

<b>LFC Requester:</b>	
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**AGENCY BILL ANALYSIS  
2017 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

**[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)**

*and*

**[DFA@STATE.NM.US](mailto:DFA@STATE.NM.US)**

*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**SECTION I: GENERAL INFORMATION**

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

Check all that apply: Date 1/30/2016  
**Original**     **Amendment**        **Bill No:** SB29  
**Correction**     **Substitute**   

**Sponsor:** Senator Stuart Ingle    **Agency Code:** 924  
**Short**    EDUCATIONAL    **Person Writing**    Aguilar  
**Title:**    RETIREMENT BOARD    **Phone:** 505-827-6519    **Email**    Paulj.aguilar@state.nm.us  
EMPLOYEE SALARY

**SECTION II: FISCAL IMPACT**

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

	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>		\$200.0 - \$400.0	\$200.0 - \$400.0	\$400.0 – \$800.0	Recurring	Educational Retirement Board

(Parenthesis ( ) Indicate Expenditure Decreases)

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis

Senate Bill 29 exempts the chief investment officer of the Educational Retirement Board and those employed in the investment division of the board as portfolio managers, investment analysts or supervisors from the provisions of the State Personnel Act.

The bill then exempts these same employees from the Governor's exempt pay plan and then provides for the ERB director to fix their salaries as he/she see fit.

The bill also adds a provision that provides for the ERB board to set the salary of the Director as the board see fit.

## **FISCAL IMPLICATIONS**

The provisions contained in this bill result in a recurring liability of up to \$400 thousand annually to the Education Retirement Fund.

## **SIGNIFICANT ISSUES**

Throughout the 2016 interim the ERB discussed how to set a higher salary for the director within the confines of the Governor's exempt salary plan. A number of attempts were made to move compensation through the Department of Finance and Administration with little success. The provisions of this bill would circumvent the provisions of the Governor's exempt salary plans and provide for the board to set the salary of the director at any level the board agreed upon. This removes a level of control needed during extremely tight fiscal times.

Arguments were made throughout the 2016 interim that the ERB director needed flexibility in offering salaries to the investment staff to recruit and retain exemplary staff. The decision of the board was to seek legislation to move these staff from the State personnel plan to exempt status. Provisions contained in this bill accomplish this; however the bill goes further and seeks to exempt these staff from the Governor's salary plan. This open up salaries to whatever level the director see fit to pay without parameters.