PROFESSIONAL EDUCATORS OF IOWA

Legislative Alert! Plus Financial Tips and Entertainment

April 9, 2013

Legislative Update

***The Education Bill** - SF 423*

Why PEI must be against it.

With all of the well intentioned meetings, seminars, publications, committees, and news about discrimination and bullying, we still have those elements written into the senate version of the education bill that is moving forward. The following is a letter PEI sent to our legislators as they consider how SF423 discriminates and even bullies the independent teachers of PEI or other organizations. There is blatant union catering and empowerment that must be stopped. After you consider these elements, we encourage you to fire up your email systems and telephones and let your senators and representatives know that the peer pressure of union-selected site based review councils and other issues discriminate against literally thousands of teachers.

Dear Senator/Representative,

As you diligently work to come to terms with an education bill that will serve the students of Iowa, I want to draw your attention to the political mistake that is playing out in the senate version of the bill. There is union favoritism which manifests itself to blatant independent teacher discrimination.

Specifically, Professional Educators of Iowa is very concerned about Section 31, Paragraph 3(a) of the reprinted version of SF 423 (page 20) concerning site-based review councils:

"Each council shall be comprised of equal numbers of teachers and administrators. Teacher members shall include teachers who have been nominated by the certified employee organization that represents the school district's teachers, if such organization exists, or, if such organization does not exist, by a teacher quality committee."

We also have deep concern about Section 13, Paragraph 1(b) of the reprinted version of SF 423 (page 8) concerning the selection of peer review groups:

"The first and second year of review shall be conducted by a peer group of at least three but not more than six teachers selected by the building principal in consultation with teachers and the building's certified bargaining representative, if any."

Page 23 spells out the membership for the commission on educator leadership and compensation starting at line 16 it states the following:

a. The commission shall be comprised of the following: (1) Five teachers selected by the Iowa State Education Association (2) Three administrators selected by the School Administrators of Iowa (3) Two school board members selected by the Iowa Association of School Boards.

It names only three education organizations to have members of the commission. That is discriminatory against the schools that are not in the IASB, the administrators who are not in SAI, and the independent teachers who are in Professional Educators of Iowa, Association of American Educators, Christian Educators Association International, American Federation of Teachers, or none.

Chapter 20.10 of our collective bargaining code specifically prohibits public entities from doing anything that coerces individuals to join or not join an organization.

For the education bill to contradict Chapter 20 is wrong and discriminates against literally thousands of well qualified educators who are independent of those organizations mentioned.

Professional Educators of Iowa will stand firm against any education bill that contains such language as described above.

Sincerely,
Jim Hawkins, Director

Nine Money Mistakes That Smart People Make

As a veteran financial counselor I have counseled multiple hundreds of smart people with serious financial problems. These people had different incomes, different occupations, and were from different social status. Yet their financial problems seemed to be the results of making very similar “money mistakes.” I have attempted to list these “money mistakes” below.

1. Being comfortable with debt. It is hard to understand how anyone could choose to be a slave. Yet, history tells us that some slaves chose to stay with their masters after they were freed. That’s what they had known for generations, and they were used to it. Some of them went on living just slaves even though they were free. Why? Because over time they had developed a “slave mentality.” Proverbs 22:7 warns us, "The rich rule over the poor, and the borrower is *slave* of the lender" (NRSV). Debt enslaves us. It takes away our freedom to choose to do with our money what we wish. Constant exposure to debt cultivates a “debt mentality.” But imagine what it would be like to not have a mortgage payment or car payment? Wouldn’t that be freeing? Think what you could do with that money if you were out of debt! You would not need much money to live, you could seriously put money aside for the future, and you could give money to people, your church, or other organizations that are important to you. It’s time we stopped thinking about debt as an old family friend that has moved in to stay with us forever! We need to kick him out and send him on his way!

2. Not knowing what we spend. The only part of the budget process most of us know is “what we make.” The part we do not know is “what we spend.” This money mistake results in 40% of Americans spending more than they make each month, with most of them being unaware that they do. How can this be? Because when they run out of money, they use credit cards to continue spending. An illusion is created that actually keeps them from knowing how they are doing financially. Bills are paid on time so they assume they are doing fine. It is absolutely essential for us to know how much we are spending each month. Without that knowledge, there is no way to know if, where, and how much to adjust our spending so that it is less than we make. To know how to get to a destination, we must know where we presently are. That’s why the first step in money management is knowing what we spend.

3. Acting like credit cards *spend* money instead of *borrow* money. The illusion created by such convenient credit card usage blinds us from the realization that each swipe of the card is very similar to securing a loan at our local bank. Money has been *borrowed*, not *spent*, and each transaction is one in which we have created a debt. Reality is not as the college student recently told me, “I am so glad I have a few credit cards, ‘cause no matter how broke I am, I always have money.”

