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FISCAL IMPACT REPORT

SPONSOR: Maes DATE TYPED: 03/17/03 HB _____
 SHORT TITLE: Municipal Detention Officer Retirement SB 764/aSFC/aHBIC
 ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			\$0.1 See Narrative	Recurring	Bernalillo County
			\$0.1 See Narrative	Recurring	PERA

(Parenthesis () Indicate Expenditure Decreases)

Relation to SB 577, HB 116, HB 774, HB 611, SB 591

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of HBIC Amendment

House Labor and Human Resources Committee amendment to Senate Bill 764 automatically implements this new plan after July 1, 2004, even if relevant members reject the plan or fail to conduct a vote prior to that date:

Municipal detention officer member coverage plan 1 is applicable to municipal detention officer members employed in a class A county with a population greater than four hundred thousand and is effective on the **later of July 1, 2004 or the** first day of the calendar month following certification of the election adopting municipal detention officer member coverage plan 1 by an affirmative vote of the majority of the affiliated public employer's municipal detention officer members.

HBIC amendment to SB 764 also strikes SFC amendment 4 which changed the effective date for implementation of the new state municipal detention officer member coverage plan from July 1,

2003 to July 1, 2004.

Synopsis of SFC Amendment

Senate Finance Committee amendment to Senate Bill 764 strikes subsection (b) from the definition of "hazardous duty member":

~~(b) a member who is a juvenile correctional officer employed by the children, youth and families department or its successor agency;~~

SB 764/aSFC also amends the effective date for implementation of the new state municipal detention officer member coverage plan from July 1, 2003 to July 1, 2004.

Synopsis of Original Bill

Senate Bill 764 adds a new state municipal detention officer member coverage plan for municipal detention officers employed by in a class A county with a population greater than 400,000. If approved by an election of the affected membership, this plan will allow members to retire at any age with 20 years of service credit, a 3.5% percent pension factor and an 80% of final average salary maximum pension annuity.

Under this plan, member and employer contributions contributions would be 17.2% for a total of 34.4% of salary. This represents a 4.05 % increase in employee contributions and 8.05 % increase in employer contributions.

Prior to being eligible for the benefits in this plan, members must be municipal detention officers in a class A county for three years.

Significant Issues

Currently, statewide detention officers employed by public-affiliated employers other than the state are covered under municipal general coverage plans 1, 2 and 3. All statewide detention officers are eligible to retire at any age with 25 or more years of service credit and, depending on which plan they are under, pay between 7% and 13.15% of their salary in contributions. Employers pay between 7 % and 9.15% of salary in contributions, depending on the relevant coverage plan.

FISCAL IMPLICATIONS

PERA's actuary completed a study to determine the actuarial cost of benefits contained in SB 764, specifically for Bernalillo County detention officers. They calculated a 12.1% increase in contributions would be required to adequately fund the enhanced benefits for Bernalillo County detention officers.

SB 764 contains the required 12.1% contribution increase and is adequately funded from PERA's perspective for the added benefits. However, this bill could result in significant fiscal impact to Bernalillo County, should they adopt this plan.

ADMINISTRATIVE IMPLICATIONS

If this bill is adopted, PERA must implement the new plan, amend its regulations and update member informational publications. PERA believes that it can absorb this impact.

Since PERA is in the process of implementing a new computer information system, the addition of another coverage plan may increase the cost of this project.

TECHNICAL ISSUES

Page 3, line 16, removes “a state policeman” from the definition of “hazardous duty member.” According to PERA, “State policeman” is considered a “hazardous duty member” for federal Social Security Act purposes.

OTHER SUBSTANTIVE ISSUES

Only municipal detention officers employed by class A counties are eligible for the benefits proposed by SB 764. According to PERA, this conflicts with the general concept of a defined benefit plan; similarly situated members should earn and receive similar benefits. SB 764 precludes other municipal detention officers from coverage under this plan.

RELATIONSHIP

HB 116 and HB 611 improve retirement benefits for hazardous duty members.

HB 774, SB 577, and SB 591 create new municipal detention officers retirement plans.

RLG/prr:yr