

LFC Requester:	Dawn Iglesias
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**AGENCY BILL ANALYSIS
2019 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 3/11/19
Bill No: SB671SRC

Sponsor: Senate Rules Committee **Agency Name and Code Number:** PED-924
Short Title: PERMANENT FUND FOR PRE-K **Person Writing** Daniel Manzano
Phone: 505-670-3820 **Email:** Daniel.Manzano@state.nm.us

SECTION II: FISCAL IMPACT

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
	\$67,000.0	\$69,698.0	Recurring	General Fund (Pre-Kindergarten)

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$3,350.0	\$3,484.9	\$6,834.9	Recurring	PED

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HJR1: Permanent Funds for Early Childhood

Duplicates/Relates to Appropriation in the General Appropriation Act: HB2, general fund appropriation for Public (PED) pre-kindergarten and private (CYFD) pre-kindergarten,

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

An additional one-half percent shall be distributed from the permanent school fund to provide pre-kindergarten services through the public education department and the children, youth and families department to improve children's developmental readiness for school.

The additional distribution shall be appropriated to the departments by the legislature; provided that no additional distribution shall be made pursuant to this section if the average of the year-end market values of the fund for the immediately preceding five calendar years is less than \$12.5 billion.

The act is contingent upon passage and approval of a constitutional amendment by the qualified electors of the state, and, if necessary, approval of the constitutional amendment by the United States congress which allows for an additional distribution from the permanent school fund for pre-kindergarten.

FISCAL IMPLICATIONS

Article XII, Section 7 of the constitution, defines the LGPF as the school permanent fund (Article XII, Section 2) in combination with all the other permanent funds derived from lands granted in the state's Enabling Act.

The School Permanent Fund is the "Common Schools" portion of the LGPF, or about 85%. This proposal as intended is complex to model, as you must have 85% of the fund distribute 6-percent, while the rest only gets 5%. The result will shrink the school ownership percentage of the LGPF over time, and grow percentages of the other beneficiaries accordingly.

SIGNIFICANT ISSUES

SB671SRC will provide significant increases in revenue to fund pre-kindergarten programs. It appears that the funds distributed will provide four-year-old pre-kindergarten programs only. Three-year-old early pre-kindergarten is not referenced.

PERFORMANCE IMPLICATIONS

The New Mexico PreK Program (32A-23-1 NMSA 1978) provides for *voluntary* pre-kindergarten services to four-year-old children in the state. The program shall address the total development needs for preschool children including physical, cognitive, social and emotional needs and also, health care, nutrition, safety and multicultural sensitivity.

ADMINISTRATIVE IMPLICATIONS

The PED would be required to add additional personnel in the Literacy, the Humanities, and Early Childhood Bureau as well as the Procurement and Fiscal Grants Management Bureaus to support, monitor and fund additional early childhood programs.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB671SRC conflicts with budget proposals for the General Appropriation Act where both the Executive and the Legislative Finance Committee have proposed early childhood program funding. SB671SRC also conflicts with HJR1, which proposes an additional 1% distribution of the Land Grant Permanent Fund for early childhood. SB671SRC specifically earmarks the additional distribution for the pre-kindergarten programs funded by PED and CYFD, while HJR1 funds early childhood programs.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

A former Attorney General expressed doubts that land grant permanent funds could be used accessed by private child care providers, indicated as those who provide prekindergarten services through the Children, Youth, and Families Department in SB671SRC.

ALTERNATIVES

HJR1 provides an additional distribution of 1% of the LGPF to early childhood beneficiaries.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

Pre-kindergarten expansion will continue to be phased in based on legislative appropriations. Future LGPF beneficiaries will receive additional monies.

AMENDMENTS

None as of 3/5/2019