

Schools getting a fiscal boost

Costs

NY districts' pension costs to drop 16%

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ALBANY - School districts' pension costs will drop 16 percent next year, the state Teachers' Retirement System said.

The \$110 billion pension fund, one of the largest in the nation, said last week that the districts' payments into the fund will drop for the third straight year after soaring following the 2009 recession.

"Rates have declined in each of the past three years primarily because system investment returns over the last several years have generally been strong," the system said in a statement.

The pension system said the contribution rate for school districts during

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the 2017-18 fiscal year, which starts July 1, will be 9.8 percent of payroll compared with 11.72 percent in the current fiscal year.

While the system maintains the fund is healthy, it dealt with lower-than-anticipated returns last year.

The fund ended the last fiscal year June 30 with a rate of return of 2.3 percent, and its assumed rate of return is 7.5 percent.

But the fund said the five-year annualized rate of return was 8.3 percent.

The fund provides benefits for 426,000 active and retired teachers and staff.

Welcome news

The lower contribution rate was welcome news to schools.

In the 2014-15 school year, the rates hit 17.53 percent of payroll — the highest since the mid-1980s.

The high rates stressed school budgets, causing them to seek higher property taxes or cut services.

The 9.8 percent rate is the lowest in seven years.

“Considering that employee salaries make up the largest single portion of school district spending, even small decreases in the rate can add up to significant savings,” the state School Boards Association said in a statement.

But the group pointed out that districts are still contending with a cap this year that will limit the growth in property taxes to 1.26 percent when they take their budgets to voters this May.

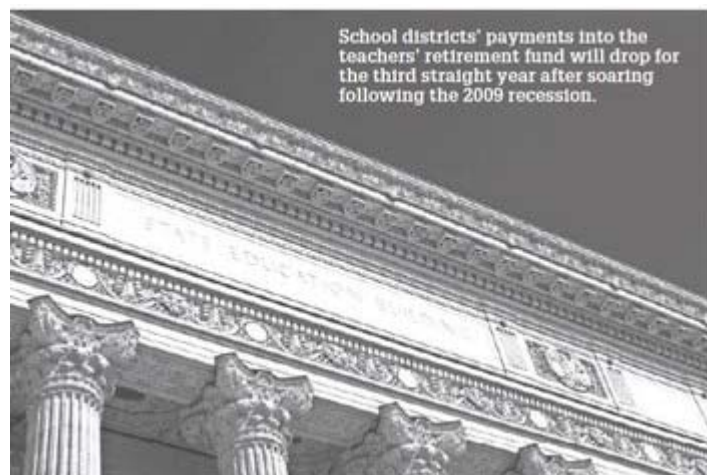
The cap, though, is higher than last year when it was a mere 0.12 percent.

Voters can override the cap with a 60 percent vote at the polls, but that has been difficult to achieve.

“With the property tax cap below 2 percent again this year, lower wealth school districts will likely still struggle to craft 2017-18 budgets that provide needed programs and services to students without a sufficient state aid increase,” the school boards said.

Still, Gov. Andrew Cuomo is proposing a \$1 billion aid increase to schools this year, a 4 percent increase.

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The New York State Education Department Building in Albany.

ALBANY BUREAU

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