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| 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 2/4/24

Bill No: SB 87s

Sponsor: Craig W. Brandt
Short Title: Law Enforcement Retirement Changes

Agency Name and Code 366 - PERA
Number: _____
Person Writing Anna Williams
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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:

The bill substitute amends the Public Employees Retirement Act [NMSA 1978 10-11-7] to allow retiree members to return-to-work ninety days after their retirement. Any retired member may return-to-work in the following positions: adult correctional officer, adult detention officer, courthouse security officer, emergency medical dispatcher, emergency medical technician, firefighter, correctional officer, juvenile detention officer, municipal police officer, public safety telecommunicator, sheriff’s deputy, peace officer, protect services investigator or state police officer. Return-to-work is subject to the following:

1. Cost-of-living adjustments (COLA) continue during the period of return-to-work;
2. Return-to-work retirees shall have retired prior to December 31, 2023;
3. Return-to-work retirees will not become members and will not accrue additional service credit during the period of re-employment;
4. Nonrefundable employee and employer contributions must be made under the applicable coverage plan for the period of re-employment; and,
5. The return-to-work retiree shall have no seniority based on pre-retirement status.
6. The return-to-work retiree can only receive 36 consecutive months of pension payments while reemployed.
7. Public employers are required to develop a policy regarding layoffs and return-to-work retirees.
8. Public employers shall not hire any additional return-to-work retirees if that public employer has a vacancy rate of 10% or less; and
9. Return-to-work must occur before July 1, 2027.
10. The affiliated public employer shall track and document;
 - a. The date of hire and separation;
 - b. The retired member’s employment position prior to retirement;
 - c. The salary of each reemployed retired member; and
 - d. The monthly vacancy rate and layoffs.

FISCAL IMPLICATIONS

Because SB 87s requires the member and employer to pay applicable contributions for any return-to-work members, the actuaries analysis indicated would not have a negative impact on the actuarial conditions of PERA.

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% and the Municipal General Division was funded at 71.50%.

SB 87 should not have an impact to PERA's operating budget.

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

SB 87 will not affect PERA's performance measures.

ADMINISTRATIVE IMPLICATIONS

PERA will 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. PERA would also have to make system modifications to its pension administration system to ensure that the pension is suspended if the member works beyond the 36 months.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicate Bills SB 123, HB 236 and HB 154

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

Most, if not all, PERA affiliated employers have the ability to implement retention bonuses 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 prohibited from returning to work with affiliated public employers, subject to certain statutory exceptions.

AMENDMENTS

None