

02-09-12

Thursday, February 9, 2012

Call Senators Now on Critical Retirement Issue

Senate Bill 150, introduced by Senator Stuart Ingle, was supposed to be heard in the Senate Finance Committee tonight. This measure as originally written would have enacted the Educational Retirement Board (ERB) plan, to which we are opposed. However, the Senate Education Committee amendment sponsored by Senator Nava and supported by NEA-NM moved the retirement plan toward solvency though 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.

Last night, Senate Finance Committee chair John Arthur Smith was angry because many of his committee members were unwilling to place all the burden of creating solvency for ERB on the backs of employees and he had to delay action until tomorrow. He had planned to strip the Education Committee Amendments and increase the employee contribution rate by a full 3.4%. We and AFT NM had already agreed to increase employees share as in the Education Committee amendments, but that wasn't enough for Smith. He ranted that just maybe tomorrow he should have the committee pass out a bill that suspended all COLAs and made a mandatory retirement age of 62 or 66, as has happened in Rhode Island.

You need to let Smith and other Senators that you don't appreciate having retirees held hostage because active employees don't want to pay for the state's under-funding of educational retirement.

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.

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.

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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.

Call their office or the Capitol Switchboard NO(505) 986-4300 and ask for them by name with this message:

Please don't support any effort to affect the cost of living increases of current retirees. Please don't further erode the salaries of education employees. Please oppose Senate Bill 150 if the amendments put on the bill in the Senate Education Committee are stripped in Senate Finance or if the bill is further changed to hurt retirees or active employees in that committee.

Please don't add to the demoralization of school employees by enlarging the gap between the educational retirement system and the much richer Public Employee Retirement enjoyed by state employees.
