

2026 Legislative and Budget Priorities

Universal Child Care at a Glance for New Mexico Legislators

New Mexico is the first state in the nation to offer **Universal Child Care (UCC)**, providing no-cost child care assistance to families who work or attend school, regardless of income. By removing income limits and co-payments, Universal Child Care ensures families can access care without financial barriers, saving an average of **\$14,000 per child per year** in out-of-pocket costs.

This historic investment strengthens family stability, supports workforce participation, expands the economy, and positions New Mexico as a national leader in building a sustainable, high-quality early childhood system. **By approving ECECD's FY27 budget request of \$160.6 million for UCC, lawmakers have the opportunity to make generational change in the lives of New Mexico families** and our state's economy through one of the most cost effective labor market policies ever evaluated in the United States.

Impact on New Mexico Families

Significant Cost Relief

Prior to UCC, infant care in New Mexico averaged more than \$14,000 per year.¹ This expense consumed about 21 percent of a median family's income in New Mexico (far above the federal 7 percent affordability benchmark), meaning only ~11 percent of families could afford infant care without assistance. UCC relieves this burden entirely, freeing up thousands of dollars per year for families to spend on other needs or savings.

Universal Access, No Copays

Families who work or attend school may receive child care assistance regardless of income, with no co-payments or taxes. Since November 2025, 9,390 new families have applied and been found eligible; about almost half (44 percent) had incomes below the previous eligibility cap (400% FPL), showing that low-income families continue to enroll alongside higher-income families. Eighty-five percent of new families are low or moderate income, including first responders and frontline workers, families with limited disposable income due to debt or high living costs, and two-parent households that rely on child care to remain employed.



What the \$160.6M FY27 Investment Delivers:

- No copays • Universal eligibility • Provider stability

56,800

• Infants • Toddlers • Preschool • School-age

Children Served Statewide

Projected Increase in Children Served

by June 2027 Compared to Pre-UCC FY25 Baseline

+24K

\$606M

State + federal funds combined

Total Child Care Spending



9,390

New families accessing free child care since November 1



12,008

New children accessing free child care since November 1

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Improved Access for Infants and Toddlers

Since UCC launched, infants and toddlers represent 36 percent of new enrollments, up from 29 percent prior to universal eligibility.⁴ New Mexico has targeted funding to increase infant-toddler slots, and the early results show improved access for this critical age group.

Flexible and Equitable Policies

Grandparents raising grandchildren and families experiencing homelessness, are no longer required to meet work or school requirements. By removing these barriers, New Mexico's approach ensures that the families who need care the most are able to access it.

Child Care Impacts
New Mexico's Economy

\$568M

in negative economic impact due to lost productivity, wages, and revenue as a result of lacking affordable care options.

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Workforce Growth and Economic Development

Parents Back in the Workforce

Affordable, reliable child care enables more parents, especially mothers, to join or return to work, strengthening New Mexico's labor force. Access to reliable, no cost child care allows parents to work more consistently and pursue education or training. Research from the First Five Years Fund shows that gaps in affordable child care reduce workforce participation and economic productivity, reinforcing why expanded access is a workforce and economic strategy. A 2025 Yale study found that universal early childhood programs raise parents' earnings by 22 percent, increase hours worked by 13 per week, and reduce the likelihood of career gaps by 34 percent. By helping parents remain employed and advance in their careers, UCC strengthens New Mexico's talent pool and economic output.

Job Creation and Sector Growth

New Mexico's licensed child care capacity has grown by nearly 20 percent since 2019, and the child care workforce increased by 64 percent between 2019 and 2024, even as the national child care workforce declined.

Local Economic Impact

When families no longer pay for child care, more household income flows back into local economies. Research shows early childhood investments generate \$7 to \$10 in economic return for every \$1 invested through higher earnings, increased productivity, and reduced long-term social costs. Savings from child care expenses can be redirected to groceries, housing, and other local goods and services, strengthening New Mexico's communities. Universal Child Care is not only a family support, it is a proven economic development strategy.

Business Competitiveness

Access to reliable child care influences where workers choose to live and where employers decide to invest. Universal Child Care gives New Mexico a competitive advantage in attracting and retaining a skilled workforce by reducing employee absences and turnover linked to child care challenges. Research shows that employer-supported child care can reduce absences by 20 to 30 percent and turnover by up to 37 to 60 percent, with potential gains of up to \$900 million annually from lower turnover. Through Universal Child Care, New Mexico signals to businesses and entrepreneurs that the state prioritizes economic growth and a productive workforce.

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Impact on Providers and Quality

Higher Rates and Better Pay

Reimbursement rates have nearly doubled since FY18, with significant increases tied to universal implementation. These investments support competitive wages, professional advancement, and workforce stability.



Stable Provider Revenue

Providers are paid directly by the state, ensuring predictable income. The elimination of gross receipts tax on child care assistance payments allows providers to reinvest fully in staff and program quality.

Improving Quality of Care

Universal child care in New Mexico prioritizes quality alongside access. Higher reimbursement rates incentivize providers to achieve higher STAR quality ratings, while the state continues to invest in scholarships, training, and professional advancement for the early childhood workforce. As a result, the share of children receiving child care assistance in high-quality five-star programs has steadily increased, reaching about 64 percent in fall FY25, up from 58 percent in FY24 and 53 percent in FY23. These investments ensure more children benefit from enriching, developmentally appropriate early learning environments that support long-term success.

Conclusion: A High-Return Investment in New Mexico's Future

New Mexico's Universal Child Care program is delivering tangible benefits for families, employers, and providers, while laying a foundation for long-term economic growth. It is easing financial strain on parents, enabling a stronger workforce, and building a more robust early childhood sector. Continued legislative support is vital to sustain and grow these gains. ECECD's FY27 budget request of \$160.6 million for universal child care will ensure that these impacts – increased labor force participation, economic stimulation, improved provider capacity, and higher-quality care for kids – are maintained and expanded in the years to come. By investing in our youngest children and those who care for them, New Mexico is securing a high return on investment in human capital and setting an example for the nation. Lawmakers now have the opportunity to solidify New Mexico's leadership in early childhood education and make a generational difference for families across the state.

¹ Economic Policy Institute, Child care is unaffordable for working families across the country — including in New Mexico <https://www.epi.org/publication/child-care-is-unaffordable-for-working-families/>

² Universal Child Care Brief, p.5

³ First Five Years Fund, How a Lack of Affordable Child Care Impacts the Economy (March 2025): <https://www.ffyf.org/resources/2025/03/how-a-lack-of-affordable-child-care-impacts-the-economy/>

⁴ Universal Child Care Brief, pp. 1, 6

⁵ [Heckman et al.; Yale University; UC Berkeley Labor Center]

⁶ [Opportunity Institute; UC Berkeley Labor Center; NYC Comptroller]