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Tuesday, February 7, 2012

Retirement Legislation In Senate Finance Tomorrow Afternoon

Senate Bill 150, introduced by Senator Stuart Ingle, was amended in the Senate Education Committee. This measure would have enacted the Educational Retirement Board (ERB) plan, to which we are opposed. However, the amendment sponsored by Senator Nava and supported by NEA-NM moves the retirement plan toward solvency through an increase in contributions by employees and employers. The employee contribution would maintain the 1.5% retirement swap and add .125% increases for four years, the effect of this would be to reduce employee contributions from the current temporary (with the 1.5% and the 1.75% swaps) 11.15% to a permanent 9.9%. The employer contribution would increase from the current temporary 10.9% (with the swaps) to a final 15.3%. New employees (after July 1, 2012) would have a mandatory retirement age of 55 and a vesting period of eight years. This would meet the ERB developed funding goals of 80% by 2030 and 95% by 2040 for our educator retirement plan.

We are very concerned that this compromise will be undone in the Senate Finance Committee tomorrow. Please let all Senators know that the plan originally promoted by the ERB and the original version of Senate Bill 150 are unacceptable because they made changes to the retirement qualifications of vested members by creating a mandatory minimum retirement age of age 55 for all members not within 10 years of meeting a current retirement qualification. Further, the plan reduces all future COLAs by 12.5%, including those of current retirees.

We have made our views clear. No changes that reduce promised benefits for vested active members are acceptable. No changes that reduce the Cost of Living Adjustment or other benefits of current retirees are acceptable. No changes that adversely alter the retirement eligibility rules for currently vested active employees are acceptable.

We believe that our earned retirement benefits are a protected contract and a vested property right under the New Mexico Constitution. We firmly believe that Article 2, Section 19 and Article 20, Section 22 of the New Mexico Constitution make any diminution of benefits to currently vested members of ERA under current economic conditions unconstitutional.

The amendments accepted unanimously by the Senate Education Committee protect active employees and current retirees as we suggested.

Please let all Senators, especially members of the Senate Finance Committee know that the Senate Education Committee amendments should be preserved as the right way to reach solvency.

Senate Bill 305, although tabled in the Senate Education Committee, was introduced by Senator Carlos Cisneros; it attempts to resolve the solvency of the Education retirement system by having employees pick up the entire costs of the amendments placed on Senate Bill 150 in the Senate Education Committee last week. We support sharing the increases as described above in the discussion about the Senate Education Committee amendments. Asking employees to increase contributions by 3.4%, even over several years, is just wrong. Senator Carlos Cisneros may be planning to remove the Education Committee amendments and replace them with a mechanism similar to Senate Bill 305. Let Senator Cisneros and other members of the Senate Finance Committee know that asking employees to bear the burden caused by legislative underfunding over the years (not to mention budget balancing on the backs of public employees in the pension swaps) is just plain wrong. Shared sacrifice means that it's time for the state to step up and keep its commitments!
