

HOUSE APPROPRIATIONS AND FINANCE COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 360

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

AN ACT

RELATING TO EDUCATIONAL RETIREMENT; RAISING THE SALARY  
THRESHOLD FOR CONTRIBUTION AMOUNTS; CHANGING THE TERMS OF  
RETIREMENT ELIGIBILITY AND THE CALCULATION OF BENEFITS FOR  
CERTAIN MEMBERS; CHANGING THE TERMS GOVERNING RETIRED MEMBERS  
WHO RETURN TO EMPLOYMENT WITH AN EDUCATIONAL RETIREMENT BOARD  
EMPLOYER; INCREASING THE CONTRIBUTIONS OF EDUCATIONAL  
RETIREMENT BOARD-COVERED EMPLOYERS; CLARIFYING THAT SUBSTITUTE  
TEACHERS ARE EDUCATIONAL RETIREMENT BOARD-COVERED MEMBERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 22-11-21 NMSA 1978 (being Laws 1967,  
Chapter 16, Section 144, as amended) is amended to read:

"22-11-21. CONTRIBUTIONS--MEMBERS--LOCAL ADMINISTRATIVE  
UNITS.--

A. Except as provided in Subsection D of this

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1 section, for a member whose annual salary is greater than  
2 [~~twenty thousand dollars (\$20,000)~~] twenty-four thousand  
3 dollars (\$24,000), the member shall make contributions to the  
4 fund [~~according to the following schedule:~~

5 (1) ~~from July 1, 2013 through June 30, 2014,~~  
6 ~~the member contribution rate shall be ten and one-tenth percent~~  
7 ~~of the member's annual salary; and~~

8 (2) ~~on and after July 1, 2014]~~ at the [member  
9 ~~contribution]~~ rate [~~shall be]~~ of ten and seven-tenths percent  
10 of the member's annual salary.

11 B. [~~On and after July 1, 2008]~~ For a member whose  
12 annual salary is [~~twenty thousand dollars (\$20,000)~~] twenty-  
13 four thousand dollars (\$24,000) or less, the member  
14 [~~contribution]~~ shall make contributions to the fund at the rate  
15 [~~shall be]~~ of seven and nine-tenths percent of the member's  
16 annual salary.

17 C. Except as provided in Subsection D of this  
18 section, each local administrative unit shall make an annual  
19 contribution to the fund according to the following schedule:

20 [(1) ~~from July 1, 2013 through June 30, 2014,~~  
21 ~~a sum equal to thirteen and fifteen-hundredths percent of the~~  
22 ~~annual salary of each member employed by the local~~  
23 ~~administrative unit; and~~

24 (2) ~~on and after July 1, 2014, a sum equal to~~  
25 ~~thirteen and nine-tenths percent of the annual salary of each~~

1 ~~member employed by the local administrative unit;]~~

2 (1) from July 1, 2019 through June 30, 2020,  
 3 at the rate of fourteen and four-tenths percent of the annual  
 4 salary of each member employed by the local administrative  
 5 unit;

6 (2) from July 1, 2020 through June 30, 2021,  
 7 at the rate of fifteen and nine-tenths percent of the annual  
 8 salary of each member employed by the local administrative  
 9 unit; and

10 (3) on and after July 1, 2021, at the rate of  
 11 sixteen and nine-tenths percent of the annual salary of each  
 12 member employed by the local administrative unit.

13 D. If, in a calendar year, the salary of a member,  
 14 initially employed by a local administrative unit on or after  
 15 July 1, 1996, equals the annual compensation limit set pursuant  
 16 to Section 401(a)(17) of the Internal Revenue Code of 1986, as  
 17 amended, then:

18 (1) for the remainder of that calendar year,  
 19 no additional member contributions or local administrative unit  
 20 contributions for that member shall be made pursuant to this  
 21 section; provided that no member shall be denied service credit  
 22 solely because contributions are not made by the member or on  
 23 behalf of the member pursuant to ~~[the provisions of]~~ this  
 24 subsection; and

25 (2) the amount of the annual compensation

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1 limit shall be divided into four equal portions, and, for  
2 purposes of attributing contributory employment and crediting  
3 service credit, each portion shall be attributable to one of  
4 the four quarters of the calendar year."

