

Investing in Child Care in New Mexico

American Rescue Plan Community Profile

August 2022 | Birth to Age 5

American Rescue Plan Funding

Total Child Care Funds in New Mexico: \$320 million

Amount of Child Care Funds Featured in This Profile: \$320 million

- Child Care Discretionary Funds: \$123 million
- Child Care Stabilization Grants: \$197 million

Project Summary

New Mexico is making good on its plans to support “tens of thousands more families” in need of child care across the state by directing American Rescue Plan funds toward increasing accessibility and affordability for families, improving quality, and providing direct support to child care providers.¹

Leaders in New Mexico have made it possible for more families to access affordable subsidized child care. Initially, the state increased the income eligibility for child care assistance from 200% of the federal poverty level to 350% and planned to phase out benefits at 400% of the federal poverty level.² This means “a [family’s] modest increase in income won’t mean losing access to the assistance.”³ Then, this spring Gov. Michelle Lujan Grisham announced that the state would waive copays entirely for families earning up to 400% of the federal poverty level, which amounts to an annual income of roughly \$111,000 for a family of four.⁴ As of May 1, 2022, all families enrolled in the state’s Child Care Assistance Program will no longer owe copays for child care services. It’s estimated that more than 30,000 families will now have access to cost-free child care.⁵

At the same time, New Mexico is using a “cutting-edge cost estimation model” to inform subsidy rates to ensure subsidies reflect the true costs of high-quality early learning and care. The effect of this is that providers can improve quality and expand services to meet the needs of children and families.⁶

Investing in Child Care in New Mexico



Gov. Lujan Grisham also announced that New Mexico’s Early Childhood Education and Care Department “will dedicate \$10 million toward grants specifically designed to expand the availability of child care in communities where it is needed most. This pilot round of supply-building grants will add capacity for up to 800 more children around the state.”⁷ Those eligible to apply include providers seeking to expand existing programs as well as employers looking to establish or expand child care for their employees. Recipients can use the grant funds for maintenance, improvements, and minor renovations on existing child care facilities; costs associated with direct child care services, such as the purchase of supplies and equipment; and the first six months of salaries, wages, and benefits paid to new staff hired to support additional child care slots.⁸ Recipients may not use the grant funds to build new child care facilities or for major renovations on existing facilities, such as structural extensions or additions to increase total square footage.⁹

In addition to improving existing child care facilities, the state also is pursuing efforts to encourage workforce development. New Mexico’s Early Childhood Education and Care Department is funding a stipend program that provides up to \$2,000 per semester to early childhood professionals currently enrolled at a New Mexico institution of higher education.¹⁰ The Early Childhood Education and Care Department also is using American Rescue Plan dollars to create a professional development information system for the child care sector. This system will be a one-stop data shop for learning management and professional development for early childhood professionals.¹¹ Finally, New Mexico has successfully distributed stabilization grants amounting to \$157 million to regional child care assistance offices that are disbursing the grants to child care providers.

Stabilization grants already have provided direct and significant relief to child care providers across the state. For instance, the stabilization grants allowed for the distribution of one-time \$1,500 pay bonuses to more than 7,700 early childhood education professionals, totaling \$12 million.¹²

Age Group Served

Children ages 0–5 years

Funding Streams Used

- Child Care Discretionary Funds
- Child Care Stabilization Grants

Key Partners

- State of New Mexico
- New Mexico Early Childhood Education and Care Department
- New Mexico Regional Offices

Local Perspective

Unique Challenges

Elizabeth Groginsky, cabinet secretary for early childhood education in New Mexico, shares that the state has not experienced any significant challenges around the use of its American Rescue Plan funds. Secretary Groginsky acknowledges the flexibility of the funds has allowed the state to respond to both urgent and long-standing needs.¹³

Ensuring Accountability

The Early Childhood Education and Care Department is conducting follow-up surveys with recipients of federal funds to document how federal funds have been used and identify plans for use of future funds. New Mexico will conduct sample size audits across sectors to provide a comprehensive and detailed view of how the state's regional offices are managing and distributing funding.¹⁴

Lessons Learned

Making large scale investments in early childhood education often raises sustainability concerns. However, Gov. Lujan Grisham campaigned on improving early care and education and has been a champion of strengthening early care and education systems while in office. The New Mexico Early Childhood Education and Care Department's American Rescue Plan-funded initiatives were designed in

