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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Gallegos/Maestas/Hernandez **ORIGINAL DATE** 2/20/2025

BILL

SHORT TITLE Telecommunicators As Police In PERA **NUMBER** Senate Bill 173

ANALYST Hanika-Ortiz

REVENUE*

(dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
PERA		(Indeterminate, see fiscal impact)	Recurring	Trust Fund			

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DPS (employer contributions)		\$26.0	\$26.0	\$52.0	Recurring	General Fund
Municipalities		Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	Other State Funds

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

Public Employees Retirement Association (PERA)

Department of Finance and Administration (DFA)

Department of Public Safety (DPS)

Department of Homeland Security & Emergency Management (DHSEM)

SUMMARY

Synopsis of Senate Bill 173

Senate Bill 173 (SB173) amends Chapter 10, Article 11 (Public Employees Retirement Act) to include public safety telecommunicators (dispatchers) currently employed by a municipality or the state within the definition of “municipal police member” and “state police member”. These employee groups are both currently covered under a 25-year retirement plan, either Municipal General Coverage Plan 1-5, or State General Member Coverage Plan 3, respectively.

SB173 also requires that by December 30, 2025, the Public Employees Retirement Association (PERA) will conduct an election for members covered under Municipal General Coverage Plan 1-5 to move into Municipal Police Coverage Plan 5; and a second election for members covered under State General Member Coverage Plan 3 to move to State Public Safety Member Coverage Plan 1. The PERA board will certify those results.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

If members elect coverage, these positions will transition to enhanced plans for police/public safety, with higher contribution rates for pensions and retiree health care. It's unknown what the fiscal impact would be for municipal employers. However, the Department of Public Safety (DPS) projects the additional operating budget cost to bring 80 dispatchers under the public safety plan at \$26 thousand, increasing each year with payroll growth. As of June 30, 2024, PERA reported the Municipal Police plan has a funded ratio of 71 percent and the State Public Safety Plan has a funded ratio of 124 percent. However, contributions, no matter the source, accumulate for the benefit of all PERA members. As of June 30, 2024, the funded status of the entire system was 67 percent. This means the plan is underfunded; assets may not be sufficient to cover all the benefits promised over the long term.

PERA notes it is waiting for a list of the affected personnel before it can perform an actuarial analysis. The Department of Finance and Administration (DFA) was able to identify 1,037 potentially affected members; however, DFA notes that this list includes individuals from various entities, including some not under PERA, such as tribes or agencies with alternate retirement plans. This FIR may be updated once that actuarial analysis is completed.

Article XX, Section 22 of the New Mexico Constitution prohibits the Legislature from enacting any law that increases the benefits paid by PERA or ERB unless adequate funding is provided.

SIGNIFICANT ISSUES

The State General Member Coverage Plan 3 is structured for state employees who have longer service periods before retirement than police/public safety. Plans geared toward police/public safety allow an earlier retirement, due to the physically demanding and higher risks of the work. As benefits increase, the incentive to retire earlier may also further increase costs.

DPS identified potential consequences with regards to overtime and social security benefits. For instance, dispatchers would operate on eighty-three hours at straight time over a fourteen day pay period. The 84th hour onward is overtime. Dispatchers are currently on a 40-hour week and are eligible for overtime starting with the 41st hour. In addition, at retirement they would rely solely on their PERA enhanced pension, which replaces social security for those years of service.

PERFORMANCE IMPLICATIONS

DPS does not support this legislation:

While the bill seeks to align telecommunicator benefits with those of other public safety personnel, it does not account for the disparity in job duties, training, and physical risks faced by sworn officers compared to telecommunicators. This creates an equity imbalance that could impact workforce morale and operational cohesion...

Conflict, Duplication, Companionship, Relationship

This bill relates to House Bill 299 State Law Enforcement Instructor in PERA which would make those instructors eligible to join a public safety plan under PERA for an increased benefit.

AHO/r/SL2