

02-14-12

Tuesday, February 14, 2012

Budget Passes Senate

Near midnight on Monday, the Senate passed General Appropriations Act, House Bill 2 on a 34-6 vote.

The bill is almost identical to the one passed by the House. One amendment — supported by Democrats — did get added ; it calls for an additional \$5.2 million to the \$5.6 billion budget package for, “drug courts, food banks, adult literacy programs, library services and established a Ben Luján Cancer Program at the University of New Mexico. Also included are budget funds to eliminate unfair mortgage practices, and job training incentive programs.”

The bill anticipates \$254 million in new revenue for fiscal year 2014. Of that \$254 million, a little more than \$36 million is not appropriated and could be used for tax reduction or other spending.

An amendment calling for prohibiting state employees such as teachers who serve in the Roundhouse from getting paid legislative per diem as well as receiving paid leave from their taxpayer-funded jobs while attending sessions and committee meetings in Santa Fe failed.

Last week, 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.

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 now back in the House's court. They may concur with Senate Amendments or appoint a conference committee to work out the small differences.

Senate Retirement Bill Moves to House Labor Committee

Senate Bill 150, introduced by Senator Stuart Ingle, increases the employee contribution rate to retirement by a full 3.4% of salary over the next four years. Senate Bill 150 passed the Senate Sunday evening on a 30 to 12 vote. Follow this link to see who supported you and who didn't (no was the correct vote). Senators Eric Griego, Mary Jane Garcia, and Cynthia Nava were vocal in their condemnation of the unfairness in this bill. We and AFT NM had already agreed to increase employees share by 2% as contained in House Bill 269 and HB 270 (see below), but that wasn't enough the majority of Senators.

The measure received a so-pass recommendation in the House Education Committee Monday and is awaiting a hearing in the House Labor and Human Resources Committee, possibly this afternoon. Let members of the House Labor and Human Resources 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 or the bill should be tabled.

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

Amend Senate Bill 150 before final passage to have the state share in the 3.4% Contribution increase.

It is critical to call 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 from 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.

House Bill 269 passed the House on a near unanimous vote and is awaiting a hearing in the Senate Education Committee. Contact committee members in support of House Bill 269.

Student Retention Bills Up to House Action

The Senate student punted on action on retention/early reading intervention bills. Since attempts to compromise and create one bill failed, the Senate passed both Senate Bill 50 and Senate Bill 96. We supported Senate Bill 50 because it honors parent input and teacher and school district discretion to determine the best remediation strategies. We opposed the Governor's Senate Bill 96, which is not true to the principles of parent involvement or local autonomy. It will be up to the House to decide on which method to approve. Voting patterns there indicate that it will likely be Senate Bill 96.

Teacher Evaluation Compromise Reached

The House Labor and Human Resources Committee passed a committee substitute for House Bill 249 and House Bill 251, the teacher evaluation bills. We opposed any weakening of teacher due process in the teacher evaluation bills. We also wanted 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 in the compromise committee substitute, which could be on the House Floor today or tomorrow.

The compromise preserves and strengthens teacher due process and, for the first time in New Mexico law, requires that decisions to discharge or terminate teachers for performance related causes 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. The compromise does not contain language that allows teachers to recommend the termination of other teachers (as did House Bill 251). Full discharge and termination protections of current law are maintained. Ask legislators to support House Labor and Human Resources Committee Substitute for House Bill 249 and House Bill 251. The measure still requires that fifty percent of a teacher's evaluation shall be based on student growth but states there must be "valid and reliable measures of student growth and achievement that has a valid and reliable connection to teacher effectiveness;" all reference to the New Mexico Standards Based Assessment has been removed.
