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SENATE BILL 279

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

BEN D. ALTAMIRANO

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO EDUCATIONAL RETIREMENT; INCREASING THE  
CONTRIBUTIONS MADE BY THE LOCAL ADMINISTRATIVE UNITS; RAISING  
THE AMOUNT OF RETIREMENT BENEFITS FOR CERTAIN MEMBERS;  
CHANGING THE ADJUSTMENT FACTOR USED TO ADJUST THE ANNUITY;  
MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 22-11-21 NMSA 1978 (being Laws 1967,  
Chapter 16, Section 144, as amended) is amended to read:

"22-11-21. CONTRIBUTIONS- - MEMBERS- - LOCAL ADMINISTRATIVE  
UNITS. - -

A. Each member shall make contributions to the  
fund in the amount of seven and six-tenths percent of his  
annual salary.

B. Until June 30, 1993, each local administrative

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1 unit shall make a yearly contribution to the fund of a sum  
2 equal to seven and six-tenths percent of the annual salary of  
3 each member employed by the local administrative unit.

4 C. ~~[Beginning July 1, 1993 and thereafter]~~ From  
5 July 1, 1993 through June 30, 1998, each local administrative  
6 unit shall make a yearly contribution to the fund of a sum  
7 equal to eight and sixty-five hundredths percent of the annual  
8 salary of each member employed by the local administrative  
9 unit.

10 D. Beginning July 1, 1998, each local  
11 administrative unit shall make a yearly contribution to the  
12 fund of a sum equal to nine and seventy-five hundredths  
13 percent of the annual salary of each member employed by the  
14 local administrative unit. "

15 Section 2. Section 22-11-30 NMSA 1978 (being Laws 1967,  
16 Chapter 16, Section 153, as amended) is amended to read:

17 "22-11-30. RETIREMENT BENEFITS. --

18 A. Retirement benefits for a member retired  
19 pursuant to the Educational Retirement Act on or before June  
20 30, 1967 shall be paid monthly and shall be one-twelfth of a  
21 sum equal to one and one-half percent of the first four  
22 thousand dollars (\$4,000) of the member's average annual  
23 salary and one percent of the remainder of the member's  
24 average annual salary multiplied by the number of years of the  
25 member's total service credit.

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1           B. Retirement benefits for a member retired  
2 pursuant to the Educational Retirement Act on or after July 1,  
3 1967 but on or before June 30, 1971 shall be paid monthly and  
4 shall be one-twelfth of a sum equal to one and one-half  
5 percent of the first six thousand six hundred dollars (\$6,600)  
6 of the member's average annual salary and one percent of the  
7 remainder of the member's average annual salary multiplied by  
8 the number of years of the member's total service credit.

9           C. Retirement benefits for a member retired  
10 pursuant to the Educational Retirement Act on or after July 1,  
11 1971 but on or before June 30, 1974 shall be paid monthly and  
12 shall be one-twelfth of a sum equal to one and one-half  
13 percent of the member's average annual salary multiplied by  
14 the number of years of the member's total service credit.

15           D. Retirement benefits for a member retired  
16 pursuant to the Educational Retirement Act on or before June  
17 30, 1974 but returning to employment on or after July 1, 1974  
18 for a cumulation of one or more years shall be computed  
19 pursuant to Subsection E of this section. Retirement benefits  
20 for a member retired pursuant to the Educational Retirement  
21 Act on or before June 30, 1974 but returning to employment on  
22 or after July 1, 1974 for a cumulation of less than one year  
23 shall be computed pursuant to Subsection A of this section if  
24 his date of last retirement was on or before June 30, 1967 or  
25 pursuant to Subsection B of this section if his date of last

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1 retirement was on or after July 1, 1967 but not later than  
2 June 30, 1971 or pursuant to Subsection C of this section if  
3 his date of last retirement was on or after July 1, 1971 but  
4 not later than June 30, 1974.

