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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
57th Legislature, 2nd Session, 2026

Bill Number	<u>SB241/SFCS</u>	Sponsor	<u>SFC</u>
Tracking Number	<u>.233959.2</u>	Committee Referrals	<u>SEC/SFC</u>
Short Title	<u>Child Care Assistance Program Act</u>		
Analyst	<u>Andrews</u>	Original Date	<u>2/5/2026</u>
		Last Updated	<u>2/12/2026</u>

BILL SUMMARY

Synopsis of Bill

The Senate Finance Committee Substitute for Senate Bill 241 (SB241/SECS) creates the Child Care Assistance Program Act in the Children’s Code (Section 32A NMSA 1978), outlining childcare assistance program payments, participation, and eligibility criteria.

SB241/SECS would codify the childcare assistance program overseen by the Early Childhood Education and Care Department (ECECD) to provide childcare assistance for eligible children, subject to legislative appropriation. To be eligible to participate, SB241/SECS would require each parent or legal guardian of a child receiving childcare assistance be a current New Mexico resident and meet qualifying activity eligibility requirements, such as being employed or a full- or part-time student. For families with annual household incomes greater than 600 percent of the federal poverty level (FPL), the eligibility for childcare assistance is limited to hours of care supported by the parent or legal guardian’s qualifying activity. ECECD would be directed to promulgate rules to carry out the provisions of SB241.

SB241/SECS provides for additional appropriations up to \$1 billion from the early childhood education and care fund to the early childhood education and care program fund in FY26 through FY31, provided that an appropriation would not exceed an amount that would decrease the total balance in the early childhood education and care fund to below \$10 billion. SB241/SECS also makes technical changes to eligibility and reporting provisions.

SB241/SECS would also establish sliding scale copayments for families with incomes above 600 percent of FPL, or the implementation of waitlists when specified economic or enrollment triggers are met. SB241/SECS prioritizes infants, toddlers, and children with disabilities or developmental delays, as well as other at-risk children, when waitlists are used. SB241/SECS specifies that copayments must be 3 percent or less of the annual household income for a household with income greater than 600 percent of the FPL but not exceeding 900 percent FPL; for households with annual incomes greater than 900 percent FPL, copayments must be 7 percent or less of the annual

household income. SB241/SECS would also require ECECD to ensure eligible federal and state childcare tax benefits are maximized.

The bill would require ECECD to maintain a waitlist and prioritize childcare assistance applications for at-risk students and families from the lowest percentage of the FPL. SB241/SECS defines “at-risk child” as a child who may be vulnerable to or experiencing negative outcomes due to factors such as poverty, domestic violence, substance abuse, mental health issues, family involvement in the justice system, housing instability or homelessness, who has or is at risk of having a developmental delay or disability, or for whom a childcare facility has made a report to the central intake system of the Children, Youth, and Families Department (CYFD). SB241/SECS would require ECECD to provide childcare assistance to children aged six through 12 who are eligible for federal childcare assistance, but not exceed 13 thousand childcare assistance slots for children aged six through 12 who are not federally eligible (except if a child is under court supervision or is physically or mentally incapable of self-care).

SB241/SECS would require ECECD to set childcare assistance copayment rates in New Mexico Administrative Code (NMAC) and base payment rates on a cost estimation model in accordance with the federal childcare and development fund program, quality, adequate workforce compensation, different facility types, care durations, child age groups, nontraditional hours, and incorporate stakeholder feedback.

Finally, SB241/SECS would require that childcare facilities participating in the childcare assistance program not accept or receive childcare assistance for hours the child is enrolled in a Head Start or Early Head Start Program or is eligible for early prekindergarten or prekindergarten, except when determined necessary by ECECD. SB241/SECS would also prohibit participating childcare facilities from charging families above the state-paid rate. SB241/SECS would establish requirements for referring and supporting at-risk children and early intervention services, professional development, reporting, and oversight and implementation of the childcare assistance program by ECECD, including data sharing and reporting annually to the Legislature on program outcomes.

The bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or May 20, 2026.

FISCAL IMPACT

The bill does not contain an appropriation.

The Legislative Finance Committee (LFC) analysis indicates SB241/SFCS substitute transfers of up to \$1 billion from the early childhood education and care fund to support near-term expenditures associated with expanded eligibility through FY31, but does not establish a new recurring revenue source aligned with the projected ongoing costs of the program, leaving longer-term funding as a future recurring revenue liability. LFC notes that based on current utilization trends and expenditure projections, the incremental funding gap required to sustain the expansion beyond existing base funding is estimated to be in the range of approximately \$340 million to \$400 million annually by the close of FY29. According to LFC, absent additional recurring revenue, projected distributions from the fund are not expected to be sufficient to support the program on a recurring basis beyond the temporary transfer authority.

SUBSTANTIVE ISSUES

Although SB241/SECS proposes changes to the childcare assistance program broadly, LESC analyses focus specifically on potential impacts to New Mexico’s public kindergarten through 12th grade (K-12) education system and the teacher workforce in those schools.

In November 2025, Governor Michelle Lujan Grisham [announced](#) ECECD would make childcare available to all New Mexicans, regardless of income, by removing income eligibility requirements from the state’s childcare assistance program and continuing the waiver of family copayments. In 2019, ECECD waived childcare assistance copayments for families at or below 400 percent of the FPL.

Childcare Assistance Program for School-Age Youth. In addition to childcare assistance for infants, toddlers, and three- through five-year-olds, including youth with developmental disabilities, ECECD currently provides childcare assistance for school-age youth ages six through 12 old. SB241/SECS allows families of school-age youth to obtain free childcare as long as they meet program eligibility requirements. If the economic and enrollment triggers stipulated within SB241/SECS are met—for example if the average price for west Texas intermediate crude oil is less than \$50 per barrel for the applicable fiscal year—copayments can be triggered for families with an annual household income above 600 percent FPL.

SB241/SECS prioritizes state childcare assistance for non-school-age youth. School-age youth that meet [federal requirements](#) for childcare assistance will still be prioritized, but SB241/SECS limits childcare assistance slots for six- through 12-year-olds who do not meet requirements for federal funding. To be eligible for federal funding, a child must reside with a family whose total income does not exceed 85 percent of the state’s median income for a family of the same size, and whose assets do not exceed \$1 million; be younger than 12; and live with parents or guardians or receive or need to receive protective services.

Research on After School Childcare. According to a [2019 report](#) from Fight Crime: Invest in Kids, a national organization of police chiefs, sheriffs, and prosecutors, a survey of 36 states (not including New Mexico) saw a spike in juvenile crime between the hours of 2:00 to 6:00 p.m. The report noted this time window is when children are more likely to be unsupervised because of their parents’ or guardians’ work schedules. SB241/SECS could potentially help families access childcare options to ensure children have a safe place to be during this time.

ADMINISTRATIVE IMPLICATIONS

ECECD would need to update NMAC 8.15.2, Requirements for Child Care Assistance Programs for Clients and Child Care Providers, to comply with the provisions of SB241/SECS.

RELATED BILLS

Relates to HB106, Home-Based Child Care Income Tax Credit, which creates the home-based childcare income tax credit for taxpayers who do not enroll a dependent child in a state-funded or private childcare facility or state-funded or private prekindergarten program.

Relates to HB269, Childcare Program Use of Funds, which provides limitations on the use of childcare funds for contracting with certain business entities.

Relates to SB96, Regulated Child Care Zoning Requirements, which amends statute related to zoning, local government fees and taxes, and safety regulations as they relate to childcare providers.

Relates to SB170, Child Care Facility Donation Tax Credit, which creates the childcare facility donation personal income tax credit and a companion corporate childcare facility donation corporate income tax credit.

SOURCES OF INFORMATION

- LESC Files
- Legislative Finance Committee (LFC) Files
- Early Childhood Education and Care Department (ECECD)
- State Investment Council (SIC)

MCA/clh/jkh