

New Hampshire School Boards Association
Legislative Bulletin
April 11, 2008



A Weekly Update of Important Activity in the Legislature

Education Funding – Adequacy: SB 539

The House Education Committee has made policy recommendations on this funding bill, with a House vote scheduled next Wednesday to be followed by further review in the Finance Committee. Recommended changes include: 1) adding \$431/pupil for Free/Reduced price eligible pupils IN SCHOOLS WHERE SUCH POPULATIONS ARE LESS THAN 12% OF THE TOTAL; 2) the current two special education weights (\$3,610 for self-contained and \$1,789 for all others) are combined into one amount of \$1,856 for each special education pupil, based on concerns that the state should not provide an incentive for placing students in self-contained programs; 3) charter schools are included in the adequacy aid calculations, receiving the universal cost including any differentiated aid based on free/reduced eligible pupils, English language learners and special education, as well as receiving fiscal disparity aid of \$2,000/pupil; and 4) beginning in FY 2012, adds a biennial inflation adjustment to the calculations based on the Consumer Price Index averaged over the prior three years.

Education Funding – Kindergarten: SB 530

The House Education Committee has recommended an amended version of this bill providing aid to those 12 districts not currently offering kindergarten. SB 530 provides 100% of lease and setup costs for temporary portable classrooms and also requires the state to cover the cost of either 75% of the actual cost of construction for permanent facilities, or 100% of the cost of design and construction of a “basic code compliant kindergarten facility”. In supporting the bill, the Dept. of Education explained the shortcomings of “basic code compliant” construction. The bill also gives districts not currently offering kindergarten an additional year to comply with the requirement. NHSBA resolutions support the requirement of kindergarten, but also call for the state to fully fund any new requirement that districts offer kindergarten. The House is scheduled to vote on the bill Wednesday, April 16.

Education Funding – Constitutional Amendment: CACR 34

The Finance Committee continues to struggle with the language and implications of this proposed amendment. A full committee work session is scheduled for the morning of Tuesday, April 15.

ACTION ITEM

Please contact members of the [House Finance Committee](#) and also talk with your local representatives now. Share with legislators that NHSBA adopted a resolution in January opposing such an amendment and voice your concerns over potential state aid losses that will impact school budgets. While NH may have a few towns that are 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.

Retirement – Omnibus Bill: HB 1645

This week the omnibus bill had its first public hearing before the Senate [Executive Departments and Administration Committee](#). Extensive testimony was offered by labor unions in opposition to the bill, often stating that employers have not paid their “share” and it is now time to do so. The NHRS Board of Trustees determines employer contribution rates on a biennial basis, and public employers have always paid what the employee-dominated Board required them to pay. Historically, an actuarial funding formula was adopted that inaccurately calculated costs, deferring payments and masking future liabilities. This formula, as well as provisions for re-directing investment earnings to the “special” account for other purposes, resulted in the current unfunded obligation of \$2.7 billion. HB 653, supported by employers and adopted last year, corrected this problem. It implemented a new funding formula and requires employer rates to pay for the unfunded liability. Now our taxpayers are being asked to fund a new non-pension benefit, specifically the medical subsidy. At stake is a very substantial amount of money that will impact local school budgets. Without passage of HB 1645, school district contribution rates for teachers will increase from 8.93% to 13.47%; a 51% increase. Passage of HB 1645, which includes a transfer of \$250 million from the Special Account back into the pension fund, will moderate the increase in employer rates for teachers to a 20% increase at 10.72%. This rate covers employer normal costs, the unfunded liability, and the medical subsidy. The NH Municipal Association has created a [Retirement Cost Increase Calculator](#) that will enable towns/cities/counties/school districts to calculate their retirement costs if HB 1645 passes or not. Enter your district’s payroll figures for FY 07 for those positions that meet New Hampshire Retirement System eligibility requirements. The

calculator will automatically compute the difference your school district will have to pay if the bill passes or if the bill is killed or sent to study.

ACTION ITEM

Use the [Retirement Cost Increase Calculator](#) to determine the financial impact on your district and share this cost with your senator. Urge their support for this bill that incorporates needed changes 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. In addition, the bill strengthens the fiscal integrity of NHRS by acknowledging the complexity of a \$6 billion system and adds two new trustee positions for financial and investment experts while reducing the duplicate representation of Group I and II members.

Retirement – Group I Extension for Medical Benefit: HB 1643

The Senate Executive Departments & Administration Committee has recommended Ought to Pass on this bill, allowing another year (July 1, 2009) for Group I members to retire and receive the medical subsidy IF THEY MEET ELIGIBILITY REQUIREMENTS BY JULY 1, 2008. 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 cost to local employers since it increases the financial liability of the retirement system by extending benefits to those that otherwise would not be entitled to receive them, currently projected by NHRS to be \$1.5 million annually.

Labor Relations – Evergreen Clause: HB 1436

This bill, not yet scheduled for public testimony, has been assigned to the Senate [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 contact your senator and members of the committee, urging them to oppose 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.

Labor Relations – Teacher Nonrenewal: SB 374 and HB 1330

SB 374 had a public hearing before House Education this week. SB 374, as well as HB 1330, change the nonrenewal process by removing current language making State Board review of nonrenewals the exclusive remedy for an appeal. Both bills will allow non-renewal appeals to 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”. NHSBA continues to voice opposition to these bills that are strongly supported by the labor unions and, to our surprise, the Dept. of Education. HB 1330, assigned to the [Senate Education Committee](#), has still not been scheduled for public testimony.

ACTION ITEM

Please contact 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. The proposed change is unnecessary.

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, please call Dean Michener, NHSBA Director of Governmental Affairs (228-2061) or email: deanm@nhsba.org.