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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Garratt **ORIGINAL DATE** 2/11/2025

BILL

SHORT TITLE Behavioral Health & Child Care Funding **NUMBER** House Bill 196

ANALYST Hanika-Ortiz

APPROPRIATION*
(dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
\$0	\$60,000.0	Nonrecurring	General Fund
\$0	(\$25,000.0)	Nonrecurring	Behavioral Health Capital Fund
\$0	(\$25,000.0)	Nonrecurring	Primary Care Capital Fund
\$0	(\$10,000.0)	Nonrecurring	Child Care Facility Revolving Loan Fund

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

Duplicates a special appropriation in House Bill 2.

Sources of Information

LFC Files

Agency Analysis Received From
New Mexico Finance Authority (NMFA)
Department of Health (DOH)
Health Care Authority (HCA)

Agency Analysis was Solicited but Not Received From
Early Childhood Education and Care Department (ECECD)

SUMMARY

Synopsis of House Bill 196

House Bill 196 (HB196) makes three one-time appropriations from the general fund to the Department of Finance and Administration (DFA) for the following established programs and funds: 1) \$25 million to the Behavioral Health Capital Fund to carry out the purposes of the Behavioral Health Capital Funding Act; 2) \$25 million to the Primary Care Capital Fund to carry out the purposes of the Primary Care Capital Funding Act; and 3) \$10 million to the Childcare Facility Revolving Loan Fund to carry out the purposes of the Child Care Facility Loan Act.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$60 million in total for the three funds contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of any fiscal year shall not revert to the general fund.

The New Mexico Finance Authority (NMFA) reported that since inception, most attempts to capitalize these funds were reverted for solvency. In 2023, the Legislature expanded the use of the funds to include operating capital for providers to expand services. With this appropriation, NMFA expects additional demand from eligible providers from lowering their financing costs for working capital and facility projects.

The agencies responding did not say if program funds or interest earned in the short term can help cover administrative costs. If not, current agency operations could be impacted depending upon the number of applications that need to be reviewed, processed, and monitored. The Department of Health (DOH) and the Health Care Authority (HCA) suggested that additional staff and budget were needed. NMFA said it has sufficient resources.

SIGNIFICANT ISSUES

HB196 has been endorsed by the NMFA Oversight Committee. The agencies partnering to administer the programs from the appropriation in this bill are NMFA, DOH, HCA and the Early Childhood Education and Care Department (ECECD).

NMFA explained that HB196 funds three established programs created by the Primary Care Act, Child Care Facility Act, and Behavioral Health Act. These programs provide low-cost financing to eligible primary care, behavioral health, and childcare services providers in underserved communities of the state. The programs finance construction, renovation, equipment, and expansion of facilities to support these services. In total, 30 projects totaling \$18 million have been financed and 350 thousand people served, with 80 percent of services funded in frontier or rural areas.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill duplicates a \$10 million appropriation in HB2 to the Child Care Revolving Loan Fund.

This bill relates to Senate Bill 175 to expand the use of the Child Care Revolving Loan Fund.

OTHER SUBSTANTIVE ISSUES

DOH explained that rural and frontier communities face unique challenges related to their isolation. Contributing factors that add to these challenges include: 1) geographic isolation, which means long distances between residents and services; 2) socioeconomic factors, including higher rates of poverty, lower levels of education, and limited health care coverage and provider options; and 3) transportation barriers due to limited public transit options.