

Summary

New Mexico is the first state in the nation to establish Universal Child Care (UCC). Under the leadership of Governor Michelle Lujan Grisham, and with the bipartisan support of the Legislature, New Mexico has slowly and intentionally increased the income cap for Child Care Assistance and paved the way for universal child care to become a reality for all New Mexico families.

The Early Childhood Education and Care Department (ECECD) analyzed data used by Legislative Finance Committee (LFC) staff for the *2025 Early Childhood Accountability Report* and a follow-up brief titled “Child Care Assistance,” released on December 9, 2025, and incorporated data trends observed since the announcement of universal child care. In the review, ECECD’s analysis confirmed that child care supply and workforce are growing, especially for infant and toddlers, enrollment increases are sustainable, and the quality of care will continue to increase as it has throughout the history of the child care assistance program.

Key Findings

- **Rapid expansion has already occurred.** Significantly more children were made eligible in 2022 when the eligibility cap was raised to 400 percent of the federal poverty level (FPL) than in the launch of universal child care on November 1, 2025. The true accounting of children likely to participate in UCC is substantially less than projected by LFC staff.
- **Low-income families are accessing care.** New Mexico’s investments in the child care system benefit families across the income spectrum, including the lowest income families. One-third of the families who have enrolled in child care assistance since November 1 have incomes below the existing eligibility cap.
- **Increasing number of infants and toddlers being served.** Before Universal Child Care, infants and toddlers made up 29 percent of the caseload; under Universal eligibility, they account for 38 percent of new November enrollments.
- **Child care capacity is growing.** Licensed child care capacity has grown nearly 20% since 2019 and continues to increase. New capacity for 4,500 children is in the pipeline through a variety of supply building strategies, including improved rates for child care providers and deployment of the Child Care Revolving Loan Fund. In the past three months, 144 new provider applications have been received.
- **Workforce capacity is growing.** From 2019 to 2024, New Mexico’s child care workforce grew by 64 percent, even as the national child care workforce declined by 7.4 percent, according to the Cradle to Career Policy Institute (CCPI). New Mexico’s relative growth was the fourth highest in the nation.
- **Quality is a key element of Universal Child Care.** Approximately 64 percent of children under age five who received child care assistance were served in 5-star licensed programs in fall 2025. This percentage has trended up over time. It averaged 62 percent in Fiscal Year 2025 (FY25), which is up from 58 percent in FY24 and 53 percent in FY23. New Mexico has expanded access while raising quality, and that commitment will continue under Universal Child Care.

Eligibility Expansion has been Implemented in Phases

New Mexico's implementation of Universal Child Care is a major, historic milestone achieved through a phased expansion that has been ongoing since ECECD's inception in 2020. Approximately 80 percent of New Mexico households with dependents and 85 percent of children under 13 have been income-eligible for child care assistance since eligibility was increased to 400 percent FPL in 2022.

Estimates below provide a snapshot of eligibility for Universal Child Care over time as policy changes have been implemented. ECECD estimates are developed from birth rate forecasts, income data from the U.S. Census, and an assumption based on Census data that 67 percent of New Mexico children have all parents participating in the workforce, therefore demonstrating a need for at least some child care. **All told, ECECD estimates that lifting the income cap on November 1 made approximately 25,000 additional children eligible for child care assistance.**

Historical trends in uptake: Historically in New Mexico, the number of families taking up the child care assistance program has been substantially below the number of potentially eligible families. This has been true even in recent years, when funding has been sufficient to support all eligible families who have applied. This may be due to a variety of factors, including family preference for informal familial care or lack of knowledge about the program. This finding, which is true for families across the income spectrum, may shift over time as more families learn about Universal Child Care, but does suggest that it is appropriate to develop budget forecasting based on historical trends and partial uptake.

