

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: January 24, 2025 *Check all that apply:*
Bill Number: SB 75 Original Correction
 Amendment Substitute

Sponsor: Natalie Figueroa **Agency Name and Code:** NM Educational Retirement Board - 35200
Short Title: Educational Retirement Changes **Number:** _____
Person Writing: Jacob Maule
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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	NA	NA	NA	0		

(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 provides clarification and language clean-up of six statues under the Educational Retirement Act. Section 1 clarifies the restrictions on receiving food and gifts. Section 2 specifies that unclaimed member contributions are part of the educational retirement fund. Section 3 clarifies when a member has met the contributory employment requirement to be eligible for retirement benefits. Section 4 clarifies that when a member who retired pursuant to a disability receives a cost of living adjustment, that the will continue to receive benefits at the rate of benefits received for the disability. Section 5 deals with how a member may purchase service credit. The current language requires a single lump sum payment within sixty days, where the new language will allow any number of payments within a ninety day window. Section 6 allows ERB staff to exchange member information with PERA for the purpose of administering the Public Employees Retirement Reciprocity Act.

FISCAL IMPLICATIONS

No fiscal impact to the Educational Retirement Board.

SIGNIFICANT ISSUES

Section 1, as currently written, attempts to allow food or beverages to be received and to place a dollar limit on single gifts and multiple gifts received within calendar a year.

Section 2 addresses the concern that unclaimed member contributions are not specifically included as part of the monies held in the educational retirement fund.

Section 3 adds clarification to one of the core principles of the Educational Retirement Act, namely, how does a member vest in their retirement. The current statutes make clear that a member must obtain five years of contributory employment. However, it does not specify how those five years of contributory employment are calculated. This lack of clarification is especially concerning given that there are separate guidelines which provide for how service credits are calculated (service credits are part of the formula for determining the actual retirement benefit for a member) and the unique employment circumstances for many members.

Section 4 addresses the concern with how a cost of living adjustment (COLA) is applied to the benefit of a member retired pursuant to a disability. 22-11-38 NMSA 1978 makes clear that a member receiving disability benefits will be considered as retiring upon reaching sixty years of age and that the benefit will be at the same rate of benefits received for the disability. The new language clarifies any confusion about how a COLA is applied to such a retiree's benefits.

Section 5 addresses a significant procedural issue with how a member pays for the purchase of service credits. As it is currently drafted, the statute requires a member to purchase service credits with a single lump sum payment. Practically, this is exceedingly difficult for our members to accomplish. The new language will allow members flexibility in buying service credit by utilizing multiple means of payment(s).

Section 6 eliminates a significant barrier that currently prevents the ERB from sharing information with PERA. The Public Employees Retirement Reciprocity Act calls upon ERB and PERA to work together and share information necessary to process retirements of public employees who are members of both PERA and ERB. However, the current statutory language prevents ERB from sharing necessary information with PERA to carry out the Act.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Sections 1-5 of the bill support, but do not change any processes at NMERB. However, failure to enact section 6 of the bill will result in continued difficulties with processing reciprocity retirements. This is due to NMERB's current inability to share necessary information with PERA in order to accomplish the purpose and direction of the Public Employees Retirement Reciprocity Act.

AMENDMENTS