



September 23, 2016

Members of the Joint Committee on Pension Systems Review:

My name is Kathy Maness and I am the Executive Director for the Palmetto State Teachers Association. Thank you for taking the time to consider our concerns in regards to the South Carolina Retirement System. It is important to PSTA that the retirement system is solvent for our current and future retirees. The state retirement system has over 500,000 participants and affects 1 in every 9 South Carolinians. Many members of the General Assembly represent a majority of participants in the South Carolina Retirement System. In some areas of our state, the school districts, along with state and local agencies are the largest employers for that county. The majority of these employees fall under the state retirement system. We support the South Carolina Retirement System staying a defined benefit plan. We feel the defined benefit plan is one tool to attract and retain quality teachers in our state. We also support the guaranteed Cost of Living Adjustments (COLA) for all retirees.

In regards to the \$18 billion in unfunded liabilities, we have some concerns about how this will be resolved. Low investment performance and high fees have contributed to the pension's unfunded liabilities since 2006.

Retirement contributions continue to steadily increase for teachers and state employees. Since 2012, the General Assembly has increased the employee contribution to the retirement system to the current 8.66%. This increase is being felt by educators all across our state. At the same time, teachers didn't see an increase in their paycheck. Many of our teachers fund classroom projects and provide classroom materials with their own money. Teachers are already extremely underpaid for the amazing job they do for our children on a daily basis. According to the South Carolina Revenue and Fiscal Affairs Office, the Base Student Cost is currently \$2350, but based on the EFA calculator, it should be \$2933 for the 2016-17 school year. Some veteran teachers have told me that due to increases in health insurance premiums, retirement contributions, and no step increase until this school year, their paycheck is less now than it was in 2002. Adding increases in what teachers pay for their retirement have outpaced salary increases and cost of living adjustments.

We appreciate, that for the first time in many years, the General Assembly approved a 2% across the board pay increase for teachers for the 2016-17 school year. However, 0.5% of the pay increase is being used as increased contributions to the retirement system. Many school districts across the state are experiencing extreme teacher shortages and increasing employee contributions to the retirement system will not help with the retention and recruitment of high quality teachers.

We understand there is an \$18 billion unfunded liability in the pension program, however we feel the responsibility to fund this liability should not fall on our teachers, state employees, or retirees. We encourage you to find another way to fund this shortfall in the pension plan.

Thank you.

Kathy Maness  
Executive Director  
Palmetto State Teachers Association