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The Introduction of Universal Child Care in New Mexico: Initial Evidence on Mothers' Labor Supply

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Abstract

In November 2025, New Mexico became the first U.S. state to implement a universal, no-cost child care subsidy program. This paper estimates difference-in-differences and event-study models to evaluate the impact of universal child care on mothers' short-run labor supply adjustments. Using monthly Current Population Survey data, I find that the reform produced different responses across lower- and higher-skilled mothers. For lower-skilled mothers, the policy increased employment along both the extensive and intensive margins. Conversely, higher-skilled mothers, particularly those who are married, experienced reductions in paid work, with partially offsetting increases in school enrollment. Thus, while universal child care relaxes a binding constraint among disadvantaged families, it acts as an in-kind transfer for their advantaged counterparts.

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child care, labor supply, maternal employment

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1 Introduction

In November 2025, New Mexico began offering all families with children, regardless of their income, access to fully subsidized child care services. It is the only U.S. state to operate an at-scale, universally accessible child care program. This paper provides the first empirical evidence on the short-run maternal labor supply effects of this landmark policy.

New Mexico provides a unique institutional context for evaluating large-scale child care subsidies. Prior to implementing universal care, the state engaged in a multi-year phase-in of increasingly generous assistance ([New Mexico Legislative Finance Committee, 2025](#); [New Mexico Early Childhood Education and Care Department, 2026b](#)). In early 2019, families were eligible if their income did not exceed 150% of the Federal Poverty Level (FPL), and all families had to contribute a co-pay on a sliding scale. By mid-2022, however, the state had raised the income threshold to 400% of FPL and eliminated co-pays for most families. As a result of these phase-ins, enrollment increased from 18,800 children in 2019 to over 29,300 children by July 2023. Ultimately, in November 2025, New Mexico transitioned to a fully universal child care model, eliminating all income limits and co-pay requirements. Today, nearly 46,000 children receive fully subsidized child care, with the state committing over \$500 million in FY 2026 to the program ([New Mexico Early Childhood Education and Care Department, 2026a](#)).

Several features of New Mexico’s universal program are noteworthy. First, the state maintains an explicit work activity requirement, mandating that applicants engage in paid employment, school enrollment, a job training program, or active job searching to qualify for the subsidy. Second, the work requirement applies to all parents or legal guardians residing in the household. Thus, a two-parent household is ineligible for child care assistance if one parent is out of the labor force and not attending school or job training. Finally, while engagement in an approved activity is required, New Mexico imposes no minimum hours requirement. This flexibility means that parents can work or attend school full- *or* part-time and receive subsidized child care for more hours than they are engaged in a work activity. Such a design feature recognizes that parents face fixed time costs of employment, such as commuting, and it increases their flexibility to reduce labor supply on the intensive margin in order to invest more time in parental care and other household responsibilities.

Using monthly Current Population Survey (CPS) samples between May 2019 and August 2026, I estimate difference-in-differences (DD) and event-study models comparing the labor supply of mothers (whose youngest

child is ages 0 to 12) in New Mexico with those outside the state before versus after the enactment of universal child care. Specifically, I examine extensive margin responses, such as labor force participation, and intensive margin adjustments, including hours worked and full-time employment. Given that the state phased-in a series of subsidy expansions prior to its universal program, I locate a pre-reform period characterized by relatively strict eligibility criteria and heavy rationing of benefits. I also explicitly model several of the key interim policy expansions in addition to the universal roll-out period within the same empirical framework. Furthermore, I estimate these models across various subgroups—including by educational attainment and marital status—to isolate the competing substitution and income effects of the policy. Because New Mexico’s program is relatively new, estimates from the DD model should be interpreted as reflecting short-run adjustments to mothers’ labor supply.

Inference is a challenge in this setting—a single-state case study—because traditional cluster-robust standard errors tend to over-reject the null hypothesis when there are few treated clusters. To address this, I undertake three strategies to assess statistical significance. First, I conduct randomization inference (RI), which iteratively assigns a “placebo” universal child care policy to each comparison state, allowing me to compare the empirical distribution of placebo effects against the estimate for New Mexico. Second, because RI relies on a strict homoskedasticity assumption—which is often violated when using survey data because of differences in state population sizes—I utilize the heteroskedasticity-robust permutation method proposed by [Ferman and Pinto \(2019\)](#) to construct the standard errors. Finally, I estimate synthetic DD (SDD) models, which apply unit and time weights to select comparison states that resemble the time path of New Mexico’s pre-reform outcomes ([Arkhangelsky et al., 2021](#); [Clarke et al., 2024](#)). This approach is particularly useful in case study settings because it accommodates the calculation of placebo standard errors.

I find that the roll-out of universal child care in New Mexico led to an immediate and substantial increase in labor supply among lower-skilled mothers, suggesting that the policy relaxed a binding constraint imposed by child care expenses. Estimates from the DD model indicate that employment increased along the extensive and intensive margins: labor force participation and employment each rose by 18%, while weekly hours of work increased by 15% and full-time employment increased by 23% relative to the pre-reform comparison mean. Importantly, these findings remain statistically significant when applying a range of inference corrections designed for single-treated-unit models. The results are robust to the use of an alternative comparison group consisting of childless women

residing outside of New Mexico, and similar results are obtained when analyzing unmarried mothers. The event-study analyses show that the increase in labor supply occurred only after the introduction of universal child care, with no evidence of differential pre-trends, thereby providing support for the model’s identifying assumptions.

Regarding higher-skilled mothers, there is more uncertainty in the results. While the baseline estimates consistently point to economically meaningful reductions in labor supply, they are generally less precise. Results from the DD models imply an 8% to 9% reduction in labor force participation and employment, along with a 10% reduction in weekly hours of work and a 17% decline in full-time employment. When the alternative comparison group of childless women is used, the estimates are similar in magnitude but more precisely estimated than those using the baseline comparison group. I also find that the reduction in market work was accompanied by an increase in school enrollment. Two reinforcing mechanisms explain these patterns. First, because higher-skilled mothers were likely to be paying out-of-pocket for child care prior to the reform, the subsidy acted as an in-kind transfer. Assuming leisure is a normal good, mothers substituted away from market work toward non-market time. Second, recall that New Mexico’s work requirements allow parents to maintain eligibility even if they work part-time or enroll in classes, further increasing their flexibility to allocate more hours to home production and time with children.

While New Mexico’s program is the first U.S.-based universal child care subsidy, universal pre-Kindergarten (UPK) programs exist in various jurisdictions throughout the U.S., and several other countries currently fund universal child care. Thus, the literature on both program-types is relevant to the current paper. The literature on the employment effects of UPK is extensive and includes studies of statewide programs in Georgia and Oklahoma (Cascio and Schanzenbach, 2013), a localized program in New Haven, Connecticut (Humphries et al., 2024), and comprehensive analyses of all UPK initiatives simultaneously (Fitzpatrick, 2010; Jackson et al., 2025). A related line of work examines how mothers responded to the establishment and expansion of kindergartens in the U.S. (Cascio, 2009; Fitzpatrick, 2012; Gibbs et al., 2025). International evidence on universal child care includes evaluations of reforms in Quebec (Baker et al., 2008; Lefebvre and Merrigan, 2008; Baker et al., 2026), Norway (Havnes and Mogstad, 2011), Germany (Bauernschuster and Schlotter, 2015), Spain (Nollenberger and Rodr  guez-Planas, 2015), and Italy (Carta and Rizzica, 2018). Also relevant are studies of the World War II Lanham Act child care program (Herbst, 2017), U.S. means-tested child care subsidies (Herbst and Tekin, 2011, 2016; Herbst, 2023), and structural analyses of near-universal entitlement policies (Borowsky et al., 2022).

The remainder of this paper proceeds as follows. Section 2 provides the institutional details on New Mexico’s transition to universal child care. Section 3 describes the data and empirical framework, while Section 4 presents the results. Conclusions and policy implications are discussed in Section 5.

2 Institutional Context

New Mexico’s transition to universal child care began as a phased overhaul of the state’s early childhood system to address the fragmentation in key child- and family-related services. In 2019, the state legislature passed a bill to create the Early Childhood Education and Care Department (ECECD), which officially launched in July 2020. This cabinet-level agency consolidated a number of programs—including Pre-K, Home Visiting, the Family Infant Toddler program, and Child Care Assistance—that were previously scattered across other departments into a single agency focused on prenatal-to-five services ([Prenatal-to-3 Policy Impact Center, 2025](#)).

Following the ECECD’s creation, the state embarked on a series of incremental subsidy expansions between 2021 and 2024, as shown in Table 1. These changes were aimed at increasing the supply of child care and expanding access to subsidies for low- and middle-income families. In particular, the state gradually increased income eligibility thresholds and eliminated family co-payments, while increasing provider reimbursement rates to better align with the cost of providing high-quality care. Importantly, in May 2022, New Mexico became the first state to broaden subsidy eligibility to 400% of the Federal Poverty Level (FPL) and waive co-payments for all recipient families. Given that the state estimated that an additional 30,000 children would become newly eligible for subsidies, \$10 million was allocated to increase supply, specifically in rural and other underserved markets.

Another key milestone occurred in November 2022, when New Mexico voters overwhelmingly passed Constitutional Amendment 1, formally called the Funding for Early Childhood Programs Amendment. This ballot measure amended the state constitution to unlock a dedicated funding stream for early education. The amendment mandated an annual allocation of an additional 1.25% of the five-year average year-end market value of the state’s Land Grant Permanent Fund (LGPF) to early childhood and public K-12 education ([New Mexico Legislative Finance Committee, 2021](#)). The LGPF is a large endowment heavily funded by severance taxes and royalties from New Mexico’s oil and natural gas production in the Permian Basin.¹ Along with the state’s Early Childhood Educa-

¹The Permian Basin is located in the southeastern New Mexico (as well as in Texas) and is one of the most productive oil and natural gas regions in the U.S. New Mexico accounts for a large share of all U.S. oil production, and approximately 95% of the state’s oil production originates from this region.

tion and Care Fund—established in 2020 and also funded by oil and gas revenues—this constitutional amendment provided the fiscal foundation to transition from a rationed, means-tested child care model to a universal program.

