NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERA Cost-of Living Adjustment Legislation

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Prior COLA Legislation

In the last two legislative sessions 12 bills dealing with PERA COLAs have been introduced.

Generally, these proposals can be divided into three groups:

- Non-compounding temporary payments (“13th Checks”)
- Increases to a fixed-rate COLA
- Aligning annual COLAs with those provided by Social Security

Budget Outlook

FY25-FY30 General Fund Recurring Appropriation Outlook with Liabilities

(in millions)

	Operating Budget FY27	Outlook FY28	Outlook FY29	Outlook FY30
December Consensus	$ 13,913.2	$ 14,454.3	$ 14,999.6	$ 15,612.3
Recurring Tracking Estimate	$ (166.2)	$ (166.2)	$ (166.2)	$ (166.2)
Health Care Affordability Fund Distributions		$ (91.5)	$ (162.2)	$ (175.2)
Immigrant Safety Act	$ (0.6)	$ (0.5)	$ (0.5)	$ (0.5)
PRC Support Agency		$ (19.7)	$ (19.9)	$ (20.1)
Oil and Gas Conservation Tax Act Changes		$ (46.5)	$ (76.5)	$ (108.7)
Tax Changes		$ (0.2)	$ (0.2)	$ (0.2)
Corporate Income Tax Changes (Tax Package)		$ 50.7	$ 60.4	$ 59.5
Subtotal - Other Revenue Changes	$ (166.8)	$ (273.9)	$ (365.1)	$ (411.4)
Total Recurring Revenue	**$ 13,746.4**	**$ 14,180.4**	**$ 14,634.5**	**$ 15,200.9**
Year-to-Year Percent Change	*4.0%*	*3.2%*	*3.2%*	*3.9%*
Recurring Appropriations				
Legislative	$ 55.6	$ 57.3	$ 59.0	$ 60.7
Feed Bill	*$ 49.0*	*$ 50.5*	*$ 52.0*	*$ 53.6*
Legislative	*$ 6.6*	*$ 6.8*	*$ 7.0*	*$ 7.2*
Judicial	$ 495.1	$ 510.0	$ 525.3	$ 541.0
General Control	$ 234.4	$ 241.4	$ 248.6	$ 256.1
Commerce, Industry	$ 115.1	$ 101.6	$ 104.2	$ 106.8
Agriculture, Energy and Natural Resources	$ 146.8	$ 151.2	$ 155.8	$ 160.4
Medicaid	$ 1,773.6	$ 1,826.8	$ 1,881.6	$ 1,938.1
Other Health, Hospitals and Human Services	$ 1,308.4	$ 1,347.7	$ 1,388.1	$ 1,429.7
Public Safety	$ 609.1	$ 627.4	$ 646.2	$ 665.6
Other Education	$ 95.2	$ 98.1	$ 101.0	$ 104.1
Higher Education	$ 1,518.0	$ 1,563.5	$ 1,610.4	$ 1,658.7
Public School Support	$ 4,788.6	$ 5,075.9	$ 5,380.4	$ 5,703.2
Compensation Package (excl. public education)[1]	$ 26.0	$ 104.0	$ 182.0	$ 260.0
Subtotal - Recurring Appropriations	**$ 11,165.8**	**$ 11,704.8**	**$ 12,282.6**	**$ 12,884.5**
Year-to-Year Percent Change, pre-adjustment	3.1%	4.8%	4.9%	4.9%

Capacity for Nonrecurring Investments—but capacity is not unlimited.

