

SEPTEMBER 2024

# Strengthening Early Childhood Policy

A Case Study

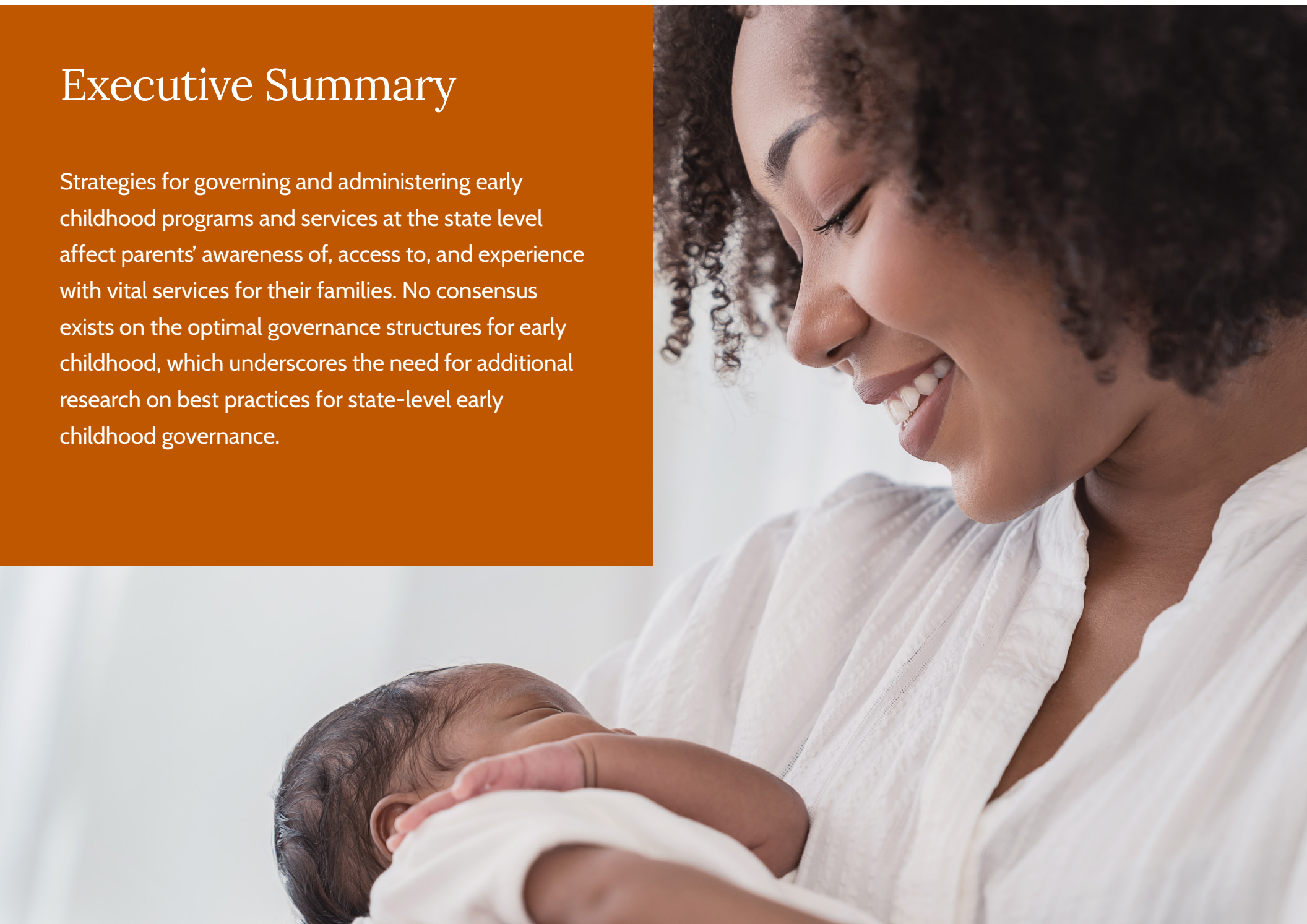
NEW MEXICO





# Executive Summary

Strategies for governing and administering early childhood programs and services at the state level affect parents' awareness of, access to, and experience with vital services for their families. No consensus exists on the optimal governance structures for early childhood, which underscores the need for additional research on best practices for state-level early childhood governance.