5 SECTION 2. A new section of the Educational Retirement  
6 Act, Section 22-11-23.3 NMSA 1978, is enacted to read:

7 "22-11-23.3. [NEW MATERIAL] RETIREMENT ELIGIBILITY--  
8 INITIAL MEMBERSHIP ON OR AFTER JULY 1, 2019.--A member who  
9 initially became a member on or after July 1, 2019 or a member  
10 who was a member before July 1, 2019 and had, before that date,  
11 been refunded all member contributions in accordance with  
12 Subsection A of Section 22-11-15 NMSA 1978 and had not restored  
13 all refunded contributions and interest before July 1, 2019, is  
14 eligible for retirement benefits when:

15 A. the member is any age and has thirty or more  
16 years of earned service credit;

17 B. the member is at least sixty-seven years of age  
18 and has five or more years of earned service credit; or

19 C. the sum of the member's age and years of earned  
20 service credit equals at least eighty."

21 SECTION 3. Section 22-11-25.1 NMSA 1978 (being Laws 2001,  
22 Chapter 283, Section 2, as amended) is amended to read:

23 "22-11-25.1. RETURN TO EMPLOYMENT--BENEFITS [~~CONTINUED~~]  
24 [~~ADMINISTRATIVE UNIT~~] CONTRIBUTIONS.--

25 A. Except as otherwise provided in Subsections B

1 and F of this section, [~~beginning January 1, 2002 and~~  
 2 ~~continuing~~] until January 1, 2022, a retired member [~~may begin~~]  
 3 who begins employment [~~at~~] with a local administrative unit  
 4 [~~and shall not be~~] at a level greater than one-quarter full-  
 5 time employee, regardless of salary level, is required to  
 6 suspend the member's retirement benefits [~~if~~] until the end of  
 7 that employment unless the member has not rendered service to a  
 8 local administrative unit for at least twelve consecutive  
 9 months after the date of retirement. [~~If the retired member~~  
 10 ~~returns to employment without first completing twelve~~  
 11 ~~consecutive months of retirement, the retired member shall~~  
 12 ~~remove himself or herself from retirement.~~]

13 B. Until January 1, 2022, a retired member who  
 14 [~~was~~] retired on or before January 1, 2001, [~~and~~] has not  
 15 [~~since~~] suspended or been required to suspend retirement  
 16 benefits pursuant to the Educational Retirement Act [~~may, at~~  
 17 ~~any time prior to January 1, 2022, return~~] and returns to  
 18 employment [~~for~~] with a local administrative unit [~~and shall~~  
 19 ~~not be~~] is not required to suspend the member's retirement  
 20 benefits.

21 C. A retired member who returns to employment  
 22 [~~during retirement pursuant to Subsection A, B or F of~~] with a  
 23 local administrative unit in accordance with this section is  
 24 entitled [~~to continue~~] to receive retirement benefits during  
 25 that employment but is not entitled to acquire or purchase

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1 service credit ~~[or to acquire or purchase service credit in the~~  
2 ~~future for the period of the retired member's reemployment with~~  
3 ~~a local administrative unit]~~ for that employment.

4 D. A retired member ~~[shall not be eligible to]~~ may  
5 return to employment ~~[pursuant to Subsection A, B or F of this~~  
6 ~~section unless]~~ with a local administrative unit only if the  
7 member submits an application to return to work, on a form  
8 prescribed by the board, [has been submitted to, and approved  
9 by] the board approves the application and the applicant [has  
10 complied] complies with [such] other application rules [as]  
11 promulgated by the board.