New Mexico began enrolling families into its universal child care program on November 1, 2025. The state removed strict income eligibility limits and all co-payments for state residents. On March 10, 2026, Governor Michelle Lujan Grisham signed Senate Bill 241, officially titled the Child Care Assistance Program Act, into law, codifying universal subsidies and authorizing the legislature to appropriate up to \$700 million from the Early Childhood Trust Fund over a five-year period ([New Mexico State Legislature, 2026](#)).²

Despite the shift to universal coverage, families and child care providers must comply with a set of requirements to be eligible for assistance ([New Mexico Early Childhood Education and Care Department, 2025](#)). For example, applicants and providers must be residents of New Mexico, and all recipient children are required to be a citizen or legal resident of the U.S. In addition, children between the ages of six weeks and 12 years (i.e., up to the day in which the child turns 13) are eligible. Consistent with previous iterations of policy reform, New Mexico’s universal program retains a work activity requirement, stipulating that parents must be working, attending school or participating in a job training or educational program. Importantly, the activity requirements apply to all parents or legal guardians of the child, with the language in SB 241 stating that “To be eligible to participate in the child care assistance program, each parent or legal guardian of a child receiving child care assistance who lives in the household with the child shall be...” subject to the work requirement. Conditional on being deemed eligible, families are authorized to receive 12 months of child care assistance.

A key feature of the work requirements is that the state decoupled the number of required work hours from the number of subsidized child care hours, meaning that parents do not have to work a minimum number of hours ([New Mexico State Legislature, 2026](#)). As such, the state now recognizes that working parents may require additional hours of child care for commuting, homework, and household responsibilities, thereby allowing families to choose longer hours of care than the number of hours spent working. Furthermore, the state allows individuals to enroll in school part-time, taking at least six credit hours, or full-time, taking at least 12 credit hours. Such design features allow secondary earners to reduce their labor supply by substituting full-time employment with part-time employment or school attendance while maintaining eligibility for the subsidy.

²The legislation includes some fiscal safeguards, mandating that if inflation spikes or state oil revenues experience a large decline, the program has the flexibility to adjust co-payments to ensure long-term sustainability.

3 Data Sources and Methodology

3.1 Data

To examine mothers' employment, I use the monthly Current Population Survey (CPS) (Flood et al., 2025). The analytic sample spans from May 2019 to August 2026, capturing New Mexico's pre-treatment baseline, a series of interim subsidy expansions, and the post-universal roll-out period.³ For the main analysis, I retain civilian women ages 25 to 55 whose youngest child is ages 0 to 12. While many studies on child care subsidies restrict the sample to children ages 0 to four (or five), retaining school-age children is important in the New Mexico context, given that 31% of those receiving assistance are ages 6 to 12 (New Mexico Early Childhood Education and Care Department, 2026a).

There are five distinct policy periods observed in this analysis, as shown in Tables 1 and 2. The pre-reform period extends from May 2019 to August 2020, and is characterized by relatively narrow eligibility limits, required family co-pays, and heavily rationed access. In addition, there are three distinct policy phase-in periods—together ranging from September 2020 to October 2025—which incrementally increased access to subsidized care and reduced co-payments. Finally, the state's universal program was introduced in November 2025. The DD treatment and control groups are defined using information in the CPS on state of residence. For the main analysis, the treatment group consists of mothers (whose youngest child is ages 0 to 12) residing in New Mexico, while the control group consists of such mothers in states that did not enact large changes to its child care subsidy program (i.e., the Child Care and Development Fund) over the study period. In robustness checks, I create an alternative comparison group of women without children. As described in Appendix A, I omit 12 states that either dramatically increased the income eligibility limits for child care assistance or enacted systemic policy changes.⁴ Appendix Figure B2 displays the full set of comparison states as well as the excluded states. In robustness checks, I show that the results are

³The observation period begins in May 2019 (and not earlier) for two reasons. First, the longest federal government shutdown in U.S. history ran from December 22, 2018 to January 25, 2019. New Mexico may be particularly sensitive to government shutdowns, given the heavy presence of national laboratories (e.g., Los Alamos and Sandia), military bases, and federal land management agencies in the state. Indeed, New Mexico contains the highest share of federally employed individuals (4.8%), aside from Washington, DC, Virginia, and Maryland. Second, the period late-2018 to early-2019 was peak the of drilling activity and oilfield employment during the Permian Basin boom in southeastern New Mexico, potentially affecting numerous ancillary industries. Therefore, beginning the analysis in mid-May lessens the possibility that the pre-treatment period is confounded by any differential employment shocks caused by the government shutdown and the oil boom.

⁴The 12 excluded states are Colorado, Hawaii, Kentucky, Massachusetts, New York, New Hampshire, Nevada, North Dakota, South Carolina, Utah, Virginia, and Vermont. Appendix Table A2 examines robustness to changes in the comparison group. One version of the DD model excludes only Hawaii, Massachusetts, and Vermont. A second version uses all states. Results are consistent with those reported in the main text.

unchanged when using all untreated states for the comparison group.

Four key outcomes are assessed: a binary indicator for labor force participation in the previous week, a binary indicator for any paid employment in the previous week, the number of hours of paid work in the previous week, and a binary indicator for full-time employment. This study focuses on analyzing these outcomes for lower-skilled (or disadvantaged) mothers as well as higher-skilled (or advantaged) mothers. The former is defined as those with less than an (academically oriented) associate’s degree, while the latter is defined as those above this education level. In robustness checks, I disaggregate instead by marital status, using unmarried mothers as a proxy for ”disadvantaged” and married mothers as a proxy for ”advantaged.” Disaggregating by marital status is an important check on the possibility that mothers’ education may be affected by the treatment.⁵ The results are robust to this alternative definition.

Given that some of the pre-treatment period overlaps with the COVID-19 pandemic, I control for the monthly unemployment rate as well as two indices of states’ COVID-19 containment and support policy (Hale et al., 2021). The Stringency index captures nine dimensions of states’ containment policy, including school and workplace closures, restrictions on gatherings and public events, stay-at-home orders, and domestic and international travel restrictions. The Economic Support index measures two features of government income support and debt relief for households. Furthermore, as shown in Appendix Figure B1, New Mexico dramatically expanded its pre-K program contemporaneously with its child care reforms. Indeed, enrollment among three-year-olds rose from 5% in 2019 to 22% in 2025, while enrollment among four-year-olds increased from 38% to 53%. Therefore, all models control for states’ pre-K enrollment rates (National Institute for Early Education Research, 2025).

3.2 Empirical Strategy

The empirical strategy relies on a generalized difference-in-differences (DD) and event-study framework, exploiting the timing in the introduction of New Mexico’s universal child care policy. Specifically, I compare the employment outcomes for mothers in New Mexico relative to those in other states, before versus after the enact-

⁵There are conceptual reasons to believe that in the short run, the treatment should not affect the baseline measure of mothers’ skill. In the CPS, education is measured as completed years or levels of schooling. Given that universal child care has been in effect for only 10 months, it is highly unlikely that mothers have started and completed a degree program in time to shift from the lower- to higher-skilled category.

ment of universal care. The baseline DD model is estimated as a two-way fixed effects (TWFE) regression:

$$Y_{ist} = \alpha + \sum_{k=1}^K \gamma_k \text{PhaseIn}_{kst} + \beta \text{Universal}_{st} + X'_{ist} \delta + Z'_{st} \rho + \mu_s + \lambda_t + \epsilon_{ist}, \quad (1)$$

where Y_{ist} is the employment outcome for mother i in state s at time t . The main treatment variable, Universal_{st} , is a binary indicator taking the value of one for mothers in New Mexico starting in November 2025. To prevent attenuation bias from the earlier policy expansions, the model explicitly controls for multiple periods of interim policy reform in New Mexico via a vector of three phase-in indicators (PhaseIn_{kst}), corresponding to the relevant time periods in Table 2.⁶ The vector X'_{ist} contains exogenous individual-level demographic controls for mothers' age, marital status, and race/ethnicity as well as child-ages and family size. The Z'_{st} incorporates time-varying state controls for the unemployment rate, COVID-19 containment policy, and pre-K enrollments. These controls are important for removing heterogeneity driven by local business cycle fluctuations, pandemic-era disruptions, and alternative early education expansions that influence maternal employment. The model includes state fixed effects (μ_s) to absorb time-invariant geographic characteristics, as well as month-by-year fixed effects (λ_t) to account for time-varying national shocks. In robustness checks, I include region-by-time fixed effects to control for region-specific heterogeneity, thereby identifying the treatment effect exclusively off within-region variation.

A key identifying assumption in the DD model is that there are no unobserved shocks in New Mexico that occurred contemporaneously with the introduction of the state's universal child care program that might cause mothers' employment to trend differently across states. Specifically, I assume that in the absence of New Mexico's policy, the trend in maternal employment would have evolved smoothly in the period following its introduction. To test for pre-trends and examine any dynamic effects of the universal roll-out, the analysis utilizes the following event-study model:

$$Y_{ist} = \alpha + \sum_{j=-4}^{-2} \beta_j \text{PreReform}_{st}^j + \sum_{k=1}^3 \gamma_k \text{PhaseIn}_{kst} + \sum_{j=21}^{22} \theta_j \text{Universal}_{st}^j + X'_{ist} \delta + Z'_{st} \rho + \mu_s + \lambda_t + \epsilon_{ist}. \quad (2)$$

The timeline is modeled as a series of sequential policy regimes. The event-time index j represents four-month bins within the pre-reform period, while k indexes the phase-in periods. The variable PreReform_{st}^j is a vector of

⁶The number of observations meeting the sample criteria in New Mexico during each of the five policy periods are as follows: 1,316 (pre-reform), 716 (Phase-In #1), 704 (Phase-In #2), 2,684 (Phase-In #3), and 744 (Universal).

indicator variables capturing the 16-month period ($j = -4$ to -2) spanning May 2019 to August 2020, which marks the period prior to New Mexico’s child care expansions. The four-month period immediately preceding the start of the first phase-in ($j = -1$) is the reference category. Support for the identifying assumption would emerge if the pre-reform indicator variables are not statistically significant, suggesting that any post-reform trend changes are driven by the roll-out of universal child care. In other words, there should be no evidence that employment for mothers in New Mexico and in the comparison states trended differently during the pre-reform period.

