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## FISCAL IMPACT REPORT

**SPONSOR** Munoz/Varela **ORIGINAL DATE** 01/21/12  
**LAST UPDATED** 01/23/12 **HB** \_\_\_\_\_

**SHORT TITLE** No Precinct Worker Benefit Suspensions **SB** 52

**ANALYST** Wilson

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

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		minimal	-0-	minimal	Nonrecurring	PERA Fund

(Parenthesis ( ) Indicate Expenditure Decreases)  
 Duplicates SB 79

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Employee Retirement Association (PERA)  
 State Personnel Board (SPO)  
 Retiree Health Care Authority (RHCA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 52 amends both the Election Code and the Public Employees Retirement Act as follows:

- Define precinct board members as seasonal employees for purposes of membership in the PERA Act; and
- Provides an exception to the return-to-work provisions of the PERA Act for retired PERA members who work as precinct poll workers for elections after retirement.

Currently, such retired members would have their pensions suspended.

### FISCAL IMPLICATIONS

SB 52 will have a minimal fiscal impact on PERA.

## **SIGNIFICANT ISSUES**

From 1987 through 2003, a PERA retiree who returned to work with an affiliated public employer would have their pension suspended when they earned one hundred percent or more of the amount which causes a decrease or suspension of benefits under the federal social security program or \$15,000, whichever was less. See NMSA 1978, §10-11-8(C) (1987). In 2000, the earnings limit for federal social security recipients was repealed in federal law. In 2003, the Legislature repealed the earnings cap for retirees, allowing retirees to receive both a pension and salary.

In 2010, the Legislature repealed the back-to-work provisions of the PERA Act; after July 1, 2010 a retiree who returns to work with an affiliated public employer will have his or her pension suspended.

PERA has received many inquiries regarding the absence of an earnings cap for certain seasonal and part-time employee groups, including school crossing guards, recreational seasonal workers, lifeguards, etc. Historically, the \$15,000 per year earnings cap addressed these hiring concerns without an actuarial impact to the PERA Fund and without exclusions for specific employee groups.

## **PERFORMANCE IMPLICATIONS**

SB 52 will not affect PERA's performance measures.

## **ADMINISTRATIVE IMPLICATIONS**

In the short term, PERA anticipates employer reporting confusion regarding post-retirement employment.

PERA's public relations staff will also have to provide specific training to municipal and county clerks, human resources and payroll department employees on reporting reemployed retirees.

## **DUPLICATION**

SB 52 duplicates SB 79

## **ALTERNATIVES**

PERA suggests providing a minimal earnings limit for all retired PERA members who return to work with PERA-affiliated public employers rather than a limited exception for a specific employee group.

## **POSSIBLE QUESTIONS**

PERA has asked whether it is appropriate to allow an exception to the return-to-work provisions of the PERA Act for a select group of PERA retirees employed temporarily as precinct board members?

DW/amm