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AN ACT

RELATING TO PUBLIC FINANCE; INCREASING THE AMOUNT THAT IS ANNUALLY TRANSFERRED TO THE EARLY CHILDHOOD EDUCATION AND CARE PROGRAM FUND; PROVIDING FOR THE REVERSION OF UNEXPENDED AND UNENCUMBERED BALANCE IN THE PROGRAM FUND TO THE EARLY CHILDHOOD EDUCATION AND CARE FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 9-29A-1 NMSA 1978 (being Laws 2020, Chapter 3, Section 1, as amended) is amended to read:

"9-29A-1. EARLY CHILDHOOD EDUCATION AND CARE FUND.--

A. The "early childhood education and care fund" is created within the state treasury. The fund shall consist of distributions, appropriations, gifts, grants and donations. Income from investment of the fund shall be credited to the fund. Money in the fund shall be expended only as provided in this section.

B. The state investment officer, subject to the approval of the state investment council, shall invest money in the early childhood education and care fund:

(1) in accordance with the prudent investor rule set forth in the Uniform Prudent Investor Act; and

(2) in consultation with the state treasurer.

C. The state investment officer shall report

1 quarterly to the legislative finance committee and the state
2 investment council on the investments made pursuant to this
3 section. Annually, a report shall be submitted no later than
4 October 1 each year to the legislative finance committee, the
5 revenue stabilization and tax policy committee and any other
6 appropriate interim committees.

7 D. On July 1 of each year, a distribution shall be
8 made from the early childhood education and care fund to the
9 early childhood education and care program fund in an amount
10 equal to the greater of five percent of the average of the
11 year-end market values of the fund for the immediately
12 preceding three calendar years or two hundred fifty million
13 dollars (\$250,000,000).

14 E. In addition to the distribution pursuant to
15 Subsection D of this section, money in the early childhood
16 education and care fund may be expended in the event that
17 general fund balances, including all authorized revenues and
18 transfers to the general fund and balances in the general
19 fund operating reserve, the appropriation contingency fund,
20 the tobacco settlement permanent fund, the state-support
21 reserve fund and the tax stabilization reserve, will not meet
22 the level of appropriations authorized from the general fund
23 for a fiscal year. In that event, to avoid an
24 unconstitutional deficit, the legislature may appropriate
25 from the early childhood education and care fund to the

1 general fund only in the amount necessary to meet general
2 fund appropriations for that fiscal year and only if the
3 legislature has authorized transfers from the appropriation
4 contingency fund, the general fund operating reserve, the tax
5 stabilization reserve and the tobacco settlement permanent
6 fund that exhaust those fund balances."

7 SECTION 2. Section 9-29A-2 NMSA 1978 (being Laws 2020,
8 Chapter 3, Section 2) is amended to read:

9 "9-29A-2. EARLY CHILDHOOD EDUCATION AND CARE PROGRAM
10 FUND.--The "early childhood education and care program fund"
11 is created in the state treasury. The fund consists of
12 distributions, appropriations, gifts, grants, donations and
13 income from investment of the fund. The early childhood
14 education and care department shall administer the fund.
15 Money in the fund is subject to appropriation by the
16 legislature for early childhood education and care services
17 and programs. Expenditures from the fund shall be by warrant
18 of the secretary of finance and administration pursuant to
19 vouchers signed by the secretary of early childhood education
20 and care or the secretary's authorized representative. Any
21 unexpended or unencumbered balance in the fund at the end of
22 a fiscal year shall revert to the early childhood education
23 and care fund."

24 SECTION 3. EFFECTIVE DATE.--The effective date of the
25 provisions of this act is July 1, 2024. _____