

Child Care Provider Webinar Overview of the Child Care Assistance Program Act (Senate Bill 241)

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Cabinet Secretary



NEW MEXICO

Early Childhood

Education & Care Department

Language Instructions

Inglés > Español

Instrucciones de Interpretación

Step 1: Language Instructions

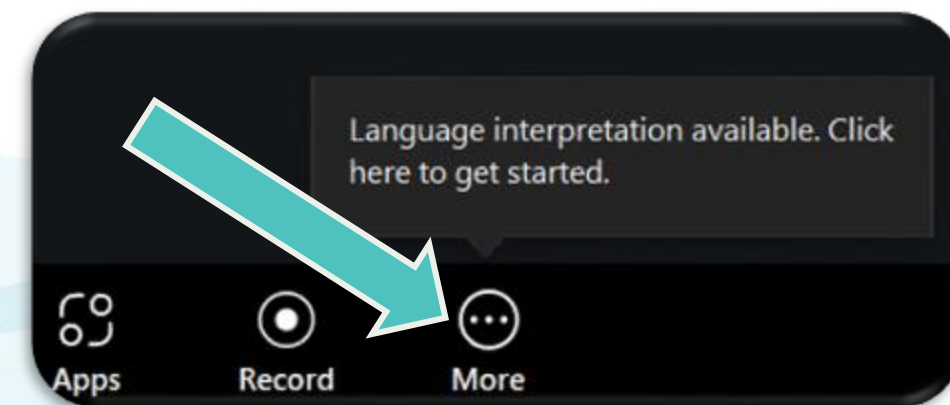
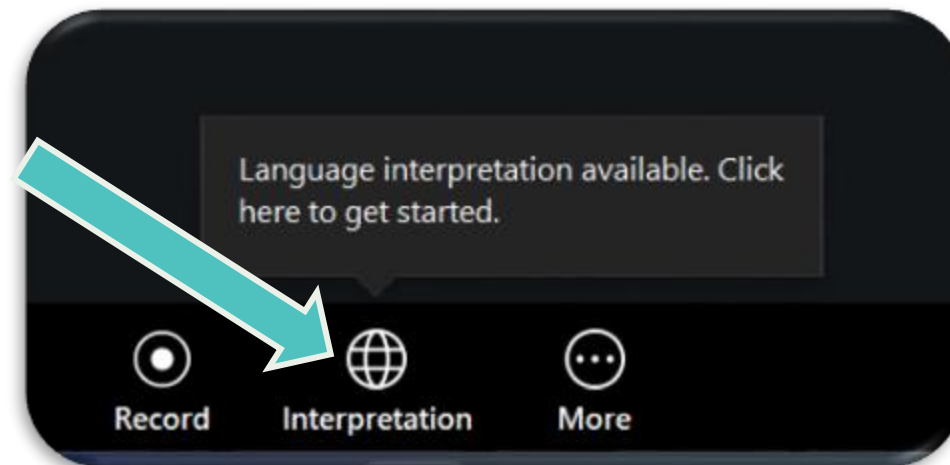
Paso 1: Instrucciones de Interpretación

Locate the Interpretation Symbol

1. Look for the **Interpretation** (globe) icon in the bottom toolbar.
2. If you don't see it, tap **More** (...).
3. On mobile, **swipe left** on the bottom toolbar to find **Interpretation**.

Localize el símbolo de interpretación

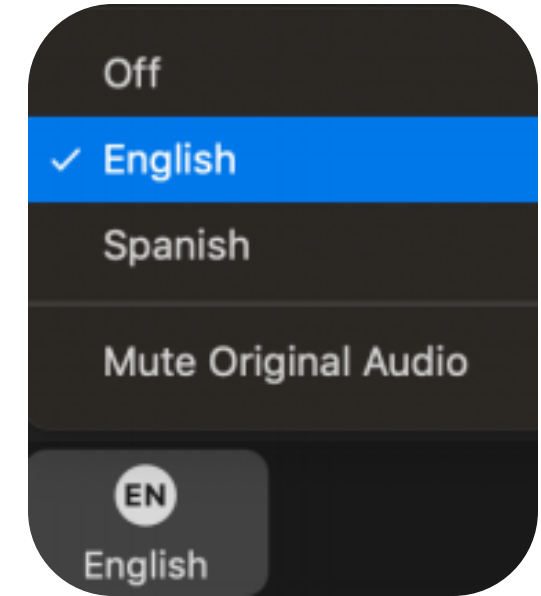
1. Busque el ícono de **Interpretación** (globo) en la barra inferior.
2. Si no lo ve, toque **Más** (...) y seleccione "Interpretation"
3. En celular, **deslice hacia la izquierda** en la barra inferior para encontrar **Interpretación**.



