Mr. President:

Your FINANCE COMMITTEE, to whom has been referred

SENATE BILL 115

has had it under consideration and reports same with recommendation
that it DO PASS, amended as follows:

1. On page 1, line 15, before the period, insert "; PROVIDING
FOR A REDUCTION IN THE COST-OF-LIVING ADJUSTMENT; ADDING
DEFINITIONS".

2. On page 17, line 18, after "ELIGIBILITY--", insert "BASED
ON FUNDED RATIO--".

3. On page 18, between lines 8 and 9, insert the following new
paragraphs:

"(5) "funded ratio" means the ratio of the actuarial
value of the assets of the fund to the actuarial accrued liability
of the educational retirement system;

(6) "median adjusted annuity" means the median value
of all annuities and retirement benefits paid pursuant to Section
22-11-29 or 22-11-30 NMSA 1978, as calculated each fiscal year;
provided, however, that the benefits paid to a member pursuant to
Section 22-11-38 NMSA 1978 shall not be included in the median
adjusted annuity calculation;".

4. Renumber the succeeding paragraphs accordingly.

5. On page 20, between lines 7 and 8, insert the following new
subsection:

"D. Notwithstanding Subsection C of this section, and
except for a member who is on disability status in accordance with
Section 22-11-35 NMSA 1978 and whose benefit is adjusted as provided
in Subsection H of this section or a member who is retired pursuant to Section 22-11-38 NMSA 1978 beginning on July 1, 2013, and continuing on each July 1 thereafter until the funded ratio of the fund as provided to the board by its actuary in the actuarial valuation report for the next preceding fiscal year is one hundred percent funded, the adjustment factor provided for in Subsection C of this section shall be applied as follows:

(1) if the percentage increase in the consumer price index is less than two percent in absolute value:

   (a) for a member who has twenty-five or more years of service credit at retirement and whose annuity is equal to or less than the median adjusted annuity for the fiscal year next preceding the date of adjustment, the adjustment factor shall be ninety percent of the adjustment factor determined under Paragraph (1) of Subsection C of this section; and

   (b) for a member who has less than twenty-five years of service credit at retirement and whose annuity is equal to or less than the median adjusted annuity for the fiscal year next preceding the date of adjustment, and for a member whose annuity is greater than the median adjusted annuity for the fiscal year next preceding the date of adjustment, the adjustment factor shall be eighty percent of the adjustment factor determined under Paragraph (1) of Subsection C of this section; and

(2) if the percentage increase in the consumer price index is equal to or greater than two percent in absolute value:

   (a) for a member who has twenty-five or more years of service credit at retirement and whose annuity is equal to or less than the median adjusted annuity for the fiscal year next preceding the date of adjustment, the adjustment factor shall be ninety percent of the adjustment factor determined under Paragraph (2) of Subsection C of this section; and
(b) for a member who has less than twenty-five years of service credit at retirement and whose annuity is equal to or less than the median adjusted annuity for the fiscal year next preceding the date of adjustment, and for a member whose annuity is greater than the median adjusted annuity for the fiscal year next preceding the date of adjustment, the adjustment factor shall be eighty percent of the adjustment factor determined under Paragraph (2) of Subsection C of this section."

6. Reletter the succeeding subsections accordingly.

7. On page 20, lines 20 and 21, strike "annually and cumulatively" and insert in lieu thereof "as provided in Subsections B through D of this section".

8. On page 21, line 1, strike "annually and cumulatively" and insert in lieu thereof "as provided in Subsections B through D of this section".

9. On page 21, line 10, strike the comma after "B", insert "through E" and strike "C and D".
Respectfully submitted,

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John Arthur Smith, Chairman

Adopted_______________________ Not Adopted_______________________

(Chief Clerk)                          (Chief Clerk)

Date ________________________

The roll call vote was__10__ For __0__ Against
Yes:    10
No:     0
Excused: None
Absent: None

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