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FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/2020

SPONSOR Munoz LAST UPDATED _____ HB _____

SHORT TITLE Change PERA Board Membership SB 201

ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		(\$161.0)	(\$161.0)	(\$322.0)	Recurring	PERA Operating

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office (AGO)

Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Bill

SB201 changes the membership of the PERA board from a 12-member elected board to a nine-member appointed board, provided that the appointed members shall be from geographically diverse areas of the state and have skill, knowledge and experience in financial matters.

SB201 removes the current ex-officio members of the PERA board, the state treasurer and secretary of state.

Effective July 1, 2020, the newly created PERA board would consist of:

1. One active member of a state general coverage plan appointed by the State Personnel Board;
2. One active member of a municipal general coverage plan who is employed by a county government, appointed by the New Mexico counties;
3. One active member of a municipal general coverage plan who is employed by a municipality, appointed by the New Mexico Municipal League;
4. One active member to be appointed by the New Mexico federation of labor, American federation of labor and congress of industrial organization (AFL-CIO);
5. One public representative who is not a member of the retirement system and who has skill, knowledge and experience in investing, appointed by the speaker of the house of

representatives;

6. One public representative who is not a member of the retirement system and who has skill, knowledge and experience in investing, appointed by the president pro tempore of the senate;
7. The secretary of finance and administration;
8. Two retired members: 1) one appointed by the retired public employees of New Mexico (RPENM); and 2) one appointed by the New Mexico federation of labor, American federation of labor and congress of industrial organizations (AFL-CIO); and
9. Provides term limits for appointed Board members (two regular terms of office).

SB201 contains a temporary provision that removes those sitting members of the retirement Board on June 30, 2020. At this time, the board shall considered vacant and appointments as provided for in SB201 shall be made.

FISCAL IMPLICATIONS

SB201 will lower PERA's operating costs. PERA will no longer be required to administer annual elections for Board members. In 2019, election services totaled approximately \$161 thousand. The estimated additional operating budget impact table reflects the 2019 election costs only. These costs can vary depending on the number of elections held.

Additionally, PERA board members receive mileage reimbursement and per diem. Reducing the board from 12 members to nine will likely lead to a reduction in board costs. Board travel and meeting expenses totaled \$42 thousand.

SIGNIFICANT ISSUES

The AGO notes that It may be appropriate to include a provision regarding an initial appointment deadline in order to ensure an unimpeded transition between the elected Board and the appointed Board.

CJ/sb/rl