KASA

KENTUCKY ASSOCIATION OF SCHOOL ADMINISTRATORS

AND THE CENTER FOR EDUCATION LEADERSHIP

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NEWS RELEASE

October 13, 2017

KY School Leaders Soundly Reject Proposed 401(k)/Social Security Retirement Plan for New Teachers

For Immediate Release

(Frankfort, Ky.) -- Kentucky Association of School Administrators President Casey Allen has issued a statement, on behalf of the more than 3,100 Kentucky school leaders who comprise KASA, addressing the public pension reform proposal to force future Kentucky educators into a 401(k)/Social Security defined contribution retirement plan, and to discontinue the current Kentucky Teachers' Retirement System defined benefit plan.

The statement is attached. News outlets may use the statement in its entirety or as a source of quotes for an article or story.

For further information, contact KASA Executive Director Wayne Young at (800) 928-5272, or KASA President Casey Allen at (270) 559-5122.

Representing nearly 3,100 education leaders, KASA has members in every school district in the commonwealth. KASA has been connecting education leaders to policymakers, legislators, and other interest groups in addition to providing numerous benefits and services to Kentucky's school administrators for over 40 years.

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KENTUCKY SCHOOL LEADERS SOUNDLY REJECT PROPOSED 401(k)/SOCIAL SECURITY RETIREMENT PLAN FOR NEW TEACHERS

For Immediate Release

Background

The Kentucky Association of School Administrators (KASA), which represents more than 3100 school leaders in every Kentucky school district, recently conducted its biennial survey of legislative issues. Because a special session of the General Assembly is anticipated in the next few weeks to consider changes to the Teachers' Retirement System (TRS) and Kentucky's other public pension systems, the survey included several items asking KASA members about recently proposed TRS changes.

KASA received nearly 700 responses to the legislative survey. Two-thirds of the school administrators responding to the survey expressed opposition to the proposal that has been put forth – in the PFM consultant's report and elsewhere – to place newly hired teachers in a retirement plan consisting of a 401(k) "defined contribution" account combined with participation in Social Security.

Statement of Casey Allen, President of the KASA and Superintendent, Ballard County Schools

It's clear from the responses to our recent survey of legislative issues that principals, superintendents and other school administrators throughout Kentucky are convinced that abandoning our current defined benefits retirement plan for certified school district employees will be harmful to the future of our profession and to our students. And they are right.

Kentucky's school leaders understand – better than anyone – that our students need high-quality teachers in the classroom every day, led by capable principals and administrators. It is obvious from their survey responses that they also know that gutting our retirement system will permanently damage our ability to recruit and retain the kind of staff we need.

Switching from our current plan to a 401(k)/Social Security plan is simply bad policy, and here's why:

- **It will be more costly**. The PFM report (p. 16) admits that this plan will cost Kentucky taxpayers more right now. And it is almost certain that Social Security costs will increase dramatically in the near future.
- **It will impair our ability to recruit and retain teachers**. College students who want to become teachers understand that their compensation as a teacher will be less than what they could earn in the private sector. But the promise of a retirement benefit that is more reliable and more predictable than that available in the private sector is one of the incentives that helps attract the best and brightest students into teaching. Doing away with that incentive by offering them the same retirement structure they could get anywhere will simply drive desirable candidates away from the teaching profession into more lucrative private sector employment.
- **It carries more risk**. Both the stock market-driven 401(k) plan and Social Security are already less stable and more risky than the current TRS system. That instability will continue in the future. Social Security is horrifically underfunded, and a wholly unsatisfactory substitute for TRS.

The KASA members who responded to our legislative survey fully understand these fatal flaws in the 401(k)/Social Security proposal. Among the hundreds of comments from respondents were the following:

- ***"We already have a crisis with teacher vacancies across the state; retirement changes will be detrimental to the education profession and public schools."***
- ***"Teachers - current and future - should NOT be penalized or punished for the unethical and irresponsible action taken by the legislature when they raided our pension fund."***
- ***"Without good teacher retirement pensions and benefits, Kentucky will no longer have an education system that will be of any quality for our young people."***
- ***"The public school system as we know it will collapse due to a lack of qualified teachers."***

It's time for the General Assembly to step up and account for years of shortchanging the future of Kentucky's teachers and administrators. The legislature must address the unfunded liability of TRS, and must reject the proposal to compound earlier mistakes by replacing a fixable system with one that will cause irreparable harm to Kentucky's public school students for generations to come.