

AN ACT establishing a committee to study New Hampshire teacher shortages and recruitment incentives, and relative to defining secondary school grades for teacher loan forgiveness programs.

SB 236, Chapter 150:1, Laws of 2022

COMMITTEE TO STUDY NEW HAMPSHIRE TEACHER SHORTAGES AND RECRUITMENT INCENTIVES

ORGANIZATIONAL MEETING

MEETING DATE: Wednesday, September 21, 2022, at 10:00am in SH 100

Start Time: 10:06am

End Time: 12:34pm

Members Present: Senator Jay Kahn, Senator Ruth Ward, Representative Rick Ladd, Representative Oliver Ford, Representative Mel Myler

Members Absent: Director Steve Appleby (NHDOE)

Meeting Discussion:

Senator Kahn opened the meeting at 10:06am. Representative Ladd moved to adopt the minutes from the 8/31 meeting. Representative Ford seconded. In Director Appleby's absence, Ava shared his suggested to changes to the 8/31 minutes with the Committee. The Committee unanimously adopted the minutes as amended.

Senator Kahn shared with the Committee that Superintendent Lisa Witte will be in attendance at our upcoming meeting on 10/4.

Representative Ladd noted that the Committee should be sure to include the post-secondary pipeline in our upcoming discussions.

Representative Myler reminded the Committee that their focus is on teacher shortages, not other departments.

Representative Ladd said the Committee also needs to get in the arena for paraprofessionals. The universities can and do offer unique avenues to certify folks.

Senator Kahn said, at future meetings, CTE centers and workforce prep folks should be included in our discussions.

Representative Ladd said Jeff Beard, from NHDOE, and Steve Rothenberg, who is in Concord, are knowledgeable folks on this topic.

Representative Ford shared the contact information of Loren Smith, from USDOL.

Senator Kahn acknowledged Marty Karlon, Director of Communications and Legislative Affairs, with the NH Retirement System (NHRS) for his presentation.

Senator Kahn reminded Director Karlon of the purpose of this presentation: for the Committee to better understand how we can get retired and capable teachers to come back into the profession. There is a desire to understand the limitations for such a return and why folks are leaving the state to do what they should be able to do here. What changes need to be made is another question. Should there be a commission for the NHRS or a legislative statutory change to resolve some of these issues. Senator Kahn also asked Director Karlon to direct the Committee to pertinent NHRS statute.

Director Karlon began his presentation. As NHRS is still auditing FY22 numbers, they are happy to reach back out once those numbers are ready.

The NHRS has been around since the late 1960s. A former system was in place in the late 1930s, which defined benefit pensions for state employees. The lifetime pension system is funded through various means.

The NHRS is not a state agency, however, it is overseen by a 13-member board of trustees with a unique makeup of members. They also have an investment committee. Their section in statute is RSA 100-A. Their staff implements statute and helps maintain the tax-exempt status of the fund. They also adhere to a NH constitutional amendment (Article 36-a) which is protectionary of trust fund assets. They are also still paying off an unfunded liability which should be paid off by 2039; a significant portion of money paid into the system goes to paying off a mistake made about thirty years ago.

Currently, the headcount of active teachers is 2.5% lower than in 2010, however, it has grown over the last two years. They have been watching this from a funding perspective for several years. Fewer kids lead to fewer teachers to some extent. The most recent data they get is from the Office of Energy and Planning (former title of department) for school age population numbers.

The NHRS is not predicated on headcounts for funding. In 2017-2018, an assumption was added to plan for a declining teacher headcount over the next few years.

The average age of teachers and salary data is noted in Director Karlon's handout.

An employee is someone who is not a teacher, or someone certified by DOE, i.e. direct contact with students and someone who is required to have certification.

Superintendents are also classified as employees in the NHRS. That is a legacy from a policy years ago. They do not track a breakdown for superintendents. When employers report data, they do not provide job descriptions. This gives us a count only.

The number of employees versus teachers is down due to the COVID-19 pandemic.

As seen on page two of the handout, eligible teachers to retire is around 20% with preliminarily more retirements in FY22. They saw more retirements on the public safety side, i.e. police and fire.

