

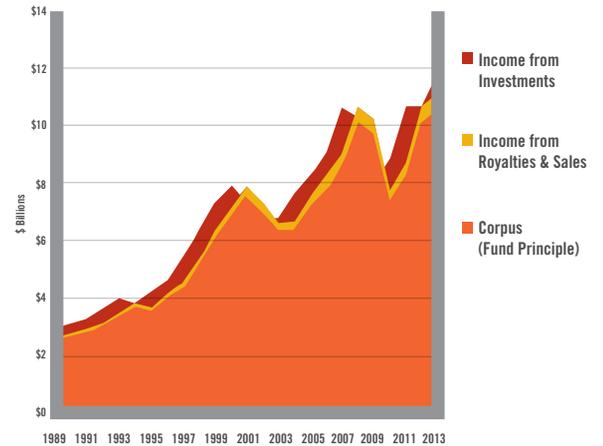


INVEST
in KIDS
NOW!

HOW THE PERMANENT FUND WORKS

New Mexico's Land Grant Permanent Fund was established in 1910 to support public education. Unlike most endowment funds, it benefits from two primary income sources: royalties from oil and gas, and earnings from investments. With these two sources of income, the annual growth of the Fund is robust. Even after the current distribution, an annual 5.6% of average annual growth is folded back into the Fund. Since the original purpose of this Fund is to support public education, we should be investing more in our children and less in Wall Street.

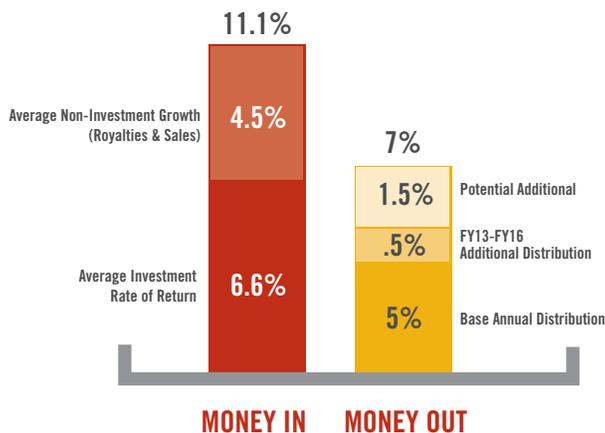
TWO SOURCES OF EARNINGS KEEP THE FUND GROWING



*Graph shows corpus and earnings after distribution to beneficiaries
Source: NM State Investment Council, Land Grant Total Fund Composite, June 30, 2012

The distribution for FY13-FY16 is 5.5%, as determined by the 2003 constitutional amendment. The early learning constitutional amendment raises the distribution to 7% (and still allows the fund to grow).

LAND GRANT PERMANENT FUND 2003-2012



THE PERMANENT FUND IS NOT LIKE A REGULAR ENDOWMENT

The traditional rule-of-thumb for endowment funds is to limit distribution to 5% of the annual ending balance. That rule doesn't apply to New Mexico's school Permanent Fund because it does not rely solely on investment income.

**We want to continue to be good stewards of our school Permanent Fund.
That's why accountability measures and safety valves are built in.**

- The Legislature will appropriate the funding for the early learning programs and services.
- The state auditor will annually certify that the funds are properly directed to the designated programs.
- The state will issue requests for proposals and contracts under published rules and regulations to ensure early learning services meet strict criteria.
- An in-depth, long-term evaluation will measure results of the increased investment and how it is improving measurable outcomes.
- The additional distribution automatically stops in the unlikely event that the Fund dips below \$8 billion.
- The Legislature can vote to suspend the additional distribution at any time.

What if you had a cost-effective way to significantly improve our education results?

