

HB 473-FN – AS INTRODUCED

2013 SESSION

13-0733
10/09

HOUSE BILL **473-FN**

AN ACT relative to retirement system status for members of the university system police force.

SPONSORS: Rep. D. Sullivan, Hills 42; Rep. H. Richardson, Coos 4; Rep. Horrigan, Straff 6; Rep. R. Walsh, Hills 11; Rep. Sapareto, Rock 6; Sen. Woodburn, Dist 1; Sen. D'Allesandro, Dist 20; Sen. Hosmer, Dist 7

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill defines permanent police for purposes of the New Hampshire retirement system to include the university system police force, and allows university system police force members to purchase certain service as group II service.

Explanation: Matter added to current law appears in **bold italics**.
Matter removed from current law appears [~~in brackets and struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Thirteen

AN ACT relative to retirement system status for members of the university system police force.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Retirement System; Definition of Employer. Amend RSA 100-A:1, IV to read as follows:

2 IV. “Employer” shall mean (a) the state or any department, commission, institution, or
3 agency of the state government by which an employee is paid through the office of the state treasurer
4 with respect to their employees, (b) the state, the local school district, or other employers of teachers
5 eligible for membership in the system with respect to the teachers in their employ, (c) any police
6 department or police force of the state, **or any police department of the university system**, or of
7 any county, city, town, village, or precinct in the state with respect to the permanent policemen in
8 their employ, (d) any fire department of the state, or of any county, city, town, village, or precinct in
9 the state with respect to the permanent firemen in their employ, (e) any political subdivision that
10 has elected to participate under RSA 100-A:20, and (f) the community college system of New
11 Hampshire; provided, however, that in no instance shall any employer contribute or participate in
12 the retirement system unless by a reasonable determination of the board of trustees such employer
13 qualifies as a governmental entity, political subdivision, agency, or instrumentality eligible to
14 participate in the retirement system as a governmental plan within the meaning of section 414(d) of
15 the United States Internal Revenue Code of 1986, as amended.

16 2 Retirement System; Definition of Permanent Policeman. Amend the introductory paragraph
17 of RSA 100-A:1, VII to read as follows:

18 VII. “Permanent policeman,” for the purposes of membership in group II and other
19 provisions of this chapter, shall mean any person, whether elected or appointed, who is regularly
20 employed on a full-time basis by the state in a job certified by the director of personnel as conforming
21 to the requirements of this paragraph, or by any of its political subdivisions in a job certified by the
22 governing body of the political subdivision as conforming to the requirements of this paragraph, **or**
23 **by the university system of New Hampshire in a job certified by the university system board**
24 **of trustees as conforming to the requirements of this paragraph**, which job shall be in one of
25 the following categories:

26 3 New Paragraph; Membership. Amend RSA 100-A:3 by inserting after paragraph I-a the
27 following new paragraph:

28 I-b.(a) Notwithstanding the provisions of 1963, 303: 11, III, any person in the employ of the
29 university system of New Hampshire as a police officer who meets the definition of permanent
30 policeman shall become a member of the retirement system as a condition of employment; except,

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1 that membership shall be optional for any such permanent policeman who is in the service of the
2 university system of New Hampshire as of the effective date of this paragraph.

3 (b) A permanent policeman for whom membership is optional who elects to join the
4 retirement system within one year of the effective date of this paragraph may purchase group II
5 service for services performed as a police officer of the university system of New Hampshire police
6 department if such service meets the definition of permanent policeman. The cost of purchasing
7 such service shall be the product of the member's annual rate of compensation at the time of the
8 purchase, multiplied by the sum of the member and employer contribution rates in effect with
9 respect to the member at the time of the purchase, multiplied by the number of years of prior service
10 credit being bought. In no event, however, shall prior service purchased as creditable service under
11 this section be used as creditable service for the purpose of eligibility for medical benefits under
12 RSA 100-A:52, RSA 100-A:52-a, or RSA 100-A:52-b.

13 4 Effective Date. This act shall take effect July 1, 2013.

HB 473 FISCAL NOTE

AN ACT relative to retirement system status for members of the university system police force.

FISCAL IMPACT:

The New Hampshire Retirement System and the University System of New Hampshire state this bill, **as introduced**, may have an indeterminable impact on state expenditures in FY 2014 and each year thereafter. There is no impact on state, county or local revenue, or county and local expenditures.

METHODOLOGY:

The New Hampshire Retirement System (NHRS) states this bill would allow members of the University System Police Force (USPF) to become Group II members of the NHRS and allows them to purchase prior USPF service. The NHRS cannot estimate the fiscal impact because USPF employee data is not available to NHRS, NHRS does not know how many individuals would join NHRS, or how many individuals would buy back service time. NHRS' actuary states this proposal is expected to have a negligible impact on computed employer contribution rates. The actuary states the estimated cost to a member is expected to exceed the actuarial accrued liability incurred by the NHRS. Therefore, the actuary expects few members would purchase past service to enter the NHRS.

The University System of New Hampshire (USNH) states it is unable to accurately predict how many of its 30 police officers would elect to participate in NHRS, or how many years of service those individuals would buy back. USNH can however calculate the incremental cost to the University System for each officer electing to join the NHRS. The employer portion for NHRS Group II police officers will be 25.40% effective July 1, 2013 while the USNH contribution rate is 11.0% for a difference of 14.4% USNH would additionally have to pay for its officer to participate in NHRS. USNH assumes the average starting salary for a new officer is \$38,000, average salary for current officer is \$45,000, overtime and shift differential pay of 15% of salary, average length of service of 8 years, and estimates a 3% annual salary increase. The incremental cost to USNH for each current officer or new officer hired is calculated as follows: (Average salary + Overtime and Other Pay) x (NHRS employer contribution rate – USNH employer contribution rate). Based on this formula, the potential cost increase to USNH for each officer is as follows:

	Current Officer	New Officer
FY 2014	\$7,452	\$6,293
FY 2015	\$7,676	\$6,482
FY 2016	\$7,906	\$6,676
FY 2017	\$8,143	\$6,876

Assuming a 50 percent participation rate in NHRS, 15 current officers joining the NHRS under this bill would increase expenditures for USNH by \$111,780 in FY 2014, \$115,140 in FY 2015, \$118,590 in FY 2016, and \$122,145 in FY 2017.