



Update

Dear Friends,

March 15, 2022

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)

COLA BILL STATUS

The first question we are asked is obviously: "How are things going? Are we going to get a COLA?"

There is updated information on several fronts:

As you are aware, the House Cola bill is in 'limbo'! (HB2584) The Senate Bill, SB402, will go nowhere unless it comes back up in the House. If that should happen and it would pass the House, that is the only way it would come back up in the Senate.

There was an attempt in the Senate to pass a one-time 13th check as an amendment, last week which failed also. You will find at the bottom of this memo a list of who voted for and who voted against that attempt. The attempt was made by Senator Pettey. We certainly thank her for that!

Before I could share that information with you folks, Senator Tyson introduced SB553 which calls for creating a Thrift Plan, modeled off the Federal System. She has taken full responsibility for the bill. I spent most of last week preparing to testify against that bill which I did today, along with other members of the KCPR steering committee. I have also included the mailing list of that committee. The thrust of all the opposition to the bill is that we have no idea what it will cost, and what the effects positive or negative will be forthcoming if this bill passes. Senator Tyson has done much work on her position, but apparently knows little or nothing about KPERS, a lot of assumptions, however. The bill promises to pay off the UAL, but no plan is shown. She just says her 401K type bill (a defined contribution bill) is better than KPERS. She claims to have the figures to prove it, but they haven't been revealed. She can also not say where the money will come from to pay off the KPERS Unfunded Liability. She also has no concern about the years of underfunding because it was not done on her watch.

There is no calculation on what her plan would cost.

There is no plan in the bill as to how to pay off the UAL.

Her plan might be better than Tier III, but we have no idea what that cost would be, or if it is truly better.

She also indicated to me that after all this got 'cleared up' the Legislature would likely be willing to contribute more to the plan for the new people.

NO further comment!

The contact information for the Committee that Senator Tyson chairs is the Senate Committee on Assessments and Taxation and can also be found at the bottom of this document!

A contribution of \$1 Billion has been passed by both houses. It appears an easy compromise will be worked out and that compromise will pass. Nothing is guaranteed when the legislature

is in session, but if one was forced to bet, the safe bet is that it will pass. Incidentally, the following was very interesting to me:

1. The present estimated UAL (Unfunded Actuarial Liability) is \$5.6 Billion. If passed the \$1 Billion would immediately reduce that to \$4.6 Billion.
2. The record UAL was recorded 12/31/2012 was \$10.25 Billion. Progress is being made!

What we would ask you to do!

We believe that there is still a chance to get movement on the COLA. This continues until the House Appropriations Committee sends its budget to the full House. Until that time, as Johnny Carson used to say, "Keep those cards and letters coming!" Once that happens, 'all bets are off.' At that point, our communications need to pick back up until the next session and the election. This breather is simply to reduce the possibility that we have stopped requesting and started harassing. Because of your attachment, you can see how your Representative voted.

1. Address the following:
 - A. Ask your Senator and Representative to insist (to their leadership) that HB2584 and SB402 be heard.
 - B. Rationale for this COLA is as follows:
 - a. It has been 24 years since a COLA.
 - b. It takes \$170.00 to buy today what it cost \$100.00 to buy at the last COLA in 1997.
 - c. The excuse that there was no COLA built into KPERS is an insult. This excuse has resurfaced now that there appears to be money available. (The excuse that we can't afford it is no longer valid.)
 - d. 90% of the 107,850 KPERS Retirees and Beneficiaries have never received a COLA.
 - e. 85% of the KPERS Retirees and Beneficiaries have Kansas Addresses.
 - f. In the retiree's behalf, KCPR has been formally asking for a benefit increase of some type since 2015.
2. We would also appreciate it if you would contact the members of the following two committees. Their addresses are on the KCPR website.
 - A. House Committee on Insurance and Pensions, Representative Steven Johnson is Chair.
 - B. Senate Committee on Financial Institutions, Senator Jeff Longbine is Chair.
3. Contact all elected representatives at the Kansas Capitol that you have time to contact!

Defined Benefit Rebuttal

The leading excuse against a COLA this year by many is, "Defined Benefit Plans Don't have a COLA."

Rebuttal:

1. 35 states have defined benefit retirement plans and 29 of those (83%) provide annual benefit increases.
2. Social Security is a defined benefit, and it regularly authorizes a COLA.
 - A. "But SS is going broke!" Response, "Only because of the way it is funded." Our proposed COLA is funded with a one-time payment. That payment, plus the investment return on the contribution, endows the COLA. (The UAL is NOT affected.)
 - B. Regarding Kansas in particular:
 - a. Since 1972 there have been 16 COLAs enacted.
 - b. In addition, from 1980-1987 there was a 13th check authorized.
 - c. There have also been 6 bonuses enacted.
 - C. Further, from 2010-2019, there were 15 contribution delays or reductions by the legislature.