12 E. A retired member who returns to employment  
13 ~~[pursuant to Subsection A, B or F of this section]~~ in any  
14 capacity with a local administrative unit shall [pay] make  
15 nonrefundable contributions to the fund [an amount equal to the  
16 member contributions that] as would be required [pursuant to]  
17 by Section 22-11-21 NMSA 1978 if the retired member [was] were  
18 a non-retired employee. [and] The local administrative unit  
19 employing the retired member shall [pay to the fund an amount  
20 equal to the local administrative unit] likewise make  
21 contributions [that] as would be required [pursuant to] by that  
22 section. [Payments made by a retired member pursuant to this  
23 subsection shall not be refunded.]

24 F. ~~[Beginning July 1, 2003 and continuing]~~ Until  
25 January 1, 2022, a retired member who retired on or before

1 January 1, 2001, who [~~subsequently voluntarily~~] suspended or  
 2 was required to suspend retirement benefits [~~and who has not~~  
 3 ~~rendered service to a local administrative unit for at least~~  
 4 ~~ninety days, may begin employment at a local administrative~~  
 5 ~~unit without suspending~~] under the Educational Retirement Act  
 6 is not required to suspend the member's retirement benefits if  
 7 the retired member [~~was not employed by~~] has not rendered  
 8 service to a local administrative unit for an additional twelve  
 9 or more consecutive months, not including any part of a summer  
 10 or other scheduled break or vacation period, after the initial  
 11 date of [~~the~~] retirement [~~provided that the ninety-day period~~  
 12 ~~shall not include any part of a summer or other scheduled break~~  
 13 ~~or vacation period~~].

14 G. [~~Both the~~] A retired member who returns to  
 15 employment [~~and the~~] with a local administrative unit [~~that~~  
 16 ~~employs the retired member~~] shall make contributions to the  
 17 retiree health care fund during the period of that employment  
 18 and in the amount specified in [~~Subsections A and B of~~] Section  
 19 10-7C-15 NMSA 1978. The local administrative unit employing  
 20 the retired member shall likewise make contributions during the  
 21 period of that employment and in the amount specified in that  
 22 section.

23 H. As used in [~~Subsections A and F of~~] this  
 24 section:

25 (1) "rendered service" [~~to a local~~

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1 ~~administrative unit~~] includes employment [~~by a local~~  
2 ~~administrative unit~~], whether full or part time; substitute  
3 teaching; voluntarily performing duties [~~for a local~~  
4 ~~administrative unit~~] that would otherwise be, or in the past  
5 have been, performed by a paid employee or independent  
6 contractor; [~~or~~] and performing duties [~~for a local~~  
7 ~~administrative unit~~] as an independent contractor or an  
8 employee of an independent contractor; and

9 (2) "local administrative unit" includes any  
10 entity incorporated, formed or otherwise organized by, or  
11 subject to the control of, a local administrative unit,  
12 regardless of whether [~~or not~~] the entity is created for profit  
13 or nonprofit purposes."

14 SECTION 4. Section 22-11-25.2 NMSA 1978 (being Laws 2003,  
15 Chapter 248, Section 1) is amended to read:

16 "22-11-25.2. PERSONS RECEIVING RETIREMENT BENEFITS  
17 PURSUANT TO THE PUBLIC EMPLOYEES RETIREMENT ACT.--

18 A. An employee who is retired pursuant to the  
19 Public Employees Retirement Act and who has not suspended  
20 retirement benefits received pursuant to that act shall [~~not~~]  
21 make contributions to the fund as [~~otherwise~~] required [~~in~~] by  
22 the Educational Retirement Act. A local administrative unit  
23 that employs such a retiree likewise shall make contributions  
24 to the fund as required by that act.

25 B. An employee hired prior to July 1, 2019 by a



1 local administrative unit that is a public post-secondary  
 2 educational institution and who is hired as a police officer  
 3 certified pursuant to the Law Enforcement Training Act, who is  
 4 retired pursuant to the Public Employees Retirement Act and who  
 5 has not suspended retirement benefits received pursuant to that  
 6 act, shall not make contributions to the fund so long as the  
 7 employee remains working as a certified police officer. The  
 8 local administrative unit that hired the certified police  
 9 officer shall make contributions to the fund pursuant to the  
 10 Educational Retirement Act.

