

LFC Requester:	Carli Malone
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AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/19/26 **Bill Number:** HB86 **Original** ☒ **Amendment** ☐ **Substitute** ☐
Short Title: MAJOR REORGANIZATION OF CHILDREN, YOUTH AND FAMILIES
DEPARTMENT

Sponsor: Rep. Eleanor Chavez

Name and Code Number: HCA 630

Person Writing: Jennifer Williams – MAD

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0.0	\$0.0	NA	NA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0.0	\$0.0	\$0.0	NA	NA

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(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB0086 reorganizes CYFD into a children, youth and families’ commission rather than a cabinet. Leadership shall be appointed by the governor, the speaker of the house, and the president pro tempore of the senate. The commission shall “analyze policies of other departments that affect children, youth and families to encourage common contracting procedures, common service definitions and a uniform system of access; propose rules for commission adoption to control disposition and placement of children under the Children's Code, including rules to limit or prohibit the out-of-state placement of children, including those who have developmental disabilities or emotional, neurobiological or behavioral disorders, when in-state alternatives are available; assume and implement responsibility for children's mental health and substance abuse services in the state, coordinating with the health care authority, the early childhood education and care department and the department of health.”

FISCAL IMPLICATIONS

None for BHSD

None for MAD

None for ITD

SIGNIFICANT ISSUES

Presently, the Health Care Authority (HCA) and Children Youth & Families Department (CYFD) are required to collaborate and coordinate services for children in state custody pursuant to the Kevin S agreement. Should CYFD become an independent entity with a Superintendent under the supervision of a Commission rather than a Cabinet Secretary in the Executive Branch that answers to the Governor; collaboration may be hindered. It could become more difficult to hold the agencies accountable when they do not answer to the same executive. It is unclear how potential future conflicts between the two agencies will be resolved.

Kevin S., et al. v. Blalock, et al., No. 1:18-cv-00896

<https://www.cyfd.nm.gov/legal/kevin-s-settlement/>

PERFORMANCE IMPLICATIONS

BHSD works on projects and deliverables related to the Kevin S. settlement agreement and other behavioral health service delivery activities (e.g. crisis services, treatment, support). It is unclear how the reorganization will impact the workgroups and the ongoing collaboration with CYFD staff. This may hinder BHSD's ability to continue certain deliverables if there are changes to the CYFD structure and staff. The reorganization could lead to possible disruptions in services and loss of staff as the implementation of the reorganization takes place. This could further hinder existing work.

MAD works to limit children in state custody from out of state placement whenever possible. HB0086 will create rules to limit or prohibit these placements when in-state alternatives are available. MAD currently collaborates with PHP and CYFD to limit out of state placements when in-state alternatives are available. MAD is and will continue to be the agency to hold MCOs accountable for creating and maintaining in-state placements.

None for ITD

ADMINISTRATIVE IMPLICATIONS

BHSD would need to collaborate with the new commission on implementation or changes with overlapping statutory requirements, reporting, and any other administrative oversight or work already in progress with the current CYFD.

MAD would need to work with CYFD and the new commission to collaborate on changes which affect MAD, including out-of-state placement of children in state custody, engaging in common contracting procedures, and shared responsibility for children's mental health and substance use treatment. The implementation date of the new commission is July 1, 2027.

ITD may need to provide support for any system changes to facilitate the above administrative impacts on BHSD and MAD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None for BHSD

None for MAD

None for ITD

TECHNICAL ISSUES

None for BHSD

None for MAD

None for ITD

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

N/A