Age Categories

- Infant: 0-24 months
- Toddler: 24-36 months
- Preschool: 3-5-year-olds
- School Age: 6-12-year-olds

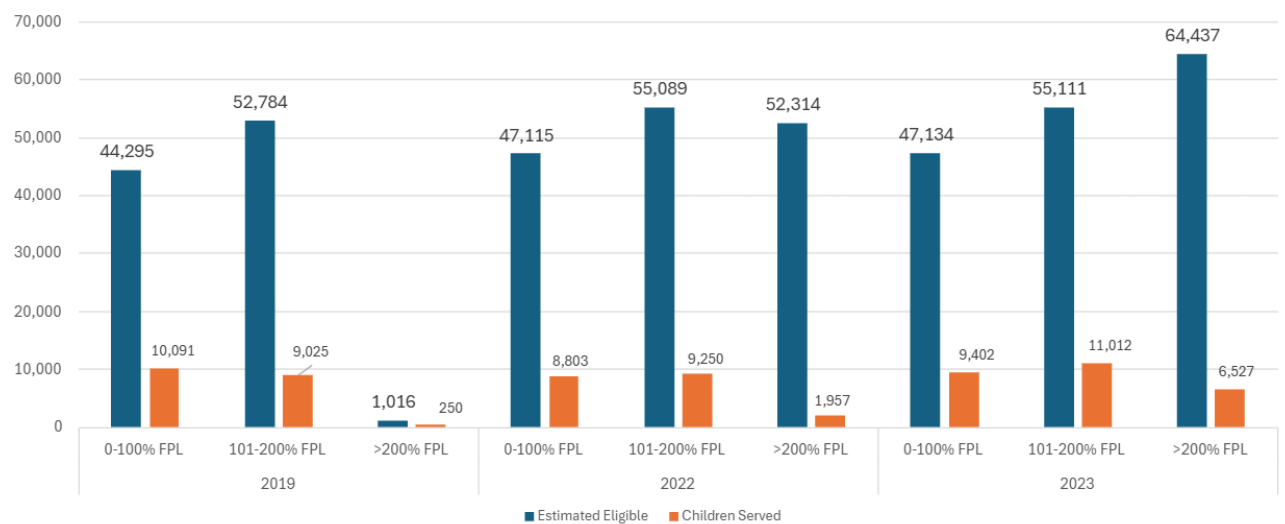
Figure 1. Trends in Eligible Children and Children Served (2019–2025)

Indicator	Fall 2019 200% FPL	Spring 2022 350% FPL	Spring 2023 400% FPL	Sep 2025 400% FPL
Estimated Eligible Children	98,000	155,000	167,000	169,000
Children Served	19,366	20,009	26,941	32,861
Percent Served	20%	13%	16%	19%

Source: Urban Institute/CCPI eligibility estimates for 2019-2023; ECECD internal estimates for September 2025



Figure 2. Across Income Levels, Fewer Families Have Historically Used Child Care Assistance Than Are Potentially Eligible



Serving Low-Income Families Remains a Core Priority

Serving low-income and at-risk families is a priority of ECECD's child care assistance program. From inception, the program has prioritized low-income families, children with disabilities, and teen parents. Recent changes to the child care assistance regulations removed barriers for additional at-risk populations to receive assistance (see 8.9.3.9 New Mexico Administrative Code); grandparents raising grandchildren, families experiencing homelessness or Child Protective Services involvement, and families with babies born substance-exposed are no longer required to meet activity requirements to receive assistance.

Key Insight: Rising Participation Among Lower-Income Families

Families with incomes between 100% and 200% FPL have shown especially strong growth in child care assistance participation, **increasing by 71 percent** compared to pre-COVID levels.

Low-income families: Figure 3 shows changes over time in the number of families served by child care assistance, by income band. Steep drops in 2020 show the impacts of the COVID pandemic, followed by a steady climb to restore and surpass pre-COVID service levels. Families with incomes between 100 and 200 percent FPL have seen particularly pronounced increases in participation in child care assistance, increasing by 71 percent over pre-COVID service levels. For a family of three, this income band represents an annual income range from \$26,651 to \$53,300 and is the band most likely to capture families working full-time for minimum wage.

Enrollments for families with incomes below 100 percent of FPL have also increased to surpass pre-COVID levels, although that increase has been more modest. Families in this income band are increasingly likely to include students and part-time workers, particularly as the minimum wage has increased and pushed more full-time workers in New Mexico over the official poverty line. Previous research had identified that part-time workers were less likely than full-time ones

