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## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Bill 208

**SHORT TITLE:** Welcome Child Act and Fund

**SPONSOR:** Campos

**LAST ORIGINAL**  
**UPDATE:** \_\_\_\_\_ **DATE:** 2/9/2026 **ANALYST:** Faubion

### REVENUE\* (dollars in thousands)

Type	FY26	FY27	FY28	FY29	FY30	Recurring or Nonrecurring	Fund Affected
Trust Fund Distributions	\$0.0	\$0.0	\$0.0	(\$3,260.0)	(\$9,940.0)	Recurring	Early Childhood Education and Care Program Fund
Trust Fund Distributions	\$0.0	\$0.0	(\$189,000.0)	(\$189,000.0)	(\$189,000.0)	Recurring	Early Childhood Education and Care Fund
Trust Fund Distributions	\$0.0	\$0.0	\$189,000.0	\$189,000.0	\$189,000.0	Recurring	Welcome Child Benefit Fund
Investment Earnings	\$0.0	(\$3,230.0)	(\$13,100.0)	(\$26,660.0)	(\$40,680.0)	Recurring	Early Childhood Education and Care Fund

Parentheses indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Early Childhood Education and Care Department

State Investment Council

## SUMMARY

### Synopsis of Senate Bill 208

Senate Bill 208 (SB208) enacts the Welcome Child Act, creating a new state-funded benefit for parents or legal guardians of newborn or newly adopted children beginning January 1, 2028. The bill establishes the nonreverting welcome child benefit fund, administered by the Early Childhood Education and Care Department (ECECD), to provide a one-time benefit of \$9,000 per eligible child, paid either as three monthly payments of \$3,000 or as a lump sum if eligibility is determined 90 days or more after birth or adoption. To qualify, applicants must be a parent or legal guardian and must have resided in New Mexico for at least six months during the 12 months preceding the child's birth or adoption. Only one benefit may be claimed per child. The

bill requires ECECD to adopt rules and establish an application, documentation, and determination process. Funding for the program is provided through an annual distribution from the early childhood education and care fund to the welcome child benefit fund, set at \$189 million annually subject to fund balances. The bill also provides for annual inflation adjustments to the benefit amount beginning January 1, 2030.

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**

This bill creates a new fund and provides for continuing appropriations. LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds because it reduces the ability of the Legislature to establish spending priorities.

Each July 1, this bill requires a two-step distribution from the early childhood education and care fund (ECECF). First, the existing distribution is made to the early childhood education and care program fund equal to the greater of five percent of the average year-end market value of the fund over the preceding three calendar years or \$500 million. After this primary distribution, this bill would establish a second, fixed annual distribution from the ECECF to the newly created welcome child benefit fund in the amount of \$189 million, or the remaining balance of the ECECF if the fund balance is less than that amount. Once transferred, money in the welcome child benefit fund becomes nonreverting and is appropriated to the Early Childhood Education and Care Department to administer and pay welcome child benefits to eligible parents or guardians, subject to fund availability.

The additional fixed distribution required by the bill could increase annual outflows from the early childhood education and care fund beyond the levels currently supported by recurring inflows and long-term investment earnings. Because the fund already has a statutory obligation to make a large annual distribution to the early childhood education and care program fund, layering an additional \$189 million distribution each year is projected to cause total distributions to exceed ongoing revenues and expected returns over time. When distributions consistently exceed inflows, the fund balance would decline, increasing the risk of depletion or insolvency in future years. If the fund were to be significantly reduced or exhausted, the state's ability to sustain existing early childhood programs supported by the fund could be jeopardized, and future distributions to both current beneficiaries and the proposed welcome child benefit would be constrained or unavailable.