4. Focusing only on monthly minimum payments. Focusing on the monthly payments to the exclusion of the entire debt will usually lead us to purchase things we cannot afford and pay double or triple for them. This money mistake caused the single mother of three to think she had paid $24,000 for her new SUV when in reality she had paid $45,360! To “help her afford it” the dealer let her pay for it over a 7 year period instead of the usual 5 years!

5. Borrowing to “pay off” debt. Borrowing to pay off debt normally does not work. It is similar to digging a hole in our front yard in order to fill in a hole in our back yard! This “money mistake” yielded some pretty disastrous results:

· Their borrowing did not actually “pay off” debt – it merely moved the debt to a different location. Now they had a 2nd mortgage on their home or a loan from their 401(k).

· The debt they paid off (usually credit cards) reappeared within 3 years. This occurred because their borrowing made it unnecessary to change their spending habits.

· Equity borrowing turned an unsecured debt (credit cards) into a secured debt (2nd mortgage). That’s why the interest was less – the bank would rather loan against your house than loan against your name.

· 401(k) borrowing often had a 10% penalty attached if the person was not 59 ½ , plus the monies borrowed were taxed as income. At times 40% of the monies withdrawn “disappeared” in penalty and taxes.

· When it came time to move, their house produced very little profit and there was nothing to put down for the down payment on the next home.

· When it was time to retire, they could not because they still had house payments because they had borrowed against their home and it was not paid off.

6. Co-signing a loan. Co-signing is a promise to repay another person’s debt if for any reason he does not. The liability assumed is for 100% of the debt, thus, if $5000 is the total amount borrowed, the co-signer is responsible for the entire $5000 if the other person defaults. The co-signer’s credit score can be affected if the primary signer makes late payments or misses payments on the loan. Presently, 75% of student loan co-signers end up making payments on the student loan.

7. Having no emergency savings. A recent survey asked people if they could get $2000 for an emergency. The results revealed that 55% of the respondents said they could get the money within 30 days, but 92% of those people said they would need to borrow the money from family, friends, bank loans, or credit cards. Another survey revealed that 28% of the 1000 people surveyed have absolutely nothing in savings (Blake Ellis @CNNMoney June 25, 2012). In other words, many people are simply not prepared for emergencies.

8. Creating debt for tax benefits or to establish credit.

Debt for Tax Benefits. It is good to claim every deduction that you can on your taxes, but it is often not good to spend money in order to get a tax deduction. An example would be the deduction one is allowed to take for interest paid on a mortgage loan. If I paid $10,000 of interest and was in a 25% tax bracket, I would receive a tax deduction of $2500. If I absolutely had to pay the interest, I would surely deduct it. But if I had the choice of paying my home off and having no interest to pay, that would be my choice by far. I would far rather have the $10,000 non-spent money in my hand than receive a $2500 tax deduction. I may pay more tax, but on the other hand, if I gave monies to charities, I would receive the same deduction. Remember, you usually have to spend your money to receive tax deductions. If you are not careful, you can tax deductible yourself into the poor house.

Debt for Establishing Credit. One of my clients followed the advise of her financial counselor and bought a house in order to build up her credit score. In order to establish credit, you need to pay your bills on time, but you do not need to maintain debt to do this. You can establish your credit just as well by paying your credit card balance in full each month as by paying minimum payments (and interest) on a revolving balance.

9**. Thinking that good credit is the most important thing in life.** There is certainly nothing bad about having good credit, and there is nothing good about having bad credit. Credit is most important to people who are going to borrow money. Then it can literally save us thousands of dollars by getting good terms! But if one plans to get out of debt and stay out of debt, good credit is not nearly so important. To those people it is viewed more as the ability to go into debt with good terms. For people who very much dislike debt, good credit is not nearly so important or necessary.

We do not have to be enrolled as a "student in the school of hard knocks" to learn valuable lessons. We can simply observe the mone mistakes others have made and be sure we do not duplicate them.

The information on this site should be understood to be a general discussion of the subject matter and DOES NOT constitute a legal opinion about the situation. For further information please consult a qualified attorney.

Des Moines Performing Arts Discount
April 26-27, 2013 Save 10%

Rock of Ages

Visit: http://www.desmoinesperformingarts.org/events/group-sales/e-tickets.php
Enter Code: PEI
Select: Rock of Ages
Find Performance; Click on 'Find Tickets"!
Enter Special Offer Code: Amazing

Sioux City Orpheum Theatre Showings

The Orpheum Theatre in Sioux City will be showing ***ROCK OF AGES*** on **April 25, 2013** and
THE ADAMS FAMILY on **May 21, 2013.**

Ticket prices for **Rock of Ages** are $49.50/ticket
Ticket prices for **The Adams Family** are $56.50/ticket

Please call the PEI office to reserve your tickets today!

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Contact

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"If you board the wrong train, it is no use running along the corridor in the opposite direction."

- Dietrich Bonhoeffer