11 ~~[B.]~~ C. An employee who ~~[continues to receive]~~  
 12 receives retirement benefits pursuant to the Public Employees  
 13 Retirement Act ~~[and who does not make contributions to the~~  
 14 ~~fund]~~ is not entitled to acquire or purchase service credit ~~[or~~  
 15 ~~to acquire or purchase service credit in the future]~~ for the  
 16 period of employment with a local administrative unit.

17 ~~[G. Nothing in this section shall affect the~~  
 18 ~~obligation of a local administrative unit to make contributions~~  
 19 ~~to the fund as required in the Educational Retirement Act.]"~~

20 SECTION 5. Section 22-11-30 NMSA 1978 (being Laws 1967,  
 21 Chapter 16, Section 153, as amended) is amended to read:

22 "22-11-30. RETIREMENT BENEFITS--REDUCTIONS.--

23 A. Retirement benefits for a member retired  
 24 pursuant to the Educational Retirement Act on or before  
 25 June 30, 1967 shall be paid monthly and shall be one-twelfth of

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1 a sum equal to one and one-half percent of the first four  
2 thousand dollars (\$4,000) of the member's average annual salary  
3 and one percent of the remainder of the member's average annual  
4 salary multiplied by the number of years of the member's total  
5 service credit.

6 B. Retirement benefits for a member retired  
7 pursuant to the Educational Retirement Act on or after July 1,  
8 1967 but on or before June 30, 1971 shall be paid monthly and  
9 shall be one-twelfth of a sum equal to one and one-half percent  
10 of the first six thousand six hundred dollars (\$6,600) of the  
11 member's average annual salary and one percent of the remainder  
12 of the member's average annual salary multiplied by the number  
13 of years of the member's total service credit.

14 C. Retirement benefits for a member retired  
15 pursuant to the Educational Retirement Act on or after July 1,  
16 1971 but on or before June 30, 1974 shall be paid monthly and  
17 shall be one-twelfth of a sum equal to one and one-half percent  
18 of the member's average annual salary multiplied by the number  
19 of years of the member's total service credit.

20 D. Retirement benefits for a member retired  
21 pursuant to the Educational Retirement Act on or before  
22 June 30, 1974 but returning to employment on or after July 1,  
23 1974 for a cumulation of one or more years shall be computed  
24 pursuant to Subsection E of this section. Retirement benefits  
25 for a member retired pursuant to the Educational Retirement Act

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1 on or before June 30, 1974 but returning to employment on or  
 2 after July 1, 1974 for a cumulation of less than one year shall  
 3 be computed pursuant to Subsection A of this section if the  
 4 member's date of last retirement was on or before June 30, 1967  
 5 or pursuant to Subsection B of this section if the member's  
 6 date of last retirement was on or after July 1, 1967 but not  
 7 later than June 30, 1971 or pursuant to Subsection C of this  
 8 section if the member's date of last retirement was on or after  
 9 July 1, 1971 but not later than June 30, 1974.

10 E. Retirement benefits for a member age sixty or  
 11 over, retired pursuant to the Educational Retirement Act on or  
 12 after July 1, 1974 but not later than June 30, 1987, shall be  
 13 paid monthly and shall be one-twelfth of a sum equal to:

14 (1) one and one-half percent of the member's  
 15 average annual salary multiplied by the number of years of  
 16 service credit for:

17 (a) prior employment; and  
 18 (b) allowed service credit for service  
 19 performed prior to July 1, 1957, except United States military  
 20 service credit purchased pursuant to Paragraph (3) of  
 21 Subsection A of Section 22-11-34 NMSA 1978; plus

22 (2) two percent of the member's average annual  
 23 salary multiplied by the number of years of service credit for:

24 (a) contributory employment;  
 25 (b) allowed service credit for service

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1 performed after July 1, 1957; and

2 (c) United States military service  
3 credit for service performed prior to July 1, 1957 and  
4 purchased pursuant to Paragraph (3) of Subsection A of Section  
5 22-11-34 NMSA 1978.

