



NMERB Contributions for Hourly Substitute Teachers

Legislative Education Study Committee

Representative Dennis Roch, Chair

Senator John Sapien, Vice-Chair

September 14, 2016

LESC
RECEIVED
SEP 14 2016

History

- **Prior to 2010, substitute teachers:**
 - Were not eligible to receive NMERB service credits.

- **Since January, 2010, substitute teachers:**
 - In long term positions have been eligible for NMERB service credits.
 - Have the deduction taken from their pay.
 - Eligibility ends as soon as the long term position ends.
 - May or may not end up with the **.25 FTE** threshold required for eligibility. (*.25 FTE is equal to 44.5 instructional days.*)

Data Analysis

■ School Year 2015-16:

- APS paid **1147** substitute teachers, a total salary of **\$5,340,000**.
- **124** were considered long term substitutes and paid **7.9%** in NMERB contributions or **\$88,800**.
- The APS employer contribution was **13.9%** or **\$156,243**.
- **44** substitute teachers ended up not eligible for NMERB service credits and are due a refund of contributions.

Current Proposal

- **All substitute teachers:**

- Who will work over a **.25 FTE** (≈ 44.5 days) will be eligible for NMERB service credits.
- Must pay the employee contribution of **7.9%**.
- APS will be required to pay the employer contribution of **13.9%**.
- **Under the current proposal, APS would be required to contribute up to \$742,000 if all substitutes become eligible.**

Management Considerations of Proposal

- **Historically, approximately 47% will meet the threshold of .25 FTE:**

- It is impossible to predict which substitute teachers will work at least a .25 FTE.
- APS will have to collect from all substitute employees, knowing that the majority will request a refund.
- Refund process is cumbersome for the employee and labor intensive for the District...
 - 2.82.3.9 (I) NMAC. Member contributions which have been withheld and paid to the educational retirement fund in error for a member who is not eligible to receive service credit for the time covered by the withholding, shall be returned to the employer, without interest, upon the member's written request or upon the board learning that the member was not eligible to receive service credit for the time covered. The employer shall be responsible for returning such contributions to the member

Management Considerations of Proposal

- APS payroll department handles all contributions to and refunds from the NMERB.
 - Processing time for the enrollment plus refund process for ineligible employees takes approximately **30-45** minutes per person.
 - Based on last year's data, this would add up to a Payroll Dept. staff cost of **\$10,000 to \$11,000** per year.
- If the APS employee resigns and then requests a refund, the district automatically **forfeits its entire contribution of 13.9%** for that employee.

Long Term Implications

■ **Ability to hire:**

- It is not anticipated that this new rule will impact the ability to hire new substitute teachers as this would be an unknown to them.

■ **Retention:**

- It is predicted that this will greatly impact the department's ability to retain substitutes.
- Substitute concerns will likely include:
 - Minimal pay, so a **7.9% deduction** is significant.
 - The majority will never see benefits from contributions to the NMERB.
 - Interest is not accrued on contributions.
 - Refund process is time consuming.

A stylized graphic in the upper left corner shows a hand holding a torch. The hand is white with gold outlines, and the torch is white with a gold flame. The background is a solid gold color.

Thank you!
Questions?



ALBUQUERQUE PUBLIC SCHOOLS