The Cliff Effect: One Step Forward, Two Steps Back

The Cost of Losing Child Care Assistance in New Mexico

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Everyone should have the opportunity to work hard and achieve family economic security. And hard work should also be rewarded, but some policies are insufficient and inadvertently keep hard-working parents from climbing the economic ladder. Hard-working families with fewer resources may need work supports to help them cover basic necessities like food, child care, or health care until these families can be financially self-sufficient. But some of these work supports have an inherent flaw known as the cliff effect.[1] Fortunately, there are simple solutions to this problem.

While many work supports taper off gradually as family incomes rise, some work supports end too abruptly. The cliff effect occurs when an increase in income is enough to disqualify a family from receiving a work support but is not enough to cover the cost of the lost benefit. Thus, with the cliff effect, wage increases are not always equivalent to an improved financial situation and can actually leave families worse off than they were when they qualified for those benefits. The cliff effect leaves many breadwinners having to make the terrible choice between accepting a pay raise and keeping a critical work support, such as child care assistance for their children. In some instances, they choose to decline the raise.[2] This keeps them from improving their family's long-term financial situation. It also hurts the state's budget and economy because higher wages bring in more tax revenue, and generally lead to more discretionary spending, which improves the economy.

This report focuses on the cliff effect that occurs with the loss of child care assistance for New Mexico families. Losing child care assistance is especially detrimental to families because the cost of child care is so high. High-quality child care costs more than tuition and fees at New Mexico's 4-year public universities, so it is an expense that even middle-income families struggle to meet. This report looks at the intensity of the child care cliff effect in New Mexico, as well as problems with income eligibility ceilings and co-pays, and offers policy solutions to these problems.

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A Typical Family, Typical Costs

Since more than 90 percent of the heads of households receiving child care assistance in New Mexico identify as single parents and the state's child care assistance program serves, on average, 1.7 children for every family served, our report focuses on the child care assistance cliff effect for a prototypical family comprised of a single parent with two young children—one an infant and the other a 4-year-old.[3]

The cost of child care varies depending upon the age of the child receiving care, the locality, the type of child care provider, and whether they are licensed. Care is more expensive for infants and in high-quality, licensed center-based settings. The average annual costs for child care for a variety of ages and settings are shown in Figure I (below). As the graphic shows, both licensed center-based child care and home-based child care costs in New Mexico are even higher than college tuition at 4-year public institutions, which averaged $6,921 in 2016.

According to Child Care Aware of America, the annual average cost for center-based child care in New Mexico is $7,906 for an infant and $7,633 for a four-year-old receiving full-time care, or $4,004 for a school-aged child receiving after-school care. The annual average cost for home-based child care in New Mexico is $7,851 for an infant and $7,532 for a four-year-old receiving full-time care, or $4,135 for a school-aged child receiving after-school care.[4] Since most of the children receiving child care subsidies in New Mexico are in licensed center-based care,[5] for this report we are using the state's average cost for licensed center-based care—$7,906 for an infant and $7,663 for a four-year-old.

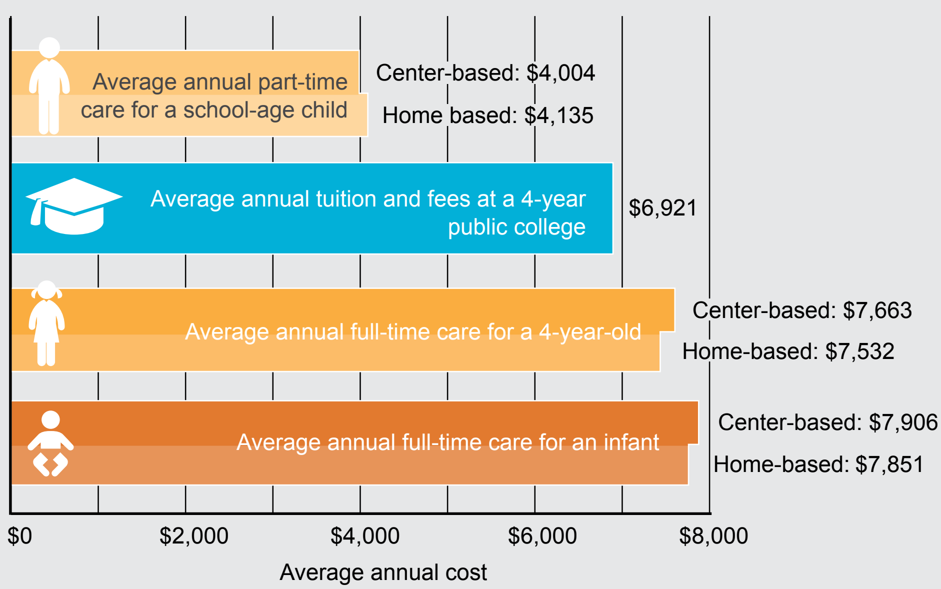
Hitting the Low Ceiling for Child Care Assistance Eligibility

