexico’s “Look for the Stars” is a TQRIS with four tiers (Levels 2 through 5). Higher “star levels,” correspond to higher levels of quality. Each successive star level requires ECE providers to meet higher standards in the areas of staff training and education, physical environment, daily learning activities, family involvement, assessment, teacher/student ratios, and group size. Higher star levels also entitle providers to higher child care assistance reimbursements. The tiered rates are called quality bonuses and are intended to encourage ascendance in the star system and offset the higher costs of providing high quality care.

FOCUS, the third generation of New Mexico’s TQRIS, began in 2013 with 50 participating programs. FOCUS now includes roughly 125 programs. If funding permits, FOCUS will continue to be implemented over the next several years as the state’s existing Reach for the STARS TQRIS is gradually phased-out. FOCUS builds upon and improves Reach for the STARS through: implementation of an authentic observation, documentation, and curriculum planning process; establishment of common standards across all publicly-funded ECE programs, and implementation of a comprehensive assessment system as the basis for continuous quality improvement. The implementation of FOCUS requires additional qualifications and professional development for ECE workers. A table comparing the requirements of FOCUS and Reach for the STARS is provided in the Appendix.

![Children in State Subsidized Child Care by Program Quality](image-url)
The majority of children in state subsidized child care are cared for in licensed centers. Relatively few child care homes participate in the QRIS.

**Figure 3: Enrollment by Age, Star Level, & Home or Center**

**CHILD CARE ASSISTANCE COST ANALYSIS**

The cost of this year’s child care assistance recommendation includes: 1. Replacement of Race to the Top Early Learning (RTTT-ELC) Grant funds, 2. Increased quality of subsidized care for infants and toddlers, and 3. High-quality wrap-around child care for three-and four-year-old children enrolled in full-time New Mexico PreK (modeled later in this report).

- The net impact is $11.4 million in savings to the state - $25.5 million saved from reduced utilization of child care by preschool aged children less $4 million in RTTT-ELC replacement funds
- $9.6 million to improve the quality of subsidized child care for infants and toddlers
- $500,000 to improve the quality of wrap-around care for children enrolled in NM PreK

**Table 5: Child Care Assistance Cost Analysis Summary**

<table>
<thead>
<tr>
<th>Child Care Assistance Cost Analysis Summary</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement of Race to the Top Funding</td>
<td>$4 million</td>
</tr>
<tr>
<td>Infants and Toddlers</td>
<td>$9.6 million</td>
</tr>
<tr>
<td>PreK Wrap-Around Care</td>
<td>$500,000</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$14.1 million</td>
</tr>
</tbody>
</table>
**Race to the Top Early Learning Challenge**

New Mexico was awarded a federal RTTT-ELC grant in 2013. The five-year, $37.5 million grant supports New Mexico’s efforts to improve school readiness by expanding access to high-quality ECE for children with high needs by:

- Implementing the FOCUS TQRIS;
- Increasing ECE infrastructure and capacity in CYFD-designated early childhood investment zones;
- Expanding professional development for early educators and administrators;
- Developing a cross-agency early childhood data system; and
- Piloting a statewide kindergarten assessment tool and process.

Unless the state applies for and is granted an extension, the RTTT-ELC grant period will come to an end on December 31, 2016. **Roughly two-thirds of New Mexico’s RTTT-ELC award is devoted to implementation of FOCUS.** In order to continue phasing in FOCUS beyond 2016, New Mexico must replace a large portion of the RTTT-ELC funds currently supporting professional development, consultation, training and technical assistance. The 2015 Needs Analysis assumes that the state must replace 80 percent of the RTTT-ELC funds devoted to FOCUS implementation, or about $4 million annually, beginning in January 2017.

**INFANTS AND TODDLERS**

The 2015 Needs Analysis assumes that current eligibility requirements are maintained and the total number of infants and toddlers receiving child care assistance remains the same, but all state-subsidized infants and toddlers are enrolled in five-star programs.

*Figure 4 Infants and Toddlers Receiving Child Care Assistance by Quality of Care*

<table>
<thead>
<tr>
<th>Quality of Care</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Star</td>
<td>1,311</td>
</tr>
<tr>
<td>Two Star +</td>
<td>1,076</td>
</tr>
<tr>
<td>Three Star</td>
<td>484</td>
</tr>
<tr>
<td>Four Star</td>
<td>343</td>
</tr>
<tr>
<td>Five Star</td>
<td>815</td>
</tr>
</tbody>
</table>

Source: New Mexico Children, Youth, and Families Department
Currently, 4,429 infants and toddlers receive subsidized child care through the state’s Child Care Assistance program. Subsidized child care is provided in a variety of settings ranging from minimally-regulated registered homes to five-star centers accredited by the National Association for the Education of Young Children (NAEYC). If all infants and toddlers currently receiving subsidies were cared for in five-star centers, it would cost the state an average of $181.5 more per child per month at current FOCUS reimbursement rates. The cost differential would total $9.6 million per year or $1.9 million in year one of a five-year implementation period.

**Wrap-around Child Care for Three-and Four-Year-Olds Enrolled in New Mexico PreK**

Currently, 5,888 three-and four-year-olds receive child care assistance (CCA). The 2015 Needs Analysis assumes that NM PreK is expanded to provide full-time, voluntary PreK for all three-and four-year-olds regardless of income (see NM PreK Cost Analysis p.14), reducing, but not eliminating their need for child care. Some children enrolled in NM PreK will need care before and/or after PreK and others may have parents whose work schedules do not coincide with the PreK day.

The Needs Analysis assumes that after the NM PreK expansion all preschool-age children currently receiving full-time state subsidized care will need part-time (half-time or quarter-time) care and those currently receiving part-time care will no longer need subsidized child care at all. Annual CCA provider payments for care provided to three-and four-year-olds total roughly $34 million. If the NM PreK expansion reduces use of child care assistance by families of preschool age children by 75 percent, the state will save $25.5 million annually. If the remaining child care for preschool age children were provided entirely in FOCUS level five programs, it would increase cost by about $500,000 annually.