The variable PhaseIn_{kst} represents three distinct periods ($k = 1, 2, 3$) spanning September 2020 to September 2025, during which New Mexico gradually expanded its subsidy program.⁷ The 61-month phase-in period is aggregated to 12 bins of five months.⁸ By conditioning on these interim policy regimes, the model isolates any associated employment effects, thereby avoiding contamination of the pre-reform and universal roll-out periods. Finally, Universal_{st}^j represents the window during which universal no-cost child care was enacted, beginning in November 2025. Therefore, the coefficients θ_j map the dynamic effects on mothers’ employment in the period following the introduction of universal care. This 10-month period is aggregated to four bins of two or three months. Given that treatment timing is not staggered over multiple units and that control units are never treated, concerns over bias in dynamic treatment effects do not apply in this setting.

3.3 Inference

Assessing the statistical significance of universal child care in this setting—a single-state case study—presents challenges for inference because there are insufficient clusters (i.e., states) to support traditional cluster-robust standard errors. Given that there are only 39 clusters (i.e., one treated state and 38 comparison states), such inferential methods would over-reject the null hypothesis, artificially inflating statistical significance. To minimize the possibility of over-rejecting, I rely on three alternative inference strategies for case study designs.

First, I implement a standard randomization inference (RI) framework. I iteratively assign a “placebo” universal child care policy to each untreated state in the donor pool (in November 2025), estimating the DD model for each permutation. I then construct an empirical distribution of the placebo treatment effects and calculate p-values non-parametrically, defined as the share of placebo effects that exceed the estimate for New Mexico. As such, this approach compares the magnitude of New Mexico’s policy impacts against the distribution of placebo effects.

⁷Recall that the October 2025 CPS was not conducted. Therefore, it is not included as the last month of the phase-in period.

⁸The final bin includes six months.

While standard RI mitigates the need for asymptotic clustering assumptions, it relies on a strict homoskedasticity assumption—that the variance of the error term is constant across all states. In survey data, this assumption is often violated, given that states with smaller populations yield noisier aggregated outcomes than larger states. To address this, I utilize the heteroskedasticity-robust inference method proposed by [Ferman and Pinto \(2019\)](#). This method models the variance of the residuals as a function of state-level sample weights in the CPS. By normalizing the residuals prior to executing a wild bootstrap, I correct for the variance mismatch between New Mexico and the heterogeneous donor pool. This ensures that the estimated confidence intervals reflect the underlying precision of the estimates rather than idiosyncratic sampling noise from smaller states.

Finally, I complement these design-based corrections with a data-driven approach by estimating a synthetic DD (SDD) model ([Arkhangelsky et al., 2021](#); [Clarke et al., 2024](#)). The SDD design behaves like the traditional DD estimator in that it allows for level differences in the outcomes, but it also leverages the advantages of synthetic control (SC) in that it optimally chooses a set of matched comparison units. It does this by applying unit weights so that the chosen comparison states resemble the treated state(s), and it applies time weights so that the pre-reform trend for the comparison states matches their post-reform trend. To account for the phased implementation of the New Mexico’s child care policy, I estimate three variations of the SDD model. The first specification compares November 2025’s universal roll-out against all preceding months, including the three interim reforms. To ensure the synthetic control is not biased by these intermediate policy shocks, I also estimate two versions of a “donut hole” specification. The first model drops the latter two interim reforms, retaining only the pre-reform period and the initial phase-in period. The second specification goes further, isolating the pre-reform period by omitting all intermediate phase-in months. The SDD framework then accommodates single-treated-unit inference through the calculation of placebo standard errors. This is achieved by randomly assigning a placebo treatment to each comparison unit, then reestimating the SDD model to form a distribution of synthetic placebo estimates.

4 Results

4.1 Subsidy Enrollments and Provider Capacity

Figure 1 provide descriptive evidence on the evolution of subsidy enrollments and child care provider capacity in the months surrounding the roll-out of New Mexico’s universal child care program. Panel (a) shows that subsidy

enrollments experienced a sudden and dramatic increase beginning in November 2025, growing nearly 21% between November and December (from 33,107 to 39,907 children). Since then, the number of children receiving a subsidy has increased steadily, totaling 45,996 recipients as of April 2026 (39% increase). Child care capacity, on the other hand, has grown more modestly, as shown in Panel (b). The number of child care slots totaled 75,192 in November, increasing slightly to 75,634 in December (0.6%) and to 77,947 in April 2026 (4%). These patterns—rapidly increasing enrollments coupled with little growth in capacity—raise questions about the state’s ability to absorb the increase in demand. However, it is important to note that prior to universal expansion, less than half of the state’s capacity was being utilized. Indeed, in the months prior to roll-out, approximately 44% of the state’s child care capacity was being utilized, as shown in Panel (c). However, utilization increased immediately to 53% in December, ultimately rising to 59% by April. This suggests that New Mexico has been able to absorb the additional demand at least in the short-run by filling unused child care slots.

4.2 Main DD Results

Tables 3 and 4 present the main DD results for lower- and higher-skilled mothers, respectively. Panel A shows the DD estimates along with the corresponding standard errors generated using the [Ferman and Pinto \(2019\)](#) approach. Panel B reports the SDD estimates and placebo standard errors. Three sets of SDD results are displayed: one using all months prior to universal roll-out as the pre-reform period and two “donut hole” models that omit some or all of the interim reforms from the pre-reform window. Panel C reports the two-tailed p-values from the RI exercise. Appendix Figures B3 and B4 show the full distribution of RI placebo estimates. Finally, Figures 2 and 3 display the event-study results.

Looking first at Panel A, the estimates suggest that the introduction of universal child care in New Mexico increased lower-skilled mothers’ labor supply along the extensive and intensive margins. The likelihood of labor force participation increased by 11.7 percentage points, while employment grew by 11.1 percentage points. Evaluated at the pre-reform outcome means of the comparison group, these estimates imply increases of 18%. In addition, weekly hours of work increased by 3.1 hours and full-time employment grew by 8.8 percentage points, corresponding to increases of 15% and 23%, respectively. The SDD results are consistent with the main DD estimates. As expected, the magnitudes of the coefficients in the two donut hole specifications are larger and closely resemble the main DD estimates, primarily because they omit portions of the policy phase-in periods. Indeed, as shown in Panel A

of Appendix Table B1, the interim child care reforms had consistently positive (though smaller and imprecisely estimated) effects on mothers' labor supply. Thus, omitting these periods from the SDD analysis generates larger estimates. Finally, the RI p-values (ranging from 0.051 to 0.103) shown in Panel C indicate that New Mexico's treatment effects are consistently among the largest in the placebo distribution, providing evidence that the state's universal child care reform is responsible for the increase in labor supply.

Figure 2 presents the event-study estimates for lower-skilled mothers. Results for both the baseline model and, as a robustness check, a model that includes region-by-time fixed effects are shown. During the pre-reform period, the point estimates are close to zero and statistically insignificant for all outcomes, indicating that the results are not driven by differential pre-trends. This provides support for the key identifying assumption that mothers living outside New Mexico (in the 38 comparison states) serve as a valid counterfactual. Most of the event-time dummies during the three interim policy periods are statistically insignificant and display no discernible pattern. Such results are consistent with the main DD analyses, as shown in Appendix Table B1. Following the introduction of universal child care, however, there is a clear upward shift in the estimates. Interestingly, the estimates for labor force participation and employment grow larger over time. It is also noteworthy that the increase in labor supply persists through the final event-time period corresponding to July and August, suggesting that New Mexico's program buffered mothers against any seasonal dip in employment caused by summer school closures.

Turning to higher-skilled mothers, the results presented in Table 4 paint a different picture. Across the extensive and intensive margins, higher-skilled mothers experienced a drop in labor supply after the introduction of universal child care. However, there is more uncertainty in these results, given that the DD and SDD estimates are generally less precisely estimated, a pattern confirmed by the RI p-values. Nevertheless, the strongest result appears to be for full-time employment, which fell by 8.9 percentage points, corresponding to a reduction of nearly 17%. Despite lacking statistical significance, results along the other margins imply economically meaningful effects, with reductions of 8%, 9%, and 10% for labor force participation, employment, and hours of work, respectively. Panel B of Appendix Table B1 shows that the interim policy expansions similarly had null effects on higher-skilled mothers' employment. Figure 3 displays the event-study results, which largely reflect the absence of pre-trends. The decline in mothers' labor supply occurs only after the introduction of universal child care, with the event-time coefficients remaining persistently negative (although somewhat noisy) throughout the post-reform period.

To probe the robustness of the main DD results, I estimate the models using an alternative comparison group: women without children residing outside of New Mexico. This specification ensures that the baseline estimates are not an artifact of unobserved macroeconomic or policy shocks affecting all mothers. As shown in Appendix Tables B2 and B3, the results are robust to using this alternative comparison group. For lower-skilled mothers, the implied impacts are 13.7%, 14.9%, 13.4%, and 18.1% for labor force participation, employment, hours of work, and full-time work, respectively. These effects are similar in magnitude and precision to those generated by the baseline comparison group. The results for higher-skilled mothers become substantially stronger under this specification; the negative labor supply responses are larger in magnitude across most margins and more precisely estimated. In particular, I find statistically significant reductions in labor force participation (10%), employment (10%), and full-time work (14%). The estimated decline in hours of work is similar to the baseline model and is not statistically significant. Together, these results suggest that the baseline model may understate the extent to which higher-skilled mothers reduced their market work following the introduction of universal child care.

4.3 Extensions

To address potential concerns that stratifying the sample by education might introduce endogenous sample selection—particularly if the child care reform influenced schooling decisions—I estimate the DD models splitting the sample by marital status. Because marital status is arguably more fixed in the short term, this serves as an important robustness check. As shown in Appendix Table B4, the labor supply responses for unmarried mothers (Panel A) closely mirror the baseline estimates for lower-skilled mothers. The point estimates are positive and large in magnitude, with those for labor force participation and employment remaining statistically significant. Such results provide additional evidence that for households where child care costs are a potentially binding constraint, New Mexico’s universal subsidy allows mothers to substitute market work for non-market time.

