NEW YORK STATE SENATOR

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From the Desk of Senator Jack M. Martins

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Nothing worth doing is ever easy…

Sometimes, writing a weekly column about state government is more challenging than others. There are complex issues not easily addressed in so few words yet are of vital importance to my constituents. This is unquestionably one of those subjects.

This past week, together with Governor Cuomo and the Assembly, the NY State Senate passed an historical and long-overdue tax cap. While New Yorkers will finally get the tax-relief we deserve some very real problems have come along with it. Most pressing among these are public employee pensions.

The reality is that over the next two years, there will be a spike in our school districts' contributions to the New York State Teachers' Retirement System, nearly doubling the current contribution levels. These requirements are the result of the weak negotiations of past administrations but nonetheless have long been in place and are contractually unalterable. School districts are required to pay these contributions and typically, these costs would have been passed on in the form of tax increases. Under the new tax cap this will not be possible, leaving them no option but to cut deeply into programs to meet this requirement. The students will bear the brunt of these cuts.

The contribution rate to the retirement system is currently 8.62% and will increase to 11.1% next year and again to 15% the following year before returning to historic levels – a two year spike. The spike was a result of the downturn in the economy as the contribution rate increases to make up for the losses to the fund. In New York and elsewhere, public employee pensions are constitutionally protected.

While I fought hard for this tax cap I do realize that we've left school districts in a bit of a predicament through no fault of their own. In the past, the state might have walked away from this situation, leaving thorny details for others to work out. That is no longer the case. We will see our legislation through, making sure we iron out the problems along the way.

That's why the Senate passed a bill that allows taxpayers and school districts the ability to weather this scenario. The bill (S.4067A) grants school districts the authority to amortize or finance the costs of the pension contributions to the New York Teachers' Retirement System over a period not to extend beyond 15 years. If a district opts to bond, the funds will go into a reserve account to be used to offset the pension contributions during the July 1, 2011 through June 30, 2012 and July 1, 2012 through June 30, 2013 years – the period of the pension spike.

I supported this bill as a means of addressing the situation at hand responsibly. Borrowing for pension contributions and other noncapital payments is not viable long term, but is responsible in instances such as the one we are addressing where the increase is short term and the borrowing is only for the amount above the current contribution levels and limited to this two year spike.

Although some have criticized this measure, I supported it. The truth is that without it we'd be left with a mess that thousands of parents and their children would be left trying to clean up. We'd have confusion and infighting in every district. With this legislation the tax cap will still be in place, ensuring the fiscal discipline we have all fought for, but allowing our school districts the flexibility they will need to address this spike in pension contributions responsibly. It isn't as fast and easy as we'd all like. But like the title of this column implies, nothing worth doing ever is.

As always, I thank you for allowing me to be your Senator.