Other Potential Recurring Liabilities				
Pilots				
-Move Successful GRO to Base Budget		$ 72.0	$ 151.0	$ 171.7
- Move Successful PERF to Base Budget		$ 25.0	$ 45.6	$ 64.0
Early Childhood/Child Welfare				
- Childcare Assistance Backfill[2]				$ 350.0
- Protective Services Personnel		$ 14.0	$ 14.0	$ 14.0
Education				
- Career Technical Education/Internships		$ 45.0	$ 45.0	$ 45.0
- Literacy coaches/institute operations		$ 16.6	$ 16.6	$ 16.6
-STEM intervension and network		$ 35.0	$ 35.0	$ 35.0
- Teacher prep, recruitment, retention, ed fellows		$ 25.6	$ 25.6	$ 25.6
Health and Human Services (SNAP/Medicaid)				
- HCAF Coverage for Immigrants/Expired Tax Credits and Other[3]		$ 85.3	$ 161.8	$ 273.2
- Federal SNAP New State Cost Share for Benefits[4]				$ 173.2
- SNAP for Immigrants		$ 19.3	$ 19.3	$ 19.3
- Replace UNM Hospital Directed Payments with State Supplemental Payments			$ 25.0	$ 50.0
- DD Waiver Rate Study (2026)		$ 27.3	$ 27.3	$ 27.3
- Phase two Personal Care Services Rate Adjustment		$ 10.0	$ 10.0	$ 10.0
Subtotal - Additional Recurring		**$ 375.1**	**$ 576.2**	**$ 1,274.9**
Total Recurring Appropriations + Additional Rec	**$ 11,165.8**	**$ 12,079.9**	**$ 12,858.8**	**$ 14,159.4**
Year-to-Year Percent Change	*3.1%*	*8.2%*	*6.4%*	*10.1%*
Surplus/(Deficit) Rec	**$ 2,580.6**	**$ 2,100.5**	**$ 1,775.7**	**$ 1,041.5**
- Capital Outlay	**$ 443.2**	**$ 525.0**	**$ 525.0**	**$ 525.0**
- Higher Ed Capital Fund		**$ 300.0**	**$ 300.0**	**$ 300.0**
- Non Recurring Specials, Supp, & Fund Transfers[5]	**$ 2,207.9**	**$ 1,532.8**	**$ 1,532.8**	**$ 1,532.8**
Subtotal- NR Appropriation from Recuring Rev	**$ 2,651.1**	**$ 2,357.8**	**$ 2,357.8**	**$ 2,357.8**
Surplus/(Deficit) Rec & NR	**$ (70.5)**	**$ (257.3)**	**$ (582.1)**	**$ (1,316.3)**

“13th Check” Bills

(2025) House Bill 96

- Would have provided two years of a 2 percent non-compounding COLA for all members eligible for the COLA.
- PERA’s actuaries estimated the costs of the payments at $66 million, or $33 million per year.

(2026) House Bill 41

- Would have provided two years of a 2 percent non-compounding COLA for all members eligible for a COLA.
- PERA’s actuaries estimated the costs of the payments at $70 million, or $35 million per year.

Increased Fixed-Rate COLAs

2025 House Bill 164 and Senate Bill 30

- Would have replaced the current COLA with a 2 percent COLA for employers that opt-in to pay additional contributions.
- PERA's actuaries estimated an increased in the plan's unfunded liability of $839 million, assuming all employers opted-in.
- PERA estimated annual contributions needed to fund the bill would be $82.3 million.

2026 House Bill 242 and Senate Bill 169

- Would have provided a temporary increase for COLA to 1.68 percent COLA for retirees over age 65. This increase would only apply in FY27 and FY28.
- These increases would add to the base used for future compounding COLAs.
- PERA's actuaries estimated an increased in the plan's unfunded liability of $69 million.

Social Security COLAs

2025 Senate Bill 117

- Would have replaced the current COLA with a COLA based on the amount provided by the federal Social Security Program.
- PERA's actuaries estimated an increased in the plan's unfunded liability of $2.7 billion and would shift the
- PERA estimated annual contributions needed to fund the bill would be $285 million.

2026 Senate Bill 52

- Would have replaced the current COLA with a COLA based on the amount provided by the federal Social Security Program.
- PERA's actuaries estimated an increased in the plan's unfunded liability of $2.8 billion and would shift the
- PERA estimated annual contributions needed to fund the bill would be $295 million.

Public Comment

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For More Information

- http://www.nmlegis.gov/lcs/lfc/lfcdefault.aspx
- Session Publications – Budgets
- Performance Report Cards
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