Federal regulations recommend, but do not require, that CCA reimbursement rates be set at the 75th percentile of current market rates to provide families receiving child care assistance access, at least in theory, to 75 percent of the providers in their communities. New Mexico’s market rates are a function of numerous factors including location, type of care, age of child and quality rating (star level). Historically, most reimbursement rates have been below the 75th percentile. CYFD increased infant and toddler reimbursement rates as part of the implementation of FOCUS. As a result, CYFD infant reimbursement rates now exceed 75th percentile market rates and reimbursement rates for toddlers subsidy rates are within 5 percent of the 75th percentile.

Forty-nine percent of New Mexico children under five reside in households in which at least one parent does not work. Children who have a parent or other adult home during the day can still benefit from exposure to high-quality early learning environments outside the home.

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xi FOCUS star level 5 standards are roughly equivalent to requirements for NAEYC accreditation.
Currently, New Mexico’s child care assistance rules do not allow subsidy payments for care provided when parents are not at work or in school. The 2015 Needs Analysis does not address the potential unmet need for child care assistance among children with a parent at home, although there is likely significant unmet need within this population and providing subsidized care to even half these children would require tens of millions in additional state appropriations.

Table 6: New Mexico Children Age 5 and Under: Employment Status of Parents and Cost of Licensed Child Care Relative to Household Income

<table>
<thead>
<tr>
<th>Labor Force Participation of Parents</th>
<th>Children</th>
<th>Full-time care exceeds 15% of household income</th>
<th>Part-time care exceeds 15% of household income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>One or more parents is not in the labor force</td>
<td>62,984</td>
<td>40,940</td>
<td>65%</td>
</tr>
<tr>
<td>All parents present are in the labor force</td>
<td>100,271</td>
<td>53,144</td>
<td>53%</td>
</tr>
<tr>
<td>Total</td>
<td>163,255</td>
<td>94,083</td>
<td>58%</td>
</tr>
</tbody>
</table>

Source: Author’s tabulation of U.S. Census American Community Survey Public Use Micro Sample Data 2009-13

NM PreK Cost Analysis

New Mexico is home to 55,770 children ages three and four.\textsuperscript{19} Sixty percent live in low-income or impoverished households.\textsuperscript{20} New Mexico PreK is funded to provide 10,783 children with half-day services and 2,155 children with full-day services in school year 2015-2016. The 2015 Needs Analysis assumes that full-day NM PreK is made available to all three-and four-year-olds regardless of income and that 80 percent of eligible children not served by other public programs enroll.\textsuperscript{xiii}

The NM PreK expansion would entail the creation or reclassification of 35,341 New Mexico PreK slots -- 10,783 half-day slots would be transitioned to full-day and 24,558 new full-day slots would be added. At full implementation, 44,901 New Mexico children would receive

\textsuperscript{xiii} An 80 percent PreK take-up rate is ambitious but not unheard of. This assumption is based on the ratio of New Mexico’s public kindergarten enrollment to the state’s five-year-old population. According to the US Census, 80 percent of New Mexico five-year-olds are enrolled in school - 70 percent in public school and 10 percent in private school (American Community Survey, New Mexico 2009-2013). The estimated take-up rate for New Mexico PreK assumes that all children destined to enroll in kindergarten would take advantage of public PreK were it as readily available as public kindergarten.
publicly-funded full-day PreK services – 7,405 through 100-percent federally funded programs like Head Start and 37,496 through New Mexico PreK.

In 2016 New Mexico will spend $51.1 million on New Mexico PreK. Seventy-three percent of funding will come from state general fund appropriations and the remaining 27 percent will come from TANF. The program expansion modeled in the 2015 Needs Analysis would ultimately add $183.6 million in recurring appropriations to the New Mexico PreK budget -- $36.7 million in year one of a five-year phase in -- but this investment will be dwarfed by the present value of the long and short-term benefits to the State of New Mexico and all New Mexico residents, which will exceed $1.3 billion per year at full implementation.

Table 6: Two Year, Full-Day NM PreK: Total Direct Cost

<table>
<thead>
<tr>
<th>Two Year, Full-Day NM PreK: Total Direct Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-year-olds</td>
</tr>
<tr>
<td>4-year-olds</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Full-day NM PreK costs approximately $6,450 for four-year-olds and $7,418 for three-year-olds. In addition to the $6,000 and $7,000 capitated payments to providers, costs include:

- Technical assistance to child care providers in responding to the NM PreK RFP and meeting program reporting requirements.
- Scholarships for teachers, directors, and educational assistants.
- On-site professional development using the NM PreK coaching and consultation model.
- Off-site NM PreK trainings.
- Transportation,
- Start-up and safety grants to new CYFD providers,
- External evaluation,
- Data management, and
- Program administration.

For details on the derivation of this estimate and additional details on the policy recommendation please see NMECDP's October 2015 NM PreK report.

Three-year-olds are more costly to serve because classrooms must maintain an 8:1 child-teacher ratio, whereas a 10:1 ratio is permissible for four-year-olds For single session programs See: New Mexico Children, Youth, and Families Department (March, 2015) New Mexico’s Early PreK Program Standards for Program Year 2015-2016 for New Mexico Early PreK programs funded by the Children, Youth and Families Department.

Services apply to both PED and CYFD programs unless otherwise noted.

T.E.A.C.H. Early Childhood® provides scholarships for early childhood program staff.

Professional development and technical assistance are key components of New Mexico PreK. New Mexico PreK Consultants provide PreK-specific training and on-site, job-embedded, classroom coaching and consultation.
Net new recurring cost is the cost of the additional PreK services, less the $25.5 million in savings to the New Mexico child care assistance program that would result from the migration of children out of state-subsidized child care and into NM PreK.

The total cost estimate includes an additional $75.3 million in non-recurring start-up costs that are not already included in the per-child rate. It is anticipated that capital costs will rise as the supply of vacant PreK appropriate space in existing facilities is absorbed by the PreK expansion.\textsuperscript{xviii}

PreK curriculum in all settings is guided by the New Mexico Early Learning Guidelines (ELGs), which articulate what children in New Mexico PreK should know in all domains of early development and learning (key elements of the guidelines are described in the Appendix). Adherence to NM PreK program standards is monitored and enforced through annual site visits by state regulators, review of child assessment data, and other data reported by NM PreK grantees throughout the year.

