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FISCAL IMPACT REPORT

BILL NUMBER: CS/Senate Bill 241/SFCS/a SFI#1/aHAFC

SHORT TITLE: Child Care Assistance Program Act

SPONSOR: Senate Finance Committee

LAST ORIGINAL
UPDATE: 2/17/26 **DATE:** 2/3/26 **ANALYST:** Klundt/Torres

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$160,000.0	\$267,000.0	\$427,000.0	Recurring	General Fund

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

REVENUE* (dollars in thousands)

Type	FY26	FY27	FY28	FY29	FY30	Recurring or Nonrecurring	Fund Affected
Interest Earnings	(\$24,000) to (\$53,000)	(\$50,000) to (\$59,000)	(\$52,000) to (\$64,000)	(\$54,000) to (\$70,000)	(\$55,000) to (\$100,000)	Recurring	Early Childhood Trust Fund
Trust Fund Regular Distributions	\$0	(\$1,000) to (\$12,000)	(\$3,000) to (\$25,000)	(\$6,000) to (\$38,000)	(\$9,000) to (\$39,000)	Recurring	Early Childhood Education and Care Program Fund

Parentheses indicate revenue decreases.
 *Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26 to FY31	Recurring or Nonrecurring	Fund Affected
	Up to \$700,000.0 total	Nonrecurring	Early Childhood Education and Care Program Fund
Total	Up to (\$700,000.0) total	Nonrecurring	Early Childhood Trust Fund

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

Relates to the House Appropriations and Finance Committee Substitute for House Bills 2 and 3 (General Appropriation Act)

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Early Childhood Education and Care Department (ECECD)

State Investment Council (SIC)

SUMMARY

Synopsis of HAFc Amendment to the SFC Substitute for Senate Bill 241

The House Appropriations and Finance Committee (HAFc) amendment to the Senate Finance Committee (SFC) substitute for Senate Bill 241 (SB241) reduces the maximum additional appropriation from early childhood education and care fund. The amendment strikes the previous \$1 billion and replaces it with \$700 million.

The amendment also establishes new reporting requirements for the Early Childhood Education and Care Department (ECECD) regarding waiting list implementation. The department would be required to report biannually to the Legislative Finance Committee (LFC) and the Legislative Health and Human Services Committee (LHHS). These reports must include data on children added to or moved off the waiting list, redacted demographic information, such as family income levels relative to the federal poverty level, and specific at-risk factors.

Furthermore, the amendment introduces administrative oversight regarding provider payments and fund usage. It mandates that payments to childcare facilities account for staff roles and levels within the department's wage scale and career ladder framework. The amendment also adds a non-supplanting provision to the Children's Code, stipulating that funds received through the Childcare Assistance Program cannot replace funds from the state equalization guarantee distribution to the public school or other general instructional funding.

Synopsis of Senate Floor Amendment for Senate Bill 241

Senate floor amendment #1 strikes "is eligible for" on page 15 line 23. The amendment is in reference to prioritization of enrollment in prekindergarten.

Synopsis of SFC Substitute for Senate Bill 241

The Senate Finance Committee (SFC) substitute for Senate Bill 241 (SB241) creates the Child Care Assistance Program Act, which codifies the Childcare Assistance Program administered by the Early Childhood Education and Care Department (ECECD) in statute. It provides temporary funding for the Childcare Assistance Program by authorizing a transfer from the early childhood education and care fund for implementation of the expansion to universal childcare during the initial rollout period. The amendment does not change the underlying base funding structure for existing early childhood trust fund investment; it allows transfers up to \$1 billion to be used to near-term for expenditures associated with expanded eligibility. The amendment also makes technical and administrative updates to eligibility and reporting provisions.

SB241 establishes program eligibility and application requirements for children and parents or legal guardians, including residency and activity requirements, such as employment, education, training, or other qualifying circumstances, and sets limitations on eligibility for certain hours of care when children are enrolled in Head Start, Early Head Start, prekindergarten, or early pre-kindergarten. The bill authorizes ECECD to require co-payments or implement waiting lists when specified economic or enrollment triggers are met, limits co-payments to families with

incomes above 600 percent of the federal poverty level (FPL), and prioritizes children with disabilities or developmental delays and other at-risk children for care when waiting lists are used, with federal funds required to be expended prior to state funds.

SB241 establishes a framework for payment rates for participating childcare providers, requiring rates to be set by rule, based on a cost estimation model, tiered by quality, supportive of adequate workforce compensation, and inclusive of different facility types, care durations, child age groups, and nontraditional hours, with stakeholder input.

The bill also sets participation and oversight requirements for childcare facilities, including prohibitions on charging families beyond the state-paid rate, requirements to refer and support at-risk children and early intervention services, professional development and reporting requirements, and restrictions on duplicative billing for hours covered by other publicly funded early childhood programs. ECECD is directed to implement internal controls, conduct unannounced compliance visits, investigate and refer suspected misuse of funds, facilitate interagency data sharing, and report annually to the Legislature on program costs, participation, and outcomes.

FISCAL IMPLICATIONS

The HAFC amendment for SB241 authorizes transfers of up to \$700 million from the early childhood education and care fund to support near-term expenditures associated with expanded eligibility but does not establish a new recurring revenue source aligned with the projected ongoing costs of the program, leaving longer-term funding as a future recurring revenue liability. Based on current utilization trends and expenditure projections, the incremental funding gap required to sustain the expansion beyond existing base funding is estimated to be in the range of approximately \$340 million to \$400 million annually by the close of FY29. Absent additional recurring revenue, projected distributions from the fund are not expected to be sufficient to support the program on a recurring basis beyond the temporary transfer authority.

