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\$3.5M State Appropriation to Political Subdivisions FAQ

House Bill 2 (Chapter 224, Laws of 2011) eliminated the state's requirement to pay a percentage of employer contributions to the New Hampshire Retirement System (NHRS, the retirement system) for Group I Teacher, and Group II Police and Fire members employed by political subdivisions.

House Bill 2 also authorized the state to appropriate \$3.5 million in Fiscal Year 2012 to offset political subdivision employer contributions to NHRS for Teacher, Police, and Fire members.

NHRS has determined the individual political subdivision shares of the \$3.5 million state appropriation by pro-rating the actual state retirement contributions paid on behalf of political subdivisions in Fiscal Year 2011.

A detailed breakdown of this appropriation is available online at www.nhrs.org.

Political subdivision employers will receive this appropriation as a one-time, lump-sum payment from the State of New Hampshire.

Here are answers to some frequently asked questions regarding this appropriation:

What is a political subdivision?

Any NHRS-participating employer – with the exception of the State of New Hampshire – is a political subdivision.

When will political subdivisions receive the appropriation?

The appropriation is expected to be paid by the end of September, 2011.

Will there be a similar grant in Fiscal Year 2013?

No additional state spending toward political subdivision employer contributions for Group I Teacher and Group II Police and Fire members has been authorized for Fiscal Year 2013 at this time.

What happens if a political subdivision withholds a portion of its contribution in protest over the Legislature's decision to eliminate the state contribution?

All employers are required by statute to pay the full NHRS contribution rates determined by the actuary and approved by the Board of Trustees. Employers that withhold payment for any of the amount due will be billed for the remaining balance and may be assessed late payment penalties.

What is the history of the state paying a share of employer contributions for Teacher, Police, and Fire members employed by political subdivisions?

When RSA 100-A:16 was enacted in 1967, the statute called for the state to pay 40 percent of the employer contribution for Teacher members employed by political subdivisions.

RSA 100-A:16 was amended in 1977, requiring the state to pay 35 percent of the employer contributions for Teacher, Police, and Fire members employed by political subdivisions.

RSA 100-A:16 was amended in 2009, reducing the state's share to 30 percent of the employer contributions for Teacher, Police and Fire members employed by political subdivisions in Fiscal Year 2010 and 25 percent in Fiscal Year 2011. The amended statute stated that the state contribution would return to 35 percent in Fiscal Year 2012.

RSA 100-A:16 was amended in 2011. The amended statute, enacted into law on June 29, 2011, eliminated the state's percentage share of employer contributions for Teacher, Police and Fire members employed by political subdivisions effective immediately and appropriated \$3.5 million to offset political subdivision employer contributions to NHRS for Teacher, Police, and Fire members in Fiscal Year 2012.

Did the state ever contribute toward employer contributions for Group I Employee members employed by political subdivisions?

No.

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