NM PreK prioritizes quality through professional development. The NM PreK consultation program provides yearly training based on the authentic assessment curriculum cycle to all NM PreK teachers, educational assistants and administrators. Trainings help teachers incorporate observation, documentation, planning and individualization processes in their classrooms and use these processes to create a play-based environment that focuses on the NM PreK early learning outcomes and indicators. Trainings are delivered by consultants who also provide on-site follow up and technical assistance to NM PreK teachers and administrators throughout the year.\textsuperscript{22}

\textbf{NM PreK is a mixed-delivery system with services provided in a variety of settings including public schools, private child care centers, Head Start classrooms, and other community-based programs.} The integration of New Mexico PreK into a private childcare program can improve the quality of care received by children both inside and outside the PreK classroom. Adherence to the New Mexico PreK standards typically does not remain isolated to the NM PreK classroom. Instead, the NM PreK standards of quality and professional development diffuse throughout the program, benefiting all children enrolled.

\textit{Federally Funded PreK Programs}

Federally funded PreK programs include Head Start, early childhood services funded through Title I of the Elementary and Secondary Education Act, and preschool for three- and four-year-olds with disabilities under Part B Section 619 of the Individuals with Disabilities Act (IDEA Part B).\textsuperscript{23} Head Start served approximately 7,692 preschoolers in 2016.\textsuperscript{24}

\textsuperscript{xviii} At full implementation the expansion will require 1,729 new pre-K classrooms. The estimate of non-recurring costs assumes that each new classroom entails a $43,557 one-time capital investment. The assumed per-classroom capital cost is the average of the $15,000 “Start-up and Safety” funding allotted to new CYFD PreK classrooms and $72,113 per new PED NM PreK classroom, an estimate derived from the 2013-2014 capital outlay allocation for PED NM PreK sites.
In school year 2013-2014, 6,755 children in 67 different programs received preschool services funded through Title I\textsuperscript{25} and 5,021 children in 667 programs received special education preschool services funded through IDEA Part B.\textsuperscript{26} However, the total funds allocated to these programs were not nearly enough to fully fund PreK services to all the children counted as receiving them. Instead, Title I and IDEA funds are sometimes blended with other preschool and PreK program funds to augment or extend services available to academically at risk children (Title I) or enable disabled children to receive preschool services in programs intended primarily for children without disabilities (IDEA)\textsuperscript{27}. Consequently, the precise number of New Mexico children receiving publicly funded PreK is unknown, but, due to blended funding, is less than the sum of those reported as receiving services through New Mexico PreK, Head Start, Title I and IDEA. In the 2015 Needs Analysis, the contribution of Title I and IDEA to overall public PreK slots in New Mexico is estimated by dividing allocations from the programs by the average, annual per-child cost of full-day New Mexico PreK. Table 8 gives children served and total funding for the four major public PreK programs.

<table>
<thead>
<tr>
<th>Publicly Funded PreK in New Mexico</th>
<th>Children Served</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Mexico PreK (2015)</td>
<td>12,938</td>
<td>$51 million</td>
</tr>
<tr>
<td>\textsuperscript{1}Head Start PreK (2016)</td>
<td>7,692</td>
<td>$54 million</td>
</tr>
<tr>
<td>\textsuperscript{2}Title I (2013)</td>
<td>6,755</td>
<td>$3 million</td>
</tr>
<tr>
<td>\textsuperscript{2}IDEA Part B Section 619</td>
<td>5,021</td>
<td>$3.5 million</td>
</tr>
<tr>
<td>\textbf{Total Publicly Funded PreK}</td>
<td>N/A</td>
<td>$111.5 million</td>
</tr>
</tbody>
</table>

\textsuperscript{1} National Head Start Association  
\textsuperscript{2} New Mexico Public Education Department as reported in the New Mexico RTTT-ELC 2013 Performance Report

**Supporting Business Operations in Private Childcare Settings**

Supporting the business operations of private providers is key to sustaining a robust mixed-delivery system. Shifting the public investment in early education for three-and four-year-olds away from child care and into PreK will impact, but need not deplete, revenue for private child care providers that serve preschool-age children.

Technical assistance can help providers increase their NM PreK capacity and enhance both quality and revenue by braiding PreK funds with child care assistance.

In ECE finance “blending” is combining funding from two or more separate sources to pay for a unified set of services within a single program such as combining NM PreK ad Title I funds to provide full-day PreK for at risk children. “Braiding” is the coordination of funds from two or more sources to provide complementary services to individual children,\textsuperscript{28} such as providing wrap-around subsidized child care to children in Head Start for hours of the day that Head Start doesn’t cover.
New Mexico’s PreK and child care assistance programs cannot be “blended,” but they can be “braided” such that the New Mexico PreK school day is paid out of NM PreK funds and wrap-around child care for preK students is paid for with CCA funds. The ability to braid funds has several important advantages for families and providers:

(1) Braiding fosters continuity of care by enabling children to remain with the same provider all day rather than commuting between providers at different sites;

(2) Programs that braid funds to support a full day of services at a single location support parental employment by reducing the need for parents to interrupt their work day to shuttle children between care arrangements.

(3) Braiding reduces the problem of under-utilized capacity that often arises from part-time contracts and augments operating revenue for providers, enabling them to provide better care for more children at lower overall cost to parents.

B. Capacity

The capacity of the ECE system to support expanded access and enhanced quality is determined, in large part, by three factors:

1. Qualified workforce and a strong educational pipeline
2. Data analysis to support continuous quality improvements and efficient targeting of services
3. Community support and ECE leadership

WORKFORCE

The quality of a state’s early childhood system is determined by the size and quality of its early childhood workforce. Teachers who understand child development and can translate their knowledge into effective classroom practice are the cornerstones of high-quality early childhood programs, educating children, disseminating knowledge, and modeling effective practice for their coworkers. Although some individuals are inherently more responsive to young children than others, knowledge of child development and pedagogy are not purely intuitive and must be learned. Typically, teaching skills are learned in the college classroom and refined on the job, through targeted training and reflective supervision. Unfortunately, in New Mexico’s ECE system, high rates of turnover limit professional development and low levels of teacher education and inadequate training are the norm. The quality of ECE is also determined by the number of children per teacher. Lower ratios of children to teachers greatly improve the quality of student-teacher interactions, and thus the learning environment.