In order to qualify for child care assistance, the child's parent or guardian must be either employed or participating in a job training or educational program. Child care assistance is not available for parents while they look for work. Assistance in our state is prioritized for families at or below 100 percent of the federal poverty level (FPL), families with children with special needs, teen parents, and families experiencing homelessness.[6]

FIGURE I

Full-time child care is more expensive than college

Average annual cost of licensed, center-based care, home-based care, and public colleges in New Mexico (2016)



Source: *Parents and the High Cost of Child Care 2017*, Child Care Aware of America
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Priority is also given to families who are receiving or transferring from Temporary Assistance for Needy Families (TANF)—although fewer than 4 percent of New Mexico families on TANF receive child care assistance even though 37 percent of children on TANF are ages 5 and younger.[7]

While an estimated 18,433 children are being served through the state's child care assistance program in fiscal year 2018 (FY18), this is thousands fewer than were served just a few years ago. The New Mexico Legislative Finance Committee estimates that there are nearly 11,000 eligible children who are not being served, in part because the state does not fund child care assistance to the levels cited in New Mexico's administrative code.[8]

According to the state's administrative code, child care assistance is supposed to be provided for families earning up to 200 percent of FPL when state funding is available. Unfortunately not enough funding has been appropriated over the years and since November 2013, the state has set the actual initial eligibility ceiling at 150 percent of FPL—or an annual income of more than $30,630 for our family of three (since most of the available data used in this report are from 2017, we have used the 2017 federal poverty guidelines throughout).

The Many Benefits of Child Care Assistance

Child care assistance is an effective two-generational support that is beneficial for parents and their children. It enables parents to work their way toward family economic security while their children are in safe learning environments that, when the quality is high, increase their school readiness.

Child care assistance in New Mexico does incentivize quality with higher reimbursement rates for higher quality. In addition, the family's co-pays are based on their income rather than on the cost of the care their child receives, so families can choose higher-quality child care settings without financial repercussions. Nearly 90 percent of New Mexico children with child care subsidies are in licensed facilities, which usually have better trained staff, additional enrichment activities, and better safety measures and procedures than those that are unlicensed. Nearly 54 percent of these children are in high-quality 3- to 5-STAR child care settings, with almost 30 percent of them in the highest quality 5-STAR care.[9]

Besides helping children succeed in school, child care assistance also has a strong child maltreatment and fatality prevention component.[10] High-quality child care helps prevent child abuse and neglect by reducing parental stress. Trained child care workers can also recognize and report suspected child abuse or neglect. When working parents can't afford the full cost of unsubsidized child care, many have to choose unregulated care options that are usually not as safe for the child.

Investing in child care assistance should become more of an economic growth strategy for New Mexico. The work of James Heckman, a Nobel Laureate in economics, shows that investing in high-quality early childhood care and education programs, including child care, can yield returns on investments between 7 to 13 percent per year. He stresses that "The highest rate of return in early childhood development comes from investing as early as possible, from birth through age five, in disadvantaged families." He advises state policymakers to significantly invest in early childhood programs to reduce educational deficits and strengthen economies.[11]

In 2014, when Congress reauthorized the federal Child Care and Development Block Grant Act (CCDBG), important changes were made to child care assistance across the nation. For example, states were required to institute 12-month eligibility, which provides parents the stability they need to work and improves continuity of care for the child. States were also required to institute a phase-out system for families whose incomes have increased beyond a certain level.

Thanks in part to the 2014 CCDBG, New Mexico families that already receive child care assistance can continue to receive that assistance until their income rises to 200 percent of FPL—or $40,840 for a family of three. However, families already earning between 151 percent and 200 percent of FPL at the time they apply for child care assistance are put on a waiting list. Few of these families will ever get the child care assistance they need because the state has chosen to underfund this critical program. This is despite the fact that 43 percent of all working families in New Mexico are low-income—meaning they earn less than 200 percent of FPL. That's the worst rate in the nation.[12] Still, many of these families will earn too much to qualify for child care assistance.

While the change in the federal CCDBG is an improvement for those families who are impacted, it doesn't erase the cliff effect. So once our prototypical family earns just one dollar above $40,840 they will lose $10,061 per year in child care assistance—a significant new bill for a low-income family of any size. Our family would need to receive a pay raise of nearly 25 percent in order to make up for the lost assistance.