Steps 2 and 3: Choose From the Menu

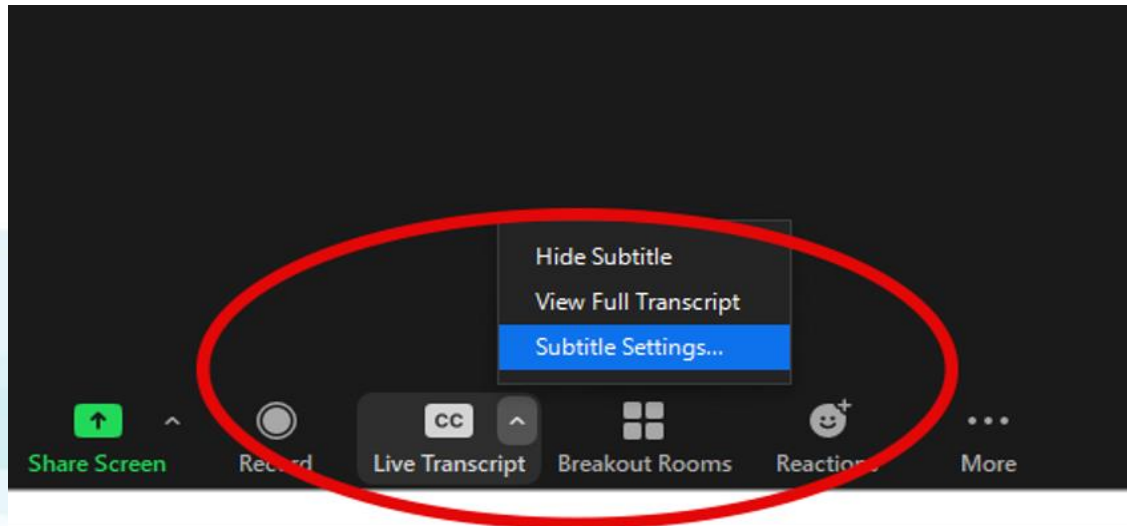
Pasos 2 y 3: Elija del menú

- You'll then see a menu; click "Spanish" OR "English"
 - **Vas a ver el menú; clic "Spanish"**
- If you would prefer to hear ONLY Spanish, also click "Mute Original Audio." Otherwise you will hear the Spanish loud and clear and the English quietly.
 - **Si usted prefiere escuchar SOLO Español, también clic "Mute Original Audio" De lo contrario, oirás el español alto y claro y el inglés en voz baja.**
- You will now hear the Spanish interpretation.
 - **Usted escuchara ahora la interpretación en Español.**
- If you choose "English" you will automatically hear only English.
 - **Si eliges "English", automáticamente escucharás sólo inglés.**



Enable Closed Captions

- See the Show Captions or CC button in the toolbar.
- Click it and choose Show Captions to turn them on (or Hide Captions to turn off).
- You can click the small arrow next to CC/Captions to adjust caption size.



Agenda

- I. Introduction
- II. Program Safeguards and Sustainability
- III. Rulemaking
- IV. New Reporting Requirements
- V. Internal Control Requirements
- VI. Frequently Asked Question: Full-time contracts
- VII. Question and Answer



Child Care Assistance Program Act (SB241)

- During the 2026 legislative session, the New Mexico Legislature approved, and Governor Lujan Grisham signed, Senate Bill 241, the Child Care Assistance Program Act.
 - A historic accomplishment that not only codified the Child Care Assistance program—preserving the integrity and quality of the program across administrations—but also codified universal child care for families working or in school regardless of income.
 - Brings sustained investments in universal child care, stronger transparency and accountability measures, and protections for the child care workforce that make New Mexico a national example for what is possible in early childhood.

Program Safeguards and Sustainability (1 of 2)

The Legislature included economic triggers and safeguards in SB241 to make sure the Child Care Assistance program remains sustainable. These include:

- **Guardrails for Trust Fund Spending**
 - Allows the Legislature to appropriate up to \$700 million from the Early Childhood Trust Fund over the next five years (FY26—FY31), as long as the appropriation does not lower the total balance of the fund below \$10 billion.