To understand the full range of state early childhood governance strategies, the Prenatal-to-3 Policy Impact Center at Vanderbilt University (Policy Impact Center) conducted a national landscape scan to identify each state's strategy for organizing the administration of early childhood programs and services. The Policy Impact Center then selected states with various governance styles for in-depth case studies. This brief presents preliminary case study results for New Mexico.

In 2019, New Mexico consolidated most of its early childhood services under one department, the Early Childhood Education and Care Department (ECECD). Following this restructure, New Mexico established permanent, sustainable state-level funding for early childhood through annual disbursements from natural resource investment funds, which enabled the state to expand eligibility for and access to early childhood programs across the state.

### New Mexico's unprecedented investments in early childhood offer key lessons learned:

- Establishing a consolidated early childhood department enabled New Mexico to increase visibility of, accountability for, and investment in early childhood, resulting in expanded and improved early childhood services.
- Permanent state-level funding enabled the Department to act upon early childhood policy priorities.
- Support from across sectors and industries paired with a cohesive strategy shared across interested parties enabled success.
- The Governor facilitated early childhood transformation by generating political will and fostering collaboration across agencies, and continues to do so today.
- Creating a Secretary-level position to lead the Department provided credibility.
- The Department continues to value community voice, which informs a shared vision for early childhood.
- Strategic decision-making on what to consolidate and leave dispersed ensures optimal program and agency functioning.
- New Mexico remains focused on ongoing improvements and next steps to support all children to thrive.

# Introduction

Across the United States, state approaches to organizing the administration of programs and services for young children and their families vary widely. Some states consolidate governance of early childhood programs into relatively few agencies and departments. Other states disperse early childhood programs across numerous state government entities. States also make different choices on which services to group together within an office or division, and the types of departments where a given service lives.

Research to date, however, does not identify the optimal governance structure for early childhood programs to maximize effectiveness or efficiency of service provision. Existing resources also do not comprehensively document how state governance choices are similar to or different from one another, either.

The Prenatal-to-3 Policy Impact Center at Vanderbilt University (Policy Impact Center) conducted a study of early childhood governance in the US. The study includes a comprehensive national landscape scan of early childhood governance and case studies of selected states with different early childhood governance strategies. Through the study, we identify patterns in early childhood governance; examine the benefits and challenges of different governance strategies; and identify best practices and lessons learned from states to inform effective and efficient early childhood governance.

This brief provides preliminary case study findings for New Mexico. For the case study, we interviewed seven early childhood leaders in New Mexico representing state government, child care business owners, the business community, non-profits, and advocates. Our findings summarize what we learned through these interviews.



# Early Childhood in New Mexico

New Mexico has received national attention for its unprecedented state-level investments in early childhood, most notably beginning with the establishment of the Early Childhood Education and Care Department (ECECD, or the Department) in March 2019. New Mexico followed the establishment of ECECD with sweeping policy changes to increase eligibility for and access to early childhood services in the state.

Further, New Mexico paired policy change with legislation to establish permanent, sustainable state-level investments through annual disbursements from the Early Childhood Trust Fund and Land Grant Permanent Fund. The following section summarizes New Mexico's current early childhood governance structure and funding, as well as a history of New Mexico's governance changes.