5 E. Retirement benefits for a member age sixty or  
6 over, retired pursuant to the Educational Retirement Act on or  
7 after July 1, 1974 but not later than June 30, 1987, shall be  
8 paid monthly and shall be one-twelfth of a sum equal to:

9 (1) one and one-half percent of the member's  
10 average annual salary multiplied by the number of years of  
11 service credit for:

12 (a) prior employment; and

13 (b) allowed service credit for service  
14 performed prior to July 1, 1957, except United States military  
15 service credit purchased pursuant to Paragraph (3) of  
16 Subsection A of Section 22-11-34 NMSA 1978; plus

17 (2) two percent of the member's average  
18 annual salary multiplied by the number of years of service  
19 credit for:

20 (a) contributory employment;

21 (b) allowed service credit for service  
22 performed after July 1, 1957; and

23 (c) United States military service  
24 credit for service performed prior to July 1, 1957 and  
25 purchased pursuant to Paragraph (3) of Subsection A of Section

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1 22-11-34 NMSA 1978.

2 F. Retirement benefits for a member age sixty or  
3 over, retired pursuant to the Educational Retirement Act on or  
4 after July 1, 1987 but not later than June 30, 1991, shall be  
5 paid monthly and shall be one-twelfth of a sum equal to two  
6 and fifteen hundredths percent of the member's average annual  
7 salary multiplied by the number of years of the member's total  
8 service credit; provided that this subsection shall not apply  
9 to any member who was retired in any of the four quarters  
10 ending on June 30, 1987 without having accumulated not less  
11 than 1.0 years earned service after June 30, 1987.

12 G. Retirement benefits for a member age sixty or  
13 over, retired pursuant to the Educational Retirement Act on or  
14 after July 1, 1991 but not later than June 30, 1998, shall be  
15 paid monthly and shall be one-twelfth of a sum equal to two  
16 and thirty-five hundredths percent of the member's average  
17 annual salary multiplied by the number of years of the  
18 member's total service credit; provided that this subsection  
19 shall not apply to any member who was retired in any of the  
20 four consecutive quarters ending on June 30, 1991 without  
21 having accumulated at least one year earned service beginning  
22 on or after July 1, 1991.

23 H. Retirement benefits for a member age sixty or  
24 over, retired pursuant to the Educational Retirement Act on or  
25 after July 1, 1998, shall be paid monthly and shall be one-

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1 twelfth of a sum equal to two and four hundred twenty-five  
2 thousandths percent of the member's average annual salary  
3 multiplied by the number of years of the member's total  
4 service credit; provided that this subsection shall not apply  
5 to any member who was retired in any of the four consecutive  
6 quarters ending on June 30, 1998 without having accumulated at  
7 least one year earned service beginning on or after July 1,  
8 1998.

9 [H-] I. A member's average annual salary, pursuant  
10 to this section, shall be computed on the basis of the last  
11 five years for which contribution was made or upon the basis  
12 of any consecutive five years for which contribution was made  
13 by the member, whichever is higher. Members shall begin  
14 receiving retirement benefits by age seventy and six months,  
15 or upon termination of employment, whichever occurs later."

16 Section 3. Section 22-11-31 NMSA 1978 (being Laws 1979,  
17 Chapter 333, Section 2, as amended) is amended to read:

18 "22-11-31. COST OF LIVING ADJUSTMENT--ADDITIONAL  
19 CONTRIBUTIONS.--

20 A. For the purposes of this section:

21 (1) "adjustment factor" means a  
22 multiplicative factor computed to provide an annuity  
23 adjustment pursuant to the provisions of Subsection B of this  
24 section;

25 (2) "annuity" means any benefit payable under

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1 the Educational Retirement Act or the Retirement Reciprocity  
2 Act as a retirement benefit, disability benefit or survivor  
3 benefit;

4 (3) "calendar year" means the full twelve  
5 months beginning January 1 and ending December 31;

6 (4) "consumer price index" means the average  
7 of the monthly consumer price indexes for a calendar year for  
8 the entire United States for all items as published by the  
9 United States department of labor;

10 (5) "next preceding calendar year" means the  
11 full calendar year immediately prior to the preceding calendar  
12 year; and

13 (6) "preceding calendar year" means the full  
14 calendar year preceding the July 1 on which a benefit is to be  
15 adjusted.