SIC reports:

For the purpose of this analysis, SIC staff focus on the fiscal impact to the early childhood trust fund, which the council manages, and its distributions to the program fund.

The balance of the trust fund was \$10.992 billion as of December 31, 2025. Under current law, the trust fund makes annual distributions to the program fund equal to the greater of \$500 million or 5 percent of the trust fund's three-year average market value.

Under this bill, the Legislature could make an additional appropriation of up to a total of \$700 million (*HAFC amendment*) directly from the corpus of the trust fund at any time between fiscal years 2026 and 2031, provided that the distribution would not reduce the total value of the trust fund below \$10 billion.

Because the exact size and timing of the additional appropriation(s) is unknown, the council would need to manage the trust fund such that sufficient liquidity is available to accommodate the total appropriation authority.

To estimate the potential fiscal impact, we consider three scenarios that illustrate a reasonable potential range of outcomes:

- Scenario 1: In this scenario we assume immediate withdrawal of the full \$700 million by June 30, 2026. Because the full withdrawal is exercised immediately, this assumption requires no change in the trust fund's long-term target asset allocation but would require the council to maintain at least \$700 million in highly liquid, lower-returning assets through the end of FY26 to accommodate the withdrawal.
- Scenario 2: In this scenario we assume the uncertainty on timing of the appropriation(s) leads the council to adjust the trust fund's target asset allocation to increase fund liquidity such that the appropriation could be made at any time before FY31. This asset allocation adjustment would reduce the trust fund's interest earning potential relative to other less liquid, higher yielding assets. Then we assume the full \$700 million is appropriated from the corpus in FY31.
- Scenario 3: In this scenario we similarly assume the uncertainty on the timing of the appropriation(s) leads the council to adjust the trust fund's target asset allocation to increase fund liquidity to accommodate the potential for the appropriation, but no additional appropriation occurs. This scenario provides a sense of the opportunity cost of additional fund liquidity even if the additional appropriation authority is never exercised.

The tables on page 1 reflect the differences in estimated interest earnings for the trust fund and regular program fund distributions that occurs from authorizing additional withdrawals directly from the corpus of the trust fund. Tables illustrating the longer-term estimates for each scenario are available in the appendix.

In all scenarios, there is a trade-off in which authorizing a \$700 million appropriation directly from the corpus would reduce the size of the trust fund's regular distributions program fund, an outcome that policymakers may be willing to accept in exchange for the option to increase funding from the corpus to support future program needs.

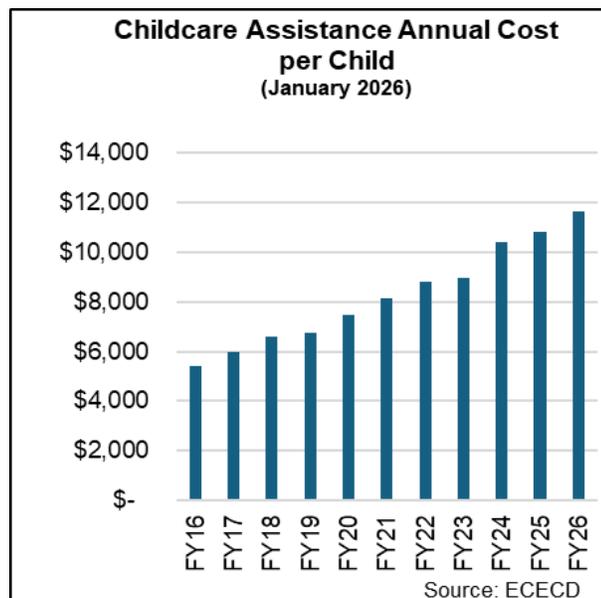
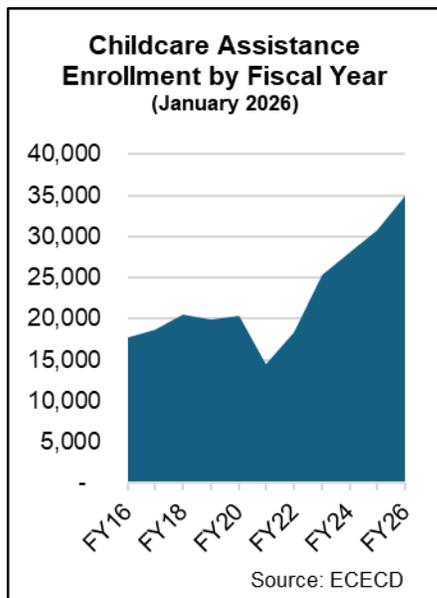
The key consideration in all scenarios is uncertainty. Because the council is unable to plan on the timing of the withdrawal, excess liquidity would need to be maintained to accommodate the potential for the full amount to be funded at any given time, regardless of whether that authority is ultimately exercised.