Currently, more than 15,281 New Mexicans work in ECE. To make possible the system expansions and quality improvements described earlier in this report, the state’s ECE workforce

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xix This estimate includes PreK teachers and EAs employed by PED, home visiting program staff employed by state, tribal and privately funded home visiting programs, and New Mexicans employed by establishments providing "Child Day Care Services" (NAICS 6244) as reported in the 2009-2013 microdata from the American Community Survey. The NAICS 6244 industry group
must add 4,084 educators, administrators, and support staff. Attracting the new workers and ensuring that they have the education and training to provide quality care is an essential first step in expanding and improving New Mexico’s ECE system. Currently, New Mexico’s ability to provide quality care is constrained by a severe shortage of adequately trained providers, educators, trainers, and administrators. Expanding services without adequately investing in workforce development will increase the system’s reliance upon poorly-educated and under-trained workers, further diminishing overall quality.

To increase the size of the ECE workforce rapidly and dramatically while simultaneously improving quality, New Mexico must:

1. Rapidly increase the skill level of a large number of current early childhood educators and administrators, many of whom have little formal education and will be challenged to pursue credentials within the traditional higher education system.
2. Attract talented and motivated new college students to ECE majors.
3. Encourage experienced early educators to advance their educations.
4. Motivate employers to support workers who seek further education in ECE.
5. Retain workers in ECE after they have obtained skills and credentials that enhance their ECE practice and their overall labor force marketability.

Educational Attainment of New Mexico’s Child Care Workforce

![Educational Attainment of the New Mexico ECE Workforce](chart)

Source: U.S. Census Bureau American Community Survey Public Use Micro-Sample for New Mexico 2009-2013. Individuals employed in the “Child Day Care Services” sector NAICS 6244.

comprises establishments primarily engaged in providing day care of infants or children. These establishments generally care for preschool children, but may care for older children when they are not in school and may also offer prekindergarten educational programs. It does not include kindergarten, elementary or secondary schools or in-home child care providers such as nannies. Given the many contexts in which regulated out-of-home ECE is provided, it is likely an undercount.
The 2015 Needs Analysis includes policies to address each of these imperatives. They are grouped into three major categories of activity:

1. **Pre-Service Education** – Education and training obtained outside the work environment, usually in the higher education system. Pre-service education can be undertaken prior to entering the field or to facilitate career advancement for those already in the field. Pre-service education emphasizes the empirical and theoretical foundations of practice such as the physiological stages of brain development, specific behaviors and needs at different developmental stages and theories about how children learn. Pre-service education is often applicable to numerous ECE contexts, and forms the foundation upon which ECE practice is learned and understood. New Mexico uses T.E.A.C.H® scholarships to subsidize the costs of higher education for ECE workers.

2. **In-Service Education** – Education and training obtained as part of employment, either on-site or off-site, that improves a worker’s ability to perform a specific job, such as that of a home visitor or New Mexico PreK teacher. In-service education is most readily absorbed when it is layered on a foundation of pre-service education. In-service education is provided by NM PreK consultants, FOCUS consultants, trainers employed by the state’s network of Training and Technical Assistance Programs (TTAPs), and private trainers registered with the state.

3. **Wage Supplements** – Wages in early care and education are extremely low relative to most other occupations. Compensation must increase if ECE is to attract and retain the high-caliber workforce necessary to sustain a significant expansion in quality care. INCENTIVES, New Mexico’s current wage subsidy program, is relatively new and still operates on a small scale.\(^{xx}\) To achieve its objectives, the program must be greatly expanded.

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**WHY FORMAL EDUCATION MATTERS IN EARLY CHILDHOOD EDUCATION**

As the body of research confirming the importance of early learning to children’s development and lifetime success continues to grow, so too does the research confirming the critical role formal training in ECE plays in determining the quality of teachers’ interactions with young children, and thus the overall quality of care.\(^{29} 30 31\)

The antiquated notion that the care of young children requires little more than fondness for children and attention to their safety has been replaced by recognition that developmentally-appropriate, organized learning experiences are essential to school readiness. Key to these experiences are teachers trained to provide specialized curricula, recognize and respond to opportunities to extend children’s learning, and gently guide and support children as they learn to analyse relationships, question their own assumptions and solve problems on their own.\(^{32}\) Caregivers with post-secondary training in child development and teaching young children are more cognizant of children’s abilities and thus better able to promote emotional and cognitive development. Higher levels of education also improve the ability of teachers to model language and support literacy skills.

\(^{xx}\) In FY 2016 INCENTIVES is funded to support 239 ECE professionals.
Pre-Service Education and Training

To achieve the expansion of ECE services and improvements in ECE quality envisioned in the 2015 Needs Analysis, New Mexico must increase its annual investment in college scholarships for early educators by $4.9 million.

Table 8: New Mexico Early Childhood Education Career Lattice

<table>
<thead>
<tr>
<th>NEW MEXICO EARLY CHILDHOOD EDUCATION CAREER LATTICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>45-Hour Entry Level Course</td>
</tr>
<tr>
<td>New Mexico Child Development Certificate (CDC) (Infant/Toddler and Preschool)</td>
</tr>
<tr>
<td>Associate’s Degree in Early Childhood Education, Early Childhood Program Administration and Family Infant Toddler Studies</td>
</tr>
<tr>
<td>Bachelor’s Degree in Early Childhood Education, Early Childhood Program Administration and Studies</td>
</tr>
<tr>
<td>Master’s Degree in Early Childhood Education</td>
</tr>
<tr>
<td>Doctoral Degree (New Mexico State University)</td>
</tr>
</tbody>
</table>

T.E.A.C.H Early Childhood®

The T.E.A.C.H. Early Childhood® scholarship program is an essential component of New Mexico’s ECE workforce development system. Administered by the New Mexico Association for the Education of Young Children (NMAEYC), and funded primarily through contracts with CYFD and PED, T.E.A.C.H® provides scholarships and stipends to early educators seeking degrees in early childhood education. Each year, several hundred early childhood educators, primarily teachers in child care and PreK programs, but also administrators, home visitors, early interventionists, early childhood faculty at New Mexico colleges and universities, trainers, and consultants receive T.E.A.C.H® scholarships. T.E.A.C.H® scholars must be employed in early childhood and must commit to staying with their current employer for at least one year beyond the year of the scholarship. Scholarship amounts vary by the type of degree pursued and the degree-granting institution, but average around $1,500 per student per year. Fiscal year 2016 state funding for T.E.A.C.H® totals $1.5 million.

