

LFC Requester:

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
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(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: _____ Check all that apply:
Bill Number: HB086 Original ☐ Correction ☐
Amendment ☐ Substitute ☐

Sponsor: E Chavez Agency Name and Code CYFD - 690
Short Title: CHILDREN, YOUTH AND Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(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			750.0 and up	2150.0 and up	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: This bill separates CYFD from the executive branch and makes it an independent adjunct agency; and changes the title of chief executive from cabinet secretary to superintendent.

This bill creates a commission of three members appointed by the governor, speaker of the house, and president pro tempore of the senate for staggered six-year terms, all to begin on July 1, 2027, with the first terms being two, four, and six years. Upon appointment of the commission, the bill allows for six months until the department is transferred from the executive to an independent adjunct agency. Commission members must have a minimum of ten years of experience and education. The commission shall be created on July 1, 2027, and shall assist in transition to the adjunct agency; and the superintendent position may be advertised and interviewed for and must be ready for appointment and qualification on or after January 1, 2028.

This bill reorganizes CYFD around four offices: the office of the superintendent, the administrative services division, the child and family welfare vision, and the juvenile justice division, each including but not limited to named bureaus, and allows for the creation of additional bureaus within each division as necessary to fulfill the Commission's legal mandates. Bureau chiefs and all other subsidiary employees are covered by the Personnel Act.

The bill establishes minimum qualifications for the superintendent of seven years' experience in child welfare or juvenile justice; delineates the powers and duties of the superintendent including the ability to delegate power to subordinates, employ and fix compensation rates, propose organizational changes, conduct research and studies, provide professional development, prepare budgets, provide cooperation to agencies, apply for public and private funds to carry out duties of the department, draft rules, and provide a monthly procurement and contract report to the commission; and establishes additional duties of the department including developing priorities, strengthening collaboration and coordination of services for children, developing a statewide database for client tracking, developing standards of service, analyzing policies of other departments, proposing rules for commission adoption to control disposition and placement of children, assume responsibility for children's mental health and substance abuse services, assume responsibility for domestic violence services, conduct biennial assessments of service gaps, ensure behavioral health services are in line with statutory requirements, develop and implement the families first strategic plan, and fingerprint and do criminal history checks on department employees.

The bill requires that all employees with licensing remain in good standing and sets forth a mechanism for discipline if they do not remain in good standing; and additionally prohibits employment with the agency under certain conditions including substantiation of abuse or neglect not upheld by a court, felony offenses related to job duties, and indicates no right to progressive discipline under the section. It mirrors NMSA 9-2A-8.2 but adds language regarding court intervention in certain situations.

The bill retains the language of NMSA 9-2A-18 and adds language allowing for correctional officers who have completed an American correction association training course to have the power of a peace officer with respect to arrests and enforcement under certain conditions. It limits liability for correctional officers under certain conditions and makes crimes against correctional officers

punishable in the same manner as if they were crimes against a peace officer.

The bill retains the language from NMSA 9-2A-15 and 9-2A-16, NMSA 9-2A-14.1, and NMSA 9-2A-25.

FISCAL IMPLICATIONS

The bill makes no appropriation and provides no funding for transition or ongoing governance costs. HB 86 creates a new Children, Youth and Families Commission and a Superintendent position, along with additional governance, reporting, and approval structures, without identifying any funding source.

The bill authorizes compensation for three commissioners and a superintendent but does not establish salary parameters, funding mechanisms, or alignment with existing executive compensation structures. These positions create new ongoing fiscal obligations that are not accounted for in the current CYFD budget.

The bill also removes CYFD employees from the State Personnel Office pay band structure without establishing an alternative statutory framework for classification or compensation. The absence of defined salary structures creates fiscal uncertainty regarding employee compensation, long-term budget sustainability, and the ability to absorb personnel costs within existing resources.

SIGNIFICANT ISSUES

The bill creates a significant leadership gap by transferring authority to a commission prior to the appointment of a superintendent. During this interim period, the bill does not clearly assign responsibility for day-to-day executive management of the agency, creating uncertainty regarding operational authority, decision-making, and accountability for child safety and service continuity.

The removal of CYFD from cabinet-level executive oversight alters how the agency participates in interagency coordination and statewide governance. Many core functions of child welfare depend on ongoing collaboration with other cabinet agencies, including health, education, behavioral health, and public safety. Operating as an adjunct agency may reduce access to executive-level coordination mechanisms and complicate information-sharing and joint decision-making, particularly in areas requiring cross-system response.

