

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR Munoz LAST UPDATED _____
ORIGINAL DATE 2/23/2023
BILL _____
SHORT TITLE Educational Retiree Returning to Work NUMBER Senate Bill 492
ANALYST Simon

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		No fiscal impact	No fiscal impact			See fiscal implications

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to numerous bills adopting return-to-work policies for the Public Employees Retirement Association

Sources of Information

LFC Files

Responses Received From

Educational Retirement Board (ERB)

Public Education Department (PED)

SUMMARY

Synopsis of Senate Bill 492

Senate Bill 492 (SB492) would extend the amount of time a retired member of the Educational Retirement Board (ERB) is allowed to return to work without suspending their retirement, from the three years currently allowed to five years.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

SB492 would extend a currently authorized return-to-work program by allowing a retired employee to work for five years before needing to either leave employment or suspend their retirement benefit. Currently, retired employees are allowed to return to work for three years.

Current law requires retired employees and their employers to make nonrefundable contributions

to the educational retirement fund as a condition of participating in the return-to-work program. ERB notes these contributions offset any fiscal impact to the fund. In FY22, ERB collected \$17.4 million in nonrefundable contributions from employees and employers. SB492 does not alter the terms of the contribution requirements and therefore is not anticipated to have an impact on the fund.

SIGNIFICANT ISSUES

Analysis from the Public Education Department (PED) notes continued shortages of educators in New Mexico. As of October 2022, there were 1,344 educator vacancies at New Mexico's public schools. This does not include vacancies at higher education institutions, which are also covered by the return-to-work program. Laws 2022, Chapter 20 created the return-to-work program expanded by this bill. The program requires a prospective employee to observe a 90-day layout period prior to returning to work and the member must file an application with ERB prior to beginning employment. ERB reports 75 members have taken advantage of the program.

JWS/rl/ne