The Problem with High Co-pays and Low Eligibility Levels

Even though child care assistance is a huge help for low-income working families, they still must bear some of the cost through co-pays. And despite the fact that New

Improving Equity

New Mexico should expand access to child care assistance to help redress inequities. In New Mexico, 63 percent of all family households living in poverty are headed by single parents. Of those, 81 percent are headed by single mothers.[13] Regardless of their marital status, mothers tend to earn less than women without children. Since mothers in our state earn only 73 cents for every dollar fathers make, providing access to affordable quality child care is an important gender equity issue. Mothers of color are even more negatively impacted. Latina, Native American, and Black mothers in New Mexico only make 49 cents, 46 cents, and 50 cents, respectively, for every dollar that non-Hispanic white fathers make.[14]

Additionally, in New Mexico children of color represent 76 percent of young children (ages 0 to 4) but represent 88 percent of the children served by child care subsidies. This is not surprising considering that children of color are far more likely to live in low-income families than their white counterparts.[15] This is often due to historical systemic mistreatment, racist policies, and barriers to opportunity that have prevented people of color from accumulating wealth and resulted in generational poverty. Ensuring that low-income children of color have a safe and nurturing place to learn while their parents are working their way to economic security is a racial and ethnic equity issue as well.

The Federal Poverty Line is Not an Adequate Measure for Work Support Eligibility Ceilings

To be eligible for work supports a family has to have an income that is below a certain ceiling. These ceilings are usually determined by family size and the federal poverty level (FPL). While the FPL for a family of three is an annual income of $20,420, a family is still considered low-income when they're earning up to twice that—or 200 percent of FPL—which is $40,840 for this size family.[16] For this reason, most work supports are available for families earning more than the poverty threshold. However, even families that are between 200 and 300 percent of FPL may still find many living expenses, like child care costs, burdensome.

The Economic Policy Institute's Family Budget Calculator estimates that a single parent with two children in the Albuquerque metro area needs to earn at least $64,574 a year to reach a modest yet adequate standard of living, without any public assistance.[17] This is equivalent to about 316 percent FPL. This type of basic family budget that is based on specific location, family composition, and an adequate standard of living can better gauge family economic security needs than the FPL measure. This measure is used in our cliff effect graph (Figure IV, page 7) to show the break-even line at which point our prototypical family has reached an adequate, yet modest standard of living.

Mexico has a high rate of families who remain poor even though they are working, our co-pays are high. According to the National Women's Law Center's latest report on state child care assistance policies, there are 28 states that have lower co-pays than New Mexico for a family of three with an income at 100 percent of FPL and with one child in child care. Of those 28 states, five states—including South Dakota, Wyoming, and Utah—have no co-pays at all for families at that income level. There are also 19 states that have lower co-pays than New Mexico for a family of three with an income at 150 percent of FPL and with one child in child care.[18]

