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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/10

SPONSOR Ulibarri LAST UPDATED _____ HB _____

SHORT TITLE Study Conservation Officer 20-Year Retirement SM 15

ANALYST Pava

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Employees Retirement Association (PERA)

Department of Public Safety (DPS)

SUMMARY

Synopsis of Bill

Senate Memorial 15 requests that PERA study the feasibility of providing conservation officers employed by the Department of Game and Fish with a 20-year retirement plan comparable to the plan provided for “certain other law enforcement officers.” PERA is directed to report its findings to the appropriate legislative committee by November 2010.

FISCAL IMPLICATIONS

SM 15 has no appropriation. However, PERA indicates an actuarial study would be required and the cost would vary from \$3.5 to \$5.0 depending on its complexity.

ADMINISTRATIVE IMPLICATIONS

PERA’s operating budget will be negatively impacted by SM 15. PERA will be required to request an actuarial study to determine the cost of providing retirement benefits to the identified group of conservation officers costing as much as \$5.0.

The deadline for the requested study is problematic. Actuarial valuations are based on data for the fiscal year ending June 30th. PERA receives its annual actuarial valuation in October of each

year. The actuarial study requested by SM 15 could not be done until PERA's annual actuarial valuation is completed. These constraints may not permit PERA sufficient time to present a report to an interim committee in November as directed by SM 15.

TECHNICAL ISSUES

It seems there is a drafting error in SB 15. It requests PERA study the feasibility of placing conservation officers in a 20-year retirement plan along with "other law enforcement officers." However, there is no such plan covering other state law enforcement officers.

The only enhanced benefit plan covering state law enforcement officers is State Police Member and Adult Correctional Member Officer Coverage Plan 1. This is a 25-year plan in which actual service credit is enhanced by 20%. A member of this plan must actually work 20 years and 10 months to be first eligible to retire with 25 years of service credit.

The only true 20-year retirement plans are Municipal Police Plans 3, 4 and 5 and Municipal Fire Plans 3, 4 and 5. In each of these plans, members are eligible to retire with 20 years of service credit at any age.

OTHER SUBSTANTIVE ISSUES

The PERA Board remains vigilant in its stance against unfunded benefit enhancements. It continues to endorse a moratorium on all benefit enhancement legislation until sufficient experience is gained to determine the actuarial impact of benefit enhancements passed during recent legislative sessions.

Effective July 1, 2009 certain new hires are covered under reduced retirement benefit plans, increasing retirement eligibility from the current 25 years of service credit at any age for general members (state, county and municipal) to 30 years at age 55. Conservation officers, however, remain in straight 25-year retirement plans.

In 2005, the Department of Game and Fish requested an actuarial study in order to determine the additional contributions over the current State General Member Coverage Plan 3 contribution levels necessary to adequately fund the enhanced benefits provided by State Police Plan 1. The legislation that resulted to move the affected membership to the existing State Police Member and Adult Correctional Officer Member Coverage Plan 1 did not pass legislative approval.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Conservation officer members will continue to be covered by State General Member Coverage Plan 3 and are eligible as "peace officers" to retire at any age with 25 or more years of service credit. Their retirement benefit will continue to be calculated with a 3% pension factor and are capped at 80% of their final average salary. For State General Member Coverage Plan 3, members pay 7.42% of their salary in contributions and their employer pays 16.59% of salary in contributions.