



Office of the Governor

MICHELLE LUJAN GRISHAM

Early Childhood Ed. and Care Fund Transfer Increase

HB71

Rep. Doreen Gallegos

Overview

HB71 increases the annual distribution from the Early Childhood Education and Care Fund, commonly referred to as the Early Childhood Trust Fund (ECTF), to the greater of \$500 million or five percent of the ECTF's three-year average market value.

The ECTF is a stable and predictable funding source that invests in our most precious resource -- our children. This investment will **impact 84,581 children, 49,800 families, and 20,000 early childhood professionals.**

Quick Facts

- HB71 would add \$202 million for early childhood education in FY2026 by increasing the distribution of the ECTF to \$500 million or 5% of the fund, whichever is ever greater.
- The Executive Budget, which impacts 10,000 more young children in New Mexico, depend on this increased distribution.
- The increased distribution of the ECTF does not impact the corpus of the fund nor does it have a significant impact on future distributions.
- When HB71 passes, the state would serve 84,581 young children and their families.
- 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.

Importance

Improving the quality of life for every New Mexican begins with a world-class cradle-to-career education system. The New Mexico Legislature has invested more resources than ever before in early childhood. As a result, transformational gains are being made towards improving school readiness, enhancing parent-child relationships, deepening positive government-to-government relationships, and fostering stronger and more connected communities.

Continued efforts to reach a fully funded early childhood system through HB71 will ensure the Early Childhood Education and Care Department (ECECD) can deliver a high-quality, universal early childhood system that ensures all New Mexico families and young children who is eligible to receive these critical programs and services.

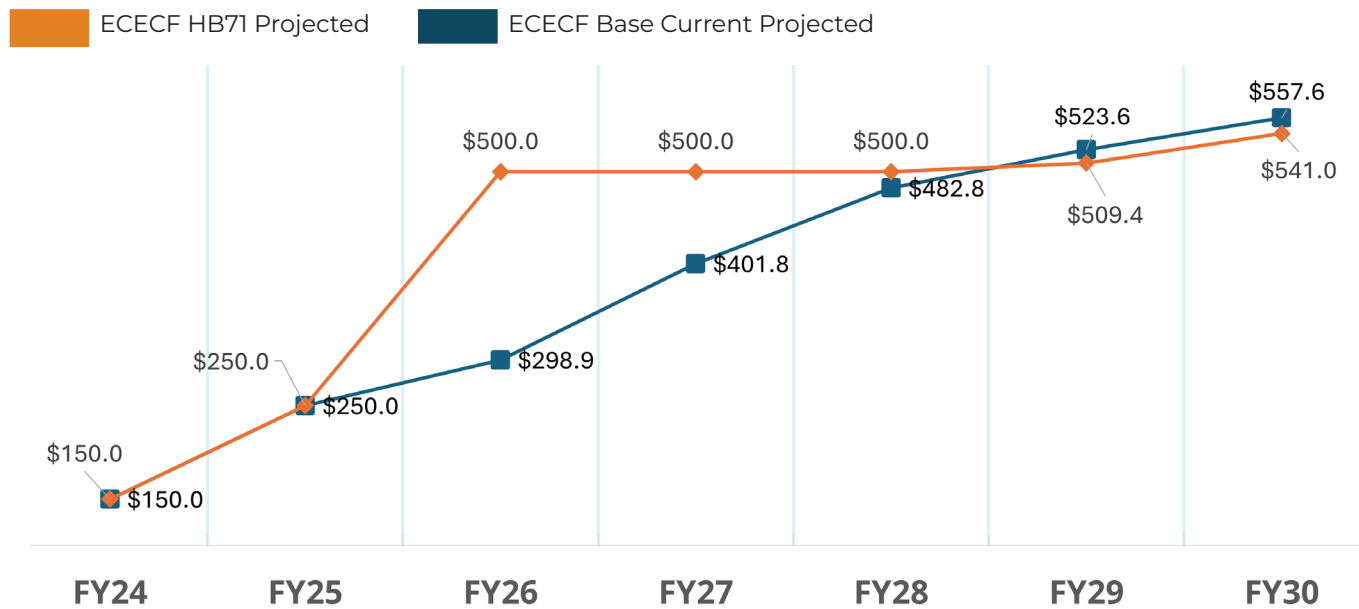
How It Works

HB71 would change the distribution amount from the ECTF to the Early Education and Care Program Fund to five percent of the average year-end market values of the fund for the immediately preceding three calendar years, whichever is greater.

Financial Information

The bill would increase the FY26 ECTF distribution to the Early Childhood Education and Care Program Fund from an estimated \$298.92 million to \$500.0 million.

Projected Early Childhood Education and Care Fund Distribution (ECECF)



What the Increased Distribution Invests In:

- \$98 million for child care assistance (6,091 infants and toddlers served)
- \$33.5 million for PreK
- \$10 million for Family Infant Toddler (FIT)
- \$10 million for Wage Scale and Career lattice
- \$7.5 million for Child Care/PreK Quality
- \$4.8 million for Home Visiting
- \$4.7 million for FIT Medicaid state match
- \$3 million for Tribal Investment Strategy
- \$2.5 million for Educator Incentives
- \$2 million for Local Early Childhood Coalitions
- \$.5 million for Dolly Parton's Imagination Library
- \$4 million for Operational Support
- \$69.5 million Special Appropriation-Child Care Quality Pilot

Impact by the Numbers:

- 84,581 children
- 49,800 families
- 20,000 early childhood professionals
- 23 Tribal communities
- 30 Local Early Childhood Coalitions covering all NM counties