02-11-12

Early Weekend, February 10-11, 2012

Senate Finance Committee Places Burden on Employees

Senate Bill 150, introduced by Senator Stuart Ingle, was amended in the Finance Committee last night. 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 July1, 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 striped the Education Committee Amendments and changed the bill to 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 and the committee majority. Smith along with Democrats Ortiz y Pino and Papen and all Committee Republicans voted to give you the full contribution rate increase over 4 years and to change the retirement age for new employees to 67 or a rule of 80.

Please let all Senators, especially members of the Senate Finance Committee know that forcing employees to shoulder the entire burden of bailing out an under-funded retirement is unfair. The state should pay its fair share of the 3.4% increase

Call their office or the Capitol Switchboard NOW! (505) 986-4300 and ask for them by name with this message:

Oppose Senate Bill 150 unless it is amended to have the state share in the 3.4% Contribution increase.

It is critical to call senators now.

House Retirement Bills Better Alternative than Senate

Representative Mimi Stewart, with our encouragement, has introduced bills that move us toward solvency without asking too much from employees. Both House Bill 269 and HB 270 move employee contributions up from the statutory 7.9 % to 9.4% after both the pensions swaps have expired down form the current 11.15%. These bills effectively reduce our rates from the current 11.15% (inflated from 7.4% by the two pension swaps to balance the budget of 1.5% and 1.75%) to 9.4% permanently. Both bills require the state to meet its statutory obligations and move from the current 9.15% back to the required 13.9%. We believe that this is great start toward solvency. The only additional need is for the state to increase beyond the current statutory requirement and add 1.4% to get to 15.3%. HB 270 also raises the contribution rates for other public employees in the PERA plan to add a little equity between the two plans.

From the comparison sheet, HB 270 (not shown) has the same rates as House Bill 269, the difference is that HB 270 also raises PERA rates by 1.5%. Senate Bill 150 was, unfortunately, amended in Senate Finance to have the same rates as in the tabled Senate Bill 305.

Teacher Evaluation and Student Retention Bills

Teacher evaluation bills and student retention/early reading intervention bills are currently tabled in Committees of the House and Senate. Work continues behind the scenes to come up with compromises that everyone can support on both issues. We continue to oppose mandatory retention without parent input in the reading bills and to oppose any weakening of teacher due process in the teacher evaluation bills. We support Senate Bill 50 and House Bill 53. Both these bills honor parent input and teacher and school district discretion to determine the best remediation strategies. We oppose the Governor's Senate Bill 96 and House Bill 69, which are not true to the principles of parent involvement or local autonomy.

We oppose any weakening of teacher due process in the teacher evaluation bills. We also want districts to have the opportunity to have flexibility rather than imposing a prototype created for an urban school district mandated for the entire state. These principles are why we have supported Education Committee substitute bills for Senate Bill 293 and House Bill 249. Both Senate Bill 293 and House Bill 249 preserve and strengthen teacher due process and for the first time in New Mexico law require that decisions to discharge or terminate actually be based on evaluations, with required structured remediation before such decisions are made; then there is still access to the full due process rights of current law We continue to have concerns about House Bill 251 and Senate Bill 315. While these bills make no reference to state assessments, both essentially mandate that the state adopt the Albuquerque Public Schools evaluation plan, complete with teachers recommending the termination of other teachers, students evaluating teachers through surveys, and weakened teacher due process. This is especially true regarding discharge and when the termination recommendation comes form a team of teachers who may recommend the termination of other teachers in conflict with current due process protections.

We continue to work toward compromises on both topics, but the hour grows late!

Budget Awaiting Action In Senate Finance

The House unanimously passed the General Appropriations Act, House Bill 2, spending $5.6 billion on public education and other government programs next year. The measure is awaiting a hearing in the Senate Finance Committee. It calls for a $215 million, or nearly 4 percent, increase in spending out of the state's main budget account in the fiscal year that starts July 1. The budget doesn't spend all available revenues, making it possible for lawmakers to cut taxes or provide more money for programs before a final agreement is reached with the Senate on the spending blueprint.

The House-passed budget allocates nearly $50 million for once again assuming the obligation of the 1.75% pension swap passed two years ago. While it will boost the take-home pay of public employees, it is really just returning money that never should have been taken in the first place. The pension swap is to expire because state finances have improved.

The budget doesn't allocate nearly $42 million in revenues the state expects to collect next year. That money can be used by the Senate to increase spending on some programs or lawmakers can cover the cost of tax cuts proposed by Democrats and Republicans. Any tax reduction will be handled in separate legislation.

Republican Gov. Susana Martinez has proposed $55 million in tax cuts for businesses. We want the state to pony up the next installment of its statutorily required educational retirement contributions of some $17 million out of these funds in any final budget deal

The budget bill contains $2.4 billion for public schools, a 3.8 percent or $89 million increase. However, almost none of funding has any flexibility for its use. All the funding increase for the State Equalization Guarantee (SEG-the main funding source for school districts) is for the pension swap, insurance cost increases, and enrollment growth. The rest of the funds finance several of the governor's initiatives, including $8.5 million to ensure students can read proficiently in early grades. We prefer that funds flow through the SEG to provide a little flexibility for things like salary or benefit increases!

If this bill passes, the state expects to have reserves of $558 million at the end of the 2013 fiscal year — the equivalent of 9.9 percent of state spending.

House Bill 2 is waiting for a hearing in Senate Finance Committee. Senators have until the end of today to propose amendments to the bill. The committee will meet in executive session to decide which, if any, to accept. The actual perfunctory hearing on the bill will probably happen Monday.