The results for married mothers reveal a more complex story. In the aggregate (Panel B), the estimates for married mothers are close to zero and statistically insignificant across all work margins (e.g., 0.008 for labor force participation and 0.002 for employment). However, this aggregate null effect masks substantial heterogeneity driven by education. When I further stratify the married sample by skill level, the estimates diverge sharply. For lower-skilled married mothers (Panel C), the reform induces strong positive labor supply responses, leading to statistically significant increases in labor force participation (10.5 percentage points), employment (8.7 percentage

points), and full-time work (7.8 percentage points). For higher-skilled married mothers, on the other hand, the introduction of universal child care leads to precisely estimated declines in labor supply. Labor force participation and employment fall by 10.8 and 10.6 percentage points, respectively, and there are sizable but imprecisely estimated reductions in hours of work and full-time work. Together, these results suggest that while spousal income may provide the necessary financial conditions for an income effect to dominate, education remains a key driver of the behavioral response. The universal subsidy allows higher-skilled married mothers to substitute market work for home production, whereas it relaxes the binding constraints associated with child care costs for lower-skilled mothers regardless of their marital status.⁹

To understand the mechanisms driving the differential labor supply responses across lower- and higher-skilled, I examine several additional margins of work-related activity: part-time employment, any school enrollment, and full-time school enrollment. As shown in Panel A of Table 5, the introduction of universal child care induces a small, statistically insignificant reduction in part-time work among lower-skilled mothers (0.5 percentage points). There are also estimated reductions in school attendance along the extensive and intensive margins (any attendance: 2.5 percentage points; full-time attendance: 2.6 percentage points).¹⁰ Such patterns once again indicate that the universal subsidy primarily works to remove the binding constraints to full-time market work for disadvantaged mothers, leading them to substitute away from schooling and other non-market activities in order to maximize paid employment.

Turning to higher-skilled mothers (Panel B), the estimates reveal little change along the part-time work margin. However, it appears that such mothers are more likely to enroll in school (3.9 percentage points), and to enroll full-time (3.1 percentage points). Recall from Table 4 that higher-skilled mothers both reduced full-time employment and dropped out of the labor force. Together, these results suggest that the introduction of universal child care encourages a different type of time reallocation for advantaged mothers: rather than downshifting to part-time work, it appears that these mothers may be leaving the workforce to invest in additional human capital.

⁹Note that for unmarried mothers, the DD estimates show sizable positive effects on labor supply for both lower- and higher-skilled mothers.

¹⁰Because full-time school enrollment is a rare outcome for lower-skilled mothers prior to the reform, the linear probability model point estimate of -0.026 implies a reduction slightly larger than 100%. This is an artifact of estimating linear models on outcomes with baseline probabilities close to zero. In practical terms, it indicates that the policy eliminated the already rare incidence of full-time school enrollment for this group.

5 Conclusion

This paper provides the first empirical evaluation of the landmark November 2025 roll-out of universal, no-cost child care in New Mexico. Using monthly Current Population Survey data, the DD estimates demonstrate that universal child care subsidies induce different labor supply responses across families with differing skills and financial resources. For lower-skilled mothers, the policy mitigates the binding constraints of child care, leading to increases in full-time employment and reductions in schooling and non-market activities. For higher-skilled married mothers, the policy operates primarily as an in-kind transfer, encouraging a reduction in full-time work and a concurrent increase in school enrollment.

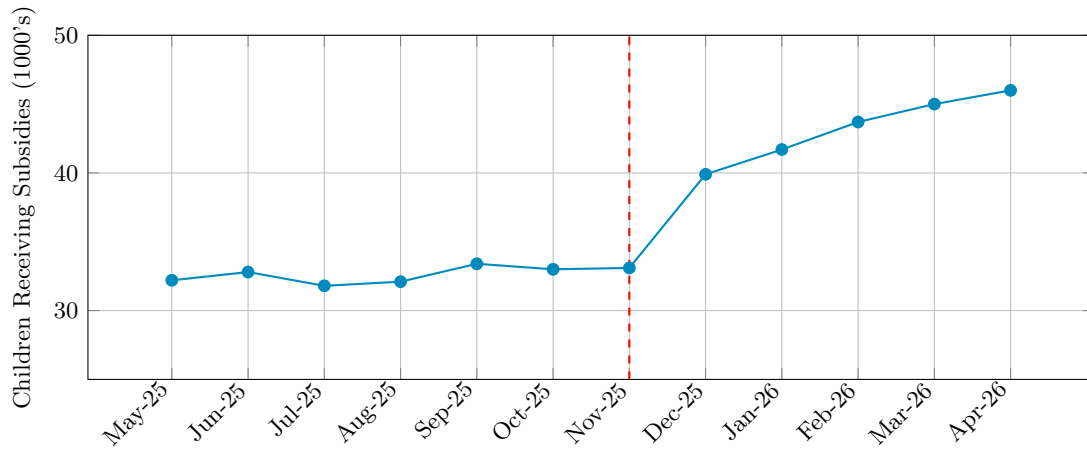
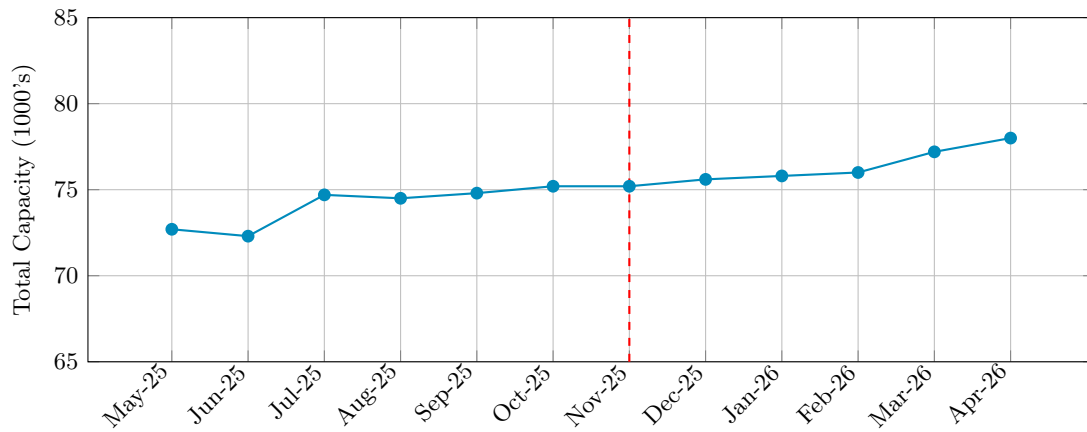
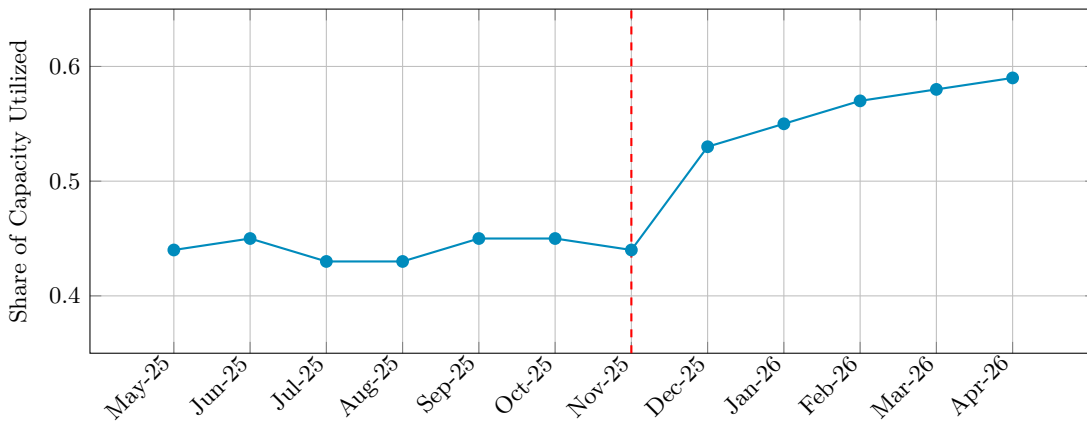
As the U.S. grapples with an increasingly fragile child care system—characterized by high costs for parents, low pay for teachers, and an unsustainable business model for providers—New Mexico serves as an important laboratory for testing a broadly-accessible, fully-subsidized policy model. Credible evidence on the New Mexico experience is crucial as municipal leaders in New York City and San Francisco along with the governors of Connecticut, Vermont, and Colorado engage in ongoing discussions about committing financial resources to their own child care models.

While New Mexico’s unique demographic profile (characterized by large Hispanic and Native American communities as well as a highly dispersed rural population) warrants caution when extrapolating to other jurisdictions, the tension identified in this paper between lower- and higher-skilled families is likely to be applicable in other contexts. Policymakers evaluating universal child care models should recognize that while such transfers might expand labor force participation among liquidity-constrained households, they also enable higher-resourced families to reallocate time toward human capital investments and non-market production.

