

JOINT COMMUNICATION
from
THE COUNTY COUNCIL OF DORCHESTER COUNTY
and
THE BOARD OF EDUCATION OF DORCHESTER COUNTY
CAMBRIDGE, MARYLAND 21613



PRESS RELEASE

CONTACTS: Jane Baynard, County Coordinator
410-228-1700
Lorraine Henry, Non-Government Rep
410-228-4747

FOR RELEASE

FROM: Dorchester County Council and Dorchester County Board of Education

DATE: February 28, 2012

The General Assembly is currently debating a proposal from Governor O'Malley to shift hundreds of millions in pension costs from the State to the county governments. The Dorchester County Council and Board of Education strenuously disagree with the Governor's proposal to shift this expense to county governments (or local school systems). State reports indicate the amount of this additional pass back to Dorchester County could exceed \$1.1 million for next year and would grow each year thereafter! Although the Governor's budget indicates that additional revenues will be provided for FY 2013 to cover these costs, the proposal does not provide a permanent revenue stream to fund Dorchester's share of teacher pension costs.

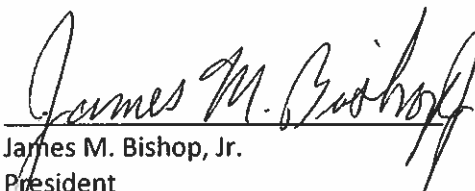
Dorchester taxpayers have already endured increased costs and decreases in services due to State cuts and State cost shifting in the last two years. The most notable example is the State retaining \$4.3 million in gasoline tax revenues that had been provided to Dorchester County for decades. Additionally, the State passing back the cost of the State Assessment Office costs Dorchester taxpayers an additional \$350,000 annually. Dorchester County taxpayers experienced an eight cent increase in property taxes for the current year to offset a portion of these State actions. County and school system employees have not had any type of pay raises for three years. County government employees have been furloughed, positions have been cut, and layoffs have occurred. The school system has cut positions and our students' educational opportunities have diminished as class sizes have increased.


Now the Governor proposes to shift teacher pension costs to our County. The proposal may be "sold" as a cost-sharing arrangement, but please consider these facts. The State of Maryland has funded and operated the teacher pension program since 1927. The State has always fully funded the employer's share of teachers' pension costs. It is worthy of note that until the last significant financial crisis which occurred in 1992-93, the State also paid the majority of the employer's share of social security costs for public school system teachers. These costs were passed back to local school systems at that time in response to that financial crisis. Presently, the Board of Education of Dorchester County pays approximately \$2.1 million for the employer share of social security. Prior to 1992-93, this was paid by the State of Maryland. Giving the locals credit for funding the employer's share of social security sounds reasonable until you check the history and realize that the State formerly paid these costs.

The State claims that one reason local government should pay their share of teacher pension costs is because local governments determine teacher salary increases. That would imply that the Dorchester County Council has the ability to regulate the amount of the pay or is legally allowed to participate in the process of determining salaries for school system employees. The Board of Education, as required by Maryland law, must negotiate with employee unions to

determine wages, salaries, benefits, and working conditions. Available funding, from the State of Maryland and the county governments to public school systems establishes the boundaries that guide negotiations. As the Board of Education has no ability to raise taxes or other significant sources of revenue, pay increases can only be granted within the funds entrusted to the school system by the State and County. Maryland statute does not permit county governments to have a role other than providing financial resources in determining teacher compensation.

In conclusion, the State must not be allowed to balance its budget on the backs the taxpayers of Dorchester County. We urge our Senator and Delegates to stand in opposition to this massive cost shift. Should you need further facts about the effects of any budget proposal on our County and school system, please contact us. Thank you for your efforts to protect the interests of Dorchester County.


James M. Bishop, Jr. 2/21/12
President Date
The Board of Education of Dorchester County


Jay L. Newcomb 2/21/12
President Date
The County Council of Dorchester County