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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 184

SHORT TITLE: Children’s Behavioral Health Division

SPONSOR: Lopez/Pinto/Sedillo Lopez/Charley/Pope

LAST ORIGINAL
UPDATE: _____ **DATE:** 02/11/2026 **ANALYST:** Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
CYFD	0	(\$47,400.0)	0		Recurring	General Fund
HCA		\$47,400.0			Recurring	General Fund

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

Related to House Joint Resolution 4, House Bill 86, and Senate Bill 56.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis
Early Childhood Education and Care Department
Health Care Authority

Agency or Agencies That Were Asked for Analysis but did not Respond
Public Education Department
Department of Health
Children, Youth and Families Department

SUMMARY

Synopsis of Senate Bill 184

Senate Bill 184 (SB184) would create a Children’s Behavioral Health Services Division in the Health Care Authority (HCA). The new division would take over the functions and staff of the Behavioral Health Services Division of the Children Youth and Families Department (CYFD).

The bill amends Section 9-2A-8 NMSA1978, to remove from CYFD the responsibilities pertaining to behavioral health services for most New Mexico children, adolescents and their families. However, responsibility for the behavioral health and substance abuse services for children in CYFD custody would remain with CYFD, subject to coordination with HCA, the Public Education Department (PED) and the Early Childhood Education and Care Department

(ECECD).

The bill also amends Section 9-8-4 NMSA 1978, adding the children’s behavioral health division to HCA’s divisions.

The bill amends Section 9-8-6 NMSA 1978, adding to the duties of the Secretary of the Health Care Authority the assumption of responsibility for children’s mental health and substance abuse services in coordination with CYFD, PED, DOH and ECECD.

The bill adds a new Section 9-8-7.5 NMSA 1978, enumerating duties of the director of the new Children’s Behavioral Health Services Division, to include cooperating with the above agencies in developing and implementing a comprehensive children’s behavioral health services plan, working with behavioral health providers throughout New Mexico, and reporting on progress to the Legislature.

The bill provides for the transfer, on July 1, 2026, of the majority of the children’s behavioral health services division of CYFD to the new division of HCA, as well as their supplies, equipment and the contracts and agreements that this division of CYFD has made.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

There is no appropriation in Senate Bill 184. Funding for the new division within HCA would accompany the transfer of personnel; HCA estimates that that would amount to a transfer of \$47.4 million, assuming proportionality between transfer of personnel and transfer of funds. HCA states that there remains uncertainty in the transfer of funds from CYFD to HCA, stating that “the bill does not specify whether operating appropriations will be transferred in full, in part, or on a personnel-by-personnel basis.”

SIGNIFICANT ISSUES

The ECECD notes that this legislation would change the state agency in which behavioral health services are located but would not interfere with existing interagency coordination between ECECD, HCA, CYFD, PED, and DOH. All of these agencies already coordinate and work together to provide mental health and substance abuse services to children and families across the state through shared programs, data sharing agreements, and referral networks.

HCA expresses uncertainty as to the effect the transfer of the division would have on the Kevin S. Settlement, entered into by CYFD and a group of thirteen child plaintiffs who had alleged that New Mexico had not provided essential care, stability and support for children in foster care, and this led to suboptimal placements of these children and unmet medical and behavioral health needs. Provision of improved mental health services was among the stipulations in the 2018 settlement.

The Legislative Finance Committee issued a report on behavioral health services for children in 2017. Though it is somewhat dated and preceded the Kevin S. Settlement, its conclusions appear

still to be valid and might serve as guidelines for a new division or for the division as it now exists within CYFD if the bill is not passed:

New Mexico experiences either higher or similar rates than national averages rates of children's behavioral health diagnoses. The state also experiences high suicide rates among both youth and the general population. Undiagnosed or untreated behavioral health issues have long-term effects including lower earnings, a decreased chance of being employed, and an increased chance of memory problems and emotional instability. Addressing mental health and substance use disorders early may mitigate long-term negative effects that would require more intensive interventions. Effective programs need to be in place to provide prevention, intervention, and acute intervention treatment to address all levels of client need. Various services are offered in New Mexico to address children's behavioral health issues, however, it is unclear from currently used metrics if there are sufficient providers and services and if current services are effective. In order to determine whether programs are effectively identifying, addressing, and treating child behavioral health needs, data needs to be collected regularly, and programs need to be evaluated. First, the state needs to look at the supply of behavioral health services and the demand for these services based on client need. This requires data already collected by various state and federal agencies that may not be readily available publicly, as well as collecting new data on provider caseloads. Completing a study of provider and service sufficiency would better inform policymakers of where investments to bolster the system are needed.

Second, when a program is newly implemented or has not been evaluated, it is essential to evaluate outcomes. This includes analyzing outcome data collected by various entities. If data is siloed, it is difficult to determine the effectiveness of programs. Data should be collected in such a manner that conclusions can be drawn from the evaluation on outcomes that benefit the client, as well as society at large. LFC staff observed examples of programs looking to complete evaluations, but the evaluation design was not rigorous enough to draw conclusions on the effect of the program or was not focused on outcomes that could be monetized. Moreover, due to a lack of funds for the purpose of evaluation, outcome evaluations are not completed consistently. Finally, even if programs are evaluated and services are inventoried, unless programs are run to fidelity, even strong evidence-based programs could fail to provide the intended outcomes. Program fidelity increases the likelihood of success at a programmatic level leading to decreased youth substance use disorders, suicide, and interactions with the juvenile justice and child welfare systems. This success will generate long-term savings to the state through reduced incarcerations, reduced need for residential treatment, less dependence on public assistance by way of higher educational attainment, and other more extensive benefits including less intergenerational risk for behavioral health.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Related to House Bill 86, Children, Youth and Families Commission; House Joint Resolution 4, CYFD Commission (Constitutional Amendment), and Senate Bill 56, Create Child Welfare Authority.

TECHNICAL ISSUES

HCA states that “HB184 provides that up to ninety percent of current staff at the behavioral health services division of CYFD would transfer to the new children’s behavioral health services division of HCA. However, it does not state whether the remaining ten percent will be retained by CYFD, eliminated, or reassigned elsewhere within the Health Care Authority. Additionally, it does not address how the responsibilities and workload associated with the non-transferred positions will be addressed.”

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