

Senate Bill 36 and House Bill 73a, bills from the 2022 Legislative Session that impact ERB

Announcements

February 16, 2022

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Both bills have an impact on ERB. SB 36 addresses contributions while HB 73a introduces a new Return to Work program.

Senate Bill 36, increases employer contributions




On behalf of the Board of Trustees for the New Mexico Educational Retirement Board (NMERB) and its members, I would like to extend our sincerest appreciation and gratitude to the sponsors of Senate Bill 36, Senator Mimi Stewart and Representative Natalie Figueroa. The bill increases employer contributions to program an additional 1 percent beginning July 1, 2022 (FY23) and an additional 1 percent beginning July 1, 2023 (FY24), boosting total employer contributions from 15.15 percent of payroll in FY22 to 18.15 percent in FY24.

The impact of this legislation is significant to the program and its members, as it reduces the current funding period to 33 years down from 42, as reported on June 30, 2021. Currently, total pension liabilities equal \$23.4 billion and a net pension position of \$16.3 billion (assets) resulting in a net pension liability of \$7 billion.

Again, a huge thanks to Senator Stewart for her tireless efforts to improve the sustainability of this fund as well as Representative Figueroa for her efforts. We also thank the various stakeholder groups that lobbied and testified in support of this bill. It is always a group effort, and we are grateful for the support all of you provide.

Senate Bill 36

Legislation & ERB - Know the Impact

	<p>Employer Contributions Increased</p> <p><i>Total employer contributions will increase from 15.15% of payroll in Fiscal Year 2022 to 17.15% in Fiscal Year 2023, to 18.15% in Fiscal Year 2024 and beyond.</i></p>
	<p>Funding Period Decreased</p> <p><i>SB 36 will reduce the current funding period from 42 years down to 33 years.</i></p>
	<p>Fund Stability Improved</p> <p><i>A shorter funding period results in improved agency credit ratings, end of reductions in the cost-of-living adjustments, improved ability to withstand downturns, and possible reductions in contribution rates.</i></p>

(Click Image To Enlarge)

House Bill 73a, a new category of return to work

House Bill 73a cosponsored by Representatives Garret, Anderson and Lane creates a new category of return-to-work eligible Retirees who are allowed to receive their pension benefits, while working full-time. The bill allows for retired educational (K-12 and Higher Education) employees to return to work after a 90-day layout period for a period of up-to 36 consecutive or non-consecutive months. The bill is not expected to have a fiscal impact to NMERB, as employees and employers are both required to make non-refundable contributions to the program without earning additional service credit. Like other return-to-work categories, the bill is attempting to address a shortage of qualified educators.