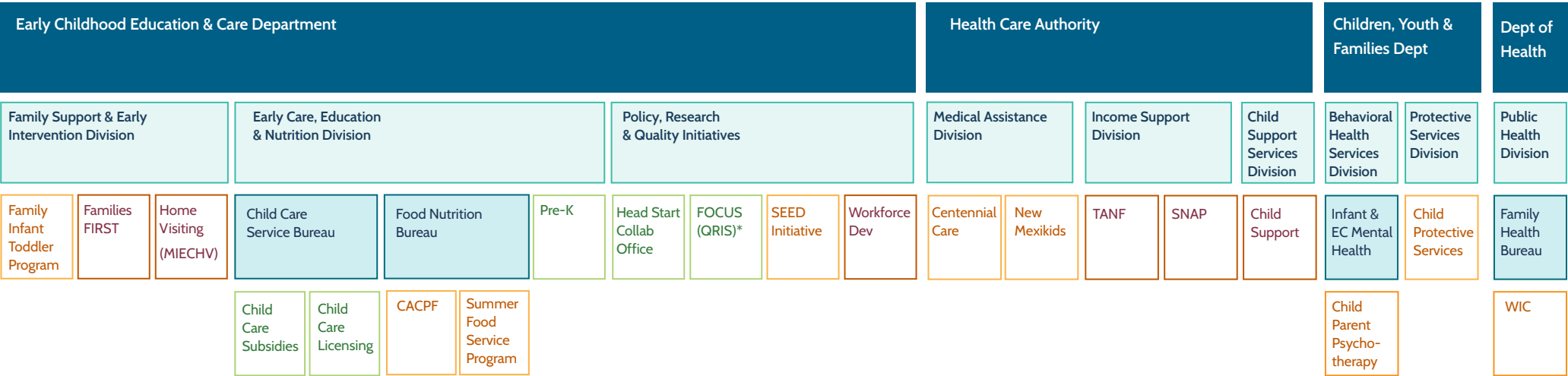
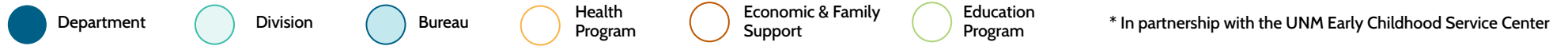
## Governance Structure

For our study, we considered all education, health, and economic programs administered by the state that benefit families with children prenatal to age 5. In New Mexico, we found early childhood programs are housed across four departments, with most of the programs housed in ECECD (see Figure 1). Figure 1 represents the results of the consolidation of early childhood programs in 2019 (more information on consolidation below).

Specifically, ECECD provides a range of programming for families with young children, including Early Intervention services through Part C (Family Infant Toddler Program), home visiting (Families FIRST, MIECHV), infant and early childhood mental health (SEED Initiative), nutrition programs (CACFP, Summer Food Service Program), child care subsidies, child care quality ratings (FOCUS), pre-Kindergarten (pre-K), and the Head Start State Collaboration Office (facilitating collaboration between Head Start and Early Head Start programs and the state government). The Health Care Authority; the Children, Youth, and Families Department; and the Department of Health also provide relevant services for families with young children in New Mexico.

ECECD is led by the Secretary for Early Childhood Education, a cabinet-level position currently held by Secretary Elizabeth Groginsky. ECECD's senior leadership also includes positions unique to New Mexico. With 23 federally recognized tribes in New Mexico, senior leadership includes an Assistant Secretary for Native American Early Education and Care, currently held by Assistant Secretary Cotillion Sneddy, mirroring positions in the K-12 and higher education departments. Additionally, the Chief Health Officer position reflects the importance of health in early childhood.

Figure 1. New Mexico Governance Chart



## Funding

In addition to federal funding and state matching funds, New Mexico leads the nation in additional state-level funding for early childhood programming. New Mexico provides substantial state-level funding to the Department through two streams: the Early Childhood Education and Care Fund and the Land Grant Permanent Fund.

The Early Childhood Education and Care Fund (also known as the Early Childhood Trust Fund) is funded by oil and gas revenues and managed by the New Mexico State Investment Council. Originally endowed with \$300 million on July 1, 2020, as of March 2024 the fund had grown to \$7.1 billion. The Fund distributes the greater of \$30 million or 5 percent of the 3-year average of the fund annually to the Department; in 2024, the annual distribution was increased to the greater of \$250 million or 5 percent of the 3-year average.<sup>1,2</sup>

The Land Grant Permanent Fund (LGPF) is also funded through oil and gas revenues, and, as of March 2024, was valued at \$30.6 billion. Historically, the LGPF was used as an educational endowment for public K-12 and higher education. In 2022, a constitutional amendment passed allowing the LGPF also to fund early childhood. The Department receives 60 percent of a 1.25 percent withdrawal from the LGPF, which amounts to approximately \$150 million annually (35% of ECECD's budget in FY2021).<sup>2,3</sup>





## History of New Mexico's Early Childhood Governance Structure

New Mexico's transformational early childhood approach took significant time and buy-in from a variety of leaders to implement. Starting in the 2000s, Lieutenant Governor Diane Denish championed early childhood during her time in office (2003-2010). She established the Children's Cabinet (now under the Office of the Governor) and, in partnership with Governor Bill Richardson, established state-funded pre-K.

