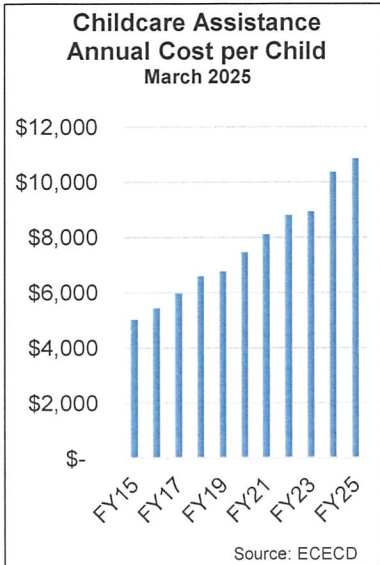


Child Well-Being

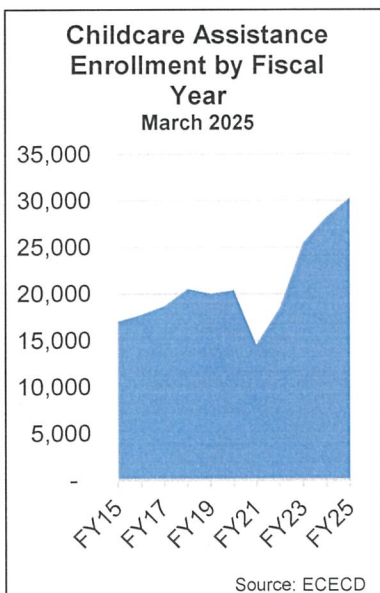


A primary goal of New Mexico’s child well-being system is to reduce the impact of adverse childhood experiences, such as abuse, neglect, substance abuse in the household, parental incarceration, and other traumatic events. These experiences can hinder a child’s development and increase the risk of substance abuse, behavioral problems, lower economic and educational achievements, and other long-term issues. To enhance child well-being, during the 2025 session the Legislature allocated significant funding for programs that support families and improve children’s long-term outcomes.

Early Childhood Education and Care Department

For FY26, the Legislature appropriated \$995.9 million from all recurring revenues for the Early Childhood Education and Care Department (ECECD). Most of the increase came from revenues generated through a constitutional amendment that increases distributions from the permanent school fund and the early childhood education and care trust fund.

The Legislature provided over \$35 million to continue expanding prekindergarten for 3-year-olds. The expansion of services follows a historic investment in FY24 of \$100 million for 3-year-olds and 4-year-olds, which increased the number of prekindergarten slots statewide, increased the number of hours in a day for wrap-around care, and added days for prekindergarten services. New Mexico prekindergarten, implemented by private providers and public schools, originally was a half-day program, but most prekindergarten programs now cover six to eight hours per day of care for most of the year. National reports show significant declines in reading and math proficiency due to the pandemic; the legislative funding prioritizes prekindergarten to improve young children’s educational outcomes while providing more comprehensive care hours to allow families to participate in the workforce. New Mexico is serving most 4-year-olds in prekindergarten. Increased appropriations are prioritized for quality support and early prekindergarten.



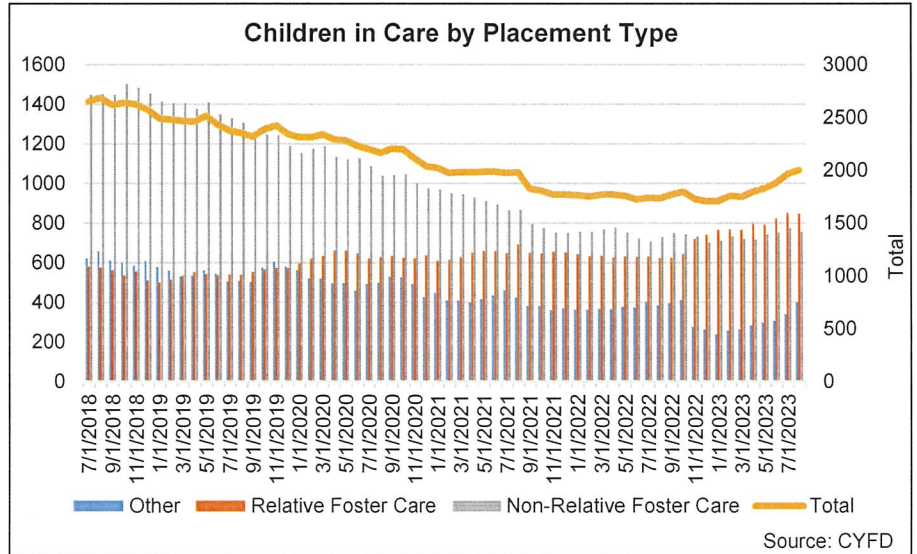
The department will also receive an additional \$240.7 million from the early childhood trust fund (ECTF), a significant portion of which is to continue childcare assistance benefits expansion. Previously, nonrecurring federal revenues were used to broaden childcare assistance eligibility, modify family co-payments, and increase provider rates.

Average monthly enrollment in the Childcare Assistance Program, which subsidizes the cost of care for eligible families, has increased significantly since a historic decline during the global pandemic, doubling from 13 thousand in January 2021 to over 32 thousand in March 2025. Recent research from the University of New Mexico reported the expansion of eligibility resulted in an increase in the enrollment of families with incomes above 200 percent of the

federal poverty level (FPL) and a decline in families with incomes below 100 percent FPL. Average monthly enrollment in FY25 is running 8 percent above enrollment in FY24, while the cost per child is up by 7 percent.