6 F. Retirement benefits for a member age sixty or  
7 over, retired pursuant to the Educational Retirement Act on or  
8 after July 1, 1987 but not later than June 30, 1991, shall be  
9 paid monthly and shall be one-twelfth of a sum equal to two and  
10 fifteen-hundredths percent of the member's average annual  
11 salary multiplied by the number of years of the member's total  
12 service credit; provided that this subsection shall not apply  
13 to any member who was retired in any of the four quarters  
14 ending on June 30, 1987 without having accumulated not less  
15 than 1.0 years earned service credit after June 30, 1987.

16 G. Retirement benefits for a member who retires  
17 pursuant to Section 22-11-23 NMSA 1978 on or after July 1, 1991  
18 shall be paid monthly and shall be one-twelfth of a sum equal  
19 to two and thirty-five hundredths percent of the member's  
20 average annual salary multiplied by the number of years of the  
21 member's total service credit; provided that:

22 (1) the benefit for a member who retires  
23 pursuant to Paragraph (3) of Subsection A of Section 22-11-23  
24 NMSA 1978 shall be reduced by:

25 (a) six-tenths percent for each one-

1 fourth, or portion thereof, year that retirement occurs prior  
2 to the member attaining the age of sixty years but after the  
3 member attains the age of fifty-five years; and

4 (b) one and eight-tenths percent for  
5 each one-fourth, or portion thereof, year that retirement  
6 occurs prior to the member attaining the age of fifty-five  
7 years;

8 (2) the benefit formula provided in this  
9 subsection shall not apply to any member who was retired in any  
10 of the four consecutive quarters ending on June 30, 1991  
11 without having accumulated at least one year of earned service  
12 credit beginning on or after July 1, 1991; and

13 (3) a member shall be subject to the  
14 provisions of Paragraph (1) of this subsection as they existed  
15 at the beginning of the member's last cumulated four quarters  
16 of earned service credit, regardless of later amendment.

17 H. Retirement benefits for a member who retires  
18 pursuant to Section 22-11-23.1 NMSA 1978 shall be paid monthly  
19 and shall be one-twelfth of a sum equal to two and thirty-five  
20 hundredths percent of the member's average annual salary  
21 multiplied by the number of years of the member's total service  
22 credit; provided that:

23 (1) the benefit for a member who retires  
24 pursuant to Paragraph (3) of Subsection A of Section 22-11-23.1  
25 NMSA 1978 shall be reduced by:

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1 (a) six-tenths percent for each one-  
2 fourth, or portion thereof, year that retirement occurs prior  
3 to the member attaining the age of sixty-five years but after  
4 the member attains the age of sixty years; and

5 (b) one and eight-tenths percent for  
6 each one-fourth, or portion thereof, year that retirement  
7 occurs prior to the member attaining the age of sixty years;  
8 and

9 (2) a member shall be subject to the  
10 provisions of Paragraph (1) of this subsection as they existed  
11 at the beginning of the member's last cumulated four quarters  
12 of earned service credit, regardless of later amendment.

13 I. Retirement benefits for a member who retires  
14 pursuant to Section 22-11-23.2 NMSA 1978 shall be paid monthly  
15 and shall be one-twelfth of a sum equal to two and thirty-five  
16 hundredths percent of the member's average annual salary  
17 multiplied by the number of years of the member's total service  
18 credit; provided that:

19 (1) the benefit for a member retiring pursuant  
20 to Paragraph (3) of Subsection A of Section 22-11-23.2 NMSA  
21 1978 shall be reduced by:

22 (a) six-tenths percent for each one-  
23 fourth, or portion thereof, year that retirement occurs prior  
24 to the member attaining the age of sixty-five years but after  
25 the member attains the age of sixty years; and

1 (b) one and eight-tenths percent for  
 2 each one-fourth, or portion thereof, year that retirement  
 3 occurs prior to the member attaining the age of sixty years;  
 4 and

5 (2) a member shall be subject to the  
 6 provisions of Paragraph (1) of this subsection as they existed  
 7 at the beginning of the member's last cumulated four quarters  
 8 of earned service credit, regardless of later amendment.