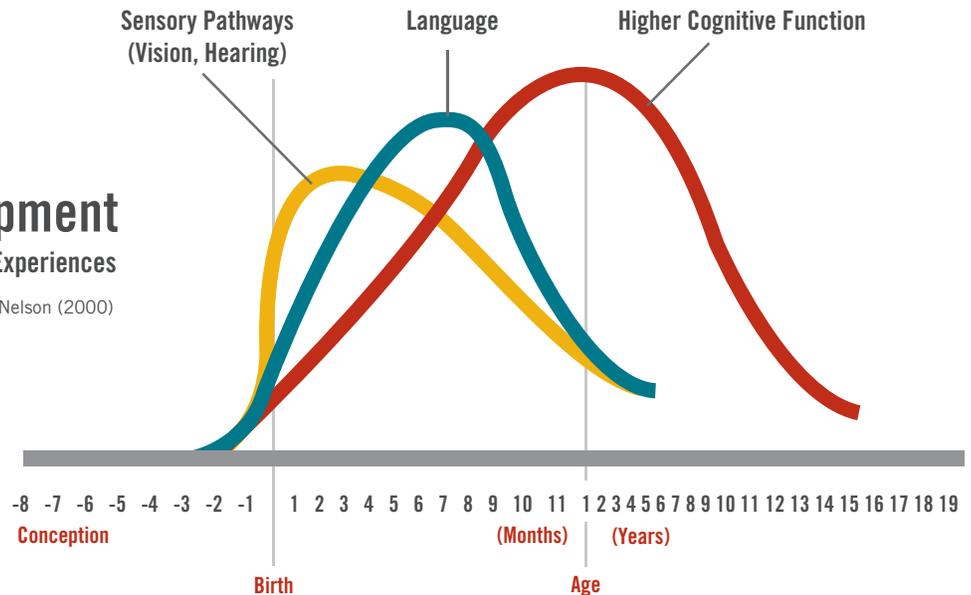
Early learning improves reading and math scores, increases graduation rates, and reduces crime – and it costs less than remediation programs.

New Mexico invests almost 60% of the state budget in education, but less than 2% in making sure kids are prepared to get the most out of their K-12 years. In fact, our investment in education is inverse to what is known about brain development.

Human Brain Development

Synapse Formation Dependent on Early Experiences

Source: Nelson (2000)



We could get much better results if we invested more on the front end to make sure our kids aren't already behind when they start school.

Kids do better when they enter kindergarten ready to learn. The best news is that New Mexico can afford to invest in our children without raising taxes.

The Return on Investment for Early Learning is 10% per Year per Child over the Life of the Child



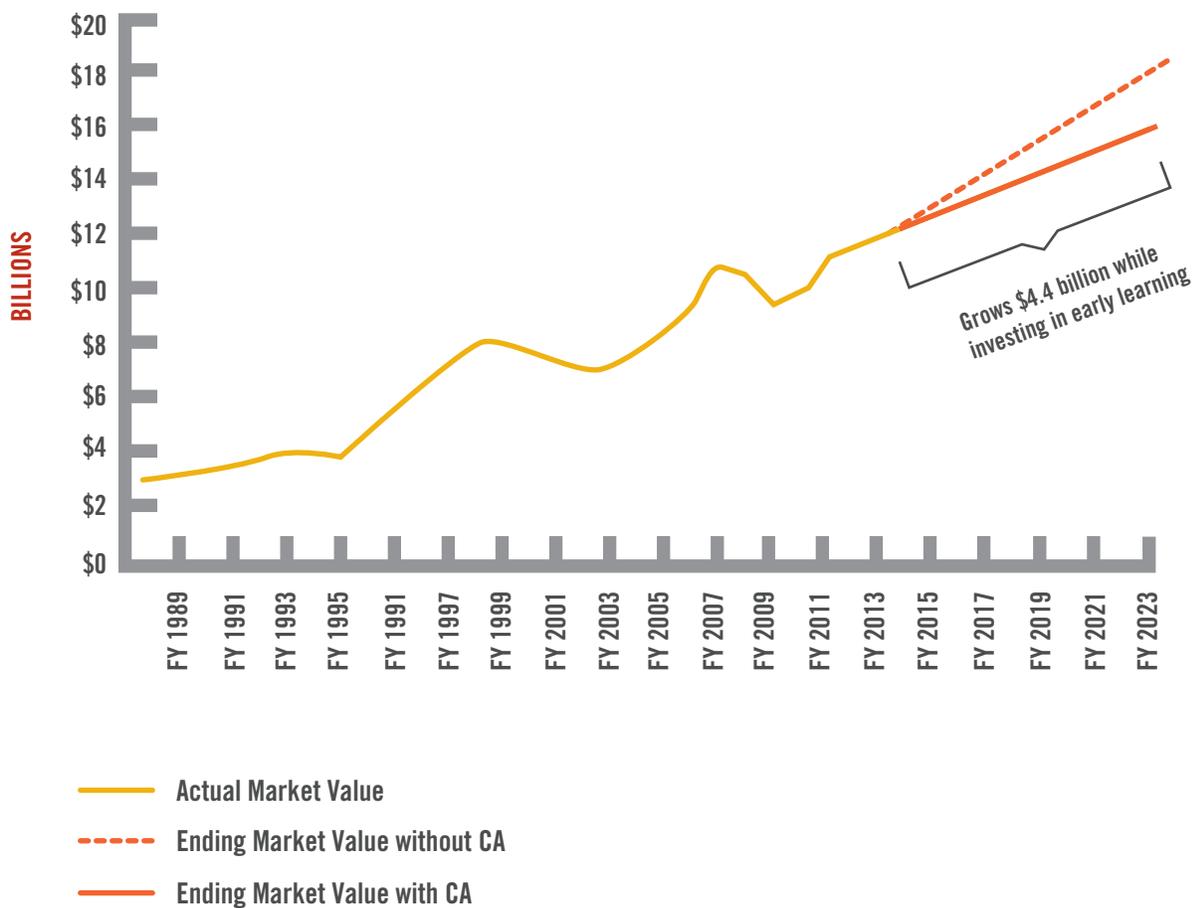
- School success
- Graduation rates
- Workforce readiness
- Community engagement
- Earnings
- Health outcomes



