

LFC Requester:	Simon, Joseph
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 1/19/24

Bill No: HB 154

Sponsor: Representatives: Rehm
Short Title: Public Retirees Returning to Work

Agency Name and Code 366 - PERA
Number: _____
Person Writing Anna Williams
Phone: 505-259-8489 **Email** anna.williams@pera.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Effective July 1, 2024, HB 154 amends the Public Employees Retirement Act [NMSA 1978 10-11-8] to allow certain members to return-to-work one hundred twenty days after retirement. Any retired member may return-to-work in the following positions: certified law enforcement officers under any municipal police member coverage plan; certified law enforcement officers under the state police member, correctional officer member, and probation and parole officer member coverage plan 1; a municipal detention officer under municipal detention officer coverage plan 1; water resource professional and/or operator of a public water supply system with a level three or four certification. HB 154 also allows a retired certified law enforcement officer to return-to-work in any position. Return-to-work is subject to the following:

1. Pension benefits shall continue during the period of return-to-work;
2. Return-to-work retirees will not be reemployed by a municipality with a population greater the five hundred thousand;
3. Return-to-work retirees shall have retired prior to December 3, 2023;
4. Member must have not been employed by an affiliated public employer as employee or independent contractor for one hundred twenty consecutive days;
5. Cost-of-living adjustments (COLA) shall continue during the period of return-to-work;
6. Return-to-work retirees will not accrue additional service credit during the period of re-employment;
7. Requires nonrefundable employee and employer contributions be made under the applicable coverage plan for the period of re-employment;
8. The retiree is subsequently employed by the affiliated public employer in an entry-level postion, as certified by that employer;
9. Public employers shall develop a policy regarding layoffs and retired members;
10. Public employes shall not hire any additional return-to-work members if vacancy rate of 10% or less; and
11. Return-to-work can occur prior to July 1, 2029.

FISCAL IMPLICATIONS

Because HB 154 requires the member and employer to pay the employee and employer contributions it has a small positive impact to the funding ratio. For the year ending June 30,

2023 the State Police/Correction Division was funded at 124.90%, and the Municipal Police Division was funded at 70.90%. The bill is currently undergoing an actuarial analysis for the impact to the fund.

HB 154 should not have an impact to PERA's operating budget.

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

HB 154 will not affect PERA's performance measures.

ADMINISTRATIVE IMPLICATIONS

PERA will also have to make system modifications to its pension administration system so it will not automatically suspend pensions when a retiree chooses to Return to Work and so that PERA continues to process their COLA.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicate Bills SB 123 and SB 87.

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

PERA would need additional information concerning the employers of members who are return to work under the water resource professional and operator of a public water supply system level three or four classifications as our pension administration system would unable to determine these classifications.

ALTERNATIVES

Most, if not all, PERA affiliated employers have the ability to implement retention bonus and longevity pay programs for their employees and many have, including the City of Albuquerque. Providing retention bonuses outside the pension system could address any short-term retention issues

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

PERA retirees will continue to be barred from returning to work with affiliated public employers, subject to certain statutory exceptions.

AMENDMENTS

None