By the late 2000s, in response to the voiced needs of communities, community organizers began advocating for additional early childhood funding. Legislation was introduced annually beginning in 2010 to use a percentage of the Land Grant Permanent Fund for early childhood services, but for a decade failed to progress through the legislature. Interviewees attribute some of the controversy around tapping into the Land Grant Permanent Fund to fears of depleting the funds and differences of opinions about whether additional funding for early childhood was truly needed.

In 2014, multiple foundations, including the Thornburg Foundation, came together to establish the New Mexico Early Childhood Funders Group (ECFG). The ECFG intentionally engaged local leaders from the legislature and administration to co-construct an agenda to “build the bench” of early childhood champions. Part of the funding was allocated to educate all political candidates on early childhood issues, ensuring that regardless of who was elected, new policymakers would be informed.

The ECFG also created an early childhood legislative caucus; these closed-door meetings with early childhood experts and a bipartisan group of legislators were critical in fostering the smooth passage of early childhood policies. Philanthropic funding increased capacity and knowledge, which built momentum for early childhood reforms.

Additionally, the ECFG funded Bellwether Education Partners to develop a business plan for early childhood.<sup>4</sup> The business plan was supplemented by a community listening tour conducted by Growing Up New Mexico (formerly United Way of Santa Fe), which reiterated the community's desire to have a unified early childhood governance strategy that was positive and prevention-focused—in juxtaposition to the stigma early childhood programs often had from being housed alongside the child welfare system.

Although members of the New Mexico Chamber of Commerce had begun to recognize the importance of early childhood for long-term economic success, **the business plan, with a clear timeline, metrics, and cost estimations, was critical for securing the business community's support.** Furthermore, the business plan set an important cadence with the business community by not asking for funding immediately, but rather asking for a system (i.e., a reorganization of governance) into which money could be effectively invested.

Preschool Development Grant Birth through Five (PDG B-5) and Race to the Top-Early Learning Challenge (RTT-ELC) funding also built momentum for early childhood policy change. These grants provided key opportunities for interested parties to convene, build momentum, and coalesce around priorities for early childhood in New Mexico.

Outcomes for New Mexican children also bolstered support for a new approach to early childhood. Data consistently indicated children in New Mexico experienced high rates of poverty, high rates of adverse childhood experiences, and low rates of grade-level reading. New Mexico consistently ranked very low compared to other states across numerous child outcomes.

A new early childhood department created an opportunity to redesign early childhood systems to holistically meet families' needs and improve outcomes for children; as such, a coordinated early childhood system was also conceptualized as a child maltreatment prevention strategy by some leaders.

