



LFC Requester: Liu

**PUBLIC EDUCATION DEPARTMENT  
BILL ANALYSIS  
2025 REGULAR SESSION**

**SECTION I: GENERAL INFORMATION**

Check all that apply:

Original  Amendment   
Correction  Substitute

Date Prepared: 02/19 /25

Bill No: HB454

Agency Name and Code: PED - 924

Sponsor: Baca/Garratt

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**Short Title:** EDUCATIONAL RETIREMENT CHANGES

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**SECTION II: FISCAL IMPACT**

(Parenthesis ( ) Indicate Expenditure Decreases)

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$60,000.0	None	Nonrecurring	GF

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
None	None	None	N/A	NFA

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	None	None	None	None	N/A	NFA

Duplicates/Relates to Appropriation in the General Appropriation Act: The House Appropriations and Finance Committee Substitute for [House Bill 2](#), General Appropriation Act of 2025, would appropriate \$31.5 million to the Educational Retirement Board in FY26.

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: House Bill 454 (HB454) would amend the [Educational Retirement Act](#) to provide a targeted, temporary boost to retirement income for eligible members in fiscal years 2026 and 2027 (FY26-FY27).

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the legislature enacting them, unless a later date is specified. If enacted, this bill would become effective June 20, 2025.

### **FISCAL IMPLICATIONS**

The bill would appropriate \$60 million from the general fund to the educational retirement board for expenditure in FY26 and subsequent fiscal years to provide adequate funding to cover the cost of the temporary, additional, non-compounding payments. Any unexpended or unencumbered balance remaining at the end of a fiscal year would not revert to the general fund.

The House Appropriations and Finance Committee Substitute for [House Bill 2](#) does not contain an appropriation to implement the provisions of the bill.

### **SIGNIFICANT ISSUES**

The Educational Retirement Act defines a retired member as a person whose employment has concluded with a state educational institution, community college, Public Education Department (if licensed by the department), New Mexico Activities Association, or an educational license holder whose employment has concluded with a Regional Education Cooperative or other state agency providing an educational program and who is receiving or is eligible to receive retirement benefits.

HB454 would add a new Subsection C to [Section 22-11-31 NMSA 1978](#) that would temporarily increase the retirement benefit for retired members during FY26 and FY27. Specifically, it would require that in each of those years, eligible retirees receive an additional payment equal to 2 percent of their annual annuity calculated using the annuity amount that already includes all past cost-of-living adjustments. This extra payment would be non-compounding. It would be a one-time bonus each year rather than an amount that grows by accumulating interest or additional adjustments over time.

HB454 may be designed to provide targeted financial relief during a specific period, which could ease financial pressures for current retirees and potentially influence the retirement decisions of those nearing the end of their careers.

### **PERFORMANCE IMPLICATIONS**

None.

### **ADMINISTRATIVE IMPLICATIONS**

None.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Several bills have been introduced this session to address educational retirement:

- [House Bill 251](#) would amend the Educational Retirement Act, providing greater flexibility in managing beneficiary designations.
- [House Bill 254](#) as amended by the HLVMC (HB254/aHLVMC) would extend the maximum amount of time from 36 to 60 months for a retired member of the ERB to return to work without suspension of retirement benefits.
- [Senate Bill 133](#) would amend the Educational Retirement Act to increase the maximum annual salary allowable for retirees who return to employment without suspension of retirement benefits from \$15 thousand to \$25 thousand.

## **TECHNICAL ISSUES**

None.

## **OTHER SUBSTANTIVE ISSUES**

None.

## **ALTERNATIVES**

None.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

None.

## **AMENDMENTS**

None.