



# Legislative Finance Committee

Representative Patricia A. Lundstrom, Chair  
Senator George K. Munoz, Vice Chair

## FY24 Appropriation Request

October 20, 2022

H. Russell Goff, Chair  
Mary Lou Cameron, Vice Chair  
Larry Magid, Secretary  
David Archuleta, Executive Director

# Introduction

- Educational Retirement Act – Section 22-11-1
  - Created in 1957
  - Serves employees of the K -12 public schools, colleges, universities and selected state agencies
  - 9 Member Board of Trustees
    - Defined Benefit Plan
    - Alternative Retirement Plan
  - Board Composition
    - H. Russell Goff, Chair – New Mexico Association of Educational Retirees (NMAER)
    - Mary Lou Cameron, Vice Chair – National Education Association (NEA)
    - Larry Magid, Secretary – Governor Appointee
    - Tim Eichenberg, State Treasurer, Ex-Officio
    - Mario Suazo, Higher Education Department Secretary Designee, Ex-Officio\*
    - Antonio Ortiz, Public Education Department Secretary Designee, Ex-Officio
    - Dr. Matias Fontenla, American Federation of Teachers New Mexico (AFTNM)\*
    - Dr. Don Duszynski, American Association of University Professors (AAUP)
    - Max Baca, Governor Appointee

\*New positions created by Laws 2021, Chapter 78 (Senate Bill 303)



## Agency Highlights

### As of June 30, 2022

• Active Members	59,887
• Retirees & Beneficiaries	53,972
• Retiree Payroll	\$1,321,790,011
• Member Contributions	\$345,047,671
• Employer Contributions	\$512,573,812
• Active Member Payroll	\$3.6 billion
• Participating Employers	216
• Net Assets	\$15.5 billion
• Net Investment Return (FY22)	1%
• Funded Ratio - 6/30/21	62.8%

### Operations

- 3 office locations:
  - 701 Camino De Los Marquez
  - 1596 Pacheco St, Suite 107
  - 8500 Menaul Blvd. NE, Suite B-450
- Open Monday-Friday 8AM-5PM
- Virtual & in-person pre-retirement counseling
- Hybrid work schedules (50 percent)
- 91 authorized FTE
  - 17% current vacancy rate
- Retirements
  - 2019 (932) / 2020 (906) / 2021 (1,269) / 2022 (904)

# Strategic Priorities

- Customer Service
  - Phone calls
  - In person & virtual appointments
  - Processing retirement and return-to-work applications
- Recruitment & Retention
  - Investments, Member Services and Information Technology
- Investment Returns
  - Asset allocation – 7%
- Completing Projects
  - New Office Building – Fall 2024
  - New Pension Administration System – July 2023 thru June 2027
- Training & Education
  - Internal
    - IT/Cybersecurity
    - Member Services
  - External
    - Communications – early/mid/late career
    - Local Administrative Units (LAUs)

# Recent Legislation

## SB42 – Increase ED Retirement Contributions – Laws 2021, Chapter 44

- Employer contributions rates
  - FY21 – 14.15 percent
  - FY22 – 15.15 percent
  - FY23 – 16.15 percent
- Extended sunset of existing return-to-work provisions from January 1, 2022, to January 1, 2024
- Requires ERB to present ways to improve pension solvency without additional employer-paid increases to DFA, LFC, LESC and any other appropriate interim committee
- Reduced amortization period or “funding period” from infinite to 42 years

## SB36 - Educational Retirement Board Contributions – Laws 2022, Chapter 29

- Effective July 1, 2022
- Employer contribution rates
  - FY23 – 17.15 percent
  - FY24 – 18.15 percent
- Reduces funding period from 42 to 33 years (FY55)

# Recent Legislation & RTW

## HB73 – Educational Retirees Returning to Work – Laws 2022, Chapter 20

- Effective May 18, 2022
- Allows retired ERB employees to return to work 90-days following retirement without suspending their pension for up to 36 consecutive or nonconsecutive months
- Requires non-refundable employee and employer contributions
- No additional service credit earned

### Additional Return to Work Options

- Option 1 - 12 consecutive month layout period
  - **Expires January 1, 2024**
  - Requires non-refundable employee and employer contributions
  - No additional service credit earned
- Option 2 – 90 consecutive day layout period (earning less than \$15,000)
- Option 3 – No lay out period (less than .25 FTE)
  - 10 hours per week or less

### Alternative Option – Suspend retirement and return to work

- Increase service credit and boost pension earnings

## 2023 Proposed Legislation

- Approved by Board of Trustees – October 14
- To be presented to Investments & Pensions Oversight Committee in November for endorsement
- Procurement Code
  - Proposed amendment to Procurement Code to allow Pension Administration System contracts to exceed 4 years
- Educational Retirement Act
  - Proposed amendment to the Educational Retirement Act to allow eligible employees of Southeast New Mexico College to participate in the Alternative Retirement Plan (ARP)
  - Proposed amendment to the Educational Retirement Act to increase the requirement minimum distribution age from 70 ½ to age in accordance with appropriate section of Internal Revenue Code

# Appropriation Request

Summary of Expenditures						
Uses	FY22	FY22	FY23	FY24	FY24	PERCENT
	OPBUD	ACTUAL	OPBUD	INC/DEC	REQUEST	CHANGE
1 200 Personal Services/Employee Benefits	8,052.9	7,796.8	8,826.1	905.7	9,731.8	10.3 %
2 300 Contractual Services	18,437.2	16,403.6	20,000.0	0.0	20,000.0	0.0 %
3 400 Other Costs	1,819.1	1,499.5	1,819.1	108.6	1,927.7	6.0 %
4 TOTAL	<b>28,309.2</b>	<b>25,699.9</b>	<b>30,645.2</b>	<b>1,014.3</b>	<b>31,659.5</b>	<b>3.3 %</b>

- The request for salaries and benefits includes full funding for all authorized FTE based on filling vacant positions at mid-point of the salary range. This will support staff augmentation for testing related to the implementation of a new pension administration system. The request also includes funding related to the cyber security policies obtained through the General Services Department, Risk Management Division.
- The request in the other category includes increased relating to printing and postage of members 1099s, additional office space at our Aspen Plaza location, costs related to DocuSign and e-Notary along with rates charged by the Department of Information Technology.





# Contact Information

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