

New Hampshire School Boards Association
Legislative Bulletin
April 18, 2008



A Weekly Update of Important Activity in the Legislature

Labor Relations – Evergreen Clause: HB 1436

This bill is scheduled for public testimony on Tuesday, April 22 at 10:30 before 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. It is imperative that you contact members of the committee, as well as your own senator, and urge defeat of this proposal.

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. There are many reasons for impasse at the local level, including those contracts rejected by vote of the legislative body at a district meeting; this bill will require that employee raises be provided.

Retirement – Omnibus Bill: HB 1645

The Senate [Executive Departments and Administration Committee](#) continues to hold public hearings on this bill. Labor unions persist in offering extensive testimony in opposition, often stating that employers have not paid their “share”, even suggesting employers quickly pay the \$2.7 billion 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%. The \$250 million is Special Account money originally intended for medical benefits: transferring it to the pension fund may reduce employer rates enough so that employers may be able to cover the 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. Simply 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

Request your payroll data from your administrators and use the [Retirement Cost Increase Calculator](#) to determine the financial impact on your district and then share this cost with your senator. Urge their support for this bill that incorporates needed changes to ensure the long-term viability of NHRS. Changes include the 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. The bill also stops the automatic 8% increase in the medical subsidy benefit to contain the projected cost so that employer contributions will terminally fund the benefit. In addition, the bill strengthens the fiscal integrity of NHRS by acknowledging the complexity of a \$6 billion system: two new trustee positions with financial and investment expertise are added, while the duplicate representation of Group I and II members is reduced from 8 to 4.

Education Funding – Adequacy: SB 539

On a 209-144 vote, the House approved this bill and sent it to the Finance Committee for further review. The total cost is approximately \$970 million, of which \$363 million is raised by the statewide property tax (over 35 donor towns pay \$15.6 million). To briefly summarize, the per pupil cost of adequacy is set at \$3,450, plus differentiated aid based on numbers of pupils receiving special education services (\$1,856) 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%, \$431/pupil; 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. Transition aid is provided for certain communities if their 2010 grant is 85% or less than the 2009 grant; eligibility is based on property and income wealth. If the town is 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 the town is 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 the town is 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 sum of the aid amounts under adequacy are for two years; beginning in FY 1012 a biennial inflation adjustment is made based on the Consumer Price Index averaged over the prior three years. House Finance has scheduled a hearing on the bill next Monday, April 21, at 10:45.

Education Funding – Constitutional Amendment: CACR 34

This bill remains in the Finance Committee, with work sessions scheduled for May 1 and 6, and a final vote on a recommendation scheduled for May 8.

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 – Group I Extension for Medical Benefit: HB 1643

The Senate approved this bill that extends the deadline another year (to 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 with 8% annual increases in these amounts. Extending this coverage 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, a cost currently projected by NHRS to be \$1.5 million annually. The bill now goes to the Governor.

Labor Relations – Teacher Nonrenewal: SB 374 and HB 1330

SB 374 remains in the [House Education Committee](#). 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 committee members and your legislators and alert them to these bills. Arbitration provisions in most contracts were never intended to include nonrenewal. The current 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 on specific legislation, please call Dean Michener, NHSBA Director of Governmental Affairs at 603-228-2061, or email: deanm@nhsba.org.