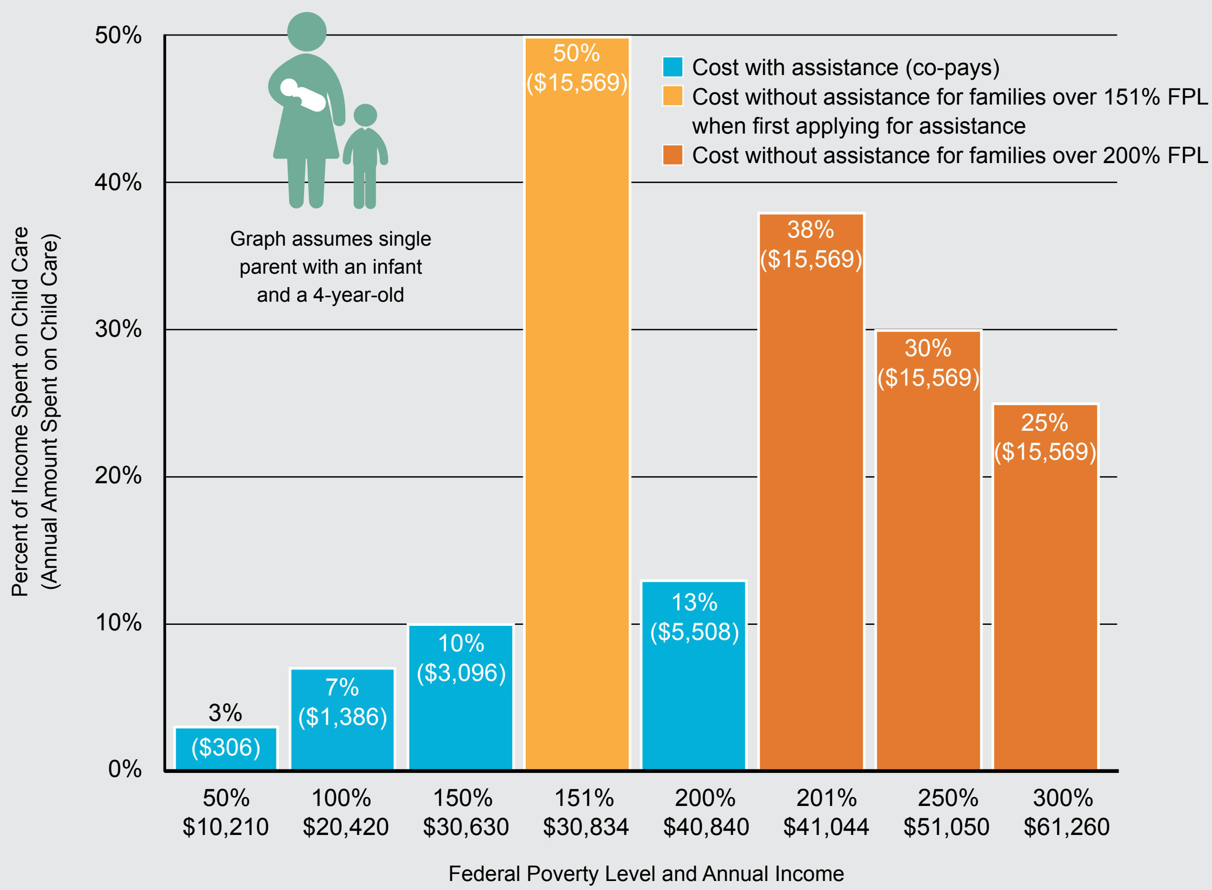
As Figures II (below) and III (page 6) show, as incomes increase, monthly co-pays (the blue bars) for child care assistance steadily increase as well. The co-pays are set by the New Mexico Children Youth and Families Department (CYFD)—the state agency overseeing child care assistance—and depend, in part, on family size and income. They range from $0 to $306 per month per child or up to nearly $3,672 a year per child for our prototypical family of three at incomes up to 200 percent of FPL.[19]

While child care assistance is of tremendous help, co-pays are still a financial hurdle. Large families get some relief since co-pays for each additional child are half of the co-pays of the previous child. In New Mexico, even if our prototypical family is living in deep poverty—at 50 percent FPL or $10,210 a year—they still have to pay 3 percent of their income in co-pays. That same family earning 100 percent of FPL ($20,420) pays 7 percent of their income in child care co-pays.

FIGURE II

Child care costs eat up a significant portion of a New Mexico family's income

Percentage of income spent on center-based child care by federal poverty level and eligibility for assistance for a single parent with an infant and a 4-year-old (2016)



Sources: NM Children Youth & Families Department child care assistance co-pay schedule April 2018 through March 2019; and *Parents and the High Cost of Child Care*, Child Care Aware of America, 2016

Family icon by Freepik via flaticon.com

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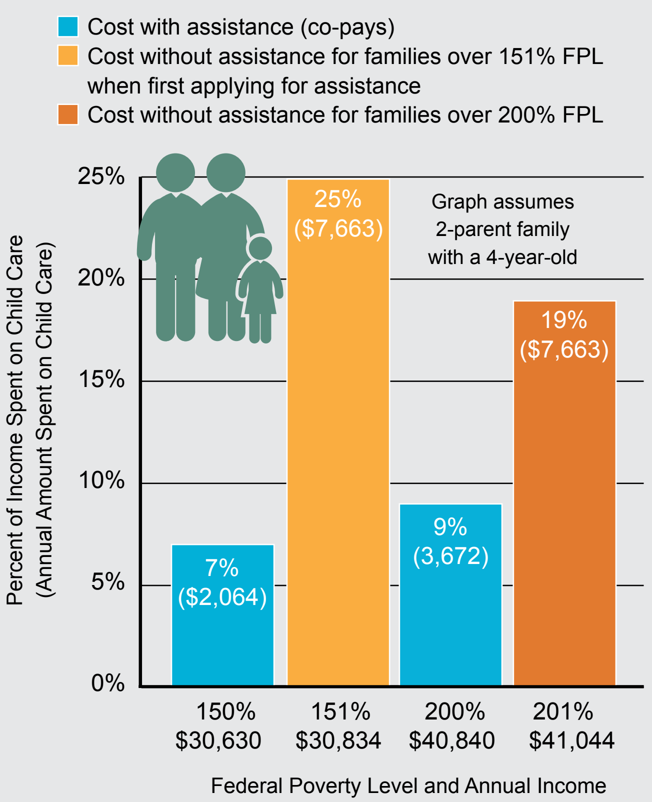
Co-pays for this family increase as a share of income as the family income rises. But once our prototypical family earns just over 200 percent of FPL ($40,480), and they have to pay the entire $15,569 a year cost of child care, they are spending more than one-third of their income just on child care (dark orange bars). Even at 300 percent FPL, child care eats up one quarter of their income.

