The New Mexico Early Childhood Education and Care Department Five-Year Finance Plan 2026-2030

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Dear Governor Michelle Lujan Grisham and New Mexico Legislators,

Thank you for your steadfast leadership, commitment, and dedication to improving the lives of New Mexico's families and young children. Through the past four years this has been demonstrated by your critical investments in the state's prenatal to age five early childhood system, the creation of the New Mexico Early Childhood Education and Care Department (ECECD), your visionary decision to establish the Early Childhood Trust Fund, and the passage of House Joint Resolution 1 in 2021, which was overwhelming affirmed by 70 percent of the electorate in New Mexico, allowing the Land Grant Permanent fund to be used for early childhood education. All these investments are paving the way to ensuring New Mexico families, children, and communities will have the programs and services they need to thrive.

As cabinet secretary of ECECD, it is my pleasure and honor to present to you our second Five-Year Finance Plan. This plan spans from 2026 to 2030 and includes service projections to reach universal access across the programs of ECECD, demographic information on at-risk children, data on the efficacy of early childhood education and care programs, and recommendations for financing the prenatal to age five early childhood system. This plan builds upon the foundation established with the Four-Year Finance Plan published in November 2021, which has served as a guidepost for ECECD's growth and investments.

This Five-Year Plan is a present, living document that acknowledges our past, sheds light upon our current experience, and, above all, embraces our envisioned future in which all New Mexican families and young children are thriving. ECECD is committed to furthering this plan and holding ourselves accountable to ensure that our strategies and actions yield the results we intend - a cohesive, equitable and effective prenatal to age five early childhood system that supports families, cares for and educates our youngest residents, and builds strong communities.

Sincerely,

Elizabeth Groginsky
Cabinet Secretary

ACKNOWLEDGMENTS

The New Mexico Early Childhood Education and Care Department acknowledges the work of the professionals across the state who provide services in the prenatal to age five system, working diligently to meet the needs of children and families. This finance plan benefited from the dedicated work of many of these professionals, who participated in meetings, provided data, and shared their experiences, in support of the development of the cost modeling tools that drive the calculations within the plan.

The finance plan also benefited greatly from input from ECECD leadership and staff, including Secretary Groginsky, Deputy Secretary Chavez, Deputy Secretary Quinones-Miranda, Deputy Division Directors, and Bureau Chiefs, as well as the team at Prenatal to Five Fiscal Strategies, including Jeanna Capito, Jessica Rodriguez Duggan and Simon Workman, who developed the cost models and authored this document.

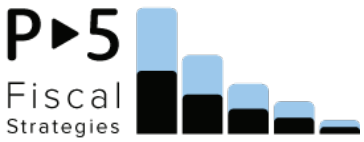


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Section I. New Mexico's Prenatal To Age Five System

Vision and System Approach

Through an ongoing commitment to a comprehensive approach to building an early childhood system that meets the needs of children and families in the prenatal to age five (P-5) period, New Mexico has worked diligently to address the patchwork of funding and complex administration approaches. New Mexico's efforts to date have made a significant impact on the wellbeing of children and families, placing it as the only state in the country who can claim universal child care, along with a truly comprehensive approach to programs and services that includes understanding cost, projecting growth and identifying the level of investment needed for multiple years, while implementing policy and system changes.

Prenatal to age five programs and services vary in their standards, implementation and reporting requirements and contract approach, based on the funding and entity, and these issues begin at the federal level. The issues include undervaluing services, funding mechanisms that may be burdensome to programs, and a lack of knowledge of the true cost of services or the true cost of the whole system. New Mexico used a system approach to address these realities and continues to make tremendous strides in increasing access and improving the quality of prenatal to five services.

This five year finance plan is informed by data on service need and growth projections. The plan uses the true cost of services to address family, community and workforce needs, and presents an analysis of projected expenses and needed investments.

Since the inception of the Early Childhood Education and Care Department (ECECD) and the release of the department's first finance plan in November 2021, New Mexico policymakers, advocates, and providers have been thinking strategically about the best way to fund the prenatal to age five system, how partners at all different levels collaborate, and what role communities, sovereign nations, the federal government, business, and philanthropy play. New Mexico's fiscal vision for the prenatal to age five system is in service of the statewide vision for young children:

> *A family-centered, high-quality prenatal to age five system that meets the unique and diverse needs of every child and family and is supported by sufficient and stable funding streams that provide maximum flexibility for families, efficient administration and infrastructure, and minimum burden for program providers.*

Operationalizing this fiscal vision is supported by a set of guiding principles which focus on a system that:

- works for all children and ensures that programming reaches and positively impacts those children farthest from opportunity.
- is fair to providers and supports their developing capacity for quality implementation.
- compensates the workforce at a level that allows for financial stability and acknowledges their significant impact on child development.
- uses public resources wisely and efficiently.
- acknowledges embedded societal inequities and implements changes to remediate inequity.
- supports the entirety of a child's experiences before entering kindergarten, including prenatal supports for expectant mothers.

Components of a Prenatal to Age Five System

The prenatal to age five system brings together family support, education, maternal health, and child health sectors to coordinate funding efforts and goals needed to create an equitable and accessible system for families. New Mexico is ensuring that the transformation of the entire early childhood system involves ongoing change at the state level to support local early childhood system development, including strengthening local governance structures and enhancing revenue sources and fiscal strategies. System components have been deeply embedded in ECECD's work over the past five years, and the multi-year finance plan has been used to ensure the necessary investments to support this system infrastructure are accounted for. The system components are:

- Shared Leadership (Governance) and Administration
- Financing Strategies and Funding Mechanisms
- Assessment and Planning
- Quality Improvement, Implementation and Evaluation
- Professional Development, Training and Technical Assistance
- Monitoring and Accountability

ECECD's system work has focused on three core activities across these system components: increase investments, better align current investments, and develop funding and governance structures that maximize efficiency and minimize burden. Families of young children benefit most when investments are made in a systemic manner to truly meet the unique needs of their community, with intentional and meaningful funding practices across state and community levels.

The System Approach in Action

Through targeted investments in the prenatal to age five period, New Mexico has been meeting the needs of the state's youngest children and their families. This work has included system building efforts around governance, improvements to financing and funding administration, increased access to and quality of programs, enhanced monitoring and accountability, and a focus on local system building and engagement with the 23 Nations, Pueblos, and Tribes (NPTs).

Some of the key areas of impact in the past five years, informed by the first multi-year finance plan and the systemic approach to change, include:

Child Care

- Increased access for child care assistance, culminating in the roll out of universal child care in November 2025.
- Developed a cost estimation model to inform child care assistance rate setting, ensuring rates are based on the cost of care, not limited by what parents can afford.
- Included a salary for home educators in the family child care cost model.
- Increased child care assistance reimbursement rates for family child care providers to address the inequities in funding between centers and family child care homes.
- Increased infant and toddler rates 109% since 2018, to cover 73-80% of the cost of care
- Incorportated increased compensation, wages and benefits, into child care assistance rate setting, moving from a minimum salary floor of $12.10 per hour in 2021 to the use of an $18 per hour wage floor in 2025.

NM PreK

- Increased the number of NM PreK slots from 13,000 to over 20,000 funded in FY26, reaching 64% of 3-year-olds and 84% of 4-year-olds in the state, which includes Head Start, Title I, and Tribal programs.
- Increased per student rates for NM PreK to cover cost of quality services and salary points in line with public school wages.
- Increased the service hours for PreK, to ensure more program offerings in step with K-12 education hours of operation and offered an extended hour option to better meet child and family needs.
- Developed two funding models for partnering with Head Start through dual and blended enrollment.

Family Infant Toddler (Early Intervention)

- Developed a direct service cost model to inform FIT fee for service rates.
- Developed and implemented a rate setting tool, with rate increase options for each different service type in the FIT system.
- Incorporated professional development supports and travel to support delivery of responsive early intervention services to children and families.

Home Visiting

- Developed a home visiting cost model to inform contract rates by each home visiting model.
- Updated contract rates to align with variations in service intensity.
- Increased home visiting rates, over double the rates paid in 2021.
- Supported education on different home visiting during Medicaid rate setting and used cost of services to inform Medicaid rate setting process.

