



NEW MEXICO ADVOCATES FOR CHILDREN AND FAMILIES

Campaign to Reduce Child Poverty

Policy Brief #6

Investing in Early Childhood Education

The Importance of Quality Child Care

The quality of care a child receives when he or she is very young is a crucial determinant of that child's success in school, in the community, and as an adult. Missed opportunities to cultivate a child's innate ability to learn during the preschool years can give rise to long term educational deficits that compromise a child's ability to excel or even remain in school. Working parents depend on child care to provide the loving and nurturing environment their child needs to thrive.

Children denied access to high quality child care, either because it is too costly or simply unavailable, are more likely than children who receive quality care to be placed in special education, held back a grade, and drop out of school¹. Educational success is a critical component of a productive labor force.

Yet New Mexico has failed to enact policies to improve the quality of early childhood education or adequately fund the few policy initiatives currently in place. As a result, most of the roughly 150,000 young children who are cared for by others while their parents work receive care that does not meet the nationally recognized standards of quality set forth by the National Association for the Education of Young Children.

Quality Care Benefits all New Mexicans
High quality child care can mean the difference

between a good outcome and a bad outcome for children who are at risk. Child care quality is determined, to a large extent, by subtle interactions between caregivers and children and thus defies precise measurement. However, there do exist several widely accepted indicators of child care quality. These include child-staff ratios, group size, and teacher training and education. Child care that is deficient in these areas has been correlated with higher incidences of problem behaviors, lower cognition, and lower school readiness².

Conversely, children who receive high quality child care demonstrate greater mathematical ability, greater thinking and attention skills, and fewer behavioral problems than those who receive lower quality care³. These differences remain significant even after controlling for differences in family background.

Poor children and those otherwise at risk of poor educational outcomes benefit the most from high quality care and are more likely to suffer when care is substandard.

Researchers in Maryland have found that children participating in quality preschool programs are less likely to be held back a grade⁴. Recent research conducted for the City of Albuquerque finds that attending public preschool substantially reduces the probability that low

income children will be placed in special education or classified as having limited English proficiency, which, in turn significantly improves their performance on 4th and 6th grade achievement tests⁵. An evaluation of Early Head Start⁶ shows that children participating in the program score higher on standardized tests of toddler development, have larger vocabularies, and are able to speak in more complex sentences than children who do not participate⁷. Children who enter the public school system with cognitive and behavioral deficits are more expensive to educate. The poor educational outcomes many experience impose even greater costs on the state, including social programs and, finally lost productivity, which has wide ranging economic impacts.

Access to Quality Care is Already Limited

Access to child care that meets national standards is extremely limited for low income and poor children. Over 60% of New Mexico children live in low-income households⁸. Low wages and under-employment leave many families unable to pay the high cost of quality care. Estimates based on census data suggest that fewer than 25% of potentially eligible children receive subsidized child care. In addition, low rates of provider reimbursement make it impossible for many providers of high quality child care to participate in the subsidy program at all.

Public Sector Support is Vital

Government is vital to ensuring the quality, quantity, and affordability of child care. New Mexico's high poverty rate makes public sector support of child care even more critical. Extremely low profit margins for child care make it impossible for most providers to improve their quality of care without passing increased costs along to parents. New Mexico's wages are some of the nation's lowest. Many families, even those with two earners and state child care subsidies, have difficulty paying the current cost of care and would be forced to place their children in unregulated, often sub-standard care if prices were to increase further.

In 2000, full-time, center-based care for one infant averaged \$470 per month in the greater Albuquerque metropolitan area⁹. A family of three with annual income of \$22,000 that receives child care assistance still pays \$111 a month for full time infant care¹⁰.

Yet despite the ample evidence that children, families, communities, and economies benefit when children are given access to quality early childhood education, **current funding is sufficient to provide care for only 1 in 4 eligible children.**

Regulation and Subsidy Go Hand-in-Hand

State regulation helps to ensure that child care providers meet certain minimum standards of quality. Government subsidies help to ensure that parents and providers can afford the higher cost of state-regulated child care. State efforts to insure high quality child care through stricter regulation will not be effective unless accompanied by increased subsidies for parents and/or providers.

For example, New Mexico does not require that licensed child care centers maintain the ratios of children to care-givers recommended by the National Association for the Education of Young Children (NAEYC) because, at current levels of state reimbursement, such a regulation would drive many centers out of business.