- Special education needs
- Remediation needs
- Grade repetition
- Crime levels
- Social services
- Incarceration rates
- Teen pregnancy rates

The Land Grant Permanent Fund (LGPL) is projected to grow by \$4.4 billion over ten years even with the additional 1.5% distribution for early learning services. Based on past performance, the Fund is estimated to double by 2031.

LGPL Growth with and without the Proposed Early Learning Constitutional Amendment (CA)



New Mexico has a unique opportunity with more than \$11 billion in a fund designed for our children's education. It's the 2nd highest school permanent fund in the country.

The Early Learning Constitutional Amendment both preserves the Fund and invests in future generations.

FAMILIES NEED PREDICTABILITY

Because the state has funded early learning programs out of the General Fund, families have been subjected to an early learning rollercoaster and inadequate resources.

For example, with child care assistance alone in the last decade, eligibility has been cut in half, then restored, then cut in half again.

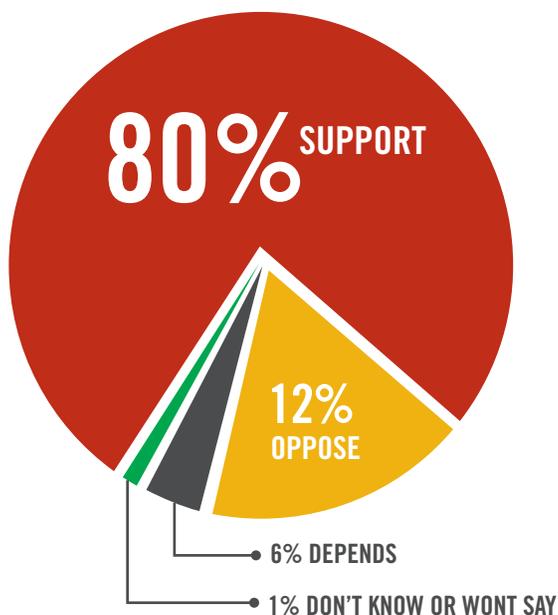
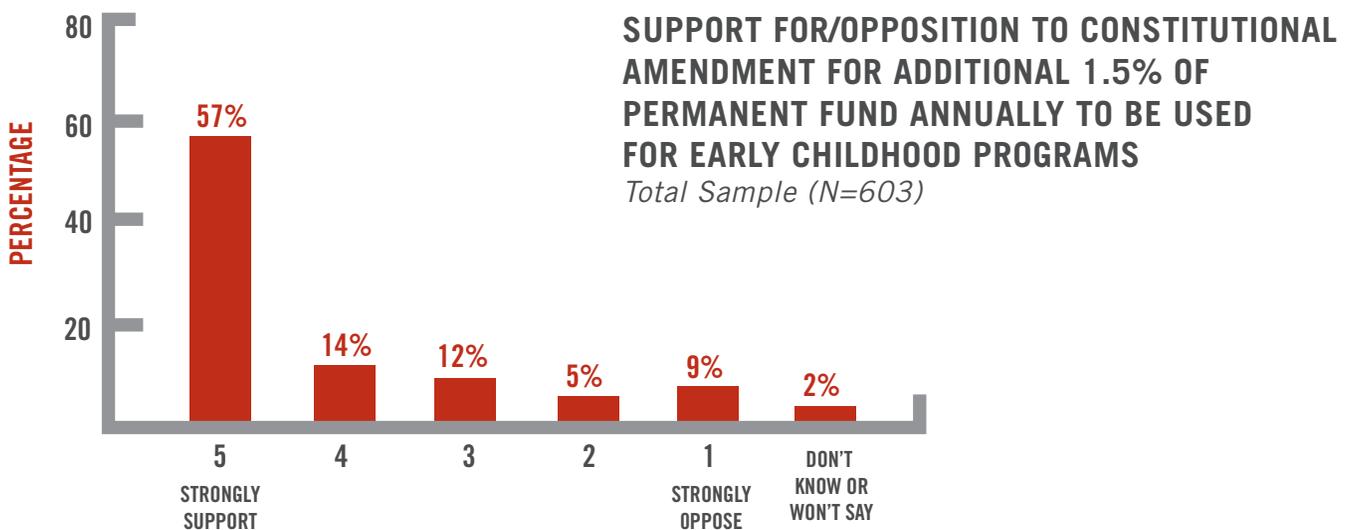
Even in the surplus years, the early learning programs that would put our children and our state on the path to success have never received more than 2% of the General Fund budget. We need to make early childhood investment a priority.