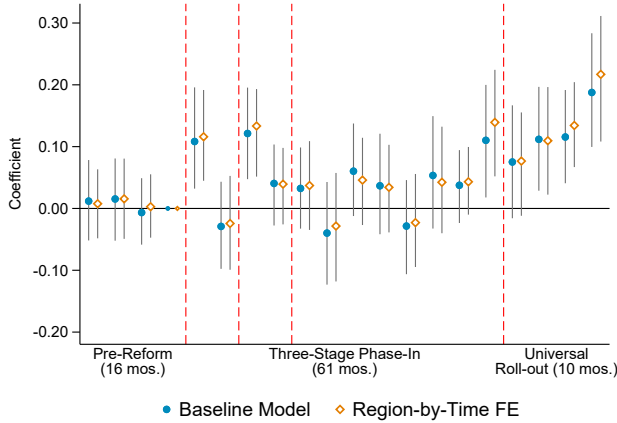
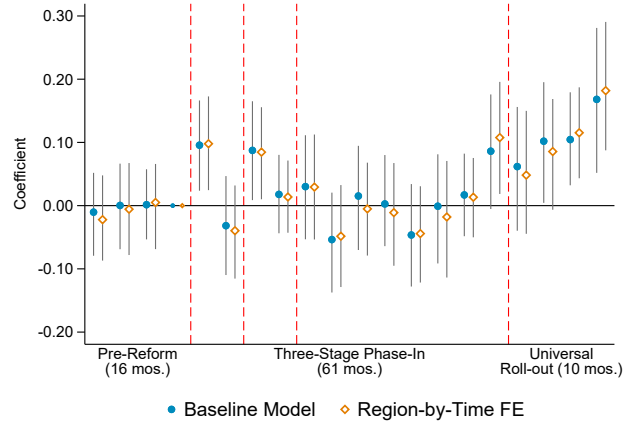
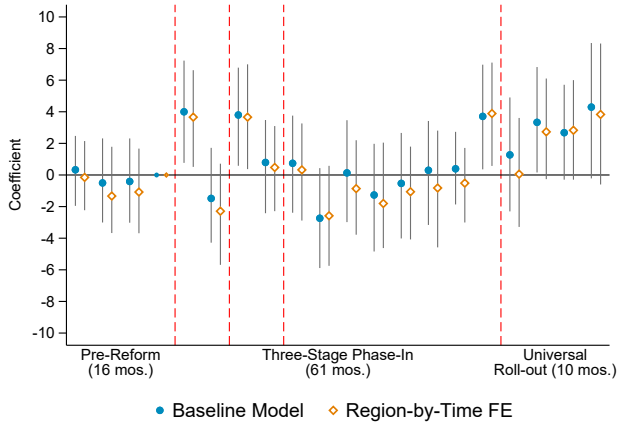
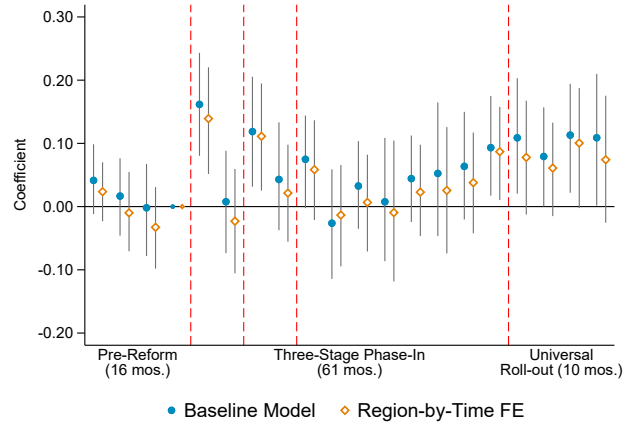
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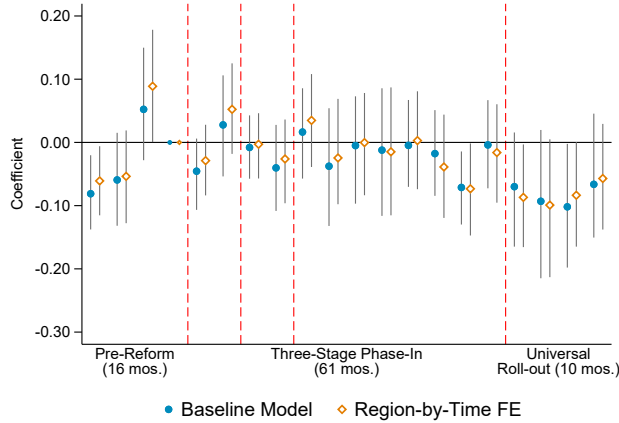
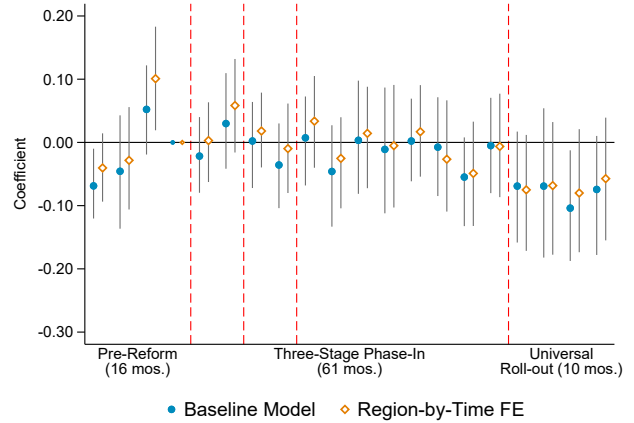
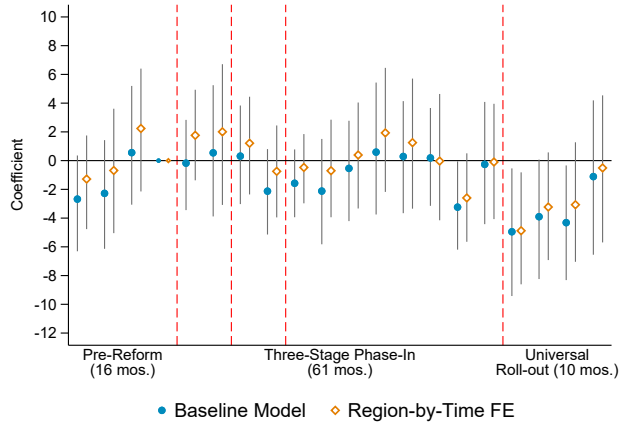
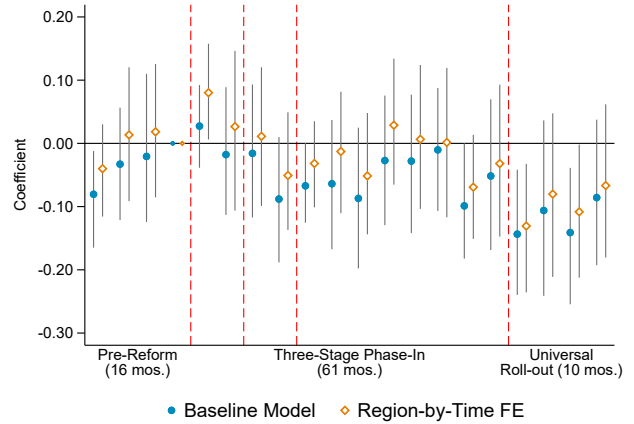
Figure 1: Child Care Subsidy Enrollments and Provider Capacity (May 2025 to April 2026)**(a)** Number of Children Receiving Child Care Subsidies**(b)** Total Child Care Provider Capacity**(c)** Share of Provider Capacity Utilized

Source.—New Mexico ECECD Data Dashboard

Figure 2: Event-Study Estimates of the Impact of Universal Child Care on Lower-Skilled Mothers' Employment**(a)** Labor Force Participation**(b)** Employment**(c)** Hours of Work**(d)** Full-Time Employment

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Notes.—This figure presents event-study estimates for lower-skilled mothers' employment outcomes across the pre-reform, three phase-in, and universal child care periods. The omitted period includes the four months immediately prior to the enactment of the first policy phase-in period ($j = -1$). The treated group includes mothers residing in New Mexico, while the comparison group includes mothers outside New Mexico. The baseline model (blue circles) includes state and time period fixed effects, while the second model (yellow diamonds) includes region-by-time fixed effects. All models include the demographic and state time-varying controls discussed in the text. There are 39 clusters in the analysis: one treated state and 38 comparison states. All models are weighted by the CPS's monthly final weight. Standard errors (and confidence intervals) are generated using the Ferman and Pinto (2019) approach.

Figure 3: Event-Study Estimates of the Impact of Universal Child Care on Higher-Skilled Mothers' Employment**(a)** Labor Force Participation**(b)** Employment**(c)** Hours of Work**(d)** Full-Time Employment

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Notes.—This figure presents event-study estimates for higher-skilled mothers' employment outcomes across the pre-reform, three phase-in, and universal child care periods. The omitted period includes the four months immediately prior to the enactment of the first policy phase-in period ($j = -1$). The treated group includes mothers residing in New Mexico, while the comparison group includes mothers outside New Mexico. The baseline model (blue circles) includes state and time period fixed effects, while the second model (yellow diamonds) includes region-by-time fixed effects. All models include the demographic and state time-varying controls discussed in the text. There are 39 clusters in the analysis: one treated state and 38 comparison states. All models are weighted by the CPS's monthly final weight. Standard errors (and confidence intervals) are generated using the Ferman and Pinto (2019) approach.

Table 1: Timeline of New Mexico's Child Care Expansions

Date	Funding (millions)	Enrollment	Entry Eligibility (% FPL)	Eligibility Limit (family of 4)	Copay
Jan 1, 2019	\$133.7	18,801	150%	\$51,500	Co-pay required
May 7, 2019	—	19,558	200%	\$64,375	Co-pay required
Oct 1, 2019	—	19,106	200%	\$64,375	Co-pay required
Sept 1, 2020	\$135.4	14,417	200%	\$65,500	Co-pay waived <=200%
July 1, 2021	\$136.3	15,565	350%	\$105,996	Co-pay required
May 1, 2022	\$152.8	20,470	400%	\$117,938	Co-pay waived
July 1, 2023	\$152.8	27,355	400%	\$127,500	Co-pay waived indefinitely
Nov 1, 2025	\$341.0	33,107	No limit	None	None

Source.—New Mexico ECECD Data Dashboard and [New Mexico Legislative Finance Committee \(2025\)](#)

Notes.—Funding amounts refer to a given fiscal year.

Table 2: Mapping of New Mexico’s Policy Expansions to the Construction of Pre- and Post-Reform Periods

Policy Period	Starting Date	Ending Date	No. of Months	Summary
Pre-Reform	May 2019	Aug 2020	16	Eligibility set at 200% of FPL, and co-pays are required
Phase-In #1	Sep 2020	June 2021	10	Eligibility remains at 200% of FPL, but all co-pays are waived
Phase-In #2	July 2021	April 2022	10	Eligibility increases to 350% of FPL, and co-pays are waived <200% of FPL
Phase-In #3	May 2022	Oct 2025	42	Eligibility increases to 400% of FPL, and all co-pays are waived
Universal Care	Nov 2025	August 2026	10	Implementation of universal, no-cost child care

Notes.—While the final phase-in period spans 42 calendar months (May 2022 to October 2025), the October 2025 CPS was not implemented. As a result, this period contains 41 months of observable data in the analysis.

