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FISCAL IMPACT REPORT

BILL NUMBER: House Memorial 1

SHORT TITLE: Study CYFD As Independent Executive Dept

SPONSOR: Roybal Caballero/Herndon

LAST ORIGINAL
UPDATE: _____ **DATE:** 02/03/26 **ANALYST:** Malone

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
LFC	Up to \$25.0	Up to \$25.0	\$0.0	Up to \$50.0	Nonrecurring	General fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Joint Resolution 4, House Bill 86, and Senate Bill 56.

Sources of Information

LFC Files
Child Welfare Information Gateway
National Conference of State Legislatures

Agency or Agencies Providing Analysis
Children, Youth and Families Department
Administrative Office of the Courts
New Mexico Attorney General
Health Care Authority
Regulation and Licensing Department

SUMMARY

Synopsis of House Memorial 1

House Memorial 1 (HM1) creates a taskforce, convened by the Legislative Finance Committee (LFC), to study the feasibility and implications of a constitutional amendment establishing an independent commission to manage and operate the Child, Youth and Families Department (CYFD). The task force would also be required to make recommendations and report on the potential performance and financial costs and benefits of transitioning from the current cabinet-level system to an independent commission. Up to eighteen members drawn from the legislature, CYFD, tribal governments, stakeholders and advocacy groups, and subject-matter experts in social work, behavioral health, foster care, and juvenile justice would comprise the taskforce.

HM1 instructs the task force to study, recommend and report on:

- Potential advantages and disadvantages of transitioning from the current cabinet-level oversight to an independent governing commission structure;
- Estimated costs associated with creating and maintaining the new commission;
- Similar commission structures in other states;
- Potential impact on accountability, transparency and coordination with other state agencies;
- Qualifications for commission members and the Executive Director;
- How to ensure a smooth transition process and timeline;
- Potential legal and constitutional issues, including pursuing a Constitutional Amendment; and
- Input from Tribal Governments on the impact to Indian child welfare.

The task force must make recommendations to the legislature and the governor by November 15, 2026.

FISCAL IMPLICATIONS

Memorials do not contain appropriations and are not enforceable as state law. Although the study requested in this memorial is within the normal operations of the agencies involved, the scope of the study is quite significant and may require greater time than allotted for completion. Alternatively, reliance on contract assistance at a greater cost may facilitate completion by November 2026.

SIGNIFICANT ISSUES

As part of the Senate Memorial 5 task force convened in 2024, LFC and other participants reviewed child welfare system oversight and accountability. According to LFC analysis of the oversight functions in other states, child welfare commissions are typically long-term bodies with appointed members who work to address broad child welfare issues while providing stability and leadership across changing executive administrations. Alternatively, some states have created child welfare commissions for short-term oversight and governance functions with identified sunset dates. Child welfare commissions may be tasked with permanent and direct oversight of the state child welfare agency's leadership, such as Oklahoma's model, or they may have limited functions, such as a focused investigation into a specific issue of concern. Additionally, commissions can include representation from the child protective agency while maintaining an external oversight status (e.g., New York's 2021 Blue Ribbon Commission on Forensic Custody Evaluations) while other commission models provide direct governance of the state child welfare agency.

While research about child welfare outcomes associated with different governance models is limited, studies of child welfare workforce retention emphasize that professional qualifications, supervisory support, and manageable caseloads are key factors in improving child welfare outcomes. According to a systematic literature review conducted by the Institute for the Advancement of Social Work and Research at the University of Maryland, professional commitment and the level of education are the most consistent personal factors, and supervisory

support and workload are the most consistent retention factors related to child welfare workers.¹ In addition, child welfare workers who possess social work degrees are linked to improved outcomes for children and families, and to the retention of child welfare staff.

Several agencies noted the importance of careful consideration of legal and practical implications of creating an independent commission to manage and operate CYFD. Among the issues flagged for careful study were: constitutional matters; eligibility for continued participation in federal programs and funding opportunities; and coordination with tribes and nations.

ADMINISTRATIVE IMPLICATIONS

The Health Care Authority (HCA) notes that the Behavioral Health Service Division and Medicaid would be likely candidates for participation on the task force.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to House Joint Resolution 4, which seeks to amend the New Mexico Constitution to create a Children, Youth, and Families Commission to make policy and direct the operations of the state agency response for child welfare.

Relates to House Bill 86 (HB86), which affirmatively creates an independent commission governance model. HB86 creates the “children, youth and families commission” to establish operational policy for the department and appoints a superintendent.

Relates to Senate Bill 56, which creates a Child Welfare Authority led by a superintendent to replace the existing CYFD governance structure.

CEM/ct/cf/sgs

¹ DePanfilis, D., & Zlotnik, J. L. (2008). Retention of front-line staff in child welfare: A systematic review of research. *Children and Youth Services Review*, 30(9), 995-1008.