



# Update

Dear Friends,

January 13, 2021

*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)*

## **Today's Meeting**

Today's meeting was held on Zoom! We will stay with Zoom meetings for a while, and we are changing the time to 10:00 AM. Unless further Legislative action would suggest another additional meeting, the next meeting will be regularly scheduled on Wednesday, February 10, 2021. If you are interested in being involved in this way, please let me know and I will make sure you are included!

## **PRESENT CONCERN**

The decision has been made to resubmit the bill we have submitted in the past. The question of the availability of funds is 'up in the air' more this year than we typically find. This year the revenue estimates have been up and down. We are trying very hard to complete preparation for the Legislative Session which is upon us. This is complicated by whether we can even get into the Capitol, even with Lobbyist Badges, and what will be video only! The decisions on this access have been changing day to day and sometimes more often. The attempts at getting the video feeds from the Capitol are more than anything proving the states technology is in desperate need of updating as the Governor has stated.

## **ANNUAL REPORT TO THE LEGISLATURE**

We are working at getting the update to the Annual Report to the Legislature delivered in any way feasible. Our funds do not allow for excessive use of the U.S. Mail. The Steering Committee as a whole is feverishly working to be ready to provide you with the necessary information you will need to help us out. If things begin to move faster than usual, you may well get additional Updates! Keep your eyes open for communication from us.

## **LATE BREAKING NEWS**

Years ago, when Ron Gardner and I first began writing these Updates, we promised if we personally editorialized, we would own up to that fact. So here goes! Following our meeting and the Governor's State of the State address which included NONE of the following, the Governor's Office and the Director of Budget released documentation that the following would be requested during the 2021 Legislative Session:

1. A re-amortization request which is apparently a near replica of last year's request was proposed.
2. Additionally, some layering of cost payments enacted by the KPERS Board would be eliminated.

My purpose for reacting personally in this way is because the KCPR Steering Committee, in our monthly meeting on Wednesday, had no knowledge of the above.

1. This action, if approved, would in my view start the underfunding of years past all over once again. (Obviously, this is not my view alone, it is actually just math!)
2. If legislation is passed to enact the above suggestions, the legislature would in effect override the policies enacted by the KPERS Board, for which the KPERS Board has been previously given responsibility by the Legislature.

## **REGARDING MEMBERSHIP 'LOBBYING' FOR A COLA (This paragraph is a reprint because it is essential information.)**

If we are to have a chance in achieving a COLA, we retirees must stay in contact with our legislators, old or new! The positive COLA votes that came from the majority came from areas of the state where the KPERS members and KPERS retirees stressed the need for such a benefit increase to their legislators. Prior to the last two years, it had been 25 years since the Actuarial Determined Contribution was made. This short funding is the overriding cause for the legacy debt which is the present unfunded actuarial liability (UAL). The greatest legislative concern is the contribution which must be met annually. You will

recall that the legislature is responsible for funding KPERS School and KPERS State Employees. If there were no UAL, their annual actuarial determined contribution would be approximately \$135 Million annually. Because of the UAL, it is presently approximately \$676.5 Million. The reason this information is so important is that the latest excuse we hear is that KPERS needs to be funded at 80%. The funding level is presently 70%. If all were to progress as it has the past two years, (legislative contributions and investment returns) the 80% funding level is projected to be reached in 2025. The only portion of this the legislature can control is the contribution level.

**Suggested Rebuttal for COLA or Funding Push Back  
(This is a reprint. All information is factually correct.)**

I am often asked what response/rebuttal should be used when excuses are offered for no final action on a COLA. **Suggested responses to these excuses are as follows:** KPERS never had a COLA built into the statute. (In my opinion, this response is a condescending answer, and I will indicate those thoughts to those who use it!) Response: Nor did the Statute have a prohibition against a COLA.

1. KPERS benefits are 'earned' benefits'. Benefits are paid an amount calculated using a formula, therefore, the benefit is in proportion to what was paid in.
2. ALL employees have paid in every dollar they were required. They have received no contribution variance; in fact, the employee contribution was raised from 4% to 6% per the 2012 legislation.
3. KPERS is not like Social Security! The KPERS Trust Fund balance is derived from three sources: Employee Contribution, Employer Contribution, and Investment Returns. Without the proper employer contribution, proper investment returns are not possible!
4. Approximately 87% of KPERS retirees still reside in Kansas.
5. As of July 1,2020, it will be 23 years without a COLA.
6. All US retirement systems are approved by the IRS; therefore, the KPERS retirement system is NOT a Ponzi scheme!

**FUNDRAISING EVENT  
(Repeated Information)**

In the past we have been able to operate KCPR on a 'shoestring budget'! Of course, the ability to use email as our form of communication has been a blessing because there is no way we could afford US Mails postage. Times have changed!! We provide the legislature with an annual report, typically sponsor a rally on behalf of KPERS, as well as keeping a website and provide regular emails to you and the legislators when the legislature is in session. We estimate that in a typical year these services cost \$1400.00. We can no longer provide our service without some fund-raising campaigns. Your group will be receiving a fund-raising letter soon, and we could use individual contributions as well. Those can be mailed to our treasurer at: Kent Dederick, 6343 SE 45<sup>th</sup> St., Tecumseh, KS 66542.

If you have any questions, please call me at the number listed at the end of the Update.

- Remember to send us your updated email address...also if for any reason you should no longer wish to receive this update, let me 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 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)

**Please, please be careful! The virus is STILL relentless!!**

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