Senator Kahn asked Director Karlon about the numbers associated with number of teachers against the number of teachers eligible to retire.

Director Karlon said there are 18,131 teachers in NH. The number of teachers eligible to retire, i.e. folks who are at least age 60, and, effective July 2021, the minimum retirement age increased to age 65, is about 2,481. They have a small number of disability eligible retirements for teachers.

Senator Kahn asked about the figure of 486 service retirements in 2021 and if that number was among the 2,481 teachers eligible for retirement. This appears to be a small percentage. Director Karlon said that is correct.

Director Karlon said the retirement eligible figure is pretty consistent. More than 50% of our teachers who retire, retire with more than 25 years of service. More than a third of teachers retire with 30 years of service. They often see that in these kinds of public service positions.

Senator Kahn asked if as long as we have details associated with age requirements, number of years of service, we could deduce the retirement eligible numbers. He asked how many that would come out to.

Director Karlon said the minimum age is 60 regardless of years of service. Folks are vested after ten years and they earn their right to a future benefit, or folks can take a refund and get their contributions back.

In FY21, the average teacher benefit was \$22,731 for NHRS. Almost all school employees in NH participate in social security, there is only one school district he knows that does not participate. 97% of retired teachers receive a benefit of under

\$50,000. This is based on number of years of service and salary data. Retirees can also choose to leave some or all of their retirement to a survivor; about 1,000 of the previously referenced number of retirees are beneficiaries collecting. The average age of teacher retirement has increased due to life expectancy, teachers do tend to live longer than the average person.

62.4 to 64.1 is now the average age increase. Services have been averagely steady, insurance concerns or Medicare eligibility may have something to do with it. A lot of folks, especially working in public service, do not retire as soon as they hit retirement age.

Senator Kahn asked Director Karlon if the average age is based on the age in which they enter retirement. Director Karlon said yes, at the new service retirement level.

Director Karlon said most teachers retire on July 1 of that year as their contracts run through June 30.

Senator Kahn asked when the 2022 data would be available when.

Director Karlon said late October, early November. When the auditors are ready, NHRS is happy to share with Committee.

Director Karlon moved forward in his presentation to discuss the amended statute, passed by the Legislature in 2018, regarding retirement benefits of employees who rejoin the workforce and work for non-NHRS employers. There is no impact on their retirement benefit. They can work full-time or multiple jobs, however, the law does impact part-time work for NHRS employers. The annual limit is 1,352 hours, which breaks down to an average of 26 hours a week, cumulatively over the year. Separation from service was also created at this time in 2018 which resulted in a 28 day wait time to begin working again. There is a penalty in statute if someone were to exceed the annual 1,352-hour limit. Employers report this information at the beginning of the following year so it is too late for NHRS to remind folks that they may exceed hours. The penalty is the forfeiture of the state portion of their pension for twelve months, which is usually half. Since this law took effect, only one person exceeded the annual limit. If under a state of emergency, this would not apply.

NHRS plans to send reminders to employees on this again soon. Originally, there was a 32-hour a week limit. Then, we changed the law to this in 2019. NH has more expansive, allowable hours and a shorter separation period than other states. We are the most flexible in New England.

Retirees have reached out to legislators to modify this law to allow more workable hours in the past. There have also been more attempts to charge retirees.

Representative Ladd asked about the statute surrounding the number of hours retirees are allowed to work. For example, in CT, they allow a rate of 45% based on the salary of a full-time position.

Director Karlon said different states work through different proxies. Many states do it differently. He can send along a national chart on how states do this

Representative Ladd said he would like that.

Senator Kahn said he recalls the 1,352-hour limit debate in the Senate. They were concerned about group two retirees.

Senator Kahn asked if a teacher's contract ends on June 30th, would they be eligible for reemployment on August 15th.

Director Karlon said yes, they would.

Senator Kahn asked if the 1,352 hours is divisible by average, full-time hours, i.e. 180 days and 980 hours of classroom contact for secondary schools. He wonders if NHRS has encountered this maximum that would accommodate full-time employment during the school year.

Director Karlon said under RSA 100-A, enrollment is mandatory for full-time teachers which, by law, is a 30-hour minimum per week. For example, if you had two foreign language teachers, they would be working the same amount of time, just broken up differently. Part-time hours worked must be less than a full-time position; a part-time position cannot replicate a full-time position.

