FISCAL IMPACT REPORT

		LAST UPDATED	
SPONSOR	Senate Judiciary Committee	**ORIGINAL DATE**	3/17/25
SHORT TITLE	Childcare Facility Licensing Act	**BILL NUMBER**	CS/Senate Bill 58/SJCS
		ANALYST	Klundt/Dinces/ Fischer

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
ECECD		**Indeterminate but minimal**	**Indeterminate but minimal**		Recurring	**General Fund**

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Because of the short timeframe between the introduction of this substitute, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of SJC Substitute for Senate Bill 58

The Senate Judiciary Committee substitute for Senate Bill 58 (SB58) expands the Early Childhood Education and Care Department's (ECECD) authority over childcare licensing and regulatory oversight while removing external procurement oversight by exempting childcare assistance from the state procurement code. The bill expands ECECD's role in regulating childcare providers, amends existing laws governing childcare facility licensing, prekindergarten, and establishes new compliance measures.

The bill expands licensing requirements by mandating that any childcare facility caring for more than four nonresident children must obtain a license from ECECD. Providers caring for four or fewer nonresident children in a residence are not required to be licensed but may voluntarily register with ECECD. It also grants ECECD greater authority to conduct inspections of childcare facilities, establish licensing criteria, and enforce health, safety, and operational standards. To ensure compliance, the department can impose penalties, sanctions, or corrective actions against non-compliant providers, including revoking or suspending licenses.

In addition to expanding regulatory control, SB58 removes childcare assistance from external procurement oversight, allowing ECECD to manage spending and contract decisions without being subject to the state procurement code. The bill also amends the Pre-Kindergarten Act and the Early Childhood Care Accountability Act to align with the new licensing framework, updating application and funding requirements for early childhood programs. The bill establishes specific application requirements and priorities for early pre-kindergarten and pre-kindergarten programs that seek funding or support from the ECECD.

FISCAL IMPLICATIONS

Previously, on a similar legislation, ECECD reports the department would assume any additional operating costs to implement this bill using the department's existing resources.

SIGNIFICANT ISSUES

Competitive procurement is a gold standard by which governments ensure public funds are being put to good use. Competitive procurement, wherein the government solicits goods or services and then reviews and compares proposals from potential sellers, gives the state the information it needs to make informed choices to do business with those that offer the best quality, price, and value. Because of the value competitive procurement brings to the government, several reports from the New Mexico Office of the State Auditor, the LFC's Program Evaluation Unit, and the National Association of State Procurement Officials have highlighted the hazards of government reliance on exemptions from competitive procurement. By providing a new exemption to the Procurement Code, Senate Bill 58 introduces a hazard that the state could overspend on goods or services or that it will choose services without a full picture of the quality and value on offer.

According to census data, approximately 27 percent of children nationally receive care from a relative that is not their parent or a nonrelative. For children under 4, this number is greater, at 41 percent. While many of these caretakers may register with the state, those who choose not to may cease operating, possibly leading to a reduction in care options.

KK/SL2/hj