

**New Hampshire School Boards Association
Legislative Bulletin
March 14, 2008**



A Weekly Update of Important Activity in the Legislature

Retirement

HB 1645- The joint subcommittee of House Finance and Executive Departments and Administration voted 35-5 recommending passage of this omnibus bill incorporating needed changes to the Retirement System. The bill recognizes the complexity of a \$6 billion system and modifies the governance structure by reducing the overall number of Trustees, incorporating people with subject matter expertise, and mitigating stakeholder role by making Group I/II representatives less than a majority of the Board. It addresses, in part, the medical subsidy issue by transferring \$250 million from the Special Account to the Pension Fund. This increases the NHRS funding ratio as well as moderates increases in employer contribution rates due to the new charge to employers to fund the medical subsidy. Another provision, intended to help extend the life of the medical subsidy by not depleting the funds, removes the current automatic 8% annual increase in this benefit. Support for this bi-partisan bill is needed to help achieve necessary reforms to NHRS and restore its fiscal integrity. (For further information on this bill as introduced, see NHSBA testimony at http://www.nhsba.org/legislative_bulletins.asp).

ACTION ITEM

Please contact your local representatives and urge support for this bill. Most of the proposals are based on a report of the Commission established last year to make recommendations to ensure the long-term viability of NHRS. Those include removing the automatic 8% increase in the medical subsidy benefit and transfer of \$250 million earmarked for health benefits from the Special Account into the pension fund. The bill includes an additional charge to employers to fund the continued availability of the medical subsidy benefit. The crucial element is the transfer of enough money from the special account to offset increases in employer contribution rates beyond the normal pension cost.

HB 1643- In related action, the joint subcommittee voted 25-15 recommending passage of this proposed extension for Group I eligibility for the retirement medical insurance subsidy. The current subsidy provides \$375 toward a single person plan and \$751 for a 2-person plan. These amounts increase 8% annually. Not all retirees are eligible for this benefit that helps offset insurance premiums. In addition to other requirements, Group II fire and police hired after 6/30/2000 are not eligible; Group I employees and teachers retiring after 7/1/08 are not eligible. HB 1643 extends the Group I deadline one year to 7/1/09. However, this comes at a significant cost to school districts as it increases the financial liability of the retirement system, extending benefits to those that otherwise would not be entitled to receive them. Estimates of fiscal impact provided by the actuary indicate increases of 0.22% and 0.80% for employees and teachers respectively, corresponding to \$2.1 million and \$7.4 million based on reported payrolls as of 6/30/07.

Both bills are scheduled for a House vote next week.

Education Funding – Adequacy: SB 539

The Senate, on a 19-5 vote, passed SB 539, establishing the cost of an adequate education and providing additional fiscal capacity disparity aid. The per pupil cost of adequacy is set at \$3,450, plus differentiated aid based on numbers of pupils receiving special education services (\$3,610 for a self-contained program, \$1,789 for other programs) or who are English language learners (\$675). Differentiated aid based on students eligible for free or reduced-price meals is determined by the proportion they represent of the school's ADM-Attendance. If the proportion of Free/Reduced is less than 12%, no additional aid; 12%-24%, \$863/ADM-A; 24%-36%, \$1,725/ADM-A; 36%-48%, \$2,588/ADM-A; more than 48%, \$3,450/ADM-A. Fiscal capacity disparity aid, above the cost of adequacy, is provided for communities in the lowest quartile of property wealth/pupil if the town is ALSO below average in median family income. Municipalities in the lower half of the lowest quartile receive \$2,000/ADM-Residence; those in the upper half of the lowest quartile receive \$1,250/ADM-R. The bill has been referred to the Finance Committee for further review, with another full Senate vote likely next Thursday.

Education Funding – Charter Schools: HB 1642

The House Finance Committee narrowly rejected yet another attempt to require local school districts to provide funding for state approved charter schools. The proposal failed on a 12-12 tie vote. Majority approval was then given to appropriating \$1,500,000 for additional per pupil grants for the 2008-2009 school year; most schools to receive an extra \$2,700/pupil while some receive \$500/pupil. The bill goes to the full House for a vote next week.

Teacher Non-renewal – HB 1330 and SB 374

The House and Senate both adopted similar proposals regarding teacher non-renewals. Both bills remove current language making State Board review of non-renewals the exclusive remedy for an appeal: non-renewal appeals could be arbitrated under the terms of a collective bargaining agreement or reviewed by the State Board. The standard for a State Board review remains unchanged at “clearly erroneous”. Current language indicating that school boards are not *required* to provide remedial assistance to correct deficiencies is deleted, leaving it ambiguous and ensuring litigation over this issue for all performance based non-renewals. HB 1330 will now go to the Senate for consideration, and SB 374 to the House.

Collective Bargaining – Evergreen Clause: HB 1436

Next week the House will vote on a Labor Committee recommendation to establish a statutory evergreen clause. The bill adds new language requiring the continuation of any pay plan in a collective bargaining agreement until a new successor agreement is implemented.

ACTION ITEM

Please contact your local representatives and urge defeat of this bill that tips the balance of negotiations and unilaterally implements pay raises without local voter approval. HB 1436 fosters a more adversarial bargaining process leading to more impasses, with no incentive for labor to bargain a new contract when automatic pay increases are guaranteed.

Please review the ACTION ITEMS above and contact your local representatives, senators, and committee members TODAY to voice your concerns regarding legislative proposals. Remember that you, through NHSBA, are the only locally elected officials that “speak” exclusively for public education in NH.

For the complete text of any bill, go to <http://www.gencourt.state.nh.us/ns/billstatus/quickbill.html> and enter the bill number, e.g. HB1469, SB362 or CACR21 (no spaces!), and make sure the Session Year is 2008.

For more information on specific legislation, please call Dean Michener, NHSBA Director of Governmental Affairs at 603-228-2061, or email: deanm@nhsba.org.