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FISCAL IMPACT REPORT

SPONSOR <u>Padilla</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/4/25</u>
SHORT TITLE <u>Childcare Facility Licensing Act</u>	BILL
	NUMBER <u>Senate Bill 58</u>
	<u>Klundt/Dinces/</u>
	ANALYST <u>Fischer</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		Indeterminate but minimal	Indeterminate but minimal		Recurring	

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

Sources of Information

LFC Files

Agency Analysis Received From
 Early Childhood Education and Care Department (ECECD)
 Children, Youth and Families Department

SUMMARY

Senate Bill 58 (SB58) expands ECECD childcare licensing and regulatory authority while removing external procurement oversight of the ECECD childcare spending by exempting childcare assistance from the procurement code.

SB58 amends the existing law governing childcare facility licensing. The bill strengthens regulatory oversight to the Early Childhood Education and Care Department (ECECD) and introduces new licensing requirements for childcare providers. Key provisions include licensing requirement expansion, mandating that licensing is mandatory for any childcare facility caring for more than four nonresident children but not required for providers caring for four or fewer nonresident children in a residence, although those providers may choose to register voluntarily with ECECD.

SB58 also expands the department’s authority to conduct inspections of childcare facilities and establish licensing criteria for health, safety, and operational standards. The bill provides compliance through penalties, sanctions, or other corrective actions.

FISCAL IMPLICATIONS

ECECD reports the department would assume any additional operating costs to implement this bill within the department’s existing resources.

SIGNIFICANT ISSUES

Competitive procurement is a gold standard by which governments ensure public funds are being put to good use. Competitive procurement, wherein the government solicits goods or services and then reviews and compares proposals from potential sellers, gives the state the information it needs to make informed choices to do business with those that offer the best quality, price, and value. Because of the value competitive procurement brings to the government, several reports from the New Mexico Office of the State Auditor, the LFC's Program Evaluation Unit, and the National Association of State Procurement Officials have highlighted the hazards of government reliance on exemptions from competitive procurement. By providing a new exemption to the Procurement Code, Senate Bill 58 introduces a hazard that the state could overspend on goods or services or that it will choose services without a full picture of the quality and value on offer.

According to census data, approximately 27 percent of children nationally receive care from a relative that is not their parent or a nonrelative. For children under 4, this number is greater, at 41 percent. While many of these caretakers may register with the state, those who choose not to may cease operating, possibly leading to a reduction in care options.

ECECD reports the bill clarifies the license-exempt and registered home process, allowing exempt providers to voluntarily register for childcare assistance and the food nutrition program. The department also believes the bill reduces administrative burdens by extending the licensure period from one to three years and mandates a tiered fee structure, ensuring family childcare homes pay lower fees than large centers.

ECECD also states the bill further updates the Prekindergarten Act, codifying educator qualification standards and prioritizing inclusion for children with disabilities. It eliminates barriers that currently prevent 3-year-olds in early childhood special education from participating in the PreK program.

Lastly, SB58 amends the Early Childhood Care Accountability Act to formally designate ECECD as the responsible agency, correcting an oversight that left this authority under CYFD. This change ensures consistency with the bill's primary transfer of licensing authority to the Children's Code.

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