- Incentivized programs to leverage different funding streams and increased program capacity to use a layered funding approach to expand service delivery.

In the area of quality system and infrastructure, ECECD has key strategies related to the workforce that cut across all program areas. A Professional Development Information System (PDIS) was rolled out in 2025 to bring all information on qualifications, training, and experience of the workforce into one data system and allow for easier mobility of the workforce across programs. ECECD will use the data collected in the PDIS to understand the needs of the early childhood workforce and develop strategies to address identified gaps.

Addressing improved compensation for early childhood has been a key focus of ECECD investments in the past five years. The department's work in this area has been comprehensive in nature, including not just salary, but also paid time off, and other discretionary benefits in all the direct service cost models. All the cost estimation models include an $18 an hour minimum for the entry level position in the salary scale. The floor of the salary scale increases to address increases in wages expected in future years. This consistent approach across programs is designed to support a prenatal to age five workforce for the state and eliminate unproductive competition for staff across the services, due to variances in salary scales. Each salary scale includes the appropriate positions for the service, and the salaries increase from the $18 an hour floor based on position, to address the compensation issues facing the field. Investments in workforce compensation have also included pay parity funds, directed at positions, such as PreK and Head Start teachers, and infant and toddler child care staff. New Mexico has laid the groundwork for sustained and future investments in professional compensation by using cost modeling for rate setting and understanding the compensation needs of the workforce.



A key strategy to improve continued professional growth, competencies, and compensation is the Wage Scale and Career Lattice Framework; this Framework, developed by ECECD and a cross-sector Task Force, encompasses all the program staffing of the prenatal to age five system, and represents a comprehensive system approach to improving the compensation of early childhood professionals. The Framework leverages the current salary scales in place across all the program areas, as the cornerstone of the lattice and aligned current salary scales. The goal of the wage and career lattice is to support professional growth within the field with equitable, living wage compensation as the base while incentivizing credentials and recognizing experience. Investments to support professionals in pursuing higher levels within the Framework are included in this plan.

ECECD continues to implement and refine fiscal strategies to address a comprehensive system approach to services for the prenatal to five population. ECECD has evaluated fiscal policies and instituted changes to ensure that policies promote access to the intensity and quality of services as needed by children and families. Across all areas of programming, ECECD has increased the rates paid to providers delivering the services. These increases reflect the analysis of the true cost of delivering services, rather than rates based on what parents can afford, which replicates inequities of the private market, or what a grant is able to pay. The cost analysis incorporates the revenues needed to meet required standards, regulations, and laws, and the specific costs to serve diverse populations, for example, the cost of hiring bilingual educators, or hiring additional aides. By analyzing the actual cost of services and using this data to inform payment amounts, ECECD is ensuring funding levels are sufficient to cover the costs providers incur in meeting the needs of all New Mexican children and families.

The cost based approach to budgeting for service delivery is embedded in ECECD operations and as such is used in the cost estimates for each service area in this Plan. Additionally, data on need has continued to be the key driver for increasing not just the rates paid for services but the amount of service capacity made available across the state.

In addition to increasing amounts paid for services, ECECD has revised its payment approach, to better meet programs' needs



and promote greater access to services. In 2025, ECECD issued a Request for Proposal for contracted slots to serve infants and toddlers in the areas of the state with the greatest need. These contracts will promote stability for the program and for families, as they are not tied only to individual family eligibility and enrollment; contracted slots are purchased at the program level to ensure access to the child care or PreK services.

Across the department's four core service areas, the state has focused on building a universal system, where the diverse needs of children and families are met through the provision of services that are available when and where families need them. Increases in funding and expanded eligibility mean that New Mexico children and their families now have access to:

- light-touch **home visiting** services, supporting pregnant mothers and newborns,
- no-cost **child care** through the universal child care program,
- access to **high-quality PreK** through NM PreK,
- birth to three **early intervention** services matched to the developmental needs of children.

Across all of these areas, services are culturally and linguistically responsive and support children with special needs. New Mexico's prenatal to age five system provides the programming that families and children need, funded at a level that supports the early childhood workforce, and is underwritten by a robust system infrastructure.



The Impact of the Systemic Approach in New Mexico

The projections detailed in this finance plan work to achieve universal access to all services by FY30, increasing eligibility for services as well as the capacity, quality and intensity of services provided.

As part of this comprehensive system, ECECD and its partners have worked to define the concepts of universal access across the different services. There is not a single measure for universal access, across services as varying as child care, home visiting and early intervention.

Additionally there is not a standard measure for universal that applies across states, the measure is dependent on the state context. With the deep investment in PreK in New Mexico, the measure for universal access to child care focuses on access for infants and toddlers (birth to age three). Preschool age children (three to five years of age) continue to be served by child care to meet their early care and education needs that may go beyond NM PreK and the approach of NM PreK and child care together becomes the driver for understanding and measuring universal access for preschool age children. For home visiting services, different types of home visiting are included in the system, in order to make a universal approach. A universal access home visiting model, Family Connects, is designed to reach all births in the state, once at full implementation. This universal touch is complemented by targeted intensive home visiting matched with family strengths and needs. These nuances of universal access are key elements of projecting the cost of financing the prenatal to age five system.

Figure 1 illustrates the estimate of children served by program area across the five years covered by this finance plan.



Figure 1: Growth toward Universal Access: Projected funded capacity, by service area, by fiscal year

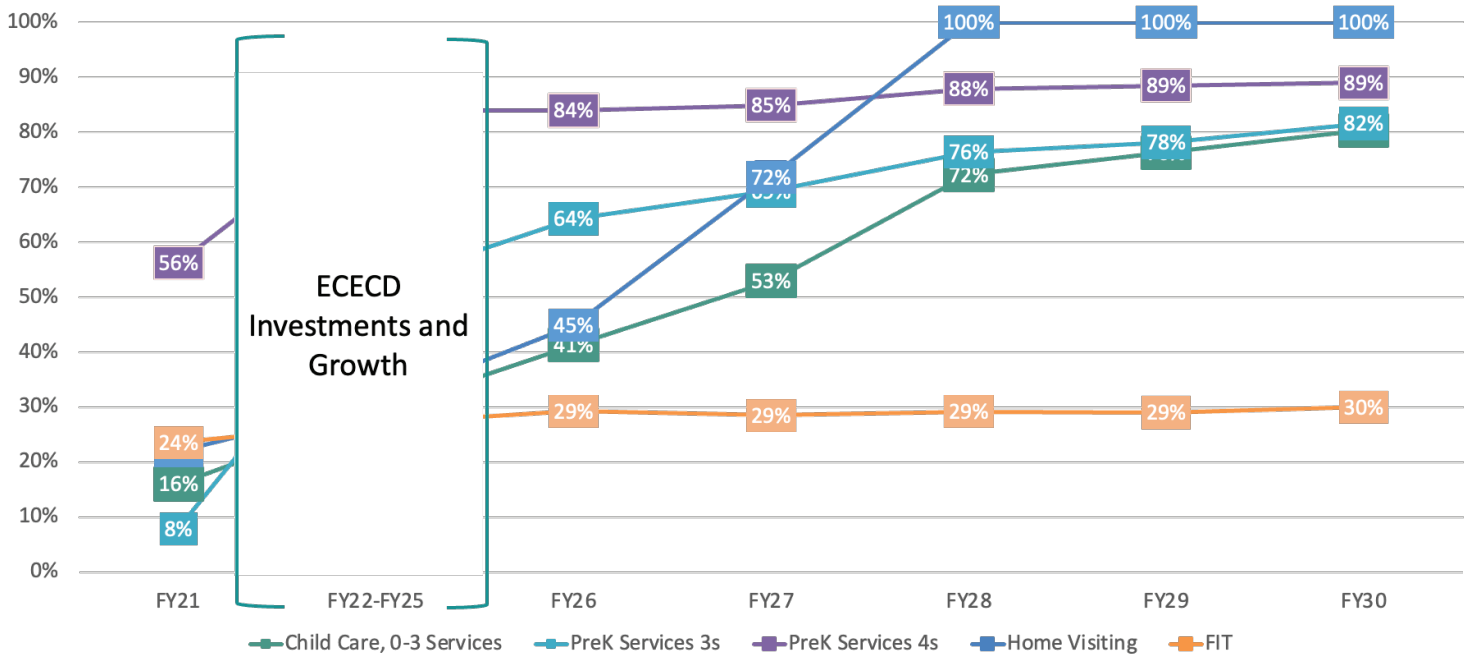


Table 1: Estimated direct service and infrastructure expenses and revenues, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Direct Service	$777,206,695	$1,026,618,701	$1,135,572,842	$1,282,934,687	$1,304,054,749
Infrastructure	$130,734,159	$116,113,671	$133,388,260	$137,348,756	$209,516,885
TOTAL Expense	$907,940,854	$1,142,732,372	$1,268,961,102	$1,420,283,444	$1,513,571,634
TOTAL Revenue	$907,940,854	$1,083,285,028	$1,083,285,028	$1,083,285,028	$1,083,285,028
Gap between expense/revenue	$-	$(59,447,343)	$(185,676,074)	$(336,998,416)	$(430,286,606)

