

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION
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{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

Check all that apply:

Original X Amendment
Correction Substitute

Date Prepared: 2024-01-29
Bill No: SB223

Sponsor(s): William E. Sharer

Agency NameECECD 611
and Code
Number:

Person Writing Mark Dominguez

Analysis:

Short Title: MEDICAID TRUST FUND

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	(\$90,000.0)		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
NFI	NFI	NFI		

ESTIMATED ADDITIONAL OPERATION BUDGET (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected

Total						
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Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

SB223 creates a Medicaid trust fund and State supported Medicaid fund that would receive distributions of the oil and gas emergency school tax revenue and federal mineral leasing by removing the distributions to the early childhood education and care fund and redirecting those distributions to the new Medicaid trust fund. The Health Care Authority would administer the fund.

FISCAL IMPLICATIONS

This bill will eliminate distributions from this funding source to the Early Childhood Education Fund. The loss of approximately 90 million in funding to ECECD will reduce services for child care assistance, child and maternal health, DOULA and lactation services, home-visiting, quality support for pre-kindergarten, and department administrative costs. Additionally, the corpus of the Early Childhood Education Fund will fail to grow at the current projected rates.

Early Childhood Trust Fund Forecast - December 2023

(in millions)

Calendar Year	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Actual	Actual	Estimated						
Beginning Balance	\$300.0	\$300.0	\$314.1	\$3,462.0	\$5,508.2	\$7,741.7	\$9,108.3	\$9,774.6	\$9,852.1
Gains & Losses	\$6.1	\$34.1	(\$6.4)	\$123.2	\$220.3	\$309.7	\$364.3	\$391.0	\$394.1
Excess Federal Mineral Leasing	\$0.0	\$0.0	\$1,501.5	\$2,073.0	\$1,018.1	\$663.1	\$246.5	\$0.0	\$0.0
Excess OGAS School Tax*	\$0.0	\$0.0	\$1,682.80	\$0.0	\$1,149.8	\$672.4	\$428.1	\$130.2	\$0.0
Distribution to ECE Program Fund	\$0.0	(\$20.0)	(\$30.0)	(\$150.0)	(\$154.7)	(\$278.5)	(\$372.6)	(\$443.7)	(\$478.9)
Ending Balance	\$306.1	\$314.1	\$3,462.0	\$5,508.2	\$7,741.7	\$9,108.3	\$9,774.6	\$9,852.1	\$9,767.2

*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
Distribution to ECE Program Fund	\$0.00	\$20.00	\$30.00	\$150.00	\$154.74	\$278.53	\$372.64	\$443.74

Source: December 2023 Consensus Revenue Forecast

SIGNIFICANT ISSUES

The loss of approximately 90 million in funding to ECECD will reduce services for child care assistance, child and maternal health, DOULA and lactation services, home-visiting, quality support for pre-kindergarten, and department administrative costs. Additionally, the corpus of the Early Childhood Education Fund will fail to grow at the current projected rates.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo.

AMENDMENTS

None.