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## FISCAL IMPACT REPORT

SPONSOR Kernan ORIGINAL DATE 01/23/17  
LAST UPDATED 03/06/17 HB \_\_\_\_\_

SHORT TITLE Educational Retirement Act Changes SB 28

ANALYST Hanika-Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		NFI				ERB Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Educational Retirement Board (ERB)

### SUMMARY

#### Synopsis of Bill

SB 28 deletes most references to “provisional members” from the Educational Retirement Act (Act) while expanding the definition of “regular members”. ERB reports that this is not substantive because a statutory change in 1971 caused most “provisional members” to be treated the same as “regular members.” SB 28 eliminates outdated references to “provisional members.”

ERB also reports that the bill changes the Act regarding applications for disability benefits. Instead of requiring disability benefit applicants to see a medical provider hired or employed by ERB, the bill allows a disability applicant to see their own personal medical provider and then provide medical records to NMERB to make a decision of disability based on those records.

Finally, the bill makes other clarifying and technical changes to the Act.

### FISCAL IMPLICATIONS

ERB reports no significant fiscal impact on the Educational Retirement Fund.

**SIGNIFICANT ISSUES**

The proposed legislation deletes most references to “provisional members” from the Act. Before 1971, ERB states “provisional members” were a category of employees who could elect not to become members. However, after a statutory change in 1971, this option was taken away for most employees, yet the term “provisional member” still exists throughout the Act. This bill will remove the references to “provisional members” that have become outdated. One category of provisional members is left intact, namely employees of ERB, the Public Education Department, the New Mexico School for the Deaf, the Northern New Mexico State School, the New Mexico School for the Blind and Visually-Impaired, the New Mexico Girls’ Welfare home, the New Mexico Boys’ School and the Los Lunas Medical Center. Employees of these institutions remain provisional members and are allowed to choose between PERA or ERB membership upon hire.

The bill also changes the Act to conform to current ERB practice in regards to applications for disability benefits. Instead of requiring applicants to see a doctor hired by ERB, a disability applicant may see their own provider, then provide those medical records to ERB for review.

**ADMINISTRATIVE IMPLICATIONS**

NMERB reports it does not anticipate the bill will materially impact personnel or operations.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

ERB notes that the Educational Retirement Act will continue to contain outdated provisions.

AHO/jle/sb