

COMMUNITY

“This is one time where television really fails excitement of a large squirrel predicting the v
 PHIL THE METEOROLOGIST IN THE FILM, “GROUNDHOG DAY.” Today is Groundhog will look for his shadow and “predict” a longer or shorter winter.

EDITORIALS

Pension reform leaves out teachers

So Kentucky Gov. Steve Beshear has proposed a balanced budget that includes funding for the state’s ballooning public pension shortfall and now everyone can be hugely relieved that the pension crisis is over, right?

Wrong.

The state’s public school teachers, whose separate public pension plan faces a jaw-dropping shortfall of about \$800 million, are utterly ignored in the proposed budget lawmakers will take up in the current legislative session. And every year it’s ignored, it gets worse.

Kentucky’s 75,400 teachers and 48,200 retirees are in a separate plan that is not part of the public employee system Gov. Beshear proposes to fund under Senate Bill 2, the supposed pension reform bill of the 2013 General Assembly.

And it’s important to note here that unlike other state employees, teachers are not covered by Social Security. That’s worth repeating: *Teachers are not covered by Social Security* and get none of those benefits when they retire.

When Social Security was established in 1935, public school teachers were excluded. And though states were allowed to opt in in later years, Kentucky and some other states did not, instead relying on teacher pension plans they had created in lieu of Social Security.

So the modest pension — which now averages about \$36,000 a year for a teacher who works 30 years — is the only outside retirement income for teachers.

“I taught for 30 years in the public school system,” said Carolyn Falin of Corbin, president of the Kentucky Retired Teachers Association. “This is all we have.”

By contrast, Kentucky legislators have enriched their own pensions over the years to the point where some lawmakers are drawing what Lowell Reese, editor of the political newsletter “Kentucky Roll Call,” calls “supersized” pensions of \$100,000 a year or more for a part-time elected job.

But since 2009, the Kentucky General Assembly has neglected to pay its full contribution to the teachers’ plan, which is its responsibility by law. It was just too easy to spend it elsewhere in years when money was tight.

And the next two years covered by the proposed bud-

get will be no different unless the legislature this session summons the will to address a problem it has helped create by shortchanging the teachers.

“It’s horrible what they are doing to teachers, it really is,” says Gary Harbin, executive secretary of the Kentucky Teachers’ Retirement System.

Mr. Harbin said the teachers’ retirement system has been trying, with increasing urgency, to explain that to officials in Frankfort.

And they are not the only ones who appreciate the scope of the problem.

An independent report by the Kentucky Center for Economic Policy finds the teachers’ retirement plan is in trouble and the shortfall will grow as lawmakers ignore it. That means “more costs for Kentucky down the road unless it starts putting more resources into the system,” said the report by Jason Bailey.

Mr. Harbin said some lawmakers and officials in Frankfort appear to understand the issue. But the typical response is that there’s just no more money.

In fact, Mr. Harbin points out, the teachers are subsidizing the current budget proposed by Gov. Beshear because it shifts millions of dollars Kentucky should be putting into the teacher retirement plan into the General Fund for other purposes.

In 2010, alarmed by the shrinking pension fund, teachers’ retirement officials worked out a proposed solution with the General Assembly in which teachers agreed to pay more toward their retirement costs and school districts agreed to match the extra 3 percent from teachers. In turn, under what was dubbed the “Shared Responsibility Plan,” the state was supposed to begin paying 3 percent more as well.

But through the budget sleight of hand that too often occurs in Frankfort, the General Assembly simply eliminated its obligation from the budget language. So now, teachers and school districts pay more while the state has never paid its share.

The legislature cannot ignore this debt. It will not go away.

Nor will the public school teachers counting on their pensions.

Gov. Beshear and the legislature need to stop kicking the can and fix this problem this year.