



Federal Budget ECE Funding Impacts on Communities

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New Mexico Voices for Children
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A group of diverse children are playing outdoors in a park-like setting. They are smiling and blowing bubbles. The background is a soft-focus green and brown, suggesting trees and grass. The overall mood is joyful and carefree.

**Our mission is to
champion public
policies that improve
the well-being of
New Mexico's
children, families,
and communities.**



Why NMVC works on tax and budget policy

1



It starts with state agencies:

In June, the Department of Finance and Administration (DFA) issues budget request instructions to state agencies for the next fiscal year.

2



Each agency requests money for the services they provide:

3



Those many small budgets become two versions of one big budget:

The Governor and DFA develop the executive budget, while the Legislature holds budget hearings & creates their own, independent budget.

Even state budgets can be intimidating.

6



The two budgets become one bill:

The initial budget must be introduced as a bill before the Legislature can officially consider the proposals. That bill – the General Appropriation Act – is referred to as House Bill (HB) 2.

5



Differences are noted in the two budgets:

At the start of the legislative session, the DFA & LFC prepare “difference sheets” which are presented at a public hearing to the appropriations committees in the House and Senate.

4



The two versions are made public:

In early January, the executive budget recommendations are submitted to the Legislature and made public, as are the LFC budget recommendations.

7



Two groups of lawmakers meet and discuss

There are two hearings on the bill. The first is held by the House Appropriations Committee (HAC) and the Finance Committee.

8



The first group makes changes and votes on the revised bill:

9



The second group also makes changes and votes on the revised bill:

...hearing for only... It considers... amendments, finalizes... decisions, and passes... version of HB 2 to... for a vote.

And they aren't necessarily built to be accessible to the people they impact the most.

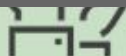
12



The Governor signs – or vetos – the final budget:

Once approved, HB 2 is sent to the governor to sign. The governor has either three days or 20 days after the session to act, depending on when the bill was passed. The governor also has line-item veto power.

11



A vote is held on the compromise budget:

The conference committee version of HB 2 goes to the House and Senate floors for approval by majority vote. Amendments are prohibited at this point.

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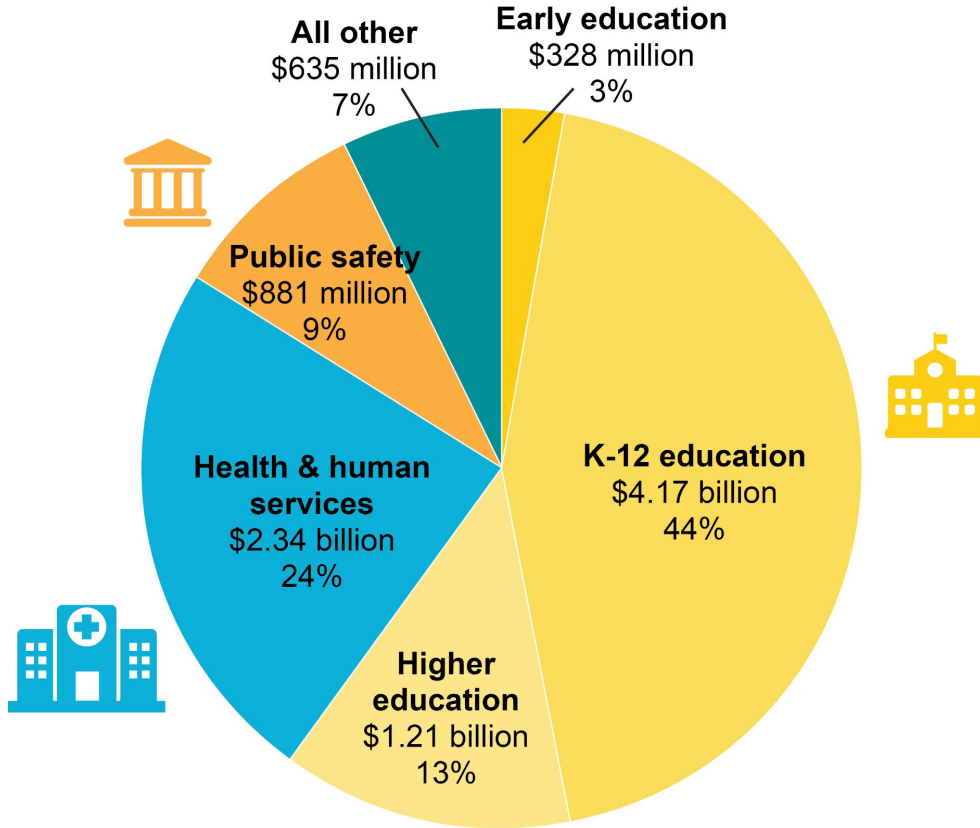


