

02-06-13

February 6, 2013

Today's Action Moves Retirement Solvency Forward and Makes Progress on Funding

Retirement Bill Moves On!

The legislation we and most other Educational Retirement Board (ERB) stakeholders support, House Bill 64, Educational Retirement Changes, received a do-pass recommendation from the the House Education Committee on this morning. 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 6/30/13. Those public school employees making \$20,000 or less remain at a 7.9% employee contribution.

The House Education Committee had a lengthy and thorough hearing on House Bill 64 this morning. Only one person spoke against the legislation, Brad Day, a Governor's appointee to the ERB. Even though the board itself has a position in support, Day choose to criticize the legislation on a point not even included in the bill--an actuarial assumption of a 7.75% return on investment made by the ERB's actuary. Most financial experts consider that a plan that has earned an average rate exceeding 8% over the last 25 years can expect the same rate over the next 25! Representatives of Education Partners and many others spoke in favor.

Two Republican members of the committee sought to weaken (or destroy) the bill's effectiveness with dilatory amendments. The first by Representative Gallegos would have essentially ended Cost of Living Increases for thirty years. The second by Representative Baldonado would have imposed a minimum retirement age of 62 for all active members more than ten years away from retirement eligibility. Both amendments failed. The final do-pass motion passed eleven to 2. All votes are indicated below:

Name	Party	1st Amend NO is correct	2nd Amend NO is correct	Final Do-pass YES is correct
Chair Mimi Stewart	D	No	No	Yes
Vice-chair Christine Trujillo	D	No	No	Yes
Alonzo Baldonado	R	Yes	Yes	Yes
Nathan "Nate" Cote	D	No	No	Yes
Nora Espinoza	R	Yes	Yes	No
David M. Gallegos	R	Yes	Yes	No
Stephanie Garcia Richard	D	No	No	Yes
Jimmie C. Hall	R	Yes	Yes	Yes
Dianne Miller Hamilton	R	Yes	No	Yes
Rick Miera	D	No	No	Yes
Dennis J. Roch	R	No	No	Yes
Tomás E. Salazar	D	No	No	Yes
Sheryl Williams Stapleton	D	No	No	Yes

This legislation goes to the House Appropriations and Finance Committee for its next, and we hope, last stop before going to the floor of the House.

Contact House Appropriations and Finance Committee now to support our solvency proposals, House Bill 64.

The Senate version of Retirement Solvency, Senate Bill 115, sponsored by Senator Ingle, may be heard in the Senate Education Committee as early as Friday morning.

Contact Senate Education Committee members now to support our solvency proposals, Senate Bill 115.

The House Education Committee Likely to Finish Budget Bill by Friday or Saturday

The House Education Committee continues to craft its own funding proposal, House Bill 3., the committee plans to finish work on the school funding bill by Friday. Today, the committee tended to support moving as much funding as possible into the School Equalization Formula as possible. Chair Mimi Stewart also recommended increasing compensation by half a percent to 1.5%. We support these moves as the best way to make sure that all school districts and children are treated equitably. After the House Education Committee finishes work on the bill, it will then be reported to the House Appropriations and Finance Committee, possibly early next week. This committee will incorporate school funding into the General Appropriations Act, House Bill 2. Let members of both committees know that you support salary increases and that you support placing maximum funding "above the line" in the School Equalization Guarantee, not "below the line" in the Governor's pet projects, like merit pay and third grade retention!

Contact House Education Committee Members now with the message to fund salaries and benefits and put maximum funding "above the line" in the School Equalization Guarantee, not "below the line" in the Governor's pet projects, like merit pay and third grade retention!
