Please Post

WVEA
WEST VIRGINIA EDUCATION ASSOCIATION
AN NEA AFFILIATE

Legislative Update

February 19, 2010 -- Number 6

TDC service buy-back window may re-open

SB 553 passed Senate Pensions and now goes to Senate Finance. The bill would reopen the service credit “buy-back” window and allow certain former TDC participants the opportunity to purchase the 25% additional service time.

Those TDC participants who transferred and provided to the CPRB a signed verification of cost for service form by June 30, 2009; but were unable to complete the purchase of the one and one-half percent contribution, or any member who did not request a "verification of cost" letter but attempted to purchase the one and one-half percent contribution and was denied in writing by the CPRB on or before December 31, 2009 will qualify for another opportunity to purchase the 25% additional service credit.

Employees who wish to take advantage of this new opportunity to purchase service credit must request a new calculation from the CPRB on or before April 15, 2010. The recalculated contribution totals from CPRB will include interest at a rate of 7.5%.

To receive full credit, the member must pay TRS the recalculated purchase amount by June 30, 2010 or no later than sixty days after the postmarked date on a contribution recalculation from CPRB, whichever is later.

WVEA has worked throughout the session for the opportunity to correct problems that arose from the initial transfer window. WVEA lobbyists have met with Senator Foster, CPRB staff and others in an effort to craft a bill and move it out of committee. **Contact your senators and urge them to support SB 553.**

WVEA successful in stopping anti-employee measures

Senate gives up on OPEB proposals this session – County boards get no relief unless we act!

The Senate began this legislative session with a series of anti-employee take-backs disguised as dealing with the OPEB liability. WVEA called them out and began exposing their proposals for what they were – anti-employee and retiree take-backs with little or no impact on the OPEB liability. WVEA began communicating to our members and working against the proposals.

Our efforts partially paid off after Senator McCabe informed WVEA lobbyists on Thursday evening that the Senate would not introduce an OPEB bill this session. The Senate also agreed to make sure new hires in the future will be covered by PEIA retiree subsidies. That is good news for employees and retirees who were the brunt of McCabe’s cost shifting and anti-employee proposals. However, it is not good news for county boards of education that need relief from the OPEB liability.

WVEA continues to meet with both the House and Senate to discuss the OPEB liability. Our work continues to prevent the shifting of healthcare costs to active and retired employees.

The state has passed the obligation for the retiree benefits to county boards of education. In 2008 that amounted to $45 million in OPEB liability for the county boards. In 2009 an *additional* $290 million of liability was added to county boards as a result of the OPEB liability. Later this year more liability will be added. By the end of the year their liability could easily be more than one half billion dollars.

Although there is no current requirement that county boards must fund these liabilities, many of them once faced with these staggering liabilities may well reduce the number of teachers and service professionals and cut programs for children in order to begin funding the OPEB liability.

While it is clear that the leadership in the House would be willing to pass legislation removing most of this liability from county boards of education, the Senate is not interested in granting the relief to county boards without passing the cost of healthcare to retirees and active employees. In short, the Senate proposal was to shift the medical cost of inflation to retirees

(continued on back)

1558 Quarrier Street • Charleston, West Virginia 25311-2497 • 1-304-346-5315 • 1-800-642-8261 • Fax: 304-346-4325
Website: www.wvea.org • E-mail: mail@wvea.org

Senate gives up on OPEB this Session

(continued from page 1)

and reduce benefits to active employees. Their goal is to make retirees totally responsible for the medical rate of inflation. The state would cap their cost for these ever increasing expenses.

Senator McCabe is not the only Senator to support these punitive measures. Every WVEA member is encouraged to contact your senators and urge them to pass some type of OPEB relief this session for county boards of education. Without this relief, county boards may be forced to drastically cut both employees and programs jeopardizing the quality education students receive.

WVEA lobbyists have been on top of the Senate OPEB proposals for months and have been sharing the information, proposals and WVEA positions on them since the beginning of the session. This is a great example of how our association is the leader in member advocacy. We have not been grandstanding on unrelated issues, but working on critical issues and solutions during the legislative session.

While WVEA has successfully beaten back the Senate's punitive employee proposals for this session, they will resurface, most likely in a special session in the spring. We must keep up the pressure. Make sure you have conversations with your legislators throughout the remainder of the session and after your elected representatives return home.

