

LFC Requester:	Kelly Klundt
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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 analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/29/2025 *Check all that apply:*
Bill Number: SB 175 Original Correction
 Amendment Substitute

Sponsor: <u>Heather Berghmans</u>	Agency Name and Code Number: <u>NMFA (385)</u>
Short Title: <u>Employer Child Care Programs</u>	Person Writing: <u>Marquita Russel</u>
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
None	None	N/A	N/A

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
None	None	None	N/A	N/A

(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	NFI	NFI	NFI	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 2, a \$10 million appropriation to the Child Care Revolving Loan Fund

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 175 amends the Child Care Facility Loan Act (“Act”) to expand eligible uses of loan proceeds from the Child Care Revolving Loan Fund (the “Fund”) to include (a) providers expanding child care programs, and (b) employers creating or expanding high-quality child care programs for their employees. SB 175 also allows the early childhood education and care department (“ECECD”) and the New Mexico Finance Authority (“NMFA”) to contract for services with providers and employers seeking to create or expand child care programs as reasonably adequate legal consideration for money from the Fund, subject to certain criteria. SB175 requires contracts for services must, within five years of disbursement of funds, be: (1) located in a designated child care desert; (2) serve at least fifty percent of children who are recipients of a child care assistance program expanded or created by the provider or employer; (3) have increased the number of children served by the provider or employer by ten percent; and (4) satisfied other qualifications as determined by the ECECD and NMFA.

PERFORMANCE IMPLICATIONS

Currently the Fund is limited to providing loans for health and safety improvements to existing facilities, including space expansion, in order to maintain an adequate and appropriate environment for their clients. SB 175 expands the use of the Fund to include loans for expansion of child care programs and creation and expansion of high-quality child care programs for an employer’s employees. This expanded scope will make loans from the Fund accessible to new providers as well as existing providers that are expanding child care services. This will result in improved access to child care for more children and families.

The inclusion of contracts for services will make loans from the Fund more affordable for child care providers, which will result in improved access to child care for more children and families located in child care deserts.

ADMINISTRATIVE IMPLICATIONS

Following the Legislature’s appropriation of \$1.75 million to the Fund in 2024, the NMFA and ECECD have collaborated to revise the rules and refresh its partnership in operating the Fund. These updates allow for any additional appropriation to be put to work immediately.

TECHNICAL ISSUES

The new language in Section 24-4-4 Subsection B includes the following language: “as reasonably adequate legal consideration from money from the fund”. NMFA recommends revising this language to “as reasonably adequate legal consideration *for* money from the fund”.

OTHER SUBSTANTIVE ISSUES

The Fund received its initial capitalization in 2005 with a \$250,000 appropriation of federal funds. Because the Act limits any single loan to 20%, the NMFA’s loans were capped at \$50,000 which funded modest expansions. Only one loan was made before the funds were reverted for solvency. In 2024, the legislature appropriated \$1.75 million appropriation, the first funding received in 20 years. Under the current capitalization, loans are capped at \$350,000, which prevents NMFA from meeting demand from child care providers seeking to establish new centers or from significant expansion.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Existing and new child care providers with potential to meet critical child care needs of working families throughout the state will not be able to access affordable financing to expand their services to more children and families.

AMENDMENTS

Delete appropriation language provided in Section 1A as the money is held by the NMFA. Beginning on page 2, line 5, insert a period after “revert” and delete the remaining portion of the sentence.

In Section 1B, page 2, line 19, between “consideration” and “money” replace “from” with “for.”