

LFC Requester:	
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

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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 5, 2025 Check all that apply:
Bill Number: House Bill 196 Original Correction
Amendment Substitute

Sponsor: Rep. Joy Garratt Agency Name and Code Number: NMFA (385)
Short Title: Behavioral Health and Child Care Funding Person Writing: Ryan Decker
Phone: 505-629-2949 Email: rdecker@nmfa.net

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
-0-	(60,000)	Nonrecurring	General Fund
-0-	25,000	Nonrecurring	Behavioral Health Capital Fund
-0-	25,000	Nonrecurring	Primary Care Capital Fund
-0-	10,000	Nonrecurring	Child Care Facility Revolving Loan Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
-0-	-0-	-0-		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

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

Duplicates/Conflicts with/Companion to/Relates to: Senate Bill 175

Duplicates/Relates to Appropriation in the General Appropriation Act: House Bill 2 contains a special appropriation of \$10 million to the Child Care Revolving Loan Fund

SECTION III: NARRATIVE

BILL SUMMARY

Endorsed by the New Mexico Finance Authority (NMFA) Oversight Committee, House Bill 196 (HB 196) makes non-recurring appropriations from the state general fund to carry out the purposes of the Behavioral Health Capital Funding Act, the Primary Care Capital Funding Act, and the Child Care Facility Loan Act. HB196 appropriates \$25,000,000 to the Behavioral Health Capital Fund, \$25,000,000 to the Primary Care Capital Fund, and \$10,000,000 to the Child Care Facility Revolving Loan Fund. The appropriations are non-reverting.

FISCAL IMPLICATIONS

NMFA does not anticipate additional FTEs or increased budgetary needs to implement HB 196.

PERFORMANCE IMPLICATIONS

HB 196 funds three established programs at NMFA created by the Primary Care Act (in 1994), the Child Care Facility Act (in 2003), and the Behavioral Health Act (in 2004). These programs provide low-cost financing to eligible providers of primary care, behavioral health and childcare services in medically underserved communities and childcare deserts throughout the state. These programs have successfully improved access to critical services by financing construction, renovation, equipment and expansion of facilities. The Primary Care Capital Fund (“PCCF”) has financed twenty (20) projects in nine counties; the Behavioral Health Capital Fund (“BHCF”) has financed eight (8) projects in six counties; and the Child Care Revolving Loan Fund (“CCRLF”) has financed two (2) projects in two counties. In total, thirty (30) projects totaling \$18 million have been financed. Primary care and behavioral health centers utilizing these programs have treated over 350,000 patients over the course of 1.4 million visits. Approximately 80% of services rendered were in frontier or rural areas of the state.

Despite their success, these programs have lacked funding.

- The PCCF received an initial general fund appropriation of \$5 million in 1995 and a subsequent appropriation in of \$4 million in 2020, however a total of \$9.7 million has been reverted to the general fund for solvency for net funding of (\$700,000).
- The BHCF was capitalized by \$2.5 million in bonds issued by NMFA and has not received any additional infusions of capital.
- The CCRLF received an initial appropriation \$250,000 of federal funds, all of which was eventually reverted for solvency. House Bill 2 from the 2024 Legislature appropriated \$1.75 million to the fund.

HB 196 creates a significant opportunity for NMFA, together with its policy partners -- the Department of Health (“DOH”), the Health Care Authority (“HCA”) and the Early Childhood Education and Care Department (“ECECD”) -- to meet immediate demand for affordable financing to expand access to needed services. Despite no available funding, NMFA has received inquiries from eligible primary care and behavioral health providers regarding twelve projects with capital needs totaling \$23 million. Should HB 196 be enacted, NMFA and its policy partners

expect the programs to see significant additional demand once they are able to actively market the programs to potential borrowers.

ADMINISTRATIVE IMPLICATIONS

The three programs were created to respond to the need for these critical community service providers and have provided very low-cost funding for the acquisition, construction, renovation, and equipping of facilities. In 2023, SB 423 expanded the eligible use of all three funds to include operating capital. This addressed a critical capital need for new and established providers expanding their services. NMFA recently adopted rule and policy frameworks for the PCCF and BHCF to reflect changes implemented by SB 423. Similarly, the ECECD promulgated updated rules for the CCRLF. With governance frameworks for all three program funds now current, NMFA and its policy partners can act quickly to make the new funding available to potential borrowers.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 196 does not conflict, or duplicate, other behavioral health or primary care programs funded in House Bill 2. The PCCF and BHCF provide low-cost loans for working capital and facility projects to eligible non-profit and public providers. Primary care providers may be non-profit or public primary care clinics, hospices, school-based health centers, or telehealth sites operating in rural or healthcare underserved areas. Behavioral health providers may be non-profit or public providers primarily serving sick and indigent patients. In contrast to other behavioral health and healthcare funding administered by other state agencies, these two programs do not directly fund services. They make acquisition, renovation, and expansion projects affordable because they lower financing costs.

HB 196 duplicates a special appropriation of \$10 million to the CCRLF contained in House Bill.

Senate Bill 175 amends the CCRLF to allow for contracts for services, provide conditions, and expand uses of loans.

OTHER SUBSTANTIVE ISSUES

In recent years, the PCCF and BHCF have been used increasingly by non-profit providers to purchase and improve facilities as part of a cost-containment strategy. The favorable terms offered by the PCCF and BHCF have allowed providers to lower their facility costs and direct the savings to the expansion of services. Other state funding does not serve this purpose.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Behavioral health, primary care and childcare providers will continue to lack access to affordable financing to create or expand critical services to rural and medically underserved communities and child care deserts throughout the state. As a result, they cannot proceed with projects and expand their services.