# Retirees want next governor to fix raises for pensioners

## Reductions in cost-of-living adjustments in PERA — brought on to help make program solvent — frustrating many amid inflation

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New Mexico's next governor will inherit a politically thorny issue affecting a huge voting bloc of retired government employees whose benefits have been cut to bolster the solvency of the Public Employees Retirement Association.



Wayne Propst, former Executive Director of the Public Employees Retirement Association, talks about SB 72 during a Senate Public Affairs Committee meeting on Thursday, Jan. 30, 2020.

While pension funding has improved after a series of reforms that included scaling back benefits and increasing employer and employee contributions, PERA retirees are growing increasingly frustrated over reduced cost-of-living adjustments — and they're calling on the state's next governor, as well as lawmakers, to make retirees whole.

Anne Green-Romig, a retired state employee and member of the advocacy group NM Retirees COLA Coalition, said retirees expected their pensions to keep up with inflation.

"No one expected to work for the state and thought they would get rich," she said Friday. "But they knew that in exchange for [earning less than their peers in the private sector] that they were earning a pension that would keep up relatively close to inflation because it came with a cost-of-living adjustment," she said.

The future of the pension plan has generated little discussion in the run-up to the June primary but has started to gain more attention from some of the gubernatorial candidates.

Republican Duke Rodriguez was the first to put a spotlight on the issue, publishing a full-page ad in the state employees' newspaper.

"When I look at the facts around PERA ... it's frightening, and I can't ignore it," Rodriguez wrote in the ad, noting the pension plan is only about 66% funded.

"I'm the only candidate talking about this because it's unpopular — and because there's no real plan," he added. "I have a plan and the courage to protect the retirement you earned."

## 'The state broke its word'

Rodriguez, a cannabis entrepreneur who is a former healthcare executive and state human services Cabinet secretary, said in a telephone interview he would push to restore the 2% cost-of-living adjustments if elected governor.

"My proposed fix is that we increase PERA contributions no less than an additional $100 million per year," he said.

Democrat Sam Bregman announced a plan late last month to restore compounding cost-of-living adjustments for PERA retirees. He also called for changes to 2020's Senate Bill 72, which based cost-of-living adjustments on a profit-sharing model tied to investment returns and the plan's funded status.

While the cost-of-living adjustment ranges between 0.5% and 3% under the profit-sharing model, members saw only a 0.5% annual adjustment in 2023 and 2024 and a 0.63% cost-of-living increase in 2025 due to below-target returns and fund valuation, according to the Legislative Finance Committee.

"Retirees are really upset because of the low cost-of-living adjustment they get every year, and they don't understand generally why this has happened, and they don't necessarily know the future that's in store for them," Green-Romig said.

"The retirees think this is going to get better, and legislators think it's going to get better, but we have been trying to raise the flag," she added. "It's not going to get better without them fixing the problem."

Bregman's campaign said public retirees' purchasing power has plummeted. While public employee pensions have grown by 1.6% since 2020, the cost of living has increased by 26% during the same period, according to Bregman's campaign.

"In 2020, the state broke its word and left retirees falling further behind every single year," Bregman said in a statement. "That betrayal ends when I'm governor. We will restore what was promised, protect our seniors from economic ruin, and make sure New Mexico keeps its commitments."

Bregman, currently serving as district attorney in Bernalillo County, also advocated additional state government funding.

"New Mexico has record budget reserves, skyrocketing revenue from rising oil and gas prices and record level permanent fund balances," Joanie Griffin, a spokesperson for Bregman's campaign, wrote in an email. "We must use these resources to ensure our state retirees get the cost of living increases they deserve and need to deal with the crushing inflation caused by [President Donald] Trump's tariffs and Iran war."

Bregman's challenger, Deb Haaland, a former congresswoman and U.S. Interior secretary, struck a similar tone, saying the affordability crisis affects every New Mexican, especially those on fixed incomes.

"Our retirees worked hard to earn their benefits and it's my priority as governor to ensure we adjust for the reality that the cost of living across every sector has risen," Haaland said in a statement.

"While Trump's reckless policies make life more expensive, my administration's priorities will do the opposite," she added. "I fought for retirees and [a] Social Security COLA in Congress, and I will work with the Legislature and our unions to do the same as governor."

Former longtime Rio Rancho Mayor Gregg Hull, who is seeking the Republican nomination for governor, said government workers paid into PERA, as well as the Educational Retirement Board, which is New Mexico's teacher pension fund, their entire careers believing the state would take care of them.

"The state should honor that obligation," he said in a statement.

Hull said he would make the fund's long-term solvency a priority.

"I hear from retirees across New Mexico who are frustrated that cost-of-living adjustments aren't keeping pace with what they're actually experiencing at the grocery store and the gas pump," Hull added. "That frustration is legitimate. What concerns me is whether we're being honest with current workers and retirees about the full picture — and whether we're making the structural decisions now that prevent a deeper crisis later."

The third Republican seeking the nomination, businessman Doug Turner, echoed the sentiment.