If our family was already earning 151 percent of FPL when they first began to need child care assistance, they would be placed on a waiting list while paying nearly one-half of their income on child care (light orange bar). Like many parents in their position, they would seek a low-cost and likely lower quality form of care.

FIGURE III

Child care costs eat up a significant portion of a New Mexico family's income

Percentage of income spent on center-based child care by federal poverty level and eligibility for assistance for a two-parent family with a 4-year-old (2016)



Sources: NM Children Youth & Families Department child care assistance co-pay schedule April 2018 through March 2019; and *Parents and the High Cost of Child Care*, Child Care Aware of America, 2017
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A two-parent family with one 4-year-old pays a lower portion of their income on child care whether they have assistance or not (see Figure III, below), but costs are still significant.

When both types of families are earning more than 200 percent of FPL, their child care costs are high relative to their income.

The Cliff Effect in Perspective

Figure IV (page 7) illustrates the financial cliff effect that occurs when losing a variety of work supports, including child care assistance. The orange line represents the family's financial bottom line—meaning the after-tax wages plus work supports minus basic expenses. As income rises, and the family reaches the eligibility ceiling for each work support, the support ends, causing the line to drop. This chart was calculated for that same prototypical family comprised of a working single parent with an infant and a four-year old, both of whom are enrolled full time in regulated center-based care. The graph assumes that this family participates in all the major assistance programs they are eligible for in New Mexico, which is rarely the case due to administrative hurdles or lack of information on the family's part, or insufficient funding on the part of the state.

Work supports in New Mexico included in this cliff effect calculation are child care assistance (CCA), Earned Income Tax Credit (EITC), Working Families Tax Credit (WFTC), Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Low-Income Home Energy Assistance Program (LIHEAP), Low-Income Comprehensive Tax Rebate (LICTR), Child Tax Credit, as well as Medicaid and the Children's Health Insurance Program (CHIP). Each of these benefits has its own income eligibility ceiling and qualification requirements. The Appendix (page 10) details the assumptions made and references used to calculate this cliff effect chart.

As earnings increase, most work supports taper somewhat gradually along different income ceilings and they create varying cliff effects. For example, TANF ends at 85 percent of FPL while SNAP ends at 130 percent of FPL. The loss of these benefits create significant but relatively small cliff effects that reflect a monthly loss of $147 for TANF and $94 for SNAP by the time our family of three loses eligibility for those programs.[20] Other work supports like LIHEAP, LICTR, EITC, and WFTC have more negligible cliff effects because they either taper very gradually all the way down to zero, have small dollar impacts on the net family resources, or both.

