

<b>LFC Requester:</b>	
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**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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:** \_\_\_\_\_ *Check all that apply:*  
**Bill Number:** SB056 Original  Correction   
 Amendment  Substitute

**Sponsor:** M Padilla **Agency Name and Code** CYFD - 690  
**Short** Child Welfare Authority **Number:** \_\_\_\_\_  
**Title:** \_\_\_\_\_ **Person Writing** Kathleen Hardy  
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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
<b>Total</b>						

(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 abolishes the Children Youth and Families Department, effective January 1, 2027, and replaces it with the Child Welfare Authority, an adjunct agency of the executive branch governed by a seven-member board of regents appointed by the governor with Senate confirmation. Transition planning will begin July 1, 2026; the regents must be appointed by August 15, 2026; and all CYFD functions, appropriations, staff, contracts, property, rules, and statutory responsibilities transfer to the new Authority on January 1, 2027.

**Board of Regents:** A board consisting of seven members appointed by the governor with the advice and consent of the senate, with no more than four members of the same political party and lots drawn for staggered terms consisting thereof of four-year terms. The board is required to meet at least once per quarter and to appoint the chief executive of the agency (“superintendent”). The bill prohibits the regents from receiving any compensation, perquisite, or allowance outside of per diem and mileage. Regents are responsible for approving the Authority’s mission, goals, objectives, policies, and procedures, the proposed and operating budget, and proposed rules; for selecting the accrediting agency; and for appointing advisory committees. From the period of first appointment through the final date of transfer, the board must familiarize itself with all matters pertaining to CYFD and assist in the transition from CYFD to the Authority.

**Superintendent:** The superintendent must meet minimum requirements for education and experience, and their salary range is limited to that of a cabinet secretary of comparable education and experience. The superintendent is responsible to the regents and is otherwise charged with managing the Authority. Like the board, the superintendent is also authorized to create advisory committees.

**Structure:** The Authority’s structure is established as consisting of one office, and three divisions, with subsidiary bureaus and offices. The superintendent is authorized to reorganize the organizational units, and to transfer and merge functions between divisions.

**Advisory Committees:** In addition to the ad hoc advisory committees which both board and superintendent are authorized to establish, the bill establishes the child welfare advisory committee, an eleven-member committee appointed by the board of regents, required to have demonstrated interest and involvement in child welfare, and appointed so as to provide adequate representation of the state’s ethnicity and geography, and the Authority’s client population. The bill additionally re-establishes the juvenile justice advisory committee and tasks it with, among other matters, the authority to approve or deny applications for funding.

**Other Statutes:** The bill amends the Kinship Guardianship Act to remove the definitions of Indian, Indian child, Indian child’s tribe, Indian custodian, and Indian tribe.

### **FISCAL IMPLICATIONS**

There is no appropriation contained within this bill. While the board of regent costs will diminish once the board shifts to a quarterly schedule, the per diem costs associated with requirement that the board be closely involved in the six-month appointment-to-transition period cannot be absorbed by existing resources.

The bill requires that the Authority be accredited by an agency selected by the board. The cost of accreditation cannot be absorbed by existing resources.

### **SIGNIFICANT ISSUES**

Consistency, stability, and timeliness are paramount factors in successfully working with at-risk youth. This bill rewrites seeks to change the Children Youth and Families Department permanently. Changing the leadership structure and re-establishing the decision-making processes within the Authority will take significant time to implement and does little to address the root causes of abuse, neglect, and delinquent activity that CYFD-involved youth are impacted by. Adding additional decision points and decision makers will extend timeframes and will negatively impact the youth served by CYFD.

The bill shifts decision making and accountability from the Executive and introduces additional layers of decision making which have the potential to impact the ability to achieve quick responses to emergent and emergency issues.

Removing CYFD from the Executive isolates CYFD from collaborative opportunities, interfering with the close partnerships with sister agencies the department maintains currently. While the bill allows for access to records that are not confidential, this does not account for the recently passed Comprehensive Addiction and Recovery Act which will require extensive interaction between CYFD, HCA, DOH, and ECECD. The bill does not account for the exchange or interaction in those situations where confidential information would need to be exchanged and could no longer be done pursuant to law.

This upheaval will have a trickle-down effect on employees who are seeking stability, potentially leading to an increased attrition rate in the critical, frontline workforce. Disruptive rearrangement of an agency just now finding positive ground and frameworks with the Kevin S. Co-Neutrals will have devastating effects on that lawsuit and on the workforce and children that lawsuit aims to improve the lives of.

