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FISCAL IMPACT REPORT

ORIGINAL DATE 2/20/19

SPONSOR Campos LAST UPDATED _____ HB _____

SHORT TITLE Add District Attorneys to Police Retirement SB 534

ANALYST Jorgensen

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
\$2,000.0		Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Minimal	Minimal	Minimal	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the District Attorneys (AODA)
 New Mexico Attorney General (NMAG)
 Public Employees Retirement Association (PERA)
 Retiree Health Care Authority (RHCA)

SUMMARY

Synopsis of Bill

Senate Bill 534 would allow the 14 elected or appointed district attorneys to vote on whether or not to join the state police and adult correctional officer plan1 offered by the Public Employees Retirement Association (PERA). In addition, SB534 would change the employee and employer contribution rates for district attorneys participating in the retiree healthcare program to an enhanced plan rate.

SB534 appropriates \$2 million from the general fund to PERA to pay for accrued liability for

district attorney member coverage under the enhanced retirement plan.

FISCAL IMPLICATIONS

SB534's change in benefits results in an increase to the average individual district attorney's accrued liability of \$145,378 or a total of \$2,035,290 increase to PERA's Unfunded Actuarial accrued liability (UAAL). This amount is offset by SB534's \$2 million appropriation, which represents the additional liability created by enhancing past service credit. Going forward, contribution rates under State Police and Adult Correctional officers Plan1 will apply.

The employer contribution for the district attorneys would increase from 16.99 percent to 25.5 percent. This would result in an increase of approximately \$145 thousand in employer contributions.

The employer contribution to retiree health care would increase from 2 percent to 2.5 percent creating an additional annual cost to the state of approximately \$9 thousand.

SIGNIFICANT ISSUES

District attorneys covered under tier two of state general plan 3, receive a service credit multiplier of 2.5 percent and have a minimum retirement age of either age 66 and six years of service credit or any age and 25 years of service credit. If allowed to retire under the state police member and adult correctional officer member coverage plan 1, district attorneys would receive a service credit multiplier of 3 percent and would be eligible to retire at age 60 with six years of service credit or any age with 25 or more years of service credit. The increase in the service credit multiplier increases the value of the retirement benefit by 20 percent.

ADMINISTRATIVE IMPLICATIONS

Both PERA and the Retiree Health Care Authority would have to dedicate staff time to transitioning district attorneys to the new pension and health benefit plans. This would have a minimal administrative impact.

TECHNICAL ISSUES

PERA notes that if tier one district attorneys are to receive the 20 percent enhancement, Section 3 of SB534 should be amended to affirmatively state that district attorneys who were members on or before June 30, 2013, will have actual credited service increased by 20 percent.

OTHER SUBSTANTIVE ISSUES

Enhanced retirement plans are designed to allow earlier than normal retirement for hazardous occupations. Additionally, police and correctional officers receive a more generous pension benefit because they do not receive federal social security benefits. Providing elected district attorneys with an enhanced state retirement plan would make their retirement package potentially much more lucrative than other public safety officers because they would receive both the state pension and social security benefits.