

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: January 18, 2026 **Check all that apply:**
Bill Number: _____ **Original** **Correction** _____
 Amendment **Substitute** _____

Sponsor: <u>Borrego</u> Short Title: <u>Temporary ERB Member Payment</u>	Agency Name and Code Number:	<u>NM Independent Community Colleges</u>
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
	\$65,500.0	NR	GF

(Parenthesis () indicate expenditure decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 40 (HB40) appropriates \$65.5 million from the general fund to the educational retirement board for expenditure in fiscal year 2027 and subsequent fiscal years.

HB 40 provides educational retirement act retirees with an additional payment in fiscal years 2027 and 2028. This payment is non-compounding. The additional annuity payment is calculated by multiplying the annual annuity payments by 2.0%. A member who's annual annuity payments totaled \$60 thousand would receive an additional payment of \$1.2 thousand ($\$60,000 \times 2.0\% = \$1,200$).

FISCAL IMPLICATIONS

HB 40 makes a \$65.5 million non-recurring general fund appropriation to the educational retirement board for expenditure in multiple fiscal years, beginning in fiscal year 2027.

Any unexpended funds do not revert.

SIGNIFICANT ISSUES

The educational retirement act provides the allowed cost of living adjustment. For eligible retirees, the July 1, 2025 adjustment for eligible “non-disability retirements with 25 or more years of service credit at retirement and whose monthly annuity is less than or equal to \$1,798.02 will receive an annual adjustment of 1.80%. All remaining non-disability retirements will receive an annual adjustment of 1.60%.”.

Inflation Rates

Calendar Year	Inflation Rate
2021	7.0%
2022	6.5%
2023	3.4%
2024	2.9%
2025	2.7%

Source: <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>

The provided cost of living adjustment does not keep pace with inflation. An additional payment will assist New Mexico educational act retirees to keep up with skyrocketing costs.