Assuming that 80 percent of new ECE teaching and administrative staff require additional college coursework, the proposed workforce expansion in this year’s Needs Analysis would require 3,267 additional T.E.A.C.H® scholarships at a total cost to the state of $4.9 million annually.

In-Service Education and Training

Making ECE programs high quality learning environments for staff as well as children is another key to efficiently enhancing the quality of the ECE workforce. In-service professional development is training obtained on-the-job, through a job-embedded training program and/or with the support of external training and technical assistance providers. In-service professional
development is directly relevant to the teacher’s day-to-day experiences and may be oriented toward addressing specific challenges or situations she encounters on the job. In-service training cannot substitute for pre-service professional development, but research indicates that proper on-site teacher training can help compensate for the lack of a college degree, and help all early childhood educators, regardless of education, facilitate better child outcomes. Consultation is a process in which an individual or group from an outside organization collaborates with program staff to address specific issues or topics. In New Mexico, on-site workforce and program development is provided by PreK and FOCUS consultants. FOCUS consultants assist teachers and programs with the implementation of FOCUS. NM PreK consultants help to strengthen practice in the PreK classroom in areas including, but not limited to, curriculum development, environmental modifications, authentic assessment implementation, and reflective practice. New Mexico’s statewide network of Training and Technical Assistance Programs provide a wide variety of trainings. Currently the state’s TTAPs employ roughly 41 trainers.

As noted earlier, as the ECE workforce grows and improves, so too must the system that supports ongoing professional growth. This includes hiring more consultants and trainers and coordinating their activities so as to maximize their benefit to the early childhood community. The in-service component of the 2015 Needs Analysis assumes that the number of consultants and trainers grows in proportion to increases in the ECE workforce.

FOCUS utilizes an on-site consultation model to help early childhood educators improve their practice, performance, and children’s outcomes through intensive professional development. In addition, every early childhood program participating in FOCUS is expected to have a standardized continuous quality improvement plan and to utilize the support of consultants in working toward their plan’s specific goals.

It is also important to note that although they are disaggregated for purposes of this analysis, pre-service and in-service training and education are inextricably linked and their combined impact is far greater than the sum of their parts. In-service training is much more effective when it can be interpreted in the context of child development theory. At the same time, at least one study has shown that teachers who lack a college degree but have access to adequate on-site training, produce child outcomes that are as good, or better, than those produced by degreed teachers who receive no on-site training. Finally, highly-educated staff members can contribute to the professional development of their less educated colleagues and subordinates through coaching, mentorship, and reflective supervision. Program staff who serve as mentors must have advanced knowledge of children’s social and cognitive development, the ability to translate developmental theory into effective curricula and classroom activities, and the ability to observe, evaluate, and coach other adults. All of these skills are most readily obtained in college.
Wage Supplements

Higher wages attract more highly educated teachers, improve morale and decrease turnover. Research shows that higher teacher salaries are correlated with higher quality care and better outcomes for children\(^\text{35}\) and that even a ten percent increase in salary can substantially improve the quality of child care.\(^\text{36}\) Wages in early care and education, even those of center directors and teachers with advanced degrees, are extremely low relative to most other occupations, including many jobs that entail far less responsibility and skill. If ECE is to attract and retain greater numbers of educated workers, the wages of early educators must be closer to those of equivalently educated workers in similar fields.

Ninety four percent of ECE workers are female. In New Mexico, the average weekly wage of child care workers lags that of other women employed in the Education and Social Services sector by 80 percent, a difference of over $13,700 a year for full-time, year round workers.

INCENTIVE$ Early Childhood provides early childhood educators with education-based salary supplements to encourage them to attend college and remain in New Mexico working in early childhood after obtaining a degree or credential. Participating educators receive income supplements every six months as long as they remain with their current employer. Educators with higher education levels receive larger supplements ranging from $300 a year for educators taking a few college classes to $5,000 a year for those with a bachelor’s degree and state licensure in early childhood education. Payments average roughly $750 every six months.

Wage subsidies like INCENTIVE$ support a more qualified workforce and, by encouraging educators to commit to their current employer, reduce the negative impact high rates of turnover have on individual children and the overall quality of care. The 2015 Needs Analysis assumes that all of the new lead teachers in community-based NM PreK programs receive a $5,000 annual salary supplement and that one-third of all other new early educators not employed by PED (958 child care workers, home visitors, program directors, trainers and consultants) participate in INCENTIVE$ and receive the average annual supplement, for a total annual expenditure of $4.4 million.

<table>
<thead>
<tr>
<th>New Mexico Median Hourly Wages, Selected Occupations, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service</td>
</tr>
<tr>
<td>Bakers</td>
</tr>
<tr>
<td>Cosmetologists</td>
</tr>
<tr>
<td>Retail Sales Persons</td>
</tr>
<tr>
<td>Building Cleaners</td>
</tr>
<tr>
<td>Home Health Aides</td>
</tr>
<tr>
<td>Teacher Assistants</td>
</tr>
<tr>
<td>Baristas</td>
</tr>
<tr>
<td>Child Care Workers</td>
</tr>
</tbody>
</table>

Source: New Mexico Department of Workforce Solutions. https://www.jobs.state.nm.us

Home Visiting Workforce

In order to ensure access to home visiting services for all first-time parents and the 27 percent of other families whose newborns are likely to experience three or more adverse childhood experiences, New Mexico must add 7,335 additional home visiting slots. The expansion will
require approximately 620 additional home visiting staff – 489 home visitors, 98 administrators, and 33 providers of training and technical assistance.