Ernie Claudel
eclaud1@comcast.net
913-481-6923

Facts Related to the Need for KPERS COLA
February 2, 2022
Created by KCPR

1. 50% of KPERS retirees receive less than \$1,000 in monthly benefits. The average monthly retirement benefit provided by KPERS is \$1,580.00 or \$18,960 annually. The average retirement and survivor benefit is \$1,528.00 or \$18,336.00 annually, and the average KPERS Survivor Benefit is \$900.00 or \$10,800.00 annually. Compare these to the 2021 US poverty level for a 2-person household of \$17,420.
2. 35 states have defined benefit retirement plans, and 29 of those (83%) provide annual benefit increases.
3. 88% of the KPERS retirees and beneficiaries have never received a COLA.
4. KPERS retirees have not received a benefit increase for 24 years, since 1997. In the 25 years prior to 1997, KPERS provided 16 permanent cost of living adjustments, an average of one every year-and-a-half.
5. Today it takes \$170 to buy what \$100 would buy in 1997, a 70% increase in the CPI. *
6. Over 85% of KPERS Retirees are still in Kansas. This means about 150,000 Retirees are helping the local economy.
7. Pensions are essential for the recruitment and retention of public employees.
8. Now is the time to address this issue. All KPERS funds combined are now funded at above 72% without including the \$500M bond payment to KPERS. State income from tax revenue was reported to be \$758 Million above estimates for the 2021 state fiscal year (July 1 - June 30). In FY2022, through October, revenues were \$438 Million over the estimates. **[As of today, the revenue excess is roughly \$5.0 Billion. This amount is overage received in tax revenue plus moneys received from the Federal Government because of COVID.]**

ONE LAST POINT:

The question to ask your legislator is: Will you vote for a COLA? (Not do you support the idea of a COLA, or do you support KPERS?)

SOURCES:

1. a. KPERS Annual Report dated December 31, 2020
b. <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2021-poverty-guidelines>
2. NASRA Briefing Dated 2019 - National Association of State Retirement Administrators.
3. KPERS Annual Report dated December 31, 2020.
4. Compiled list for KPERS historical data.
5. US Bureau of Labor Statistics dated September 14, 2021.
6. KPERS Annual Report dated December 31, 2020.
7. National Institute of Retirement Security (NIRS) study released on November 18, 2019.
 - a. KPERS supplied information.
 - b. Hawver's Capitol Report 7/2/21, 8/2/21, 9/2/21, 10/1/21, 11/1/21.

EMAIL IDEAS

Jerry Henn, KARSP Executive, and I recently attended an AARP/NRTA (National Retired Teacher Association) conference virtually. One of the presentations was on effective emails. I found it personally very helpful. I am sharing it with you because I believed it would be very helpful to you as well, but also because the emphasis on brevity may relieve some of your communication fear with your representative in Topeka. This information is very compatible with my comments, "Remember a dissertation is not necessary!" 😊

The Subject Line

- A. A subject line should be limited to about **30 characters**.
- B. Make it time sensitive/urgent if possible.
- C. "Will you please vote [or take some other action] for _____."
- a. "Will you please voice your support for a COLA now!"
- b. Hopefully, you will be able to use this suggestion later! "Please vote for Bill _____ which provides the KPERS retired with a COLA."

Email Body

- A. **Make the first sentence and certainly the first paragraph a summary of the rest of the body of the email.**
- B. Remainder of the email body:
 - a. Second Level: In some more detail, **3 to 5** sentences explain in more detail (IF NECESSARY).
If possible, communicate to the recipient what the problem is, the solution and the action needed.
 - b. Third Level: An option might be to enclose a link to something you want them to look at in greater detail. One example might be: List our website, www.ksretirees.org and what you want them to read on the site.

Three Cautions:

- 1. Do not try to prove your knowledge of the vocabulary of the English language. 😊
- 2. Keep the statistics to a minimum!
- 3. **Be brief and concise!!**

.....

Rationale for a COLA are as follows:

- a. It has been 24 years since a COLA.
- b. It takes \$170.00 to buy today what it cost \$100.00 to buy at the last COLA in 1997.
- c. The excuse that there was no COLA built into KPERS is an insult. This excuse has resurfaced now that there appears to be money available. (The excuse that we can't afford it is no longer valid.)
- d. 90% of the 107,850 KPERS Retirees and Beneficiaries have never received a COLA.
- e. 85% of the KPERS Retirees and Beneficiaries have Kansas Addresses.
- f. In the retiree's behalf, KCPR has been formally asking for a benefit increase of some type since 2015.

Prepared by Ernie Claudel, KARSP Legislative Chair and KCPR and KARSP Lobbyist

Find Your Legislator

If you do not know, or are not sure, who your Kansas Senator and Representative is, go to OpenStates.org. It will ask you what you are looking for and enter legislators. It will next ask for your address, and your Senator and Representative will pop up!!