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FISCAL IMPACT REPORT

BILL NUMBER: House Bill 181

SHORT TITLE: Dow/Mirabal Moya/Martinez, A.

SPONSOR: Reporting on Children Staying in CYFD Offices

LAST UPDATE: _____ **ORIGINAL DATE:** 1/30/26 **ANALYST:** Malone

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$100.0	Nonrecurring	General fund

*Amounts reflect most recent analysis of this legislation.

Relates to House Bills 65, 76, and 202

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Health Care Authority

New Mexico Attorney General

Agency or Agencies That Were Asked for Analysis but did not Respond

Children, Youth and Families Department

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of House Bill 181

House Bill 181 (HB181) appropriates \$100 thousand from the general fund to the Children, Youth and Families Department (CYFD) for the purpose of CYFD reporting the number of children in the agency's custody who have been required to stay overnight in an office. The bill requires CYFD to report the total number of children, the reasons for the stay, the duration of the stay, and the current status or resolution of the placement. CYFD must report on a weekly basis to the Office of the Child Advocate and on a monthly basis to the following interim committees: the interim committee dealing with Courts, Corrections, and Justice; the Legislative Health and

Human Services Committee; and the Legislative Finance Committee.

The \$100 thousand appropriation is available for expenditure in FY27 and FY28, and any unexpended balance remaining at the end of FY28 shall revert to the general fund.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$100 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY28 shall revert to the general fund.

SIGNIFICANT ISSUES

The *Kevin S. et al v. Blalock, et al.* case filed in 2018 against CYFD and the Health Care Authority (HCA) alleged trauma-impacted youth in New Mexico foster care lacked safe, appropriate, and stable placements and behavioral health services. The settlement agreement reached in 2020 committed New Mexico to efforts to build out and expand community-based family placements for youth in care, increase the number of resource (foster) families in the state, increase the use of treatment foster care, and reduce the use of congregate care placements unless medically necessary. Since entering the settlement agreement, the state has continued to struggle to secure community-based placements for youth, who have continued to be placed in congregate care settings, including CYFD offices. According to CYFD, there was an average of 17 youth staying in CYFD offices per night in 2025. On January 19, 2026, Governor Lujan signed an executive order directing the end of office stays by March 1st.

The New Mexico Attorney General (NMAG) notes that the Office of the Child Advocate Act, § 32A-30-1 *et seq.* NMSA 1978, already allows the child advocate to access information or records that the department would be entitled to access or receive that are necessary for carrying out the provisions of the Office of the Child Advocate Act. *See* NMSA 1978 § 30-30-6(A)(12)-(13).

Further, pursuant to the *Kevin S.* settlement, CYFD is already obligated to maintain most of the information on office stays required by HB181. The Final Settlement Agreement (Appendix B, Targeted Outcome 1.1) required CYFD to ensure that by December 1, 2020, no child under 18 be placed in any state agency office unless in extraordinary circumstances necessary to protect the safety and security of the child as documented in the child's record and approved by the Secretary or the Protective Services Director of CYFD. CYFD failed to achieve this targeted outcome, and *Kevin S.* co-neutrals have monitored compliance with office stay requirements in each year since the settlement. Co-neutral annual reports track the number of children in state custody staying in office settings, the duration of their stay, and whether extraordinary circumstances exist for that stay.

Although CYFD is already required to track much of the information required by HB181, the bill increases the frequency of reporting and the number of entities receiving information. Both changes would increase transparency and the ability to track progress with regard to achieving

appropriate placements for children in state custody.

PERFORMANCE IMPLICATIONS

Requiring real-time monitoring and reporting related to child placements may impact CYFD performance on measures related to child placement.

ADMINISTRATIVE IMPLICATIONS

Because CYFD is already required to track information substantially similar to that contained in HB181, the administrative impact on the agency should be minimal. There may be some minimal administrative impacts from the increased frequency of reporting.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to House Bill 65, which appropriates \$2.5 million to CYFD to pilot a short-term stabilization project intended to provide children with in-home or home-like placements.

Relates to House Bill 76, which appropriates \$10 million to HCA to develop alternative placements to congregate care for youth in state custody.

Relates to House Bill 202, which requires establishment of a multi-agency memorandum of understanding between the Office of the Child Advocate and the Administrative Office of the Courts, CYFD, the Department of Health, the Department of Public Safety, the Early Childhood Education and Care Department, HCA, and the Public Education Department to facilitate data sharing with the Office of the Child Advocate.

OTHER SUBSTANTIVE ISSUES

The *Kevin S.* settlement agreement prioritizes community-based family placements for youth in state custody. If the intent of HB181 is to monitor and facilitate progress with the settlement agreement, it may be beneficial to include reporting requirements for all youth in placements other than community-based family placements, including shelters, acute psychiatric care facilities, and residential treatment centers.

CEM/sgs/cf /sgs