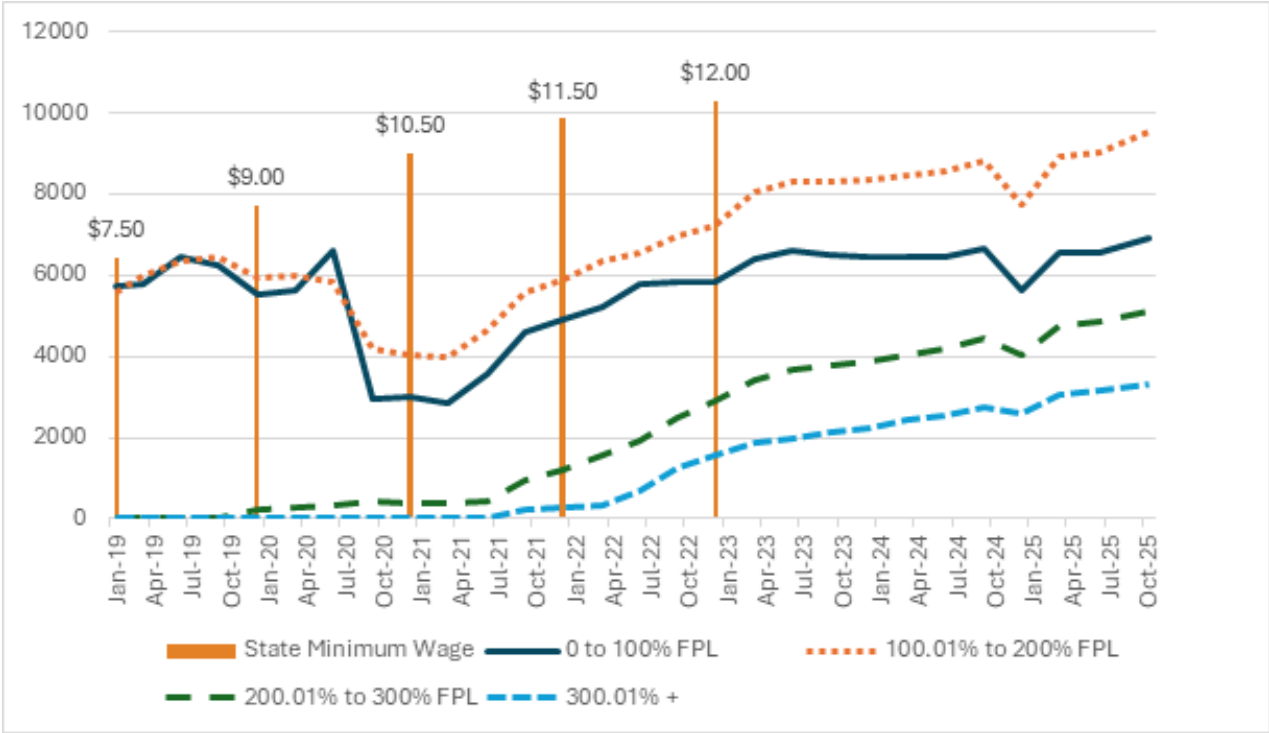
to successfully recertify their benefits, and that student parents remained on the subsidy program for shorter spells than those who qualified through employment.

Key Insight: Minimum Wage Income Exceeds Poverty Thresholds

A single parent in New Mexico working full-time at minimum wage earns above the FPL for a household with one child, and two full-time minimum wage earners exceed the FPL for a household with two children.

In ECECD’s recent regulatory changes, the department took a key step to support child care assistance enrollment for students and part-time workers, populations more likely to be in the under 200 percent FPL category, by offering full-time care contracts to families even if they work or attend school part-time. Offering full-time care to these populations is a key step in supporting access for families who may have previously struggled to find part-time care slots or to manage coursework and schooling with only a partial care benefit.

Figure 3. The Minimum Wage Has Increased During NM’s Child Care Expansion, Meaning a Full-Time Wage Exceeds the Poverty Line for Many Families



TANF Families Increasingly Supported by Child Care Assistance: Between September 2024 and September 2025, TANF-involved families receiving child care assistance rose 8 percent, even as the overall TANF caseload declined 13.7 percent.



Income distribution for the newly enrolled: In the first month that Universal Child Care regulations were in place, 6,206 families applied for assistance and were determined eligible. Of those families, more than one-third (33.9 percent) had incomes under 400% FPL and therefore were already eligible for child care assistance. This suggests that the framing of child care assistance as a universal program and the publicity surrounding the announcement may have helped boost awareness across the income spectrum and reduced stigma that may have been associated with the program. Of the 2,105 previously eligible families who joined the program in November 2025, 1,189 had incomes below 200% FPL, and more than half of those (608) had incomes below 100% FPL.

