

FISCAL IMPLICATIONS

The bill proposes to increase legislative/lieutenant governor retirement benefits by 300 percent, but does not provide for a corresponding increase in contributions from the members of the plan. Consequently, in accordance with Section 10-11-43 NMSA 1978, the state would be required to “contribute amounts sufficient to finance the membership of members under state legislator member coverage plan 1 on an actuarial reserve basis.” Each member currently makes annual contributions of \$100 to PERA for their retirement.

The range of state contributions required (per the Legislative Retirement actuarial report issued in December 2000) based on current law is between \$144.0 to \$235.0. This range reflects the difference in liabilities calculated for active members under two scenarios. The lower end of the range assumes an active member population consisting of only those legislators who currently have paid for service (77 persons). The upper end of the range assumes an active member population that includes all current legislators (112 persons).

It is the PERA actuary’s understanding that any past or present state legislator not already participating in the plan may at any time decide to become a participant of the plan and purchase service credit in accordance with the statute and PERA rules. Only the obligations associated with participants reported as of June 30, 2000 were measured for purposes of this valuation. In total, there are 77 active members who have paid for service, 35 active eligible members, 57 inactive members and 84 retired members for a total of 253 members.

Given the trend in participation (9 newly active members from 1999 session to 2000 session), the amount needed this year, based on current law, may reasonably be expected to include 9 additional active members.

The estimated amount of employer contributions needed in FY01 based in this assumption is: \$167.0. House Bill 2, the General Appropriation Act, contains a \$167.0 general fund appropriation to fund the state’s share.

PERA provided examples of a member’s pension under the following scenarios:

- Scenario 1. A legislator who currently has 10 years of purchased service and retires effective December 31, 2010 with 20 years of service credit would owe contributions for calendar years 2001 through 2010 ($10 \times \$100 = \$1,000$) would receive:

Proposed Benefit
 $20 \times \$1,000 = \$20,000$ annually

Current Benefit
 $20 \times \$250 = \$5,000$ annually

- Scenario 2. A legislator who currently has 12 years of purchased service and retires effective December 31, 2002 with 14 years of service credit would owe contributions for calendar years 2001 and 2002 ($2 \times \$100 = \200) would receive:

Proposed Benefit
 $14 \times \$1,000 = \$14,000$ annually

Current Benefit
 $14 \times \$250 = \$3,500$ annually

PERA reported that it does not know how much it will cost to finance the enhanced benefit contained in House Bill 908 on an actuarial reserve basis since no actuarial study was requested for this change. Since the benefit is a 300 percent increase, we may assume that the minimum cost to the general fund needed to keep the retirement plan on an actuarial reserve basis may be between \$432.0 and \$705.0.

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Since the members are not being required to increase their contributions and the enhanced retirement benefit may increase membership, the amount required from the general fund may be even higher.

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Attachment

TABLE 1. COMPENSATION & LIVING EXPENSE ALLOWANCE DURING SESSION, 2000

State	Salary	Per Diem
Arizona	\$24,000/year.	\$35/day for 1 st 120 days of regular session and special session and \$10/day thereafter. Members residing outside Maricopa County receive an additional \$25/day for the 1 st 120 days of a regular session and a special session and an additional \$10/day thereafter. Set by statute.
Colorado	\$30,000/year.	\$45/day for members living in the Denver metro area. \$99/day for members living outside Denver. Per diem is determined by the legislature.
New Mexico	None.	\$136/day tied to federal rate & the constitution.
Oklahoma	\$38,400/year.	\$103/day tied to federal rate.
Texas	\$ 7,200/year.	\$118/day set by the Ethics Commission.
Utah	\$ 100/day.	\$75/day lodging allotment for each calendar day, tied to federal rate. \$42/day per diem for each calendar day. (NOTE: Regular session is 45 days long.)