**The expense totals do not include transfers to other Departments and food program payments direct to programs.*

The finance plan projects the cost of providing this prenatal to age five system of services and estimates the revenue sources that are needed to cover those expenses. Table 1 summarizes these estimates, by direct service and infrastructure/quality supports.

Within these estimates, assumptions are made related to children served, as shown in Figure 1, and to the cost of providing services. This ensures that the cost of programming fully incorporates the funding needed to recruit and retain the workforce, increase the quality of services offered, and ensure that programs are resourced sufficiently to meet the diverse needs of New Mexico's children and families.



Section II. New Mexico Early Childhood Education and Care Five-Year Finance Plan

New Mexico's commitment to a comprehensive early childhood education and care system is steadfast, as evidenced by the strategic work around planning for growth in services and the system, coupled with investments aligned to costs. The impact of this effort is visible in the increased capacity of programs, the increased access to services by children and families, and the ECECD's robust infrastructure undergirding and tracking this impact. Part of the work in executing New Mexico's vision has been gaining a deeper understanding of both the need for and the cost of the services provided across child care, PreK, home visiting, and Family, Infant, Toddler (FIT) programming. The five-year finance plan encompasses data for both identifying needs and justifying costs across the four different programs from FY26 through FY30, building off the investments and growth that have occurred in the last several years.

Understanding the Need For Services

The number of young children and families that need access to child care, PreK, home visiting, and FIT is estimated based on birth rate projections, current service numbers and goals for universal access for children and families across these services. Birth rate projections are confirmed at least annually from the University of New Mexico Geospatial and Population Studies unit. The 'low birth rate' projections are maintained in the plan, assuming that fertility rates will continue the current downward trend.

Table 2 provides the estimated number of children in each age cohort from 2026 to 2030. The number in the 0–1-years row indicates the projected births in that year. Numbers for older children are drawn from prior year projections, or actual births where available. As shown in

Table 2: Estimated child population, by age, by year

	2026	2027	2028	2029	2030
0-1 years	18,811	18,236	17,661	17,086	16,529
1-2 years	19,386	18,811	18,236	17,661	17,086
2-3 years	19,961	19,386	18,811	18,236	17,661
3-4 years	20,535	19,961	19,386	18,811	18,236
4-5 years	21,110	20,535	19,961	19,386	18,811
5-6 years	21,550	21,110	20,535	19,961	19,386
Total 0-6	**121,353**	**118,039**	**114,590**	**111,141**	**107,709**
6-13 years	167,750	163,315	158,695	154,727	150,980
Total 0-12	**289,103**	**281,354**	**273,285**	**265,868**	**258,689**

the table, births are estimated to decrease each year at a rate of two to three percent. Each program funded and administered by ECECD comes together to support the health, well being and development of young children. Each program type applies its own methodology to the data in Table 2 to estimate the potential number of children and families to be served by that program, informed by the eligibility criteria of the given program. In this same manner, the idea of universal access for a given program differs based on the nature of the service and the population served. For example, child care eligibility requirements are connected to a household's work or school status of the child's parent/caregiver; goals for universal access to child care take in to consideration the proportion of the population that meets the eligibility criteria. Eligibility for the FIT program, New Mexico's implementation of the Individuals with Disabilities Education Act (IDEA) Part C services for infants and toddlers, is related to developmental delays or risk factors, or disabilities, that are presenting for a child. Therefore, universal access to FIT is not defined as the full population of children from birth to three but the percentage of this population with delays or disabilities.

Child Care Assistance

In May 2022 New Mexico expanded access to subsidized child care to families earning up to 400 percent of the federal poverty level, which is just under $125,000 per year for a family of four. To estimate how many families and children qualify for subsidized child care at this level, ECECD used the birth cohort projections in Table 2 as a starting point. In November of 2025 (FY26), ECECD implemented universal child care. Under universal child care, income is no longer a limiting factor to access. Households with all parents in the workforce and/or in school are eligible to receive child care assistance.

According to the Kids Count Data Book, approximately 64 percent of young children in New Mexico have all available parents in the workforce as of 2023[1]. As New Mexico continues to invest in access to quality, affordable child care, in particular addressing the need for infant toddler care across the state, it is fair to continue to assume that parental employment will increase as a result. This increase is reflected in the estimates for how many children will need child care each

year. For school age children, these estimates use uptake trends for this age group; over the course of recent years, prior to FY26, school age care was used by no more than 9% of the eligible population in the state. With the implementation of universal child care, school age usage increased to 14% in FY26. Table A1 in the appendices summarizes the total potential need for child care assistance for FY26 through FY30.

NM PreK

Estimating the potential need for PreK requires accounting not only for the number of three- and four-year olds residing in the state each year, but also an understanding of the other settings in which children might be served. For this age group, children can also be served by Head Start therefore the projected need is adjusted accordingly. ECECD is using birth cohorts to project PreK enrollment to ensure a consistent approach across all programs covered in the plan. The birth cohort projections from Table 2 were used as a starting point, and then the number of children served by Head Start and Title I was deducted from this total, for each age band, to calculate an estimate of the number of three- and four-year-olds potentially in need of services through NM PreK. See appendices for details on potential need.

Home Visiting

New Mexico continues to maintain a comprehensive home visiting system with multiple home visiting program models, in order to meet the diverse needs of children and families in the state. Deep work on understanding the need for home visiting in the state, and organizing population need according to intensity (high, medium or low intensity) was carried out during the Four-Year Finance Plan development. This structure, with stratification of population need into high, moderate and low risk categories, has been maintained with annual updates to population data, as appropriate. In this service area, there is a continuum of types of programs and intensity in services, which have different costs per child served, therefore using population data to understand need is an important component of matching services to families.

The high proportion of the New Mexico population who are covered by Medicaid during pregnancy and through the birth of the baby establishes the category of highest need for home visiting; 76% of all pregnant women in New Mexico are covered by Medicaid[2]. Access to Medicaid is an income driven eligibility, therefore over three-quarters of all pregnant women in New Mexico fall at or below 250% of the federal poverty line. This approach has been maintained as part of understanding





the home visiting services needed by New Mexico families and informing the growth of programs. The high need strata is divided into sections: tier one, highest need, and tier two, slightly lower need, informed by other overlapping risk factors. Tier one uses deep poverty, 50% of federal poverty and under, and involvement with the child protective services department to further define families farthest from opportunity. The moderate need category is estimated at 21% of the birth cohort. The population in this category include families eligible for TANF and WIC benefits, families with moderate chronic health conditions, and maternal mental health risk factors. As the population of Medicaid eligible births has increased in recent years, the low-risk category is decreased to approximately 3% of the birth cohort and represents the general population with no known risk factors. Table A3 in the appendices summarizes the stratification of need by these three levels for the birth cohort projections from FY26 through FY30.

