

Why Reform PERA Now



The Governor's Public Employees Retirement Association (PERA) Pension Solvency Task Force released policy recommendations aimed at improving PERA's solvency and eliminating over \$6 billion in unfunded liabilities over the next 25 years. Implementing the task force recommendations would be a meaningful step toward strengthening PERA with as little stress on members and taxpayers as possible.

1. THE OIL AND GAS ECONOMY IS BOOMING IN NEW MEXICO

- ❖ A third straight billion-plus dollar surplus stemming from surges in oil and gas revenue provides for additional opportunities to de-risk PERA.
- ❖ Between 2019-2021, New Mexico's energy boom is projected to generate \$3.2 billion in surplus revenue for the state according to the state economist.

2. SURPLUS REVENUE SHOULD PAY DOWN PENSION DEBT

- ❖ Oil and gas revenue is vulnerable to market prices, making stakeholders vying for competing public priorities more motivated to secure surplus funding while available.
- ❖ Using volatile oil and gas revenues to create or expand public services produces budget and service delivery problems when revenues contract in down markets.
- ❖ Treating surpluses generated by an influx in oil and gas revenue like one-time money and using those funds to pay down pension debt is the fiscally responsible way to prevent passing an even larger debt burden to future generations.

3. PENSION SOLVENCY TASK FORCE GATHERED STAKEHOLDERS AND DEvised A PLAN

- ❖ The Pension Solvency Task Force included public employee, public safety and local government representatives working alongside legislators.
- ❖ Charged with finding ways to improve pension solvency, the task force answered by issuing prudent recommendations for increased employer and employee contributions, adjusting COLAs, and implementing other policies to improve PERA's financial health.

States of all political persuasions have adopted reforms aimed at balancing the interests of public employees, taxpayers, and government employers in pursuit of long-term financial sustainability—and so can New Mexico.

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