



# NEW MEXICO BUSINESS COALITION

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December 19, 2022

U.S. House of Representatives  
c/o Ashley Nicols via email to [Ashley.nicols@mail.house.gov](mailto:Ashley.nicols@mail.house.gov)

## RE: **Vote NO on approval of New Mexico's Land Grant Permanent Fund changes**

Dear U.S. Representatives:

We urge you to vote 'NO' on any changes to New Mexico's Land Grant Permanent Fund (LGPF). To change beneficiaries or increase distribution amounts would be detrimental to the fund and future generations. This fund was set up by Congress when New Mexico became a state, and it was designed to serve the recipient's needs in perpetuity. These proposed changes would most likely endanger the fund.

Responsible withdrawals from the LGPF are key to providing for our children's education in perpetuity. It also saves taxpayers approximately \$950/year per household in taxes. **To increase withdrawal rates and risk our children's future is irresponsible and would jeopardize the fund.** New Mexico already has two "permanent" funds, Tobacco and Severance Tax, that are either dead or dying because of over depletion. Please don't allow the state to make this same mistake with the LGPF.

**Despite numerous policy proposals and actions, New Mexico's expenditures on its educational challenges have not yielded the return on investment promised.** The answer is not to increase the rate of LGPF disbursements, but instead to focus on direct learning programs that yield beneficial results without violating federal requirements. That could be accomplished if the state would stop funding special interest groups and put the money into our teachers and quality educational materials.

The increase Congress is being asked to approve would be an additional one and one-fourth percent of the average of the year-end market value of the LGPF for the immediately preceding five calendar years.

### **Summary:**

- From 1995 to 2021, educational funding in New Mexico increased \$5.15 billion per year (\$1.45 Billion to \$6.6 Billion).
- New Mexico is ranked 14th in the nation for per pupil funding, yet 51<sup>st</sup> (including the District of Columbia) in the nation for quality of education.
- The state is currently taking a distribution of this fund at a rate of 5%. If passed, there would be an additional 1.25% taken out annually. According to the SIC, distributions will continue to grow (with a 5% distribution rate) reaching a distribution of a billion dollars a year by 2025.

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- Comparison of higher education in two neighboring states:  
New Mexico: 9 public universities providing 4-year degrees; population of 2.1 million  
Arizona: 4 public universities providing 4-year degrees; population of 7.2 million
- **New Mexico's Democratic leadership recognizes that this money is not needed for education in New Mexico.** Representative Patricia Lundstrom, Democrat Chair of the House Appropriations and Finance and Legislative Finance Committees stated publicly on 8/26/21, **"We have more money than we need,"**

**History:** The **Land Grant Permanent Fund** (oil and gas extraction tax) was established by Congress when NM became a state in 1912. **The LGPF is NOT a rainy-day fund; it is an asset depletion fund.**

The focus of the LGPF is educational endowment. New Mexico's General Fund spending for Public Education is approximately 44% of the state's budget. It has increased by more than \$700 million in the last 11 years with a 25% increase in 2013 alone.

**New Mexico has seen absolutely no improvement in educational ratings with the increased funding.** Therefore, we can easily conclude that additional funding is not the answer to education improvement in our state.

**According to the SIC, distributions will continue to grow (with a 5% distribution rate) reaching a distribution of a billion dollars a year by 2025.** That analysis also shows that the permanent fund will have more than doubled its value in 10 years if we don't change the distribution.

**Education Outcomes: New Mexico currently spends at a rate that is 14<sup>th</sup> highest in the nation yet ranks 51<sup>st</sup> in educational outcomes.** See the chart below on neighboring states. <https://www.publicschoolreview.com/average-spending-student-stats/national-data> and [https://wallethub.com/edu/e/states-with-the-best-schools/5335?utm\\_source=join1440&utm\\_medium=email](https://wallethub.com/edu/e/states-with-the-best-schools/5335?utm_source=join1440&utm_medium=email)

State	Amount spent per student	Educational Ranking Pre-K to 12
NM	\$18,494	51
CO	13,247	7
TX	12,825	35
OK	10,671	44
AZ	10,526	47
UT	8,844	21

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The people in New Mexico did not have adequate information to make an informed decision about this issue that was heavily promoted by special interest groups when they voted. We are asking that you save the state from a grave error and maintain the distribution and beneficiaries as they are currently defined by Congress.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Sonntag", with a long horizontal flourish extending to the right.

Carla J. Sonntag  
President and CEO