Program Safeguards and Sustainability (2 of 2)

■ Economic Triggers

- If certain economic conditions occur, SB241 requires ECECD to implement copayments for higher income families and/or waitlists to preserve the program.
- Economic triggers include more children enrolling in the program than expected (3% over Aug. 1 projections), stagnation in state general fund revenue, changes in the Consumer Price Index, or falling oil prices.

■ Prioritization

- If waitlists are triggered, ECECD will prioritize infants and toddlers in households below 400% FPL, children at-risk, and children with developmental delays or disabilities.

Copayments

- Copayments are currently waived for all families.
- If copayments are triggered by economic conditions, SB241 requires:
 - Families receive a 90-day notice before implementation.
 - No copayments for families with annual household incomes at or below 600% of the federal poverty line.
 - Sliding scale copayment schedule for families above 600% of the federal poverty line.

Payment Rates

- \$700 million from the Early Childhood Trust Fund per year over the next five years provides dependable fiscal backing for payment rates, allowing providers to plan and expand with confidence.
- Reimbursement rates must be informed through a cost estimation model, anchoring funding decisions in evidence-based rates that reflect the true cost of delivering quality care, including adequate wages for child care staff.
- The law requires payment rates be developed with input from a diverse group of early childhood partners, including providers, teachers, families, professional organizations, Tribal representatives, and advocates.

Salary and Wages in Payment Rates

- SB241 requires ECECD to determine the portion of the Child Care Assistance reimbursement rate that must be used for salaries and benefits and towards the Wage Scale and Career Ladder.
- Requirements will be set during the rulemaking process.
- ECECD must submit a report to the Legislature within two weeks of the determination.

New Reporting Requirements for Providers

- SB241 requires new reporting for providers who accept Child Care Assistance. These include details on each program's workforce, operations, and businesses.
- ECECD will provide specific guidance on how to report information to meet these new requirements. ECECD will let providers know what to report, how to report it, and what happens if you miss the deadline.
- Reporting requirements and consequences for failing to do so will be set in the rulemaking process.
- ECECD plans to collect new reporting through PDIS, Wonderschool, and EPICS. Workforce data requirements will be collected through PDIS. Business information data requirements will be collected through Wonderschool.

New Reporting - Operations and Workforce Information

- Providers must report to ECECD:
 - Program participation
 - Daily hours of operations
 - Days of care provided annually
 - Professional qualifications of staff members, including roles and levels as established in the Wage Scale and Career Lattice
 - Salaries and benefits for each employee and employee benefit structure

New Reporting - Facility Business Information

- Providers must submit by July 1 each year an annual report containing:
 - Legal name and address of business.
 - Legal name and address of any management company, owner or entity with a direct or indirect ownership interest.
 - Name and address of any members of board of directors, if applicable.
 - Legal structure of the business, including form of organization.
 - Legal structure of any owner or ownership entity.
 - Each investment in the business by any person or entity comprising a ten percent equity stake or greater.
 - Each debt or lien against the business comprising at least ten percent of the annual revenue of the business.
 - Documentation of any changes in ownership in the last five years.
 - All details of any out-of-state sources of funding or investment.

New Reporting Requirements for ECECD

- New statutory reporting requirements for ECECD, including an annual report on the implementation of the Child Care Assistance Program Act submitted to the Legislative Health and Human Services Committee (LHHS) and Legislative Finance Committee (LFC) by September 1 of each year.
 - Program costs.
 - Updates to the cost estimation model and payment rates.
 - Program participation by facility type.
 - Children and families served.
 - Distribution of child care assistance based on eligibility category, income and race or ethnicity by tiered quality rating system through the state.
 - Participation in the Child and Adult Care Food Program by facility type.
 - Child care facility business information.

Internal Control Requirements (1 of 3)

- SB241 requires new monitoring and control responsibilities for ECECD and providers to strengthen the accountability, oversight, and sustainability of the Child Care Assistance program. These include:
 - **Fiscal Control Monitoring:**
 - ECECD will report actual and projected enrollment to the LFC by August 1 of each year. If actual enrollment exceeds projected enrollment by 3%, this would trigger copayments or a waitlist.
 - If waitlists are triggered by enrollment projections or economic conditions, ECECD will report to the LHHS and LFC biannually on waitlist implementation, including how many children were added to and moved off the waitlist.

