

Kansas Coalition of Public Retirees



January 19, 2021

Dear Kansas Legislator,

Greetings and welcome to the 2021 Kansas Legislative Session from the **Kansas Coalition of Public Retirees, KCPR**. **KCPR** is a group of 39 organizations representing former employees and retired Kansas public officials. All levels of former employees are represented by KCPR including State, Local, Municipal and Police and Fire employees. The primary focus of our organization is to examine Kansas Public Employees Retirement System, KPERS issues and raise awareness especially for cost-of-living (COLA) adjustments for KPERS retirees. The KPERS retirement system provides over 105,000 Kansas retirees and beneficiaries monthly benefits, 85% who still reside in Kansas.

We contact you today with general information about KPERS, the general fund and recent fund performance records. Our expertise is found in our ability to consolidate and to communicate the specific needs of those receiving KPERS Benefits today and in the future.

Attached to this letter is a brief summary about the KPERS fund. All information is taken from official KPERS records of performance. As you may know, the KPERS fund is generated from three primary sources:

1. Employer contributions
2. Employee contributions, and
3. KPERS trust fund performance and investment earnings.

Today given the COVID-19 environment, we all face enormous challenges with our normal daily contact with each legislator. For these reasons KCPR will rely heavily on electronic means to transmit important KCPR and KPERS information to each Legislator during the 2021 Session. We are hoping you will bear with us in the coming days and weeks of the 2021 Kansas Legislative Session. As always, we may also be contacted using the phone numbers listed with this letter.

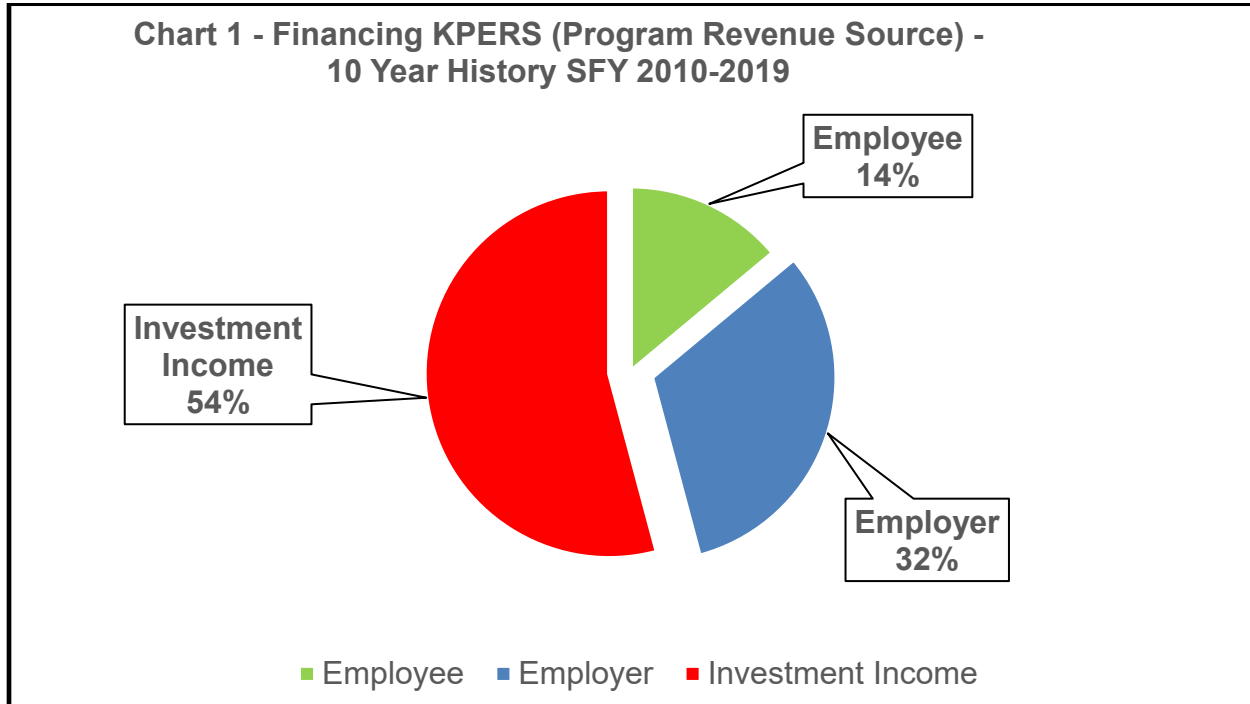
We want to welcome you to the Kansas Legislative Session for 2021 and wish you every success during the Session. If we can help with explanation or opinion at any time, please feel free to contact us.

Mr. Ernie Claudel, Vice Chair KCPR (913) 782 5139
Mr. Dennis Phillips, Vice Chair KCPR (785) 554 3442

Kansas Coalition of Public Retirees, KCPR

Enacted in 1962, the 60 year old KPERS Program provides monthly benefits to retired Kansas State and Local employees.

1. How is KPERS financed?

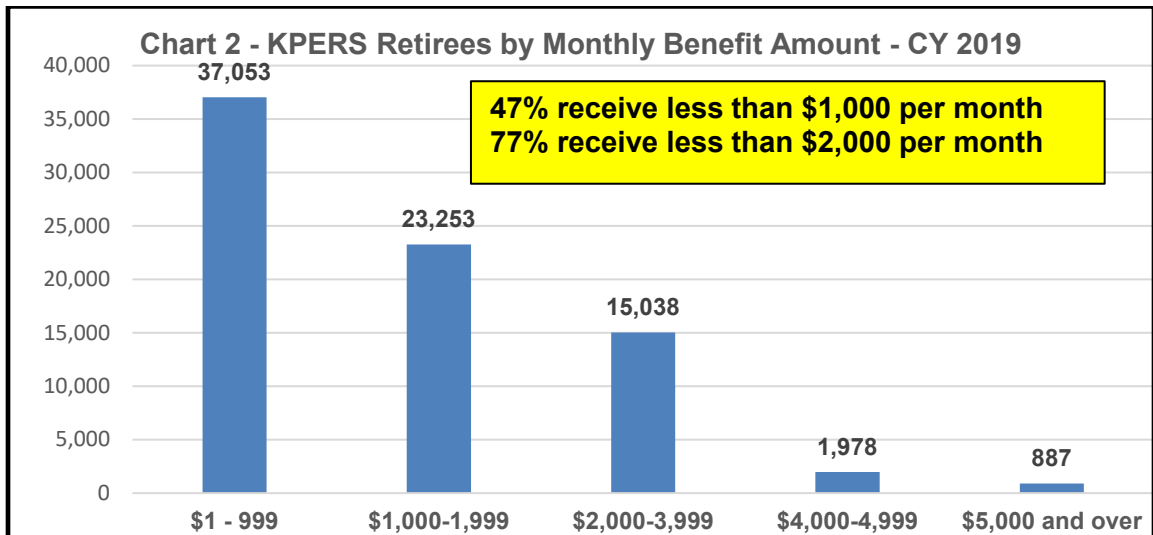


KPERS Strengths:

1. Financed by employer and employee contributions.
2. Provides essential monthly income to over 105,000 retirees and beneficiaries.
3. Nearly all KPERS payments (85%) remain in Kansas.
4. Defined benefits based on salary and length of service.
5. Fiscal Year 2019 payments nearly \$2.0 B to retirees.
6. Average monthly payment about \$1,500.

KPERS weakness:

1. No benefit adjustment (COLA) to keep pace with the economy.
2. Full 23 years since any retiree adjustment for inflation (1998).
3. Since 1998 the CPI has increased by 54%.
4. State of Kansas has repeatedly failed to meet required payments.
5. Significant earnings have allowed Kansas to reduce or delay KPERS payments.
6. Retirees have not shared in the success of these investment earnings despite having paid every dime owed in contributions.



Source: KPERS, Unaudited (State, School & Local Members)

Costs keep rising and no KPERS COLA in 23 years.

According to the Bureau of Labor Statistics, the following cost increases have been recorded since the last COLA in 1998 and CY 2019.

Food – 48%

Medical Services – 109%

Hospital Costs – 216%

Physicians – 65%

Housing – 61%

Special KPERS Notes:

1. KPERS system has a tremendous impact in our state. According to KPERS 1 in every 10 Kansas citizens receive direct benefit from the program! This does not include those receiving indirect benefit.
2. In recent months, the KPERS system has recorded a significant improvement in the financial condition of the fund.
3. The fund has currently reached or is nearing 70% funding equivalent.
4. If this recent history is allowed to continue (and we hope it is), KPERS projects full funding of the system (80%) will be reached in as little as 4 years.
5. In order to achieve this projection, contributions and investment income. **MUST** remain the same.