

Significant Issues

There are approximately 13,000 volunteer firefighters in New Mexico. This bill provides a “grace period” to post service credit for years prior to January 1, 2003, thus allowing the retroactive posting and/or adjusting of service credit for prior calendar years.

PERA amended its regulations for a similar “grace period” in 1997, to provide for posting of service credit for calendar years prior to January 1, 1995.

FISCAL IMPLICATIONS

The expanded benefits provided by SB 682 would require a larger annual appropriation to keep the volunteer firefighters fund actuarially sound. There is no appropriation contained in this bill. However, the expenditures come from the Fire Protection Fund, and increased expenditures from the Fund reduce revenue to the general fund.

According to the PERA, the proponents of this bill have not provided any demographic information that would allow PERA’s actuaries to evaluate quantitatively the extent of the negative actuarial impact this proposal may have on the volunteer firefighter retirement fund. NM Const. Art. XX, Section 22 prohibits increased benefits unless the benefits are properly funded on an actuarially sound basis.

PERA states that if the added benefits provided by SB 682 were fully funded, it would not oppose this bill.

ADMINISTRATIVE IMPLICATIONS

PERA would be required to amend its regulations to address the statutory changes to the PERA Act and would incur increased printing costs associated with reprinting pertinent information about the Volunteer Firefighters Retirement Plan.

Additionally, PERA states that expanding this program would have an administrative impact on PERA. PERA is unable to assess the extent of the impact, because it does not presently have information regarding the number of persons who would be added to the program as the result of this legislation. The legislation, if enacted, would require changes to PERA’s computerized retirement information systems.

PERA will also incur additional per diem costs for staff members to travel throughout the state presenting informational meetings on the program expansion.

RLG/yr/njw