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FISCAL IMPACT REPORT



SPONSOR: Heaton DATE TYPED: 02/02/02 HB 405

SHORT TITLE: Teachers Reemployment SB _____

ANALYST: Gilbert

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
*\$(0.1) See narrative	*\$(0.1) See narrative	*\$(0.1) See narrative	Recurring	ERA Trust Fund

Relates to: SB53

SOURCES OF INFORMATION

LFC Files

No Response Received

Educational Retirement Association

SUMMARY

Synopsis of Bill

House Bill 405 amends Section 22-11-25.1 NMSA 1978, which pertains to the Educational Retirement Act. Current law allows Educational Retirement Association (ERA) retirees to begin employment with a local administrative unit without suspension of retirement benefits beginning January 1, 2002, assuming there has been a one-year break in employment with a local administrative unit: either as an employee or contractor. This bill extends the same option to retirees who retired on or before January 1, 2001.

Significant Issues

Currently, ERA Board rules allow retirees to return to work, after the required lapse in employment, and earn up to a maximum of \$10,000 per year without suspension of their retirement annuity.

This bill would provide public schools with greater flexibility in rehiring experienced employees.

FISCAL IMPLICATIONS

Even though implementation of this bill would result in a relatively small incremental cost to the ERA fund, it appears that House Bill 405 would have a negligible negative impact on the actuarial funding period of the ERA trust fund. However, ERA has not conducted a formal actuarial study, which considers this plan change.

RLG/njw