16 B. On or after July 1, 1984, each annuity shall be  
17 adjusted annually and cumulatively commencing on July 1 of the  
18 year in which a member attains the age of sixty-five or on  
19 July 1 following the year a member retires, whichever is  
20 later. The annuity shall be adjusted by applying an  
21 adjustment factor that results in either an adjustment equal  
22 to one-half of the percentage increase or decrease of the  
23 consumer price index between the next preceding calendar year  
24 and the preceding calendar year, except that the adjustment  
25 shall not exceed four percent, in absolute value, nor be less

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1 than two percent, in absolute value. In the event that the  
2 percentage increase or decrease of the consumer price index is  
3 less than two percent, in absolute value, the adjustment  
4 factor shall be the same as the percentage increase or  
5 decrease of the consumer price index. No negative adjustment  
6 in the retirement benefit shall reduce the member's benefit  
7 below that which he received upon the date of his retirement.

8 C. A retired member whose benefit is subject to  
9 adjustment under the provisions of the Educational Retirement  
10 Act in effect prior to July 1, 1984 shall have his annuity  
11 readjusted annually and cumulatively under the provisions of  
12 that act in effect prior to July 1, 1984 until July 1 of the  
13 year in which he attains the age of sixty-five, when he shall  
14 have his annuity readjusted annually and cumulatively under  
15 the provisions of this section. A member who retires after  
16 attaining the age of sixty-five shall have his annuity  
17 adjusted annually and cumulatively commencing on July 1 of the  
18 year following his retirement.

19 D. A retired member who returns to work shall be  
20 subject to the provisions of this section as they exist at the  
21 time of his final retirement.

22 E. Benefits of a member who is on a disability  
23 status in accordance with Section 22-11-35 NMSA 1978 or a  
24 member whom the board certifies was disabled at regular  
25 retirement shall be adjusted in accordance with Subsections B

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1 and C of this section, except that the benefits shall be  
2 adjusted annually and cumulatively commencing on July 1 of the  
3 third full year following the year in which the member was  
4 approved by the board for disability or retirement.

5 F. The board shall adjust the benefits of each  
6 person receiving an annuity as of June 30, [ 1991] 1998. The  
7 adjustment shall be made on July 1, [ 1991] 1998 on the basis  
8 of an increase of two dollars (\$2.00) per month for each year  
9 since the member's last retirement plus an increase of one  
10 dollar (\$1.00) per month for each year of credited service at  
11 the time of retirement. "

12 Section 4. APPROPRIATION. --

13 A. Fourteen million five hundred seventeen  
14 thousand dollars (\$14,517,000) is appropriated from the  
15 general fund to the educational retirement fund for  
16 expenditure in fiscal year 1999 for the purpose of funding the  
17 retirement benefits increase and the cost-of-living adjustment  
18 for retirees as follows:

19 (1) to the boards of regents of the  
20 following:

21 (a) university of New Mexico, one  
22 million five hundred fifty-seven thousand dollars  
23 (\$1,557,000);

24 (b) New Mexico state university, eight  
25 hundred fifty-five thousand dollars (\$855,000);

