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County leaders surprised by pension proposal

Montgomery can't afford any more costs, officials say

by Marcus Moore | Staff Writer

Montgomery County government and education leaders are criticizing a plan by state legislators to shift some of the cost of pensions for teachers and community college faculty to the counties, saying it's unaffordable in the current economic climate.

Under the plan, which was approved Friday by the Senate Budget and Taxation Committee, counties would assume 1 percent of the wage-based pension costs in fiscal 2012, which begins July 1, 2011.

The state would continue to foot the bill for the fiscal 2011 budget.

Counties would increase their contribution to 3 percent of the salary wage base in fiscal 2013 and 5 percent in fiscal 2014 and fiscal 2015, which, when coupled with the counties' current responsibility to fund Social Security payments as the employer of the teachers and faculty, is approximately 50 percent of the total combined retirement costs.

Shifting the pension expenses would cost Montgomery County \$13 million in fiscal 2012; \$41 million in fiscal 2013; \$69 million in fiscal 2014, and \$70 million in fiscal 2015, according to county information.

The Senate committee's decision still must be approved by the full General Assembly as part of the fiscal 2011 budget.

"If there was ever a worse time for this than today, I can't think of it," schools Superintendent Jerry D. Weast said Tuesday.

The school system, Weast said, is already increasing class sizes by one student in the upcoming school year because of budget cuts.

Also, he said, the system will have 2,800 additional students, but will be receiving \$1,000 less per student.

"We can't absorb these costs without significant pain in the classroom," Weast said of the county picking up a portion of the cost of teacher pensions. "It's very difficult."

County school board President Patricia B. O'Neill said Monday that she was "alarmed, but not surprised" by the Budget and Taxation Committee's action to shift the pension costs.

"This couldn't come at a worse time," said O'Neill (Dist. 3) of Bethesda. "This is another slam on the school system and our ability to provide services for children."

The same goes for Montgomery College, where shifting pension costs comes "at a horrible time for community colleges," said college spokeswoman Elizabeth S. Homan.

"This is not what we anticipated," she said. "This is unexpected. It really caught community colleges and specific school districts by surprise."

Last year, Senate President Thomas V. Mike Miller Jr. (D-Dist. 27) of Chesapeake Beach filed legislation to shift the pension costs to the counties, arguing that 40 percent of the state budget is spent on pensions.

Ultimately, legislation to shift the pension costs failed in the General Assembly.

The measure to shift the costs has long been discussed, but this year's proposal seemingly came out of nowhere, officials said.

"It moved very rapidly from a totally dead issue, to 'Wow, this is going to move,'" said Michael Sanderson, executive director of the Maryland Association of Counties.

The recommendation, Sanderson said, is less painful than other Republican-backed ideas that proposed a more immediate shift to counties, but it would still leave the counties with a new, huge funding burden.

Doug Prouty, president of the Montgomery County teachers union, agreed.

"We don't think doing something at the last minute makes any sense at all," he said. "Prior to Thursday, folks said it wouldn't even be talked about until next year."

Sen. Richard S. Madaleno Jr. (D-Dist. 18) of Kensington proposed the pension shift plan that made it out of the Senate committee.

During a press briefing Monday, County Council President Nancy M. Floreen (At-large) of Garrett Park said she spoke with Madaleno over the weekend about his proposal, "and it appears to be inescapable."

Staff Writers Sean R. Sedam, Alan Brody and Erin Cunningham contributed to this report.