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Wednesday, February 27, 2013

House Retirement Bill Passes House Floor

The legislation we and most other Educational Retirement Board (ERB) stakeholders support, House Bill 64, Educational Retirement Changes, received a do-pass recommendation in the House Appropriations and Finance Committee late Friday. All Democrats on the Committee supported the measure as well as Republican Representative James Smith.

The measure passed the House this afternoon by a 50 to 17 vote. Thank those House members who supported your retirement system.

This bill still follows the original stakeholder plan: 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.

While we need to keep this bill alive as an alternative strategy, it is unlikely that it could pass the Senate or get the Governor's signature

Senate Retirement Bill in Senate Finance Committee Tomorrow Morning

The Senate version of Retirement Solvency, Senate Bill 115, sponsored by Senator Ingle, received a unanimous do-pass recommendation from the Senate Education Committee last Friday. It is scheduled in the Senate Finance Committee tomorrow. However, the Governor signaled that she would not sign Senate Bill 115 in its current version, so stakeholders have reluctantly agreed to slight reductions in Cost of Living Adjustments (COLA) until the fund reaches 100% solvency. This means a COLA of 1.6% instead of 2% for most retirees. Those with a retirement annuity under the median of 20,000 will receive a COLA of 1.8%. The Governor's office first request a COLA suspension until solvency was achieved. They also stated that retirees should have "skin in the game" to help move toward solvency. The stakeholder group refused to even consider COLA suspensions. This change gets our solvency projections to 100.4% by 2043. This teaches us one more time that elections have consequences. If want to restore the 2% COLA, we need a new Governor elected in 2014!

Contact members of the Senate Finance Committee now to support Senate Bill 115 and the amendments that will be proposed.

House Joint Resolution 10 in Gets a Do-Pass in House Appropriations and Finance Committee. On House Calendar Tomorrow!

Representative Jim Trujillo's House Joint Resolution 10 (HJR 10) was heard in the House Appropriations and Finance Committee on Monday. The measure has been amended to place a constitutional amendment on the November 2014 ballot allowing the 5.5% distribution from the state land grant permanent currently in place to continue indefinitely. All Democratic members of House Appropriations and Finance Committee as well as Republican Representative James Smith supported this important funding measure. The funding level dropped to 5.5% this year and, unless the amendment passes, will drop to 5% in 2016.

This measure is the 22nd item on tomorrow's House Calendar and will likely be presented on the floor.

Some points in support of HJR 10:

1. Raising the distribution back to 5.5% will prevent drastic cuts in education funding starting in fiscal year 2017!
2. When the original constitutional amendment was conceived in 2003, it was assumed that support from the general fund would continue to increase; gradually completely replacing the additional funds created by the increased distribution rate and allowing the reduction of the rate to 5% by 2017 since the natural increase in general fund revenues would have more than replaced these funds. No one anticipated that general fund support for the public schools would have three years of steady decline!
3. Should the 5.5% distribution level be allowed to sunset and the fund fail to show a return in the 8.5% range, public school funding from the fund would be greatly reduced and require even heavier commitment from a challenged general fund to avoid precipitous and devastating drop in school funding.
4. If the rate of return is realized, continuing the 5.5% distribution rate would actually move the legislature toward the increase that the 2008 funding formula task force indicated was required to provide sufficient funding of public schools. By 2020 about \$200 million would be added per year, not enough to overcome the years of under funding, but a good effort nonetheless.

5. Clearly neither the 5.5% nor the 5.8% distribution rate has not endangered the corpus of the fund; it has continued to increase and is predicted to double by 2020. The amendment would be logical to the voting public. Simply continue current practice of distribution and continue to help grow school funding without increasing taxes. If the amendment fails or is not sent to the public, it is clear that school funding will, in the worst case scenario, decrease or in the best case scenario, increase at a much slower rate in the near term, preventing the movement toward sufficient funding without a major effort from the general fund.
6. We are not asking the public to approve a tax increase, just keep the status quo of current funding levels from the permanent fund. Not passing this measure won't lower taxes, and in the long run will likely require a tax increase to prevent further cuts to public schools.

Contact all House members with this message:

Please support House Joint Resolution 10. This measure is not a tax increase; it just keep the status quo of current funding levels from the permanent fund. Not passing this measure won't lower taxes, and in the long run will likely require a tax increase to prevent further cuts to public schools. Clearly neither the 5.5% nor the 5.8% distribution rate has not endangered the corpus of the fund; it has continued to increase and is predicted to double by 2020.

Gun Bill Shot Down (I couldn't resist)

Senate Bill 230 proposed by Senator Sue Beffort would have allowed up to three employees per school to carry concealed weapons at school, if they had concealed carry permits and a few hours extra training. The measure was tabled in the Senate Education Committee. Senator Gay Kernan, the only Republican to vote against the bill, asked the sponsor how she, as a former first grade teacher would have carried her concealed gun around all day as she taught first graders; Senator Sue Beffort's response was "I guess you would have to wear a jacket." NEA-NM Executive Director Charles Bowyer stated our position that we felt all firearms on school campuses should be under the control of certified law enforcement officers. Senator Kernan echoed those sentiments as she explained her vote to table. All other Republicans voted against the tabling motion and all Democrats voted to table this ill-conceived idea.