Figure 4. New Applicants by Percent of Federal Poverty Level

Families by FPL	Income Range for a Family of Four	# of New Family Applications	% of New Family Applications	# / % of New Family Applications By FPL
<100%	\$0-\$32,150	608	9.80%	2,105 / 33.92%
100% to 200%	\$32,151-\$64,300	581	9.36%	
200% to 300%	\$64,301-\$96,450	437	7.04%	
300% to 400%	\$96,451-\$128,600	479	7.72%	
400% to 500%	\$128,601-\$160,750	881	14.20%	2,807 / 45.23%
500% to 600%	\$160,751-\$192,900	789	12.71%	
600% to 700%	\$192,901-\$225,050	668	10.76%	
700% to 800%	\$225,051-\$257,200	469	7.56%	
800% to 900%	\$257,201-\$289,350	312	5.03%	1,074 / 17.31%
900% to 1000%	\$289,351-\$321,500	223	3.59%	
1000%+ FPL	\$321,501+	539	8.69%	
Presumptive Eligibility/ Income Unknown	-	220	3.54%	-
Total Families	-	6,206	100.00%	-

One-Third of Families Already Qualified Prior to Universal Child Care: **34 percent of newly enrolled families had incomes below 400% FPL, meaning they already qualified under the prior rules.**

Increasing Number of Infants and Toddlers Being Served

Building capacity in infant and toddler care has been an ongoing critical priority. This age group requires more intensive and expensive caregiving than older children, which puts it in shorter supply and higher demand for working families who need quality, safe, and reliable care for their very young children. **ECECD estimates that following the launch of the Universal Child Care program on November 1, the number of infants and toddlers eligible for child care assistance increased by 4,863, to a total of 38,966.**

Since November 1, 2025, 68 new contracts have been issued for children being raised by their grandparents.

Infant and Toddler Contracted Slots: On December 4, 2025, ECECD released RFP# 2026-2000: Infant and Toddler Contracted Slots Pilot Program to secure approximately 1,400 dedicated infant and toddler slots for families with incomes below 200 percent FPL or who have children with disabilities. To incentivize providers to apply for this RFP, funding will

be guaranteed for the awarded slots and each slot will be reimbursed at a rate greater than the five-star enhanced child care assistance rates.

Age distribution of the newly enrolled: During the first month that Universal Child Care regulations were in place, 7,036 children were enrolled in the program. Of those, 2,711 (38.5 percent) are infants and toddlers whose care is now fully funded by child care assistance, lifting the cost burden from families previously paying out-of-pocket for these most expensive categories of care. The percentage of infants and toddlers is higher among incoming families than among those previously served by child care assistance, as 29 percent of all children served in September 2025 were infants and toddlers. These initial enrollment figures, if they continue, may shift the emphasis of child care assistance toward younger children, and especially infants.

Figure 5. New Applicants by Age Category

New Child Contracts Created by Age Group	# of New Children by Age Group	% of New Children by Age Group
New Infants	1,582	22.48%
New Toddlers	1,129	16.05%
New Preschool	2,640	37.52%
New School Age	1,685	23.95%
Total New Children	7,036	100.00%

*In September 2025, before Universal Child Care, infants and toddlers made up about 29 percent of the caseload; under Universal eligibility, they account for **38 percent of new November enrollments.***

