



# Update

Dear Friends,

February 10, 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, March 10, 2021. If you are interested in being involved in this way, please let me know and I will make sure you are included!

## **Summary of action taken at the Feb. 10 meeting.**

Numerous items were discussed and implemented:

1. "The current KPERS Board position (Representing KPERS School) held by Ernie Claudel will be a contested election. We will provide survey responses from the candidates and encourage a strong participation in the voting. The KPERS Board election for 'KPERS School' will be held throughout the month of April.
2. A welcome letter and basic KPERS COLA information was delivered to the new legislators and all received the information electronically.
3. We would like to thank Steering Committee member, Ruthe Goff, for phoning the legislators and reminding them to look the information over.
4. We will make an effort to set up a call system so that the legislators can be reminded to check their email for our weekly 'Email Blasts'.
5. We are in the process of completing 6 additional 'Email Blasts' for weekly distribution.
6. The bill relating to the re-amortization of KPERS, which I editorialized on the last 'Update' has not yet been introduced. It will be introduced as part of the Governor's budget requests.
7. It has also been rumored that there are several bills apparently attacking public employees in general, educators in particular, but have not yet been introduced.
8. There are a couple of bills you should be aware of that have been introduced that would impact KPERS members if passed.
  - A. HB2044s call for an increase in educator pay in conjunction with a contribution increase. The rub is that the pay increase is for one year, the contribution is not limited in time. I have also discovered that if the employee contribution is increased, the employer contribution will be reduced by the same amount. A really bad bill. I will be testifying against this bill on Monday.
  - B. A new bill HB2289 calls for a 13<sup>th</sup> check funded by an additional billion-dollar bond issue. About 45,000 KPERS retirees and beneficiaries. We do not think there is much hope of a bond issue of this size passing.
9. Many of you have figured out how to look up the bills and legislative addresses. If you want to learn how to do this and cannot find someone to help you, I will be glad to help you out.

## **Capitol Temperature**

The last committee meeting I attended live was the Joint Committee on Pensions, Investments, and Benefits, which was held December 2020. This is a joint committee (made up of Representatives and Senators from both parties) which typically meets when the legislature is not in session. The feeling that I sensed at that meeting was that anything that cost additional money was not going far in the Legislature. The two KPERS related bills that appear to be on the way to passing relate to KPERS Board

procedures and the correction in the death benefit bill in an error discovered by the firefighters a couple of years ago and last year was passed by the Kansas House but was lost in last year's COVID-19 early adjournment. They are both financially neutral bills.

While we continue to push forward, the going is 'tough'. The observation that any bill that "increases the budget" will be frowned on or worse seems to be accurate. In addition, it is rumored that as soon as the conservative contingent gets done what they want done, the session will be over.

**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!

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!!  
Stay Warm and Well**

Ernie Claudel  
[eclaudel1@comcast.net](mailto:eclaudel1@comcast.net)  
913-481-6923