SIGNIFICANT ISSUES

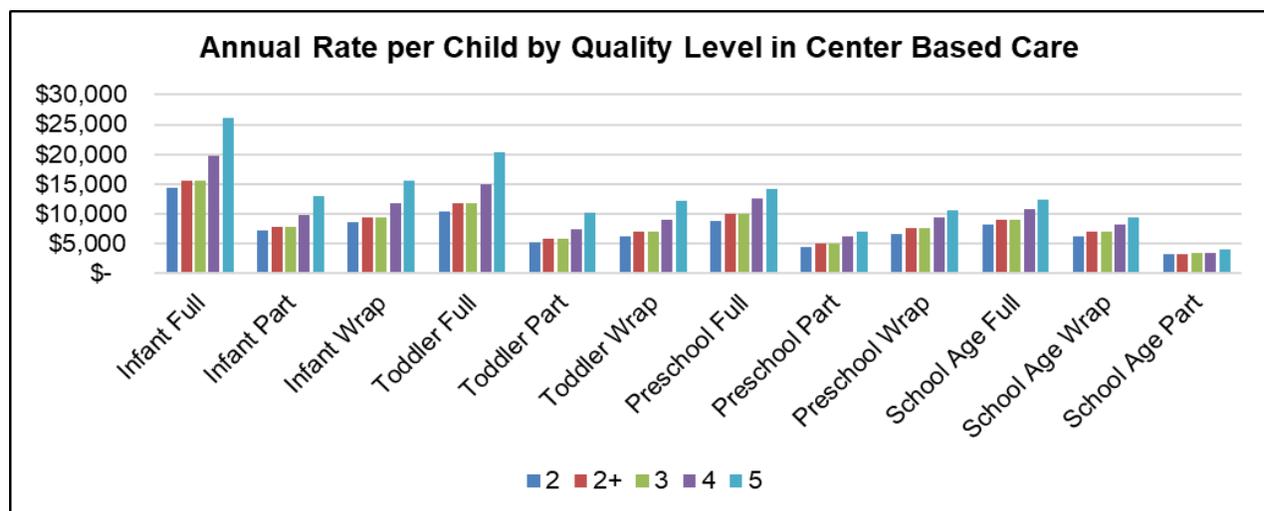
Previous LFC evaluations have shown childcare assistance improves some economic and health outcomes for children and families. Created as an economic support program for families in 1990 when Congress enacted the childcare and development block grant, the program helps families participate in the workforce while reducing the cost for childcare.

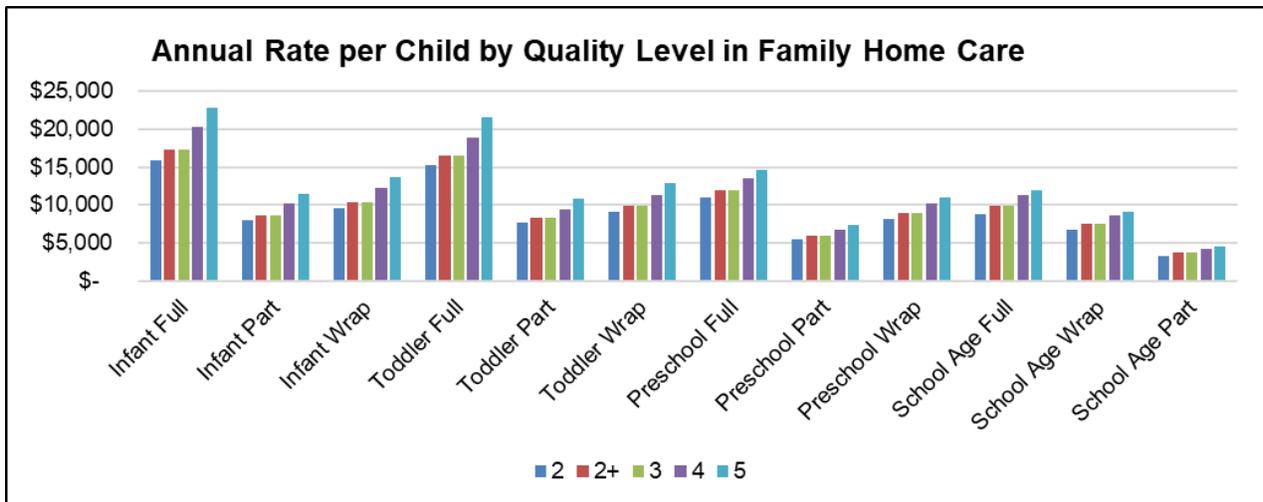
Historically childcare assistance provided an opportunity for low-income families to work or go to school by paying a voucher to childcare providers. However, because the department removed income eligibility requirements in fall 2025, the program now supports higher income families as

well. In FY25, New Mexico was funded to serve over 32 thousand children and ECECD estimated to program will grow to serve 58 thousand by FY29. New Mexico continues to have higher maximum reimbursement rates than the majority of states. A 2019 LFC evaluation found New Mexico was paying more for care than the federally recommended 75 percent of the market rate and had rates higher than 80 percent of states. At the close of FY25, the average annual cost per child rose to \$10,813, or 4 percent above the previous fiscal year. As of January 2026, the average annual cost per child rose to \$11,652. This cost is expected to continue to rise with ECECD’s recently approved new rate schedule.