The State Investment Council (SIC) notes if passed, the Welcome Child Act represents a substantial financial commitment in supporting new and growing families in New Mexico. It is not clear however, based on fund return projections, expected future ECECF inflows, organic population growth and other factors including promises of universal childcare coverage whether normal drawdowns to the ECECF – currently with a funding floor of \$500 million annually – and new Welcome Child Act distributions will prove to be sustainable in perpetuity. SIC makes clear that such an annual expenditure would create long-term challenges in growing the ECECF for continued or growing benefits across future generations of New Mexicans.

Calendar Year	Early Childhood Education and Care Trust Fund (ECECF)																	
	Ending Balance			Investment Gains			Distrib. to Program Fund											
	Current	SB208	Diff	Current	SB208	Diff		Current	SB208	Diff								
2025	\$ 10,993	\$ 10,993	\$ -	\$ 1,235	\$ 1,235	\$ -	FY25	\$ 500	\$ 500	\$ -								
2026	\$ 11,375	\$ 11,375	\$ -	\$ 737	\$ 737	\$ -	FY26	\$ 500	\$ 500	\$ -								
2027	\$ 11,682	\$ 11,486	\$ (195)	\$ 761	\$ 755	\$ (6)	FY27	\$ 500	\$ 500	\$ -								
2028	\$ 12,071	\$ 11,670	\$ (401)	\$ 781	\$ 762	\$ (20)	FY28	\$ 523	\$ 523	\$ -								
2029	\$ 12,804	\$ 12,191	\$ (614)	\$ 811	\$ 778	\$ (34)	FY29	\$ 567	\$ 564	\$ (3)								
2030	\$ 13,553	\$ 12,723	\$ (830)	\$ 861	\$ 813	\$ (48)	FY30	\$ 585	\$ 576	\$ (10)								
2031	\$ 14,114	\$ 13,063	\$ (1,051)	\$ 909	\$ 847	\$ (62)	FY31	\$ 609	\$ 589	\$ (20)								
2032	\$ 14,468	\$ 13,193	\$ (1,275)	\$ 944	\$ 867	\$ (77)	FY32	\$ 640	\$ 610	\$ (31)								
2033	\$ 14,732	\$ 13,229	\$ (1,503)	\$ 966	\$ 874	\$ (92)	FY33	\$ 675	\$ 633	\$ (42)								
2034	\$ 14,994	\$ 13,258	\$ (1,736)	\$ 984	\$ 877	\$ (107)	FY34	\$ 702	\$ 650	\$ (53)								
2035	\$ 15,270	\$ 13,297	\$ (1,972)	\$ 1,001	\$ 879	\$ (123)	FY35	\$ 722	\$ 658	\$ (64)								
2036	\$ 15,583	\$ 13,370	\$ (2,213)	\$ 1,020	\$ 881	\$ (139)	FY36	\$ 737	\$ 661	\$ (75)								
2037	\$ 15,868	\$ 13,410	\$ (2,458)	\$ 1,041	\$ 886	\$ (155)	FY37	\$ 750	\$ 663	\$ (87)								
2038	\$ 16,164	\$ 13,457	\$ (2,707)	\$ 1,060	\$ 889	\$ (171)	FY38	\$ 764	\$ 665	\$ (99)								
2039	\$ 16,462	\$ 13,501	\$ (2,961)	\$ 1,079	\$ 892	\$ (188)	FY39	\$ 779	\$ 668	\$ (111)								
2040	\$ 16,788	\$ 13,569	\$ (3,219)	\$ 1,099	\$ 895	\$ (205)	FY40	\$ 794	\$ 671	\$ (123)								
2041	\$ 17,152	\$ 13,671	\$ (3,481)	\$ 1,122	\$ 900	\$ (222)	FY41	\$ 808	\$ 673	\$ (135)								
2042	\$ 17,580	\$ 13,831	\$ (3,749)	\$ 1,146	\$ 907	\$ (239)	FY42	\$ 824	\$ 675	\$ (148)								
2043	\$ 18,072	\$ 14,052	\$ (4,021)	\$ 1,176	\$ 918	\$ (257)	FY43	\$ 840	\$ 679	\$ (161)								
2044	\$ 18,658	\$ 14,361	\$ (4,298)	\$ 1,209	\$ 934	\$ (275)	FY44	\$ 859	\$ 685	\$ (174)								
2045	\$ 19,325	\$ 14,746	\$ (4,579)	\$ 1,249	\$ 955	\$ (294)	FY45	\$ 880	\$ 693	\$ (188)								
2046	\$ 20,090	\$ 15,225	\$ (4,866)	\$ 1,295	\$ 982	\$ (313)	FY46	\$ 905	\$ 704	\$ (201)								
2047	\$ 20,963	\$ 15,806	\$ (5,158)	\$ 1,347	\$ 1,015	\$ (332)	FY47	\$ 934	\$ 719	\$ (215)								
2048	\$ 21,957	\$ 16,503	\$ (5,454)	\$ 1,406	\$ 1,055	\$ (351)	FY48	\$ 968	\$ 739	\$ (229)								
2049	\$ 22,994	\$ 17,237	\$ (5,756)	\$ 1,473	\$ 1,102	\$ (371)	FY49	\$ 1,006	\$ 763	\$ (243)								
2050	\$ 23,994	\$ 17,930	\$ (6,064)	\$ 1,542	\$ 1,150	\$ (391)	FY50	\$ 1,050	\$ 792	\$ (258)								
<b>Cumulative Total</b>								<b>\$ (4,469.94)</b>				<b>Cumulative Total</b>				<b>\$ (2,669.27)</b>		

