

01-05-11

2011 Pre-Session Update

The New Mexico Legislature opens at noon on Tuesday, January 18. As you know two issues will initially be front and center: school funding and changes in Educational Retirement.

Budget Proposals

The Legislative Finance Committee (LFC) wants to balance the state budget on the backs of schools and school employees. Under the proposal state and public school workers will see a drop in take-home pay next year while the state cuts its share of retirement contributions by \$50 million.

The committee recommended spending \$5.4 billion on public schools, higher education and general government programs - from prisons and courts to health care for the needy - in the fiscal year that starts July 1.

The LFC refused to consider revenue increases or prioritizing public schools in crafting its budget.

Under the payroll tax increase proposed, state workers and public school employees would contribute an extra 1.75 percent of their salaries to retirement. Since retirement withholdings are before taxes this represents a drop in after-taxes pay, averaging about 1.4 percent for a single worker earning \$41,000 a year - roughly a \$22 reduction in each paycheck. A similar 1.5 percent payroll tax was enacted in 2009, and the committee's budget assumes that will continue next year.

In all the LFC proposed about a 3 percent, or \$79 million, reduction for public education, including the pension change. Lawmakers said they could save \$22 million by revamping the school funding formula. Overall, the budget would provide about \$2.3 billion for schools and education-related programs next year.

Higher education would be cut by more than 6 percent. The committee trimmed state aid by \$14 million for colleges and universities, assuming higher student tuition could make up that amount.

Other government programs would see an average 4.6 percent reduction, with the amounts varying for each agency. Courts and other judicial agencies would see a 1 percent cut.

Rather than simply state that they are short changing our children's education by cutting three percent of the funds available to pay for school year 2011-2012, the LFC wants you to absorb the cut by essentially working 6 days without pay (1.5% pay cut plus 1.75 % pay cut times 182 days) and then they want to furlough you for one professional development day another .5% cut in pay. If they don't have the courage to fund schools in accordance with their constitutional duty, they should at least acknowledged the face that they are essentially only funding about 174 days of the 180 instructional days required by law. The budget shell game lets you pay the price for the LFC's lack of the political will to either prioritize cuts to preserve public school funding or to raise the revenues necessary to prevent these draconian cuts to services to our state's citizens.

Tell you legislators and the Governor that the LFC's proposals fall far short and must be rejected!

Governor's Budget Recommendations

New Mexico Gov. Susana Martinez proposes cutting 1.5 percent (\$30 million) from the education "bureaucracy," eliminating \$25 million in yearly subsidies to the film industry and reducing funding for colleges and universities. She also would protect the paychecks of classroom teachers by exempting them from diverting a portion of their pay to their pension fund. Other state employees would see 2 percent of their salary diverted to their pension fund.

We are still analyzing her budget proposal, but it appears to be much better than the LFC's proposals. We are unable to determine from the documents that the Governor's office has prepared whether or not she exempts all school employees from the increased retirement withholding or just classroom personnel.

However, like the LFC, the Governor refuses to consider revenue enhancements to prevent cuts.

NEXT STEPS Contact Your Legislator: Tell Legislators that the Governor has at least prioritized public schools in her budget. The LFC essentially did an across-the-board cut as if no part of the budget is more important than any other part. Tell legislators that education employees should not pay more for retirement to help solve a financial crisis that they did not create. Tell them that any additional cuts will harm the classroom and children.

Educational Retirement

As the legislature opens contact your representatives to ask that they support the recommendations of the Educational Retirement Board regarding changes to make our retirement system sound. The proposal the ERB unanimously agreed to recommend to the legislature increases the current employee contribution rate by .5% phased in over a 4 year period.

This is what NEA-NM proposed in our recommendations. In order for the proposal to work, the legislature must fund increasing the employer share to 13.9% by 7/1/17. You can see the details in the proposal at this link.

Your phone calls, letters, emails and public testimony made a difference! Thanks for all your hard work on this issue! Please do take a minute to email members of the ERB you may have contacted on this issue and thank them for responding to our concerns and recommending a reasonable proposal to the legislature.

NEXT STEPS:

Contact Your Legislator: Tell Legislators to support the recommendations of the Educational Retirement Board. Tell them to leave our benefits and retirement eligibility rules alone. Tell them we are willing to pay a little higher retirement withholding (.0125% per year for four years--about a dollar per month for each \$10,000 of salary the first year) if they are willing to commit to moving to 13.9% on behalf of employers over the next six years. Tell them the legislature must keep the promise made to educational employees and pay the legislature's fair share!

Legislative Conference on January 26

NEA-New Mexico's Legislative Conference & Reception will be January 26, 2011
at NEA-NM Headquarters
2007 Botolph Road • Santa Fe

Event in Santa Fe on Monday, January 17

NEA-New Mexico is cosponsoring an event on Monday, January 17. The event being held with AFT NM and others will emphasize an Education as a Civil Right on Martin Luther King day. Follow this link for to download a flyer with details.
