

**New Hampshire School Boards Association
Legislative Bulletin
March 21, 2008**



A Weekly Update of Important Activity in the Legislature

Education Funding – Adequacy: SB 539

The Senate, on a 14-10 vote, passed SB 539, establishing the cost of an adequate education and providing additional fiscal capacity disparity aid as well as transitional aid. The proposal distributes over \$566 million in adequacy grants, \$48 million in fiscal capacity disparity aid and \$9 million in transition aid for a total of \$623 million in grants. The statewide property tax raises \$363 million, with over 35 donor towns paying \$15.6 million. The bill as passed continues to provide for the cost of an adequate education based on universal costs of \$3,450/pupil plus additional differentiated aid for English language learners, students receiving special education services, and students eligible for free or reduced-price meals. See last week's Legislative Bulletin for further details (http://www.nhsba.org/legb_03_14_08.asp).

Over \$9 million has been added in transition aid for certain communities in which the 2010 adequate education grant is 85% or less than the 2009 grant. Towns receiving less than 85% of their current aid are eligible for transition aid based on the following conditions: If in the lowest half of the lowest quartile of property wealth, and median family income is less than 125% of state average, transition aid will equal 50% of the loss; if median family income is less than 150% of state average, transition aid is 25% of the loss. If in the upper half of the lowest quartile of property wealth, and median family income is less than 110% of state average, transition aid will equal 50% of the loss; if median family income is less than 125% of state average, transition aid is 25% of the loss. If in the lowest half of the second lowest quartile of property wealth, and median family income is less than 100% of state average, transition aid will equal 50% of the loss; if median family income is less than 110% of state average, transition aid is 25% of the loss. These amounts apply in the first year, 2010; in the second year, 2011, transition aid is half the amount. The bill now goes to the House for further review and consideration. For a listing of the aid distribution, go to the NHSBA web site at http://www.nhsba.org/news_single.asp?news_id=66.

Education Funding – Kindergarten: SB 530

The Senate passed SB 530, extending the kindergarten construction aid program through 2013. The new provisions allow a school district to elect a construction grant to cover either 75% of the actual cost of construction of kindergarten facilities, or 100% of the actual cost of design and construction of a basic code compliant kindergarten facility. The bill also provides for kindergarten students enrolled in new programs initiated either this fall or next to be included in adequate education grant amounts. The bill now goes to the House for further review and consideration.

Retirement

HB 1645- On a strong bipartisan vote, the House passed this omnibus bill incorporating needed changes to the Retirement System. The bill extends the life of the medical subsidy: it increases employer contribution rates to cover the subsidy, while also containing the overall cost by removing the automatic 8% annual increase in this benefit. To help offset the increase in employer contribution rates, \$250 million is transferred from the Special Account to the Pension Fund, a move that also increases the NHRS funding ratio. The bill modifies the governance structure by reducing the overall number of Trustees, incorporating people with subject matter expertise, and mitigating stakeholder impact by making Group I/II representatives less than a majority of the Board. The bill now goes to the House for further review and consideration. (For further information on this bill as introduced, see NHSBA testimony at http://www.nhsba.org/legislative_bulletins.asp).

ACTION ITEM

Please contact your senator and urge support for this bill that incorporates changes based on the 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 \$250 million transfer is crucial to offset increases in employer contribution rates beyond the normal pension cost, mitigating the potential 28-a unfunded mandate resulting from adding the cost of the medical subsidy to the employer contribution rate.

HB 1643- The House also passed this proposal to extend 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 currently increase 8% annually. Not all retirees are eligible for this benefit that helps offset insurance premiums. In addition to other requirements, Group I employees and teachers retiring after 7/1/08 are not eligible. HB 1643 extends the NHSBA Legislative Bulletin 3-21-08

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.

Collective Bargaining – Evergreen Clause: HB 1436

On a strong [roll call vote](#) of 180-126, the House passed HB 1436, which establishes a statutory evergreen clause. The bill requires the continuation of the terms of a collective bargaining agreement if an impasse between public employers and employees is not resolved, specifically requiring the continuation of any pay plan until a new successor agreement is implemented. The bill, which erodes local control by implementing pay raises without legislative body approval, now goes to the Senate.

ACTION ITEM

Please contact your senator and alert them to 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.

Collective Bargaining – Bargaining Units: HB 1127

The House also passed HB 1127, allowing public employers to certify a bargaining unit of less than 10 members. The bill is enabling in that the PELRB may not certify any unit of less than 10 without the prior approval of the governing body. The bill now goes to the Senate.

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.