

LFC Requester:

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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:** 2/21/2025 *Check all that apply:***Bill Number:** SB167 Original Correction
Amendment X Substitute **Agency Name
and Code****Sponsor:** Senator Michael Padilla**Number:** ECECD**Person Writing****Analysis:** Elizabeth Groginsky**Short Title:** Early Childhood Trust Fund**Phone:** (505)231-2997**Email:** Elizabeth.groginsky@ecd.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$250,000.0	\$500,000.0		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(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: SJR6
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB167 proposes to update the statutes relating to the Early Childhood Education and Care Fund upon the ratification of the constitutional amendment proposed by SJR6. These updates will include the following:

- Increasing the annual distribution amount from the Early Childhood Trust Fund from two hundred fifty million dollars to five hundred million dollars as mandated by the amendment in SJR6;
- Renaming the Early Childhood Education and Care Fund to the Early Childhood Trust Fund;
- Requiring consultation with ECECD for investments into the Early Childhood Trust Fund; and
- Specifying that per the constitutional amendment proposed by SJR6, the Early Childhood Trust Fund may only be used to cover prenatal programs and services, early childhood programs and services until children are eligible for kindergarten, and the expenses of administering these programs and services.

FISCAL IMPLICATIONS

The changes made by SB167 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.

SIGNIFICANT ISSUES

Improving the quality of life for every New Mexican begins with a world-class cradle-to-career

education system. Investments in early childhood education and care yield substantial long-term benefits for individuals and society—a 13% annual return on investment through improved outcomes in education, health, and economic productivity. SB167 will ensure the statutes related to the Early Childhood Education and Care Fund are consistent with the constitutional amendment proposed by SJR6.

SB167 clearly identifies that the expenditures from this fund must be for early childhood, including prenatal programs and services, early childhood programs and services until children are eligible for kindergarten, and the administration of those programs, thus ensuring that these funds will not be used for other purposes.

PERFORMANCE IMPLICATIONS

SB167 would update statutes related to the Early Childhood Education and Care Fund to ensure they are consistent with the constitutional amendment proposed by SJR6 should that amendment be ratified by the voters in the next general election.

These updates would create consistency in the law and allow the Early Childhood Education and Care Department to carry out its mission to: “Optimize the health, development, education, and wellbeing of babies, toddlers and preschoolers through a family driven, equitable, community-based system of high quality prenatal and early childhood programs and services.”

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SJR6 is a companion to SB167.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB167 is not enacted, SJR6 passes, and the constitutional amendment is ratified by the voters, the statutes related to the Early Childhood Trust Fund will be in conflict with the mandates of the constitutional amendment.

AMENDMENTS