TABLE 2. LIVING EXPENSE ALLOWANCE DURING INTERIM, 2000

State	Interim Per Diem
Arizona	\$35/day with prior approval of presiding officer set by statute.
Colorado	Members are reimbursed for actual expenditures.
New Mexico	\$136/day tied to federal rate.
Oklahoma	\$25/day set by the legislature.
Texas	Senators receive \$118/day for legislative business in Travis County, not to exceed 10 days per month. Representatives receive \$118/day for legislative business in Travis County, not to exceed 12 days per month. Per diem amount is determined by the Ethics Commission and the number of days is determined by the Senate Caucus and the Committee on House Administration.
Utah	\$42/day meals; up to \$75/day for lodging.

TABLE 3. ADDITIONAL COMPENSATION FOR HOUSE/ASSEMBLY LEADERS, 1999

State	Presiding Officer	Majority Leader	Minority Leader	Other Leaders
Arizona	None.	None.	None.	None.
Colorado	All leaders receive \$99/day during interim when in attendance at committee or leadership matters.			
New Mexico	None.	None.	None.	None.
Oklahoma	\$17,932	\$12,364	\$12,364	Speaker pro tem, \$12,364
Texas	None.	None.	None.	None.
Utah	\$1,000	\$500	\$500	Whips and asst whips, \$500

TABLE 4. ADDITIONAL COMPENSATION FOR SENATE LEADERS, 1999

State	Presiding Officer	Majority Leader	Minority Leader	Other Leaders
Arizona	\$500	None.	None.	None.
Colorado	All leaders receive \$99/day during interim when in attendance at committee or leadership matters.			
New Mexico	None.	None.	None.	None.
Oklahoma	\$17,932	\$12,364	\$12,364	None.
Texas	None.	None.	None.	None.
Utah	\$1,000	\$500	\$500	Whips and asst whips, \$500

TABLE 5. ADDITIONAL COMPENSATION FOR COMMITTEE CHAIRS, 1999

State	Additional Compensation for Committee Chairs
Arizona	None.
Colorado	None.
New Mexico	None.
Oklahoma	\$12,364 for Appropriations and Budget Committee Chairs.
Texas	None.
Utah	None.

TABLE 6. STATE LEGISLATORS' TRAVEL ALLOWANCE, 1999

State	Mileage	Access to State Autos	Credit Card	Phone Card/ Phone Allowance
Arizona	30¢/mile on actual miles.	Access to motorpool for legislative trips only.	No.	No.
Colorado	20¢ or 24¢ if 4wd vehicle. Actual miles paid.	No.	No.	Yes. Official state business only.
New Mexico	32.5¢/mile tied to federal rate	No.	No.	No.
Oklahoma	32.5¢/mile tied to federal rate.	No.	No.	\$1,000 during interim.

State	Mileage	Access to State Autos	Credit Card	Phone Card/ Phone Allowance
Texas	28¢/mile set by General Appropriations bill; an allowance for single, twin and turbo engines from 40¢ to \$1/mile is also given.	No.	Members are eligible for American Express Cards for official use.	Official state business only. House members are limited to available balance in their monthly operating accounts.
Utah	31¢/mile, round trip from home to capital.	No.	No.	Yes. Legislative use only.

TABLE 7. CAPITOL OFFICE, DISTRICT OFFICE AND STAFFING ALLOWANCES, 1999

State	Allowances
Arizona	None.
Colorado	\$2,000/year.
New Mexico	None.
Oklahoma	\$350/year for unvouchered office supplies plus seven rolls of stamps.
Texas	Senate: \$25,000/month for staff salaries. House:\$9,750/month for staff salaries, supplies, stationery, postage, district office rental, telephone expense, etc.
Utah	None.

TABLE 8. HEALTH, DENTAL AND OPTICAL INSURANCE BENEFITS FOR STATE LEGISLATORS, 1999

State	Health	Dental	Optical
Arizona	State pays a set amount, legislator pays remaining balance; depending on plan selected.	Optional at legislator's expense.	Optional at legislator's expense.
Colorado	State pays a portion, legislator pays a portion; amount differs according to plan selected.	State pays full amount. Dependents coverage at legislator's expense.	Not available.
New Mexico	Not available.	Not available.	Not available.
Oklahoma	State pays full amount.	State pays full amount.	Optional at legislator's expense,
Texas	State pays for legislator, legislator pays for dependent coverage.	Optional at legislator's expense.	Included in health coverage.
Utah	State pays full amount depending on plan chosen.	State pays full amount depending on plan chosen.	Optional at legislator's expense.