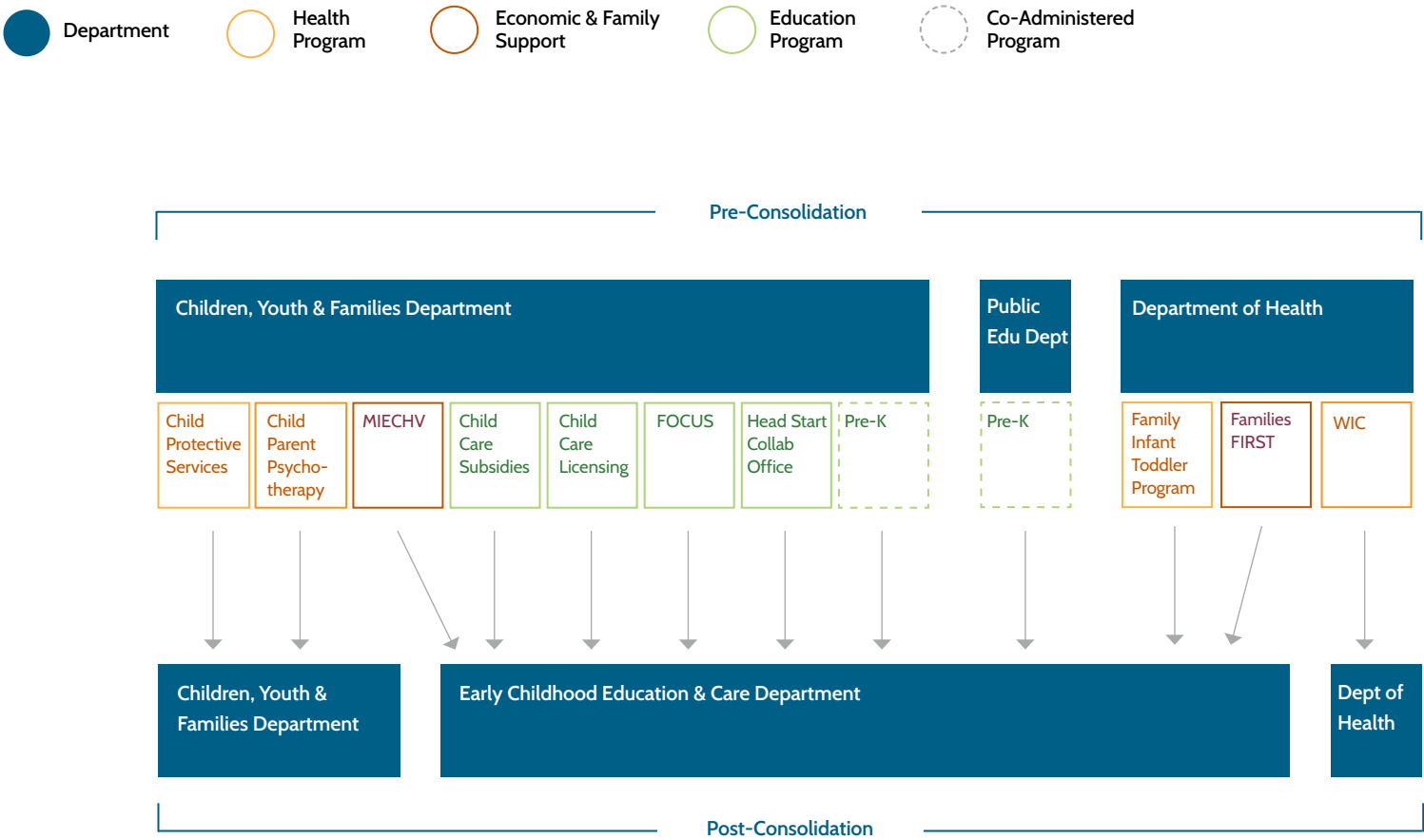
It also became increasingly clear that under the current governance structure, funds were not being used as efficiently or effectively as they could be concerning early childhood initiatives. Notably, the Children, Youth, and Families Department, which at the time housed the majority of the early childhood programs, reported to the legislature that it had failed to spend \$22 million in federally allocated Child Care and Development Funds. This failure prompted Lieutenant Governor Howie Morales (then a state senator) to introduce the first bill to consolidate early childhood programming into a new department; the bill was postponed indefinitely in the 2017 regular session.<sup>5</sup>

The decade-long grassroots efforts, fueled by community needs, were strengthened by grassroots advocacy, with more and more legislators and business leaders acting as early childhood champions. These combined efforts caused the issue of early childhood to come to a head in 2019. In her inaugural address, Governor Michelle Lujan Grisham announced the creation of a new early childhood department as a priority for her administration, which provided vital support to move legislation forward.

Senate Bill 22 tasked the new Department with managing and coordinating several early childhood programs. Many of these programs, including home visiting, Head Start, child care subsidies, and child care licensing, were previously administered by the Division of Early Learning in the Children, Youth, and Families Department. Early Intervention and Families FIRST were previously administered by the Department of Health, and pre-K was previously jointly administered by the Children, Youth, and Families Department and the Public Education Department (see Figure 2). Other early childhood programs, including child welfare, WIC, and child-parent psychotherapy, remained in their original departments, and no programs moved from the Health Care Authority (formerly the Human Services Department).



Figure 2. Programmatic Shifts during Governance Consolidation



Notes. The Health Care Authority is not represented, as it was unaffected by the consolidation.

