



Update

RALLY TALKING POINTS February 5, 2018

1. The legislature determines KPERS benefits and funding.
2. At the present time 81% of retirees and beneficiaries have never received a COLA (cost of living adjustment). The last COLA became effective in 1998.
3. Kansas has earned the dubious honor of neglecting its retirees longer than any state with a statewide pension plan.
4. The Kansas legislature **does** have a history of awarding COLAs. KPERS, as we know it today, was established in 1962. Between 1971 and 1997 the legislature and the governor authorized 17 COLAs and at least two bonuses.
5. 50% of KPERS retirees receive less than \$1,000 in monthly benefits.
6. In the last 18 years the cost of medical care has increased 91.5%. The Consumer Price Index has increased over 47.2%.
7. It has been 24 years since the legislature has paid the amount needed to fully fund our KPERS system.
8. Presently KPERS is only 67% funded. Legislative short funding over the past 24 years has amounted to a KPERS trust fund shortfall of 9.06 billion dollars.
9. If it hadn't been for bond money issued in 2004 (\$440 million) and 2015 (\$1 billion), plus a 2% increase in employee contributions, the funded ratio would be even less than 67%.
10. The legislature does not keep its promises. The reduced 2016 legislature contribution, which was scheduled to be repaid with interest, was not repaid. This broken promise alone resulted in an additional \$115 million underfunding.
11. As previously mentioned, this is a 'carry over' year so the two identical COLA Bills carried over from last year are HB2323 and SB227.

OTHER IMPORTANT INFORMATION

1. The average monthly KPERS benefit is \$1,271.42. The average annual KPERS state and school benefit is between \$11,737 and \$15,177.
2. The legislature also defines vesting, employee and employer contributions, benefit formula, service credit and retirement eligibility.
3. **KPERS originated in 1962 and merged with the Kansas Teacher's Retirement System in 1971. (The statutes require that any organization joining KPERS must be fully funded. The legislature made the decision to join the two programs, and subsequently contributed an additional \$10 million a year to fully fund the Kansas Teacher's Retirement System portion of KPERS from 1971-1982, at which time they stopped the "extra" contribution.) (This action has led to our comments that KPERS School has been underfunded two times in the past and now is another underfunding about to begin?)**
4. The underfunding has become such a concern, that two times the legislature and Governor have authorized a bond issue to address the UAL (Unfunded Actuarial Liability).
 - a. BOND ISSUE # 1. "In February, 2004, the State of Kansas issued \$500 million in pension obligation bonds, and KPERS received net proceeds of \$440.2 million in March of 2004. The proceeds have been invested to assist with financing the State and School group's unfunded actuarial liability. The debt service on the bonds will be paid by the State of Kansas in addition to the State's regular employer contribution."
 - b. BOND ISSUE # 2. Again in 2015 underfunding became such a concern that the Legislature approved the issue of \$1 Billion in revenue bonds. The cost of the bonds is required to be paid by the General Fund, not the KPERS Trust Fund.
 - c. **It must be noted that these two issues only helped to pay down the Unfunded Actuarial Liability which is considered State Debt. Governor Brownback immediately proposed that the underfunding resume!**

A Reminder/Suggestion

1. If you are signed up and receive Twitter, be sure you follow @ksleg.
2. KNEA has a permanent staff, KCPR does not. You can go to KNEA.org and sign up for the newsletter which is issued almost daily during the session. Any KPERS activity will be noted in this publication. There is no charge.
3. As previously mentioned in this newsletter, this is a 'carry over' year so the two identical COLA Bills carried over from last year are HB2323 and SB227. While we realize that with the money shortage in Topeka, this might seem like an inopportune time, the excuse repeated (year after year) offered by the legislature is that they can't afford such a raise, it seems unwise of us not to make the request. It should be noted that only the retired lobby for the retired. **Obviously, if the retirees don't make the request, no one else will!**
4. We are also including the following link <http://www.openkansas.org>. Anyone clicking on this link is able to enter their address (on the home page even!!! ☺) and get a list of the State and Federal elected representatives.
5. The Standing House on Financial Institutions and Pensions meeting will precede the KCPR Rally in 152-S at 9:00 am. This room is located adjacent to the Rally Site. This committee is scheduled to handle Financial Institution concerns on Monday and Pension concerns on Wednesday. In less you are interested in putting a face (of the committee members) with a name, there would be little content of interest.

KCPR CO-CHAIRS Contact Information

Ernie Claudel
eclaudel1@comcast.net
913-481-6923

Dennis Phillips
djpiaff83@yahoo.com
785-554-3442