Sample tables of annual Childcare Assistance rates per child:





Source: ECECD

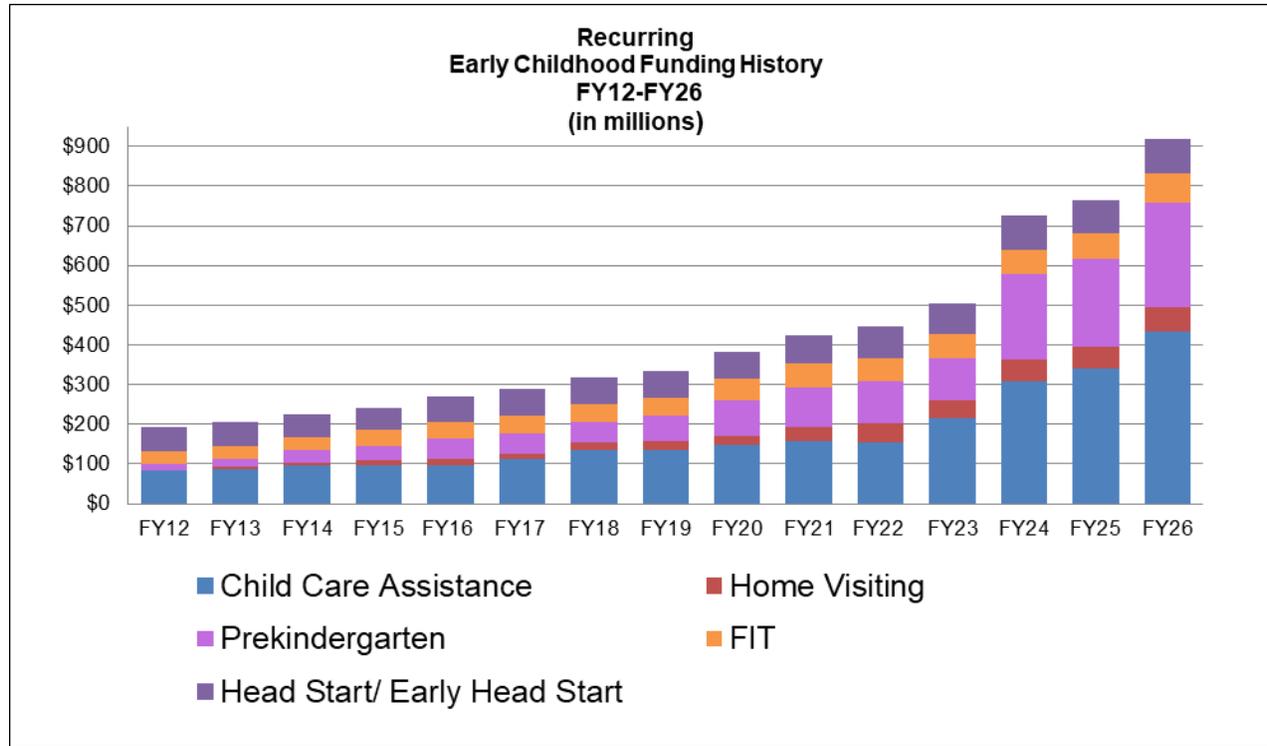
The 2025 fall expansion announced by ECECD allowed families with incomes above 400 percent of FPL to receive free childcare assistance. Sample table of incomes for expansion families now eligible highlighted in yellow:

2026 Federal Poverty Levels									
Household Size	100%	200%	300%	400%	500%	600%	700%	800%	900%
1	\$ 15,960	\$ 31,920	\$ 47,880	\$ 63,840	\$ 79,800	\$ 95,760	\$ 111,720	\$ 127,680	\$ 143,640
2	\$ 21,640	\$ 43,280	\$ 64,920	\$ 86,560	\$ 108,200	\$ 129,840	\$ 151,480	\$ 173,120	\$ 194,760
3	\$ 27,320	\$ 54,640	\$ 81,960	\$ 109,280	\$ 136,600	\$ 163,920	\$ 191,240	\$ 218,560	\$ 245,880
4	\$ 33,000	\$ 66,000	\$ 99,000	\$ 132,000	\$ 165,000	\$ 198,000	\$ 231,000	\$ 264,000	\$ 297,000
5	\$ 38,680	\$ 77,360	\$ 116,040	\$ 154,720	\$ 193,400	\$ 232,080	\$ 270,760	\$ 309,440	\$ 348,120
6	\$ 44,360	\$ 88,720	\$ 133,080	\$ 177,440	\$ 221,800	\$ 266,160	\$ 310,520	\$ 354,880	\$ 399,240

Source: U.S. HHS

According to ECECD, since eligibility expansion was announced, 62.5 percent of new families enrolled had incomes above 400 percent of FPL.

ECECD states the bill codifies requirements currently set in rule and provides statutory protections and guardrails for program administration. The department believes this bill strengthens accountability through internal controls, unannounced visits, compliance reviews, and reporting, while supporting parental choice through a mixed delivery system of public, private, nonprofit, for-profit, and faith-based providers. ECECD also reported SB241 supports child development and family workforce participation and contributes to broader economic and workforce stability by providing a more stable operating environment for the childcare sector.



PERFORMANCE IMPLICATIONS

SIC reports:

The trust fund received \$1.2 billion in excess oil and gas revenues between August and December of 2025, and SIC is currently working to invest those dollars pursuant to the Council’s approved asset allocation. Should this bill pass, SIC would likely seek to maintain most of those dollars in highly-liquid (lower-returning) assets to accommodate the potential for a \$700 million appropriation to occur at some unknown time until the end of FY31. This would reduce the return potential of the trust fund, which would ultimately reduce expected regular distributions to the program fund.

