



Update

Dear Friends,

April 12, 2017

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 monthly KCPR meeting contained discussion around the topics listed and detailed below. Most of the discussion was centered on how the group might best encourage the legislature, as it moves into budget discussions following the break, to continue to refuse to begin the process of under-funding KPERS once again. As in the related article you will find below (KPERS Contributions by the Legislature), you will note that we suggest that you all contact your legislators while they are home and encourage them to continue to "keep hands off!" It has been noted previously, that when you go to work for a KPERS related organization, you are required to sign an agreement which requires you to 'join KPERS' as a condition of employment. This requirement makes the work agreement a contract. The contract promises that if you choose to retire from the organization, you will be paid a benefit. Since the State will then be required to provide that benefit, it would seem that the legislature needs to 'bite the bullet' and take care of this cost now, or these costs will continue to increase, much, much more in the future. Note that this legal expectation was presented and detailed during the KPERS Commission of 2011.

This Update contains the following articles:

1. Working After Retirement
2. Resolved KPERS Bills
3. The Status of the KPCR COLA Bill
4. KPERS Contributions by the Legislature
5. Voting for KPERS Trustee

WORKING AFTER RETIREMENT (WAR) (The Controversy)

Almost all legislation needs some 'tweaking' after enactment because it is almost impossible to predict all of the 'unintended consequences' which become apparent after a statute is actually applied. The present 'WAR' statute is a classic example of this. At last count there are 18 different membership types to be assessed when determining the application of the WAR statute. The present statutes relating to WAR were enacted following the legislative session of 2013. This legislation began as grievance legislation which was apparently caused by the actions of the Gardner and Seaman Superintendents/School Boards when a job was saved for the Superintendent who had taken retirement. There was also a ruling by the IRS which was received at this time. The most significant IRS requirements were that there be a waiting period between retirement and returning to work, and that there be no prearrangement for filling the opening which existed. Beginning in 2013 the House Committee charged with pension responsibilities spent hours and literally years trying to come up with a workable plan to alleviate the perceived "unfairness" of these types of issues. Because of the teacher shortage and the lack of qualified replacement personnel in various areas of public service (particularly in County and City Governments) the conflicts and complications between needs and statute requirements began to pile up.

The related Senate committees had no ownership in providing this legislation and their ideas for simplification and the House desires have stalled in Conference Committee. The resolution of this problem has been placed on hold. The House Conferees dealing with this dilemma are, Representatives Kelly, Powell, and Finny and the Senate Conferees are Senators Longbine, Billinger and Rogers.

Resolved KPERS Bills

(Apparently non-controversial)

The considerations that could be resolved by this Conference Committee have been placed in SB205. This legislation has passed the House on a vote of 122-0 and will be addressed by the Senate when it gavels back in during the so called veto session. Contained in this bill are the following items:

- a. KP&F surviving spouse benefit which I have previously referred to as the 'Todd Hart Bill'.
- b. Removing the Board of Regents members from the 'WAR' related statutes. I have previously referred to this bill as 'The Fort Hays State Bill'.
- c. Legislation which resolves KP&F participation issues, administrative leave, etc.

These issues appear to be on their way to quick passage.

The Status of the KCPR COLA Bill

KCPR has had a COLA Bill introduced in each house of the legislature. As we have indicated before, we do this annually to keep the subject of a benefit increase on the 'stove' if not on the 'front burner'. The present condition of the State budget makes this request a 'testy' subject in some quarters, but we feel we must continue to ask. The appropriate committees in each house of the legislature have refused to schedule a hearing on this subject, but we do have a promise to have it discussed, at least in the appropriate Senate Committee next session, as this is a carry-over bill. For this reason, we are presently putting together our rationale for such a benefit increase and when this project is completed, we will post it on our website.

KPERS Contributions by the Legislature

Within the last few weeks, the Governor and his Budget Director have "floated a balloon" to see if they could sell the idea of "short-funding" (under-funding) KPERS once again. This prompted Ernie to write a letter (essay) regarding this subject and distribute it to many of the legislators. (You will find this letter on our website under the heading of "LETTER REGARDING UNDERFUNDING".) Fortunately both houses have been much less reluctant to start this process over in a big way. We suggest that you continue to communicate to your legislator that they continue to keep their hands off of these State contributions. Beginning the process of under-funding once again is once again "kicking the can down the road" because it has already been established that these contributions will eventually have to be paid!

The KPERS Commission of 2011 was conducted to put together a plan that would reduce the 'Unfunded Actuarial Liability' (UAL) and place KPERS on sound financial footing. The legislation that was the result of the commission was the new 'Cash Balance' program, and increased contribution by the employee and an increased, graduated contribution by the legislature. (You will recall that the absolute main reason for the UAL was the history of legislative under-funding.) The employee has no choice but to contribute as specified and accept the new pension plan if they choose to work in KPERS related positions. The employer (legislative) payment schedule needs to be honored or there is a great probability that the UAL will begin to rise again, especially if there is an economic turndown.

Voting for KPERS Trustee

We would like to remind you to vote for your category of KPERS Trustee.

- a. You have two choices of candidates if you are "KPERS School" and two if you are KPERS, KP&F and Judges.
- b. Each of the candidates has filled out a questionnaire for KCPR, and they are posted on our website at www.ksretirees.org. It has been recommended by KPERS members that we publicize this information.
- c. The easiest way to vote is by phone. Each of you should have received a letter from KPERS with all the necessary information on voting. On the back side of this letter is a voter pin that

you can use to vote by phone. If you wish to vote by phone and have disposed of your letter, you can get your pin by calling the KPERS Info Line at 1-888-275-5737.

- d. If you choose to vote on line, please know that you will need to use your home computer, not a hand held device.
- e. We have also been advised that while there were some issues early in the month with computer voting, those issues have been resolved.

Have a great week!!

- Remember to send us your updated email address...also if for any reason you should no longer wish to receive this update, let us know at the address(es) listed at the end of this "update," and we 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 Ron and I editorialize, we 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

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