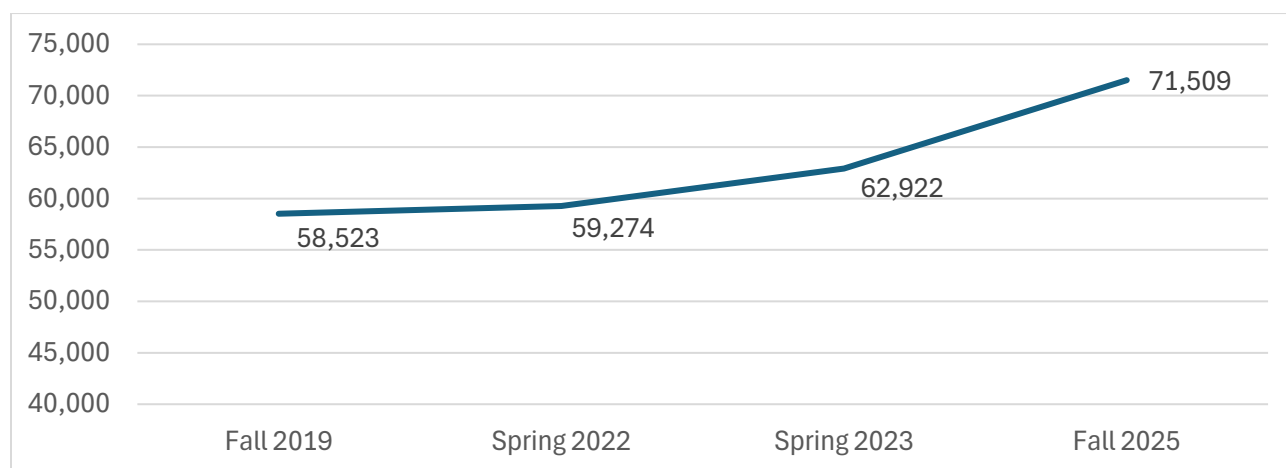
Supply is Growing

Child care settings range from small, home-based providers serving a few neighborhood children to large centers with multiple classrooms and age groups. Licensed child care settings include centers, family homes, and group homes. Families may also use registered homes, which provide care for up to four children and are registered with the department. All types of care are important components of New Mexico's early childhood system with child care centers offering economies of scale to serve greater numbers of young children, while home-based providers can offer more localized and flexible care for families.

Child care capacity has grown and is growing: About 73 percent of ECECD's licensed child care capacity was provided by centers in FY25. Group homes and family homes made up the remaining quarter of the licensed provider landscape, at 15 percent and 12 percent respectively. In FY25, there were 786 centers, 153 group homes, and 125 family homes in the state. Collectively, in FY25 these licensed providers had the capacity to serve 69,019 children across all age groups—a total increase of 3 percent, or 2,156 slots, over the 2024 fiscal year (FY24). This reflects a steady year-over-year growth in overall licensed capacity in New Mexico.

The supply of licensed child care slots in New Mexico has grown markedly in recent years and continues to trend upward. In fall of 2019, before the disruptions of the COVID pandemic, the average monthly licensed capacity for care was approximately 59,600 slots. This number dropped during and after COVID but has been climbing steadily since 2021 to restore and then exceed pre-COVID levels. Licensed care capacity in September 2025 was 71,509—an increase of nearly 20 percent from fall 2019.

Figure 6. The licensed supply of care in New Mexico has grown nearly 20 percent since 2019



Trends in capacity of home-based care: In 2024, ECECD commissioned the Low-Income Investment Fund (LIIF), a national nonprofit community development financial institution, to conduct an analysis of child care supply and demand in the state. LIIF found that the overall supply of child care, including licensed and registered care, has generally grown since 2017.

However, LIIF identified a steady decline of registered home care, finding that there were 54 percent fewer registered homes operating in the state in 2024 than there were in 2017. Although this decrease demonstrates an overall decline in the total number of child care providers, the gap in capacity and number of available child care slots is steadily closing through the growing number of licensed centers. As of September 2025, there were 820 registered homes, 119 licensed homes, and 168 licensed group homes open in the state, with the capacity to serve 5,911 children in homes.

Since Universal Child Care was announced in September, ECECD has received 144 applications from potential providers. Of these, 118 are child care homes and 26 are for new centers. ECECD has so far approved 20 as new registered homes, and has licensed nine new centers, six licensed homes, and three licensed group homes. These together represent an increase of 718 in child care capacity. Once approved, ECECD estimates that these 144 applicants will offer 2,200 in new care capacity.

Child Care Facility Revolving Loan Fund: The Child Care Facility Revolving Loan Fund (CCRLF) received \$12 million to provide low-interest, long-term loans to eligible child care providers in FY26. ECECD expects the \$12 million made available in loans for the CCRLF to expand capacity for an estimated 2,300 children.

Registered home support and outreach: Through the recent rule making process, ECECD made the process of registration and licensure easier. Registered home providers are no longer required to participate in the administratively complicated federal nutrition program, though they are encouraged to do so. Additionally, to further incentivize participation, registered providers are being paid higher rates (a 76 percent increase from FY25 rate), and the registration fee has been eliminated. ECECD is conducting outreach and education to encourage informal caregivers who are providing care for families to become registered and receive payment for the care they provide.

