

LFC Requester:

Kelly Klundt

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: 2/3/2026 *Check all that apply:*
Bill Number: SB208 Original X Correction
 Amendment Substitute

Sponsor: Senator Pete Campos **Agency Name and Code Number:** ECECD 61100
Short Title: Welcome Child Act & Fund **Person Writing Analysis:** Elizabeth Groginsky
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis () indicate expenditure decreases)

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						

(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:

SB 208 proposes to create new sections in the Children’s Code statutes to enact the Welcome Child Act and create and establish eligibility for the Welcome Child Benefit. The Secretary of the Early Childhood Education and Care Department (ECECD) would be required to promulgate rules by July 1, 2027, and implement the provisions of the Welcome Child Act. SB 208 also proposes to amend the Children’s Code statutes to make changes to the management of the Early Childhood Education and Care Fund (ECECF).

Beginning on January 1, 2028, ECECD shall provide a Welcome Child Benefit to eligible applicants. To be eligible, the applicant must be the parent or legal guardian of a newborn or newly adopted child and must have resided in the state of New Mexico for at least six months in the 12-month period immediately preceding the birth or adoption of the child. Only one Welcome Child Benefit may be provided per child. If more than one custodial parent of a child applies and is eligible, the monthly benefit may be divided evenly between the parents.

Applicants are required to provide documentation of the child’s date of birth or date of adoption or guardianship, the applicant’s relationship to the child, in-state residency, and account information into which the benefit should be deposited. All documentation must be provided within one month of the child’s birth or adoption. ECECD must make a determination of eligibility within 60 days of receipt of an application. If the application is denied, ECECD must notify the applicant regarding grounds for denial.

Subject to availability of funds in the Welcome Child Benefit Fund, the benefit shall consist of three monthly payments of \$3,000. Payments shall be made to the child’s parent or guardian in each of the three months following determination of the applicant’s eligibility. A lump sum of \$9,000 may be paid if the determination of eligibility is made 90 days or more after the birth or adoption of a child or after an applicant is appointed as guardian of a child. On January 1, 2030, and each January 1 thereafter, the total amount of the benefit shall be adjusted to account for inflation.

The Welcome Child Benefit Fund is created as a nonreverting fund in the State Treasury. ECECD shall administer the fund. Expenditures from the fund require vouchers signed by the Secretary of ECECD or the Secretary’s authorized representative and warrant of the Secretary of the Department of Finance and Administration.

SB 208 proposes that annual distributions shall be made to the Welcome Child Benefit Fund from the Early Childhood Education and Care Fund (ECECF). After the annual distribution is made to

the Early Childhood Education and Care Program Fund, an annual distribution shall be made from the ECECF to the Welcome Child Benefit Fund in the amount of \$189,000,000. If the balance of the ECECF is less than \$189,000,000, then the balance of the ECECF shall be distributed to the Welcome Child Benefit Fund.

SB 208 also proposes changes to the management of the ECECF. Specifically, the requirement for the State Investment Officer to consult with the State Treasurer when investing money in the ECECF is changed to require the State Investment Officer to consult with the Secretary of ECECD instead. SB 208 also adds the requirement that, for annual distributions from the ECECF to the Early Childhood Education and Care Program Fund, if the ECECF balance is less than \$500,000,000, then the balance of the ECECF shall be distributed to the Early Childhood Education and Care Program Fund.

SB 208 also removes references to the Tobacco Settlement Permanent Fund as a source of revenue for the associated funds.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

New Mexico created the Early Childhood Trust Fund in 2020 to provide a long-term, sustainable revenue source for early childhood education and care programs. In the 2025 session, the legislature voted to increase the minimum distribution of the trust fund to \$500 million per year or 5% of the fund's three-year average balance so that the state could sustain and expand early childhood programs. This legislation passed because the legislature recognized that investments in early childhood education and care yield substantial long-term benefits for families and society - [a 13% annual return](#) on investment through improved outcomes in education, health and economic productivity.

There is little research on the effectiveness of direct cash payments to families as proposed in this bill, as this is a new and evolving policy area. An [Administration for Children and Families review](#) of the key findings from these recent cash transfer demonstrations generally identified reduced income volatility and increased financial stability for families, though some studies found this impact limited to the treatment period; improved educational outcomes for children and increased education enrollment for adults; and some improvements in physical and mental health, although these findings were mixed.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

The proposed language in Section 6 Subsections D(1) and (D(2) is incomplete language and the intent and meaning is unknowable. No meaningful analysis of this language can be made.

The amended language places some condition on the balance of the fund and whether the balance

drops below 500 million dollars. The balance, or corpus, of the fund is currently over 10 billion and should never go under 500 million dollars under any condition.

The bill uses the term “custodial parent” and references that the fund provided to a parent can be split if there are two custodial parents, however “custodial parent” is not defined and can lead to significant confusion when distributing the fund. This would lead to questions of whether a parent who has a small percentage of the child’s custody should get half of the fund when they are not providing half of the care to the child. This also does not take into account child support payments and the structure of those payments leading to an unfair allocation of the fund to one parent over another.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB 208 is not enacted, the Welcome Child Act would not be created to establish a cash benefit payable to certain parents or legal guardians of newborn or newly adopted children, and the Early Childhood Trust Fund would continue to operate as originally intended.

AMENDMENTS