TABLE 9. DISABILITY AND LIFE INSURANCE BENEFITS FOR STATE LEGISLATORS, 1999

State	Disability Insurance	Same as State Employee Plan	Life Insurance	Same as State Employee Plan
Arizona	State pays portion and legislator pays portion for long-term disability; short-term disability available at legislator's expense.	Yes.	Legislator may opt to purchase up to 3 times additional life insurance above the standard \$10,000 base that all state employees receive.	Yes.
Colorado	Not available.	No.	State pays full amount for \$12,000 policy.	Yes.
New Mexico	Not available.	No.	Not available.	No.
Oklahoma	State pays full amount.	Yes. Same as management employees.	State pays full amount (\$20,000). For optional amounts above that, legislator pays.	Yes. Same as management employees.
Texas	Optional at legislator's expense.	Yes.	Optional at legislator's expense.	Yes.
Utah	Optional at legislator's expense.	Yes.	State pays full amount for basic coverage (\$18,000). Additional coverage optional at legislator's expense.	Yes.

TABLE 10. RETIREMENT BENEFITS FOR LEGISLATORS, 1999

State	Participation	Same as State Employees	Minimum Age and Service Requirement	Contribution Rate
Arizona	Optional.	No.	Age 65 with 5+ years of service; or age 60 with 25+ years of service.	7%.
Colorado	Mandatory.	No.	Age 60 with 5 years of service.	8% of gross salary.
New Mexico Current	Optional.	No.	Age 65 with 5+ years of service; age 64 with 8+ years of service; age 63 with 12+ years of service; or any age with 14+ years of service.	\$100 per year for service after 1959.
New Mexico Proposed	Optional.	No.	Age 65 with 5+ years of service; age 64 with 8+ years of service; age 63 with 12+ years of service; or any age with 14+ years of service.	\$100 per year for service after 1959.
Oklahoma	Optional.	No.	Age 60 with 6 years of service.	Optional contribution of 4.5%, 6%, 7.5%, 8.5%, 9% or 10%.

State	Participation	Same as State Employees	Minimum Age and Service Requirement	Contribution Rate
Texas	Optional.	No.	Age 60 with 8 years of service; or age 50 with 12 years.	8%
Utah	Mandatory.	No.	Age 65 with 4 years of service.	Non-contributory.

TABLE 11. RETIREMENT BENEFITS FOR LEGISLATORS, 1999

Estimated Monthly				
State	4 Years	12 Years	20 Years	Benefit Formula
Arizona	\$333.33/month.	\$1,000/month.	\$1,667/month.	4%/year of credited service x 3 year average; maximum is 30% of member's average yearly salary.
Colorado	Not yet vested.	\$350/month.	\$729/month.	2.5% x HAS x creditable service through 20 years plus 1.5% x HAS for 21 through 40 years. Maximum benefit = 80% of employee's HAS.
New Mexico Current	\$83.33/month.	\$250/month.	\$416.66/month.	\$250 x years of service (after 1959).
New Mexico Proposed	\$333.33/month.	\$1,000/month.	\$1,666.66/month	\$1,000 x years of service (after 2000).
Oklahoma	\$426.68 at 10%.	\$1,280.04 at 10%.	\$2,133.40 at 10%.	Average participated salary x length of service x computation factor depending on optional contributions ranging from .019 to .040.
Texas	Not eligible.	\$2,288.25/month.	\$3,813.75/month.	2.25% x district judge's salary (currently \$8,475) x length of service.
Utah	Varies.	Varies.	Varies.	\$10/month x years of service; adjusted semi-annually according to consumer price index, limited to maximum of 4%.

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