Table 3: DD Estimates of the Impact of Universal Child Care on Lower-Skilled Mothers' Employment

	(1) LFP	(2) Any Work	(3) Hours	(4) FT
Panel A: Difference-in-Differences				
Universal	0.117** (0.039) [0.012]	0.111*** (0.039) [0.010]	3.066** (1.522) [0.040]	0.088** (0.040) [0.030]
Panel B: Synthetic Difference-in-Differences				
Universal (Full)	0.080* (0.042)	0.084* (0.049)	2.451 (1.847)	0.053 (0.053)
Universal (Donut #1)	0.145*** (0.048)	0.128*** (0.048)	4.124** (1.942)	0.092** (0.045)
Universal (Donut #2)	0.119** (0.051)	0.118** (0.051)	3.266* (1.971)	0.094* (0.049)
Panel C: Randomization Inference				
Two-tailed p-value	0.051	0.051	0.103	0.051
Observations	250,991	250,991	250,991	250,991
State and Time FE	Yes	Yes	Yes	Yes
Outcome Mean	0.655	0.602	20.22	0.388
Implied Impact	17.9%	18.4%	15.2%	22.7%

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Notes.—This table presents DD estimates for lower-skilled mothers' employment outcomes. The treated group includes mothers residing in New Mexico, while the comparison group includes mothers outside New Mexico. All models include state and month-by-year fixed effects as well as the demographic and state time-varying controls discussed in the text. All models are weighted by the CPS's monthly final weight. There are 39 clusters in the analysis: one treated state and 38 comparison states. Panel A reports traditional two-way fixed effects (TWFE) difference-in-differences estimates. Standard errors, reported in parentheses, represent the standard deviation of the bootstrap distribution generated using the Ferman and Pinto (2019) heteroskedasticity-robust permutation method. Exact empirical p-values from this procedure are reported in brackets. Significance stars are assigned based on these p-values. Panel B reports synthetic DD (SDD) estimates with placebo standard errors in parentheses. Panel C reports p-values derived from state-level randomization inference (RI) using 38 placebo iterations. Two-tailed p-values are reported. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 4: DD Estimates of the Impact of Universal Child Care on Higher-Skilled Mothers' Employment

	(1) LFP	(2) Any Work	(3) Hours	(4) FT
Panel A: Difference-in-Differences				
Universal	-0.062 (0.046) [0.230]	-0.065 (0.048) [0.210]	-2.588 (1.940) [0.232]	-0.089* (0.052) [0.098]
Panel B: Synthetic Difference-in-Differences				
Universal (Full)	-0.069* (0.038)	-0.066* (0.036)	-1.953 (1.233)	-0.067* (0.038)
Universal (Donut #1)	-0.058 (0.039)	-0.066 (0.040)	-3.542** (1.490)	-0.143*** (0.043)
Universal (Donut #2)	-0.049 (0.052)	-0.059 (0.046)	-2.197 (1.577)	-0.083* (0.049)
Panel C: Randomization Inference				
Two-tailed p-value	0.231	0.205	0.205	0.103
Observations	261,968	261,968	261,968	261,968
State and Time FE	Yes	Yes	Yes	Yes
Outcome Mean	0.789	0.761	26.14	0.527
Implied Impact	-7.9%	-8.5%	-9.9%	-16.9%

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Notes.—This table presents DD estimates for higher-skilled mothers' employment outcomes. The treated group includes mothers residing in New Mexico, while the comparison group includes mothers outside New Mexico. All models include state and month-by-year fixed effects as well as the demographic and state time-varying controls discussed in the text. All models are weighted by the CPS's monthly final weight. There are 39 clusters in the analysis: one treated state and 38 comparison states. Panel A reports traditional two-way fixed effects (TWFE) difference-in-differences estimates. Standard errors, reported in parentheses, represent the standard deviation of the bootstrap distribution generated using the Ferman and Pinto (2019) heteroskedasticity-robust permutation method. Exact empirical p-values from this procedure are reported in brackets. Significance stars are assigned based on these p-values. Panel B reports synthetic DD (SDD) estimates with placebo standard errors in parentheses. Panel C reports p-values derived from state-level randomization inference (RI) using 38 placebo iterations. Two-tailed p-values are reported. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 5: DD Estimates of the Impact of Universal Child Care on Part-Time Employment and School Enrollment

	(1) PT Work	(2) Any School Enrollment	(3) FT School Enrollment
Panel A: Lower-Skilled Mothers			
Universal	-0.005 (0.028) [0.882]	-0.025 (0.017) [0.124]	-0.026* (0.013) [0.058]
Observations	250,991	250,354	250,354
State and Time FE	Yes	Yes	Yes
Outcome Mean	0.179	0.043	0.024
Panel B: Higher-Skilled Mothers			
Universal	0.019 (0.042) [0.664]	0.039* (0.020) [0.054]	0.031** (0.016) [0.028]
Observations	261,968	261,218	261,218
State and Time FE	Yes	Yes	Yes
Outcome Mean	0.179	0.044	0.023

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Notes.—This table presents DD estimates for lower- and higher-skilled mothers' part-time employment and school enrollment outcomes. The treated group includes mothers residing in New Mexico, while the comparison group includes mothers outside New Mexico. All models include state and month-by-year fixed effects as well as the demographic and state time-varying controls discussed in the text. All models are weighted by the CPS's monthly final weight. There are 39 clusters in the analysis: one treated state and 38 comparison states. Standard errors, reported in parentheses, represent the standard deviation of the bootstrap distribution generated using the Ferman and Pinto (2019) heteroskedasticity-robust permutation method. Exact empirical p-values from this procedure are reported in brackets. Significance stars are assigned based on these p-values. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

A Data Appendix

This section provides information on the construction of the set of comparison states used in the difference-in-differences (DD) analysis. A key assumption underlying both the DD estimator and placebo-based randomization inference (RI) is that the donor pool is composed of untreated units. In the context of evaluating child care programs, an “untreated” state is one that maintained a relatively stable policy regime throughout the analysis period. Allowing states with contemporaneous, large-scale child care expansions to remain in the donor pool could introduce treatment contamination, posing three methodological threats. First, given that standard DD methods generate the treatment effect relative to the average change in the control group, any contemporaneous child care policy shock that affects mothers’ employment in control states will decrease the estimated treatment effect for New Mexico, resulting in attenuation bias. Second, in synthetic DD settings, if the algorithm assigns positive baseline weights to these contaminated states, any positive labor supply response from a policy shock will inflate the post-treatment trajectory of the synthetic counterfactual, again biasing the New Mexico treatment effect toward zero. Finally, within the RI framework, running placebo tests on states undergoing their own child care expansions could generate spurious treatment effects, thereby increasing the variance of the placebo distribution and distorting the standard errors (i.e., p-values) generated from the RI exercise.

To ensure a high-quality pool of comparison states, I systematically culled the full donor pool to identify states that enacted large child care expansions during the 2019 to 2026 study window, emphasizing states that introduced policy changes around the time New Mexico launched its universal program (November 2025). Specifically, I exclude 12 states based on the following considerations. First, I analyzed child care subsidy data from the [National Women’s Law Center \(2019, 2026\)](#), comparing income eligibility limits (as a share of the federal poverty line) for 2019 and 2024 (the most recent year available). As shown in Appendix Table A1, a total of nine states increased the threshold by at least 0.90, effectively doubling the number of families eligible to receive a subsidy. Given the relative magnitude of these policy changes, the nine states were omitted from the comparison group.

Table A1: Largest State Expansions of Child Care Subsidy Eligibility (2019–2024)

State	2019 Eligibility Limit (FPL Ratio)	2024 Eligibility Limit (FPL Ratio)	Difference (Δ FPL Ratio)
Colorado	1.80	2.70	+0.90
Kentucky	1.56	2.51	+0.95
South Carolina	1.52	2.58	+1.06
North Dakota	2.18	3.29	+1.11
Utah	1.75	2.99	+1.24
Nevada	1.27	2.57	+1.30
Virginia	1.95	3.28	+1.33
New York	1.95	3.35	+1.40
New Hampshire	2.14	3.59	+1.45
New Mexico	1.95	4.00	+2.05

Source.—[National Women’s Law Center \(2019, 2026\)](#)

Second, I exclude three additional states—Hawaii, Massachusetts, and Vermont—that enacted comprehensive early childhood legislation temporally adjacent to New Mexico’s universal child care roll-out. Rather than simply adjusting eligibility thresholds, these states passed legislation that fundamentally altered their subsidy system. Specifically, in 2024 Hawaii expanded eligibility for its own child care assistance program, called Preschool Open Doors (POD), to include three-year-olds. In addition, the state in 2025 passed Act 203, which broadened the POD subsidy program to include two-year-olds, raised income eligibility up to 500% of the federal poverty level, and capped family co-payments at 3% of household income ([Alliance for Early Success, 2026a](#)). During the pandemic, Massachusetts launched the Commonwealth Cares for Children (C3) program, which provided monthly operational grants to child care providers. While most states let their federal stabilization funds expire, Massachusetts passed

the EARLY ED Act in March 2024, which made the C3 grants permanent. The EARLY ED Act also expanded eligibility for subsidies up to 85% of state median income, eliminated co-payments for those below the poverty line, and capped co-payments at 7% for all other families ([Alliance for Early Success, 2026b](#)). These policy changes took effect on January 1, 2026. Finally, Vermont passed Act 76 in 2023, which imposes a 0.44% payroll tax on employers and a 0.11% tax on self-employment income, generating roughly \$125 million annually for child care subsidies. Ultimately eligibility for subsidies was expanded to 575% of the poverty line, while families with incomes at or below 175% of poverty do not have to contribute a co-payment ([Vermont Department for Children and Families, 2024](#)).

To test the sensitivity of changes to the comparison group, I estimate two additional versions of the DD model for lower- and higher-skilled mothers, as shown in Appendix Table A2 below. Panels A and B exclude only Hawaii, Massachusetts, and Vermont from the comparison group, while Panels C and D use all states. Overall, the results are consistent with those reported in the main text. The estimates for lower-skilled mothers are somewhat smaller in magnitude than those in the main text, but they remain economically meaningful and are largely statistically significant. The estimates for higher-skilled mothers are slightly larger (i.e., more negative) and are more precisely estimated.