Importantly, the bill does not make any changes that are not already underway – working with external contractors to find service gaps, adopting rules, taking administrative action, suing and being sued, looking into appropriate organizational changes that will improve service provision, approving budgets and contracts, providing professional development, cooperating with other agencies (in an easier fashion than would occur if it were an adjunct agency), among other things necessary to currently carry out the department's obligations. Moving CYFD out of the Executive will not improve, change, or eliminate the troubles that CYFD faces, specifically, turnover of employees on the ground, other workforce issues, and there is no evidence that such a move will improve the quality of life for the employees, children and families of CYFD and of New Mexico overall. Simply put, changing from one administrative oversight, the governor, to another, a board of regents, will not change the landscape of child welfare in New Mexico. Absent a study demonstrating that there will be measurable improvements as a result, the changes this bill makes, for no other purpose than to make changes, will be catastrophic for the employees of the agency and the families of New Mexico.

The bill requires a significant amount of administrative, financial, legal and workforce coordination while maintaining uninterrupted service provision, which may result in service disruption during the period of transition. The bill remains silent on implementation benchmarks, statutory transition requirements, and guidance on maintaining federal funding and reporting obligations during the transition. The bill includes a compressed timeline that may impact CYFD

and Authority capacity to ensure ongoing operations and compliance with funding and reporting standards.

While the bill assigns responsibility to the Authority for family services, prevention, and children's behavioral health, it does not identify where within the Authority's organizational structure these functions should be housed for optimal efficiency. This lack of explicit structural placement of these functions within the Authority's structure has the potential to deprioritize efforts that support family stability, health, and well-being and potentially result in an emphasis on crisis driven functions instead.

The Authority must be accredited by an accrediting agency selected by the board of regents. There is no timeline established in the bill for completion of this accreditation, and no penalty for failure to accredit.

This bill eliminates from the kinship guardianship act, the definitions of "Indian", "Indian child", "Indian child's tribe", "Indian custodian" and "Indian tribe". It is unclear why this bill seeks to eliminate these definitions and elimination of the definitions of this section will cause confusion when interpreting other sections of the Kinship Guardianship Act where those terms are used. It may also mean that Indian families are not accommodated as well under the act and may result in children of Indian tribes being less likely to be granted kinship guardianship.

The requirement that all policies, procedures, rules, and regulations be authorized by the board will delay issuance.

With respect to the juvenile justice advisory committee, 34 U.S.C. § 11133(a)(1) requires the Governor to designate a single State agency as the sole agency responsible for supervising and administering the State's Title II plan and associated federal funds: "designate the State agency ... as the sole agency for supervising the preparation and administration of the plan" JJDPR-2018; and establishes the juvenile justice advisory committee solely as an advisory group, with duties limited to consultation, review, and recommendations. The advisory group is expressly directed at advising the designated State agency and its supervisory board not to administer funds: "advise the State agency designated under paragraph (1) and its supervisory board" 34 U.S.C. § 11133(a)(3)(D)(i) JJDPR-2018. Because the Act reserves administrative authority exclusively to the designated State agency, state legislation granting this advisory committee the authority to grant or deny federal funds conflicts with Section 223 and places the State's Title II eligibility at risk.

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.

## **PERFORMANCE IMPLICATIONS**

CYFD has performance measures related to the safety of children and families which may be adversely affected by the distraction required to transition and reorganize an entire agency. The bill appears to establish a dividing line between child welfare and juvenile justice which fails to take into account the fact that children with neglectful or abusive upbringings are at greater risk to

become involved with the juvenile justice system.

The diversion of leadership, resources, staff, and attention will significantly undermine the agency's ability to focus on its essential mission of serving children and families in need. The agency has begun making significant improvements in its Kevin S. lawsuit with positive feedback from the co-neutrals indicating they are more hopeful in this leadership team than they have been throughout the entirety of the lawsuit. To interrupt that at this stage would be detrimental to the progress and to the children, families and workforce of CYFD.

#### **ADMINISTRATIVE IMPLICATIONS**

Shared administrative services may be interrupted by the isolation of CYFD from the rest of the executive branch.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Conflicts HB086. Related to HM001. Conflicts HJM004.

#### **TECHNICAL ISSUES**

See “substantive issues”.

#### **OTHER SUBSTANTIVE ISSUES**

None identified.

#### **ALTERNATIVES**

None proposed.

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo. CYFD will continue to improve the provision of services, strengthen established partnerships and collaborations, and develop new partnerships and collaborations with executive agencies and community stakeholders. CYFD will maintain oversight and responsibility for the provision and monitoring of services provided through CYFD. Therefore, failing to enact this bill will not jeopardize the stability of CYFD's leadership structure. This stability is crucial for those dedicated employees who oversee the well-being of children in state custody, families in need of family support services, and youth in the juvenile justice system, as well as those managing children's behavioral health. Ensuring consistent leadership is necessary to protect and support New Mexico's most vulnerable populations.

#### **AMENDMENTS**

None proposed.