

## Of Beef and Boloney

I have been on a journey this past year. It began with a concern about the decision making process and the manner in which our elected and appointed Trustees at PSRS chose to eliminate the 2% COLA for retirees. It was not a legal inquiry but more of a procedural one. Our Trustees had a legal right to take the action they did; some adjustment was essential to guarantee the sustainability of the System. My question was whether it was a wise or prudent one, given the process that was used. I thought the process was flawed, could have been handled differently, which, in turn, might have resulted in an altered outcome.

At some point along my journey I began reviewing information that was available to the membership on the PSRS website as well as meeting agenda and minutes. I was struck by how little information was available - especially on operational concerns as well as general information on where to find meeting minutes and how to contact our Trustees. During the course of the past few months some of these issues have been addressed. The website has been updated; meeting minutes and agenda are now available. I have been told that our Trustees have a special report scheduled for their February meeting at which time continuing improvements will be unveiled including a more powerful search capability as well as the inclusion of the PSRS provided email addresses for our Trustees. Kudos to all at PSRS responsible for advancing these upgrades! If implemented as highlighted, PSRS members should be able to make immediate, direct, personal and confidential contact with those they elected. This represents a significant step forward in encouraging both member access and communications. So...."Where's the beef"?

Unfortunately, other areas of information remain shielded or unavailable including salary and benefit figures for executive employees of PSRS, including the amount PSRS is contributing to their 457 plans (in a few cases paid amounts up to \$18,000 - \$24,000/year in addition to the money already being contributed to their PSRS retirement) – think two retirement pensions. As PSRS members we have only one pension; no local school board, that I can discover, makes a matching contribution to a 457 plan for any employee; certificated or classified.

It gets more interesting. From what I have read in CAFR (Comprehensive Annual Financial Report) a buyback provision for unused sick day is activated upon retirement as well as a health insurance premium subsidy for the employee and family (pp 41-43). The position of PSRS is that the Sunshine Law does not require disclosure of employee compensation. Information, however, on compensation is already available for employees of both the St. Louis and Kansas City teachers' pension systems because they are considered political subdivisions of the State.

Isn't PSRS a political subdivision of the State as well, since it is regulated by the state legislature and public money is used, directly and/or indirectly, to finance the System? Shouldn't every member have/deserve the right to know how much those who are working on their behalf are being paid. Quoting my grandfather, this appears to be "a lot of boloney."

It is not my intent to call into question or detract from anyone's individual employment contract or financial well-being. From my experience most PSRS employees earn their salary and then some. Most of these "perks of position" have been in place since 2007 or before when reserves were high and benefits were routinely being enhanced across the board for employees and retirees alike. That level has since proved unsustainable. Now that the economic outlook has shifted (investment returns down by 2/3, System assets decreased by \$500 million, and near term investment forecasts bleak) and our Trustees have found it necessary to eliminate one of those benefits the 2% COLA for retirees, shouldn't our Trustees also be scrutinizing every expense, regardless of magnitude? That is the "meaty" question.

Even if the total amount saved is small, the symbolism is significant. It reflects on the nature of the Trustees' responsibility and sends a message to the membership that everything: every expense, in every department is up for review – not just the COLA.

It would have been hoped, prior to making that \$2.4 billion decision last spring, member forums would have been held around the state. That did not happen.

It would have been hoped, after the decision was made, that a more personal communication would have been forthcoming rather than a bland factual recount appearing in the July, 2016 Benefit Check. After all it was a \$2.4 billion decision impacting 50,000+ retirees. That did not happen.

It would have been hoped that the reduction of the COLA would have been accompanied by a listing of reductions made throughout the System. That did not happen.

So what to do? We can encourage Trustees to –

- \*Reconnect with the membership by continuing to update the website.

- \*Seek out member participation before making \$2.4 billion decisions impacting any member's financial welfare.

- \*Ask for an AG opinion to resolve the confidentiality issue. No one is interested in member information but members are entitled to employee information – otherwise there is no accountability.

\*Set up a task force to revisit reductions in all departments, including (painful as it might be) all benefits which were expanded during those flush times of years gone by.

We can encourage MRTA to –

\*Become more aggressive in the Trustee selection process, holding candidate forums, including identifying viable candidates for the position.

We can encourage one another to –

\*Utilize the updated website to become informed of PSRS decisions – contacting our Trustees when questions or concerns arise.

\*Educate ourselves on the dynamics of our pension system and what will be required to make the System permanently sustainable, now and for the future.

\*Actively oppose all legislative, legislator or lobbyists efforts to tamper with what is one of the best retirement systems in the country.

Bottom line: Less boloney means fewer beefs and we all eat better.

From my perspective,

Jim Sandfort, retired superintendent