*The Child Care Revolving Loan Fund received **116 complete applications** requesting a total of **\$116,036,881** in loans.*

Trends in Quality Care

Since FY18, the percentage of licensed providers who attained at least a 3-star rating improved significantly, rising from just 40 percent of providers in FY18 to 52 percent in FY25. Disaggregating providers who attained at least a 4- or 5-star rating shows improvement in the percentage of providers at very high levels of quality, from 31 percent of providers in FY18 to 44 percent in FY25.

Programs that achieve higher star ratings are reimbursed at higher rates through the child care assistance program. Higher reimbursement rates are intended to incentivize providers to pursue higher quality of care and to care for children receiving subsidized care. In the last fiscal year, 62 percent of children under age five who received child care assistance were cared for in a 5-star licensed facility. This is an increase from 58 percent in FY24 and 53 percent in FY23. Between September 2024 and September 2025, licensed child care centers and home programs achieving 5-star status increased from 367 to 417, representing a 14 percent increase.

Uptake by star level: In the first month of Universal Child Care, November 2025, a total of 7,036 new children enrolled in child care assistance. Of those newly enrolled children for whom a provider was identified, 75 percent of infants and toddlers were enrolled with 4- or 5-star provider. Table 4 below shows the full distribution of provider quality for newly enrolled children in November.

Figure 7. More than 75 Percent of Newly Enrolled Infants and Toddlers in November Enrolled with 4- or 5-Star Providers

Type of Provider	% of New Infants	% of New Toddlers	% of New Preschool	% of New School Age	% of All New Children
Registered Homes	0.4%	0.5%	0.6%	1.1%	0.7%
2-Star Licensed Providers	7.5%	10.2%	13.7%	25.4%	14.6%
2+-Star Licensed Providers	8.9%	7.7%	6.8%	10.4%	8.3%
3-Star Licensed Providers	8.0%	6.6%	6.7%	10.7%	8.0%
4-Star Licensed Providers	5.4%	6.6%	5.4%	2.9%	5.0%
5-Star Licensed Providers	69.8%	68.4%	66.8%	49.5%	63.6%

Growing the Early Childhood Workforce

New Mexico's child care workforce has grown substantially in recent years. According to CCPI, from 2019 through 2024, New Mexico's child care workforce grew by 64 percent, compared to a 7.4 percent decline nationwide. In comparison to other states that reported a decline in child care workforce growth, New Mexico's relative growth was the fourth highest in the nation.

Compensating the child care workforce: New Mexico's child care workforce wages are also showing promising trends, suggesting positive outcomes from the state's steady investment and commitment in professionalizing the field. Child care wages in New Mexico have increased at the steepest rate in the nation, growing by 65 percent between 2019 and 2024. Starting November 1, ECECD now offers a voluntary, enhanced reimbursement rate for providers that agree to meet required pay minimums for the educators they employ. So far, 304 providers (about 28% of licensed

Key Insight: New Mexico's Child Care Workforce Is Growing Faster Than the Nation's Workforce

From 2019 to 2024, New Mexico's child care workforce grew by 64 percent while the national child care workforce declined by 7.4 percent.

providers) have opted into the enhanced rate and attested to pay the wage minimums and be open 10 hours a day, five days a week.

Background check data trends: Background check data suggests that the workforce continues to grow. In November 2025, ECECD saw an 11 percent increase in child care provider background applications from November 2024. In the first week of December 2025, ECECD saw a 64 percent increase in applications from the first week of December 2024.

How cost modeling and rates strengthen wages of the early childhood workforce: ECECD sets all reimbursement rates using cost models that reflect true program costs, including both personnel and non-personnel expenses. The cost model uses a salary scale based on an \$18-per-hour wage floor. The scale includes higher salaries for increased levels of credentials and responsibilities.

The foundation of the wage scale is the wages paid to professionals. In addition to payment rates based on competitive compensation, New Mexico has also invested in the following infrastructure supports.

