

County executives: Governor's pension shift is unfair

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County lawmakers opposed to Gov. Martin O'Malley's proposal to shift half the cost of state teacher pensions to local governments say the shift would have a devastating effect on services and fear the proposal, even if defeated this year, will frame the debate over the state budget for years to come.

More than two dozen local lawmakers gathered in Annapolis to argue that since their governments have had very little input into pension reforms or how the pension fund is managed, they should not have to bear the burden of the shift.

"I want to also make clear one thing: the state caused this challenge," said Howard County Executive Ken Ullman (D). "We weren't the key drivers. We don't negotiate those salaries, we don't affect the pension benefit and we don't manage the investments. To send us the bill?"

State payments toward public school teacher pensions have more than doubled in the past five years, to more than \$900 million annually. The state currently pays 100 percent of the costs, while local jurisdictions shoulder the entire cost of teachers' Social Security, which is lower.

Under O'Malley's plan the state and jurisdictions each would pay half of the total cost of pensions and Social Security, a move that would shift \$239 million of the burden onto local governments.

The plan also includes \$244 million in increased local revenue, aid to less wealthy jurisdictions and other budget relief to soften the blow in the first year.

That's not enough, said Montgomery County Executive Isiah Leggett.

"There are some offers of sweeteners or things that could be done to soften the blow. The problem with that is that we don't have those," Leggett said. "Those are somewhat speculative and many of them may not come year after year, it may be simply for the first year. You really need to have something that is permanent, something we can accept."

Actions that led to underfunding of the pension — including the 2006 enhancement of benefits and the so-called "corridor funding," which allows underfunding by up to 10 percent — were the result of state-level decisions, Montgomery County Public Schools argued in a statement released by the board.

Eloise Foster, O'Malley's Secretary of the Department of Budget and Management argued that the governor is not shifting a broken system to the counties, rather that he ushered in pension reform last year.

Baltimore County Executive Kevin Kamenetz (D) did not attend the press conference and supports the governor's plan.

"County Executive Kamenetz has great respect for his colleagues in MACo. More often than not, they agree. On this issue, they do not," said Donald Mohler, his chief of staff.

Other supporters of the proposal, such as Senate President Thomas V. Mike Miller, who has championed the shift for years, argue that the pension costs should be shifted to the counties because the state doesn't have a say in teacher salaries.

When pressed by reporters to offer an alternative to the governor's proposal, officials at the meeting said only that they would not support the shift.

Harford County Executive David R. Craig (R) said he anticipated a long fight. "My fear is that even if we get this resolved this year, we'll still be looking at this next year and the year after that," he said.