

LFC Requester:

E. Hilla

AGENCY BILL ANALYSIS  
2024 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

**SECTION I: GENERAL INFORMATION**

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Date 2/2/2024

Original  Amendment

Bill No: HB 290

Correction  Substitute

Sponsor: Linda Serrato

Agency Name  
and Code NMFA (385)

Number:

Short Title: Child Care Facility Loan

Person Writing Marquita Russel

Phone: 505-660-8170 Email mrussel@nmfa.net

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	(1,750.00)	Nonrecurring	General Fund
	1.750.00	Nonrecurring	Child Care Revolving Loan Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act:

**SECTION III: NARRATIVE**

**BILL SUMMARY**

HB 290 amends Section 24-24-4 of the Child Care Facility Loan Act (“Act”) by: (i) providing money in the child care facility loan fund may now be used to make loans to (a) providers and facilities seeking to expand child care programs, and (b) employers to create or expand child care programs for their employees; and (ii) adding a provision that forgives loans, upon certain conditions being met within 5 years of the loan, made by the early childhood education and care department (“department”) to providers, facilities or employers who create or expand child care programs. HB 290 appropriates \$1,750,000 from the general fund to the department of finance and administration for use by the New Mexico Finance Authority (“NMFA”) to carry out the purposes of the Fund. Money remaining in the Fund does not revert to the general fund.

**PERFORMANCE IMPLICATIONS**

The existing scope of the loan program is limited to health and safety improvements to existing facilities, including space expansion, in order to maintain an adequate and appropriate environment for their clients. HB 290 expands the use of the loan funds to include the creation and expansion of child care programs.

In 2023 the Legislature passed and the Governor signed Senate Bill 423 which expanded the use of three loan funds operated by NMFA to include working capital. The appropriation provided in HB 290 and the flexibility provided in SB 423 and now HB 290 will make it more likely that child care facilities will be expanded to provide care to more children and that new providers will begin providing care.

**TECHNICAL ISSUES**

HB 290 adds a provision that allows loans to be forgiven upon the provider meeting certain conditions within five years of the loan. Because the loans are made by NMFA, this may be achieved more efficiently by NMFA, the provider and department entering into a contract for services that allows a portion of the loan to be repaid through the provision of services.

**OTHER SUBSTANTIVE ISSUES**

The Child Care Facility Revolving Loan Fund was created in 2003 and has received a net \$50,000 appropriation that NMFA used to make a loan to a home-based, licensed child care center in Las Cruces to expand the space for care for parents working non-traditional hours. The loan was handled as agreed and repaid in full. The loan payments from that loan were reverted to the state

for solvency and the program has not had funding for many years.