

03-03-13

Weekend March 2-3, 2013

House Joint Resolution 10 Passes House

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. The measure was debated on the House Floor Thursday night, it passed 36 to 33 all Democrats except Representative Sandra Jeff voted for the measure and all Republicans votes against continuing this vital funding for public schools.

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.

House Joint Resolution 10 will be introduced in the Senate soon. We'll let you know committee assignments.

Call your Senator to support HJR 10 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.

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 this Week, Maybe

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 was scheduled earlier this week for a hearing in the Senate Finance Committee. 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!

We hope that this bill will be heard in Senate Finance Committee sometime this week.

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

Bill to Change A-F grading system gets do pass from Senate Education Committee, Awaiting Action by Full Senate!

Senate Bill 587, introduced by Senator Howie Morales, repeals the A-B-C-D-F Schools Rating Act and enacts a temporary provision creating the State School Grades Council, a two-year body administratively attached to the Public Education Department, that will develop an A-B-C-D-F school grading system and make recommendations to the Legislature and the Public Education Department on implementation of the system. The bill contains temporary provisions for the grading of schools during the 2013- 2014 and 2014-2015 school years. The bill also amends Section 22-8-11 NMSA 1978 of the Public School Finance Act, eliminating the requirement that PED ensure that public schools are prioritizing resources of public schools rated D or F toward proven programs and methods linked to improved student achievement unit the school earns a C or better.

While the grading system is supposed to be designed to give educators, parents and students a clear sense of how their schools are performing, the current school grading system continues to remain controversial and difficult for many to understand. Concerns persist about the significant changes in preliminary grades issued for the 2010-2011 school year and the first round of final grades issued for the 2011-2012 school year. Additionally, the grading system and formula is so complex the PED acknowledged that there are likely only a few people in the state that understand it. This measure repeals the current grading system and enacts a new system to be temporarily used for the next two years while the State School Grades Council develops recommendations for a new school grading system.

The measure received a do-pass recommendation from the Senate Education Committee on Wednesday. It has been withdrawn from the Senate Finance Committee and is awaiting action by the full Senate, which could be scheduled at any time.

Contact all members of the Senate with this message:

Support Senate Bill 587, the current A-F school grading system is not transparent and so complex that even the public education department acknowledged that there are likely only a few people in the state that understand it. Senate Bill 587 will allow schools and the public to understand how schools are graded and will create a system that is fair, equitable, and easy understood.