Internal Control Requirements (2 of 3)

- **Supplanting and Double Billing:**

- Providers shall not supplant other funding appropriated to them for specific purposes with Child Care Assistance program funds. Funding to providers through the State Equalization Guarantee distribution or other instructional or general funding needs to be used and cannot be replaced with Child Care Assistance funding.
- Providers may not accept Child Care Assistance payments during the same hours a child is enrolled in Head Start or NM PreK. If a child needs additional care outside of these program hours, they are only eligible for Child Care Assistance during the hours of the day they are not funded by NM PreK or Head Start.

Internal Control Requirements (3 of 3)

- **Slot Limits for School-Age Children:**

- ECECD will not enroll more than 13,000 school-aged children who are not federally eligible in child care assistance (greater than 85% State Median Income). If this cap is met, ECECD will maintain a waitlist only for school-aged children who are not federally eligible.

- **Maximizing federal and state tax credits:**

- ECECD will ensure eligible federal and state child care tax credits are maximized, and will ensure that federal child care assistance funds are spent before state funds.

Hours of Care Requirement for Higher Income Families

- SB241 requires that families who are above 600% of the federal poverty line only receive child care assistance for the hours of care that are supported by their qualifying activity schedule.
- This is a safeguard that makes sure assistance paid for higher-income families is matched to the hours these parents need care because they are working, in school, or engaged in another qualifying activity.
- Families at or below 600% of the federal poverty line do not need to match their qualifying activity schedule to their hours of care. This provides extra flexibility for these parents to choose the amount of care that works for them.

Rulemaking

- ECECD is making changes to the rules governing the Child Care Assistance program (8.9.3 NMAC) to implement new statutory requirements in SB241.
- Expected revisions to the rule will align 8.9.3 NMAC with the requirements and language used in SB241, including updates to activity requirements; new copayment, waitlist, and prioritization rules; program integrity and accountability requirements; and new reporting requirements.
- **Proposed Rulemaking Timeline:**
 - Public Notice of Rulemaking June 9, 2026
 - Public Comment Period June 9 – July 9, 2026
 - Public Rule Hearing July 9, 2026
 - Final Rule July 28, 2026

Frequently Asked Questions (FAQ)

Full-Time Contracts Under Universal Child Care

How do full-time contracts work under Universal Child Care and SB241?

- All families must verify a Qualifying Activity (work, school, job search, etc.) to receive Child Care Assistance.
- Qualifying Activity determines eligibility, not the number of hours in the qualifying activity.
- Once eligibility is established, families receive a contract based on their conversation with the Child Care Assistance Specialist.
- SB241 requires hours of care to align with the qualifying activity schedule only for families over 600% of the federal poverty level.
- Full-time contracts cover a minimum of 29 hours per week.

FAQ: Full-Time Contract Requirements

- Maximum daily hours must align with hours of operation.
 - Providers receiving Enhanced Rates must offer 10 hours or more per day.
- Require communication for early drop-off or late pick-up.
- Occasional early/late care is typical.
- Ratios and group sizes must be maintained during hours of operation.
- Consistent open-to-close attendance is allowed but providers may discuss with families:
 - Child fatigue and behavior
 - Provider staffing limitations
 - Program policies must be:
 - Written
 - Applied consistently
 - Shared with families at enrollment with a signed acknowledgment

Providers must abide by all regulations outlined in NMAC 8.9.3, and NMAC 8.9.4 or NMAC 8.9.5

FAQ: Full-time Contracts Under Universal Child Care, cont.

What can I do if attendance exceeds what is typical?

■ Providers may:

- Talk with families about their routines, commute times, or child needs.
- Document patterns for internal planning.
- Discuss how long days impact children's well-being and staff capacity.
- Deny care hours outside of licensed operating hours.

■ Providers may not:

- Request employer documentation.
- Attempt to verify the Qualifying Activity.
- Pressure families to use less hours of care if the family expresses a need for such care.
- Ask Child Care Assistance Specialists to change the contract type, unless parent is not using hours allotted.

Ways to Strengthen Provider–Family Partnerships

- Approach conversations with empathy and clarity while avoiding judgment.
- Reinforce shared goals: safety, stability, and healthy routines.
- Use daily attendance discussions as opportunities to support families.
- Encourage families to communicate changes in routines or needs.
- Late pick-up fees beyond operating hours are permitted.
- Ensure the focus remains on children’s safety, healthy development, and positive environments.

Question and Answer

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