Investing in Child Care in New Mexico

partnership with the governor, so the department is confident that its budget requests will be approved when they reach the governor's desk. New Mexico also has an Early Childhood Trust Fund, created in 2020 separately from its American Rescue Plan projects, that has so far provided \$40 million over two years for early childhood care and education.¹⁵ Additionally, New Mexico has a Land Grant Permanent Fund that disburses over \$1 billion annually, much of which is dedicated to K-12 school funding. In November, New Mexico voters will vote on a state constitutional amendment that would increase that disbursement and provide an estimated \$125 million annually to early childhood education.¹⁶ Given all of these investments in early childhood education, New Mexico is well-positioned to sustain funding for its American Rescue Plan-funded early childhood initiatives.

Geographic Region

Southwest United States

Community Size

Total population (2021): 2.1 million¹⁷

Racial Demographics¹⁸

- White 81.9%
- Black or African American 2.6%
- American Indian and Alaska Native 11.0%
- Asian 1.8%
- Native Hawaiian and Other Pacific Islander 0.2%
- Two or More Races 2.6%
- Hispanic or Latino 49.3%
- White alone, not Hispanic or Latino 36.8%

Socioeconomic Status

- Median annual household income (2016–2020): \$51,243¹⁹
- Children living in poverty (2020): 21.6%²⁰

Acknowledgement

Thank you to Elizabeth Groginsky, cabinet secretary for early childhood education in New Mexico, for contributions to this community profile.

To view additional resources and find American Rescue Plan allocations for other communities, visit childrensfundingproject.org/american-rescue-plan.

Endnotes

- ¹ Office of the Governor Michelle Lujan Grisham, “N. M. Dramatically Expands Child Care Assistance,” press release, July 1, 2021, <https://www.governor.state.nm.us/2021/07/01/n-m-dramatically-expands-child-care-assistance/>.
- ² Ibid.
- ³ Ibid.
- ⁴ Office of the Governor Michelle Lujan Grisham, “New Mexico Leads the Nation as Governor Lujan Grisham Makes Childcare Free for Most Families,” press release, April 28, 2022, <https://www.governor.state.nm.us/2022/04/28/new-mexico-leads-the-nation-as-governor-lujan-grisham-makes-childcare-free-for-most-families-2/>.
- ⁵ Ibid.
- ⁶ Office of the Governor Michelle Lujan Grisham, “N. M. Dramatically Expands Child Care Assistance.”
- ⁷ Office of the Governor Michelle Lujan Grisham, “New Mexico Leads the Nation.”
- ⁸ New Mexico Early Childhood Education and Care Department, *New Mexico’s Child Care Supply Building Grant Frequently Asked Questions* (Santa Fe: Author, 2022), https://www.nmeccd.org/wp-content/uploads/2022/07/Supply-Grant_Frequently-Asked-Questions.pdf.
- ⁹ Ibid.
- ¹⁰ Office of the Governor Michelle Lujan Grisham, “New Mexico Leads the Nation.”
- ¹¹ Sandy Trujillo-Medina, director of early care education and nutrition, New Mexico Early Childhood Education and Care Department, personal communication, August 1, 2022.
- ¹² Elizabeth Groginsky, cabinet secretary for early childhood education in New Mexico, personal communication, April 15, 2022.
- ¹³ Ibid.
- ¹⁴ Ibid.
- ¹⁵ Sandy Trujillo-Medina, personal communication.
- ¹⁶ Shaun Griswold, “The Push to Tap NM’s Land Grant Permanent Fund for Education,” *Source New Mexico*, July 11, 2022, <https://sourcenm.com/2022/07/11/the-push-to-tap-nms-land-grant-permanent-fund-for-education/>.
- ¹⁷ U.S. Census Bureau, “QuickFacts” New Mexico, <https://www.census.gov/quickfacts/fact/table/NM/POP060210>.
- ¹⁸ Ibid.
- ¹⁹ Ibid.
- ²⁰ U.S. Census Bureau, “Small Area Income and Poverty Estimates,” New Mexico, https://www.census.gov/data-tools/demo/saipe/#/?map_geoSelector=u18_c&s_measures=u18_snc&s_year=2020&s_state=35.

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