

01-28-13

January 28, 2013

## Retirement Solvency Bill Moves to House Education Committee!

Legislators urged all of us to sit down together and present them with a plan all of us could agree to support and that is where we are now. Not only did IPOC give its unanimous approval to turn this proposal into legislation, they took it one step further– something that we highly support- they added keeping those public school employees making \$20,000 or less at a 7.9% employee contribution. The stakeholder plan follows the input that NEA-NM members gave: NO change to benefits for current retirees; it does NOT change benefits or requirements for current employees; it does raise the employee contribution to 10.7% for current and future employees (NOT the 11.3% proposed to the Legislature last year and another good reason for a salary increase); it also commits the legislature to living up the promises it made 5 years ago to increase its contribution rate by an additional .75% per year for three more years! It also creates a minimum retirement age of 55 and COLA eligibility at 67 for NEW employees hired after 6/30/12. There are some who are throwing red herrings out to make it sound as if this benefit is being “given” to you. We stand firmly that our retirement is salary we have already earned, which by mutual agreement, has been deferred to create a retirement account.

A joint committee of the whole House and Senate was held last Wednesday. While the session was intended to hear about pension changes in general, it gave ERB Executive Director Jan Goodwin and ERB Chair NEA-NM member Mary Lou Cameron an opportunity to explain the two pieces of legislation that carry out the ERB/Stakeholder plan (Senate Bill 115 and House Bill 64). Executive Director Charles Bowyer also addressed the joint session and explained our members support for achieving solvency this legislative session.

The first hearing on the ERB plan was January 24 when, House Bill 64, Educational Retirement Changes, received a do-pass recommendation in the House Labor Committee. The vote was a straight party-line vote, with all Democrats supporting our position and all Republicans opposing the solvency plan.

YES is our position

<b>Party</b>	<b>Member</b>	<b>Vote of do-pass for HB64</b>
D	Chair Miguel P. Garcia	YES
D	Vice Chair Sheryl Williams Stapleton	YES
D	Phillip M. Archuleta	YES
R	Candy Spence Ezzell	NO
R	David M. Gallegos	NO
D	W. Ken Martinez	YES
D	Rick Miera	YES
R	Paul A. Pacheco	NO
R	Monica Youngblood	NO

Thank those Committee Members who voted yes and supported you and your retirement system.

The next stop will be the House Education Committee, perhaps as early as this week. Let Committee members know that you support House Bill 64,

## Education Committees Come to Life

Both the House and Senate Education Committees met Wednesday (January 23, 2013) morning at 8:00 AM in joint session to organize the committees and hear from experts on school funding.

On Friday (January 25, 2013) the committees heard presentations on pension reform and the proposals of the Education Partners.

On Monday the two committees are meeting together once again to hear funding proposals from the Legislative Finance Committee and the Governor. After that the House Education Committee will begin to craft its own funding proposal, House Bill 3., to send to the House Appropriations and Finance Committee.

## Funding Recommendations:

The Legislative Finance Committee recommends \$32 million for a 1 percent increase for all public employees. Public employee salaries have not been increased across the board since FY09. The committee recommends \$38.4 million to reverse the 1.5 percent

retirement swap (decrease in employer contributions to Public Employees Retirement Association and Educational Retirement Board, increase in employee contributions) adopted as a solvency measure in 2011. Finally the LFC recommends \$16 million for public schools and higher education to fund a scheduled 0.75 percent employer contribution increase that had been postponed during the solvency era. The ERB employer increase is contingent on enactment of 2013 legislation to further restore ERB solvency.

For public schools, the LFC is focused on the need to improve early learning proficiency and to close the achievement gap. The committee recommends \$2.5 billion in overall education funding, an increase of almost \$91 million, or 3.7 percent, over FY13 appropriations (not counting \$18 million for a recommended 1 percent compensation increase). Many states have added weights for at-risk students as high as 50 percent, but the New Mexico at-risk weight is only 8 percent. The LFC recommends \$23 million as a companion to legislation to increase the weight for at-risk students and to begin aligning the training and experience index with the three-tiered licensure system. Further, the LFC addresses the significant problem of early literacy with increased funding for Kindergarten-Three-Plus and prekindergarten of \$5.5 million each. These programs target at-risk students and demonstrate a high return on investment. The Governor's budget for public schools does not recommend an across the board salary increase, but rather targets \$11 million for a merit pay increase for some teachers and nothing for any other employees. The public education department requests \$2.5 billion in funding, which represents an increase of \$99.3 million, or 4.1 percent, increase over the FY 13 appropriation.

The request contains:

- approximately \$2.34 billion to the State Equalization Guarantee, an increase of \$67.7 million, or 3.0 percent including: over \$21.0 million for the Educational Retirement Board (ERB) Employer/Employee swap; and over \$11.5 million for an increase in the Employer's ERB contribution (0.75 percent)
  - approximately \$132.5 million in categorical public school support, an increase of \$3.2 million, or about 2.5 percent.
-