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FISCAL IMPACT REPORT

SPONSOR:	Stewart	DATE TYPED:	02/12/00	HB	476
SHORT TITLE:	Reemployment Without Loss of Benefits			SB	
				ANALYST:	Eaton

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
	unknown				Educational Retirement

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

Educational Retirement Board (ERB)

SUMMARY

Synopsis of Bill

Members who retire under the Educational Retirement Act (ERA) are not allowed to be reemployed by an ERA covered employer except under certain conditions contained in Section 22-11-25 NMSA 1978, as amended. This Bill would expand the conditions for reemployment to allow an ERA retiree to work twenty or fewer hours a week (half-time or less), without suspending their retirement. Currently, ERA retirees are allowed to earn up to \$10,000 per fiscal year. Or be employed one-quarter time or less, through regulations of the Educational Retirement Board.

Significant Issues

Active members are excluded from ERA coverage if they work one-quarter time or less. This bill will create inequities between retirees (working one-half time or less) and active members (working one-quarter time or less).

FISCAL IMPLICATIONS

The fiscal impact of this bill will be negative to the ERA fund. Expanding the post-retirement earning level may encourage ERA members to retire at an earlier age. Depending on the magnitude of this occurrence, The ERA fund may require increases in contributions (employer or employee) to remain actuarially sound. In order to estimate the the impact on the fund, an actuarial study will have to be performed.

ADMINISTRATIVE IMPLICATIONS

the Educational Retirement Board report that this bill would increase the retirement processing workload as well as employer quarterly reporting.

OTHER SUBSTANTIVE ISSUES

New Mexico is currently experiencing a teacher shortage. ERB reports that this bill will contribute to that shortage by encouraging teachers to retire at an earlier date.

JBE/njw:gm