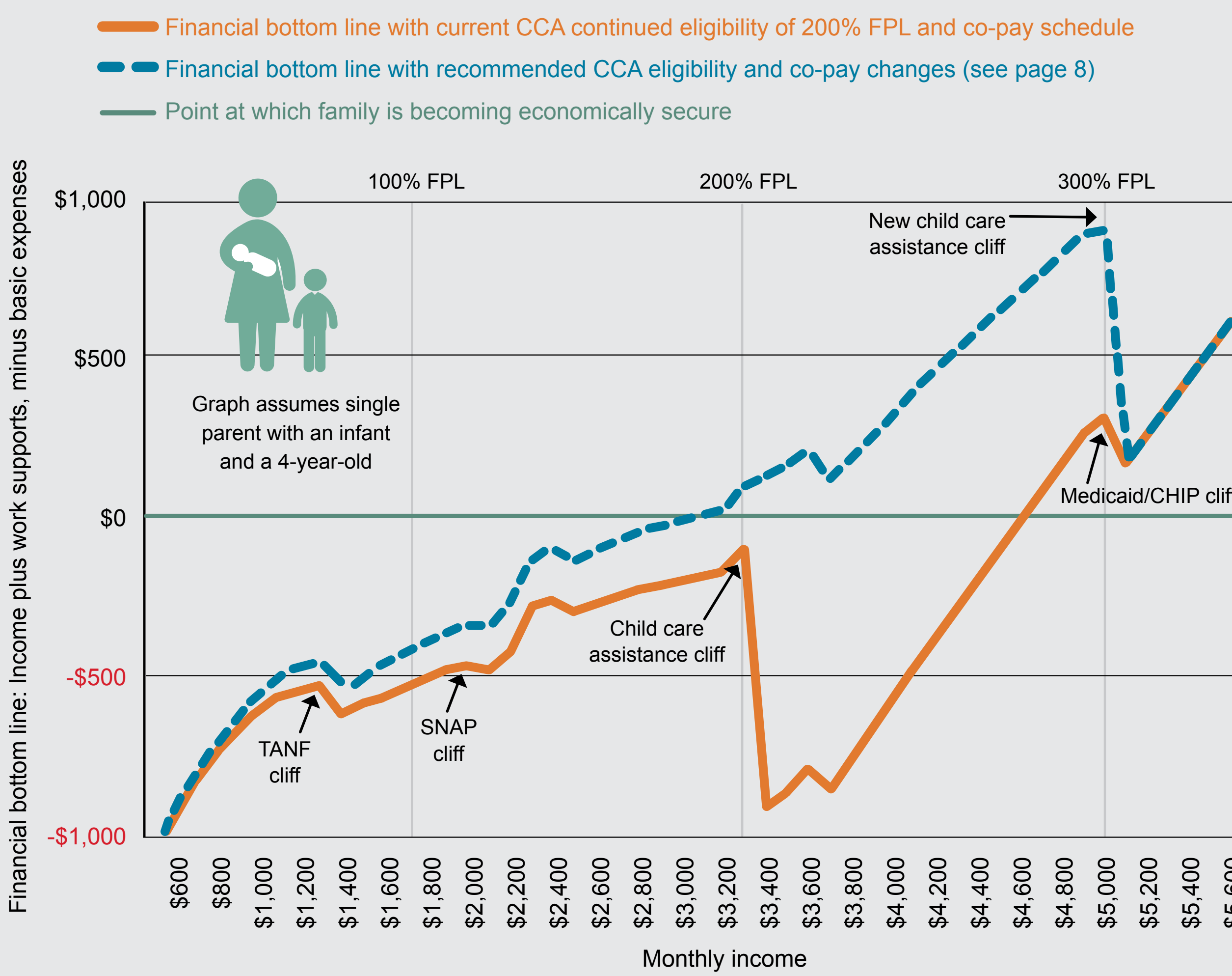
Not so with the child care assistance cliff. Once our family is earning just above 200 percent of FPL, they go from paying $459 per month—or $5,508 per year—in co-pays to paying the full child care costs of $1,297 per month—or $15,569 per year. The family that was inching closer to the basic economic security line (shown in green – see sidebar the federal poverty line on page 4 for details) now drops precipitously back to the financial straits they were in when they qualified for TANF and SNAP (as shown by the orange line). In fact, they are now at an equivalent financial bottom line of a family at less than 50 percent FPL, which is considered deep poverty. But because they are earning just over 200 percent of FPL, they no longer qualify for child care assistance and most other work supports.

This is an untenable situation for most New Mexico families, and many have to refuse raises or increases in work hours that would make them ineligible for child care

FIGURE IV

The loss of child care assistance (CCA) in New Mexico can throw a family back into severe financial insecurity

The financial cliff effect that occurs when losing a variety of work supports, including child care assistance for an infant and 4-year-old in center-based care, for a family of three receiving all benefits for which they are eligible



Source: NM Voices for Children calculations; see Appendix (page 10) for methodology and data sources
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assistance. This unfortunately happens all too often. A 2009 Colorado study found that of families that received child care assistance and were faced with the cliff effect, 19 percent had to turn down extra work hours, 14 percent were unable to take a raise, and 11 percent declined a job offer, among other significant life decisions.[21] Unaffordable child care can also lead parents to rely on inappropriate caregivers or on underground unregulated options in unsafe environments.[22]

In Figure IV, we graphed on the blue dotted line the policy recommendations listed below that improve the financial situation of our prototypical family.

The blue dotted line assumes that:

1) There are no co-pays for families living at or below 100 percent of FPL since parents should not have to deal with co-pay burdens while working their way out of poverty;
2) Eligibility is extended to families earning up to 300 percent of FPL to delay the impact of the cliff effect to when families are more financially secure and better able to pay for the full cost of child care (there are more than a dozen states with eligibility thresholds that go above 200 percent of FPL for a family of three, at an average of 245 percent of FPL[23]); and
3) Co-pays for families between 100 and 300 percent of FPL increase gradually and do not exceed seven percent of a family's gross income for families that are getting paid less than 200 percent of FPL (as per the guidelines of the U.S. Department of Health and Human Services) and do not exceed 14 percent of a family's gross income for families that are getting paid less than 300 percent of FPL.

