F I S C A L   I M P A C T   R E P O R T

	ORIGINAL DATE 02/20/15		
SPONSOR Harper	**LAST UPDATED** 02/25/15	**HB**	284/aHSCAC
SHORT TITLE Public Safety Officer Return-To-Work Study		**SB**	

ANALYST Hanika-Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	**FY15**		
	$12.5	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Department of Public Safety (DPS)
New Mexico Corrections Department (NMCD)
Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of HSCAC Amendment

The House Safety and Civil Affairs Committee Amendment to HB 284 changes the scope of the study from RTW programs to deferred retirement option plans or similar post-retirement plans.

Synopsis of Bill

House Bill 284 appropriates $12.5 thousand from the general fund to PERA for expenditure in FY15 and FY16 to conduct an actuarial study of return-to-work for public safety officers, defined as state police, adult correctional officers, or local police or firemen covered by PERA plans. Any unexpended balance of the appropriation will revert to the general fund.

Prior to the study, PERA will convene an advisory committee of public safety officers.

FISCAL IMPLICATIONS

The appropriation of $12.5 thousand in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance at the end of FY16 shall revert to the general fund.

PERA has sufficient budget authority and staff to conduct this study without the appropriation.

SIGNIFICANT ISSUES

The study would provide guidance to the state as to the best return to work structure that would not negatively impact the PERA fund while still supporting an officer return-to-work program.

PERA notes the study called for does not include municipal detention officer members, juvenile correctional officer members or peace officers (i.e. conservation officers employed by the game and fish department, or motor transportation officers and special investigation officers).

NMCD notes it might be prudent for the study to not only study traditional return-to-work programs, but also variations. One variation could be that returning officers can, for example, only return to work for a maximum of three years, must pay into the PERA fund during that three year period, but cannot count the three year period as additional years of credit service.

ADMINISTRATIVE IMPLICATIONS

DPS reports difficulty recruiting officers partly due to uncompetitive starting salaries.

DPS notes for the past 5 years officers have retired and left the state to pursue second careers.

RELATIONSHIP

Relates to HJM 2 requesting a moratorium on further changes to the PERA benefit to allow sufficient experience to be developed and pension reform measures to take full effect.

OTHER SUBSTANTIVE ISSUES

PERA notes return-to-work provisions may trigger earlier retirements and encourage members to retire when first eligible. The ability to return to work may increase liabilities to the PERA Fund since there is no incentive for members to work beyond when they are first eligible to retire.

NMCD reports the study would benefit the department operationally if able to have experienced, seasoned correctional officers return to work and help train and mentor other officers.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

PERA retirees who return to work after retirement will continue to have their pensions suspended. However, at any time a retired PERA member returning to work may suspend his or her pension and accrue additional service credit and recalculate their final average salary.

AHO/bb/aml