

New Mexico Universal Free Childcare - Fact Sheet

Program Basics

- Policy: Universal free childcare for all New Mexico resident families, regardless of income, using state-funded vouchers redeemable at licensed providers.
- Launch date: November 1, 2025, expanding the existing childcare assistance program.
- Ages covered: Infants through roughly age 13 (typical childcare assistance age band).
- Administration: New Mexico Early Childhood Education and Care Department (ECECD).
- Current reach: About 30,000 children already assisted, with an estimated 12,000 additional children expected to enroll as capacity grows.

Family Savings and Cost Math

- Average New Mexico childcare costs (before program): infant about \$13,500 per year, 4-year-old about \$9,500 to \$10,000 per year.
- Affordability: Infant care alone equals about 21 percent of median family income, and infant plus 4-year-old equals about 36 percent, well above the federal 7 percent affordability benchmark.
- Under universal free childcare, family co-pays drop to \$0; the state pays providers directly via vouchers.
- Estimated savings: State and independent estimates indicate families will save about \$12,000 to \$13,000 per child per year, depending on age and region.
- Example: A family paying about \$13,500 per year for an infant and \$10,000 per year for a preschooler (around \$23,500 total) would see their out-of-pocket cost drop to \$0, freeing roughly \$2,000 per month in their budget.

Funding and Sustainability

- Main funding sources: the roughly \$10 billion Early Childhood Education and Care Fund and the Land Grant Permanent Fund, both built largely from oil and gas royalties.
- 2022 constitutional amendment: increased annual distributions from the Land Grant Permanent Fund from 5 percent to 6.25 percent and directed 60 percent of the new money to early childhood and 40 percent to K-12.
- Added early childhood revenue from the amendment is roughly \$150 million to \$245 million per year.
- Program cost: maintaining universal free childcare is estimated at around \$600 million per year, a roughly 26 percent increase over prior state childcare spending.
- Guardrail: if the fund's five-year average balance drops below a set threshold, lawmakers can pause extra withdrawals, raising long-term questions about dependence on volatile fossil-fuel revenue.

Early Impacts and Open Questions

- Earlier childcare expansions in New Mexico helped reduce the supplemental poverty rate from about 17.1 percent to 10.9 percent, lifting roughly 120,000 people above the poverty line, including many children.
- Higher reimbursement rates and wage supports have reduced poverty among early childhood educators and helped stabilize providers.
- Research on childcare subsidies and universal programs in the United States and abroad shows higher maternal employment, increased work hours, and long-run returns in the 7 percent to 13 percent range from high-quality early childhood investment.
- Key critiques: universal access also subsidizes some higher-income families and may strain provider capacity until enough workforce and facilities are built.
- Big questions for the middle: Is it better to fund universal childcare with resource revenue, to means-test more aggressively, or to pursue a hybrid model that mixes universal low-cost care with extra support for low-income families?

Detailed Sources and Recommended Reading

- Reuters, "In U.S. first, New Mexico launches free child care for all," November 1, 2025.
- Associated Press, "New Mexico is first state to offer universal free child care," September 11, 2025.
- Office of Gov. Michelle Lujan Grisham, "New Mexico is first state in nation to offer universal child care," September 8, 2025.
- New Mexico Early Childhood Education and Care Department, "Universal Child Care" program overview and fiscal documents.

- The Guardian, "New Mexico made childcare free. It lifted 120,000 people above the poverty line," April 11, 2025; and "New Mexico becomes first state to offer free childcare for all," September 9, 2025.
- Child Care Aware of America, "New Mexico 2022 Price of Care State Fact Sheet" and "Child Care Affordability Analysis."
- Economic Policy Institute, "Child care is unaffordable for working families across the country, including in New Mexico," 2024–2025.
- U.S. Treasury Department and U.S. Chamber of Commerce Foundation reports on childcare affordability and labor-force participation.
- Heckman Equation research summaries on early childhood ROI and long-run benefits.
- New Mexico Legislative Finance Committee analyses of the Early Childhood Education and Care Fund and Land Grant Permanent Fund distributions.