Ratios of Children to Caregivers Allowed in NM		
Age of Child	Children per Caregiver	Recommended Ratio (NAEYC)
9 months	6	3-4
18 months	6	3-5
27 months	10	4-6
3 years	12	7-10
4 years	12	8-10

Because New Mexico under-funds child care it cannot effectively utilize its regulatory authority to ensure that all children receive quality care.



Unintended Consequences

Funding must be adequate to assist the families and providers who participate in the state's child care subsidy program. For instance, decreasing the ratio of infants to caregivers allowable in child care centers would increase the quality of care, but would impose large costs on providers. Without financial assistance from the state, some providers subject to the more stringent regulations might be forced to close their infant rooms, reducing the supply of infant care and forcing some families to obtain care from lower priced but unregulated providers. Thus, under-funding of a well-intentioned policy could result in a net decrease in both quality and access.

Who Really Subsidizes Child Care in New Mexico?

The federal government provides money to states to subsidize child care for low income families. In fiscal year 2001, New Mexico received \$36.7 million under the federal Child Care and Development Block Grant, also called the Child Care Development Fund. The state contributed another \$6.2 million (the minimum necessary to draw down the federal dollars) in General Fund for a total of \$42.9 million. With these monies New Mexico was able to partially subsidize care for an average of 20,000 children per month, or roughly 25% of those currently eligible. The subsidy program hardly makes a dent in New Mexico's unmet demand for early childhood education, leaving providers, workers, families, and ultimately society to pay the majority of costs.

Providers: Reimbursement rates for providers participating in the child care subsidy program are widely recognized as being well below market rates. For instance, the 2000 CYFD reimbursement rate paid in 2000 by the Children Youth and Families Department (CYFD) for full-time center-based infant care in a metropolitan area was \$396 a month while the market price for such care averaged \$470 per month. Many providers of the highest quality, most expensive care cannot afford to accept

state-subsidized children into their programs. High quality programs that do accept subsidized children often do so at a financial loss.

Disparate Funding of Early and Higher Education

In New Mexico, the average cost of full-time, year-round care for children under 6 is almost three times the average cost of full-time tuition at the state's public universities. Despite this fact and despite the fact that there are twice as many young children with working parents as there are undergraduates in New Mexico's colleges and universities, state spending on higher education exceeds state spending on early childhood education by a factor of 100-to 1¹¹.

Child Care Workers: Child care workers in New Mexico make, on average, \$6.24 per hour, less than half the average weekly wage. Nationally, less than 20% of teachers in child care centers receive employee benefits such as health insurance and paid sick leave. Not surprisingly, one third of child care teachers leave the center at which they work each year¹². The continuity of a caring staff with whom children can develop stable, caring relationships is an essential element of child care quality. Low wages for child care workers seriously compromise the ability of providers to retain qualified staff.

Parents: To maximize the number of families that can be served by the child care subsidy program CYFD utilizes a sliding co-payment schedule. The share of child care costs paid by families increases rapidly with income. For example, Maria, a mother of three, works full-time and makes \$19,000 per year. Child care for her two youngest children costs \$680 per month. Because Maria's income places her family just 30% above the federal poverty threshold she is eligible for state child care assistance. However, even with the subsidy her copayment of \$84 per child per month consumes over 11% of her take-home pay.

Families with income above 100% of the federal poverty threshold (\$17,650 for a family of four in 2001) are technically no longer eligible for state child care assistance¹³, yet very few are able to pay the full cost of quality care. High quality, full-time care for an infant and a toddler can easily cost \$1,000 a month - 57% of gross income for a family of four in which both parents work full time for minimum wage.

Children: Ultimately, children pay the highest price for public under-investment in child care. Substandard care undermines child development, creating numerous short and long run challenges to a child's ability to achieve in school and function in society.

Society: Children who enter public school with pre-existing deficits attributable to substandard child care are more likely to exhibit behavioral and learning problems and require specialized educational services. They are more likely to drop out of school and raise their own children in poverty, imposing high costs on the education, social service, and correctional systems.

Shortsighted Policy at CYFD Makes a Bad Situation Worse

In August of 2001, the New Mexico Children, Youth, and Families Department reduced the eligibility threshold for state child care assistance from 200% of the federal poverty threshold to 100% of the federal poverty threshold.

