Counties oppose O'Malley's teacher pension plan

Local officials say they can't absorb the retirement costs

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County leaders and Baltimore Mayor Stephanie-Rawlings-Blake came together Wednesday in Annapolis to fight the governor's proposal to shift part of the cost of teacher pensions to local governments, saying they would have to cut deeply into essential services to pay for such a change.

"This puts a potentially devastating squeeze on local government," said Howard County Executive Ken Ulman, a Democrat. "Find the $239 million somewhere else in the budget."

The local officials pointed to libraries, public safety and education as services that could be hurt if the General Assembly transfers millions of dollars in costs to them.

Ulman was joined at a news conference by Rawlings-Blake and county executives John R. Leopold of Anne Arundel, David R. Craig of Harford, Rushern L. Baker III of Prince George's and Isiah Leggett of Montgomery, as well as county council members and commissioners from around the state.

Absent from the gathering, organized by the Maryland Association of Counties, was Baltimore County Executive Kevin B. Kamenetz. Donald I. Mohler III, Kamenetz's communications director, said his boss would find O'Malley's proposal "reasonable" if it were changed to pass the cost on to county school boards rather than county governments.

As part of his budget for next year, Gov. Martin O'Malley has proposed a plan that would shift part of the cost of teacher pensions — now borne entirely by the state — to the counties. It would pool the pension costs with the Social Security employer contributions now paid by the counties and split them 50-50 going forward. He estimates that the change would save the state $239 million next year.

To help ease the blow to counties, O'Malley has proposed a plan that, among other things, would raise income taxes on the top 20 percent of earners in a way that would also provide revenue for county governments. The governor has proposed additional tax measures that would provide money to the counties.

County officials contend that the compensatory revenues are not sufficient, particularly after the first year of the shift. The Maryland Association of Counties estimated the second-year cost to the counties at $330 million.

"In the out years, we're really hit by this," said Baker, a Democrat. "Collectively, we cannot absorb this, and we're here to stop it."

Rawlings-Blake told reporters that O'Malley's formula does not provide enough in "wealth equalization" to mitigate the impact on less affluent jurisdictions.

The issue is pitting state officials against local officials who would have to make tough decisions by either raising taxes or cutting programs if the shift is approved.

"This is not an issue of Democrat versus Republican. It's not an issue of rural versus urban," said Craig, a Republican. "All of us in county government know we can't shift costs and cannot shift services."

While county officials took a hard line Wednesday, they also signaled that they expect negotiations to reach a deal on a package they would find less onerous.

Ulman said county officials are aware that if the pension shift were to be eliminated, General Assembly leaders would have to find $239 million somewhere — either in additional revenue or deeper cuts — to balance the budget.

"We're not oblivious to that," he said.