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

Bill Number	<u>SB133/aSEC</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>2/18/2025</u>

BILL SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee (SEC) amendment to Senate Bill 133 (SB133/aSEC) would modify the title of the bill, adding “increasing the time allowed for returning to work.” The amendment would also extend the current statutory return to work employment period of 36 months (consecutive or nonconsecutive) to 60 months (consecutive or nonconsecutive).

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/aSEC does not carry an appropriation.

SUBSTANTIVE ISSUES

Impact on School Districts. SB133/aSEC 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/aSEC 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. However, this impact is expected to be minimal.

Return to Work Extension. SB133/aSEC could allow school districts and charter schools to further leverage the expertise of retired personnel to provide additional staffing support on a part-time and short-term basis. The proposed RTW term extension would allow retirees to supplement their income without affecting their ERB benefits while also giving school districts greater access to their expertise. This change could help address staffing shortages, particularly for substitute teachers and other support roles. By extending the employment period, school districts and charter schools could retain these experienced professionals longer, potentially improving stability and continuity in schools.

ADMINISTRATIVE IMPLICATIONS

SB133/aSEC would require ERB to update policies and procedures to account for the proposed increase of the maximum salary limitations for RTW members, and the proposed RTW time period extension.

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.

Duplicates 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. SB133/aSEC would extend the RTW period to 60 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)

MAM/clh/mca/jkh