Family Infant Toddler

ECECD's Family Infant Toddler (FIT) program differs from other services, as it is dictated by a developmental delay or disability. IDEA Part C is specific to services to children and families from birth to three years of age. Eligibility criteria for FIT services relate to a percentage delay in the child's development, or one of several diagnoses or risk criteria within the family unit. ECECD works in partnership with local vendors in required Child Find activities to ensure that children and families who may qualify for services under FIT are identified, screened, assessed and enrolled in the appropriate therapeutic services.

To understand the potential population needing FIT services, year over year data from previous years of services is used to project forward to FY30. In the case of FIT, it is a requirement that those eligible are served, therefore projections on eligibility match with the service projections for the FIT program (Table A4 in appendices).

Understanding the Cost of Services

In 2021 New Mexico became the first state in the nation to use a cost model to inform child care assistance payment rates. This innovative approach uses data on the cost of delivering services to inform payment rates with variations based on child age and program setting and represents a shift from the market-based approach used previously. Under the market-based approach the state used data from private tuition to inform payment rates. However, parents are price sensitive consumers and in most cases are unable to

pay tuition at the levels needed to operate a high quality program with adequate educator compensation. Therefore, public payment rates based on private tuition embed the failures of the private child care market, under-resourcing providers, especially those serving infants and toddlers. Moving to using a cost model provides a more accurate data source to inform rates, disconnected from parents' ability to pay.

ECECD has since used this cost-based approach beyond child care, to inform understanding of the true cost of providing all services in the prenatal to age five system, inclusive of the necessary quality and infrastructure supports. This approach promotes alignment across the prenatal to age five system, breaking down silos in how programs are funded, and focuses on using accurate data on cost to inform investments and planning. ECECD has developed projections to estimate the cost of providing services across child care, NM PreK, home visiting and FIT to New Mexico children and families. These cost projections are based on cost modeling tools that use the full cost of operations, including salary and discretionary benefits in line with cost of living in New Mexico. These costs fall into two categories: 1) the cost of the direct service, and 2) the cost of infrastructure and quality supports, necessary to maintain these direct service programs for families.

Direct Service

Child Care Assistance

To estimate the cost of providing child care assistance to all families who need it, ECECD uses the cost estimation model originally developed in 2021, as part of the Child Care Development Fund Alternative Methodology rate setting process. This cost model has been updated annually to reflect current data on expenses, available revenues and population service data, as needed. In 2021 and 2023 child care subsidy payments rates were increased in line with the cost of care outputs from this cost model. As the lead agency for the federal Child Care and Development Fund dollars, ECECD engaged in Alternative Methodology for rate setting again in 2024, which included a comprehensive update to the cost model[3]. This process included a cost study with a provider survey, provider interviews and input sessions, and a technical work group advising the program engagement, updates to the cost model and informing the initial cost of care outputs. The cost model identifies the cost per child to meet state licensing standards, with age and program type variations, and the additional costs related to increased levels of program quality.

FY26 projections use the child care assistance rates established as of November 1, 2025, informed by the cost estimation model[4]. These rates provide for a $18 minimum wage in both child care centers and family child care homes. This minimum wage floor applies to the base of the salary scale, which encompasses each position in the child care program workforce, with other salaries adjusted proportionally; lead teachers and family child care providers are compensated at $24.89 per hour ($51,768 annually) under this model. As providers increase their rating in the state's Quality Rating and Improvement System, FOCUS, wages increase; for the FY26 estimates, lead teachers are compensated at $27.38 ($56,945 annually) in a 4 Star program, and $29.87 ($62,122 annually) in a 5 Star rated program.

For FY27 through FY29, this salary scale is maintained with the addition of a cost of living increase in FY28. In FY29 the wage scale in the cost model increases to a $20 wage floor, which increases lead teacher wages to $27.65 per hour ($57,520) in a licensed program. The wage increases for Star 4 and 5 are retained, at $30.42 and $33.18 per hour, respectively. In addition, the cost model includes an increase for inflation on all expenses. The estimates use data from the Social Security Administration which uses a 2.4% annual increase as its benchmark.

To estimate the overall cost of child care assistance each year, ECECD uses a child care system modeling tool that includes child care settings, age of children and quality levels, with annual data on the distribution of children across these settings and quality levels. The tool also uses the different cost per child outputs for each fiscal year to support nuanced expense projections by fiscal year.

The finance plan projections for FY26-FY28 build toward the universal access, acknowledging the pace of uptake by families and the growth in supply that will be needed in future years to meet family need. Combining the child care services with Early Head Start funded capacity (approximately 2,000 slots) in the state, 44% of the birth to three population will have access to child care in FY27. Currently, New Mexico serves approximately 27% percent of all eligible children under three, 34% of the eligible children under 5 years and 10% of eligible school-age children. The plan projections build towards a goal of universal access for eligible children under three. The saturation of eligible children served increases each year to reach this goal. ECECD has established 60% as universal access to child care, for the infant and toddler population; by the end of this finance plan, saturation will be at 72%, exceeding this universal goal.

The increases in child care focus on the birth to three age bands, as the preschool age children will primarily be served by the NM PreK program; the preschool numbers in the 3-4 and 4-5 year age bands reflect estimates of these age groups that need care before and after their preschool program, to make a full day and need full year care, during holiday and summer breaks. While a portion of these children will still require care beyond the PreK day, this is anticipated to be aligned with the estimated need of school age children rather than the need of infants and toddlers. Table 3 details the increase in eligible children projected to be served each year, broken out by age. The total cost to provide service at these saturation levels is detailed in Table 4.

NM PreK

New Mexico PreK supports access to high-quality prekindergarten programming for three- and four-year-olds in public school or community-based sites. ECECD sets half-day, full-day and extended full-day rates for NM PreK, with different rates for 4-year-olds and 3-year-olds (mixed age classrooms are set at the 3-year-old rate). To estimate the cost of expanding access to PreK through FY30, the current rates are used, but adjusted for inflation/cost of living from FY27 through FY30. New Mexico pays the same rate regardless of setting (center or family child care), therefore adjustments are not made in the cost estimates based on setting. However, the estimates do make assumptions about how many children participate in half-day, full day or extended plus PreK and the ages of the



Table 3: Projected number of children to be served by Child Care Assistance, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Service Saturation - 0-3 years	44%	44%	50%	63%	72%
Infants (0-2 years)	8,158	8,148	9,181	11,640	13,040
Toddlers (2-3 years)	7,047	6,340	7,144	8,800	9,700
TOTAL UNDER 3	**15,205**	**14,488**	**16,325**	**20,440**	**22,740**
Preschool (3-5 years)	13,367	20,798	20,822	18,616	16,860
TOTAL UNDER 5	**28,572**	**35,286**	**37,147**	**39,056**	**39,600**
School Age (5-13 years)	17,164	20,046	20,167	20,482	20,546
TOTAL 0-13	**45,736**	**55,332**	**57,314**	**59,538**	**60,146**

Table 4: Projected cost of Child Care Assistance program, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Child Care Assistance	$445,812,541	$679,093,729	$783,250,685	$812,858,096	$840,924,366

children. Approximately 17% of 4-year-olds and 5% of 3-year-olds who participate in NM PreK are enrolled in half day programs.

New Mexico has a goal of providing universal PreK to all families. The projections in this plan demonstrate how this universal access goal is met for both age groups. States that have implemented universal preschool have found that around 75-85% of preschool age children enroll in PreK; in fact, most states with universal preschool initiatives are coming in between 65-75% uptake. The District of Columbia which has achieved the most success with their initiative is at 85% uptake[5]. New Mexico's approach to projections, accounting for the differences in use by 3- and 4- year-olds and layering in the other preschool age funding (Title I and Head Start), is a comprehensive way to understand universal access. Table 5 illustrates the results of this analysis, identifying the number of 3- and 4-year-olds estimated to be served by NM PreK. The total cost to provide service at these saturation levels is detailed in Table 6.

To understand the full services available to preschool children, service projections including NM PreK, Head Start and Title I, compared to birth cohort and kindergarten enrollment cohort data are developed. In FY26, 62% of 4-year-olds are estimated to be served by NM PreK. A further 7% are served by Head Start, and 5% by Title I. As a result, in FY26, across Head Start, Title I and NM PreK, 74% of the birth cohort will be served.



