

LFC Requester: _____

**AGENCY BILL ANALYSIS
2019 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

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{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:
Original **Amendment** _____
Correction _____ **Substitute** _____

Date Feb 15, 2019
Bill No: SB534

Sponsor: Pete Campos
Short Title: Add District Attorneys to Police Retirement

Agency Name and Code Number: Administrative Office of the District Attorneys (AODA) 264
Person Writing: Gail MacQuesten
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
0	2,000	nonrecurring	general

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
0	0	0	n/a	n/a

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	0	0	Unknown	Unknown	recurring	general

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HB338; HB501, HB544
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB534 amends sections of the public employee retirement act to include district attorney members in the state police member and adult correctional officer member coverage plan 1. “District attorney member” means a member who is employed full-time as an appointed or elected district attorney by an affiliated public employer.

The retirement board shall conduct an election in fiscal year 2020, giving all district attorney members the opportunity to vote on whether district attorneys should adopt the new plan. If a majority chooses to adopt the plan, it is irrevocable for the purpose of subsequently adopting a coverage plan that would decrease employer or employee contributions with respect to all current and future district attorney members.

SB534 appropriates \$2 million from the general fund to the public employees retirement association for expenditure in fiscal year 2020 and subsequent fiscal years for accrued liability for district attorney member coverage under the new plan. The appropriation shall revert at the end of fiscal year 2020 if a majority of the district attorney members do not elect to adopt the new plan.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

Under SB534, district attorney members may, by majority vote, choose to be covered by the state police member and adult correctional officer member coverage plan 1. “District attorney member” means a member who is employed full-time as an appointed or elected district attorney by an affiliated public employer. Presumably, attorneys employed in district attorney offices are not “district attorney members,” because they are hired, not appointed or elected. Other provisions governing membership in an “enhanced plan” describes membership in terms of employment. If SB534 intended its provisions to cover all attorneys working in district attorney offices, it would be clearer to define “district attorney member” in terms of employment in a

district attorney's office.

The state police member and adult correctional officer member coverage plan 1 ("plan 1") is an "enhanced plan" that requires larger employer and member contributions to the retirement plan and to the retirees health plan, and larger contributions by the state or other affiliated public employer.

Plan 1's 20% increase in service credits applies only to certain state police members and adult correctional officer members. Members who receive the 20% increase in service credits meet the service requirements for retirement earlier. Credited service is used to calculate pension benefits also, so benefits will be higher. SB534 does not give the 20% increase in service credits to district attorney members. (See Section 3 of SB534, amending Section 10-22-27(B).) Because the 20% increase in service credit is the chief benefit of Plan 1, it is unclear why district attorney members would want to switch to Plan 1.

PERFORMANCE IMPLICATIONS

See Significant Issues, above.

ADMINISTRATIVE IMPLICATIONS

The retirement board must conduct the election. If district attorney members agree to Plan 1, contributions will need to be changed.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB501 increases the public employer and local administrative unit contributions to the funds included under the Public Employees Retirement Act and the Educational Retirement Fund.

HB338 temporarily increases the member contributions and state contributions to retirement funds for most plans for fiscal years 2020-2022, then calculates contributions based on the coverage plan funded ratio. It also affects COLAs: it increases the wait time before a recipient is eligible for a COLA; suspends COLAs through 2022; and then calculates COLAs by looked at the funded ratio and the consumer price index.

HB544 removes the cap on pension benefits, but changes the calculation on benefits after the benefit reaches ninety percent. HB544 also increases the member contribution for most plans for members making over \$20,000 per year, and the employer contribution for some plans.

HB544 suspends cost of living adjustments (COLAs) for retirees from July 1, 2019 through June 20, 2020. The suspension does not affect pensioners whose annual benefit is not greater than \$20,000, if they worked for at least 25 years or retired because of disability.

TECHNICAL ISSUES

None found.

OTHER SUBSTANTIVE ISSUES

None found.

ALTERNATIVES

None proposed.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None proposed.