

**New Hampshire School Boards Association
Legislative Bulletin
November 3, 2006**



N H S B A
NEW HAMPSHIRE
SCHOOL BOARDS
ASSOCIATION
Incorporated 1946

An Update from the State House and a Look Ahead!

With elections imminent and campaigning at full peak, it is appropriate to take stock of what all the fuss is about. The upcoming legislative session has much to address.

Old Stuff

At the close of session last spring, most committees had some remaining bills assigned for Interim Study. The House Education Committee had two such bills: HB 1532, reviewing the special education statutes, and SB 268, the dropout bill raising the age of required attendance of children in school from 16 to 18. The House Finance Committee had several bills, including two education bills: HB 1384, relative to standardizing the format for special education budgets, and HB 1601, making changes to the Catastrophic Aid funding formula. Committee work on retained bills can only result in a vote to recommend, or not recommend, a bill for "further legislation." Any recommendation for further legislation means a committee member must file an LSR (intent to sponsor legislation) on the topic, and the bill must be drafted and submitted to the entire legislative process all over again during the coming biennium.

HB 1532 – Recommended for Legislation. This bill intended to make several 'technical' changes to the special education statutes, including language to bring state law into compliance with federal changes in IDEA. A 'caucus,' chaired by House Education Committee member Rep. Nancy Stiles, met extensively during the summer and fall to review the entire special education statutes. Rep. Stiles prepared a report on the caucus's work with the intent to submit legislation addressing: current language and IDEA compliance, definitions and the role of NH Dept. of Education, delivery of services, payment and liability, dispute resolutions and impacts on charter schools.

SB 268 – Recommended for Legislation. This bill was a direct result of the Governor's initiative on raising the age of compulsory school attendance from 16 to 18. The proposal specifically allows for alternative learning plans (independent study, private study, internships, apprenticeships, on-line courses, etc.) to provide flexibility in meeting a pupil's interests and learning style for an educational program leading to high school completion.

HB 1384 – Not Recommended for Legislation. This bill required school districts to prepare a separate special education budget for the school district legislative body (district meeting). The budget would provide line item cost details including salaries and benefits, as well as overhead cost allocations based on percentage of space used.

HB 1601 – Recommended for Legislation. This bill revised the Catastrophic Aid formula by lowering the threshold for aid eligibility from 3.5 to 3.0 times the district cost/pupil, and capping the local maximum expenditure at 8.0, instead of 10.0, times the district cost/pupil. The positive vote was seen as a way to continue study of the bill. While supporting the concept of the bill, a majority of committee members believe that more information is needed, specifically a thorough accounting of any special education revenue that offsets local expenditures.

New Stuff

Budget! All newly elected legislatures must adopt a budget for the biennium. State agencies

prepare budgets and make presentations, the Governor prepares a budget, and the House will also have a budget, designated as a House Bill to be considered by the Finance Committee. During the entire process, revenue estimates will be made and much testimony given on the need to fund various programs. Hearings and debate originate in the House and then move to the Senate.

School Funding and Adequate Education! The recent Londonderry Supreme Court Decision will be an integral part of the session and budget consideration. The Court ruled that the State has failed to define a constitutionally adequate education and thus, there is no way to determine whether the State has met its constitutional obligation to fund an adequate education. (For more information on the Londonderry decision, see the NHSBA Focus On School Funding at www.nhsba.org) 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 Legislature must now: 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. While the current funding system remains in effect for this fiscal year, the distribution formula may well change based upon any new and/or revised definition of adequacy.

Retirement! Another piece to the biennium budget puzzle will likely be the NH Retirement System, providing pension benefits to employees, teachers, firefighters and police officers. While the past legislative session focused on the disappearing health insurance subsidy from the special account, we now know that the retirement system is only funded at 60-70% of its pension obligations. The lower return on investments during the beginning of the decade, changing demographics, and funding for COLAs and health care subsidies from the special account are the primary reasons. While teachers contribute 5% as defined in statute, the employer (school district) contribution rate is set for the biennium by the NHRS Board of Trustees based upon actuarial valuations and forecasts. The current rate of 5.70% was more than a 40% increase over the 4.06% rate paid in fiscal years '04 and '05. The rate will increase more than 56% this July 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 is increasing by 28% from 6.81% to 8.47%. Not only local budgets are impacted by these rates, but the state budget as well. Local governmental entities and the state are significantly impacted since current law requires employer rates to change, as necessary, to maintain the funded ratio of assets to liabilities. Restoring the funding ratio to 90+% over the next 15 years requires employer rates to double if no changes are made. NHSBA is participating in an employee/employer 'working group' that is focused on understanding the problems facing the retirement system, and is optimistic that solutions can be achieved.

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.

-- Dean Michener, Associate Director
N.H. School Boards Association
(603)228-2061 - deanm@nhsba.org