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FISCAL IMPACT REPORT

LAST UPDATED 3/7/23

SPONSOR Sedillo Lopez **ORIGINAL DATE** 3/6/2023

BILL

SHORT TITLE Juvenile Correctional Officer Retirement **NUMBER** Senate Bill 431

ANALYST Simon

REVENUE* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
		\$40.9	Recurring	PERA Fund

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
			\$57.6	\$57.6	Recurring	CYFD Operating Budget

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From

Public Employee Retirement Association (PERA)

Children, Youth and Families Department (CYFD)

SUMMARY

Synopsis of Senate Bill 431

Senate Bill 431 (SB431) would move the remaining juvenile correctional officers employed by the Children, Youth and Families Department and currently in the state general pension plan offered by the Public Employee Retirement Association (PERA) into PERA's state police and adult correctional officer plan, subject to an election by affected members.

This bill does not contain an effective date, but provisions of the bill would make the change effective July 1, 2024 if members approve the election.

FISCAL IMPLICATIONS

The Public Employees Retirement Act provides for different contribution rates based on the plan in which the member is enrolled. Under current law, in FY25 total contributions for members of the state general plan three are 30.16 percent and total contributions for members of the state police, correctional officer, and probation and parole officer member plan is 34.6 percent. As a result, the PERA fund will receive additional revenue from these contributions. State payroll data from last fall indicates there are 17 correctional officer positions at the Children, Youth and Families Department (CYFD) still in state general plan three. These 17 individuals have an aggregate annual salary of \$920.4 thousand. Based on the increase in rates, LFC staff anticipate additional contributions of \$40.9 thousand.

The distribution of total contributions between employee and employer also varies by plan. So although the total contributions will increase, all of the increase will fall on the employer, based on rates currently set in law. Employees will actually see a small reduction in contributions by changing plans.

Change in Contribution Rates from SB431

	Employee	Employer	Total
State General Plan 3	10.92%	19.24%	30.16%
State Police and Adult Correctional Officers	9.10%	25.50%	34.60%
Change from SB431	-1.82%	6.26%	4.44%

Source: LFC Files

Using the same payroll data, LFC staff anticipate savings of \$16.8 thousand for the 17 employees currently on the state general plan. Employer contributions for those employees would increase by \$57.6 thousand, impacting CYFD’s operating budget in FY25 and future years.

The shift from the state general plan to the state police, correctional officer, and probation or parole officer plan would only occur upon a successful election, certified by the secretary of state, where a majority of juvenile correction officers currently in the state general plan approves of the move. Analysis from PERA does not indicate any cost of holding the election; it is likely to be negligible due to the small number of members involved.

SIGNIFICANT ISSUES

Currently, juvenile correctional officers at CYFD are members of three separate pension plans: the state general plan, the juvenile correctional officer plan, and the state police, correctional officer, and probation and parole officer plan. Juvenile correctional officers in tier one PERA plans are members of the state general plan. For tier two, a juvenile correctional officer plan was created and employees hired prior to July 1, 2021 are member of that plan. Tier two members hired or promoted on or after July 1, 2021 are members of the state police, correctional officer, and probation and parole officer plan. Language in Section 2 of the bill would apply this election only to those tier one members currently contributing under the state general plan. Members of the juvenile correctional officer plan would not be impacted.

Legislation from 2020 allowed juvenile correctional officers and adult and juvenile probation and parole officers to join the state police and adult correctional officer pension plans, subject to

an election of members to approve the change. However, an election to certify the move for tier one juvenile correctional officers failed because less than 50 percent of the affected population participated in the election. A majority of those who did vote approved the change, but the election failed because it did not meet the majority threshold.

SB431 would provide for an additional election to allow members to approve the change.

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