

### **What is MSEA's position on the pension shift?**

MSEA has long opposed, and remains deeply uneasy about, shifting teacher pension costs because of the detrimental impact such a shift could have on students, programs, and local school funding. We are incredibly disappointed in Governor O'Malley's approach to balance the state's budget by shifting teacher pension costs to local governments.

### **What will MSEA's stance be moving forward?**

We intend to engage in the debate over shifting pensions. One thing that is crystal clear is that shifting pensions without fixing maintenance of effort amounts to governing by what looks good on a spreadsheet rather than by what's best for our students. The governor and General Assembly must take action to fix the broken MOE law that is putting billions of dollars of local school funding at risk.

### **What are your concerns about the shift?**

A pension shift is poor policy on its own, and without a comprehensive fix to maintenance of effort, it would be a disaster for our schools. Meeting Thornton funding and proposing strong investments in school construction are important steps, but educators, students, and parents will remain deeply concerned about how we protect the quality schools that we've built together until legislators fix the \$2.6 billion now in jeopardy due to a broken MOE law. The conversation of how we protect the investment in our schools is far from over, and we urge the governor and General Assembly to demonstrate by their actions their commitment to students, schools, and educators.

### **Do you believe that the shift will happen?**

It will certainly draw a great deal of debate and discussion. The specter of a pension shift increases the urgency of developing and implementing a maintenance of effort fix to protect the historic investment that we've made in our schools. When we assess the session in 80-some days, will we find that the governor and General Assembly made tough decisions to fund school construction and Thornton, then allowed local officials to supplant that hard work by cutting funding for their local schools because legislators did not fix MOE?

### **How do you feel about the specifics of Gov. O'Malley's proposal?**

Although Gov. O'Malley's version of a pension shift made a bad policy better, it still does not make it a good policy. If a pension shift happens, it must be part of a larger conversation of how we ensure that school funding and pension funding are reliable and sustainable. MSEA looks forward to working with legislators to ensure that the policies put in place by the General Assembly are the best possible outcomes for our schools and protects the flow of resources to students and classrooms.

### **If pension costs are shifted, should this obligation count as part of a jurisdiction's MOE level?**

That is an important part of any discussion. If legislators fail to set MOE as the funding floor, and then fail to raise that floor while also counting pensions as part of MOE, it is another cut in resources that

would get to students, programs, and classrooms. There are certainly ways to address it and we will be working with the General Assembly in a comprehensive MOE fix.

### **How do you feel about the revenue increases included in the governor's proposal?**

While we contend that a pension shift is bad fiscal and education policy, we do acknowledge the governor's efforts to advance a proposal that is different from any we have seen in Annapolis before. Solving the FY13 issue for the state and counties is just one piece of the puzzle. The long-term sustainability for county fiscal health, pension funding, and school funding is the paramount concern. Failure to identify long-term, sustainable revenue sources presents the same threats as any other shift proposal, with their detrimental impacts on local school funding and the quality of our schools.

### **Do you agree with the governor's point that local salary decisions have helped to drive up pension costs?**

No. While the state complains about local decisions on salaries impacting pension costs, state investments—whether through Thornton or programs like the Teacher Salary Challenge Grant—have a much greater impact on salaries. These programs have helped us lower class sizes, increase individual attention for students, and recruit and retain the outstanding educators that our state needs. Moreover, average teacher salaries have dropped for the second straight year. The notion that spiraling salaries are somehow at fault is simply inaccurate.

### **Why is fixing MOE so important?**

A strong MOE law helps to ensure that funding is available to avoid further layoffs, end wage freezes, and make the new investments in programs and services that help achieve our goals of small class sizes and great public schools for every student. Moreover, the MOE problem is 10 times the size of the pension shift, and while pension costs eventually drop, MOE is forever.

### **Why has MSEA always been opposed to a pension shift?**

- A shift is bad fiscal policy because it shifts numbers on spreadsheets rather than addresses questions of fiscal sustainability.
- Shifting pensions undercuts the investment in our schools by threatening a cut in local education funding due to the additional burden placed on counties. We must make sure that the investment in our students are protected rather than destabilized.
- The state, rather than local jurisdictions, is in a better position to handle fluctuations in rates. The state has the ability to be more disciplined as well as more efficient.
- Only two reasons have been given for the shift: balancing the budget and the responsibility of local funding decisions in driving costs. The second motivation is inaccurate, and we must make sure that the quality of our schools and student's education are not victims of the first motivation.