This is the equivalent of 84% of the estimated kindergarten cohort[6].

In FY26, 35% of 3-year-olds are estimated to be served by NM Early PreK. A further 18% are served by Head Start and 3% by Title I. As a result, in FY26, across Head Start, Title I and NM Early PreK, 56% of the 3-year-old birth cohort will be served. This is the equivalent of 64% of the estimated kindergarten cohort. These service projections compared to the estimated population by birth cohort and kindergarten enrollment are shared in Table 7.

Home Visiting

A continuum of home visiting programs is necessary to meet the various needs of the children, families and communities served. In acknowledgment of this continuum, ECECD supports multiple home visiting models and, in response to community need, expanded the continuum of models in the last program year to include Healthy Families, and Child First.

Home visiting models are not the same in their delivery elements or intensity and therefore have different program costs. Models with proven impact on the highest risk populations are typically the most intense service models and this intensity has a higher cost per child served annually. These are the models designed to serve families in the highest need strata. Services for families in the moderate risk category are less intense, with fewer touchpoints between the family and home visitor and thus a lower cost per child annually, and services for the low risk strata are the

Table 5: Projected number of 3- and 4-year-olds to be served by NM PreK, by fiscal year

	FY26	FY27	FY28	FY29	FY30
3-year-olds	7,119	7,696	8,460	8,490	8,550
4-year-olds	13,051	13,411	13,671	13,695	13,911
Total Projected Services	20,170	21,107	22,131	22,185	22,461

Table 6: Projected cost of NM PreK, by fiscal year

	FY26	FY27	FY28	FY29	FY30
NM PreK	$254,046,473	$273,622,620	$292,447,143	$297,166,439	$303,801,439

Table 7: Projected number and percentage of 3- and 4-year-olds to be served by NM PreK, Head Start and Title I, using birth cohort and using kindergarten enrollment data, by fiscal year

	FY26	FY27	FY28	FY29	FY30
3-year-olds	11,479	12,039	12,892	12,791	12,948
Percent of birth cohort	56%	60%	67%	68%	71%
Percent of kindergarten enrollment	64%	69%	76%	78%	82%
4-year-olds	15,481	15,174	15,270	14,927	15,237
Percent of birth cohort	73%	74%	77%	77%	81%
Percent of kindergarten enrollment	84%	85%	88%	89%	89%



lightest touch, least intense and typically cost the least annually per child served. For the purpose of planning, cost projections through FY30 were built, with an assumption that the cost per child for home visiting will continue to increase, reflective of the service cost of the models, along with increasing access to higher intensity models across the state.

ECECD is implementing Family Connects, a universal touch home visiting model; through Family Connects every family receives a connection with a home visitor at the birth of their baby. Families may receive one to two visits after this newborn connection, based on need, and families are linked to additional resources through this process, including an intensive, ongoing home visiting program, as appropriate.

To project the costs of expanding access to home visiting year over year, across the different need levels, saturation amounts were established, linked to each level of need. In Table 8 the percentage of the birth cohort aligned to each need level that is projected to be served is delineated, along with the number of children. Table 9 outlines the service projections for the universal touch model.

The total number of funded slots for home visiting, across all the need levels and service types, and the associated costs through FY30 are covered in Table 10. The associated costs include the total expense to deliver the services, reflecting multiple funding sources that cover the costs. Several home visiting models are eligible for Medicaid reimbursement, which is covered by Medicaid paid directly to the home visiting provider. The cost model was used, with Medicaid rate details, to develop a payment rate for providers that allows for a layering of funding to cover the cost of the service, Medicaid with ECECD funding and ensure that programs are not over compensated for the service.

Family Infant Toddler

ECECD recognized the importance of developing a comprehensive cost model for their FIT program. FIT engaged in a cost model development process, mirroring work that has taken place for other ECECD program areas in the last five years; details of the cost model development process, including engagement and model functionality is included in Appendix D. The FIT cost model is designed to accurately identify the true costs associated with both the multi provider service delivery model and the primary service

provider model. By incorporating both service methodologies into the FIT cost model, New Mexico aims to capture a precise picture of the financial implications of each approach. This comprehensive cost model allows for a more informed decision-making process regarding resource allocation and ensuring that reimbursement rates accurately reflect the true costs of providing high-quality early intervention services, regardless of the chosen delivery model.

The FIT program has demonstrated high levels of accessing and engaging the eligible population into Part C funded services. Table 11 demonstrates the percent of 0-3 year-olds eligible for FIT services each fiscal year and the resulting number of children.

The projected payment rate for FIT providers includes increases in FY26, in response to the cost model outputs. An estimate of the type of services and intensity of services that children and families will need in future fiscal years, informed by current service trends, for FY27 forward, was used to create cost projections for these years. The associated costs include the total expense to deliver the services, reflecting expenses covered by Medicaid payments direct to the providers. Medicaid revenues direct to the provider are projected at 66% of the total cost for FY26.

Table 8: Projected number and percent of families to be served, by need stratification, by fiscal year

Service Saturation by Need	FY26	FY27	FY28	FY29	FY30
# High Tier 1 served	1,960 (22%)	2,073 (24%)	2,091 (25%)	2,493 (30%)	2,623 (31%)
# High Tier 2 served	2,169 (38%)	2,324 (42%)	2,411 (45%)	2,662 (50%)	2,832 (51%)
# Moderate Need served	474 (12%)	766 (20%)	1,484(40%)	1,615 (45%)	1,711 (45%)
# Low Need served	-	-	-	154 (30%)	149 (30%)

Table 9: Projected number and percent of families to be served through universal touch model, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Percentage of birth cohort	10%	32%	40%	50%	60%
Annual universal service numbers	1,938	5,850	7,064	8,543	9,917

Table 10: Projected home visiting service numbers with projected cost, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Total Served	9,532	13,852	16,941	19,967	21,988
Estimated HV cost	$44,989,332	$51,210,087	$72,529,378	$93,464,748	$99,246,078

Table 11: Projected services, FIT program, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Percent of 0-3-year-olds eligible	28%	29%	29%	29%	29%
0-3 years	16,995	16,083	15,975	15,365	15,383

Table 12: Projected annual FIT costs, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Projected FIT cost	$95,171,612	$101,325,452	$134,187,782	$145,968,165	$146,136,590



Quality Supports and ECECD Infrastructure

Investments in quality support and infrastructure are necessary to deliver direct services to children and families. These quality supports exist within an overall system or infrastructure which must be adequately funded to meet the size and capacity of the system, ensuring coordination across the system, and access to services and resources. ECECD has carried out analysis on program, professional and system needs, adjusting activities and investments accordingly.

Growth in both quality and ECECD infrastructure investments is projected, as the numbers of children and families served year over year will increase. In addition, this plan projects investments in program capacity, such as increasing capacity of the child care system to serve infants and toddlers, increased investments in accountability measures for child care quality, investments in the workforce, to increase the number of credentialed and well-compensated professionals, and full implementation of the Wage and Career Lattice Framework to support professional advancement.

An additional core piece of the support infrastructure in the state is the government to government investments; these are direct to Nations, Pueblos, and Tribes and are in addition to the integration of ECECD staffing and leadership specific to government to government engagement and the direct service funding which is inclusive of Native children and their families.

Tables 13-17 detail the projected revenue needed, investments in system infrastructure from FY26 to FY30, for all program areas and ECECD infrastructure uses, or projected spending in these areas.