Representative Myler asked Director Karlon what the incident rate is for retirees who exercise this 1,352-hour accommodation.

Director Karlon said they do not approve requests; folks can reach out to them with questions regarding this accommodation. Employers in the NHRS are required to send this employee data to NHRS between January 1st and February 15th of the following year. They ask how many folks who are retired are working in these positions.

330 individuals were working in FY21. That does not reflect folks such as paraprofessionals who are in and out. The entire retiree population has been at less than 10 % of all retired numbers who continue working part-time.

Representative Myler asked, of that population percentage, how many of the 10% are teachers.

Director Karlon said he can't say.

Representative Myler reiterated that it does not make a difference what hours are worked or where as long as it adheres to statute. Director Karlon said yes.

Representative Ladd asked if it is true that retirees could work in subject shortage areas in NH for just one year, similar to what is done in CT, with no negative impact on retirement earnings.

Director Karlon said that is not true in NH. If NH were to go down that path, he would assume that NHRS would not comment as that would be a policy position. NHRS would look at, however, the potential funding impacts and how that could affect liability, and how that would impact future rate increases. There are a number of states that have critical need loopholes. For example, Oregon has a very strict annual 720-hour limit for all retirees, however, their critical need positions list is about 40 pages long.

Representative Ladd asked Director Karlon if retirees are restricted to where they can and cannot work or is it wide open.

Director Karlon said no, NH does not have restrictions and it is wide open.

Representative Ford asked how folks who transfer here are impacted by working through another retirement system.

Director Karlon said they are not allowed to carry into the NHRS system. The Legislature chose to repeal this in 2011 as we used to allow folks to receive credit. Recently, a person from CT emailed him regarding their 12 years of service and they lose it once they come to NH.

Representative Ford asked if that individual would have to start all over again.

Director Karlon said yes, depending on the state. Some states may allow them to still claim their benefit at some point. This is all statutorily determined by each state.

Senator Kahn asked Director Karlon about the 1,352-hour definition and the part-time nature of the teaching profession. For example, his neighbor's dad taught and is still interested in active employment to supplement his retirement. He is now teaching in VT, however, as he is ineligible to continue to teach and collect in NH. He would rather fill such needs in NH as a science teacher. If Keene High School wanted to hire him on a 90% basis, would that qualify as an employee who could still claim retirement benefits.

Director Karlon said he would believe so, it would probably be allowable at 90%, however, their legal team would need to look over the contract to understand any possible exceptions. As long as 90% does not equate to 30 hours a week, that would be fine. Anything under 30 hours a week would not trigger the cap.

Senator Kahn asked Director Karlon for clarity on the hour limitations by year, week, etc.

Director Karlon said anything more than 30 hours a week is full-time. 1,352 hours is a ceiling at an annual level. It is an older statute with a lot of patches.

Representative Myler asked Director Karlon what role social security benefits play in all of this.

Director Karlon said social security does not impact NHRS benefits. He can't speak to how NHRS benefits would impact folks' social security benefits though. For all group one members, teachers included, statute requires that NHRS recalculate their pension which, typically, results in a 10% reduction in their benefit. Age 65 is the hard stop. Anyone born after 1960 cannot collect until age 67. These were decisions made by the Legislature.

Senator Kahn asked Director Karlon what if teachers were not hired on an hourly basis, but on a percent time basis. He wanted to confirm that we don't already do that.

Director Karlon said that is correct, NH does not do that already.

Senator Kahn asked if that is a possible approach and how would that definition be modeled.

Director Karlon said if someone were to take a full-time job, their pension would stop. They would go back to an active member in the NHRS. Then, they would re-retire when it works for them. There are no stipulations for stopping pension and going back.

Representative Ladd asked Director Karlon if someone leaves for the first time and they are on Plan A through NHRS, what happens if/when the person wants to go back into retirement under a different place. He asked if retirees can change plans like that.

Director Karlon said statute requires political subdivisions employers, including school districts, they have a right to stay on for insurance similar to active employees when they retire. Some employers may pay premiums to offset cost for

veteran employees. While other employers do not cover anything. There is nothing in statute that requires folks to re-give insurance options.

