

The Legislature
of the
State of New Mexico

50th Legislature, 2nd Session

LAWS 2012

CHAPTER _____

SENATE MEMORIAL 18

Introduced by

SENATOR GEORGE K. MUÑOZ AND SENATOR MICHAEL S. SANCHEZ, VERNON D. ASBILL,
SUE WILSON BEFFORT, PETE CAMPOS, TIM EICHENBERG, DEDE FELDMAN,
STEPHEN H. FISCHMANN, TIMOTHY M. KELLER, GAY G. KERNAN, LINDA M. LOPEZ,
LYNDA M. LOVEJOY, HOWIE C. MORALES, CYNTHIA NAVA,
STEVEN P. NEVILLE, MARY KAY PAPER, NANCY RODRIGUEZ,
SANDER RUE, WILLIAM E. SHARER AND PETER WIRTH



FOR THE INVESTMENTS AND PENSIONS
OVERSIGHT COMMITTEE

1 A MEMORIAL

2 REQUESTING THE CREATION OF A TASK FORCE TO EVALUATE THE
3 MUNICIPAL AND STATE PUBLIC SAFETY MEMBERS RETIREMENT PLANS
4 AND TO ASSESS OPTIONS AND MAKE RECOMMENDATIONS FOR CHANGES TO
5 THOSE PLANS TO HELP ENSURE THEIR SOLVENCY.

6
7 WHEREAS, the public employees retirement association has
8 an unfunded liability of five billion dollars
9 (\$5,000,000,000), and approximately one billion dollars
10 (\$1,000,000,000) of this unfunded liability is attributable
11 to the municipal police and fire member retirement plans; and

12 WHEREAS, the retiree health care fund has an unfunded
13 liability in excess of three billion dollars
14 (\$3,000,000,000), which is due in part to the expense of
15 providing subsidized health care coverage for an extended
16 period of time for relatively young retirees; and

17 WHEREAS, the new governmental accounting standards board
18 financial reporting standards will place these unfunded
19 liabilities directly alongside the state's long-term bonded
20 indebtedness and at the front of New Mexico's financial
21 statements; and

22 WHEREAS, New Mexico's bond ratings could be negatively
23 affected by the enhanced reporting of the huge unfunded
24 liabilities; and

25 WHEREAS, attempts to cover the public employees

1 retirement association's unfunded liability from increased
2 contributions alone will be difficult, if not impossible,
3 since the total of combined employer and employee
4 contributions required to ensure the solvency of the fund is
5 forty-eight percent of pay for municipal police and sixty
6 percent of pay for municipal fire members; and

7 WHEREAS, many local governments that are facing
8 budgetary constraints currently pay seventy-five percent of
9 their employees' contributions; and

10 WHEREAS, reasonable solutions to address the unfunded
11 liability of these retirement plans need to consider any
12 unique health and safety aspects associated with the police,
13 firefighters and other uniformed occupations; and

14 WHEREAS, reasonable solutions also need to recognize the
15 needs and concerns of state and local governments' abilities
16 to recruit and retain qualified police and fire department
17 personnel;

18 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE
19 STATE OF NEW MEXICO that the New Mexico legislative council
20 be requested to create the public safety pensions task force
21 to evaluate the existing retirement plans for all municipal
22 and state public safety members of the public employees
23 retirement association and to assess the options and make
24 recommendations for changes to those plans that will help
25 ensure their continued solvency; and

1 BE IT FURTHER RESOLVED that the task force provide its
2 recommendations and their impact on the solvency of the plans
3 to the interim investments and pensions oversight committee
4 no later than October 1, 2012; and

5 BE IT FURTHER RESOLVED that the public employees
6 retirement association be requested to provide any necessary
7 valuations and actuarial impacts of task force proposals as
8 requested by the task force or the investments and pensions
9 oversight committee on the public employees retirement
10 association's actuarial valuation as of June 30, 2011; and

11 BE IT FURTHER RESOLVED that the task force identify any
12 unique health and safety aspects associated with police,
13 firefighters and other uniformed occupations based on
14 existing studies by recognized experts; and

15 BE IT FURTHER RESOLVED that the task force be composed
16 of the following nine members:

17 A. one representative appointed by the
18 international association of firefighters;

19 B. one representative appointed by the New Mexico
20 fraternal order of police;

21 C. one representative appointed by the New Mexico
22 state police;

23 D. the chair of the public employees retirement
24 association board;

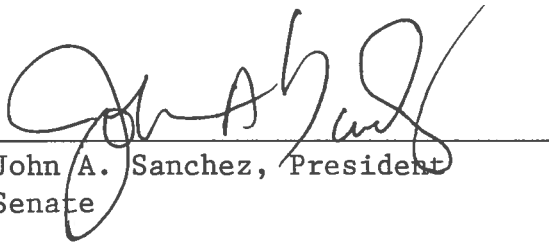
25 E. the executive director of the New Mexico

1 municipal league;

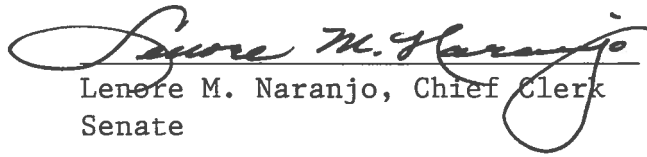
2 F. two members of the house of representatives,
3 one from the majority and one from a minority party appointed
4 by the speaker of the house of representatives; and

5 G. two members of the senate, one from the
6 majority and one from a minority party appointed by the senate
7 majority floor leader; and

8 BE IT FURTHER RESOLVED that copies of this memorial be
9 transmitted to the chair and vice chair of the investments and
10 pensions oversight committee, a representative of the
11 international association of firefighters, the president of
12 the New Mexico fraternal order of police, the secretary of the
13 New Mexico state police, the chair of the public employees
14 retirement association board, the executive director of the
15 New Mexico municipal league, the speaker of the house of
16 representatives and the president pro tempore of the
17 senate. _____



John A. Sanchez, President
Senate



Lenore M. Naranjo, Chief Clerk
Senate