Both groups work out a compromise:

If the House does not accept the Senate amendments, a conference committee is appointed where members from both chambers develop a compromise bill, which is released as a new version of HB 2.

The New Mexico state budget

FY2024 General Fund Operating Budget (\$9.57B)



But your voice
should be heard
and represented
in how money is
raised and spent.

Because budgets impact every area of our lives.

More than 21,000 teachers in nearly 1,000 public schools educate more than 308,000 students.



More than 26,000 children receive child care assistance so they are safe while their parents work.



More than 250,000 of New Mexico's hard-working families get more than \$100 million in tax rebates thanks to the Working Families Tax Credit.



8 museums and 7 historic sites – all overseen by the state – welcome 855,000 visitors a year.

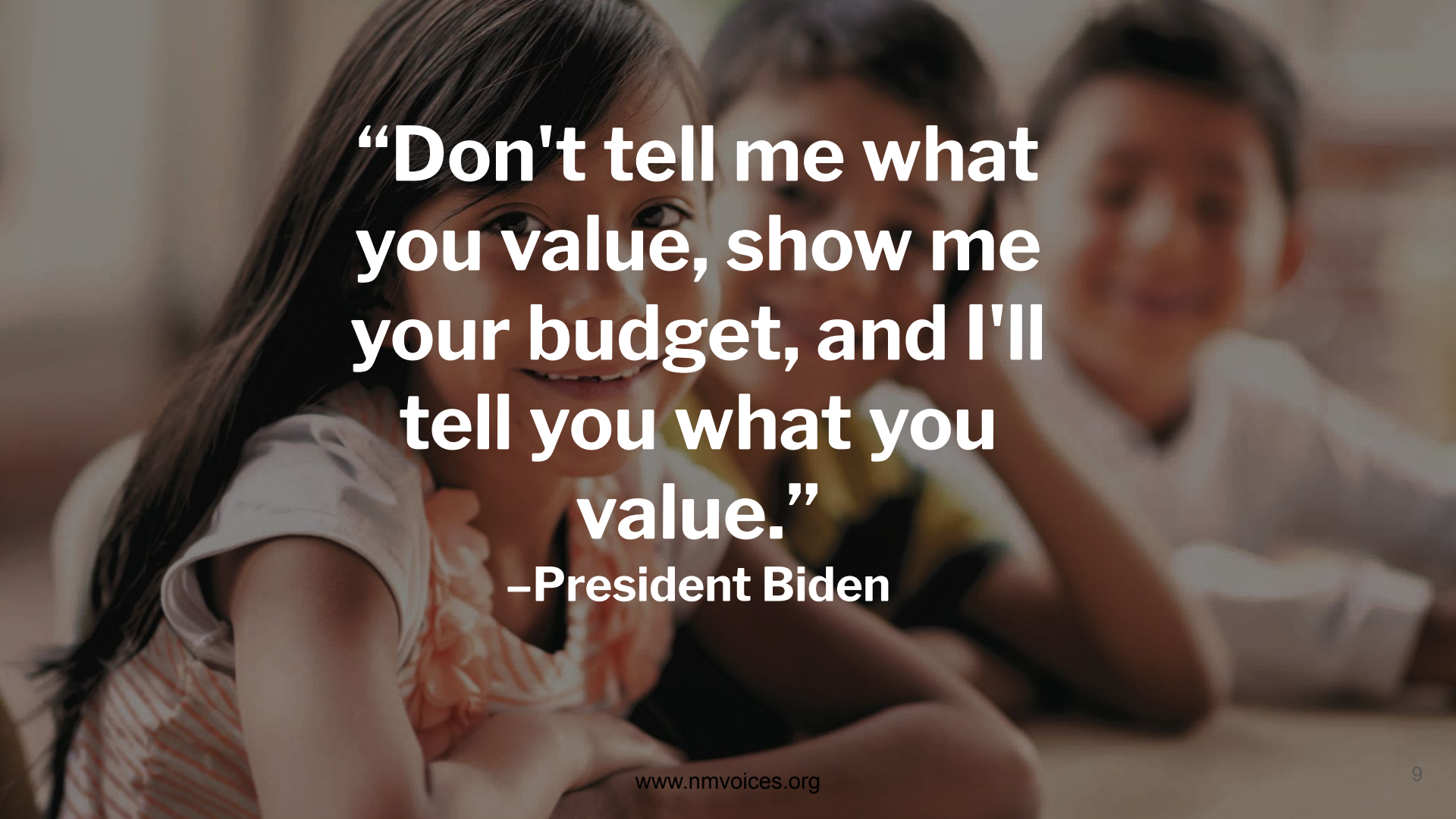


Each year, 5 million visitors enjoy 34 state parks – 191,600 acres of land and water that are managed by the state.



A group of approximately 30 children are sitting in a circle on a light-colored tiled floor. In the center of the circle is a large, light-colored mosaic of an eagle with its wings spread. The children are wearing various costumes, including yellow shirts with a logo, red and green masks, and colorful capes. Some children are waving their hands. The scene is brightly lit, suggesting an indoor setting like a school or community center.

Our federal, state, and local budgets are reflections of what we value most and an illustration of the kind of communities we wish to create.

A group of children sitting together, with a young girl in the foreground smiling. The background is slightly blurred, showing other children. The text is overlaid on the image in white, bold font.

