

LFC Requester:

Kelly Klundt

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://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:** 3/13/2025 *Check all that apply:***Bill Number:** HB71 Original Correction
Amendment X Substitute

Sponsor: Representatives Doreen Gallegos and Wonda Johnson **Agency Name and Code Number:** ECECD
Person Writing Analysis: Elizabeth Groginsky

Short Title: Early Childhood Ed & Care Fund Transfers **Phone:** 505.231.29 97 **Email:** Elizabeth.Groginsky@cecd.nm.gov

SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
Original: \$250,000.0	Original: \$500,000.0	Original: Recurring	Original: ECTF
Original: \$250,000.0	Amendment: \$400,000.0	Recurring	ECTF

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
Original: \$250,000.0	Amended \$400,000.0	\$401,800.0	Original: Recurring	Original: ECTF

(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						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Amendment:

The amendment to HB71 changes the increase to the distribution amount from an amount equal to the greater of five percent of the average year-end market values of the fund for the immediately preceding three calendar years or five hundred million dollars (\$500,000,000) to an amount equal to the greater of five percent of the average year-end market values of the fund for the immediately preceding three calendar years or four hundred million dollars (\$400,000,000).

Original:

HB71 would change the distribution amount from the early childhood education and care fund to the early education and care program fund to an amount equal to the greater of five percent of the average year-end market values of the fund for the immediately preceding three calendar years or five hundred million dollars (\$500,000,000).

FISCAL IMPLICATIONS

Amendment:

The changes made to HB71 increases the FY26 ECECF distribution to the Early Childhood Education and Care Program Fund from an estimated \$298.92 million to \$400.0 million. The decrease in funding will impact the department's ability to improve the wages of early childhood professionals and support families with infants and toddlers with child care assistance. (See table below. Source: December 2024, Consensus Revenue Forecast.)

Original:

The changes made to HB71 positively impact the Early Childhood Education and Care Department (ECECD) as the bill increases the FY26 ECECF distribution to the Early Childhood Education and Care Program Fund from an estimated \$298.92 million to \$500.0 million. (See table below. Source: December 2024, Consensus Revenue Forecast.)

Early Childhood Trust Fund Forecast - December 2024									
(in millions)									
Calendar Year	2021	2022	2023	2024	2025	2026	2027	2028	2029
	Actual	Actual	Actual	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
Beginning Balance	\$300.0	\$314.1	\$3,462.0	\$5,721.2	\$8,752.0	\$9,636.1	\$10,581.8	\$11,198.0	\$11,678.0
Gains & Losses	\$34.1	(\$6.4)	\$336.1	\$286.1	\$437.6	\$481.8	\$529.1	\$559.9	\$583.9
Excess Federal Mineral Leasing	\$0.0	\$1,501.5	\$2,073.0	\$1,179.8	\$745.4	\$483.1	\$287.6	\$251.4	\$319.9
Excess OGAS School Tax*	\$0.0	\$1,682.80	\$0.0	\$1,815.0	\$0.0	\$382.6	\$282.3	\$192.3	\$218.2
Distribution to ECE Program Fund	(\$20.0)	(\$30.0)	(\$150.0)	(\$250.0)	(\$298.9)	(\$401.8)	(\$482.8)	(\$523.6)	(\$557.6)
Ending Balance	\$314.1	\$3,462.0	\$5,721.2	\$8,752.0	\$9,636.1	\$10,581.8	\$11,198.0	\$11,678.0	\$12,242.3
*Excess OGAS School Tax distributed to Early Childhood Trust Fund if general fund reserves are at least 25% throughout forecast period, and distributions occur for prior fiscal year in January of the following calendar year.									
Note: Investment return assumed at 4% and distributions occur on July 1, based on previous calendar year-ending balance.									
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Distribution to ECE Program Fund	\$0.00	\$20.00	\$30.00	\$150.00	\$250.00	\$298.92	\$401.82	\$482.83	\$523.60

The increased distribution will provide funding for the prenatal to five early childhood services New Mexico families and children need in FY26. The additional distribution of the ECTF is included in the Governor’s budget.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

Amendment: The reduced funding will impact the ability of the department to enhance the wages of early childhood professionals and expand access to services for families with infants and toddlers who need child care.

Original:

HB71 would increase the distribution from the Early Childhood Education and Care Fund which will support ECECD in achieving its mission to: “Optimize the health, development, education, and well-being of babies, toddlers and preschoolers through a family driven, equitable, community-based system of high quality pre-natal and early childhood programs and services.”

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Amendment:

If HB71 is not enacted, the FY26 distribution to the Early Childhood Education and Care Program Fund will remain at the estimated \$298.92 million instead of \$400 million, a negative impact of \$101.08 million to ECECD’s FY26 budget and significantly limit the amount of families and children impacted by the budget.

Original:

If HB71 is not enacted, the FY26 distribution to the Early Childhood Education and Care Program Fund will remain at the estimated \$298.92 million instead of \$500 million, a negative impact of \$201.08 million to ECECD's FY26 budget and significantly limit the amount of families and children impacted by the budget.

AMENDMENTS