For example, the early childhood trust fund’s long-term estimated annual compound return was 6.85 percent as of our 2025 asset allocation study. That same study estimated the long-term return potential of the capital development and reserve fund (CDRF) and the Medicaid trust fund (MTF) at 6.36 percent—these funds have similar authority to withdraw unspecified amounts from the corpus of the fund at any given time, requiring a higher asset allocation to highly liquid and normally lower-returning assets.

The lower return expectations in scenarios 2 and 3 of this analysis demonstrate the effect of a 6.36 percent return assumption through FY31, versus the 6.85 percent return assumption under the current asset allocation. As demonstrated in the appendix table for scenario 3, this lower return expectation for those few years could cost the fund over \$700 million in lost compound interest earnings through FY50 and reduce cumulative distributions to the program fund by \$450 million over that same period, even without a direct appropriation from the corpus ever occurring.

Policymakers will need to weigh the trade-off between the benefit of the additional appropriation authority and the long-term impact on the trust fund. In any case, the Council will continue to manage the trust fund in accordance with the Uniform Prudent Investor Act, as it does all funds, seeking to ethically optimize risk-adjusted returns and grow the fund over time.

TECHNICAL ISSUES

SIC reports:

Section 1(E) of the substitute bill as amended by HAFC reads: “*In fiscal years 2026 through 2031, the legislature may appropriate up to a total of seven hundred million dollars (\$700,000,000) from the early childhood education and care fund...*”. Staff assume the intent is to withdraw no more than \$700 million in total across all 6 fiscal years; however, the language could also be interpreted to read such that up to a total of \$700 million could be withdrawn *each* fiscal year. Presumably, the bill’s further clarification that such withdrawals cannot reduce the trust fund’s balance below \$10 billion would restrict the use of a more lenient interpretation of the language. However, clarification may be warranted.

Under current law, the unspent and unencumbered balances of the program fund revert to the trust fund at the end of each fiscal year, which would continue to be the case if the legislature authorized additional appropriations to the program fund pursuant to this bill’s provision. Theoretically, if the full \$700 million were appropriated to the program fund in FY26, and those funds were not spent in FY26, the full amount could revert to the trust fund and the legislature would be unable to make additional appropriations from the corpus pursuant to this provision.

Attachment 1: SIC Scenario 1

Attachment 2: SIC Scenario 2

Attachment 3: SIC Scenario 3

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Attachment 1: SIC Scenario 1