Table A2: Sensitivity of the DD Estimates to Changes in the Comparison Group

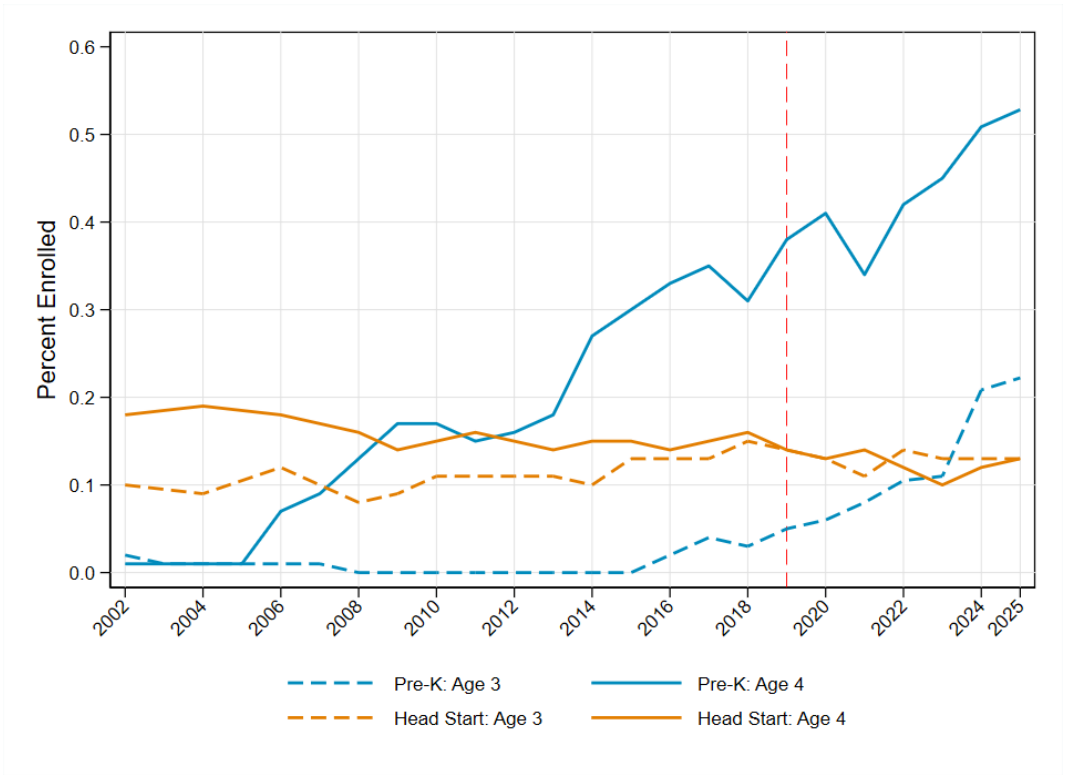
	LFP	Any Work	Hours	FT
Panel A: Lower-Skilled Mothers (exclude only HI/MA/VT)				
Universal	0.103** (0.042) [0.024]	0.098** (0.043) [0.030]	2.473* (1.550) [0.094]	0.069* (0.038) [0.072]
Panel B: Higher-Skilled Mothers (exclude only HI/MA/VT)				
Universal	-0.070 (0.058) [0.204]	-0.075* (0.049) [0.098]	-2.825 (2.026) [0.232]	-0.092* (0.050) [0.082]
Panel C: Lower-Skilled Mothers (include every state)				
Universal	0.102** (0.046) [0.022]	0.096** (0.043) [0.050]	2.420 (1.610) [0.140]	0.068* (0.039) [0.082]
Panel D: Higher-Skilled Mothers (include every state)				
Universal	-0.071 (0.048) [0.160]	-0.076* (0.048) [0.090]	-2.852 (1.999) [0.194]	-0.093* (0.050) [0.076]

Source.—CPS samples from May 2019 to August 2026 ([Flood et al., 2025](#)).

Notes.—This table presents DD estimates for lower- (Panels A and C) and higher-skilled (Panels B and D) mothers' employment outcomes. The treated group includes mothers residing in New Mexico. The comparison group in Panels A and B excludes mothers in Hawaii, Massachusetts, and Vermont. The comparison group in Panels C and D includes mothers in all states. All models include state and month-by-year fixed effects as well as the demographic and state time-varying controls discussed in the text. All models are weighted by the CPS's monthly final weight. There are 39 clusters in the analysis: one treated state and 38 comparison states. Standard errors, reported in parentheses, represent the standard deviation of the bootstrap distribution generated using the [Ferman and Pinto \(2019\)](#) heteroskedasticity-robust permutation method. Exact empirical p-values from this procedure are reported in brackets. Significance stars are assigned based on these p-values. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

B Appendix Figures and Tables

Figure B1: Enrollment in Pre-K and Head Start in New Mexico



Source.—National Institute for Early Education Research (2025)
Notes.—The red dotted line indicates 2019, which is the first year of the study period.

Figure B2: Treated, Comparison Group, and Excluded States

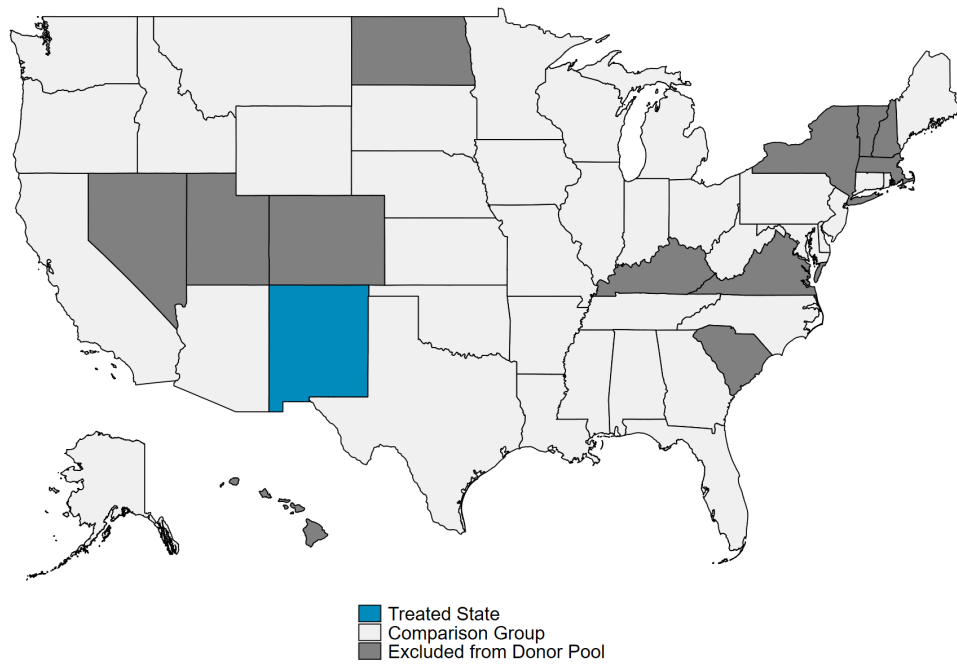
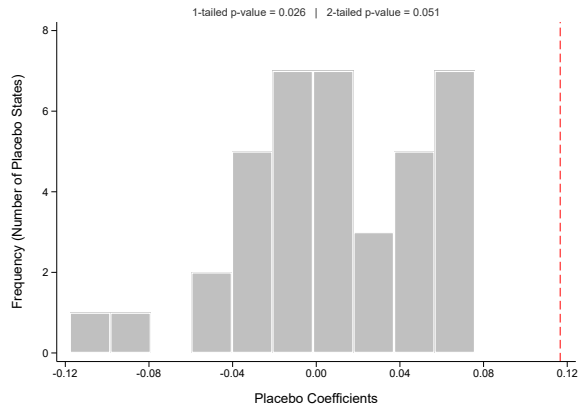
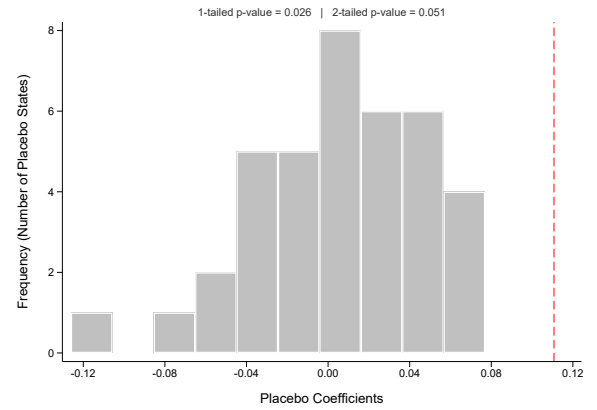


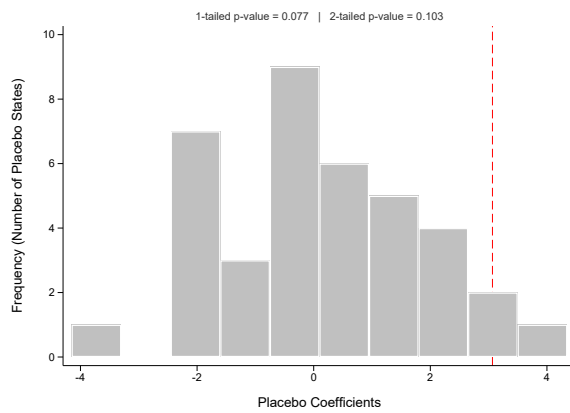
Figure B3: Results from the RI Analysis for Lower-Skilled Mothers