Table 13: Child Care Quality Support and Infrastructure projected expenses, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Child care slots	45,736	53,248	58,244	58,839	60,417
Licensed child care providers	1,139	1,403	1,463	1,483	1,543
Child Care Assistance Program and Regulatory Staff	$11,606,658	$12,767,324	$15,138,996	$16,636,563	$18,363,027
Professional Development	$1,412,300	$1,849,159	$2,015,215	$2,189,236	$2,196,024
Program Supports (FOCUS and Quality Improvement)	$8,295,199	$8,497,355	$8,533,219	$8,533,219	$8,558,837
Business Practices Support	$530,014	$530,014	$530,014	$530,014	$530,014
Access and Parent Supports	$4,191,356	$4,372,872	$4,572,540	$4,792,175	$4,792,175
Child Care Operations Infrastructure (Technology and Platforms for Enrollment and Management)	$3,475,678	$471,067	$471,067	$471,067	$471,067
Supply Building (Low income loans; Staffed Family Child Care Network)	$10,931,750	$10,931,750	$10,931,750	$931,750	$931,750
TOTAL	**$40,442,954***	**$39,419,541***	**$42,192,800***	**$33,983,654**	**$35,842,893**
**Non-recurring Expenditures included in Total:*	*$10,500,000*	*$10,000,000*	*$10,000,000*		

Table 14: NM PreK Quality Support and Infrastructure projected expenses, by fiscal year

	FY26	FY27	FY28	FY29	FY30
PreK slots	20,170	21,107	22,131	21,967	22,461
PreK classrooms	1,261	1,292	1,383	1,373	1,404
NM PreK Staff and 619 Coordinator	$2,809,932	$2,853,140	$3,741,336	$3,719,588	$3,804,948
Program Supports (Coaching)	$17,079,360	$19,183,119	$20,278,888	$20,379,639	$20,470,018
NM PreK Operations Infrastructure	$4,866,142	$1,731,187	$3,062,811	$961,782	$964,873
PreK Parity Wage Supplement	$4,200,000	$4,500,000	$7,295,030	$7,183,110	$7,254,719
TOTAL	**$28,955,433**	**$28,267,446**	**$34,378,065**	**$32,244,119**	**$32,494,558**

Table 15: Home Visiting Quality Support and Infrastructure projected expenses, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Children served	9,532	10,008	14,115	18,258	21,988
Home Visitors	393	413	522	617	670
Home Visiting Staff and Contract Administration	$1,288,486	$1,488,014	$1,598,690	$1,721,765	$1,858,627
Professional Development	$1,818,321	$1,852,688	$1,887,741	$1,923,496	$1,959,966
Program Supports and Quality Improvement	$1,276,104	$1,301,626	$1,327,659	$1,354,212	$1,381,296
Access and Parent Supports	$338,213	$344,977	$351,877	$358,914	$366,093
Home Visiting Data Management	$653,386	$666,453	$679,783	$693,378	$707,246
TOTAL	**$5,374,510**	**$5,653,759**	**$5,845,750**	**$6,051,766**	**$6,273,228**

Table 16: FIT Quality Support and Infrastructure projected expenses, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Children served	16,995	16,083	15,975	15,365	15,383
FIT Staff and Contract Administration	$1,232,532	$1,330,284	$1,462,902	$1,610,376	$1,774,369
Program Support, Professional Decelopment and Quality Improvement	$3,497,361	$3,224,169	$3,163,169	$3,474,486	$3,645,711
Access and Parent Supports	$175,000	$175,000	$350,000	$350,000	$350,000
FITKIDS Data System	$3,420,762	$2,590,329	$200,000	$200,000	$200,000
ICC Coordination	$64,475	$64,475	$64,475	$64,475	$64,475
FIT Operations Infrastructure	$64,127	$64,127	$64,127	$64,127	$64,127
TOTAL	**$8,454,258***	**$7,412,711**	**$5,265,004**	**$5,719,352**	**$6,049,628**
**Non-recurring Expenditures included in Total:*	*$2,000,000*	*$1,229,527*			

Table 17: Government to Government projected expenses, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Tribal Investment Strategy	$2,900,000	$3,300,000	$5,300,000	$5,300,000	$7,300,000
Tribal Advisory Coalition (Native American Budget and Policy Institute)	$350,000	$350,000	$500,000	$500,000	$650,000
Capital Outlay Projects (Plan, Design, Construct, Renovate and Improve)	$179,795	$3,127,345	$-	$-	$-
TOTAL	**$ 3,429,795***	**$6,777,345***	**$5,800,000**	**$5,800,000**	**$7,950,000**
**Non-recurrent Expenditures included in Total:*	*$179,795*	*$3,527,345*			



Table 18: ECECD Quality Support and Infrastructure Projected Expenses, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Quality					
Advisory Bodies and Workgroups	$12,000	$12,000	$12,000	$12,000	$12,000
Dolly Parton's Imagination Library	$1,327,200	$1,531,105	$2,012,000	$1,900,000	$1,900,000
Head Start Collaboration	$125,000	$125,000	$125,000	$125,000	$125,000
Family Engagement and Local System Supports	$5,753,993	$ 1,271,000	$ 1,271,000	$ 1,271,000	$ 1,271,000
Professional and Program Information Management Technology	$5,327,157	$4,161,925	$4,361,925	$4,361,925	$4,361,925
Program Support	$4,451,268	$2,991,219	$2,905,000	$2,905,000	$2,905,000
Research, Evaluation and Outcome Tracking	$2,588,253	$1,116,434	$2,313,000	$2,050,000	$2,050,000
Wage and Career Work Force Supports	$10,137,170	$19,769,899	$15,030,500	$15,415,000	$65,838,500
Infant Early Childhood Mental Health Consultation (SEED)	$4,940,000	$2,454,200	$4,500,000	$5,500,000	$6,000,000
Infrastructure					
Communications and Translation	$2,087,000	$2,087,000	$2,087,000	$2,087,000	$2,087,000
Procurement and Contract Services	$198,000	$198,000	$198,000	$198,000	$198,000
ECECD Staffing/Expenses	$17,585,121	$19,343,702	$21,471,433	$23,833,290	$26,454,952
ECECD Organizational Expenses	$2,754,926	$1,210,712	$1,297,833	$1,391,331	$1,491,507
Program Support Staff Professional Development	$154,184	$163,300	$175,058	$187,662	$201,173
IT Infrastructure	$-	$1,270,473	$3,500,000	$-	$-
Facilities	$774,145	$1,100,000	$1,547,000	$1,856,400	$2,227,680
Capital Outlay Renovations	$2,729,767	$2,394,528	$-	$-	$-
Travel	$317,000	$48,200	$51,670	$55,391	$59,379
Quality and Infrastructure TOTAL	**$61,262,184***	**$61,248,697***	**$62,857,969**	**$63,148,998**	**$120,183,116**
Agency Transfers					
Doula Certification (Department of Health)	$600,000	$600,000	$600,000	$600,000	$600,000
Medicaid Transfer/Doula Lactation, Medicaid HV (Human Services Department)	$12,300,000	$12,300,000	$12,300,000	$12,300,000	$12,300,000
Maternal Child Health Rate Increases (Human Services Department)	$15,000,000	$15,000,000	$15,000,000	$15,000,000	$15,000,000
Family Success Laboratory (Department of Health)	$100,000	$100,000	$100,000	$100,000	$100,000
Medicaid Behavioral Health Services (Human Services Department)	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000
Agency Transfers TOTAL	**$40,000,000**	**$40,000,000**	**$40,000,000**	**$40,000,000**	**$40,000,000**
***Non-recurrent Expenditures included in Total:**	*$7,729,767*	*$18,665,001*	*$13,500,000*	*$10,000,000*	*$-*

Understanding Sources and Uses Current Revenue and the Total Funding Need

The next step in finance planning is to compare the available revenues to the amount of funding needed, which can identify any gaps in the resources available to meet the need. For ECECD, this work builds on the need and cost data gathered and analyzed across all direct services and the current quality support and infrastructure elements.



Direct Service Revenue

For each area of programming the current revenues were mapped, projecting out Early Childhood Trust Fund potential revenues through FY30. The revenue needed was compared to these revenue projections, based on the need and cost information specific to each type of programming. Tables 19 through 22 present the funding sources and revenue projections for each of the fiscal years, FY26-FY30 for direct service programs.

