

<b>LFC Requester:</b>	<b>Allegra Hernandez</b>
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**AGENCY BILL ANALYSIS  
2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

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*{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}*

**Date Prepared:** February 27, 2025 *Check all that apply:*  
**Bill Number:** HB 500 Original  Correction   
Amendment  Substitute

**Sponsor:** Alan T. Martinez **Agency Name and Code Number:** Regulation and Licensing Department - 420  
**Short Title:** CYFD Substitute Care Review **Person Writing:** Juan Torres  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	341.521	516.523	535.864	1,393.908	Recurring	General Fund

(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**

Synopsis: HB 500 modifies the Citizen Substitute Care Review Act of the Children's Code, §§ 32A-8-1 to – 7, NMSA 1978, including changes to structure, reporting requirements, and grievance process.

**Section 1:** Amends the Confidentiality of Records section of the Children's Code.

**Section 2:** Amends the Citizen Substitute Care Review Act of the Children's Code by shifting the monitoring from "children in the custody of Children, Youth and Families Department" (CYFD) to monitor the CYFD itself. Monitoring will occur by examining the policies, procedures and practices of the CYFD to evaluate its effectiveness in the discharge of its child protection responsibilities and meeting federal requirements for citizen review panels under the federal Child Abuse Prevention and Treatment Act.

**Section 3:** New Material - adds definitions to the Citizen Substitute Care Review Act to include "board," "case," "council," "identified child," and "substitute care."

**Section 4:** Amends the Citizen Substitute Care Review Act by increasing the number of Substitute Care Advisory Council (SCAC) members from nine (9) to ten (10). Expressly states that the SCAC "shall exercise its functions independently and not under the control of the department or the regulation and licensing department" (RLD). Adds per diem for SCAC members. Provides that, "the council may establish work groups and enter into contracts, memoranda of understanding and join power agreements to carry out the provisions of the Citizen Substitute Care Review Act. Requires the SCAC adopt rules to ensure compliance with the Open Meetings Act, training for SCAC staff, requirements for public participation, criteria for establishment of the SCAC's designation of cases, procedures for SCAC review, procedure for grievances, public outreach, procedures for compliance with Citizen Substitute Care Review Act and federal Child Abuse Prevention and Treatment Act as to citizen review panels. Requires the SCAC to provide reports on the work of the SCAC, including the preparation of an annual report to the governor, the legislature, CYFD, Administrative Office of the Courts, etc., on or before November 1<sup>st</sup> of each year.

**Section 5:** New Material - adds a new section to the Citizen Substitute Care Review Act providing that the SCAC shall hire a director and staff to review cases and process grievances. Budgeting requests shall be submitted through the RLD.

**Section 6:** New Material - adds a new section that provides that the New Mexico Department of Justice (formerly the Attorney General's Office) shall advise and consult with the SCAC and render legal services upon the request of the SCAC.

**Section 7:** New Material - adds a new section that provides that SCAC staff shall review each grievance submitted to SCAC staff. In addition, "The council shall promulgate rules regarding council's staff's acceptance and processing of grievances..." SCAC staff are required to meet with the CYFD quarterly and report to the CYFD regarding the strengths, concerns and

recommendations relating to the grievance.

**Section 8:** New Material - adds a provision for volunteer members. Requires the SCAC to promulgate rules relating to volunteer participation, quarterly reviews and per diem.

**Section 9:** New Material - adds a new section that requires the SCAC to establish boards (volunteers) to review cases designated in accordance with SCAC rules. Requires SCAC staff to submit a report of the board's findings and recommendations to the Children's Court, the CYFD, Parties and Tribe (if applicable). SCAC staff are required to meet quarterly with the CYFD.

**Section 10:** New Material - Gives the SCAC staff access to CYFD records subject to state and federal law.

**Section 11:** New Material - provides for confidentiality of information.

### **FISCAL IMPLICATIONS**

- The SCAC's total cost per Fiscal Year (FY) is \$341.521K for FY25, but the RLD only received an appropriation of \$33.1K for all SCAC expenses, meaning the RLD must cover the remaining expenditures out of its operating budget. The SCAC currently has two (2) vacant positions that would increase the costs by \$175K per year if filled.
- The RLD does not receive funding for any of the multiple other costs associated with the SCAC being administratively attached to the RLD (including record-keeping, administrative and clerical responsibilities, human resources support, finance, information technology support, etc.). Covering these operating expenses for the SCAC further stretches the RLD's resources and potentially impacts other RLD divisions of the Regulation and Licensing Department (Construction Industries; Financial Institutions; Securities; Manufactured Housing; Alcohol Beverage Control and Cannabis Control, etc.) due to budget reallocations.

### **SIGNIFICANT ISSUES**

- The SCAC's administrative attachment to the RLD imposes substantial financial burdens on the RLD that are not addressed in HB 500.
- The RLD is not reimbursed for core administrative support, despite being required to facilitate budgeting, staffing, IT, and financial management for SCAC.
- Without additional funding, the RLD may need to reduce funding (services) for other Agency operations to cover SCAC's needs.
- Delays in administrative processing for SCAC may occur as RLD staff must absorb additional responsibilities without compensation.

### **PERFORMANCE IMPLICATIONS**

#### **ADMINISTRATIVE IMPLICATIONS**

- As noted above, the RLD is responsible for financial management, Human Resources, and IT support for SCAC, despite not receiving sufficient funding. The current \$33.1K funding is insufficient, and RLD must use its operating budget to cover the remaining SCAC costs which is approximately \$308,441 for FY25.
- If the duties and staffing of the SCAC expand (as contemplated by HB 500) the financial burden on the RLD will increase without additional appropriations.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

- The RLD's primary mission is industry regulation and licensing, making SCAC's administrative attachment to the RLD an operational and financial challenge, especially if the duties and staffing of the SCAC are expanded.
- HB 500 does not clarify whether the RLD can seek reimbursement for its administrative services from the SCAC.

## **TECHNICAL ISSUES**

### **OTHER SUBSTANTIVE ISSUES**

- If the RLD continues to absorb the costs of operation for the SCAC, other Agency functions and services may be negatively impacted due to budget constraints.
- HB 500 does not address dispute resolution if disagreements arise between the SCAC and the RLD regarding financial and administrative matters.

## **ALTERNATIVES**

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

- The flawed structure of having the SCAC administratively attached to the RLD without sufficient funding for the operation of the SCAC being appropriated to the RLD to cover those costs will continue.
- Transparency and accountability reforms for the SCAC may be delayed or not implemented.

## **AMENDMENTS**

- Amend HB 500 to fully fund the RLD's administrative costs incurred by SCAC.
- Allow the RLD to charge SCAC an "administrative fee" to offset the administrative costs for HR, IT, and financial management costs, etc.