- 1 (c) New Mexico highlands university,  
2 one hundred twenty-five thousand dollars (\$125,000);
- 3 (d) western New Mexico university,  
4 eighty-two thousand dollars (\$82,000);
- 5 (e) eastern New Mexico university, one  
6 hundred fifty-three thousand dollars (\$153,000);
- 7 (f) New Mexico institute of mining and  
8 technology, one hundred forty-one thousand dollars (\$141,000);
- 9 (g) university of New Mexico, Gallup,  
10 forty-nine thousand dollars (\$49,000);
- 11 (h) university of New Mexico, Los  
12 Alamos, eleven thousand dollars (\$11,000);
- 13 (i) university of New Mexico, Valencia,  
14 twenty-three thousand dollars (\$23,000);
- 15 (j) New Mexico state university,  
16 Alamogordo, thirty-two thousand dollars (\$32,000);
- 17 (k) New Mexico state university,  
18 Carlsbad, eighteen thousand dollars (\$18,000);
- 19 (l) New Mexico state university, Dona  
20 Ana, fifty-nine thousand dollars (\$59,000);
- 21 (m) New Mexico state university,  
22 Grants, eleven thousand dollars (\$11,000);
- 23 (n) eastern New Mexico university,  
24 Roswell, fifty-one thousand dollars (\$51,000);
- 25 (o) northern New Mexico state school,

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1 thirty-six thousand dollars (\$36,000);

2 (p) New Mexico military institute,  
3 eighty-one thousand dollars (\$81,000); and

4 (q) New Mexico school for the deaf,  
5 fifty thousand dollars (\$50,000);

6 (2) to the community college board of Santa  
7 Fe community college, fifty-four thousand dollars (\$54,000);

8 (3) to the governing boards of:

9 (a) Albuquerque technical-vocational  
10 institute, two hundred forty-six thousand dollars (\$246,000);

11 (b) Luna vocational-technical institute,  
12 twenty-four thousand dollars (\$24,000);

13 (c) Mesa technical college, nine  
14 thousand dollars (\$9,000);

15 (d) New Mexico junior college, fifty  
16 thousand dollars (\$50,000);

17 (e) San Juan college, seventy-six  
18 thousand dollars (\$76,000); and

19 (f) Clovis community college, fifty-one  
20 thousand dollars (\$51,000);

21 (4) to the state department of public  
22 education for:

23 (a) public school support, ten million  
24 five hundred thirty thousand dollars (\$10,530,000);

25 (b) its employees, forty-two thousand

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1 dollars (42,000); and  
2 (c) the vocational rehabilitation  
3 division, seven thousand dollars (\$7,000);  
4 (5) to the educational retirement board, two  
5 thousand dollars (\$2,000);  
6 (6) to the corrections department, thirty-  
7 seven thousand dollars (\$37,000);  
8 (7) to the department of health, twenty-two  
9 thousand dollars (\$22,000);  
10 (8) to the children, youth and families  
11 department, twenty-five thousand dollars (\$25,000); and  
12 (9) to the commission for the blind, eight  
13 thousand dollars (\$8,000).

14 B. Any unexpended or unencumbered balance  
15 remaining at the end of fiscal year 1999 shall revert to the  
16 general fund.

1 FORTY-THIRD LEGISLATURE  
2 SECOND SESSION, 1998  
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6 February 4, 1998  
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8 Mr. President:  
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10 Your COMMITTEES' COMMITTEE, to whom has been referred  
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12 SENATE BILL 279  
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14 has had it under consideration and finds same to be GERMANE, in  
15 accordance with constitutional provisions, and thence referred to the  
16 EDUCATION COMMITTEE.  
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19 Respectfully submitted,  
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Manny M. Aragon, Chairman

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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_

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(Chief Clerk)

(Chief Clerk)

Date \_\_\_\_\_

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1 FORTY-THIRD LEGISLATURE

2 SECOND SESSION, 1998

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4  
5 February 13, 1998

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7 Mr. President:

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9 Your EDUCATION COMMITTEE, to whom has been referred

10  
11 SENATE BILL 279

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13 has had it under consideration and reports same with recommendation  
14 that it DO PASS, and thence referred to the FINANCE COMMITTEE.  
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17 Respectfully submitted,

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22 Cynthia Nava, Chairman  
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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
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Date \_\_\_\_\_

The roll call vote was 6 For 0 Against

Yes: 6

No: 0

Excused: Duran, Gorham, Pinto, Rawson

Absent: None

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