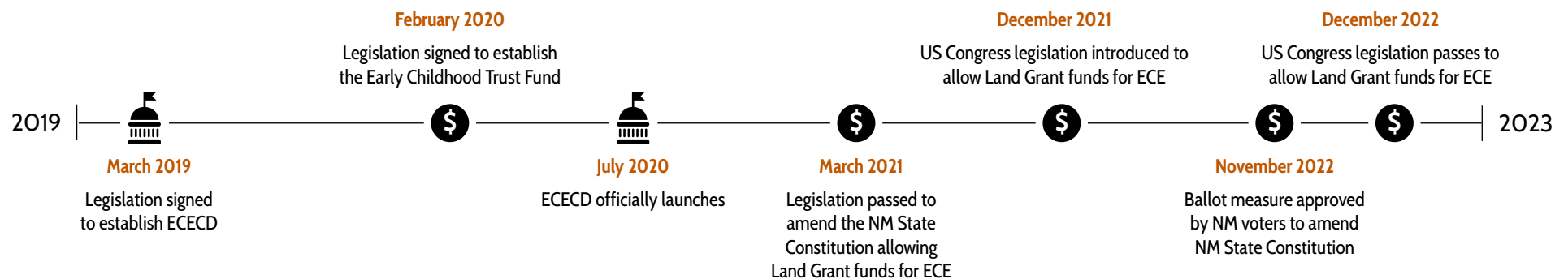
Although most leaders rallied behind the governor's priority of early childhood consolidation, Senate Bill 22 faced resistance from K-12 leaders, who were concerned with separating pre-K from the K-12 continuum and the added administrative burden on pre-K programs if funding came from multiple agencies. Nevertheless, as the result of targeted discussions and negotiations, the bill passed both chambers easily and was signed into law on March 14, 2019.<sup>6</sup>

Over the next year, government administrators worked to stand up the newly created Department. During this time, the Thornburg Foundation funded The Hunt Institute to facilitate a transition advisory council. On July 1, 2020, the Department officially launched.

Funding for the new Department followed shortly after. In 2020, House Bill 83 created the Early Childhood Education and Care Fund with a \$300 million endowment; the distribution of the funds are earmarked solely for the Department.<sup>7</sup> In 2022, New Mexico voters passed a constitutional amendment to draw an additional 1.25 percent of the state's Land Grant Permanent Fund, of which 60 percent is allocated for early childhood (the other 40 percent is allocated for public education).

In the 5 years since consolidation, the Department has strived to both expand and improve early childhood services and had many successes, although there is still more work to do. The following section discusses lessons learned from New Mexico's consolidation of early childhood governance.

**Figure 3.** Timeline of Early Childhood Governance and Funding Changes in New Mexico



# Lessons Learned

Establishing a consolidated early childhood department enabled New Mexico to increase visibility of, accountability for, and investment in early childhood, resulting in expanded and improved early childhood services.

Five years after consolidation, interviewees unanimously agree that that the Department is an improvement over the previous system. Although the Department launched only 3 months before the COVID-19 pandemic, interviewees feel that the Department managed the crisis more effectively than the old governance structure could have. In sum, the Department is seen as largely fulfilling its original mandate, as well as praised for continuously making improvements since its consolidation to further strengthen the early childhood system.

Interviewees agree that consolidation of governance and dedicated investments went hand in hand. Some leaders pointed to the Department as a clear authority to which imminent funding for early childhood could be allocated. Others viewed a consolidated department as a mechanism to increase accountability for investments. Regardless, the Department now serves both purposes, acting as an entity into which funding can be annually allocated and a mechanism to effectively spend funds. Funding under the new structure has allowed New Mexico to dramatically expand access to early childhood services, particularly child care, as well as improve families' knowledge of and experience with services.

The consolidated structure also increased visibility for early childhood programs and services. In the previous structure, early childhood programs were dispersed and often represented a very small portion of departments' total budgets, limiting attention on these programs. Now, with a single secretary with a dedicated focus on early childhood, other leaders can also more easily learn about and support early childhood initiatives.



## Permanent state-level funding enabled the Department to act upon early childhood policy priorities.

Fulfilling advocacy efforts that started a decade before, interviewees agree that having permanent, dedicated sources of funding is critical to the Department's long-term success. The unprecedented, permanent state-level investments in early childhood have allowed New Mexico to lead the nation in accessible early childhood services.

