

**New Hampshire School Boards Association  
Legislative Bulletin  
June 5, 2008**



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*A Weekly Update of Important Activity in the Legislature*

***A Summary of Conference Committee Work***

*The published deadline for Conference Committee reports, which require unanimous agreement of the conferees, was Friday, May 30<sup>th</sup>. However, the legislature has options, such as “stopping the clock”, and just decreeing what the date/time is. All business was finally finished late yesterday as the House and Senate completed their work for the year.*

**HB 1645 – Retirement:** In the early morning hours of last Saturday, House and Senate conferees were unable to reach agreement and complete negotiations. While there was agreement on significant technical changes and the transfer of \$250 million from the Special Account to the annuity fund, major differences remained concerning governance structure (Board of Trustees), the medical subsidy benefit and how it is funded, and changes to Group II retirement eligibility. After extensive concessions by the House, the deal-breaker was Senate refusal to cap pensions at 100% of an individual's highest salary earned while working. The final compromise includes the medical subsidy, which will now have a freeze on the benefit for the next 4 years, with annual 4% increases implemented for the subsequent 4-year period. This benefit will be supplemented by giving a \$500 additional payment to those members with pensions less than \$20,000 who take a single person health plan, or \$1,000 to those with a 2-person plan. The Board composition remains unchanged, but there will be an independent investment committee, consisting of five members, 3 of whom will not be Board members. All members of the investment committee are required to have substantial experience in the field of institutional investment or finance. A 1-1/2 percent COLA will also be provided next July on the first \$30,000 of a retiree's allowance, as well as a one-time supplemental payment of \$1,000 for those with pensions under \$20,000, and a \$500 payment for those who retired before 1993.

The transfer of \$250 million from the Special Account to the pension annuity fund will be made. This transfer is NOT to simply reduce employer rates, but rather to off-set the corresponding increase in employer rates that will be charged to fund the medical subsidy benefit that some retirees receive. The benefit was never intended to be funded by employers, but recent action by the NHRS Board in response to IRS concerns resulted in proposed increases in employer rates to pay for the medical subsidy. The \$250 million transfer will help fund the benefit in the short term, but the total cost will clearly exceed that amount, and we need to study this impact further and remain vigilant so as not to be left paying for a new, unfunded mandate.

The agreement also contains a provision requiring employers (school districts) to pay more to NHRS for retirement bonus and incentive provisions that boost an employee's pension. When such pay-outs increase an employee's average base pay by more than 125%, employers will be assessed the cost of the excess benefit. This requirement will take effect with the next negotiated contract. Finally, the cap on employee pensions, originally proposed to be no more than the highest salary earned while working, was simply changed to be a dollar figure: \$120,000 for all new employees hired after July 2009. Obviously this will have no immediate impact, and will likely be changed in subsequent legislation over the next twenty years.

**ACTION ITEM – Acknowledge the hard work of Conference Committee members ([click & scroll to HB 1645](#)), especially House members who struggled to balance the considerations of all: employees, taxpayers, and the fiscal integrity of the pension fund itself.**

**HB 1642 – Charter School Funding:** Senate conferees held firm in their opposition to any plan for local school districts to be the source of revenue for supplemental grants to state-approved charter schools. Compromise was reached on a maximum total commitment of \$503,000, providing an additional \$1,168/pupil that raises the total charter school funding per pupil next year to \$5,000, to be funded from the education trust fund.

**HB 765 – Financial responsibility for Special Education:** Agreement was reached on this bill that establishes a committee to study the financial liability for placement of a child with a disability. A report is due on or before November 1, 2008.

**SB 530 – Kindergarten (& Donor Towns):** Agreement was finally reached on this bill extending kindergarten aid. Differences of opinion focused on language allowing school districts to contract with private providers for kindergarten programs. This option will now be allowed for up to three (3) years. Another factor was a late amendment to correct the hold harmless provision in the new state Adequate Education Aid formula. Based on Dept. Education projections using new data elements, it was estimated that more than a dozen communities would be required to pay an excess statewide property tax (donor towns). The agreement now ensures that there will be no donor towns for the next two fiscal years.

**SB 429 – Driver Education Courses in other states:** Agreement was reached on this bill that allows driver education reciprocity when the course is approved by the state in which the course is offered and it is determined that the course is essentially equivalent to NH's minimum standards.

**HB 1446 – School Building Aid:** Agreement was reached on this bill that makes changes to the process for prorating funds when school building aid is insufficient. House conferees remained firm in their opposition to a Senate amendment that also lowered the vote required for a school bond to 3/5. All conferees agreed to removal of the 3/5 language.

**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/bill\\_status/quick\\_search.html](http://www.gencourt.state.nh.us/bill_status/quick_search.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](mailto:deanm@nhsba.org).