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FISCAL IMPACT REPORT

BILL NUMBER: House Memorial 59

SHORT TITLE: Study Fair Foster Parent Compensation

SPONSOR: Herrera/Herndon/Dow/Lundstrom/Romero

LAST ORIGINAL
UPDATE: _____ **DATE:** 2/12/26 **ANALYST:** Malone

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
CYFD		\$100.0	\$0.0	\$100.0	Nonrecurring	General fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies That Were Asked for Analysis but did not Respond
Children, Youth and Families Department (CYFD)

Because of the short timeframe between the introduction of this bill and its first hearing, 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 House Memorial 59

House Memorial 59 (HM59) requests the Children, Youth and Families Department (CYFD) conduct a study into fair compensation for foster parents in New Mexico.

HM59 requires CYFD to report its conclusions and recommendations to the Legislative Health and Human Services Committee by November 30, 2026.

FISCAL IMPLICATIONS

Memorials do not contain appropriations and are not enforceable as state law.

Although the study requested in this memorial is related to CYFD's normal operations, a comprehensive rate study is likely to result in additional costs, particularly if the agency must rely on a contractor to perform the study.

The LFC recommendation for FY26 included \$100 thousand for CYFD to contract with an

external entity to conduct a foster care provider rate study, although the funding was not ultimately included in the FY26 budget. This analysis assumes that the cost of the rate study requested in HM59 would be the same amount, particularly because the deadline for completion increases the likelihood that CYFD will need to contract with an outside entity.

SIGNIFICANT ISSUES

Like child welfare agencies throughout the country, CYFD provides resource (foster) families with reimbursement for the cost of caring for youth placed in their home. The reimbursement is primarily made through standard monthly maintenance payments, which include the cost of basic needs such as housing and food. CYFD also provides reimbursement for occasional and reasonable personal incidentals, such as extracurricular activities, educational expenses, and vacation costs.

Maintenance payment rates vary based on a child's level of care determination and age. Three primary levels of care exist:

- Level 1: basic foster care maintenance rate, includes the cost of housing and utilities, food, clothing, reasonable travel, and personal and hygienic needs of the child or youth.
- Level 2: enhanced foster care maintenance rate, takes into consideration the medical and behavioral health needs of the child, and level of supervision needed to keep the child safe and healthy.
- Level 3: special arranged rate, is a rate designed to meet the extraordinary needs of children and youth who require the highest level of care and supervision.

The most recent maintenance payment rate sheet published by CYFD includes rates effective April 15, 2021.¹ At the low end, the 31-day rate for a Level 1 child under the age of 6 is \$648.21. At the high end, the 31-day rate for a Level 2 child over the age of 12 is \$901.48. Payments for Level 3 children must be specially arranged but have a maximum of \$1,800. ARCA approved placements have a rate of \$3,981.85.

Although not captured in the CYFD rate sheet, the agency has increased maintenance payments in FY26 by \$125 per child per month. During the 2025 legislative session, CYFD was appropriated \$2.5 million in government results and opportunity (GRO) funding for foster care rate increases.

Although a comprehensive rate comparison is not available at this time, the final report and recommendation of the Senate Memorial 5 Taskforce from January 2025 found that the basic daily foster care maintenance rate for young children in New Mexico were similar to those in surrounding states (see Table, below).

¹ CYFD, *Foster Care Maintenance Rates & Payments*, April 15, 2021, available at https://www.cyfd.nm.gov/wp-content/uploads/2024/01/2021_Rates_Effective_April_15.pdf.

**Table 9. Basic
Daily Foster Care
Maintenance
Payment for 2-
Year-Old in Care**

NM	\$20.91
AZ	\$22.64
CO	\$42.86
NV	\$28.21
TX	\$27.07
UT	\$17.10

Source: Child Welfare
Agency Websites

CEM/cf/ct