

LFC Requester:	Joseph Simon
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to 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: February 7, 2025 *Check all that apply:*
Bill Number: HB 254 Original Correction
 Amendment Substitute

Sponsor: Tanya Mirabal Moya, Joy **Agency Name** NM Educational Retirement Board
Garratt, Brian G. Baca, Anita **and Code** - 35200
Gonzales **Number:** _____
Short Ed. Retirees Returning to Work **Person Writing** Jacob Maule
Title: Time Period **Phone:** 505-531-6739 **Email** Jacob.maule@erb.nm

SECTION II: FISCAL IMPACT

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		(\$4,000.0)	(\$4,000.0+)	(\$8,000.0+)	Recurring	ERB Trust Fund

(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: The bill increases the time limit for one of ERB’s return to work (RTW) programs from a maximum of thirty-six months up to a new maximum of eighty-four months.

FISCAL IMPLICATIONS

ERB’s consulting actuaries have measured the impact of increased retirement rates on the June 30, 2024, valuation results.

If ERB experiences an increase in retirement rates by 0.20 in the only first year of eligibility for unreduced retirement, the actuarial accrued liability increases by \$89 million and increases the normal cost rate from 14.24% of pay to 14.33% of pay (about \$4 million per year increasing with payroll growth). This amount is to get a sense of how changes in retirement patterns can impact

plan costs and should not be considered an upper limit on the amount of impact to the plan.

We believe the RTW changes as proposed will have a material negative impact to the plan funding. As the actual impacts will not be known until we can observe the impacts on retirement rates for several years, ERB recommends caution in extending these provisions.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

ERB will have to modify its IT system to allow the agency to account for and track the change from 36 months to 84 months.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB133

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

Increase the current 36 month limit to 48 months or 60 months.

Only grant the extension to those currently participating in the 36 month program.

Combination of the above (60 months to those currently in the program).

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS