



# Update

Dear Friends,

May 8, 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 Claudel)

**THE NEXT MEETING WILL NOT BE ON THE SECOND WEDNESDAY BECAUSE OF SCHEDULING CONFLICT WITH SEVERAL CONVENTIONS. IT WILL INSTEAD BE ON WEDNESDAY, JUNE 19<sup>TH</sup>.**

The monthly KCPR meeting was held on May 8<sup>th</sup>. The discussions centered on some in depth discussions regarding what we have decided to call 'a hardship benefit increase.' This is something we will be spending a good deal of time on in the next few months.

The absolute end of the Legislative Session (Sine Die) is scheduled for May 29<sup>th</sup>.

## COLA Bill Info

This is some information I have wanted to share for some time but there was always plenty to pass along. Since there is little to share this month so I want to include this info. Regarding the COLA status...

1. Next session, January, 2020, will be a carry-over session, so our COLA bills, HB2100 & SB74, will not have to be reintroduced. We may have some new ones to add.
2. The Senate Committees that relate to pensions (KPERS) are:
  - A. **2019 Senate Ways and Means**
  - B. Financial Institutions and Insurance
3. The House Committees that relate to KPERS are:
  - A. **2019 House Financial Institutions and Pensions**
  - B. House Committee on Appropriations
4. Joint Committee on Pensions, Investments and Benefits meets 'off' session annually at least once. We have no schedule or agenda for this at this time.
5. Two A and three A above are the committees in which our COLA bills are assigned. Committee assignment is the decision of the leadership in each house.
6. Another reason you can always use relating to the need for a COLA is the following information I discovered recently:
  - A. Presently the number of living over 75 is 21 Million. By 2039, there will be 42.5 Million.
  - B. As we have noted previously, it is very important that there are reasonable benefits available for all retirees.
  - C. A defined benefit program, like KPERS, is the most economical way to create and fund a retirement system.
  - D. This may not be a concern of companies, but it must be a concern of legislators. Companies don't have to worry about their people when they retire, States do! If their public employees have a reasonable retirement, the State will not have to ever worry about them.

## KPERS STANDING 2019

**KPERS FUNDING** - You will recall that in the last 'Update' according to KPERS with the \$115 Million (from SB 9), that will bring the total to \$600 Million in Fiscal Year 2019. The actuarial required contribution amount is \$597 Million or \$3 Million below the \$600 Million amount. The \$56 Million contingent payment in FY 2019 was deleted, but a direct appropriation (not contingent) of \$51 Million was then added in FY 2020 by the Legislature. As it stands now, KPERS contributions in FY 2019 will be about \$600 Million, which is above the actuarial required amount for the first time in 25 years.

If Governor Kelly signs the present budget bill on her desk, the \$51 Million, plus the statutory State/School employer contributions, will put the KPERS contribution in FY 2020 to about \$36 Million above the actuarial required amount.

**Re-amortization Proposal Not Approved** - The Governor's proposal to re-amortize the KPERS State/School unfunded actuarial liability by adding 15 years to the current amortization period and to establish a new 30-year amortization period was not approved. The full House did not approve the proposed re-amortization, while the Senate did not vote on the proposal.

**Approved Board Requested Administrative Flexibility Legislation** - The Board's request for additional administrative flexibility for KPERS in the goods and services procurement process, including adjusting the mileage rate re-imbursement for Trustees and staff was approved. The legislation will now be forwarded to the Governor for her consideration.

**Approved KPERS/KP&F Benefit Related Changes** – Made changes to several issues, all of which were combined into a single bill – House Bill No. 2031. The bill will be presented to the Governor for her consideration. The topics include:

- Kansas Police and Fire (KP&F) service-connected definition changes (blood borne pathogens and certain cancers);
- Extension of the KP&F Deferred Retirement Option Program (DROP) for an additional 5 years for the Kansas Highway Patrol and adding the Kansas Bureau of Investigation;
- Delaying the retiree penalty for retirees who break their waiting period and a mechanism for waiving the penalty in certain circumstances going forward; 6 month penalty starts again on July 1, 2019; full amnesty for those individuals that have currently violated the waiting period;
- Establishing a two-year waiting period for KPERS membership for new employees of direct support positions at Community Development Disability Organizations. Currently the positions are KPERS members on the first day of employment;
- Board administrative flexibility language, as noted above.

### WEBSITE NOTE

On the website you will find on the LEFT of the home page an awkwardly titled article, "Consolidated Parameters & Monthly KPERS Retirees by County." Please read this material and certainly share it with you elected folks if you desire.

I sincerely hope you have a warm and dry week and Happy Mother's Day!!!!

- 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 we want you to forward this to other retirees and the "working" who will benefit from this information.
- The KCPR website is [www.ksretirees.org](http://www.ksretirees.org)

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