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KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

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2023 Joint Committee on Pensions, Investments, and Benefits  
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Chairman Hoheisel, members of the committee, thank you for the opportunity to offer testimony regarding the Kansas Public Employee Retirement System.

### **About Our Organization**

Kansas NEA is a member-driven organization that represents all 40,000 educators in the state of Kansas. This includes certified teachers and support professionals from pre-K all the way through higher education. We have been in existence for more than 150 years.

We have nearly 22,000 members.

The positions we advocate for are democratically determined by our members who have been selected by their peers to attend our annual Representative Assembly. These positions are congruent with the core values of our organization and are established with resolutions adopted by those in attendance of the annual meeting.

These resolutions are proposed, debated, and voted upon by several hundred delegates from across the state, all with differing perspectives that are representative of the make-up of our state. They have been established based on what our members are experiencing in **KANSAS** classrooms, in their buildings, or within their profession.

KNEA has several resolutions dealing with teacher retirement and KPERS.

The very first paragraph of our resolutions dealing with retirement states:

*KNEA believes that the Kansas Public Employees Retirement System should provide a retirement benefit no less than 70% of the educational employee's final average salary (three highest years) regardless of Social Security Benefits.*

A.K.A. income replacement ration.

Paragraph number two of our resolutions dealing with retirement states:

*KNEA further believes any retirement plan offered by KPERS should provide an annual benefit adjustment to maintain the purchasing power of the original benefit.*

A.K.A. COLA

Under KPERS Tier 3, 35% is the high-water mark on income replacement ratio. Additionally, KPERS Tier 3 does not contain a COLA. Given this, KNEA's stance is that Tier 3 is tremendously inadequate.

These issues, as well as a whole host of other issues, are causing too many teachers to leave the profession all together (RETENTION) before retirement age and causing too few young people to choose teaching as a profession (RECRUITMENT).

Where can states start to chip away at this crisis?

### **Tier 3 and Teacher Recruitment**

The question of whether the existence of a healthy retirement plan is a significant tool in teacher recruitment is one that is hard to answer. Assessing that question in Kansas is almost impossible for several reasons.

One reason is the widely held belief that young people that are starting their careers do not tend to be engaged in retirement strategies. Young professionals in their late teens and early twenties are looking at about 40 years of employment ahead of them. Monetary realities of the young professional like cost of housing, transportation, food, and other monthly bills usually force them to focus on salary alone. In the case of the young teacher that is likely to be loaded down with a tremendous amount of student debt, retirement strategy is not a luxury.

A second reason that it is hard to assess whether there is a correlation between a healthy retirement plan and teacher retention in Kansas is because Kansas doesn't have a healthy retirement option to test. Kansas cannot credibly recruit teachers with the promise that they will be ensured an adequate retirement plan. KPERS Tier 3 simply falls short of that billing.

KNEA certainly hopes that a competitive retirement plan can be a tool in the recruitment toolbox. However, without the existence of the tool, measuring the efficacy of such a recruitment strategy is unrealistic.

### **Tier 3 and Teacher Retention**

The question of whether the existence of a healthy retirement plan is a significant tool in teacher retention is also hard to answer. Currently, no real data for Kansas exists. The Kansas Educator Engagement & Retention Study from 2022 does not specifically dig into the question of retirement benefits as they relate to retention.

The alarming question that seems to be in play is whether the Kansas teacher shortage will get worse as Tier 3 KPERS educators come into the retirement strategy phase of their lives. If teachers are leaving for a wide range of other issues now, what happens when the KPERS Tier 3 professionals start looking at their retirement savings strategy?

We know that KPERS Tier 3 is in effect for all hires after January 1, 2015. If we assume that the majority of KPERS Tier 3 teachers started teaching straight out of college, we will assume that most of them are now between the ages of 23 and 31. Simple research finds that, on average, young professionals start saving for retirement in their 30s.

If these assumptions are correct, Kansas may be looking at an exacerbated teacher retention problem as more young teachers start finding out that KPERS Tier 3 will leave them in a less than ideal retirement situation.

## Will KPERS Tier 3 Reform Solve the Teacher Shortage Crisis?

No.

KPERS Tier 3 reform, by itself, is not the silver bullet for solving the teacher shortage crisis. However, KNEA strongly believes that we cannot solve the teacher shortage without an adequate retirement program for educators.

## Why Reform KPERS Tier 3

With no official data that makes a correlation between possible KPERS reform and teacher recruitment/retention, the question may be why make any changes at all?

KNEA asks the legislature to rely on **common sense**, **historical perspective**, and **fairness** to answer that question.

**Common sense** would say that KPERS reform will help with teacher recruitment. Competitive retirement options are used heavily in private sector recruiting. One can't visit a job recruiting website without seeing several job postings where retirement options are used.

**Historical perspective** will remind us of the time when KPERS was used to recruit teachers. Until the inception of Tier 3, KPERS was considered an excellent retirement plan. Many people remember teachers going into the profession because of their passion for working with young people, fully understanding that they would be accepting compensation far short of their private sector contemporaries, with the peace of mind that they could retire with dignity and comfort at a decent age.

**Common Sense** and **historical perspective** also support the notion that a healthy KPERS benefit will help in teacher recruitment and retention.

Lastly, KNEA makes a simple appeal to **fairness**. Educators are public servants. Few career paths offer the opportunity to positively impact the multitudes like those in education. The teaching profession is unique, exceptional, and critical to the fabric of our society.

Educators have accepted lower compensation to follow their passion. They've consistently endured stagnating wages on top of that. They're facing growing demands from the public and growing disciplinary situations in the classroom. Educators shelling out their own money to round out their classrooms has become all too standard. Educators have been put right in the middle of several culture wars that are raging all over the country. And now, like many other college graduates, teachers are starting their careers with tremendous student loan debt. Ensuring that they have a dignified and comfortable retirement after years of public service is simply the right thing to do.

## Our Ask

KNEA asks this committee to recommend the following for the 2023 legislative session:

- Hearings and action to reform KPERS Tier 3.
- Hearings and action on a cost of living adjustment, COLA, for KPERS retirees.
- To be allowed to partner with the legislature on these important issues.

We thank you again for this opportunity to testify.