Source: SIC

## SIGNIFICANT ISSUES

The bill is intended to provide financial support to families at the time of a child’s birth or adoption, a period often associated with increased expenses and income disruption. Because New Mexico does not currently have a statewide paid parental leave program, the welcome child benefit could help families extend bonding time, offset unpaid leave, or cover early childcare or related expenses. The benefit is not conditioned on employment status or taking formal leave, which may increase accessibility for self-employed parents, caregivers working in informal or seasonal employment, or households with limited access to employer-provided benefits.

While the bill establishes a fixed annual distribution from the early childhood education and care fund, the number of eligible births and adoptions may vary from year to year. If available funding is insufficient to cover all eligible applicants, the department may be required to delay, limit, or deny benefits, which could create uncertainty for families and raise equity concerns if similarly situated applicants receive different outcomes based on timing or fund availability. The

bill does not outline what would happen if the disbursement does not meet need.

ECECD notes that the bill allows the welcome child benefit to be divided between “custodial parents,” but does not define the term, creating potential ambiguity in eligibility and payment administration. Without a clear definition, it is unclear how the department should allocate benefits in cases where parents have unequal or limited custody arrangements, such as when one parent has only a small share of custodial time. The bill also does not address how child support obligations or existing custody orders should factor into benefit distribution, which could result in allocations that do not align with caregiving responsibilities and could be perceived as inequitable between parents.

SIC cautions that the additional annual distribution proposed in the bill would significantly increase the effective spending rate of the Early Childhood Education and Care Fund beyond levels generally considered sustainable under fiduciary standards. Under current law, the fund distributes five percent of its three-year average value, subject to a \$500 million statutory minimum, which already exceeds the calculated five percent distribution based on recent averages. Adding a fixed \$189 million annual distribution would raise total annual outflows to approximately \$689 million, or about 6.3 percent of the fund’s current value. While strong investment returns or new inflows could mitigate this effect, inflows to the fund have slowed substantially compared with the early years following its creation. SIC notes that sustained distributions above six percent are considered highly aggressive and could place the fund on a path toward long-term unsustainability, particularly in the event of market downturns or additional statutory withdrawals, ultimately reducing the fund’s capacity to support existing and future beneficiaries.

SIC notes section 4(D) of the bill provides for an inflation-adjustment to the benefit payment to new parents beginning in January 2030. However, the bill does not adjust the flat \$189 million distribution to the welcome benefit fund, which could create future funding challenges.

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