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FISCAL IMPACT REPORT

ORIGINAL DATE
SPONSOR HGEIC **LAST UPDATED** 03/02/15 **HB** 78/HGEICS

SHORT TITLE Public Safety Employee Contribution Payments **SB** _____

ANALYST Hanika-Ortiz/Daly

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$78.0	\$78.0	\$140.0	Recurring	General Fund
		\$162.0	\$162.0	\$324.0	Recurring	OSF/Local Governments

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Public Safety (DPS)
 Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Bill

The House Government, Elections and Indian Affairs Committee Substitute for House Bill 78 amends the Public Employees Retirement Act (PERA) and group insurance provisions to require PERA employers to pay 100 percent of an employee's group insurance contributions when the employee is placed on approved worker's compensation leave due to injury while performing a public safety function or duty which resulted in that leave.

In addition, a member employee whose PERA employer has certified that the employee was injured while performing a work-related function or duty in an inherently dangerous location or under inherently dangerous circumstances and the employee is absent from work and has been placed on approved workers' compensation leave as a result shall accrue service credit while on that leave if:

- the employee is a peace officer covered pursuant to the state general member coverage plan 3; a state police member; an adult correctional officer member; a municipal fire

- member; a municipal police member; or a municipal detention officer member;
- the employee retains membership in the association during while on leave; and
- the employer pays both the employer and employee’s member contributions and remits the amount that would be paid if the employee was not on leave, calculated upon the salary based upon a salary equal to the member’s salary at the time of injury.

The employer shall provide an appeal process for an injured employee on approved workers’ compensation leave whom the employer determines does not meet the criteria set out above to accrue service credit.

The effective date of this bill is July 1, 2015.

FISCAL IMPLICATIONS

DPS employs close to 700 law enforcement officers. In the past 3 years, DPS reported in its earlier analysis that officers have been on leave due to an injury for a total of 619 to 1,108 days. At an average salary of \$23.00/hour and employee group insurance contribution of \$109 per pay period, the additional costs would have been \$17 thousand to \$31 thousand per year. Using DPS’s experience and expanding that across PERA public safety plans, the costs could be \$170 thousand to \$310 thousand per year for every 7,000 public safety employees. However, the table above, which reflects the average between the two estimates, does not include the employer’s costs for overtime to cover the public safety employee while he or she is out on injured-duty leave.

SIGNIFICANT ISSUES

The bill provides financial relief to public safety officers injured in the line of duty and on workers’ compensation leave. According to DPS in its earlier analysis, the bill does not distinguish between paid vs. unpaid leave. Workers’ compensation provides up to two thirds of pay. The employee can be on paid leave to provide the remaining one third of pay. If the employee does not have paid leave, they would be placed on unpaid leave. In addition, an employee on paid leave, receiving 100 percent of pay, might take home a higher net pay amount while on workers’ compensation leave than they would working, as pension and insurance contributions would be paid on their behalf.

PERA advises that this substitute has addressed all the technical issues it raised as to the original bill and its amendment. It can be administered in its current form.

RELATIONSHIP

Relates to HB 31, “The Line of Duty Act.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Public safety employees on workers’ compensation leave will make their benefit contributions.

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