In particular, New Mexico's child care policies stand out among states. New Mexico has some of the most generous child care subsidy policies in the nation; child care subsidies provide financial assistance to families with low incomes to afford child care. New Mexico's child care subsidy eligibility includes families with incomes up to 400 percent of the federal poverty level. Family copayments for care have also been eliminated and require a 3-month public notice period if reinstated.

New Mexico also reimburses providers for subsidies using a cost estimation model to ensure providers have adequate resources to run their child care businesses. In addition to supporting living wages for educators through reimbursing subsidies at the true cost of care, New Mexico offers early childhood educators wage supplement stipends, as well as supports for access to higher education for early childhood educators through numerous stipends and scholarships. Stable, permanent state-level funding has enabled New Mexico to make the majority of these sweeping child care reforms permanent.

Stable and permanent funding also allows the Department to strategically plan for the future. Using projected budgets based on the two permanent funds' growth, the Department can better understand the costs of various policy choices and successfully identify and enact policy priorities.

Leaders also recognize the benefit of a single budget when conveying policy priorities. Specifically, a single budget allows the Department to easily share funding allocations and expenditures for different programs and services. Paired with data on program utilization and outcomes, the Department can demonstrate funds are being used thoughtfully and effectively to achieve policy priorities. A single budget is especially helpful when informing the public, which interviewees report built public confidence in early childhood investments.

Support from across sectors and industries paired with a cohesive strategy shared across interested parties enabled success.

The transformational changes in New Mexico resulted from a diverse set of interested parties coming together to champion early childhood over the course of a decade. Multiple interviewees credit Lieutenant Governor Denish as instrumental for building initial support for early childhood. At the same time, the voiced needs of New Mexican communities led advocates to pursue early childhood funding and governance changes.

With philanthropic funding in the 2010s, advocates had the financial resources to strategically build support over time. This included tailored appeals to the business community, via the development of the business plan, and legislators, via the education of candidates on early childhood issues.

The support across sectors and industries created a groundswell for early childhood, and the building momentum was solidified by Governor Lujan Grisham's support of early childhood in her inaugural address. The continued prioritization of early childhood by the Governor, a diverse set of community leaders, and philanthropic partners such as the Hilton Foundation has further contributed to the Department's ongoing successes.

The Governor facilitated early childhood transformation by generating political will and fostering collaboration across agencies, and continues to do so today.

Governor Lujan Grisham included early childhood in her campaign platform and came into office with a strong desire to invest in young children and families. Interviewees credit her public prioritization of early childhood as critical for the creation of the Department.

The Department also benefits from the Governor's expectation that cabinet leaders work collaboratively. Multiple secretaries testified in favor of the new early childhood department during legislative hearings, and since its creation, the Department leadership has developed valuable partnerships and collaborated extensively with other cabinet leaders. Collaboration with the K-12 and higher education secretaries fosters a cradle to career system, and collaboration with the Health Care Authority, Department of Health, and Children, Youth, and Families Department ensures families accessing supports housed in these departments are holistically supported.

### Creating a Secretary-level position to lead the Department provided credibility.

The Department benefits from the credibility and authority a cabinet-level position confers. As a Secretary, the leader of the Department is well-positioned to work closely with both the Governor and other cabinet secretaries. A cabinet-level position also signals the importance of early childhood in the education continuum, placing the Department on equal footing with its K-12 and higher education counterparts. Finally, the authority provided by the Secretary position has allowed the Department to make and carry out decisions in a timely manner.

### The Department continues to value community voice, which informs a shared vision for early childhood.

Whereas previously early childhood services were fragmented, sometimes with competing priorities, the consolidated Department has embodied a shared vision to expand and improve services. This shared vision is consistently informed and affirmed by input from various leaders from diverse backgrounds, including the Department staff, Advisory Council, and community itself.

Beginning at the creation of the Department, the Secretary has brought all ECECD staff together regularly in-person to build rapport among staff and build momentum and excitement for the Department's goals and visions. Interviewees believe these opportunities have been vital to staff retention and Department success.

The Advisory Council, which meets every other month, engages a wide coalition of community leaders to provide feedback on the Department's planned and in progress initiatives. Multiple interviewees share that the Council provides a meaningful opportunity for input that has led to tangible changes in the Department's approach. Furthermore, although New Mexico currently has a unified Democratic government, leaders continue to value voices from across the political spectrum as different strategies are proposed to achieve shared goals. ECECD's reliance on the Advisory Council's input demonstrates the value of an engaged and trusted source of community support to ensure state government priorities and choices align with community needs and goals.