**“Don't tell me what
you value, show me
your budget, and I'll
tell you what you
value.”**

–President Biden

American Rescue Plan Child Care Stabilization Program

The American Rescue Plan (ARP) included a historic \$24 billion investment in a new Child Care Stabilization Program. More than 220,000 child care programs in the United States have received ARP stabilization support, impacting as many as 9.6 million children, and keeping programs open and families working. Providers are using awards to help with operational costs like wages and benefits, rent and utilities, program materials and supplies, and cleaning and sanitation. Stabilization grants are still being distributed to child care providers in some states and territories. This national dashboard includes ACF-901 data through December 31, 2022.

Total Allocation

\$24 billion

Providers Reached

220,000

Children Impacted

9,600,000

Average award sizes so far:

Centers: **\$140,600**

Family Homes: **\$23,300**

Number of Providers Receiving ARP Stabilization Grants by State



Allowable Uses of the Grant Award



Personnel Costs



Rent, Mortgage, Utilities



PPE



Mental Health Supports



Equipment



Goods and Services

Providers Reached by Type of Care

Family Home 123,890

Center 97,590

Child's Home 1,335

Assistance has been provided to:

more than **8** out of every **10**

licensed child care centers across the country

Most Common Award Use by Type of Care

Centers



Family Homes



The background of the slide features a silhouette of a woman lifting a young child into the air. They are positioned in the center-right of the frame. The sky behind them is a vibrant mix of orange, yellow, and blue, suggesting a sunset or sunrise. The overall mood is warm and hopeful.

