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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
57th Legislature, 1st Session, 2025

Bill Number	<u>SB133</u>	Sponsor	<u>Stewart/Wirth</u>
Tracking Number	<u>.229120.1</u>	Committee Referrals	<u>SEC/SFC</u>
Short Title	<u>Educational Retirees Returning to Work</u>		
Analyst	<u>Montoya</u>	Original Date	<u>2/4/2025</u>
		Last Updated	<u>2/6/2025</u>

BILL SUMMARY

Synopsis of Bill

Senate Bill 133 (SB133) would amend the Education Retirement Act (22-11-25.1 NMSA 1978) to raise the maximum salary that a retired Education Retirement Board (ERB) member returning to work for a local administrative unit may earn without having their retirement benefits suspended. SB133 would increase this limit to \$25 thousand per year; currently, state law allows a maximum salary of \$15 thousand per year.

FISCAL IMPACT

SB133 does not carry an appropriation.

SUBSTANTIVE ISSUES

Impact on School Districts. SB133 may enable school districts and charter schools to leverage the expertise of experienced, well-trained retired personnel to provide additional support on a part-time and short-term basis. The proposed increase in the maximum salary limit could create opportunities for retirees who wish to supplement their income without negatively impacting their ERB benefits. Additionally, this change may allow school districts to make greater use of these retirees, helping to address staffing needs for areas such as substitute teachers or other school support positions more effectively. By raising the salary cap, districts could retain these individuals for a longer duration without quickly reaching the current earnings limit, thereby alleviating some administrative challenges.

Member Contributions. SB133 may have a minor impact on the education retirement fund's funding ratio, also known as solvency. The proposed increase in the maximum salary for the return-to-work (RTW) program could result in a slight reduction in member contributions toward ERB's unfunded liability. By raising the RTW program's salary cap from \$15 thousand to \$25 thousand, more retirees may opt to return to work on a temporary basis. These individuals would not contribute to the fund balance as an active member in the same position would. ERB staff estimates applying this increase to current RTW participants could reduce annual contributions by

approximately \$220 thousand. Additionally, members currently enrolled in the 36-month RTW provision and the grandfathered 12-month RTW provision, both of which require employee and employer contributions, may transition to the \$25 thousand RTW provision, which does not require contributions. However, this impact is expected to be minimal.

ADMINISTRATIVE IMPLICATIONS

SB133 would require ERB to update policies and procedures to account for the proposed increase of the maximum salary limitations for RTW members.

RELATED BILLS

Relates to Senate Bill 75, Educational Retirement Changes, which proposes changes to the ERB system, including investing unclaimed member contributions, ensuring annuity adjustments for disabled members over 60, extending the service credit payment deadline to 90 days, and allowing information sharing with the Public Employees Retirement Board for administration.

Relates to Senate Bill 133, Educational Retirees Returning to Work, which would raise the maximum salary a retired member can earn without suspending retirement benefits when returning to work, increasing the threshold from \$15 thousand to \$25 thousand.

Relates to House Bill 251, Ed. Retirement Beneficiary Changes, which proposes additional beneficiary designation options for retired ERB members.

Relates to House Bill 254, Ed. Retirees Returning to Work Time Period, which would extend the current 36-month return-to-work (RTW) period to 84 months.

SOURCES OF INFORMATION

- LESC Files
- Central New Mexico Community College (CNM)
- Educational Retirement Board (ERB)
- New Mexico Highlands University (NMHU)
- New Mexico Institute of Mining and Technology (NMIMT)
- New Mexico Public Schools Insurance Authority (NMPSIA)
- New Mexico Regional Cooperatives (NMRECA)
- Public Employee Retirement Association (PERA)
- University of New Mexico (UNM)

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