Educational requirements for home visitors differ markedly across the many different programs currently funded by the state, as do home visitor caseloads and the permissible ratios of home visitors to program administrators. The 2015 Needs Analysis recommends that 7,335 additional home visiting slots be funded in standards-based home visiting program compliant with New Mexico’s Home Visiting Accountability Act. The cost estimate assumes an average caseload of 15 families per home visitor, five home visitors to each home visiting administrator, and 15 home visitors per provider of home visiting professional development and/or technical assistance. The three standards-based home visiting models currently employed in New Mexico are First Born®, Nurse-Family Partnership®, and Parents as Teachers™.

The cost estimate assumes that all new home visitors take the sequence of college courses designed for early interventionists in the state’s Family Infant Toddler (FIT) program as part of their pre-service training and have specific training in the social and emotional development of infants and young children that meets the requirements of the competency-based infant mental health endorsements granted by the New Mexico Association for Infant Mental Health.38

**Child Care Workforce**

The 2015 Needs Analysis assumes that enrollment in subsidized child care declines as enrollment in NM PreK expands and that the quality of state-subsidized child care increases significantly. Lower ratios of children to teachers and more highly qualified teachers are hallmarks of higher quality care. If all infants and toddlers currently receiving state subsidized were to attend five star programs an additional 224 highly qualified teachers would be needed.

| Table 10: Infants and Toddlers Enrolled in State Subsidized Child Care by Quality Rating and Corresponding Teacher:Child Ratios |
|---|---|---|---|---|---|
| **Quality Rating** | **Infants** | **Toddlers** | **Infants** | **Toddlers** |
| **CCA Enrollment** | **Teacher: Child Ratios** | **CCA Enrollment** | **Teacher: Child Ratios** |
| AIM | Two Star | 605 | 1:6 | 471 | 1:10 |
| | Three Star | 229 | 1:6 | 173 | 1:10 |
| | Four Star | 208 | 1:5 | 126 | 1:8 |
| | Five Star | 475 | 1:5 | 413 | 1:8 |
| HIGH | Two Star + | 289 | 1:6 | 194 | 1:10 |
| | Three Star | 234 | 1:6 | 180 | 1:10 |
| | Four Star | 4 | 1:5 | 5 | 1:8 |
| | Five Star | 237 | 1:4 | 185 | 1:6 |

Source: New Mexico Children, Youth, and Families Department
New Mexico PreK Workforce

The expansion of NM PreK discussed earlier will require 1,179 new lead teachers and a similar number of educational assistants (EAs). xx Over 200 additional administrative staff will also be needed. Assuming that the additional NM PreK slots are divided equally between PED and CYFD programs, the public schools will need 590 new lead teachers, as will community-based NM PreK programs.

All PED NM PreK teachers are degreed and licensed, but not all hold ECE-specific (Birth to Grade 3) teacher licenses. PED PreK teachers who lack early childhood licenses must be working towards obtaining them. CYFD NM PreK teachers are not required to have degrees, but they must be working toward obtaining a bachelor’s degree in early childhood education (See Appendix Highlighted NM PreK Standards for more.) Thus, many, if not most, of the new PreK teachers will need additional college coursework in order to remain employed.

In school year 2013-2014, 154 T.E.A.C.H® scholarships were awarded to CYFD NM PreK teachers and educational assistants and 104 T.E.A.C.H® scholarships were awarded to PED NM PreK teachers and educational assistants. 39

Wage Parity Across Public and Private PreK Programs

Public school NM PreK teachers earn significantly more, on average, than PreK teachers in community based settings. Differences in required qualifications contribute to the disparity; public school PreK teachers are required to be degreed and licensed whereas PreK teachers in CYFD-funded programs need only be working toward those credentials. However, even equivalently qualified PreK teachers in private programs earn less, on average, than those in public schools.

The ongoing viability of New Mexico’s mixed delivery PreK system requires that teacher qualifications and compensation be equalized across public school and community-based settings. Otherwise the disproportionate concentration of highly qualified teachers in the public schools will create a quality differential that discourages parents from choosing private providers. To address this critical issue, the 2015 Needs and Cost Analysis recommends two major shifts in NM PreK policy: first, all NM PreK lead teachers, regardless of setting, must hold bachelor’s degrees and early childhood teaching licenses or obtain both within two years on the job; and second, degreed and licensed teachers in private programs must earn salaries equivalent to those offered in their community’s public schools.

Some states, including Georgia, West Virginia, the District of Columbia, and Oklahoma have accomplished this by establishing and funding mandatory salary floors for teachers in community-based programs. Attracting highly qualified teachers to both public school and community-based programs will require compensating them equally regardless of setting. Equalizing compensation and qualifications across settings would increase the annual payroll of New Mexico’s community-based PreK programs by $17 million.1

1 Estimate assumes lead teachers in CBOs earn $23,184 for ten months of full-time employment ($12/hour, 40 hours/week, 42 weeks/year and 15% fringe) and public school teachers earn $52,000 ($40,000 and 30% fringe)

xx Assumes 416 child care teachers are redeployed to PreK and that all current half-day PreK teachers become full-day teachers.
Higher Education Faculty

New Mexico state law requires that all public colleges and universities align their early childhood coursework and degree requirements. In 2013, New Mexico’s 20 aligned institutions of higher education graduated 565 associate, bachelors, and masters level ECE students.

Despite the fact that most early childhood employees don’t have college degrees, New Mexico’s higher education system has an enormous impact on the state’s early childhood system. New Mexico’s universities train ECE administrators, lead teachers, trainers, community college instructors, and university faculty. Degreed ECE professionals pass their knowledge to the ECE personnel they train, mentor, and supervise. Thus, the quality of ECE instruction at the college level impacts the quality of training throughout the ECE workforce even when that training occurs entirely outside the classroom.

An important barometer of quality in ECE higher education is the extent to which curricula is: (1) ECE-specific, and (2) taught by individuals with ECE degrees. In New Mexico, most university-level ECE degrees are not in ECE per se, but rather in elementary education with a concentration in ECE. Due to the scarcity of instructors with terminal degrees in ECE, teachers from other, related disciplines teach many ECE courses. These instructors may lack advanced understanding of early childhood development and pedagogy.

