

It's time for fiscal responsibility on teacher pensions

By Bob Wagoner

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Last week, the Kentucky House passed long overdue legislation that would restore the financial integrity of the Kentucky Teachers' Retirement System (KTRS). House Bill 4 takes a fiscally responsible approach that protects taxpayers, active and retired teachers.

Importantly, the measure enjoys bipartisan support, and State Treasurer Todd Hollenbach and State Auditor Adam Edelen both have expressed support for the measure. Recently, Gov. Steve Beshear remarked that a solution is needed, and encouraged House and Senate leaders to hammer out the details to get legislation enacted.

Let's be clear. Now is the time to act and move the bill through the Senate and to Gov.

Beshear's desk. Otherwise, costs will balloon unnecessarily for taxpayers, more than 140,000 hard-working Kentuckians will be at financial risk, and the state's bond rating will be in jeopardy.

How did we get here? It's not complicated. The state essentially put its bills in the drawer for decades. Now, the bills have piled up and the state has to catch up. It's just like a Kentuckian falling behind on the rent or mortgage — you simply have to pay up at some point.

Keep in mind that Kentucky teachers *never* failed to make their required contributions to their retirement plan. Those educators faithfully contributed a portion of their salary — currently nearly 13 percent from every single paycheck — toward their retirement benefits.

Let's do the right thing for hard-working teachers and minimize the costs to taxpayers. Teachers accepted a modest salary and trusted that the state would responsibly manage and fund their portion of the retirement plan. Keep in mind that Kentucky teachers don't receive Social Security — so their pension is basically all they've got to pay for housing, food and medical bills. The average monthly teacher retirement benefit is about \$2,600, a sum that ensures teachers can be self-sufficient in retirement.

Kentucky teachers support HB 4 because it's the best, most cost-efficient option, and it isn't shortsighted. That is, the legislation calls for a combination of bond proceeds and state appropriations to not only pay the state's past due contributions to KTRS, but also sets forth a plan to responsibly support future contributions so we don't end up behind on the bills again.

KTRS pension benefits are particularly important to older retirees in the state who are single and rely on KTRS to make ends meet. More than 90 percent of KTRS female retirees over age 80 are single, and some 70 percent of male retirees over age 80 are single.

Nearly all of these retirees live in Kentucky and contribute to the state's economy by spending their pension benefits. In 2012, state and local pension benefits in Kentucky supported \$5.4 billion in total economic activity along with some 42,000 jobs that paid \$1.6 billion in wages and salaries.

Kentucky retired teachers also make significant contributions to their local communities, volunteering nearly 965,000 hours valued at nearly \$22 million in 2013.

Kentucky counted on its teachers to educate and care for our children. Now, our teachers are counting on the state to keep their end of the retirement commitment.

Bob Wagoner is the executive director of the Kentucky Retired Teachers Association, a not-for-profit organization that serves as the voice for the state's retired education professionals who are actively engaged in giving back to through organized community service projects.

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