Finally, multiple leaders spoke to the trust the Department has built with the community. Listening to the voiced needs of families, the Department has made the system easier to navigate by providing information in Spanish and creating an online child care subsidy application.

Similarly, a focus on child care quality and early childhood educator pay has built trust among the provider community. These shifts in services create a more cohesive and equitable system while centering community needs when re-envisioning the early childhood system.



## Strategic decision-making on what to consolidate and leave dispersed ensures optimal program and agency functioning.

New Mexico's consolidated early childhood governance includes not only education services, such as child care and pre-K, but also health services, such as the infant and early childhood mental health initiative, perinatal case management through Families FIRST, and Early Intervention services. The intertwined nature of health and education is further demonstrated in the inclusion of a Chief Health Officer in the senior leadership of the Department, a position government administrators felt every early childhood department should have to foster an integrated experience for families.

Interviewees generally agree the programs and services included in the consolidation of ECECD were the "right" choice. For example, with pre-K administered solely by the Department, previous disparities between community-based and school-based teachers concerning accreditation and pay have been standardized across all settings. Some interviewees also indicate that it could be ideal to move other programs to the Department in the future, such as WIC and/or child-parent psychotherapy.

Interviewees generally agree, however, that keeping child welfare services separate from ECECD benefits families. Families feel safe and comfortable accessing ECECD's services, whereas previously families sometimes felt too afraid to access services administered by the Children, Youth, and Families Department. Even if the services were totally separate from child welfare, the same agency name incited fear for families who were afraid of child welfare involvement in their lives.

## New Mexico remains focused on ongoing improvements and next steps to support all children to thrive.

Despite all the progress New Mexico has made, state leaders recognize there is still more to do. For the remainder of her term, Governor Lujan Grisham has prioritized making child care, pre-K, and home visiting universal (meaning all children would be eligible for free services). Universal programming may ease access issues, as leaders recognize many Hispanic, Native American, and rural citizens are still unaware or unable to access services, particularly culturally relevant services. Continuous efforts to improve quality are also necessary to ensure families can not only access services, but access high-quality services.

Many interviewees also point to issues around the early childhood workforce (e.g., wages, professional development, quality improvements); the Department is currently developing a wage and career lattice, which will set wages for the early childhood workforce according to education and experience. All of these improvements require the Department to have adequate staffing and capacity; some interviewees noted that given the rapid development of ECECD and the dramatic expansion of services, it has taken time to fully staff and build capacity within ECECD.

Finally, the Governor remains committed to improving health care and safety net services, both of which are critical components for the wellbeing of young children and families. For example, the Health Care Authority was recently created to increase access to affordable health care and doula services are now covered under Medicaid.

# Conclusion

States approach early childhood governance in a variety of ways, and these choices can impact parents' awareness of, access to, and experience with early childhood programs and services. Yet research to date provides little guidance on best practices of early childhood governance.

This work begins to address the gap in knowledge about optimal early childhood governance by considering the benefits and challenges of the new consolidated governance structure in New Mexico. Interviews with key leaders highlighted the decade-long advocacy work to make funding and administrative changes to early childhood services and the important role of coalition-building with diverse set of leaders to build momentum at the grassroots and grasstops levels.

Since its creation, the Department has prioritized partnerships, built community trust, and continued to seek input from various leaders. Permanent funding paired with a cabinet-level Secretary and strong support from the Governor has also allowed the Department to make significant gains, while also recognizing there is still more work to be done.

Although each state has a unique context, these best practices and lessons learned in New Mexico can benefit leaders in other states working to craft more effective and efficient early childhood governance systems.



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The Prenatal-to-3 Policy Impact Center aims to accelerate states' equitable implementation of evidence-based policies that help all children thrive from the start. Based in Vanderbilt University's Peabody College of Education and Human Development and led by Dr. Cynthia Osborne, Professor of Early Childhood Education and Policy, the Center's team of researchers and nonpartisan policy experts works with policymakers, practitioners, and advocates to navigate the evidence on solutions for effective child development in the earliest years.