Child Care Assistance Eligibility		
family size	before 08/01/01	after 08/01/01
2	\$23,220	\$11,610
3	\$29,260	\$14,630
4	\$35,300	\$17,650
5	\$41,340	\$20,670

This policy change meant that New Mexico had the nation's lowest eligibility threshold for child care assistance. (The next lowest threshold is 125% of the federal poverty level (FPL) in South Carolina. Connecticut has the nation's highest eligibility threshold, set at 330% of the FPL). In November 2001 CYFD announced that with an additional \$5 million from the federal Child Care and Development Block Grant it could provide

subsidies to some of the families between 100% and 200% of the FPL that had applied and been turned away since August. But CYFD does not guarantee that it will be able to continue to assist families in this income range. And, even with the additional federal money, most families below 200% of the FPL do not receive subsidized child care.

Approximately 53,000 New Mexico children between the ages 0 to 5 live in households with income between 100% and 200% of the FPL. Approximately 5,750 of these children currently occupy subsidized child care slots. Most of the 47,250 children not in subsidized slots who lost eligibility for child care assistance on August 1, 2001 will never have the opportunity to receive high quality child care because their parents cannot afford to pay the full market price.

Conclusion

Affordable, high quality child care is critical to the productivity of New Mexico's current and future workforce and the sustained success of efforts to move families from welfare to work. Our failure to recognize and address the child care crisis facing New Mexico's working families will impose substantial long term costs on our state's educational, justice, and social service systems, costs that all New Mexicans will eventually pay.

Recommendations

A number of initiatives could improve access by low income families to quality child care.

At the federal level

In October 2002 Congress will consider reauthorization of the Child Care Development Block Grant (CCDBG). Increasing the block grant appropriation would allow New Mexico to provide more child care subsidies. Call, write, or email your Congressional representative to support the reauthorization.



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At the state level

Continuing to subsidize child care for families at or below 200% of the FPL is critical. Call your state representative or senator and express your support for this policy. You can find out who your representative and senator are through the NMACF website at www.nmadvocates.org or by calling NMACF at (505) 244-9505.

During the 2002 state legislative session, which will begin January 15, 2002, NMACF will introduce two pieces of legislation aimed at benefitting low income working families: a child care personal income tax credit, and a bill to increase the child care subsidies in the CYFD budget. Check the NMACF website: www.nmadvocates.org and click on the 2002 legislative page to find out how you can help. Or call NMACF at (505) 244-9505.

Notes

¹Campbell, F.A. and Ramey, C.T. 1994. "Effects of Early Intervention on Intellectual and Academic Achievement: A Follow-up Study of Children from Low Income Families" *Child Development* 65:84-98; and National Association of Child Advocates. "Making Investments in Young Children: What the Research on Early Care and Education Tells Us" Washington DC: National Association of Child Advocates, December, 2000.

²Peisner-Feinberg, et al., 1999. *The Children of the Cost, Quality, and Outcomes Study Go to School*. Chapel Hill: University of North Carolina at Chapel Hill, Frank Porter Graham Child Development Center.

³ibid

⁴Maryland State Department of Education, 1991

⁵Boyle and Derkas. *Long Term Followup Of Child Development Programs in Albuquerque*. Albuquerque 2001: Institute for Social Research, University of New Mexico.

⁶Early Head Start is a federally funded program that provides early childhood education and family development services to low-income pregnant women and children ages 0 to 3.

⁷The Commissioner's Office of Research and Evaluation And the Head Start Bureau Administration on Children, Youth and Families; US Department of Health and Human Services (2001) "Early Head Start - Building their futures: How early Head Start programs are enhancing live of young children in low income families."

⁸Defined, for purposes of this analysis, as those with income below 200% of the federal poverty threshold.

⁹Survey of all licensed child care providers in the greater Albuquerque metropolitan area conducted by the YWCA Carino Child Care Resource and Referral Service in 2000.

¹⁰New Mexico Administrative Code (NMAC) 8.15.2.25.

¹¹New Mexico Commission on Higher Education; and Children's Defense Fund "The High Cost of Child Care Puts Quality Care Out of Reach for Many Families" Washington DC: Children's Defense Fund 2000.

¹²US Department of Health and Human Services (2000) "A Profile of the Child Care Work Force." <http://www.acf.dhhs.gov/programs/ccb/faq/workforc.htm>.

¹³In August of 2001 CYFD reduced the eligibility threshold for state child care assistance from 200% of the federal poverty level to 100% of the federal poverty level. CYFD reserved the right, however, to extend offers of assistance to families with income between 100% and 200% of the federal poverty level if funds to do so became available. In November of 2001 CYFD extended offers of child care assistance to roughly 800 such families.

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