The bill introduces substantial organizational restructuring without statutory safeguards to ensure continuity of leadership, operational stability, or system integration during transition. The diversion of leadership and administrative capacity toward governance restructuring, rule reissuance, and organizational redesign may affect the agency's ability to maintain consistent service delivery and oversight during implementation.

The bill requires development and maintenance of statewide data systems without addressing how existing system modernization efforts, contractual obligations, or ongoing technology

projects would be integrated into the new governance structure. Disruption of existing system development activities may result in operational inefficiencies and increased long-term costs.

The bill does not identify structural changes that differ materially from authorities already available under current law, including rulemaking, contracting, organizational restructuring, interagency agreements, and litigation authority. The bill provides no evidence or evaluation framework demonstrating that the proposed governance change would result in improved outcomes or system performance.

PERFORMANCE IMPLICATIONS

The shift from a cabinet-level governance model to a commission-based structure alters lines of authority and decision-making. Under the proposed model, executive leadership would be accountable to multiple commission members rather than a single elected executive, which may complicate decision-making, slow operational responses, and reduce clarity regarding responsibility for critical system actions.

The bill allows a quorum of two commission members to exercise decision-making authority on behalf of the commission but does not establish procedures for resolving disagreements among commissioners or between the commission and the superintendent. This creates uncertainty regarding governance continuity, conflict resolution, and executive authority.

CYFD is currently operating under the Kevin S. settlement agreement, which imposes specific performance obligations, timelines, and compliance requirements. The bill does not address how commission-based governance would interact with co-neutral monitoring, or compliance accountability. Governance changes that disrupt executive authority, reporting structures, or decision-making processes may affect the state's ability to maintain compliance with court-ordered requirements.

The additional governance layer also requires substantial leadership and administrative capacity to be redirected toward commission operations, governance restructuring, and organizational realignment. This redirection of effort during transition may affect systems, compliance activities, and service continuity under existing federal obligations.

With respect to federal funding streams, federal law requires the designation of a single state agency for the administration of Titles IV-E and IV-B, CAPTA, and the Juvenile Justice and Delinquency Prevention Act. The transfer of statutory authority from CYFD to a newly created Child Welfare Authority will require formal re-designation and approval by federal partners. Any delay, disapproval, or conditional approval during this process creates a risk of disruption to funding, reimbursement, and federal compliance. The bill does not address the process, timeline, or safeguards for maintaining uninterrupted federal funding during the transition.

ADMINISTRATIVE IMPLICATIONS

Implementation of the bill would require substantial changes to existing administrative procedures and processes, including governance structures, reporting relationships, approval

workflows, and rulemaking authority. These changes would need to be executed while maintaining ongoing child welfare and juvenile justice operations statewide.

The scale and timing of the administrative restructuring will affect continuity of internal processes, regulatory compliance, and operational stability during transition.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Related to SB draft 232467, creating the child welfare authority, HM001, study CYFD as an independent executive department. Companion to HJR004, CYFD commission constitutional amendment.

TECHNICAL ISSUES

Although the bill authorizes the superintendent to create bureaus within divisions, it removes statutory authority to establish additional divisions and eliminates the Behavioral Health Services Division as a distinct organizational unit. This change reduces the structural visibility and authority of children's behavioral health functions, despite CYFD's statutory role as the children's behavioral health authority and the cross-cutting nature of behavioral health services across child welfare and juvenile justice programs.

The bill restricts commission membership to no more than two members of the same political party but assigns appointment authority to the governor, the speaker of the house, and the president pro tempore of the senate. The bill does not specify how partisan balance would be enforced across appointing authorities, creating ambiguity regarding compliance with the stated political composition requirement and potential sequencing conflicts among appointing officials.

While the bill takes the language directly from NMSA 9-2A-8.2(A), it then adds language that makes the bill incongruent with current practices in substantiation of abuse and neglect non-legal intervention cases. Specifically, the bill states that CYFD cannot employ someone in a client-facing role with substantiated allegations of child abuse or neglect "unless the court, prior to or at a permanency review hearing, dismissed the case and returned custody to the employee or volunteer." This language presumes that all substantiated cases result in CYFD filing for custody, which is inaccurate, and does not address employees in client-facing roles whose substantiations are overturned through the administrative hearing process established in regulation.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

Allow the study called for in HM001 to be completed prior to making any significant structural changes to CYFD.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this bill is not enacted, CYFD will continue to operate under its existing cabinet-level governance structure with established executive accountability and statutory authority. Current law already provides the department with the authority to administer, monitor, and coordinate child welfare, juvenile justice, prevention, and children's behavioral health services.

Maintaining the existing governance framework preserves continuity of leadership, decision-making authority, and interagency coordination without introducing additional structural or administrative disruption.

AMENDMENTS

None proposed.