Calendar Year	Early Childhood Education and Care Trust Fund (ECECF) - Scenario 1 (\$700M withdrawal in FY26)													
	Ending Balance			Interest Earnings			Program Fund Regular Distributions			Diff				
	Current	HB176	Diff	Current	HB176	Diff	Current	HB176	Diff	Current	HB176	Diff		
2025	\$ 10,993	\$ 10,993	\$ -	\$ 1,235	\$ 1,235	\$ -	\$ 500	\$ 500	\$ -	\$ 500	\$ 500	\$ -		
2026	\$ 11,392	\$ 10,668	\$ (724)	\$ 754	\$ 730	\$ (24)	\$ 500	\$ 500	\$ -	\$ 500	\$ 500	\$ -		
2027	\$ 11,718	\$ 10,956	\$ (761)	\$ 780	\$ 731	\$ (50)	\$ 523	\$ 511	\$ (12)	\$ 523	\$ 511	\$ (12)		
2028	\$ 12,128	\$ 11,339	\$ (789)	\$ 803	\$ 751	\$ (52)	\$ 568	\$ 544	\$ (25)	\$ 568	\$ 544	\$ (25)		
2029	\$ 12,883	\$ 12,078	\$ (805)	\$ 835	\$ 781	\$ (54)	\$ 587	\$ 549	\$ (38)	\$ 587	\$ 549	\$ (38)		
2030	\$ 13,655	\$ 12,835	\$ (821)	\$ 887	\$ 832	\$ (55)	\$ 612	\$ 573	\$ (39)	\$ 612	\$ 573	\$ (39)		
2031	\$ 14,241	\$ 13,404	\$ (837)	\$ 938	\$ 882	\$ (56)	\$ 644	\$ 604	\$ (40)	\$ 644	\$ 604	\$ (40)		
2032	\$ 14,622	\$ 13,769	\$ (853)	\$ 976	\$ 919	\$ (57)	\$ 680	\$ 639	\$ (41)	\$ 680	\$ 639	\$ (41)		
2033	\$ 14,914	\$ 14,045	\$ (870)	\$ 1,001	\$ 943	\$ (58)	\$ 709	\$ 667	\$ (42)	\$ 709	\$ 667	\$ (42)		
2034	\$ 15,206	\$ 14,319	\$ (886)	\$ 1,021	\$ 961	\$ (60)	\$ 730	\$ 687	\$ (43)	\$ 730	\$ 687	\$ (43)		
2035	\$ 15,512	\$ 14,608	\$ (904)	\$ 1,041	\$ 980	\$ (61)	\$ 746	\$ 702	\$ (43)	\$ 746	\$ 702	\$ (43)		
2036	\$ 15,857	\$ 14,936	\$ (921)	\$ 1,062	\$ 1,000	\$ (62)	\$ 761	\$ 716	\$ (44)	\$ 761	\$ 716	\$ (44)		
2037	\$ 16,175	\$ 15,236	\$ (939)	\$ 1,086	\$ 1,023	\$ (63)	\$ 776	\$ 731	\$ (45)	\$ 776	\$ 731	\$ (45)		
2038	\$ 16,504	\$ 15,547	\$ (957)	\$ 1,107	\$ 1,043	\$ (64)	\$ 792	\$ 746	\$ (46)	\$ 792	\$ 746	\$ (46)		
2039	\$ 16,838	\$ 15,862	\$ (976)	\$ 1,130	\$ 1,064	\$ (66)	\$ 809	\$ 762	\$ (47)	\$ 809	\$ 762	\$ (47)		
2040	\$ 17,200	\$ 16,206	\$ (995)	\$ 1,153	\$ 1,086	\$ (67)	\$ 825	\$ 777	\$ (48)	\$ 825	\$ 777	\$ (48)		
2041	\$ 17,602	\$ 16,588	\$ (1,014)	\$ 1,178	\$ 1,110	\$ (68)	\$ 842	\$ 794	\$ (49)	\$ 842	\$ 794	\$ (49)		
2042	\$ 18,068	\$ 17,034	\$ (1,034)	\$ 1,206	\$ 1,137	\$ (69)	\$ 861	\$ 811	\$ (50)	\$ 861	\$ 811	\$ (50)		
2043	\$ 18,601	\$ 17,548	\$ (1,054)	\$ 1,238	\$ 1,168	\$ (71)	\$ 881	\$ 830	\$ (51)	\$ 881	\$ 830	\$ (51)		
2044	\$ 19,229	\$ 18,155	\$ (1,074)	\$ 1,276	\$ 1,204	\$ (72)	\$ 905	\$ 853	\$ (52)	\$ 905	\$ 853	\$ (52)		
2045	\$ 19,940	\$ 18,844	\$ (1,095)	\$ 1,319	\$ 1,246	\$ (74)	\$ 932	\$ 879	\$ (53)	\$ 932	\$ 879	\$ (53)		
2046	\$ 20,750	\$ 19,634	\$ (1,116)	\$ 1,369	\$ 1,294	\$ (75)	\$ 963	\$ 909	\$ (54)	\$ 963	\$ 909	\$ (54)		
2047	\$ 21,671	\$ 20,533	\$ (1,138)	\$ 1,425	\$ 1,349	\$ (76)	\$ 999	\$ 944	\$ (55)	\$ 999	\$ 944	\$ (55)		
2048	\$ 22,714	\$ 21,554	\$ (1,160)	\$ 1,489	\$ 1,411	\$ (78)	\$ 1,039	\$ 984	\$ (56)	\$ 1,039	\$ 984	\$ (56)		
2049	\$ 23,803	\$ 22,621	\$ (1,183)	\$ 1,561	\$ 1,481	\$ (79)	\$ 1,086	\$ 1,029	\$ (57)	\$ 1,086	\$ 1,029	\$ (57)		
2050	\$ 24,859	\$ 23,653	\$ (1,205)	\$ 1,635	\$ 1,554	\$ (81)	\$ 1,136	\$ 1,078	\$ (58)	\$ 1,136	\$ 1,078	\$ (58)		
	Cumulative Total:						\$ (1,592)	Cumulative Total:						\$ (1,086)

Key assumptions: Maintaining at least \$700 million in highly-liquid assets through the end of FY26; full \$1 billion withdrawal by June 30 2026; no other change to fund’s target asset allocation; estimated annual compound return of 6.85%; inflows of excess oil and gas revenues according to the December 2025 consensus revenue estimate and September 2025 long-term consensus revenue estimate (which helps offset lost earnings potential due to corpus withdrawal).

