



Update

Dear Friends,

February 4, 2019

Since my election to the KPERS Board of Trustees I have a new disclaimer that I must include in these updates from now on: "The views expressed in this update represent my views and/or the views of the Coalition. They do not in any way represent the views of KPERS Board of Trustees nor do I speak for them." (Ernie Claude)

We indeed had a successful Rally in support of KPERS today. We have previously published the list of those invited to speak. The final list of who spoke is as follows: (This listing does not represent the order of speakers.)

Some background should be briefly discussed here. The Republicans have come out in favor of continuing to fund KPERS as has previously been discussed in this newsletter. The existing statute establishes a contribution plan scheduled to reach the actuarial (\$692 Million) amount in 2021. This will be the first time in 27 years that the 'proper' actuarial amount has been scheduled for payment. The Governor is proposing a reamortization plan which would extend the actuarial payment plan from 2034 to 2047, costing the state in the long run \$7.4 Billion more dollars than the present plan.

Lt. Governor Rogers introduced Governor Kelly. The major part of Governor Kelly's presentation was to provide rationale for her reamortization plan. Her explanation was that the State would never be able to meet the payment schedule, so it would be better to provide a plan that was more attainable.

Senator Hensley (Topeka), Senate Minority Leader outlined the identical COLA Bills and supported them and indicated they have been introduced in both houses. House Bill 2100 and Senate Bill 74 would provide:

- a. COLA of 1.0% for those retired for 5 years,
- b. COLA of 2.0% for those retired for 10 years, and
- c. COLA of 3.0% for those retired 15 years and longer.

He also pointed out that the bills have a \$150 limit in monthly benefit increase.

Representative Ryckman (Olathe), Speaker of the House, was a speaker. This was historic as well. This is the first time a Speaker of the House accepted our invitation to speak. He spoke in opposition to the Governor's reamortization plan. He indicated that such a plan would end up costing the State \$7.4 Billion in the long run. He indicated that sales taxes could not be lowered without raising taxes to balance the budget. He encouraged input from all. He indicated that the budget was going to be a long term fix.

Representative Kelly (Independence), Chairman of House Committee on Financial Institutions and Pensions, spoke and indicated the likelihood of a hearing on the COLA Bill. He requested input by giving his email address, Jim.Kelly@house.ks.gov. He

indicated that there has been a positive change in KPERS funding, but there will be a long period of recovery regarding the KPERS fund.

Representative Johnson (Assaria), Chair of Joint Committee on Pensions, Benefits and Investment, spoke regarding KPERS. He indicated that KPERS is a great program. He presented a detailed account of the KPERS situation. Some of his main points were:

1. The reamortization proposal extends the actuarial payment plan from 2034 to 2047.
2. In the long run, costing the State \$7.4 Billion more dollars than the present plan.
3. The UAL (Unfunded Actuarial Liability) is considered State Debt.
4. The present annual payment recommended by the actuary is \$632 Million annually. \$1 less than that amount increases the UAL (State Debt) and \$1 in excess reduces the UAL.
5. Reamortization would keep the funded ratio of KPERS in the 60% range until 2022 and would take an additional 12 years to reach the desired 80% range.
6. Under the present statute directed, plan the debt is paid off suddenly in 2034. He contends that this doesn't make sense to wait until 2034 to re-amortize, but now is too soon.

Representative Finney (Wichita), Ranking Minority Member, Financial Institutions and Pensions, spoke in favor of a COLA. She indicated that she worries about those on fixed income and that even a small benefit increase would be welcome and helpful.

Representative Dierks (Salina) was an impromptu guest speaker, and she encouraged everyone to contact their elected representative on a regular basis.

KCPR Recommendations and Comments

Earlier in the document we mentioned several firsts! Another, and perhaps the most important first, is the fact that the COLA is being discussed with members of KCPR and there are active discussions in the Senate and promised discussions in the House.

Please contact your State Senator and Representative.

If you do not know who your Kansas legislators are, go to openstates.org. Scroll down and find the link "Find Your Legislator" and click on it. An option will appear, which indicates "Find by Address". Fill in your complete address and click "Search by Address".

Next go to kslegislature.org, click on House or Senate Roster. You will find who you are looking for in alpha order with their email address on the roster list. If you desire more information on them, click on their name.

We will provide you with the lists of the committees which presently have been assigned the COLA Bill. They will be on the KCPR website soon. HOWEVER, because of the

present 'lay of the land' at the Capitol, we suggest you contact your Representative and Senator, regardless of their committee, regarding a COLA.

The annual State required contribution to KPERS WITHOUT the UAL would be approximately \$100 Million. (This is, of course, about 6 times less than the present figure.) The cause for the UAL is the failure of the Legislature to fund KPERS at the actuarial recommended amount for 25 years. Please be reminded that the UAL is in NO WAY caused by any action that any KPERS, KP&F, or Judge took. We all contributed the required amount as a requirement of our employment!

Our special thanks to now retired Firefighter Dennis Wikel driving the shuttle provided by the Kansas Council of Firefighters. Ernie would like to thank Janet Claudel, Karen Pulaski of KARSP, and Michelle Prescott of KCPR for being my impromptu note takers!

Have a Wonderful Week! Stay safe and warm!!

Remember to send me your updated email address...also if for any reason you should no longer wish to receive this update, let me know at the address listed at the end of this "update," and I will contact you and remove you from the official mailing lists. Just a reminder, that this email is an official report of the Kansas Coalition of Public Retirees. If I editorialize, I will indicate that fact.

Remember that I want you to forward this to other retirees and the "working" who will benefit from this information.

The KCPR website is www.ksretirees.org

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