See the OPEB section of the WVEA website for additional anti-employee proposals of the Senate. Go to the WVEA homepage, *www.wvea.org*, for the link.

House passes property tax reduction for businesses

On Wednesday (2/17/10) the House of Delegates passed an amendment to the state's Constitution. If adopted by the Senate, the amendment will appear statewide on the ballot in November. The proposed constitutional amendment would allow county commissions to eliminate property taxes on inventory of businesses and industries.

There are a number of problems with this proposed constitutional amendment. For instance - no one knows what constitutes "inventory." It could include equipment used in mining activity. Does the legislature really want to give significant tax breaks to coal companies?

Nor does anyone know what impact the amendment will have on public education. Tax officials estimate the inventory tax would reduce future property taxes by 20 percent. Some counties will be hit harder than others. Jackson County, Boone County and other counties could see a reduction that exceeds the statewide 20 percent reduction.

There is no assurance county excess levies would not be reduced. The amount of money a county excess levy raises depends on the levy rate and the value of property in the county. When county commissions reduce the value of property a county/schools get less money. Typically, county excess levies fund salary supplements for teachers and other school employees and may also provide for fringe benefits. If business inventory taxes are reduced, the salary and fringe benefits of school employees may be cut.+

Despite these uncertainties, the proposed constitutional amendment passed the House with only one vote against by Linda Goode Phillips (D-Wyoming).

WVEA will continue to work to protect public education funding. WVEA members are urged to contact their Senators and encourage them to support WVEA's amendment. The amendment would make sure decisions on whether to provide property tax cuts to businesses are made by county boards of education and not county commissions. County boards of education should control their own money and not have that authority delegated to county commissions.

Retiree tax relief bill moves

On Wednesday, the House Pensions Committee led by Chair Sharon Spencer passed HB 4252. This legislation would provide a tax deduction in the amount of $20,000 to retirees. WVEA's legislative program includes this legislation as one of our Tier 1 issues. Retirees have not seen cost of living or benefit increases in decades. With inflation and medical costs soaring, the retirees of West Virginia are often the hardest hit. This legislation provides needed financial relief to employees who devoted their lives to a career in our state. Keep in mind, with a price tag of $20.2 million, it will be a difficult hurdle to pass this legislation during the 2010 session. The bill will now go to House Finance.

☛ **(continued)**

PEIA Finance Board meets and adopts a new "Plan C" option

When you receive your PEIA Shoppers Guide in a few weeks you many notice a new option for PEIA participants. The PEIA Finance Board met on Thursday, February 18th and voted to offer PEIA Plan C.

Plan C is a high deductible plan with a flat premium rate. It will be available to all PEIA participants. Specifics of the plan include premiums of $51/mo single; $123/mo employee and child; and $245/mo for a family plan regardless of income levels.

The plan also has a $1,200 single/$2,400 family deductible. The deductible includes both medical and drug expenses. The out-of-pocket maximum (MOOP) for the plan is $2,400 for a single and $4,800 for a family plan. The MOOP includes all covered expenses, prescription drugs and deductibles paid.

All services would be subject to the high deductible except: preventative services that are currently paid at 100% (mammogram, pap smear, colonoscopy, etc.) and drugs on the new Preventative Drug list which will have a $5/$20/$50 co-pay. After the $1,200 or $2,400 deductible is met the payment is on the 80/20 schedule. Once the MOOP is met, the plan pays $100% for all covered medical and prescription drug costs. PEIA's networks still apply to Plan C.

"Obviously, a high deductible plan is not for everyone," states WVEA President Dale Lee. Lee was in attendance at the Finance Board meeting. "Quite honestly new Plan C is best suited for healthy individuals or those with higher incomes. While premiums may be lower, the costs are made up by requiring participants to pay for their services through the increased deductibles and out of pocket expenses. Be cautious and give it great consideration before selecting any high deductible plan."

PLEASE MAKE COPIES FOR EVERY ASSOCIATION MEMBER IN YOUR BUILDING.

WVEA's **Lobbyline** is posted online daily and WVEA's ***Legislative Update*** is published each Friday.

Stay Informed on Education Issues...

On the web at www.wvea.org

PUBLISHED BY THE WEST VIRGINIA EDUCATION ASSOCIATION
1558 Quarrier St. • Charleston, West Virginia 25311