

LFC Requester:

Kelly Klundt

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.nmlegis.gov/AgencyAnalysis) and email to [billanalysis@dfa.nm.gov](mailto: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:** 1/29/2025 *Check all that apply:*  
**Bill Number:** SJR6 Original  Correction   
 Amendment  Substitute

**Agency Name  
and Code**

**Sponsor:** Senator Michael Padilla **Number:** ECECD  
**Person Writing  
Analysis:** Shelley Strong

**Short Title:** Early Childhood Trust Fund, CA **Phone:** 505-231-2997 **Email:** Shelley.Strong@eecd.nm.gov

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

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

(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
<b>Total</b>						

(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**

Synopsis: SJR6 will send a proposed constitutional amendment to New Mexico voters which if passed would amend Article 20 of New Mexico’s constitution by adding a new section that will make the Early Childhood Trust Fund a permanent fund in the state treasury that may be used only for prenatal programs and services, and programs and services that serve children until they are eligible for kindergarten and for the administration of those services.

To support the permanent Early Childhood Trust Fund, the proposed amendment will also require the following:

- All additions to the fund and all earnings, including unrealized gains and losses, shall be credited to the corpus of the fund.
- Annual distributions to the fund shall be made in an amount equal to the greater of five percent of the average of the year-end market values of the fund for the immediately preceding three calendar years or five hundred million dollars.
- Money in the Early Childhood Trust Fund may be spent if there is a failure of state fund balances to meet the level of appropriations authorized for the current fiscal year. The legislature may only appropriate from the fund the amount necessary to meet the appropriation for that year if the legislature has authorized transfers from state fund balances that and those balances are exhausted.

If SJR6 passes, the proposed amendment will be included in the next general election.

**FISCAL IMPLICATIONS**

The changes made by SJR6 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.)

<b>Early Childhood Trust Fund Forecast - December 2024</b>									
<i>(in millions)</i>									
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)
<b>Ending Balance</b>	<b>\$314.1</b>	<b>\$3,462.0</b>	<b>\$5,721.2</b>	<b>\$8,752.0</b>	<b>\$9,636.1</b>	<b>\$10,581.8</b>	<b>\$11,198.0</b>	<b>\$11,678.0</b>	<b>\$12,242.3</b>
*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. The additional distribution of the ECTF is included in the Governor's budget.

## **SIGNIFICANT ISSUES**

Constitutionally protecting the Early Childhood fund will provide a stable and predictable funding source for New Mexico's prenatal to five early childhood system. 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. Constitutionally protecting the fund will ensure ECECD can deliver a high-quality, universal early childhood system that allows all New Mexico families and young children to thrive.

Previous Constitutional Amendments related to early childhood education and care were overwhelmingly supported by voters. In 2022, 70% of voters approved a Constitutional Amendment to use the state's Land Grant Permanent Fund to fund early care and (Source: [New Mexico is the First State to Guarantee a Right to Early Childhood Education – New Mexico Voices for Children](#)). SJR6 will guarantee all New Mexican families have access to a high quality universal prenatal to age early childhood system.

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If SJR6 is not passed and ratified by New Mexico voters, the Early Childhood Trust Fund will not become a constitutionally protected fund and may be subject to appropriations for purposes that are not specifically related to prenatal and early childhood programs and services for children until children are eligible for kindergarten

## **AMENDMENTS**