Most ECE pre-service training is obtained at one of New Mexico’s 15 two-year colleges in classes taught by master’s level adjunct faculty. Often pre-service training is limited to the 45-hour Entry Level Course, or to the handful of courses necessary for the CDC. Given that relatively few ECE personnel will ever obtain an ECE degree, it is critical that the small handful of courses that will constitute the bulk of pre-service training for most ECE workers be taught by experts in early childhood development and pedagogy.

The lack of ECE expertise at the college and university level greatly limits the extent to which ECE coursework can improve ECE practice and the overall quality of care. In order for the higher education system to adequately support workforce quality in ECE, it must employ faculty with ECE degrees and specialized knowledge of topics such as early childhood special education, early childhood dual-language education, early childhood program administration, and early childhood infant/toddler studies.

Placing two faculty members with degrees in early childhood education at each of the 21 post-secondary institutions that train early childhood professionals would enable more early educators to be trained and credentialed and improve the quality of ECE instruction statewide.

Data Systems

In order to improve child outcomes in a manner that is both efficient and measurable, New Mexico’s increased investment in early childhood must be accompanied by greater accountability and coordination across programs that serve young children. The Public
Education Department, Department of Health, and Children, Youth and Families Department each administer components of New Mexico's early childhood system. New Mexico is utilizing Race to the Top Early Learning Challenge (RTTT-ELC) grant funds to create a state early learning data system that will utilize a common set of unique identifiers to integrate data from all three agencies and enable the creation of cross-departmental, longitudinal data sets. These data can be used by the state and researchers to evaluate the effectiveness of early childhood interventions, programs and providers.

Assigning a unique identifier to each child and utilizing that identifier consistently across all state funded and/or regulated programs throughout the course of their education will reduce redundant assessments and services and make it possible to track student achievement, efficiently match children and families to appropriate interventions and support services, and assess the impact of specific children’s programs on both short-term and long-term outcomes. A comprehensive data system will also include trainer, educator, and provider registries that aid regulatory compliance, workforce development, and capacity building. The three agencies have established agreements, systems, and plans necessary to share data and develop the data system. PED is seeking bids for a contractor to create the system and have it fully operational by the conclusion of the RTTT-ELC grant period on December 31, 2016. It appears that the funds allocated from RTTT-ELC will be sufficient to implement the new system, although much more will be known after the bids are evaluated and a contractor chosen. Thus, this year’s analysis, unlike those of previous years, does not include additional funding for data systems.

IV. Conclusion

This report has provided one answer to the question “How much would it cost the state of New Mexico to create and sustain the early childhood system its young children truly need and deserve?” The specific answer to this question depends on numerous assumptions, but the more general answer does not: statewide access to early childhood programs of the quality needed to secure measurable and lasting improvements in child well-being will cost a lot – hundreds of millions more than New Mexico is already spending. But, challenging as the financing may be, money is only part of the solution. Even if several hundred million were made available tomorrow, New Mexico’s early childhood system would lack the capacity to put the funds to their highest and best use in support of young children and families. To support statewide access to the full continuum of high-quality early childhood services New Mexico must first grow the ECE workforce, increase the percentage of ECE workers who have advanced training in child development, and greatly enhance opportunities for on-going professional development both on the job and through the state’s higher-education system. These crucial steps must be taken in tandem with program expansions and quality initiatives and paced with overall spending such that, when calculated, the return on New Mexico’s investment in early childhood is as high as we know it can and should be.
Notes

1 New Mexico Human Services Department. Southwest Resource Team SAMHSA’s Center for the Application of Prevention Technologies Adverse Childhood Experiences (ACE) and Prevention Planning. August 13, 2013.
2 New Mexico Legislative Finance Committee. Human Services Department, Report #12-10 Improving Outcomes for Pregnant Women and Infants Through Medicaid September 27, 2012
6 Annual full-time rate for toddler care in a level 4 licensed center. Source: Children, Youth, and Families Department 2015 Market Rate Survey
7 Ibid
8 Children, Youth and Families Department unpublished data extracted September, 2015
9 New Mexico Legislative Finance Committee 2015 Post Session Fiscal Review Supplementary Charts and Tables
10 New Mexico Legislative Finance Committee 2015 Post Session Fiscal Review Supplementary Charts and Tables
11 July 2015 average monthly provider payment as reported by the New Mexico Human Services Department based on data provided by the Children, Youth and Families Department.
12 New Mexico Children, Youth, and Families Department Licensure Data, retrieved May 2015.
14 New Mexico Children, Youth, and Families Department unpublished September 2015 enrollment data.
15 New Mexico Children, Youth, and Families Department unpublished September 2015 enrollment data.
17 NMAC 18.5.2 https://www.newmexickids.org/content/caregivers_and_educators/resources/NM_state_child_care_Regulations/docs/8_15_2_2012_revised_integrated.pdf.
18 New Mexico Children Youth and Families Department 2015 Child Care Market Rate Survey.
21 New Mexico Legislative Finance Committee 2015 Post Session Fiscal Review Supplementary Charts and Tables.
22 New Mexico PreK 2012-13 Annual Report, New Mexico Children, Youth and Families Department and New Mexico Public Education Department.
23 The number of preschool-age children served through public programs is approximate because some funding streams, including Title I, may be layered with other public funding sources to expand or improve services provided through programs such as Head Start, IDEA, and New Mexico PreK. It is possible that children whose care is supported with multiple public funding streams may counted as served through more than one program, leading to an overestimate of the total number of children receiving public PreK services. See CLASP FAQ: Using Title I of ESEA for Early Education, see http://www.clasp.org/resources_and_publications/publication?id=0709&list=publications#1 for more.
26 New Mexico Race to the Top Early Learning Challenge 2013 Progress Report.
Education Law Center Pre-K Policy Brief Series INCLUDING CHILDREN WITH DISABILITIES IN STATE PRE-K PROGRAMS

28 Ounce of Prevention Fund Blending and Braiding Funding to Support High Quality Child Care.


40 21-1B-6(F) NMSA 1978.

