

Kansas Coalition of Public Retirees



AD HOC COLA Explanation

Kansas Statutes allow the legislature to authorize so-called Ad Hoc COLAs. The identical bills, HB 2023 and SB 198 which are carryover bills from the 2023 session are this type of COLA.

The use of the term COLA in this case can be confusing. What these bills call for could better be described as permanent (base) benefit increases. Similarly stated, and I am making up numbers here to use as an example, if the % percentage increase you qualify for raises your monthly benefit to \$1100.00, from your previous benefit of \$1000.00, the new amount becomes your permanent benefit payment. Another way of saying this might be that you are receiving a permanent benefit raise. This benefit is NOT increased annually.

Further complicating understandings is the requirement that the TOTAL cost of the benefit increase be stated in the bill's financial statements. In the case of the two bills listed above the TOTAL cost of these as written is 263.6 Million. (This figure exempts cost to the local units of government.) This amount is calculated using the actuarial parameters of life expectancy. The calculation also includes the anticipated annual 7% return on the amount. The two calculations are how the TOTAL cost is covered and why the 263.6 Million amount causes **no** increase in the UAL.