Attachment 2: SIC Scenario 2

Calendar Year	Early Childhood Education and Care Trust Fund (ECECF) - Scenario 2 (\$700M withdrawal in FY31 & lower expected returns)											
	Ending Balance			Interest Earnings			Program Fund Regular Distributions			Diff		
	Current	HB176	Diff	Current	HB176	Diff	Current	HB176	Diff	Current	HB176	Diff
2025	\$ 10,993	\$ 10,993	\$ -	\$ 1,235	\$ 1,235	\$ -	\$ 500	\$ 500	\$ -	\$ 500	\$ 500	\$ -
2026	\$ 11,392	\$ 11,339	\$ (53)	\$ 754	\$ 701	\$ (53)	\$ 500	\$ 500	\$ -	\$ 500	\$ 500	\$ -
2027	\$ 11,718	\$ 11,607	\$ (111)	\$ 780	\$ 722	\$ (59)	\$ 523	\$ 522	\$ (1)	\$ 522	\$ 522	\$ (1)
2028	\$ 12,128	\$ 11,956	\$ (172)	\$ 803	\$ 740	\$ (64)	\$ 568	\$ 566	\$ (3)	\$ 566	\$ 566	\$ (3)
2029	\$ 12,883	\$ 12,647	\$ (236)	\$ 835	\$ 765	\$ (70)	\$ 587	\$ 582	\$ (6)	\$ 582	\$ 582	\$ (6)
2030	\$ 13,655	\$ 12,628	\$ (1,028)	\$ 887	\$ 787	\$ (100)	\$ 612	\$ 603	\$ (9)	\$ 603	\$ 603	\$ (9)
2031	\$ 14,241	\$ 13,167	\$ (1,074)	\$ 938	\$ 868	\$ (70)	\$ 644	\$ 621	\$ (24)	\$ 621	\$ 621	\$ (24)
2032	\$ 14,622	\$ 13,513	\$ (1,109)	\$ 976	\$ 903	\$ (74)	\$ 680	\$ 641	\$ (39)	\$ 641	\$ 641	\$ (39)
2033	\$ 14,914	\$ 13,783	\$ (1,131)	\$ 1,001	\$ 925	\$ (76)	\$ 709	\$ 655	\$ (54)	\$ 655	\$ 655	\$ (54)
2034	\$ 15,206	\$ 14,052	\$ (1,153)	\$ 1,021	\$ 944	\$ (77)	\$ 730	\$ 674	\$ (55)	\$ 674	\$ 674	\$ (55)
2035	\$ 15,512	\$ 14,336	\$ (1,176)	\$ 1,041	\$ 962	\$ (79)	\$ 746	\$ 689	\$ (57)	\$ 689	\$ 689	\$ (57)
2036	\$ 15,857	\$ 14,659	\$ (1,198)	\$ 1,062	\$ 982	\$ (80)	\$ 761	\$ 703	\$ (58)	\$ 703	\$ 703	\$ (58)
2037	\$ 16,175	\$ 14,953	\$ (1,222)	\$ 1,086	\$ 1,004	\$ (82)	\$ 776	\$ 717	\$ (59)	\$ 717	\$ 717	\$ (59)
2038	\$ 16,504	\$ 15,259	\$ (1,245)	\$ 1,107	\$ 1,024	\$ (84)	\$ 792	\$ 732	\$ (60)	\$ 732	\$ 732	\$ (60)
2039	\$ 16,838	\$ 15,568	\$ (1,270)	\$ 1,130	\$ 1,045	\$ (85)	\$ 809	\$ 748	\$ (61)	\$ 748	\$ 748	\$ (61)
2040	\$ 17,200	\$ 15,906	\$ (1,294)	\$ 1,153	\$ 1,066	\$ (87)	\$ 825	\$ 763	\$ (62)	\$ 763	\$ 763	\$ (62)
2041	\$ 17,602	\$ 16,283	\$ (1,319)	\$ 1,178	\$ 1,089	\$ (89)	\$ 842	\$ 779	\$ (63)	\$ 779	\$ 779	\$ (63)
2042	\$ 18,068	\$ 16,723	\$ (1,345)	\$ 1,206	\$ 1,116	\$ (90)	\$ 861	\$ 796	\$ (65)	\$ 796	\$ 796	\$ (65)
2043	\$ 18,601	\$ 17,230	\$ (1,371)	\$ 1,238	\$ 1,146	\$ (92)	\$ 881	\$ 815	\$ (66)	\$ 815	\$ 815	\$ (66)
2044	\$ 19,229	\$ 17,832	\$ (1,398)	\$ 1,276	\$ 1,182	\$ (94)	\$ 905	\$ 837	\$ (67)	\$ 837	\$ 837	\$ (67)
2045	\$ 19,940	\$ 18,515	\$ (1,425)	\$ 1,319	\$ 1,224	\$ (96)	\$ 932	\$ 863	\$ (69)	\$ 863	\$ 863	\$ (69)
2046	\$ 20,750	\$ 19,298	\$ (1,452)	\$ 1,369	\$ 1,271	\$ (98)	\$ 963	\$ 893	\$ (70)	\$ 893	\$ 893	\$ (70)
2047	\$ 21,671	\$ 20,190	\$ (1,481)	\$ 1,425	\$ 1,326	\$ (99)	\$ 999	\$ 927	\$ (71)	\$ 927	\$ 927	\$ (71)
2048	\$ 22,714	\$ 21,205	\$ (1,509)	\$ 1,489	\$ 1,388	\$ (101)	\$ 1,039	\$ 967	\$ (73)	\$ 967	\$ 967	\$ (73)
2049	\$ 23,803	\$ 22,265	\$ (1,539)	\$ 1,561	\$ 1,457	\$ (103)	\$ 1,086	\$ 1,012	\$ (74)	\$ 1,012	\$ 1,012	\$ (74)
2050	\$ 24,859	\$ 23,290	\$ (1,568)	\$ 1,635	\$ 1,529	\$ (105)	\$ 1,136	\$ 1,061	\$ (75)	\$ 1,061	\$ 1,061	\$ (75)
				Cumulative Total:		\$ (2,107)		Cumulative Total:			\$ (1,239)	

Key assumptions: Asset allocation adjustment to maintain higher liquidity in the fund; estimated annual compound return of 6.36% (similar to CDRF & MTF, which also have direct appropriation authority); full withdrawal of \$700 million in FY31; inflows of excess oil and gas revenues according to the December 2025 consensus revenue estimate and September 2025 long-term consensus revenue estimate (which helps offset lost earnings potential due to corpus withdrawal).

