

**New Hampshire School Boards Association
Legislative Bulletin
January 5, 2007**



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2007 Legislative Session Underway!

This week the 2007 Legislative session commenced, with House Speaker Terie Norelli, and Senate President Sylvia Larsen, assuming leadership of the House and Senate. Governor Lynch began his 2nd term with a speech calling for a bi-partisan approach to solving the many issues facing the state, such as environmental issues, health insurance for low-income children, the state's retirement system, and the mandatory age for school attendance. Notable was the Governor's call for a solution to the education adequacy issue to include a "narrow" constitutional amendment allowing for a targeted-aid distribution of money to fund the definition of an adequate education.

The current level of state support for an equitable education is \$363.3 million from the statewide education property tax, and \$472.8 million in grants to local communities. The task before the legislature is to: 1) define, with specificity, the components of a constitutionally adequate education, 2) determine the cost of funding such education, 3) ensure that any tax plan that supports the components of an adequate education be done through a uniform tax, and 4) implement a system for accountability and review of the educational standards – all with a deadline of June 30, 2007. The current funding system remains in effect until changed/revised by the legislature. (For summary information on school funding and the Londonderry case, go to www.nhsba.org and select the SCHOOL FUNDING link.)

The list of new legislative proposals is extensive, and little is known yet regarding specific details. To date, most proposals exist in only title form, and the sponsor of a proposed bill must "sign off" on the draft before it becomes available. House members have until Friday, January 19 to sign off on bills; senators have until Wednesday, January 17. Once draft proposals become legislative bills, they are then assigned to committees where hearings and debate begin. Committee schedules during the first two weeks are generally devoted to organizational matters and orientation, often including briefings and presentations. As of this date, there have been no bills assigned to the House or Senate Education Committees. NHSBA's Legislative Bulletin will keep you informed as proposals come forward and hearings are scheduled.

More on Retirement

Previous Legislative Bulletins have highlighted issues associated with the NH Retirement System (NHRS), which provides pension benefits to employees, teachers, firefighters and police officers. As a defined benefit plan, NHRS provides over \$318 million annually in benefits to almost 20,000 individuals retiring from the public sector. Benefits are based on a formula that measures service and salary. Benefits are funded by both contributions and investments, with investment assets accounting for approximately 75% of the distributions, and employee and employer contributions covering approximately 25%.

Currently, NHRS is funded at about 65% of its pension obligations, mostly a result of lower returns on investments during the beginning of the decade and changing demographics. Health care subsidies for some of the participating groups will expire as early as 2011 and long-term prospects for other groups are less than encouraging. In addition, employer rates are significantly increasing. Teacher contributions are set by statute at 5%, while employer (school district) contributions are set for the biennium by the NHRS Board of Trustees. The employer rate for teachers will increase this July from the current 5.70% to 8.93% for the next two fiscal years.

Local employer budgets are responsible for 65% of the rate for teachers, firefighters and police; the state pays 35%. School districts also pay 100% of the contribution rate for an employee, which increases from 6.81% to 8.74%.

Anticipating legislative issues associated with NHRS, the School Boards Association is part of a working group consisting of representatives of both management and employees and facilitated by a Federal Mediator. This group has spent considerable time learning about the system and developing a common understanding of the problems that face NHRS. The group is now working on a number of ideas to determine the impact various proposals will have on all stakeholders. We are encouraged with common understandings that have been reached and are optimistic that solutions can be achieved. All of this work goes on with the knowledge that any proposal will have to be considered by member organizations and ultimately voted on by the legislature.

Make sure your local representatives know where their school board stands on important legislative proposals. Keep your legislators informed and aware. Remember that you, through NHSBA, are the only locally elected officials that “speak” exclusively for public education in NH. Need some help? Learn how you can be involved in NHSBA’S Legislative Advocacy Network and make your board’s voice heard.

Call NHSBA (800-272-0653) or (603-228-2061) today and be part of the team. For more information or details, or for information on specific legislation, please call Dean Michener at 603-228-2061.

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