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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
53rd Legislature, 1st Session, 2017

Bill Number	<u>SB182</u>	Sponsor	<u>Papen</u>
Tracking Number	<u>.204503.3SA</u>	Committee Referrals	<u>SEC/SCONC/SFC</u>
Short Title	<u>Early Childhood Land Grant Act</u>		
Analyst	<u>McCorquodale</u>	Original Date	<u>2/7/17</u>
		Last Updated	<u></u>

BILL SUMMARY

Synopsis of Bill

Senate Bill 182 (SB182) creates an Early Childhood Land Grant Act with two fiduciary funds modeled after the existing Land Grant Permanent Fund (LGPF) and Land Grant Maintenance Fund (LGMF):

- The bill creates the Early Childhood Land Grant Permanent Fund (ECPF) from subsurface mineral acreage beneath private land to be transferred in the future from the federal government to the state of New Mexico. The fund would be invested by the state investment officer as the LGPF pursuant to Chapter 6, Article 8 NMSA 1978 and managed by the State Land Office (SLO) provided that none of the lands were granted or could be construed to have been granted under the Enabling Act for New Mexico; and
- The Early Childhood Land Grant Income Fund (ECIF) would receive state investment officer distributions, made no later than September 1 of each fiscal year, of interest, dividends, and capital gains of the ECPF.

FISCAL IMPACT

SB182 does not have an appropriation.

According to the SLO, all fiscal, performance, and administrative implications of the bill are contingent on the federal transfer of its unleased split estate minerals pursuant to Congressional action, which has not been introduced. The exact nature and scope of any contemplated federal transfer of ownership to the state is currently unknown.

The SLO indicated in FY16, the department earned an average of \$32.29 per acre from mining, oil and gas extraction activities across its 13 million subsurface acres. Once transferred from the federal government to the state and leased out by the SLO, the approximately 5.3 million to 6.5 million acres currently under consideration for transfer could potentially generate \$171 million to \$210 million in annual royalties to the ECPF based on the average SLO subsurface earnings of \$32.29 per acre.

SUBSTANTIVE ISSUES

SB182 requires 95 percent of the ECIF would be appropriated annually by the Legislature for early childhood services that are defined as nonsectarian services for children from birth until the age of kindergarten eligibility. The bill requires the remaining 5 percent to be appropriated annually to the SLO to provide for the costs incurred in generating revenue from the management, care, custody, control, and disposition of the split minerals transferred from the U.S. to New Mexico. Unexpended or unencumbered balances remaining the ECIF at the end of the fiscal year would revert to the ECPF.

SB182 requires money in the ECPF to be invested by the state investment officer pursuant to Chapter 6, Article 8, NMSA 1978, Investment of Public Money. The bill requires an annual distribution (equal to the interest, dividends and capital gains of the ECPF) to be made to the ECPF by an appropriation from the Legislature.

The Office of Attorney General (AGO) stated it is unknown if the New Mexico federal congressional delegation would support an effort to transfer unleased federal subsurface mineral acreage beneath private land from the federal government to the state or what the requirements are for passage of such a transfer by Congress.

According to Volume I of the Legislative Finance Committee (LFC) Report for FY18, New Mexico has demonstrated leadership in increased investment in early care and education. Since FY12, the Legislature invested \$100 million in early childhood programs administered by the Children, Youth and Families Department (CYFD), the Department of Health (DOH), and the Public Education Department (PED). CYFD provides child care assistance, home visiting, prekindergarten for 3- and 4-year-olds, early childhood professional development, and high-quality early childhood development centers. In FY17, the Legislature appropriated \$146.8 million to CYFD for these programs. PED provides prekindergarten for 4-year-olds, K-3 Plus, and early literacy (Reads to Lead). In FY17, the Legislature appropriated \$63.2 million to PED for these programs. DOH provides the infant and toddler program (FIT) for children birth to 3-years-old. In FY17, the Legislature appropriated \$43.7 million to DOH for these programs. Overall, early childhood services received \$259.9 million in FY17, including \$6.2 million from federal Race to the Top grant funding.

ADMINISTRATIVE IMPLICATIONS

SLO indicated upon transfer, the management of an additional 5.3 million to 6.5 million acres of mineral estate would entail substantial additional administrative resources. Additionally, effectuating the transfer would entail additional administrative resources.

TECHNICAL ISSUES

Provisions in SB182 exempt counties with populations over 140 thousand which would include Bernalillo, Santa Fe, and Doña Ana counties; SLO stated this language would not be necessary because there are not any federal minerals in these counties that are expected to be transferred.

OTHER SIGNIFICANT ISSUES

The Pew Charitable Trusts, a nonprofit, nonpartisan organization providing analysis to improve public policy, indicated high-quality prekindergarten increases a child's chances of succeeding in

school and in life. The foundation stated children who attend high-quality early learning programs are less likely to be retained, need special education services, and more likely to graduate from high school. Additionally, children who participate in a high-quality prekindergarten program have higher-earning opportunities as an adult and are less likely to become dependent on welfare or be incarcerated. All of these statistics are pointed out in the legislative intent in SB182.

Since FY12, the Legislature increased spending on early childhood services by \$100 million. While New Mexico has significantly heightened its focus on early childhood programs, the state is among the three lowest-ranked states in the Annie E. Casey Foundation's annual *Kids Count Data Book*, which ranks states according to 16 child well-being measures, primarily because of the large number of children in need of services.

LFC indicated early childhood funding has grown by more than 80 percent since FY12. However, improved leadership, coordination, and oversight are needed. LFC noted strategic investments, together with careful attention to implementation and monitoring performance, could improve the social and cognitive skills of children, with benefits extending throughout a child's life.

RELATED BILLS

SJR 3, Permanent Funds for Early Childhood, CA, proposes to increase the LGPF distribution by 1.5 percent to be used for early childhood education services.

SJR18, Severance Tax Money for Early Childhood, CA, proposes to amend Article 8, Section 10 of the constitution of New Mexico to require an additional 0.8 percent distribution rate for early childhood education and early childhood care programs.

HJR1, Permanent Funds for Early Childhood, CA, proposes to increase the LGPF distribution by 1 percent to be used for early childhood education services.

HJR 2, Land Grant Fund for Economic Stimulus, CA, proposes to withdraw \$7 billion from the LGPF to provide economic stimulus programs to include \$1 billion for early childhood services.

SOURCES OF INFORMATION

- The Attorney General's Office
- LESC Files
- The State Land Office

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