Attachment 3: SIC Scenario 3

Calendar Year	Early Childhood Education and Care Trust Fund (ECECF) - Scenario 3 (no withdrawal & lower expected returns)									
	Ending Balance			Interest Earnings			Program Fund Regular Distributions			
	Current	HB176	Diff	Current	HB176	Diff	Current	HB176	Diff	Diff
2025	\$ 10,993	\$ 10,993	\$ -	\$ 1,235	\$ 1,235	\$ -	\$ 500	\$ 500	\$ -	\$ -
2026	\$ 11,392	\$ 11,339	\$ (53)	\$ 754	\$ 701	\$ (53)	\$ 500	\$ 500	\$ -	\$ -
2027	\$ 11,718	\$ 11,607	\$ (111)	\$ 780	\$ 722	\$ (58)	\$ 523	\$ 522	\$ (1)	\$ (1)
2028	\$ 12,128	\$ 11,956	\$ (172)	\$ 803	\$ 740	\$ (64)	\$ 568	\$ 566	\$ (3)	\$ (3)
2029	\$ 12,883	\$ 12,647	\$ (236)	\$ 835	\$ 766	\$ (70)	\$ 587	\$ 582	\$ (6)	\$ (6)
2030	\$ 13,655	\$ 13,351	\$ (304)	\$ 887	\$ 810	\$ (77)	\$ 612	\$ 604	\$ (9)	\$ (9)
2031	\$ 14,241	\$ 13,863	\$ (378)	\$ 938	\$ 853	\$ (85)	\$ 644	\$ 633	\$ (12)	\$ (12)
2032	\$ 14,622	\$ 14,233	\$ (388)	\$ 976	\$ 950	\$ (26)	\$ 680	\$ 664	\$ (15)	\$ (15)
2033	\$ 14,914	\$ 14,517	\$ (397)	\$ 1,001	\$ 974	\$ (27)	\$ 709	\$ 691	\$ (18)	\$ (18)
2034	\$ 15,206	\$ 14,801	\$ (405)	\$ 1,021	\$ 994	\$ (27)	\$ 730	\$ 710	\$ (20)	\$ (20)
2035	\$ 15,512	\$ 15,099	\$ (413)	\$ 1,041	\$ 1,013	\$ (28)	\$ 746	\$ 726	\$ (20)	\$ (20)
2036	\$ 15,857	\$ 15,436	\$ (421)	\$ 1,062	\$ 1,034	\$ (28)	\$ 761	\$ 740	\$ (21)	\$ (21)
2037	\$ 16,175	\$ 15,746	\$ (429)	\$ 1,086	\$ 1,057	\$ (29)	\$ 776	\$ 756	\$ (20)	\$ (20)
2038	\$ 16,504	\$ 16,067	\$ (437)	\$ 1,107	\$ 1,078	\$ (29)	\$ 792	\$ 771	\$ (21)	\$ (21)
2039	\$ 16,838	\$ 16,392	\$ (446)	\$ 1,130	\$ 1,100	\$ (30)	\$ 809	\$ 787	\$ (22)	\$ (22)
2040	\$ 17,200	\$ 16,746	\$ (455)	\$ 1,153	\$ 1,122	\$ (31)	\$ 825	\$ 803	\$ (22)	\$ (22)
2041	\$ 17,602	\$ 17,138	\$ (463)	\$ 1,178	\$ 1,147	\$ (31)	\$ 842	\$ 820	\$ (22)	\$ (22)
2042	\$ 18,068	\$ 17,596	\$ (472)	\$ 1,206	\$ 1,174	\$ (32)	\$ 861	\$ 838	\$ (23)	\$ (23)
2043	\$ 18,601	\$ 18,120	\$ (482)	\$ 1,238	\$ 1,206	\$ (32)	\$ 881	\$ 858	\$ (23)	\$ (23)
2044	\$ 19,229	\$ 18,738	\$ (491)	\$ 1,276	\$ 1,243	\$ (33)	\$ 905	\$ 881	\$ (24)	\$ (24)
2045	\$ 19,940	\$ 19,439	\$ (500)	\$ 1,319	\$ 1,286	\$ (34)	\$ 932	\$ 908	\$ (24)	\$ (24)
2046	\$ 20,750	\$ 20,240	\$ (510)	\$ 1,369	\$ 1,334	\$ (34)	\$ 963	\$ 938	\$ (25)	\$ (25)
2047	\$ 21,671	\$ 21,151	\$ (520)	\$ 1,425	\$ 1,390	\$ (35)	\$ 999	\$ 974	\$ (25)	\$ (25)
2048	\$ 22,714	\$ 22,184	\$ (530)	\$ 1,489	\$ 1,453	\$ (36)	\$ 1,039	\$ 1,014	\$ (26)	\$ (26)
2049	\$ 23,803	\$ 23,263	\$ (540)	\$ 1,561	\$ 1,524	\$ (36)	\$ 1,086	\$ 1,060	\$ (26)	\$ (26)
2050	\$ 24,859	\$ 24,308	\$ (551)	\$ 1,635	\$ 1,598	\$ (37)	\$ 1,136	\$ 1,110	\$ (27)	\$ (27)
				Cumulative Total:	\$ (1,002)		Cumulative Total:	\$ (451)		

Key assumptions: Asset allocation adjustment to maintain higher liquidity in the fund; estimated annual compound return of 6.36% (similar to CDRF & MTF, which also have direct appropriation authority); no direct withdrawal from the fund's corpus; inflows of excess oil and gas revenues according to the December 2025 consensus revenue estimate and September 2025 long-term consensus revenue estimate (which helps offset lost earnings potential due to corpus withdrawal).