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SENATE MEMORIAL 18

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

INTRODUCED BY

George K. Munoz

FOR THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

A MEMORIAL

REQUESTING THE CREATION OF A TASK FORCE TO EVALUATE THE MUNICIPAL AND STATE PUBLIC SAFETY MEMBERS RETIREMENT PLANS AND TO ASSESS OPTIONS AND MAKE RECOMMENDATIONS FOR CHANGES TO THOSE PLANS TO HELP ENSURE THEIR SOLVENCY.

WHEREAS, the public employees retirement association has an unfunded liability of five billion dollars (\$5,000,000,000), and approximately one billion dollars (\$1,000,000,000) of this unfunded liability is attributable to the municipal police and fire member retirement plans; and

WHEREAS, the retiree health care fund has an unfunded liability in excess of three billion dollars (\$3,000,000,000), which is due in part to the expense of providing subsidized health care coverage for an extended period of time for relatively young retirees; and

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1 WHEREAS, the new governmental accounting standards board
2 financial reporting standards will place these unfunded
3 liabilities directly alongside the state's long-term bonded
4 indebtedness and at the front of New Mexico's financial
5 statements; and

6 WHEREAS, New Mexico's bond ratings could be negatively
7 affected by the enhanced reporting of the huge unfunded
8 liabilities; and

9 WHEREAS, attempts to cover the public employees retirement
10 association's unfunded liability from increased contributions
11 alone will be difficult, if not impossible, since the total of
12 combined employer and employee contributions required to ensure
13 the solvency of the fund is forty-eight percent of pay for
14 municipal police and sixty percent of pay for municipal fire
15 members; and

16 WHEREAS, many local governments that are facing budgetary
17 constraints currently pay seventy-five percent of their
18 employees' contributions; and

19 WHEREAS, reasonable solutions to address the unfunded
20 liability of these retirement plans need to consider any unique
21 health and safety aspects associated with the police,
22 firefighters and other uniformed occupations; and

23 WHEREAS, reasonable solutions also need to recognize the
24 needs and concerns of state and local governments' abilities to
25 recruit and retain qualified police and fire department

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1 personnel;

2 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE
3 OF NEW MEXICO that the New Mexico legislative council be
4 requested to create the public safety pensions task force to
5 evaluate the existing retirement plans for all municipal and
6 state public safety members of the public employees retirement
7 association and to assess the options and make recommendations
8 for changes to those plans that will help ensure their
9 continued solvency; and

10 BE IT FURTHER RESOLVED that the task force provide its
11 recommendations and their impact on the solvency of the plans
12 to the interim investments and pensions oversight committee no
13 later than October 1, 2012; and

14 BE IT FURTHER RESOLVED that the public employees
15 retirement association be requested to provide any necessary
16 valuations and actuarial impacts of task force proposals as
17 requested by the task force or the investments and pensions
18 oversight committee on the public employees retirement
19 association's actuarial valuation as of June 30, 2011; and

20 BE IT FURTHER RESOLVED that the task force identify any
21 unique health and safety aspects associated with police,
22 firefighters and other uniformed occupations based on existing
23 studies by recognized experts; and

24 BE IT FURTHER RESOLVED that the task force be composed of
25 the following nine members:

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1 A. one representative appointed by the
2 international association of firefighters;

3 B. one representative appointed by the New Mexico
4 fraternal order of police;

5 C. one representative appointed by the New Mexico
6 state police;

7 D. the chair of the public employees retirement
8 association board;

9 E. the executive director of the New Mexico
10 municipal league;

11 F. two members of the house of representatives,
12 one from the majority and one from a minority party appointed
13 by the speaker of the house of representatives; and

14 G. two members of the senate, one from the majority
15 and one from a minority party appointed by the senate majority
16 floor leader; and

17 BE IT FURTHER RESOLVED that copies of this memorial be
18 transmitted to the chair and vice chair of the investments and
19 pensions oversight committee, a representative of the
20 international association of firefighters, the president of the
21 New Mexico fraternal order of police, the secretary of the New
22 Mexico state police, the chair of the public employees
23 retirement association board, the executive director of the New
24 Mexico municipal league, the speaker of the house of
25 representatives and the president pro tempore of the senate.

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