Table 19: Child Care Assistance Funding Sources and Revenue projections for direct services by fiscal year

Sources	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection
State Funds					
General Fund	$1,179,900	$8,374,976	$8,374,976	$8,374,976	$8,374,976
Early Childhood Education Trust Fund	$327,092,824	$487,092,824	$487,092,824	$487,092,824	$487,092,824
Other State Funds	$1,100,000	$1,100,000	$1,100,000	$1,100,000	$1,100,000
Federal Funds					
Temporary Assistance for Needy Families (TANF)	$31,527,500	$31,527,500	$31,527,500	$31,527,500	$31,527,500
Child Care Development Fund (CCDF)	$84,912,317	$78,326,340	$78,326,340	$78,326,340	$78,326,340
Total Base Revenue	***$445,812,541***	***$606,421,640***	***$606,421,640***	***$606,421,640***	***$606,421,640***
Projections, Children served	***45,736***	***53,248***	***58,244***	***58,839***	***60,417***
Budgeted Expenses	***$445,812,541***	***$667,335,340***	***$714,237,452***	***$832,456,553***	***$841,091,231***

Table 20: NM PreK Funding Sources and Revenue projections for direct services by fiscal year

Sources	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection
State Funds					
General Fund	$195,216,922	$200,789,720	$200,789,720	$200,789,720	$200,789,720
Early Childhood Education Trust Fund	$70,704,100	$72,832,900	$72,832,900	$72,832,900	$72,832,900
Total Base Revenue	***$265,821,022***	***$273,622,620***	***$273,622,620***	***$273,622,620***	***$273,622,620***
Projections, Children served	***20,170***	***21,107***	***22,131***	***21,967***	***22,461***
Budgeted Expenses	***$254,046,473***	***$273,622,620***	***$292,447,143***	***$297,166,439***	***$303,801,439***

Table 21: Home Visiting Funding Sources and Revenue projections for direct services by fiscal year

Sources	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection
State Funds					
General Fund	$25,288,699	$29,386,063	$29,386,063	$29,386,063	$29,386,063
Early Childhood Education Trust Fund	$9,841,233	$14,400,000	$14,400,000	$14,400,000	$14,400,000
Federal Funds					
Maternal Infant Early Childhood Home Visiting (MIECHV)	$5,225,200	$5,225,200	$5,225,200	$5,225,200	$5,225,200
Medicaid	$3,764,200	$1,780,124	$1,780,124	$1,780,124	$1,780,124
Private Insurance/MCO Payment	$870,000	$418,700	$418,700	$418,700	$418,700
Total Base Revenue	***$44,989,332***	***$51,210,087***	***$51,210,087***	***$51,210,087***	***$51,210,087***
Projections, Children served	***9,532***	***10,008***	***14,115***	***18,258***	***21,988***
Budgeted Expenses	***$44,989,332***	***$51,210,087***	***$72,529,378***	***$93,464,748***	***$99,246,078***

Table 22: FIT Program Funding Sources and Revenue projections for direct services by fiscal year

Sources	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection
State Funds					
General Fund	$19,501,100	$22,601,100	$22,601,100	$22,601,100	$22,601,100
Early Childhood Education Trust Fund	$11,099,248	$10,091,554	$10,091,554	$10,091,554	$10,091,554
Federal Funds					
U.S. Department of Education (USDE)	$722,000	$722,000	$722,000	$722,000	$722,000
Private Insurance/MCO Payment	$1,036,000	$1,036,000	$1,036,000	$1,036,000	$1,036,000
Total Base Revenue	***$32,358,348***	***$34,450,654***	***$34,450,654***	***$34,450,654***	***$34,450,654***
Projections, Children served	***16,995***	***16,083***	***15,975***	***15,365***	***15,383***
Budgeted Expenses	***$95,171,612***	***$101,325,452***	***$134,187,782***	***$145,968,165***	***$146,136,590***

Quality and Organizational Infrastructure Revenue

Tables 23 through 28 present the funding sources and revenue projections for each of the fiscal years, FY26-FY30 for quality supports and organizational infrastructure for each of the core programs.

Table 23: Child Care Assistance Funding Sources and Revenue projections, quality supports by fiscal year

Sources	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection
State Funds					
General Fund	$9,686,286	$9,684,411	$9,684,411	$9,684,411	$9,684,411
Early Childhood Education Trust Fund	$5,428,988	$5,294,775	$5,294,775	$5,294,775	$5,294,775
Other State Funds	$-	$1,381,784	$-	$-	$-
Federal Funds					
Child Care Development Fund (CCDF)	$7,238,738	$9,946,955	$7,685,887	$7,685,887	$7,685,887
Child and Adult Care Food Program (CACFP)	$35,722	$3,035,722	$35,722	$35,722	$35,722
Preschool Development Grant Birth to Five (PDG B5)	$7,553,220	$-	$-	$-	$-
Total Base Revenue	***$29,942,954***	***$29,343,647***	***$22,700,795***	***$22,700,795***	***$22,700,795***
Non-recurring Revenue	***$10,500,000***	***$10,000,000***	***$10,000,000***	***$-***	***$-***
Budgeted Expenses	***$40,442,954***	***$39,343,647***	***$42,105,522***	***$33,983,654***	***$35,727,468***

Table 24: NM PreK Funding Sources and Revenue projections for quality supports by fiscal year

Sources	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection
State Funds					
General Fund	$19,718,621	$18,329,183	$18,329,183	$18,329,183	$18,329,183
Early Childhood Education Trust Fund	$10,136,747	$10,136,747	$10,136,747	$10,136,747	$10,136,747
Federal Funds					
U.S. Department of Education (USDE)	$697,544	$697,583	$697,544	$697,544	$697,544
Preschool Development Grant Birth to Five (PDG B5)	$1,702,000	$-	$-	$-	$-
Total Base Revenue	***$32,254,912***	***$29,163,581***	***$29,163,474***	***$29,163,474***	***$29,163,474***
Budgeted Expenses	***$32,244,327***	***$29,163,513***	***$35,078,065***	***$32,709,029***	***$33,397,478***

Table 25: Home Visiting Funding Sources and Revenue projections for quality supports by fiscal year

Sources	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection
State Funds					
General Fund	$2,985,407	$2,753,409	$2,730,067	$2,730,067	$2,730,067
Early Childhood Education Trust Fund	$2,013,774	$2,613,774	$2,613,774	$2,613,774	$2,613,774
Federal Funds					
Maternal Infant Early Childhood Home Visiting (MIECHV)	$375,330	$286,576	$286,576	$286,576	$286,576
Total Base Revenue	***$5,374,511***	***$5,653,759***	***$5,630,417***	***$5,630,417***	***$5,630,417***
Budgeted Expenses	***$5,374,510***	***$5,653,759***	***$5,845,750***	***$6,051,766***	***$6,273,228***

Table 26: FIT Program Funding Sources and Revenue projections for quality supports by fiscal year

Sources	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection
State Funds					
General Fund	$947,133	$2,915,816	$1,984,976	$1,984,976	$1,984,976
Early Childhood Education Trust Fund	$298,252	$298,252	$298,252	$298,252	$298,252
Federal Funds					
U.S. Department of Education (USDE)	$2,646,643	$2,904,989	$2,904,989	$2,904,989	$2,904,989
Preschool Development Grant Birth to Five (PDG B5)	$2,300,000	$-	$-	$-	$-
Private Insurance/MCO Payment	$198,102	$-	$-	$-	$-
Total Base Revenue	***$6,390,130***	***$6,119,057***	***$5,188,217***	***$5,188,217***	***$5,188,217***
Non-recurring Revenue	***$2,000,000***	***$1,229,527***	***$-***	***$-***	***$-***
Budgeted Expenses	***$8,390,130***	***$7,384,257***	***$5,240,546***	***$5,699,337***	***$6,034,555***

Table 27: Government to Government Funding Sources and Revenue projections, by fiscal year

Sources	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection
State Funds					
Early Childhood Education Trust Fund	$3,250,000	$3,250,000	$3,250,000	$3,250,000	$3,250,000
Total Base Revenue	***$3,250,000***	***$3,250,000***	***$3,250,000***	***$3,250,000***	***$3,250,000***
Non-recurring Revenue	***$179,975***	***$3,527,345***	***$-***	***$-***	***$-***
Budgeted Expenses	***$3,429,795***	***$6,777,345***	***$5,800,000***	***$5,800,000***	***$7,950,000***