Representative Ford asked if someone works in NH for a number of years, leaves NH and works in another state, can they consolidate retirement benefits.

Director Karlon said they are not allowed, by law, to take another state's contributions without a change in NH's current statute. Other states do allow this though. This repeal took place in 2011.

Representative Ford asked Director Karlon for reasoning behind this statute.

Director Karlon said there was a lot of significant changes in 2011, due to cost concerns at the time, based on his research.

Representative Myler asked for clarity on the annual 1,352 hours. If teachers aren't working 8-hours a day, but instead, clocking hours working with students, that would be less than a full-time workday.

Director Karlon said the 26 -hour referenced previously was a weekly average, not a maximum. Someone could take over a class load for four months at full-time, because the 1,352-hours is an annual cap.

Senator Kahn asked if the 30–35-hour cap is in statute. Director Karlon said no, it is covered under administrative rules.

Director Karlon said the minimum participation standards for a political subdivision employee is regularly scheduled to work more than 35 hours a week. A lot of districts have paraeducators that work around 34 hours, some have them work more. School districts do have an option, by an affirmative vote of their governing body, to lower the minimum participation standards for paraeducators to 30 hours a week.

Senator Kahn asked Director Karlon about the fact that teachers are hired on a percentage basis, not hourly.

Director Karlon said when NHRS asks school districts for hours, they are typically referencing scheduled classroom hours.

Senator Kahn asked if legislation were to be filed next session, where would one find this topic in statute. Director Karlon said, he believes, under RSA 100-A:7.

Representative Ladd asked Director Karlon if we have a number of retired folks who take stipends to offer their time with children, i.e. sports programs, and would that have an impact on the conversation at hand.

Director Karlon said it does, the law does not carve out certain positions. Employers would report the hours spent doing whatever they were doing, they are all combined.

Director Karlon concluded his testimony/presentation at 11:20am.

Christina Pretorius and Matt Gerding with Reaching Higher NH began their testimony/presentation at 11:21am. They distributed a packet with four different documents.

Ms. Pretorius said effective, well qualified teachers are one of the most important resources that schools have. Fair and competitive compensation is a critical piece.

NH's average teacher salary in 2020-21 was just under \$62,000, about \$2,500 less than the average. NH is behind all New England states, except for Maine as theirs is \$57,000. This year, in 2022-23, ME will be increasing their minimum to \$40,000 a year.

As these figures are two years old, they expect ME's average to increase as they phased that increase in from their 2020 state budget.

NH is starting under \$40,000 which is less than the national average.

One handout compares MA and NH. They took border towns and compared them between the two states. For example, a teacher in Hollis makes \$67,000 annually as whereas the border town in MA makes \$83,000. There are other comparisons included in the packet. These numbers are telling regarding the opportunities available. Reaching Higher has made data requests in VT and ME. MA was readily available online.

Mr. Gerding discussed teacher wages and how they have not kept up with the rising cost of living. This is a national conversation.

The current average public school teacher salary in NH is a bit above \$62,000 which was a 6% increase over a three-year period since 2019. However, the cost-of-living increase was about 16%, which means teachers are approximately making 8% less in wages during the last school year, compared to 2019.

Mr. Gerding moved onto the handout reviewing salary comparisons to concentrations of poverty. Level one teacher salaries, i.e. first year with a bachelor's

degree, as well as having a bachelor's degree having taught for ten years. They found that higher concentrations of students navigating poverty, students who receive free and reduced lunch, also pay teachers less than those districts with higher incomes.

Senator Kahn asked Mr. Gerding if they have correlations for these numbers. Mr. Gerding said they do have them back at their office, however, they ran a NOVA on these numbers and it resulted in a statically significant key value.

Mr. Gerding proceeded to discuss socioeconomic variations. For example, property wealth in communities, with higher equalized value per pupil, are paying teachers more.

Ms. Pretorius said this data ends at the \$2 million dollar mark. They cut those out to see the nuances and they cut out districts with very high EPV, which is about six or seven districts removed.

Mr. Gerding said the average EPV in NH is just about \$1.3 million.

