

The National Council on Teacher's Retirement provided us with this information in January of 2017:

Anti-Defined Benefit (DB) Agendas at State Level Advance, Often Funded by Arnold Money

The National Public Pension Coalition (NPPC) reminds us that it may be a new year, but it is the same old story when it comes to legislative efforts to undermine public pensions at the state level. Several states have already seen their legislative sessions begin, and Bailey Childers, the Executive Director of the NPPC, recently prepared a brief "state pension landscape update" for your reading pleasure.

Of particular note, Bailey points out the following:

- KS—In his budget proposal, Governor Brownback proposes to NOT repay the \$97 million he took from pension payments last year to fill a budget shortfall. To address this year's budget shortfall, he would freeze pension payments at 2016 levels, breaking a commitment he signed back in 2014.
- NH—A cash balance bill for new hires has been introduced.
- IA—A bill to move new public employees to a 401(k) has been introduced in the Senate.
- IL—SB 11 deals with pensions and requires Tier 1 members to reduce their future COLAs, or keep their COLAs but agree that any future salary increases they receive will not be treated as pensionable income. It is one of 13 bills that Senate leadership has packaged together and all must pass in order for any one of them to take effect. Hearings begin Jan 24.
- NE—Fighting a bill that would force Omaha and Lincoln to offer only DC for new employees moving forward.
- TX—Expecting separate bills to address Houston and Dallas pension systems.
- SC—Joint committee met and does not intend to introduce a 401(k) for new hires. Will address rate of return.

The NPPC is particularly concerned with the Kansas situation. As they explain in a recent blog post, last year, Kansas Governor Brownback skipped the state's contribution to the public pension fund. This year, Brownback is "doubling down on his effort" and has "put the tax revenue shortfall on the backs of hard-working teachers, police officers, and firefighters,"

according to the NPPC post. "In the budget proposal the Governor's office just released he is increasing the retirement system's long-term costs by \$6.5 billion over the next three decades," they stress, thereby "kicking the can down the road and not owning up to the pension payments he owes to Public workers."

NPPC also reminds us that many of these state initiatives are being funded by John and Laura Arnold personally, as well as through their Foundation grants. For example, a recent NPPC blog post warns that the Arnolds are actively engaged in Texas, South Carolina, and Nebraska so far.

Focusing on Nebraska, the NPPC notes that "the anti-pension Retirement Security Initiative, a recipient of millions from John Arnold, is advocating for legislation that would force the cities of Lincoln and Omaha to abandon their defined benefit pensions and move to risky and inadequate cash balance plans." Last year, for example, when the city of Lincoln debated making changes and adjustments to its pension system, Chuck Reed, the leader of the Retirement Security Initiative (RSI), testified that the city should consider several potential changes, including eliminating cost of living adjustments and moving to a defined contribution 401(k)-style plan for new hires.

While the Lincoln pension review committee ultimately decided to retain the defined benefit model, the NPPC reports that Arnold and his surrogates are now "trying to override the city's decision via the state legislature," with the RSI having retained "a \$10,000 per month lobbyist to do its bidding at the Capitol."

NPPC also points out that the Pew Research Center continues to support the Arnolds' anti-pension activity in numerous states, and is currently "active in South Carolina, urging legislators to abandon pensions for educators and other state employees."

"John Arnold started 2017 on the attack in multiple states," the NPPC notes, and urges public pension systems and their participants and supporters to "keep an eye out for him and his associates in your state."

The NPPC is a nonprofit organization of primarily public sector unions that works to preserve the retirement security of millions of teachers, nurses, police, firefighters, and other public employees. NPPC works with a national network of state and local coalition efforts to defend defined benefit plans for public employees.