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N.M. dramatically expands Child Care Assistance

Gov. announces massive change for working families, providers on one-year anniversary of launch of Early Childhood Education and Care Department

SANTA FE – Gov. Michelle Lujan Grisham on Thursday announced the state of New Mexico will dramatically expand its Child Care Assistance Program, doubling eligibility for families from 200 percent of the federal poverty level to as much as 400 percent, a move targeted at supporting tens of thousands more families in need all across the state -- as well as helping more working families stabilize their financial situations, and potentially be able to return to work, as the COVID-19 pandemic winds down.

The state also announced that New Mexico has used a cutting-edge cost estimation model to set new child care subsidy rates paid to providers – the first state in the nation to do so. The new rates, effective immediately, will increase subsidy payments to providers in all settings. These across-the-board increases will allow child care businesses to better support the true costs of providing high-quality education and care to New Mexico’s children. This move will help child care providers improve quality and expand offerings and, as a result, enhance choices for parents and families seeking a full range of high-quality child care services.

The governor made the announcement at the offices of the Early Childhood Education and Care Department on the one-year anniversary of the launch of the new state agency focused on improving and expanding a cohesive, equitable and effective early childhood system in New Mexico.

The one-year celebration -- which coincided with the state’s July 1 “Opening Day,” the retirement of COVID-19 color-coded county-level occupancy restrictions -- was attended by New Mexico families, business leaders, tribal leaders, early childhood providers, community leaders and advocates as well as representatives of higher education institutions. Lt. Gov. Howie Morales, as well as Sen. Michael Padilla, the lead sponsor of the 2019 legislation that created the Early Childhood Education and Care Department, attended the celebration, as well.

Using emergency funds available through the American Rescue Plan, beginning Aug. 1, New Mexico will raise Child Care Assistance income eligibility for families from 200 percent of federal poverty level to 350 percent of poverty level -- with a phase out at 400 percent of the poverty level, meaning a modest increase in income won’t mean losing access to the assistance.

In short, the expanded eligibility -- aimed at reducing or eliminating out-of-pocket child care costs for a huge swath of the New Mexican middle class -- means that middle class New Mexico families whose income was slightly too high to qualify for child care assistance but still too low to comfortably afford the cost of care will now get some much-needed relief.

“This is the single largest eligibility expansion in the history of our child care assistance program,” said Gov. Lujan Grisham. “And this change establishes virtually universal free or reduced-cost child care in New Mexico for at least the next two years as our economy recovers and New Mexicans get back to work. Using federal emergency funds to close the affordability gap for both parents and providers will be a game changer for early childhood education, working families and the broader New Mexico economy. This is one of the most significant policy changes we can make to help New Mexico working families -- and we’ll keep looking at ways to push the envelope even farther.”

The increase in child care assistance rates will help providers in New Mexico to improve and expand their businesses to meet the needs of families in their neighborhoods and communities. Making quality care affordable through increased subsidies to providers will mean that they will better be able to staff their classrooms with credentialed and well-compensated early childhood professionals. The change will help them support programs that honor and incorporate students’ diverse cultural and linguistic backgrounds and create

learning environments that promote the physical, social, emotional, linguistic and intellectual growth of young children during their most important developmental years.

For parents and caregivers of young children, these rate increases will mean more choices and improved access to high-quality, affordable child care as providers are incentivized to expand capacity and open new businesses. It portends fewer child care deserts and greater equity as child care businesses open to serve lower income areas with the widest market gap for care. Perhaps most importantly, the change will help working families not feel the squeeze from out-of-pocket costs for quality child care. Parents who have been sidelined by the pandemic will have improved access to the support they need to get back to work.

And for the business community, the rate increase will mean that the costs of child care are less likely to price parents out of the workforce; consumers will have more discretionary income as child care costs go down; widespread availability of quality early childhood education will make New Mexico more attractive for companies looking to expand or relocate; and our state's talent pool will continue to improve as our early childhood education system serves as a launching pad for a new generation of New Mexicans.

“Today, we are closing gaps, reforming broken systems and finding a balance that has eluded our early childhood education system for so long,” said Early Childhood Secretary Elizabeth Groginsky. “We still have much work to do, but right-sizing our child care assistance program for parents and providers is an important landmark on our journey towards creating a true cradle-to-career education system that helps all New Mexicans thrive.”

The Child Care Assistance subsidy amount varies depending upon the age of the child, the type of child care, the location of the program, and the rating of the child care program (as determined by FOCUS, the state's tiered quality rating and improvement system). Regional offices are located throughout the state and are staffed by Eligibility Interviewers who work with families to determine the amount of subsidy they qualify for. To review child care assistance regulations, New Mexicans can visit www.nmececd.org and follow the links on the homepage.

ECECD coordinates a continuum of programs from prenatal to five and ensures that families in every corner of the state can access the services they need. The agency also oversees child care programs, as well as food and nutrition programs, that serve older children and families.

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