9 J. Retirement benefits for a member who retires in  
 10 accordance with Section 22-11-23.3 NMSA 1978 shall be paid  
 11 monthly and:

12 (1) in an amount equal to one-twelfth of the  
 13 sum of the following:

14 (a) for the first ten years of the  
 15 member's service credit, one and thirty-five hundredths percent  
 16 of the member's average annual salary multiplied by the  
 17 member's years of service credit between one-fourth of a year  
 18 and ten years;

19 (b) for that portion of the member's  
 20 service credit earned after ten years of service credit and  
 21 through twenty years of service credit, two and thirty-five  
 22 hundredths percent of the member's average annual salary  
 23 multiplied by the member's years of service credit between ten  
 24 and twenty years;

25 (c) for that portion of the member's

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1 service credit earned after twenty years of service credit and  
2 through thirty years of service credit, three and thirty-five  
3 hundredths percent of the members's average annual salary  
4 multiplied by the member's years of service credit between  
5 twenty and thirty years; and

6 (d) for that portion of the member's  
7 service credit earned after thirty years of service credit, two  
8 and four-tenths percent of the member's average annual salary  
9 multiplied by the member's years of service credit over thirty  
10 years; or

11 (2) if the member retires in accordance with:

12 (a) Subsection A of Section  
13 22-11-23.3 NMSA 1978 and is under fifty-eight years of age, in  
14 an amount equal to the result determined under Paragraph (1) of  
15 this subsection, but reduced to the actuarial equivalent, based  
16 on what is at the time of the member's retirement the most  
17 current set of actuarial factors determined by the board, of  
18 the benefit the member would receive if the member had retired  
19 at fifty-eight years of age;

20 (b) Subsection C of Section  
21 22-11-23.3 NMSA 1978 and is sixty years of age or older and  
22 under sixty-five, in an amount equal to the result determined  
23 under Paragraph (1) of this subsection, but reduced by sixth-  
24 tenths percent for each one-fourth, or portion thereof, year  
25 before the member reaches age sixty-five; or

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1   (c) Subsection C of Section  
2     22-11-23.3 NMSA 1978 and is younger than sixty years of age, in  
3     an amount equal to one and eight-tenths percent for each one-  
4     fourth, or portion thereof, year before the member reaches  
5     sixty years of age.

6   ~~[J.]~~ K. In determining a member's average annual  
7     salary ~~[pursuant to]~~ for purposes of this section:

8   (1) the data set shall ~~[be computed on the~~  
9     ~~basis]~~ consist of the annual salary of each of the last five  
10    years, ~~[for which contribution was made]~~ or ~~[upon the basis of]~~  
11    any consecutive five years, for which contribution was made by  
12    the member, whichever ~~[is]~~ produces a higher ~~[provided,~~  
13    ~~however, that]~~ result; and

14   (2) lump-sum payments made after July 1, 2010  
15    of accrued sick leave or annual leave shall be excluded from  
16    the calculation ~~[of salary]~~.

17   L. On and after July 1, 2019, if the member's  
18    average annual salary is greater than sixty thousand dollars  
19    (\$60,000):

20   (1) the salary in a first twelve-month  
21    interval that occurs beginning July 1, 2019 or thereafter of  
22    the five-year period used to determine the average annual  
23    salary shall be adjusted to exclude any increase in salary in  
24    excess of thirty percent of the salary in the twelve  
25    consecutive months of service credit preceding the five-year

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1 period; and

2 (2) the salary in each of the four succeeding  
3 twelve-month intervals that occur beginning July 1, 2019 or  
4 thereafter of the five-year period, as adjusted to exclude any  
5 increase in salary in the twelve months preceding each such  
6 succeeding twelve-month interval that is in excess of the  
7 thirty-percent limitation provided in this subsection, shall be  
8 used to determine if the salary in that succeeding twelve-month  
9 interval exceeds the thirty-percent limitation and to adjust  
10 the salary to exclude any increase in excess of that limitation  
11 in determining the average annual salary.

