

LFC Requester:	
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**AGENCY BILL ANALYSIS
2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)**

SECTION I: GENERAL INFORMATION

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

Check all that apply:
Original Amendment
Correction Substitute

Date 2.20.2025

Bill Number: HJR 5

Sponsor: Rep. Eleanor Chávez and Javier Martínez
Short CYFD COMMISSION
Title:

Agency Name
and Code DFA-341
Number:
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

House Joint Resolution 5 (HJR 5) seeks to amend the New Mexico Constitution by adding a new section creating an independent Children, Youth, and Families Department, a Children, Youth, and Families Commission, and an executive director to manage the department.

- **Commission Composition:** The Children, Youth, and Families Commission will be composed of five members appointed for six-year terms beginning January 1, 2027. Each of the following positions will appoint one member to the commission:
 - The Governor
 - The President Pro Tempore of the Senate
 - The Speaker of the House of Representatives
 - The Minority Floor Leader of the Senate
 - The Minority Floor Leader of the House of Representatives
- **Appointment Terms:** The appointment terms will initially be staggered, with the governor’s appointee filling a two-year position and the rest of the appointees serving four-year terms. The legislature will provide the professional qualifications for appointees.
- **Filling Vacancies:** The original appointing authority will fill any vacancies on the commission, and the new appointee will serve the remainder of the unexpired term.
- **Removal and Qualifications:** Commission members can only be removed as provided by law, and the legislature will establish the professional qualifications required for them.
- **Executive Director Appointment:** By July 1, 2027, the commission must hire an executive director to manage the department and enforce its laws. The legislature will also define the professional qualifications for this position.
- **Submission to Voters:** The proposed amendment will be submitted to the voters for approval or rejection at the next general election or any special election called for this purpose.

FISCAL IMPLICATIONS

HJR 5 could have wide-ranging fiscal impacts on the state budget and provides no identification of how the existing department, its staff, its programs, its services, and its authority would transfer over to the new entity. The potential fiscal implications of HJR5 could include:

- **Administrative Costs:** Establishing the Children, Youth, and Families Department and Commission will likely incur costs related to setting up new offices, hiring staff, and administrative expenses since it will be removed from the Cabinet.
 - In FY24, the existing CYFD's total expenditures were three hundred forty-seven million eight hundred eighty-seven thousand four hundred dollars (\$347,887,400). For FY25, the existing CYFD's total budget is three hundred eighty-nine million one hundred fifty-seven thousand three hundred dollars (\$389,157,300)
 - Until implementation legislation is created, it is unclear how the existing Department's budget, facilities, staff, contracts, and other associated administrative expenses will transfer to the new Department.
 - This will likely lead to duplication in administrative costs and increases in transactional costs for the existing Department.
- **Salaries and Benefits:** The salaries and benefits of the five commission members, the executive director, and other department staff will create ongoing costs. Moving the department from the Cabinet-level agency also removes all Governor-Exempt positions.
 - For FY25, the existing CYFD's budget for personal services and employee benefits consists of one hundred eighty-six million three hundred twenty thousand four hundred dollars (\$186,320,400).
 - For FY25, CYFD leadership consists of twenty (20) Governor-Exempt employee positions.
 - Removal of CYFD as a Cabinet-level agency will require these positions to be recreated as classified positions.
- **Training and Professional Development:** Ensuring that staff and commission members meet professional qualifications may require investment in training and professional development.
 - In FY24, the existing CYFD was responsible for the administration of seventy million two hundred twenty-eight thousand two hundred dollars (\$70,228,200) in federal financial assistance. For FY25, the existing CYFD is responsible for the administration of ninety-five million four hundred twenty-one thousand three hundred dollars (\$95,421,300) in federal financial assistance.
 - In addition to the costs of holding public meetings and conducting required training for commission members, the new CYFD would be required to conduct additional

training for CYFD commission members for the different colors of federal financial assistance and their requirements.

- **Legal and Compliance Costs:** There may be costs associated with ensuring compliance with new laws and regulations enforced by the new CYFD.
 - In FY24, the existing CYFD expended eighty-nine million seven hundred sixty-nine thousand one hundred dollars (\$89,769,100). For FY25, the existing CYFD's budget includes one hundred twelve million eighty-nine thousand dollars (\$112,089,000).
 - Specifically, without enabling legislation, it is unclear how existing legal and administrative authority will transition to the new CYFD. As a result, there will likely be legal costs associated with contractual disputes over whom is entitled to administer and direct contractual obligations under contracts entered into by the old CYFD that are moved to the new CYFD.
- **Transition and Restructuring Costs:** The process of transferring authority, staff, and programs from the existing CYFD to the newly established department may involve significant transition costs, including severance pay for non-transitioning staff, contract renegotiations, and potential facility relocations.