41 New Mexico Race to the Top Early Learning Challenge 2013 Progress Report.

42 New Mexico General Services Department Procurement Division Request for Proposals Early Childhood Integrated Data System (ECIDS) October 9, 2015.
## Highlighted New Mexico PreK Program Standards

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Early Learning Standards</strong></td>
<td>Programs use the full version of the New Mexico Early Childhood Teacher License: Birth through Third Grade. If a teacher with the Early Childhood Teacher license cannot be hired, a teacher with an elementary or special education license may be hired provided that they complete at least six credit hours per year toward the Birth through Third Grade license.</td>
</tr>
<tr>
<td><strong>Teacher Degree</strong></td>
<td>PED NM PreK teachers must hold a valid New Mexico Early Childhood Teacher License: Birth through Third Grade. If a teacher with the Early Childhood Teacher license cannot be hired, a teacher with an elementary or special education license may be hired provided that they complete at least six credit hours per year toward the Birth through Third Grade license. The Lead Teacher in a CYFD NM PreK classroom should have a valid Early Childhood Teacher License: Birth through Third Grade. A teacher without this license may be hired but must demonstrate progress toward this requirement by completing at least six credit hours per program year toward a BA in Early Childhood Education.</td>
</tr>
<tr>
<td><strong>Educational Assistant</strong></td>
<td>PED NM PreK educational assistants (EAs) must have AA Degrees in Early Childhood Education and hold a valid Educational Assistant License. If the EA does not hold an AA degree in early childhood, they must complete at least six credit hours per year until the degree is earned. EAs in CYFD classrooms should have an AA in Early Childhood Education and the Associate of Early Education Certificate from the Office of Child Development. An EA without one or both of these must demonstrate progress toward these requirements by completing at least six credit hours per program year.</td>
</tr>
<tr>
<td><strong>Teacher, Educational Assistant and Administrator Training</strong></td>
<td>Teachers, EAs, and program administrators must complete the required training applicable to their years of service in NM PreK. New teachers and assistants will attend the two-day training in the Authentic Observation Documentation Curriculum Planning (AODCP) and the one-day training on the Early Childhood Environmental Rating Scale (ECERS-R). Administrators must attend at least one day of NM PreK training and are invited to attend the full teacher training.</td>
</tr>
<tr>
<td><strong>Professional Development I</strong></td>
<td>Teachers and EAs receive job-embedded, on-site professional development from a regional network of consultants who provide observation, modeling, coaching, and feedback on the New Mexico PreK Authentic Observation Documentation Curriculum Planning Process (AODCP), and the classroom environment.</td>
</tr>
<tr>
<td><strong>Professional Development II</strong></td>
<td>Each NM PreK teacher and EA has a current professional development plan in place with professional goals and timelines that are NM PreK specific. Staff must document their on-going activities and progress toward their goals and qualifications in early childhood education, individualization, and family support.</td>
</tr>
<tr>
<td><strong>Maximum Class (Group) Size</strong></td>
<td>20 children</td>
</tr>
<tr>
<td><strong>Staff-Child Ratio</strong></td>
<td>1 teacher or EA to every 10 students</td>
</tr>
</tbody>
</table>
Required Screening/Referral and Support Services

Prior to the beginning of the program or within the first month of attendance each child must receive well child, vision, hearing, and dental screenings. Developmental screenings are conducted for each child within the first three months of attendance. Programs monitor for early detection of children at risk for developmental delay. Where possible, the primary language of the child will be used during screening. Parents will be included in the screening process and informed of the results. Appropriate referrals and services are made available to address all identified concerns. Each program must offer 90 hours of parent engagement and training activities per school year.

Additional Standards

See New Mexico PreK website: [www.newmexicoprek.org](http://www.newmexicoprek.org).

Source: New Mexico PreK 2012-13 Annual Report, New Mexico Children, Youth and Families Department and New Mexico Public Education

### Table x: Staff Qualifications and Professional Development Requirements: FOCUS and AIM High Quality Rating Improvement Systems

<table>
<thead>
<tr>
<th>Star Level</th>
<th>FOCUS</th>
<th>AIM High</th>
</tr>
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<tbody>
<tr>
<td>3</td>
<td><strong>Qualifications</strong>&lt;br&gt;Staff must have a high school diploma&lt;br&gt;10 percent of teaching staff must be working toward a CDC</td>
<td>All new staff must have a high school diploma</td>
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<tr>
<td></td>
<td><strong>Professional Development</strong>&lt;br&gt;Site Director/Education Coordinator/Owner:&lt;br&gt;-3 credit hours course in Child, Growth, Development &amp; Learning</td>
<td>At the time of annual visits, all classroom, administrative staff &amp; family caregivers</td>
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<td></td>
<td>Site Director and one teacher per classroom:&lt;br&gt;-Environmental Rating Scales (ERS)&lt;br&gt;-NM Observation/Assessment Curriculum Planning Process&lt;br&gt;(includes Early Learning Guidelines)</td>
<td>have completed the 6-hour Quality Early Childhood Programs for All course, or an equivalent approved by the Office of Child Development</td>
</tr>
<tr>
<td></td>
<td>ALL:&lt;br&gt;-6-hr Quality Early Childhood Programs for All course&lt;br&gt;-Annual review of staff professional development plans</td>
<td></td>
</tr>
<tr>
<td>Level</td>
<td>Qualifications</td>
<td>Professional Development</td>
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<tr>
<td>4</td>
<td>Level 3 plus</td>
<td>Site Director/Education Coordinator/Owner: Assessment of Children and Evaluation of Program’s Program Administrator Scale (PAS) Site director and one teacher per classroom: Classroom Assessment Scoring System (CLASS) Intermediate NM Observation/Assessment Curriculum Planning Process ALL: 6-hr Quality Early Childhood Programs for All part 2</td>
</tr>
<tr>
<td>5</td>
<td>Levels 3 and 4 plus</td>
<td>Site Director/Education Coordinator/Owner: Advanced NM Observation/Assessment Curriculum Planning Process</td>
</tr>
</tbody>
</table>

Source: FOCUS at a Glance and AIM High at a Glance. NewMexicoKids.org
https://www.newmexicokids.org/content/caregivers_and_educators/FOCUS/docs/FOCUS_Bullets_rev_7-10-12.pdf