12 M. On July 1, 2020 and on each July 1 thereafter,  
13 the salary threshold for applying the thirty-percent limitation  
14 provided for in Subsection L of this section shall be adjusted  
15 by applying an adjustment factor equal to the change in the  
16 consumer price index between the next preceding calendar year  
17 and the preceding calendar year if there is an increase in the  
18 consumer price index between the next preceding calendar year  
19 and the preceding calendar year.

20 ~~K.]~~ N. Unless otherwise required by the [~~provisions~~  
21 ~~of the~~] Internal Revenue Code of 1986, [~~members~~] a member shall  
22 begin receiving retirement benefits by age seventy years and  
23 six months, or upon termination of employment, whichever occurs  
24 later."

25 SECTION 6. Section 22-11-49 NMSA 1978 (being Laws 1991,

1 Chapter 118, Section 7, as amended) is amended to read:

2 "22-11-49. ALTERNATIVE RETIREMENT PLAN--CONTRIBUTIONS.--

3 A. ~~[Each]~~ A participant shall contribute an amount  
 4 equal to the ~~[percent]~~ percentage of the participant's salary  
 5 that the participant would ~~[have been]~~ be required to  
 6 contribute ~~[as]~~ if the participant were, instead, a regular  
 7 member. The contribution shall be made ~~[in the manner]~~ as  
 8 provided ~~[for]~~ by the board.

9 B. ~~[Each]~~ A qualifying state educational  
 10 institution shall contribute on behalf of each participant an  
 11 amount of the participant's salary equal to the contribution  
 12 that would ~~[have been]~~ be required of the employer if the  
 13 participant ~~[was]~~ were, instead, a regular member. Of ~~[the]~~  
 14 that contribution ~~[made by a qualifying state educational~~  
 15 ~~institution on behalf of a participant beginning October 1,~~  
 16 ~~1991, or October 1, 1999, whichever is applicable],~~ a sum equal  
 17 to ~~[three percent]~~ the following percentage of the annual  
 18 salary of each participant shall be ~~[contributed]~~ paid to the  
 19 fund, and the remainder of the contribution shall be paid to  
 20 the alternative retirement plan as provided by the board  
 21 ~~[provided, however, that]:~~

22 (1) for fiscal year:

23 (a) 2020, three and one-half percent;

24 (b) 2021, five percent; and

25 (c) 2022 and subsequent fiscal years,

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1 six percent; or

2 (2) if, on July 1 following any report by the  
3 actuary to the board that concludes that less than ~~[three~~  
4 ~~percent of the contributions made by a qualifying state~~  
5 ~~educational institution on behalf of its participants]~~ that  
6 percentage is required to satisfy the unfunded actuarial  
7 liability attributable to the participation of the participants  
8 in the alternative retirement plan, ~~[the three percent shall be~~  
9 ~~reduced to]~~ then the percentage ~~[determined by]~~ the actuary  
10 determines is the minimum required to satisfy that liability.

11 C. Contributions required by ~~[the provisions of]~~  
12 this section may be made by a reduction in salary or by a  
13 public employer pick-up ~~[pursuant to any applicable provision~~  
14 ~~of]~~ as provided in the Internal Revenue Code of 1986, as  
15 amended."

16 SECTION 7. A new section of the Educational Retirement  
17 Act is enacted to read:

18 "[NEW MATERIAL] SUBSTITUTE TEACHERS--MEMBERSHIP STATUS.--A  
19 substitute teacher who works at a level equivalent to one-  
20 quarter full-time employee or higher and who otherwise meets  
21 the requirements of membership under the Educational Retirement  
22 Act is subject to that act as a regular member."

23 SECTION 8. EFFECTIVE DATE.--The effective date of the  
24 provisions of this act is July 1, 2019.