"This is absolutely an issue I've heard about on the campaign trail and it's one that comes up with real emotion from retirees who feel the state broke a promise to them," Turner said in a statement. "New Mexico's public servants accepted lower salaries in exchange for retirement security, and the current COLA structure is failing them."

Turner said watching the cost of living rise nearly 26% while pension benefits have gone up less than 2% is unacceptable.

"If elected governor, I will make pension solvency and fair COLAs a priority," he said, adding he would work with the Legislature to restore "meaningful" cost-of-living adjustments tied more closely to inflation and find dedicated funding sources.

Turner also said the state must ensure future salary increases for the current workforce are matched with "proper contributions" for both PERA and ERB.

"We can honor our obligations to retirees and protect the long-term health of these funds, but it will require leadership and political will that has been missing," he said.

According to the Legislative Finance Committee, annual cost-of-living adjustments for ERB members are also based on the plan's funded ratio. For 2025, disability retirees received a COLA of 2%. Retirees with 25 years of service and an annual benefit of less than $21,576 received a COLA of 1.8%. All other retirees received a COLA of 1.6%.

## 'Headed to bankruptcy'

Greg Trujillo, PERA's executive director, advised the next governor to tread carefully.

"I would just say any promises of restoring the COLA where it was is costly, like around the

tune of $2 billion," he said. "It's a sensitive subject. It's expensive. It's emotional."

It's also politically risky. Trujillo said the first set of reforms enacted in 2013 happened under Republican Gov. Susana Martinez.

"After that, she didn't want to touch it anymore," he said. "The Legislature didn't want to touch it anymore."

The second set of reforms happened in 2020 under the current governor, Democrat Michelle Lujan Grisham.

"Same thing," Trujillo said. "I mean, she got killed for what she did."

Trujillo said the two sets of reforms resulted in what he called incremental changes to the pension plan.

"We were headed to bankruptcy," he said. "We're not headed to bankruptcy now, but we are still not where we want to be. We're treading along."

In 2013, PERA essentially reduced benefits, introducing a new tier for people hired after July 1, 2013.

"They cut the benefits for new people, they slightly increased the contributions, [although] not where they needed to, and then they reduced the cost-of-living adjustment from a flat 3% guaranteed to a flat 2% guaranteed," Trujillo said.

Realizing those changes didn't go far enough, the state enacted more reforms in 2020, including increasing employer and employee contributions, reducing the cost-of-living adjustment again and basing it on investment return.

"As that funded ratio grows, the COLA will grow," he said. "But we need to get to [a funded ratio of 70% to 80%] for retirees to really feel it, and we're not at that point."

Although confident the pension plan will be able to deliver the $30 billion in benefits the state has promised, Trujillo said the state only has $20 billion on hand, and its unfunded liability of nearly $10 billion needs to be addressed.

"We're addressing it over time, but I would prefer it'd be a little bit quicker than where we're at now," he said.

## 'A shell game'

The fund is also on the minds of lawmakers, who are eligible to participate in the pension plan.

The state Senate passed a memorial during the 30-day session earlier this year calling for the creation of a work group to study the solvency of the fund and the impact of changes made to the cost-of-living adjustments, as well as "to make recommendations to improve fund solvency and explore the possibility of providing cost-of-living adjustments tied to inflation."

"The rise in the ... fund's unfunded liability since 2020 suggests the possibility that factors other than cost-of-living adjustments were the cause of the large unfunded liability prior to 2020 and that elimination of the cost-of-living adjustments was not an effective solution to the solvency crisis," the memorial states.

An annual pension solvency and performance report by the Reason Foundation, a Los Angeles-based think tank, found New Mexico's public pension system ranks 42nd in the nation in funded ratio.

Rodriguez noted New Mexico has one of the largest sovereign wealth funds in the nation

yet one of the weakest-funded public pension systems.

“That is not success. That is a shell game,” he said. “It is like bragging about having $10,000 in savings while ignoring unpaid rent notices on the kitchen table.”

Rodriguez reiterated a maxim he coined on the campaign trail: New Mexico is not a poor state but a poorly managed one.

“Before politicians announce the next billion-dollar government expansion or promise universal free daycare, maybe government should first honor its promises to the people who already served this state,” he said, adding retirees should not be falling behind while politicians celebrate so-called surpluses.

“At a minimum, they deserve a COLA that helps them keep up with the real cost of living and care for their families with dignity,” he said. “A government that cannot meet yesterday’s obligations should stop making promises about tomorrow.”



Bernalillo County District Attorney Sam Bregman and former Interior Secretary Deb Haaland face off during a gubernatorial Democratic primary debate earlier this month in Albuquerque.



The three candidates seeking the Republican nomination for governor – from left, Greg Hull, Duke Rodriguez and Doug Turner – answered audience questions during an event in early May at Legacy Church in Albuquerque.



Duke Rodriguez



Sam Bregman



Deb Haaland



Doug Turner



Greg Hull