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FISCAL IMPACT REPORT

SPONSOR Varela **ORIGINAL DATE** 02/10/06
LAST UPDATED _____ **HB** 222
SHORT TITLE Expand Educational Retirement Board Members **SB** _____
ANALYST Geisler

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			Minimal	Recurring	Educational Retirement Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates: SB 130

SOURCES OF INFORMATION

LFC Files
 Educational Retirement Board (ERB)

SUMMARY

Synopsis of Bill

House Bill 222 is Legislative Finance Committee and State Permanent Fund Task Force sponsored legislation to increase the number of board members on the Educational Retirement Board (ERB) from seven (7) to ten (10) and to increase the financial expertise of the board. The three additional members are:

- 1) one member to be appointed by the governor for a term of four years who possesses at least ten years of investment or public finance experience;
- 2) one member to be appointed by the university president's council for a term of four years who possesses at least ten years of investment or public finance experience;
- 3) one member to be appointed by the New Mexico coalition of school administrators for a term of four years who possesses at least ten years of investment or public finance experience.

A vacancy occurring in the term of an appointed member shall be filled by the appointing authority for the unexpired term. A vacancy occurring in the term of an elected member shall be filled by the appropriate association electing a new member to fill the unexpired term.

FISCAL IMPLICATIONS

Adding additional board members would likely cause a slight increase in annual board related costs such as travel expenses and per-diem.

SIGNIFICANT ISSUES

The current board is comprised of seven members: three educators, two governors' appointees, the State Treasurer and the Secretary of Education. The only other major finance related organizations with boards this size are the Board of Finance and the Mortgage Finance Authority, chaired by the governor and lieutenant governor, respectively. Most other finance related state boards have 10 to 12 members. Since it is not uncommon for the ERB to meet with the minimum quorum of four members, a increase in board members is warranted to reduce the workload of the current board members and provide additional financial expertise.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates SB 130.

ALTERNATIVES

ERB has studied this issue of board expansion and recommends an increase from seven (7) to eleven (11) members to avoid tie votes.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

The number of board members will remain at seven.

GG/sb:mt