In the original release of this report (May 2018), our focus was on eliminating the current child care assistance cliff effect altogether and thus we recommended that co-pays for families between 200 and 300 percent of FPL increase at a fairly steep rate until co-pays equate average licensed center-based child care cost, when eligibility is lost. However, after additional conversations with stakeholders and data analysis, we now recommend setting much less onerous co-pays so parents—as their incomes rise from 100 to 300 percent of FPL—can focus on improving the well-being and financial security of their families. Families exiting the child care assistance program once they reach 300 percent of FPL would still face a cliff but that cliff would be much smaller, both monetarily and proportionally ($6,996 per year or an 11 percent drop in their income), than the current cliff at 200 percent of FPL ($10,061 per year or a 25 percent drop in their income), for our prototypical family. Families at 300 percent of FPL would be able to absorb that smaller and delayed cliff without dropping below the financial security line.

Raising the Minimum Wage

Some have raised concerns that increasing the minimum wage would have the unintended consequence of families losing their child care assistance when they surpass the income eligibility ceiling. But this is a fundamentally unsound argument. We should not want to keep working families poor under the guise that we don't want them to lose certain work supports. Instead, we need to lift working people up by increasing the minimum wage *and* fixing the cliff effect so that work supports help hard-working, low-income families lift themselves out of poverty.

Better yet would be to make the minimum wage a living wage so that everyone who works full time can have a decent standard of living without needing public assistance. The statewide minimum wage is still at $7.50 an hour and has lost 18 percent of its purchasing power in the nearly ten years since it was last increased. That

One Family's Story

Dorothy, who works for a New Mexico nonprofit, lost her child care assistance when her income put her just $100 over the monthly earnings threshold. The assistance had allowed her 4-year old to attend pre-kindergarten at a child care center with wrap-around child care services to help cover her work hours. Although she was earning $100 more per month, losing her child care assistance meant having to now pay $750 more a month for child care. Dorothy was faced with a terrible decision: work fewer hours at her job, which would put her benefits at risk; try to find a less expensive and likely lower-quality child care program; or ask her son's working grandparents to work fewer hours in order to help care for her son.

In a letter to her congressional representatives, Dorothy described how the cliff effect of child care assistance hurts families like hers. "This type of action only perpetuates the cycle of need and poverty. I implore you to consider transitional or gradual levels of assistance … so that no other mother will ever have to face the decision that I have to right now."

means New Mexicans making the state minimum wage now are earning an equivalent of about $2,400 less each year than minimum wage earners did in 2009.

Even minimum wages of $10 or $11 an hour—as they are in Las Cruces and Santa Fe, respectively—are still poverty or near-poverty wages for a single parent caring for one or more children. Single parents earning those wages still qualify for child care assistance. Since more than 90 percent of New Mexico parents on child care assistance are single parents, very few families would be affected by a wage increase of this magnitude.

Policy Recommendations

Eliminate child care assistance co-pays for families living at or below 100 percent of FPL and reduce co-pays for families living above 100 percent of FPL

As shown in this report, even with child care assistance, the co-pays can still be onerous for working families struggling to make ends meet. There are 28 states that have lower co-pays than New Mexico for a family of three at 100 percent of FPL with one child in child care and there are 19 states that have lower co-pays for a family of three at 150 percent of FPL with one child in child care. New Mexico could do much better, especially since our state is ranked worst in the nation in overall child poverty, as well as in children younger than five in poverty.[24]

Increase the initial and continuing eligibility ceiling for child care assistance to 300 percent of FPL

Child care assistance eligibility should be broadened to encompass all working families up to 300 percent of FPL. There are 14 states with eligibility thresholds that go above 200 percent of FPL (at an average of 245 percent of FPL), with Colorado and Vermont near or slightly above 300 percent of FPL.[25]

Gradually phase out assistance for families earning between 100 and 300 percent of FPL

Co-pays should gradually increase and not exceed 7 percent of a family's gross income for families that are getting paid less than 200 percent of FPL and should not exceed 14 percent of a family's gross income for families that are getting paid less than 300 percent of FPL. While such a co-pay structure would not entirely eliminate the cliff at 300 percent of FPL, it would delay and reduce the intensity of the cliff while ensuring that families have less onerous co-pays to deal with on their path to economic security.

Use existing and new funding sources to pay for broadened child care assistance eligibility

New Mexico can use the supplemental $20 million in CCDBG funding to raise the initial income eligibility to 200 percent of FPL and to reduce co-pays. The state can also use a very small percentage of our nearly $18 billion permanent fund's annual disbursements to invest in child care assistance which benefits working parents and our children while yielding long-term economic returns for New Mexico.

APPENDIX

Cliff Effect Graph Methodology

Assumptions made about the family

Data were calculated for a single working parent with an infant and a four-year old with no special needs and enrolled full time in regulated center-based child care. The cliff effect graph assumed that the parent entered the child care assistance program before the initial eligibility income ceiling of 150 percent of FPL and exited the program right after exceeding the continuing eligibility income ceiling of 200 percent of FPL. The graph also shows the improved financial situation of our prototypical family if some of the policies recommended in this report were to be enacted.