Of all the funding options for early learning only one offers the most stable, sustainable funding source—the school Permanent Fund.

REVENUE OPTIONS	Is the revenue generated adequate to serve the need?	Is this a fair/equitable way to generate revenue?	Will it avoid a negative impact on the general fund?	Is this a reliable and stable source of funds?	Is it simple to administer?	Is it politically feasible in current environment?
INCREASE PROPERTY TAXES			✓	✓	✓	
INCREASE TAXES ON ALCOHOL & TOBACCO			✓		✓	
TAX CREDITS				✓		
TAKE FUNDING FROM K-12					✓	
GENERAL FUND				✓	✓	
INVEST 1.5% OF LAND GRANT PERMANENT FUND	✓	✓	✓	✓	✓	✓

A Research and Polling, Inc., poll shows that early learning is important to New Mexico voters.

Question: On average, the New Mexico Land Grant Permanent fund grows at approximately 11% a year. Each year, approximately 5.5% of the fund is distributed to public K-12 schools and higher education schools. A proposal has been made to distribute an additional 1.5% of the fund annually to pay for early childhood education services in New Mexico. This would require a constitutional amendment that would have to be approved by voters. Using a 5-point scale where 5 is strongly support and 1 is strongly oppose, please rate your level of support or opposition to a constitutional amendment that would distribute an additional 1.5% of the Permanent Fund annually to be used for early childhood programs.



SUPPORT FOR/OPPOSITION TO STATE LEGISLATURE PASSING RESOLUTION TO SEND AMENDMENT TO VOTERS

Total Sample (N=603)

Question: In order to amend the constitution, a bill (resolution) must be passed by the New Mexico legislature and then approved by the majority of voters in an election. Do you support or oppose the state legislature passing a bill (resolution) that would send this early childhood funding amendment to the voters?

Source: Research & Polling, Inc., August 24 – Sept 5, 2011.

Evidence tell us about the types of programs and system-building investments that support school-readiness. A model framework for preparing children for success by third grade addresses six evidence-based goal areas. The table below shows the Programs that could be funded by the Early Learning Constitutional Amendment and how they align with those six school-readiness goals. For more information, see *Land Grand Permanent Fund: Opportunity for Early Childhood Investment*, by Catherine Kinney, Ph.D.

CHILDREN READY FOR SCHOOL AND SUCCEEDING AT THIRD GRADE

APPROACHES APPROPRIATE FOR LGPF FUNDING	GOAL AREAS					
	Heathly, Well-timed Births	Health and Development on Track	Supported and Supportive Families	High Quality Child Care and Early Education	Continuity in Early Childhood Experiences	Effective Teaching and Learning in K-3 Classrooms
PROGRAM INVESTMENTS						
Home visiting programs						
Pre kindergarten education programs						
Child care assistance						
Family supports, including parent engagement and education initiatives						
Early childhood consultation program						
SYSTEM BUILDING/ INFRASTRUCTURE INVESTMENTS						
Child care assistance: Rate differential for high quality programs						
Professional development for early childhood educators						
Improved quality rating system						
Kindergarten readiness assessment						
Data system, including development of single identifier						
Evaluation						