Children, Youth and Families Department

During the 2025 session, the Legislature made significant investments to address systemic challenges in the state’s child welfare system and increase oversight and accountability. In addition, the Legislature passed and the governor signed significant pieces of legislation that will require CYFD to implement evidence-based prevention and early intervention programs that reduce cases of child maltreatment and address gaps in the state’s implementation of the federal Comprehensive Addiction and Recovery Act (CARA). Legislation also implements policies intended to strengthen oversight and accountability through the creation of the Office of the Child Advocate and policies that clarify how and when CYFD must retain and may release information related to child welfare.



The Legislature maintained a relatively flat operating budget for CYFD, while investing more than \$72 million in non-recurring, special appropriations from the general fund and government results and opportunity fund, and the Legislature made available a total of more than \$111 million in additional funding, across all revenue sources, to CYFD. In recent years, the agency has experienced a decline in federal revenues collected, despite an increase in the number of children in foster care, a primary driver of federal Title IV-E foster care revenue. The Legislature provided funding for CYFD to seek technical assistance to maximize the collection of federal revenue.

The *Kevin S. et al. v Blalock, et al.* case alleged New Mexico’s foster care system lacked trauma-informed services, safe, stable placements, sufficient numbers of case workers, and behavioral health services for children in care. The settlement agreement committed the state to certain actions and improvements. In 2024, the plaintiffs moved to arbitration and in January 2025, found CYFD and HCA had violated performance commitments made in the settlement agreement and a corrective action plan. The arbiter issued a remedial order, directing CYFD and HCA take specific actions to meet state commitments.

**FY26 Increases by GAA Section
(in thousands)**

	General Fund/ GRO	Federal Funds/ Other State Funds
Total Section 4- Recurring Operating Budget	\$1,793.0	\$(1,535.9)
Total Section 5-Special Appropriations	\$2,071.0	\$ -
Total Section 6-Supplemental and Deficiency Appropriations	\$50.0	\$25,000.0
Total Section 7- Information Technology Special Appropriations	\$3,400.0	\$5,600.0
Total Section 9 -Government Results and Opportunity Fund (GRO)	\$57,200.0	\$7,985.0
Total Section 10- Fund Transfers	\$10,000.0	\$ -
GRAND TOTAL	\$74,514.0	\$ 37,049.1

Source: 2025 General Appropriations Act

Child Well-Being

During the 2025 legislative session, the following bills related to CYFD were passed, providing substantive reform for the state's child welfare system:

Laws 2025, Chapter 13 (House Bill 5) creates an Office of the Child Advocate within the Attorney General's Office to receive and investigate complaints made on behalf of children receiving services from CYFD. The governor signed this bill but vetoed a \$1 million appropriation that would have provided start-up funding for the Office of the Child Advocate in FY26 and \$650 thousand for the office in FY27.

House Bill 14 would have created a tax credit to foster parents licensed or certified by CYFD or a child placement agency in an amount equal to \$250 for each month in which the taxpayer is a foster parent or guardian for more than 50 percent of the month. The governor vetoed the bill.

House Memorial 24 creates a taskforce, convened by the Legislative Finance Committee, to study and make recommendations about staffing levels and job classifications details of positions at NMCD and CYFD.

Laws 2025, Chapter 156 (Senate Bill 42) reforms the way the state responds when a child is born substance-exposed. The law makes HCA responsible for implementing plans of safe care and prescribing specific care coordination services and requires universal screening procedures at birthing centers. The new law also requires CYFD to develop a plan to implement the federal Family First Prevention Services Act, including maximizing federal reimbursement for eligible prevention services, and requires the department to implement the multilevel response system statewide. The bill also makes changes to confidentiality statutes related to child welfare cases.

Laws 2025, Chapter 12 (Senate Bill 283) requires CYFD to determine if a child in state care is eligible for and receiving federal benefits and apply for benefits on a child's behalf if no other representative exists. It also requires CYFD to establish "an appropriate account" to preserve these benefits for the child and prevents CYFD from using the child's federal benefits to pay for or reimburse the department for any of the costs of the child's care.

Laws 2025, Chapter 124 (Senate Bill 290) increases the state's marriage license fees to \$55 and requires \$20 be deposited into the children's trust fund, which provides grants to community-based organizations for programs and projects that prevent or treat child abuse and neglect.

The Legislature also attempted to increase oversight and accountability of CYFD by including language that would have required performance and expenditure reporting related to several GRO appropriations, particularly those appropriations related to the *Kevin S.* remedial order on foster care. However, governor vetoes struck language related to CYFD reporting related to several appropriations.

Multi-Year Special Appropriations

CYFD's nonrecurring appropriations include \$65.2 million through multi-year appropriations in the government results and opportunity (GRO) Fund to pilot, implement, and evaluate strategies to address systemic challenges and implement legislation passed during the 2025 session. Funding through the GRO ensures the Legislature can track expenditures and outcomes. However, the governor vetoed reporting language in several cases, weakening oversight of this funding. Nonrecurring appropriations included:

- \$5.4 million, eligible for an estimated \$1.9 million match in federal funds, over three years to develop, pilot, and evaluate a child welfare training academy, developed in partnership with schools of social work;
- \$24 million, eligible for an estimated \$6 million in federal funds, over three years to hire case workers to meet *Kevin S.* settlement commitments;
- \$9.6 million over two years to hire case aides and meet requirements of the *Kevin S.* remedial order;
- \$5.6 million over two years to create a regional on-call emergency response team to meet *Kevin S.* remedial order requirements;
- \$1.8 million over two years for personnel to meet data obligations, pursuant to the *Kevin S.* remedial order;
- \$5 million over two years for foster care maintenance payment rate increases;
- \$5.2 million over two years for operating costs associated with implementing Laws 2025, Chapter 156 (Senate Bill 42);
- \$600 thousand over two years for personnel to respond to inquiries from the Office of the Child Advocate, created through Laws 2025, Chapter 13 (House Bill 5).