Monthly income

The hypothetical monthly incomes ranged from $500 to $5,600 a month, at $100 increments.

Monthly basic expenses

Basic expenses were derived from the Economic Policy Institute's Family Budget Calculator which estimates that a single parent with two children in the Albuquerque metro area needs to have at least $5,381 a month—or $64,574 a year—in their family budget to reach a modest yet adequate standard of living, without needing public benefits.[26] This budget includes housing, food, child care, transportation, health care, taxes, and other necessities. In order to more accurately approximate the basic expenses that most dramatically change along various income levels, we did not use the EPI's estimated costs for taxes, health care, and child care and instead used the more incremental and family-specific amounts as described below.

- For estimated taxes, we used the federal and New Mexico state tax amounts (without tax credits) calculated for New Mexico Voices for Children by the Institute on Taxation and Economic Policy.[27]
- For estimated health care costs, we assumed that the whole family was covered by Medicaid until they reached 138 percent FPL and that the children were covered by Medicaid/CHIP until the family reached 300 percent FPL. Estimated yearly insurance costs and premium tax credits were calculated for a 35 year old single mother with an infant and a 4 year old assuming that all three family members required a low level of medical care each year. Estimated yearly health care costs (including insurance and co-pays) were calculated using the Healthcare.gov website for the various income levels.[28]
- For child care costs, we used the NM CYFD co-pay schedule and Child Care Aware of America's average center-based child care costs for New Mexico.[29] The blue dotted line in Figure IV graphs all of the co-pay and eligibility policy recommendations listed on page 9. In the original report, we had only graphed the eligibility increase to 300 percent of FPL and a different, steeper, gradual co-pay increase from 200 to 300 percent of PFL. For this update, we also used the more current co-pay schedule for April 2018 through March 2019 (Figures II, III, and the orange line in IV).

Please note that in our original report, we miscalculated the co-pay amounts. For our two-child prototypical family, we mistakenly doubled the co-pays per child for a family of three instead of halving the co-pay for the second child. The correct co-pays for our prototypical family are in Figures II and IV.

Work support benefits

The graph assumed that this family participated in all the major New Mexico assistance program they were eligible for, which is often not the case. In addition to health care and child care assistance mentioned above, we included in our calculations the major work supports described below. All calculations were done using federal poverty level percentages for 2017 and 2017 data when available.

- The Earned Income Tax Credit (EITC) rates were calculated using the Internal Revenue Service's EITC Assistant calculator using available 2016 tax year data.[30]
- The Working Families Tax Credit (WFTC)'s value was calculated to be 10 percent of the EITC value, as mandated by New Mexico statute.[31]
- Calculations for the Supplemental Nutrition Assistance Program (SNAP) and the Temporary Assistance for

Needy Families (TANF) were based on the Human Services Department's income eligibility guidelines.[32] For the SNAP calculations, it was assumed that this family lives in an efficiency in the Albuquerque metro area and the cost of rent and utilities is based on the Department of Housing and Urban Development Fair Market Rent at the 50th percentile for 2017.[33]

- The Low-Income Home Energy Assistant Program (LIHEAP) subsidy amounts were based on the eligibility worksheet from the New Mexico Public Regulation Commission.[34]
- The Low-Income Comprehensive Tax Rebate (LICTR) assistance amounts were based on the New Mexico's LICTR rules.[35]
- Child Tax Credit amounts were based on eligibility rules from the Internal Revenue Service.
- The health care tax credit was calculated for the various income levels using the Healthcare.gov website.[36]

Financial bottom line

To calculate the family's financial bottom line along the different income levels, we added the hypothetical monthly income to the monthly work support benefits that the family qualified for along those incomes and subtracted the monthly basic expenses.

Endnotes

1. Examples of cliff effect reports: *The "Cliff Effect" Experience: Voices of Women on the Path to Economic Independence*, *Crittenton Women's Union*, 2016; *Reducing Cliff Effects in Iowa Child Care Assistance*, *The Iowa Policy Project*, 2014
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5. *2016 New Mexico Child Care Data Report*, CYFD and CEPR, 2016; *Parents and the High Cost of Child Care*, Child Care Aware of America, 2017
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13. American Community Survey, 2016 data
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15. American Community Survey, 2016 data; *2016 New Mexico Child Care Data Report*, CYFD and CEPR, 2016
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18. *Persistent Gaps: State Child Care Assistance Policies 2017*, National Women's Law Center, 2017
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