Mr. Gerding reviewed the lowest paying school district versus the highest paying district when charting out step payments based on years of experience. Their data shows that a teacher working in a lower paying district makes about \$19,000 less than a higher paying district with both having the same qualifications. A step 18 teacher with a bachelor's degree in the lowest paying district makes about the same as a first-year teacher, right out of college, in the highest paying district.

Representative Myler asked if you look at the salary schedule, are there any reports on incidents rates.

Mr. Gerding said the data being used was collected by NEA-NH and this data does not include charter, private, online or districts that negotiate at local levels. Some districts have 45 steps (highest), some have as little as 6 (lowest).

Representative Myler asked what their experience was with the breadth of steps that exist. Mr. Gerding said most have 10 steps, some have 6. He does not have the average number of steps on hand.

Ms. Pretorius said they chose 10 as that is where districts started falling off beyond that.

Representative Myler said when a teacher is looking at a school district, they are looking at the steps as an incentive to be in that district and stay in that district.

Mr. Gerding said, in most teacher contracts, there are off-step increases. But there are set numbers as well.

Senator Kahn asked which variations did they want to call the Committee's attention to.

Mr. Gerding said the socioeconomics is a big variation to point to. There are variations between districts around the state.

Ms. Pretorius also noted how other states are using ARPA funds to strengthen their workforce.

Senator Kahn asked if, in the ARPA guidance for NH, is there an ability to apply dollars for teacher compensation.

Ms. Pretorius said there is a lot of flex with certain funds to accommodate the struggles teachers and school districts are facing.

Senator Kahn asked if we can review how such funds can be applied in NH schools. Ms. Pretorius said no, as they are not aware if NHDOE plans to allot funding.

Senator Kahn asked about the ARPA funds that have been allocated.

Ms. Pretorius said s there is a \$350 million allocation in NH, 10% is allocated to the state and the rest goes to the school districts.

Senator Kahn asked if there are examples of how this funding is being used in NH. Ms. Pretorius said she would send examples.

Ms. Pretorius said some districts are using them to retain teachers and help students catch up.

Representative Ladd asked about page nine of their testimony and where the shortages of teachers are in relation to high paying versus low paying districts. There have always been shortages. He asked how different these two types of shortages are.

Ms. Pretorius agreed that districts that have had persistent shortages. Reaching Higher has requested data from the NHDOE over time, they are waiting on that request and happy to share once they receive it.

Representative Ladd asked, when asking for this data from NHDOE, is Reaching Higher asking about specifics for certified staff. Ms. Pretorius said yes, they are requesting data over the past 10 years in every critical shortage area.

Representative Ladd asked about if they are asking by the nature of the job, as he would like to see how this is changing.

Ms. Pretorius said they are trying to ask the lowest level of granularity as they can so they can get to work. They have requested information on the pipeline as well. The critical shortage data would be based on teacher shortage certification.

Senator Kahn asked if they have a number of studies underway relative to the work of this Committee. Ms. Pretorius said yes.

Senator Kahn asked if they could describe to the Committee what studies they are working on as illustrations would be great. He also asked when the data will be available. The big question of today is where does NH stand on salaries more broadly, as well as entry-level salaries.

Ms. Pretorius agreed and said she knows a lot of neighboring states are doing similar work to us as well.

Senator Kahn had questions about the data points associated with NH and opportunities available in this state, or lack thereof. He asked when this data was released. Ms. Pretorius said 9/19/22. NH's saving grace is our student outcomes/test scores.

Representative Ladd noted his work in Alaska and how there was high pay yet low achievement. Now in NH, low pay with high achievement. There are other attributes that go into how well you do the job.

Reaching Higher concluded their presentation at 11:53am.

Senator Kahn referenced an ECS article regarding cost-of-living adjustments. NH average is in the bottom 10. Their data is very consistent with Reaching Higher's data.

Brian Hawkins and Tammy Davis of NEA-NH provided the Committee with testimony at approximately 11:54am.

Mr. Hawkins spoke to NH's national ranking with average teacher salary data. NEA does a report on this every year. The second piece of their testimony reviews a 25-year career achievement for salary comparables.