How states used that money (New Mexico example)

- Raising and paying for child care worker salaries
- Waiving parent copayments
- Providing free child care to essential workers and all families below 400% FPL (\$120,000 for a family of four)
- Awarding grants to 500 licensed child care facilities

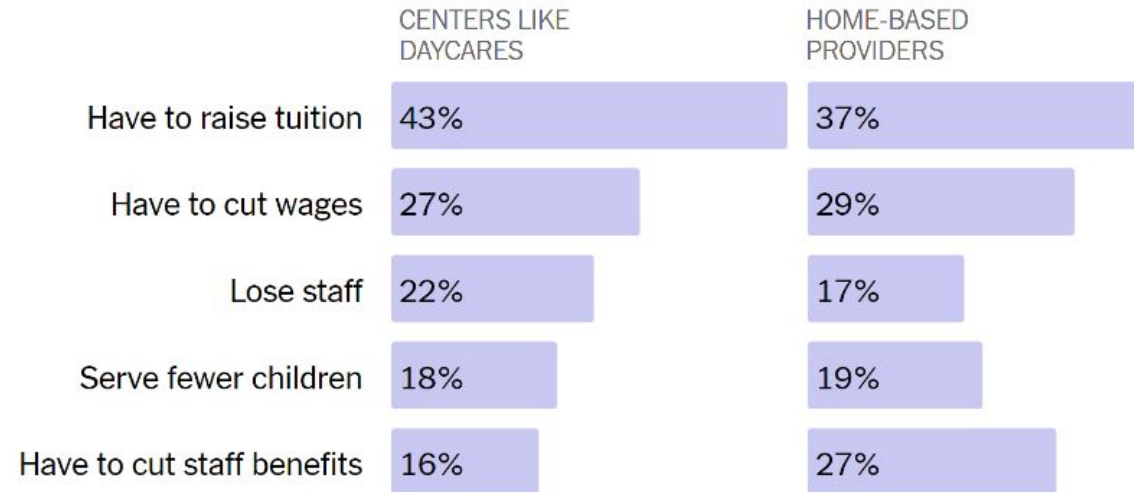
Federal budget ECE decreases have big impacts on communities

- 70,000 ECE programs could close
- 1 in 3 ECE programs could close
- Leaving 3.2 million children without care
- \$10.6 billion economic loss

Rising costs for providers are passed onto workers and families

What Providers Predict Will Happen When Grants Expire

Share of owners and directors who said they will:



Child well-being challenges persist

NM households with children (Jan. 2023):


- 45% – difficulty paying for basic household expenses
- 12% – not eating enough
- 26% – felt likely to be evicted within 2 months

Nationwide:

- ECE tuition and fees have increased 6% in the past year
(nearly double the overall inflation rate of 3.2%)

COVID-19 caused gender inequities to grow, especially among parents

- **More mothers than fathers lost wages, decreased work hours, and exited the labor force**
- **Mothers with young children reduced their work hours 4 to 5 times more than fathers**
- **The gender wage gap increased especially for Hispanic, Native American, and Black women**
- **Immigration restrictions and language barriers made for higher hurdles for immigrant and refugee families**

- 
- A photograph of a woman with long dark hair and a young girl with curly hair, both smiling warmly at each other. The woman is wearing a purple top, and the girl is wearing a blue denim dress. They are outdoors, with a blurred background of trees and a bright sky.
- **More recent employment numbers show women in labor force at near all-time high.**
 - **But federal budget changes could threaten gains.**
 - **Centering equity, and focusing on women and families of color is key at all levels.**

Innovative state solutions to address the federal child care 'cliff'

- Expanding eligibility for child care assistance and waiving copays.
- Creating pay-supplement programs to increase ECE wages.
- Reducing administrative barriers for centers and home-based providers.
- Creating and increasing tax credits for working families and families with children.
- Creating long-term funding streams for ECE.

All of these depend on having robust revenues that can support strong budgets.

State policy progress in many areas can also build opportunities to thrive

New Mexico:

- Restructured much of our personal income tax code to benefit families.
- Improved higher education affordability and access.
- Expanded health care affordability programs.
- Paid sick leave for all workers.
- Increased K-12 funding and teacher pay raises.
- Food security relief and free school meals.



Thank you!

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