Table 28: ECECD Overall Infrastructure and Organizational Funding Sources and Revenue projections by fiscal year

Sources	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection
State Funds					
General Fund	$28,683,046	$28,063,100	$32,190,018	$32,190,018	$32,190,018
Early Childhood Education Trust Fund	$9,805,356	$8,042,552	$6,797,237	$6,797,237	$6,797,237
Other State Funds	$1,219,131	$3,028,331	$1,000,000	$1,000,000	$1,000,000
Federal Funds					
Child Care Development Fund (CCDF)	$-	$-	$-	$-	$-
U.S. Department of Education (USDE)	$1,231,325	$1,231,325	$1,120,000	$1,120,000	$1,120,000
Preschool Development Grant Birth to Five (PDG B5)	$6,617,055	$-	$-	$-	$-
Office of Head Start (OHS)	$153,619	$153,619	$153,619	$153,619	$153,619
Child and Adult Care Food Program (CACFP)	$1,846,221	$2,064,700	$2,469,998	$2,469,998	$2,469,998
Maternal Infant Early Childhood Home Visiting (MIECHV)	$23,398	$-	$-	$-	$-
Private Funding	$3,942,500	$-	$-	$-	$-
Total Base Revenue	***$53,521,652***	***$42,583,627***	***$43,730,872***	***$43,730,872***	***$43,730,872***
Non-recurring Revenue	***$7,729,767***	***$18,665,001***	***$13,500,000***	***$10,000,000***	***$-***
Budgeted Expenses	***$61,262,184***	***$61,248,697***	***$62,857,969***	***63,148,998***	***$120,183,116***

Revenue and Expense Gap Analysis

The following tables summarize projected expenses and revenue across the four different programs, government to government, and the quality infrastructure by fiscal year. Table 29 shows the expense projections, rising from $908 million in FY26 to $1.51 billion in FY30. Table 30 provides a summary of the revenue projections, with Table 31 demonstrating the gap between the expenses and revenues.



Table 29: Summary of Expense Projections by fiscal year

	FY26	FY27	FY28	FY29	FY30
Child Care	$445,812,541	$667,335,340	$714,237,452	$832,456,553	$841,091,231
PreK	$254,046,473	$273,622,620	$292,447,143	$297,166,439	$303,801,439
Home Visiting	$44,989,332	$51,210,087	$72,529,378	$93,464,748	$99,246,078
FIT	$32,358,348	$34,450,654	$56,358,869	$59,846,948	$59,916,002
Quality Supports and Infrastructure	$130,734,159	$116,113,671	$133,388,260	$137,348,756	$209,516,885
TOTAL EXPENSES	**$907,940,854**	**$1,142,732,372**	**$1,268,961,102**	**$1,420,283,444**	**$1,513,571,634**
Agency Transfers	$40,000,000	$40,000,000	$40,000,000	$40,000,000	$40,000,000
TOTAL with Transfers	***$947,940,854***	***$1,182,732,372***	***$1,308,961,102***	***$1,460,283,444***	***$1,553,571,634***
Non-recurring Expenditure	***$20,409,742***	***$33,421,873***	***$23,500,000***	***$10,000,000***	***$-***

Table 30: Summary Revenue Projections by fiscal year

	FY26	FY27	FY28	FY29	FY30
Child Care	$445,812,541	$606,421,640	$606,421,640	$606,421,640	$606,421,640
PreK	$265,821,022	$273,622,620	$273,622,620	$273,622,620	$273,622,620
Home Visiting	$44,989,332	$51,210,087	$51,210,087	$51,210,087	$51,210,087
FIT	$32,358,348	$34,450,654	$34,450,654	$34,450,654	$34,450,654
Quality Supports and Infrastructure	$170,734,159	$156,113,671	$149,633,774	$149,633,774	$149,633,774
TOTAL	***$959,715,402****	***$1,121,818,672***	***$1,115,368,775***	***$1,115,368,775***	***$1,115,368,775***
Food Program Payments (CACFP Revenue, fluctuates every year based on food claims)	***$48,806,146***	***$31,078,530***	***$47,000,000***	***$47,000,000***	***$47,000,000***

**Total Early Childhood Education Trust for FY26 equals $500M; only $490.7M was appropriated, thus the revenue total exceeds expense projections by $9.3M.*

Table 31: Gap between expenses and revenues, all programs by fiscal year

	FY26	FY27	FY28	FY29	FY30
Revenue Needed	$ -	($60,913,700)	($193,592,327)	($344,914,669)	($398,202,859)

The gaps in Table 31 show significant increases in the additional funding needed. The substantial growth of the Early Childhood Education Trust Fund will support these financial gaps. Additionally, the commitment of voters supporting the use of the Land Grant Permanent Fund for early childhood has made a continued impact on revenues to fund the financial gaps. Continued investments will be essential to cover these gaps across programs and ensure that quality and accessibility remain a priority in best serving families and young children.

Conclusion

New Mexico's success in the strengthening of the prenatal to age five system has relied on the strong foundation of fiscal support to ensure equity, efficiency, accountability, and accessibility. New Mexico and ECECD have identified the importance of a strong system for its youngest residents, with equity and quality at the forefront. The continued use of a fiscal plan provides a comprehensive lens to the structure and approach to ensure a viable and sustainable system in New Mexico. As one of the first states in the nation to undertake such an important endeavor, New Mexico is demonstrating a commitment to ensuring the state is the best place to raise a child, providing opportunity for all.



Appendices

Potential Need

Table A1: Child Care Assistance Potential Need, by fiscal year

	FY26	FY27	FY28	FY29	FY30
0-1 years	12,603	12,218	11,833	11,448	11,074
1-2 years	12,989	12,603	12,218	11,833	11,448
2-3 years	13,374	12,989	12,603	12,218	11,833
3-4 years	13,758	13,374	12,989	12,603	12,218
4-5 years	14,144	13,758	13,374	12,989	12,603
Total under 5	**66,868**	**64,942**	**63,017**	**61,091**	**59,176**
5-6 years	1,588	1,414	2,190	2,184	2,208
6-13 years	16,000	16,808	16,927	16,933	17,197
Total 0-13	**84,456**	**83,165**	**82,134**	**80,208**	**78,581**

Table A2: NM PreK Potential Need, by fiscal year

	FY26	FY27	FY28	FY29	FY30
3-4 years	16,791	16,217	15,536	14,961	14,386
4-5 years	19,680	19,235	18,861	18,436	17,861
Total	**36,471**	**35,452**	**34,397**	**33,397**	**32,247**

Table A3: Home Visiting Potential Need, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Highest Need Strata (% of births, Medicaid eligible)	74%	74%	74%	76%	80%
0-1 years	13,920	13,495	13,069	12,985	13,223
Moderate Need Strata	21%	21%	21%	21%	23%
0-1 years	3,950	3,830	3,709	3,588	3,802
Low Need Strata	3%	3%	3%	3%	3%
0-1 years	564	547	530	513	496

Table A4: FIT program Potential Need, by fiscal year

	FY26	FY27	FY28	FY29	FY30
Percent of 0-3 year olds eligible	29%	29%	29%	29%	30%
0-3 years served	16,995	16,083	15,975	15,365	15,383

Endnotes

1 https://datacenter.aecf.org/data/tables/5057-children-under-age-6-with-all-available-parents-in-the-labvor-force?loc=33&loct=2#detailed/2/33/false/2545,1095,2048,1729,37,871,870,573,869,36/any/11472,11473

2 https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/Medicaid%20Accountability%20Report.pdf

3 Understanding the Cost of Quality Child Care in New Mexico: A Cost Estimation Model to Support Alternative Methodology for CCDF Subsidy Rate Setting: https://www.nmececd.org/wp-content/uploads/2025/01/NMCEMReport2024_Design.pdf

4 New Mexico Child Care Assistance Rates, FY25: https://www.nmececd.org/child-care-assistance/

5 The State of Preschool 2024: State Preschool Yearbook, National Institute for Early Education Research: https://nieer.org/yearbook/2024

6 Based on authors analysis of data from LFC estimating kindergarten cohort, based on 87% of 2026 birth cohort.

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