Ms. Davis said this provides a snapshot of 2021-22, of every school district's salary schedule, if you were hired there and where you would be in 25 years. They looked at an average and 35% of teachers have bachelor's degrees, 62% have master's

degrees and 2% are beyond a master's degree. For the first five years, you're in the bachelor's category. Then, from your sixth year, you are in the master's category for the next 19 years.

Senator Kahn reiterated the goal of this table being to show cumulative earnings over 25 years using their assumptions. It appears in the highest paying district, you would earn twice the amount of a teacher in the lowest paying district. Ms. Davis said that is correct.

Representative Myler said, in his experience, the reason for such drastic changes is a result of union management coming together to negotiate union salaries and discuss disparities. Both parties should take credit for that.

Senator Kahn said while our average teacher salary is competitive, our starting salary is at the bottom. These are the facts we have in front of us. It is good to have multiple sources of data in front of us.

Mr. Hawkins acknowledged that the Committee is solely focused on teachers, however, they shared support staff data as well in their packet.

Senator Kahn asked why so few local school districts are included. Ms. Davis said the data is solely relative to NEA members, which is why it is so localized.

Representative Myler said this packet does answer his question about average steps.

Representative Ladd asked about the Manchester School District being represented differently on this sheet. Ms. Davis said that is because there are different bargaining units representing them.

Senator Kahn appreciates having a number of points of data to review as there is not one single source of data.

Mr. Hawkins noted if the pool of people paying into the system shrinks, that can have an adverse effect on the rates. He is not qualified to address that question but does want to raise it.

Senator Kahn asked Mr. Hawkins if folks were to be rehired, what step would they be rehired at and if school districts have standard practices. Mr. Hawkins will get back to the Committee on this question.

President Deb Howes of AFT-NH begins her testimony at 12:12pm.

AFT-NH has about 4,000 members.

In her testimony, she is referencing an Economic Policy Institute report from August 2022, titled “The teacher pay penalty has hit a new high.”

This report sheds light on recruitment and retention. This study equalizes pay over workweek periods.

Teachers, compared to other professionals with comparable degrees, get paid less. This has accelerated in the past ten years. Pensions no longer make up for the pay gap which used to be the argument.

The increased cost being paid out-of-pocket for healthcare is increasing as well. The economic benefit of becoming a teacher is becoming less and less sustainable.

The cost of getting a college degree is a big reason why folks are deterring others from going into teaching based on their experience over decades. There are figures for NH in this report as well.

Teacher penalty rate is 19.9% less than if they went into another industry. This is what we are competing against.

AFT contracts have a variety of tracks and steps. Their most recent one is 19 steps.

AFT experiences a lot of resistance when acknowledging that their experienced teachers, reach their top step, and there is not another step for them to move to.

AFT is hearing from school districts that, if you want to add money to the people who have dedicated decades, you will have to add another step. That is why one district has 45 steps. She knows a teacher in Nashua who has taught over 50 years.

If folks are meeting their continued evaluation, you have to show you are getting better and learning, it would require additional steps.

Representative Ladd said we do not have enough students going into the CTE track. His real concern is that our capital budget is not growing with the growing number of needs for CTE centers. There is also a need to have CTE instructors with skills on this certification track.

Ms. Howes said in NJ, they are working to get students into a pre-teaching program in high school. A class in Nashua also does this. Representative Ladd agreed that we have things like that in NH already.

Senator Kahn asked a question about page 4 of the report and that it appears that NH has lower weekly wage averages than other states. Ms. Howes agreed.

Senator Kahn asked if Ms. Howes has data on what is influencing the work environment. Ms. Howes said she does not have data today, but the Committee needs to talk about curriculum, the adoption of new programs so quickly, etc. Teachers are always having to relearn their job and then being told they are bad at teaching.

Senator Kahn said the average minimum salary for a teacher with a bachelor's degree is very consistent with data shared today. The top range falling in NH near \$60,000 and the bottom is close to \$31,700.

The Committee would like to schedule the following meeting dates in November: November 3rd at 10:00 AM, location TBD, and November 17th at 1:00 PM, location TBD.

Senator Kahn adjourned the meeting at 12:34pm.

Next Meeting Date: October 4, 2022

Report Deadline: November 1, 2023

AMRH