

# NNMHRA LEGISLATIVE NEWS

No. 12

4/14/2011

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## FINAL LEGISLATIVE REPORT

What a strange and unusual legislative session! I guess we could have expected this with the election of a new but inexperienced Governor with a very different style from her predecessor, a more conservative and harder to control House of Representatives, and a significant revenue shortfall; all against the backdrop of the rise of activist conservative Republican state governors and legislators across the country. The most significant outcomes of the recent NM legislative session are probably characterized by the things that didn't happen, rather than the things that did.

### Compensation

**H2, General Appropriations Act** contained no salary increase package for government employees or teachers. The budget was largely balanced by **H628** which requires government employees to pay a greater share of retirement contributions while the government will pay less. It also continues a similar retirement contribution shift from last year for a total increase of 3.25% of base pay. Attempts to make these changes permanent failed. These changes combined with increased health care costs and inflation will be somewhat ameliorated by the temporary federal 2% reduction in social security taxes.

**H59, Unemployment Contribution Temporary Schedule** contained both a new higher employer rate schedule (from \$215 to \$370) to address the problem of a rapidly diminishing unemployment fund, and a reduction in unemployment benefits including a reduction in the number of qualifying dependents, the elimination of benefits for persons attending school, and the elimination of extended benefits. In spite of bi-partisan support for this bill, the Governor line-item vetoed the new schedule but left the reduction in benefits language intact. She expressed concern over the impact on economic recovery and placed her hopes on a speedy reduction in unemployment to rescue the fund before insolvency occurs. If the economic picture has not improved by the time the special session for redistricting is called, the vetoed unemployment schedule may be added to the agenda.

### Government Reorganization

How is this a problem for HR professionals? First of all, the merging of state agencies produces all the same problems as the merger of private sector companies and you all know who gets faced with the messier parts of making this work. In addition, most private sector companies interact with state regulating agencies and that interface might change. After all the interim committee and citizen review group studies and recommendations that resulted in 31 reorganization bills being introduced, not one single reorganization bills passed on to the Governor. What happened? After more careful financial analysis, what initially sounded good became less attractive when it was revealed that no significant financial savings would be realized. A few highly paid agency head positions would have been eliminated but the savings would be insignificant compared to the total budget. I also had the feeling that the new Governor was not wildly enthusiastic about completely turning government upside down before she had a chance to become familiar with the existing structure. One of the reorganization bills that Governor Martinez did support was **H528/S577, Repeal the Commission on the Status of Women**. When this bill did not reach her desk, she line-item vetoed the Commission's budget effectively killing this agency. Since this budget was too small to have any meaningful impact on balancing the state budget, there has to be more here than meets the eye, but I don't know what it is.

## Labor

None of the seven labor bills I was tracking made it to the Governor's desk. However, as if sensing the time was right to capitalize on the anti-labor conservative sentiment being expressed in several Midwestern state legislatures, the Governor fired the entire **Public Employer Labor Relations Board**. Since the Governor has the authority to name only one of the three members, a legal challenge was filed and quickly rose to the NM Supreme Court for their disposition. Yesterday, the Supreme Court ordered reinstatement of the two members of the Board whom the Governor does not appoint ensuring that its intended structure would remain intact; one governor appointee, one labor appointee, and one appointee agreed upon by the first two appointees.

## Heath

The most important health care-related bill that made it to the Governor's desk was **S38, New Mexico Health Insurance Exchange Act**, which the Governor vetoed. In her action, the Governor appears to be siding with other Republican governors across the country who have taken an attitude of "lets wait and see what happens in Congress," before committing resources to a federal mandate still two years down the road. On the other hand, **SJM1, Continue Health Care Reform Working Group**, passed both houses of the legislature (memorials do not require the Governor's signature). This working group was established specifically to address the implementation of the Patient Protection and Affordable Health Care Act of which the Health Insurance Exchange is an integral part.

Both **S89, Private Insurance Purchasing Coop Act** which expands the coops to include both large and small employers, and **S208, Health Insurance Rate Increase Review** which empowers the Public Regulation Commission with expanded public reviews and authority over rate increase requests, were signed by the Governor.

## Retirement

The retirement programs for both the government public employees and the public school teachers needed some attention to ensure their future solvency. Toward that end, 31 bills were introduced to either cut benefits, increase retirement age, increase employer/employee contributions, or some combination of these ideas. Only two of these bills reached the Governor. **H58, Judicial Retirement Contributions** which replaced funding the program with court fees with a budget appropriation, was vetoed. **H129, Returning Educational Retiree Payments** which will require such retirees who return to work to make contributions to the fund was signed. Unfortunately, none of the significant bills passed both houses. **H251, Amend Certain Retirement Acts**, would have fixed solvency problems at no additional cost by amending plan structure to increase retirement age for future employees and tie annual pension increases to the COL, died in the final crunch hour of the Senate session. Since this bill seems to have had considerable support, it may surface again in the near future.

## The Future

Will New Mexico fall into the same paralyzing quagmire of extreme political partisanship currently affecting Congress? There are some indications that it could happen. If candidates supported by the Tea Party increase their numbers in the next national midterm elections, the new conservatives in the New Mexico House of Representatives may become even more emboldened in their efforts. Much like Congress we could end up with a stalemate caused by having the efforts of a more collegial Senate continually being upended by an uncompromising House. On the positive side, the NM Constitution prohibits the combustible issue of deficit spending from being added to the legislative tinderbox.

You can access a list of all the Governor's actions at the Sec. of State website, [www.sos.state.nm.us](http://www.sos.state.nm.us). From this site you can see the final form of the bill and copies of the Governor's veto messages. Also, the Legislature maintains an excellent web site where you can track or print copies of bills and other legislative reports, and access other legislative information at [www.nmlegis.gov](http://www.nmlegis.gov).