

N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(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

House Bill 454 (HB454) directs that a retired member receiving an annuity pursuant to the New Mexico Educational Retirement Act receive an annual, non-compounding, additional payment in FY26 and FY27. The amount of the payment shall be determined each fiscal year by multiplying the amount of annual annuity payments, inclusive of all cost-of-living adjustments prior to that fiscal year, by two percent (2%).

HB454 also appropriates a one-time payment of sixty million dollars (\$60,000,000) to the New Mexico Educational Retirement Board (NMERB) to cover these additional payments. Any unencumbered payments at the end of a fiscal year do not revert.

The New Mexico Higher Education Department's (NMHED) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

FISCAL IMPLICATIONS

According to NMERB's 2024 Annual Comprehensive Financial Report (Table 7, p. 116), benefit payments totaled \$1,380,637,422, reflecting a sixty-three million dollar (\$63,000,000) increase from 2023. A two percent (2%) payment on one and a half billion dollars (\$1,500,000,000) would be thirty million dollars (\$30,000,000). Therefore, the total appropriation of sixty million

dollars (\$60,000,000) should be sufficient to cover the two percent (2%) additional payment for both FY26 and FY27.

SIGNIFICANT ISSUES

NMERB provides retirement benefit services to over 172,000 members and 220 educational employer groups. NMERB was created by the New Mexico Educational Retirement Act to administer the Educational Employees' Retirement Plan and to provide retirement and disability benefits for employees of New Mexico's public schools, institutions of higher education, and certain state agencies providing educational programs. NMERB has managed the retirement assets of New Mexico's educational employees since 1957. In 2024, over 55,000 individuals were receiving benefits from the NMERB.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB454 is very similar to HB96, which appropriates sixty-six million dollars (\$66,000,000) to the Public Employees Retirement Board to fund a two percent supplement to retirees receiving annuities for FY26 and FY27.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB454 does not pass, then NMERB retirees would not get the additional two percent (2%) in additional annuity payments in FY26 and FY27.

If HB96 passes, then state retirees would receive the extra two percent (2%) in additional annuity payments in FY26 and FY27, while NMERB retirees would not receive similar compensation.

AMENDMENTS

N/A