

# THE KERNEL

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## President's Perspective

By Larry P. Totten

### What the ..... ?

Hello, everyone. I hope this mailing finds all of you and yours reasonably well in this new circumstance in which we find ourselves. It's not news that the coronavirus has disrupted our lives in so many ways. Being in the most susceptible age group as we are, we've had to become more wary of so many of the aspects of our daily lives. Who knew that going to the grocery could result in such dire consequences?

With regards to KPR, we've had to adjust as well. As long as restaurants are closed to in-person seating and there is a limit on large gatherings, we've all had to cancel our monthly meetings this spring. The re-opening guidelines almost seem to preclude any new meetings for a number of months. It should come as no surprise when I tell you there is certainty that the Annual Meeting scheduled for June will not take place. We are negotiating with the hotel to make sure a date change doesn't cost us anything.

We still can conduct some business by email or regular mail, however, and the enclosed ballot is one of those items. You'll notice some familiar names on the ballot. I appreciate Robinil and Lynne agreeing to volunteer for another two years in the Treasurer and Secretary positions, respectively. I am grateful for Bruce stepping forward to serve in the Vice President position. And, I want to give a very public "Thank You" to Shirley Clark for serving as VP for the past two years. As for me, I've very much enjoyed being President of this fine organization for the past four years. I think we've more firmly established KPR as a strong advocate for our pensions – people know who we are and respect us for reporting to our membership. I think we've added value to our memberships. I also know this advocacy is far from done. With that in mind, I hope I've earned your confidence to continue as your President. Please complete and return your ballots.

Let's talk the 2020 General Assembly and KRS a bit. Only a handful of the legislative proposals that would have affected KRS were passed. Another handful of useful legislation passed the House but died in the Senate, including the KRS "housekeeping" bill and the ability to change your beneficiary post-retirement. Of course, the Session was shortened by seven days due to virus considerations so, hopefully, these will be revisited in 2021.

One of the pieces of legislation becoming law was SB 249. Basically, this bill reset the 30-year amortization period by which the unfunded liability is paid off to June 30, 2019. This reduces the immediate employer contribution as the debt is spread over a new 30-year time period but it does increase the total amount that will eventually be paid. This also means the target for 100% funding – one of the triggers for a renewal of COLAs - has now moved from the year 2043 to 2049. Of course, the other method – prefunding a COLA – remains valid but with damage to the state economy caused by the virus, on top of hesitance by the Legislature to even address state employee salaries, that likelihood has gotten even more dim.

The more significant bill of any affecting retirees is HB 484, the bill that reorganized KRS. Between now and April 1 of next year, a CERS Board will be created as well as a new Kentucky Public Pension Authority Board (KPPA) to manage the day-to-day activities at KRS. The current KRS Board will be slimmed down from 17 members to just 9. The CERS Board will still have three elected members, the election process for these will begin in a few months on its regular cycle. And the KRS Board will still have two members elected out of KERS and one out of SPRS. There will be many more meetings with three Boards now but, rest assured, we will be present – either by teleconference or in person – at as many as possible. It's going to be an interesting year for all of us to be sure.

Economic damage caused by the coronavirus is most certainly causing stress to the state budget. Tax revenue is going to take a dramatic hit with businesses closed, employees not working, and with the filing deadline for 2019 income taxes moved to July. State government appears to have remained open – albeit working-at-home - so employee and employer contributions into KRS looks to continue at least in the short run. Looking to July 1, HB 352, the Executive Branch Budget Bill, was enacted providing full ADC funding for KRS pensions. Unusually, but probably rightly so under the circumstances, this budget is for one year only. Kentucky may find itself in a situation where active employees are furloughed and budgets need to be revisited. The private sector is cutting back on matching contributions to their employee’s 401(k) plans. Even Senator McConnell said on April 22 when asked about federal funds for state governments: *“You raised yourself the important issue of what states have done, many of them have done to themselves, with their pension programs,” he said. “There’s not going to be any desire on the Republican side to bail out state pensions by borrowing money from future generations.”* Are we retirees getting blamed – again – for the state’s budget woes? Continued vigilance will be needed.

Until we can see each other again, stay safe and stay well. We will get through this together. [kycovid19@ky.gov](mailto:kycovid19@ky.gov)

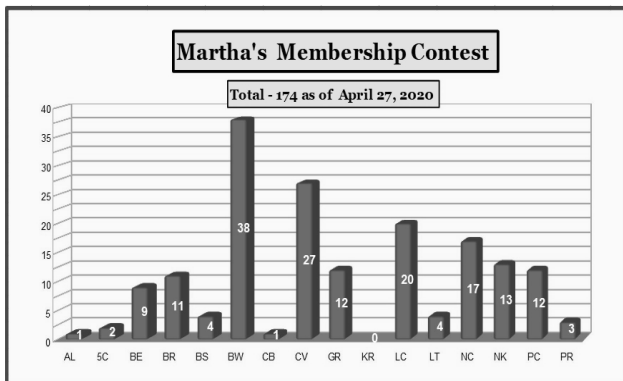
I want to again thank each of you for being members of KPR. I appreciate your participation in this adventure that none of us thought we would ever have to do. We could not do this as individuals. Remember, our public pensions are not a handout – WE EARNED IT!

**MEMBERSHIP CONTEST ARTICLE**

Our Annual Membership Contest period began June 1, 2019, and will end May 31, 2020. Since we were fairly close to the end of the membership contest, your KPR State Board voted to keep the present contest intact and end it at the normal date rather than extending the time period. Even though the deadline is soon, there is still time for you to recruit members. As you know, in the past winners were always recognized and awarded their cash prizes at the Annual Business Meeting on the last day of our Annual Meeting Conference which is held every June.

Since this year's meeting will likely be canceled, we are suggesting that each local chapter honor the winners at a future local chapter meeting. At the conclusion of the contest (May 31, 2020), we will be generating the computer report from our database to determine the winners in all categories. Winners of the random drawings are also determined electronically.

Please keep in mind that we have some very nice cash prizes this year for members who recruit the largest number of new members: first place - \$125; second place - \$100; third place - \$75; and fourth place - \$50. Chapter prizes will be awarded with \$70 to the chapter recruiting the most new members and \$70 to the chapter with the largest percentage increase. There will also be three computer-generated random drawings of \$20 each. To be eligible for the random drawing, an individual only needs to recruit one new member.



As reflected in the membership graph, the current new member total is 174. This is a much lower number than we have had for our previous contests. Most chapters have been unable to meet for several months which caused a decline in new member recruitment.

There is still time left for you to individually recruit new members. To expedite the process, I encourage you to use the online new member application form. If you need assistance in completing the online application form, please contact me at 502-321-0649, and I will assist you with completion of the form. You can also mail new member applications to the business office: KPR, P. O. Box 4082, Frankfort, KY 40604.

The best of luck to you with your last minute recruiting efforts. While we are all staying at home and social distancing makes it a perfect time to call or email that prospective new member.