SIGNIFICANT ISSUES

In general, removing CYFD from direct executive oversight will likely weaken the department's flexibility to adapt to new challenges, weaken accountability and oversight of the entity, and hinder its essential collaboration with other state agencies to deliver services to New Mexico's most vulnerable populations, children and families in crisis.

- **Federal Funding Impacts:** HJR5 poses a significant risk to the existing CYFD's federal funding, compliance, and reporting obligations.
 - For FY25, CYFD is responsible for administering \$95,421,300 in federal financial assistance. HJR5 creates an effective date (subject to voter approval) of July 1, 2027.
 - This gives the state one thirty (30) day legislative session to enact enabling legislation that will transition all existing federal funds, administrative responsibilities, and reporting obligations to the new entity.
 - Additionally, assuming the enabling legislation becomes effective on March 1, 2026, the new commission will have sixteen (16) months to hire a new executive director, leadership, and staff, transition existing federal funds, and assume administrative responsibilities and reporting obligations for \$95,421,300 in federal financial assistance.

- This tight transition time will jeopardize the existing CYFD's ability to comply with federal single audit requirements and jeopardize the state's existing and future federal funding streams for New Mexico's most vulnerable populations.
 - Any disruptions in meeting federal requirements will lead to funding delays, reductions, and/or cancellations by the federal government.
- **Existing Staffing:** HJR5 threatens the existing labor relationships and agreements with CYFD's current 2,000+ employees and labor union, potentially leading to legal and financial complications.
 - For FY25, the existing CYFD's budget for personal services and employee benefits consists of one hundred eighty-six million three hundred twenty thousand four hundred dollars (\$186,320,400). HJR5 creates an effective date (subject to voter approval) of July 1, 2027.
 - This gives the state one thirty (30) day legislative session to enact enabling legislation that will authorize the new CYFD to begin collective bargaining negotiations with the labor union about classified employees of the new CYFD.
 - Assuming the enabling legislation becomes effective on March 1, 2026, the new commission will have sixteen (16) months to hire a new executive director and leadership and negotiate a collective bargaining agreement that covers staff who will transition and newly hired staff.
 - If labor negotiations stall, there could be lockouts or payment holds, creating uncertainty for state employees and additional financial burdens for the state.
- **Kevin S. Settlement:** The resolution could also delay progress on compliance with the Kevin S. settlement agreement. Failure to implement the court-mandated reforms in a timely manner will put the state at risk of substantial financial penalties, additional judicial actions, and potential new lawsuits and/or liability.

PERFORMANCE IMPLICATIONS

N/A.

ADMINISTRATIVE IMPLICATIONS

HJR5 entails significant administrative efforts to establish and maintain the new department and commission, requiring careful planning, coordination, and ongoing management.

- **Creation of New Entities:** The resolution mandates the creation of a new state department and commission, which will require significant administrative planning and coordination to establish their structures, roles, and responsibilities.

- **Appointment of Commission Members:** The resolution outlines a specific process for appointing the five commission members, involving multiple high-ranking officials (Governor, President Pro Tempore of the Senate, Speaker of the House of Representatives, Minority Floor Leader of the Senate, and Minority Floor Leader of the House of Representatives). This process will require careful coordination and adherence to the specified timelines.
- **Term Management:** The initial and subsequent terms of the commission members need to be managed, including tracking the staggered terms for the initial appointments and ensuring timely reappointments or replacements for any vacancies.
- **Hiring an Executive Director:** The commission is responsible for hiring an executive director by July 1, 2027. This involves defining the professional qualifications, conducting a search, and selecting a suitable candidate to manage the department.
- **Operational Setup:** Establishing the operational framework for the new department, including developing policies, procedures, and systems to manage and enforce the laws under its jurisdiction.
- **Legislative Coordination:** The legislature will need to pass laws defining the powers, duties, and professional qualifications of the commission members and the executive director. This requires drafting, reviewing, and passing relevant legislation within one thirty (30) day session and one sixty (60) day session.
- **Interdepartmental Coordination:** The new department will likely need to coordinate with existing state agencies and departments to ensure a smooth transition and integration of services related to children, youth, and families.
- **Monitoring and Evaluation:** The legislature will be required to establish mechanisms for monitoring and evaluating the performance and effectiveness of the new department and commission to ensure they meet their objectives and comply with legal requirements.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A.

TECHNICAL ISSUES

- **Enabling Legislation:** Currently, HJR5 does not require the legislature, upon approval by the voters, to create enabling legislation to identify professional qualifications, transition the existing CYFD, and/or transfer powers and responsibilities to the new department.

OTHER SUBSTANTIVE ISSUES

N/A.

ALTERNATIVES

N/A.

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

N/A.