

New Hampshire School Boards Association
Legislative Bulletin
March 28, 2008



A Weekly Update of Important Activity in the Legislature

Education Funding – Adequacy: SB 539

The House will now begin its consideration of the cost of an adequate education, starting with the Education Committee. SB 539 will have a public hearing on Tuesday, April 1 at 1:00 pm. The bill distributes over \$566 million in adequacy grants, \$48 million in fiscal capacity disparity aid and \$9 million in transition aid (\$4.5 million in the 2nd year) for a total of \$623 million in grants. The statewide property tax raises \$363 million, with over 35 donor towns paying \$15.6 million. NHSBA's [March 21 Bulletin](#) contains information on how calculations are determined, and a [spreadsheet](#) of the aid distribution is also available on our website. In summary, the bill determines the per pupil cost of adequacy which includes differentiated aid distributed to schools based on the number of pupils receiving special education services, or eligible for free/reduced price meals, or who are English language learners. Schools that receive differentiated aid must use the money to implement enhanced programs known to improve pupil achievement. Additional fiscal capacity disparity aid, above adequacy, is provided based on property wealth per pupil and median family income. Finally, certain districts receiving less than 85% of their prior year's aid are also eligible for transition aid, again based on property wealth and income wealth characteristics.

Education Funding – Constitutional Amendment: CACR 34

The House began its review of a constitutional amendment this week when the Finance Committee received extensive testimony both for and against CACR 34. Consistent with our long-standing resolutions, NHSBA again opposed this proposal that would allow the state to annually choose a funding level, distribute aid to a targeted group of communities, and ignore many of our state's districts and children. (See NHSBA [testimony](#) on our website.) The Finance Committee has scheduled two work sessions on the bill: April 1 and 8, at 1 pm.

ACTION ITEM

Please contact members of the [House Finance Committee](#) and also talk with your local representatives now. Share with legislators your concerns over potential state aid losses and corresponding impact on school budgets. While NH may have a few outliers on wealth factors, most communities are not wealthy and rely on state aid. Historically, Foundation Aid was a "targeted" aid program, requiring over \$200 million in funding, yet usually \$30-\$50 million was appropriated, and at its best only \$60+ million, leaving "average" districts with little or no financial support.

Labor Relations – Collective Bargaining and Evergreen Clause: HB 1436

This bill, after passing the House on a strong vote, has not yet been scheduled in the Senate, but will likely be considered by the [Commerce, Labor and Consumer Protection Committee](#). HB 1436 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 will erode local control by implementing pay raises without legislative body approval.

ACTION ITEM

Please start talking now with 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. Once the bill is scheduled, we also encourage you to contact members of the committee.

Labor Relations – Teacher Nonrenewal: HB 1330 and SB 374

The House and Senate both passed similar proposals to change the nonrenewal process. 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". HB 1330 removes current language indicating that school boards are not *required* to provide remedial assistance to correct deficiencies, leaving it ambiguous and ensuring litigation over this issue for all performance based non-renewals. HB 1330 has been assigned to the [Senate Education Committee](#) for review: SB 374 has not yet been assigned, but will likely be considered by the [House Education Committee](#).

ACTION ITEM

Please start talking now with your legislators and alert them to these bills. Allowing multiple opportunities for appeals will make non-renewals expensive and costly. The process has been working, with very few teachers actually non-renewed under the provisions in 189:14-a. Specific language was adopted in 2003 requiring written notice of unsatisfactory performance, opportunity to correct the deficiency, and proof that the teacher failed to correct the unsatisfactory performance. This language has been working and nobody has testified to any problems or controversy.

Retirement

HB 1645- After passing the House on a strong vote, this omnibus bill will likely be considered in the Senate by the [Executive Departments and Administration Committee](#). HB 1645 incorporates needed changes to the Retirement System: it transfers \$250 million from the Special Account to the Pension Fund to help offset the increase in employer contribution rates, extends the life of the medical subsidy, increases employer contribution rates to cover the subsidy, and contains the overall cost of the subsidy by removing the automatic 8% annual increase in this benefit. Acknowledging the complexity of a \$6 billion system, HB 1645 also modifies the governance structure of the Board of Trustees. It reduces the overall number of Trustees from 14 to 12, incorporates people with subject matter expertise, and mitigates stakeholder impact by reducing their representation by one member in each category for both Groups, thus making Group I/II representatives less than a majority of the Board. (For further information on this bill as introduced, see NHSBA [testimony](#) on our website.)

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- Also moving to the Senate is 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. Current law provides for an 8% annual increase in these amounts. Not all retirees are eligible for this benefit that helps offset insurance premiums. Group II members hired after 2000 are not eligible, and 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.

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.