Figure 8. Wage Scale and Career Lattice Infrastructure Supports

Support	FY25 Actual	FY26 Projected	FY27 Proposed
NM PreK and Head Start Parity	\$2,482,595	\$4,100,000	\$4,175,008
Infant Toddler Parity	\$2,639,977	\$5,000,000	\$5,000,000
Scholarships	\$3,363,350	\$3,850,000	\$4,235,000
Wage Supplement and Mentor Network	\$575,000	\$575,000	\$575,000
Bilingual Incentive Payment	\$499,144	\$550,000	\$605,000
Total System Supports	\$9,560,066	\$14,075,000	\$14,590,008

Higher education: More professionals are pursuing higher education in early childhood studies than in previous academic years. Between the 2020-21 and the 2024-25 academic years, higher education enrollment increased in relevant programs by 25 percent with over 14,400 students taking courses in the higher education system since 2020; undergraduate student credit hours increased from 32,611 to 42,303, representing a 33 percent increase; and graduate student credit hours expanded from 90 to 497, representing more than a fivefold increase.



Appendix

Appendix A: Rate Comparisons

Raising reimbursement rates paid to child care providers is a cornerstone of ECECD's strategy to build the supply of care and support competitive wages for the early care and education workforce. Increased rates provide much-needed funding into the child care sector for salaries, benefits, and investments in the quality of care. Since FY18, average reimbursement rates have nearly doubled and have more than doubled for certain types of care and child age groups. The tables below show the percentage increases over time for providers at 2 Star and for providers at a 4 Star level in FOCUS. In both tables, the rates effective November 1, 2025 are the Standard Rates.

Figure A1. Growth in 2-Star Provider Rates from FY18 to FY26

Provider Type	Infant	Toddler	Preschool	School age
Licensed Centers	66%	48%	50%	20%
Licensed Family Homes	134%	175%	122%	37%
Licensed Group Homes	105%	136%	104%	18%
Registered Homes	159%	173%	69%	39%
<i>Average by Age</i>	<i>116%</i>	<i>133%</i>	<i>86%</i>	<i>29%</i>
Total Average Increase	91%			

Figure A2. Growth in 4 Star Rates from FY18 to FY26

Provider Type	Infant	Toddler	Preschool	School age
4 Star Centers	65%	44%	42%	11%
4 Star Licensed Family Homes	128%	145%	91%	22%
4 Star Group Homes	106%	125%	79%	9%
Registered Homes	159%	173%	69%	39%
<i>Average by Age</i>	<i>114%</i>	<i>121%</i>	<i>70%</i>	<i>20%</i>
Total Average Increase	81%			

Appendix B: Cost of Universal Child Care by Age

Figure B. Comparative Analysis of Children Served and Spending in FY26

Description	Ages Served	FY26 Annual Projection Children Served	FY26 November Children Served	FY26 November Actual Spending
Total Children Served	Infants	8,158	6,151	\$11,518,641.26
	Toddlers	7,047	5,478	\$8,152,668.20
	Preschool	13,367	13,283	\$12,313,338.84
	School-age	17,164	12,560	\$8,132,130.90
	All	45,736	37,472	\$40,116,779.20

NOTE: Final figures will be updated as additional data is collected and reported.

Appendix C: What Universal Child Care Will Cost in FY26 – FY29

The precise costs and child service numbers will depend on a number of variables including the rate of family uptake among different age groups, the extent to which child care providers participate in universal child care and opt into the enhanced reimbursement rates, and provider shifts toward higher levels of quality as Universal Child Care increases providers' incentive to participate in state quality support systems.

Figure C. Universal Child Care Projections FY26 – FY29

Description	Ages Served	FY26	FY27	FY28	FY29
Projected Children Served	Infants	8,158	12,837	13,148	13,468
	Toddlers	7,047	11,089	11,358	11,634
	Preschool	13,367	14,621	14,621	14,621
	School age	17,164	18,222	19,117	19,117
	Total Children	45,736	56,769	58,244	58,840
Projected Spending	Infants	\$113,872,805	\$212,160,043	\$262,202,641	\$268,565,189
	Toddlers	\$78,533,864	\$154,209,105	\$195,079,942	\$199,813,707
	Preschool	\$143,291,922	\$122,798,686	\$132,841,720	\$132,841,720
	School age	\$110,113,859	\$117,253,806	\$124,113,149	\$126,856,282
	Total Spending	\$445,812,451	\$606,421,640	\$714,237,452	\$728,076,898
State Funds	All	\$328,272,724 (74%)	\$488,881,913 (81%)	\$596,697,725 (84%)	\$610,537,171 (84%)
Federal Funds	All	\$117,539,727 (26%)	\$117,539,727 (19%)	\$117,539,727 (16%)	\$117,539,727 (16%)
Year-Over-Year Increases			\$160,609,189	\$107,815,812	\$13,839,446