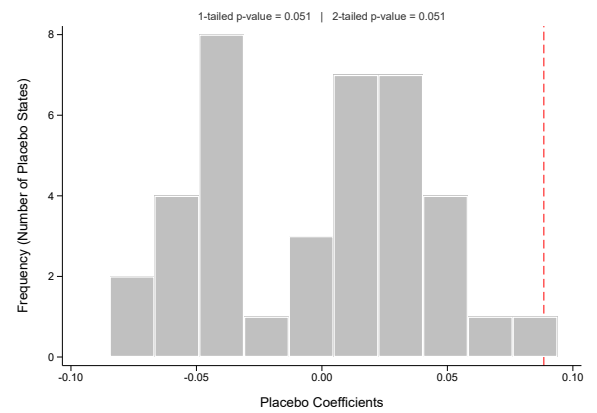
(a) Labor Force Participation



(b) Employment

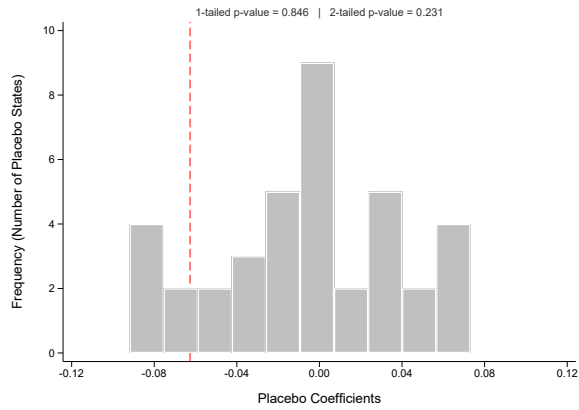
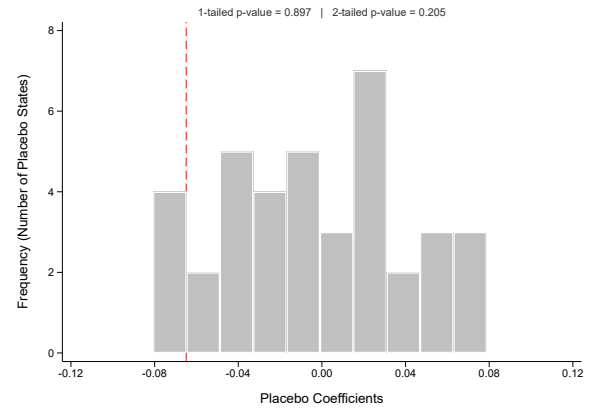
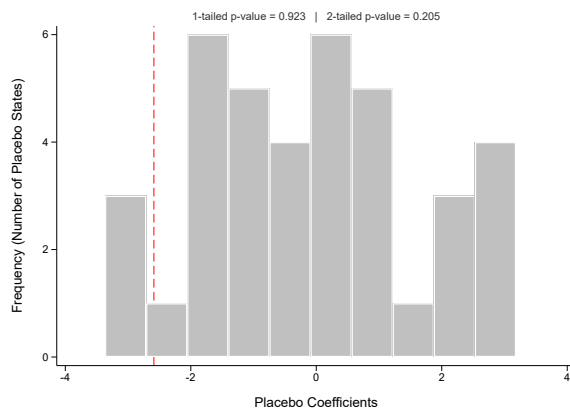
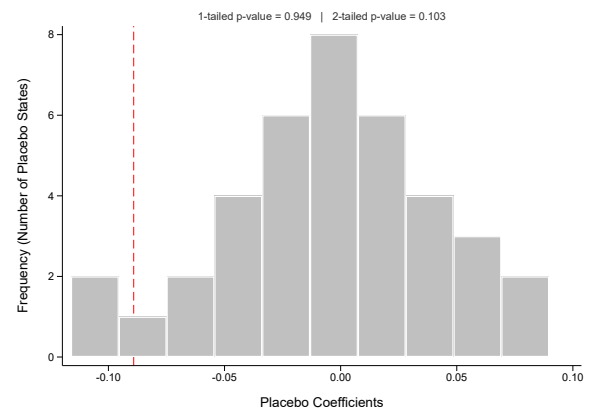


(c) Hours of Work



(d) Full-Time Employment

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Figure B4: Results from the RI Analysis for Higher-Skilled Mothers**(a)** Labor Force Participation**(b)** Employment**(c)** Hours of Work**(d)** Full-Time Employment

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Table B1: DD Estimates of the Impact of New Mexico’s Interim Policy Expansions on Mothers’ Employment

	(1) LFP	(2) Any Work	(3) Hours	(4) FT
Panel A: Lower-Skilled Mothers				
Phase-In #1	0.026 (0.032) [0.398]	0.027 (0.032) [0.450]	0.970 (1.521) [0.566]	0.057 (0.042) [0.220]
Phase-In #2	0.073** (0.037) [0.024]	0.051 (0.036) [0.192]	2.268 (1.700) [0.150]	0.065 (0.042) [0.142]
Phase-In #3	0.029 (0.029) [0.364]	0.010 (0.029) [0.816]	0.306 (1.266) [0.806]	0.030 (0.036) [0.458]
Panel B: Higher-Skilled Mothers				
Phase-In #1	0.016 (0.037) [0.696]	0.024 (0.040) [0.604]	1.280 (2.065) [0.522]	0.034 (0.046) [0.470]
Phase-In #2	0.000 (0.041) [0.998]	0.001 (0.039) [0.966]	0.176 (1.883) [0.938]	-0.021 (0.050) [0.772]
Phase-In #3	0.006 (0.031) [0.206]	0.002 (0.032) [0.944]	0.253 (1.321) [0.918]	-0.022 (0.039) [0.650]

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Notes.—This table presents DD estimates for lower- (Panel A) and higher-skilled (Panel B) mothers’ employment outcomes. The treated group includes mothers residing in New Mexico, while the comparison group includes mothers outside New Mexico. All models include state and month-by-year fixed effects as well as the demographic and state time-varying controls discussed in the text. All models are weighted by the CPS’s monthly final weight. There are 39 clusters in the analysis: one treated state and 38 comparison states. Standard errors, reported in parentheses, represent the standard deviation of the bootstrap distribution generated using the Ferman and Pinto (2019) heteroskedasticity-robust permutation method. Exact empirical p-values from this procedure are reported in brackets. Significance stars are assigned based on these p-values. * p < 0.10, ** p < 0.05, *** p < 0.01.

Table B2: DD Estimates of the Impact of Universal Child Care on Lower-Skilled Mothers' Employment (Alternative Comparison Group)

	(1) LFP	(2) Any Work	(3) Hours	(4) FT
Panel A: Difference-in-Differences				
Universal	0.096*** (0.042) [0.006]	0.097** (0.043) [0.020]	3.139* (1.713) [0.054]	0.086** (0.043) [0.024]
Panel B: Synthetic Difference-in-Differences				
Universal (Full)	0.080** (0.036)	0.087** (0.041)	1.930 (1.353)	0.035 (0.040)
Universal (Donut #1)	0.124** (0.058)	0.101* (0.052)	3.458** (1.745)	0.036 (0.039)
Universal (Donut #2)	0.146*** (0.057)	0.103** (0.050)	3.385* (2.022)	0.100* (0.053)
Panel C: Randomization Inference				
Two-tailed p-value	0.026	0.077	0.103	0.128
Observations	263,236	263,236	263,236	263,236
State and Time FE	Yes	Yes	Yes	Yes
Outcome Mean	0.701	0.649	23.44	0.474
Implied Impact	13.7%	14.9%	13.4%	18.1%

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Notes.—This table presents DD estimates for lower-skilled mothers' employment outcomes. The treated group includes mothers residing in New Mexico, while the comparison group includes childless women outside New Mexico. All models include state and month-by-year fixed effects as well as the demographic and state time-varying controls discussed in the text. All models are weighted by the CPS's monthly final weight. There are 39 clusters in the analysis: one treated state and 38 comparison states. Panel A reports traditional two-way fixed effects (TWFE) difference-in-differences estimates. Standard errors, reported in parentheses, represent the standard deviation of the bootstrap distribution generated using the Ferman and Pinto (2019) heteroskedasticity-robust permutation method. Exact empirical p-values from this procedure are reported in brackets. Significance stars are assigned based on these p-values. Panel B reports synthetic DD (SDD) estimates with placebo standard errors in parentheses. Panel C reports p-values derived from state-level randomization inference (RI) using 38 placebo iterations. Two-tailed p-values are reported. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table B3: DD Estimates of the Impact of Universal Child Care on Higher-Skilled Mothers' Employment (Alternative Comparison Group)

	(1) LFP	(2) Any Work	(3) Hours	(4) FT
Panel A: Difference-in-Differences				
Universal	-0.082*** (0.031) [0.008]	-0.084** (0.034) [0.018]	-2.806* (1.888) [0.100]	-0.094** (0.052) [0.050]
Panel B: Synthetic Difference-in-Differences				
Universal (Full)	-0.061*** (0.015)	-0.055** (0.026)	-3.194*** (1.152)	-0.066** (0.026)
Universal (Donut #1)	-0.067*** (0.022)	-0.078*** (0.025)	-2.686 (1.816)	-0.059 (0.039)
Universal (Donut #2)	-0.079*** (0.025)	-0.093*** (0.031)	-2.110 (1.618)	-0.018 (0.034)
Panel C: Randomization Inference				
Two-tailed p-value	0.026	0.026	0.103	0.026
Observations	304,400	304,400	304,400	304,400
State and Time FE	Yes	Yes	Yes	Yes
Outcome Mean	0.867	0.831	31.73	0.665
Implied Impact	-9.5%	-10.1%	-8.8%	-14.1%

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Notes.—This table presents DD estimates for higher-skilled mothers' employment outcomes. The treated group includes mothers residing in New Mexico, while the comparison group includes childless women outside New Mexico. All models include state and month-by-year fixed effects as well as the demographic and state time-varying controls discussed in the text. All models are weighted by the CPS's monthly final weight. There are 39 clusters in the analysis: one treated state and 38 comparison states. Panel A reports traditional two-way fixed effects (TWFE) difference-in-differences estimates. Standard errors, reported in parentheses, represent the standard deviation of the bootstrap distribution generated using the Ferman and Pinto (2019) heteroskedasticity-robust permutation method. Exact empirical p-values from this procedure are reported in brackets. Significance stars are assigned based on these p-values. Panel B reports synthetic DD (SDD) estimates with placebo standard errors in parentheses. Panel C reports p-values derived from state-level randomization inference (RI) using 38 placebo iterations. Two-tailed p-values are reported. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table B4: DD Estimates of the Impact of Universal Child Care on Mothers' Employment
(by Marital Status and Education Level)

	(1) LFP	(2) Any Work	(3) Hours	(4) FT
Panel A: Unmarried Mothers				
Universal	0.097** (0.046) [0.034]	0.098** (0.051) [0.044]	1.981 (2.198) [0.402]	0.034 (0.062) [0.590]
Panel B: Married Mothers				
Universal	0.008 (0.044) [0.858]	0.002 (0.043) [0.958]	0.122 (1.448) [0.940]	0.015 (0.038) [0.610]
Panel C: Lower-Skilled, Married Mothers				
Universal	0.105** (0.050) [0.038]	0.087* (0.053) [0.098]	2.426 (2.075) [0.234]	0.078 (0.048) [0.124]
Panel D: Higher-Skilled, Married Mothers				
Universal	-0.108* (0.063) [0.096]	-0.106* (0.061) [0.092]	-3.258 (2.377) [0.158]	-0.078 (0.058) [0.216]

Source.—CPS samples from May 2019 to August 2026 (Flood et al., 2025).

Notes.—This table presents DD estimates by marital status and education for mothers' employment outcomes. The treated group includes mothers residing in New Mexico, while the comparison group includes mothers outside New Mexico. All models include state and month-by-year fixed effects as well as the demographic and state time-varying controls discussed in the text. All models are weighted by the CPS's monthly final weight. There are 39 clusters in the analysis: one treated state and 38 comparison states. Standard errors, reported in parentheses, represent the standard deviation of the bootstrap distribution generated using the Ferman and Pinto (2019) heteroskedasticity-robust permutation method. Exact empirical p-values from this procedure are reported in brackets. Significance stars are assigned based on these p-values. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.