

State workers should help with benefits fix

Previous discussions about how to confront problems funding Kentucky's benefits programs for state employees have often included the pledge to uphold the "inviolable contract" the state has made with its employees.

That contract includes generous retirement and health coverage benefits that the state is struggling to cover, with the health benefits alone for next fiscal year carrying an estimated cost of \$1.2 billion to cover more than 258,000 state employees, retirees and teachers. To put that in perspective, the state's entire budget for the current fiscal year is roughly \$9.7 billion.

But if Kentucky is going to be able to get a handle on the rising costs to provide health care coverage to its past, current and future employees and teachers, those receiving the benefits must lend a hand.

That's what was proposed by the Kentucky Chamber of Commerce earlier this week. The suggestion is no doubt unpopular with state employees and teachers, but it could help guarantee the viability of their pension and health insurance system into the future.

Chamber President David Adkisson has proposed that state employees and teachers begin bearing a larger cost of the health insurance they are provided through the state. Adkisson's idea is to require state employees and teachers to pay an additional, tax-deductible \$50 each month toward their health insurance premiums to help offset costs that have risen nearly 200 percent in the last decade.

The additional payment would bring Kentucky more in line with national averages for public employee insurance plans and shave an estimated \$188 million off the state's budget over the next two years. Kentucky, which currently pays 97 percent of premium costs, compared to 88 percent by other state governments around the country. The private sector pays 80 percent of health insurance premium costs on average, according to the chamber's figures.

Yes, current and retired state employees took their jobs with the understanding that the state would offer these generous benefits. Part of the rationale for such a generous benefits package is to offset salary levels that lagged behind the private sector. That doesn't appear to still be the case, with the chamber noting that the average annual salary of a state employee was \$38,000 in 2008, which is higher than the \$36,855 average annual salary for all other occupations in Kentucky that year.

But the criticism that the chamber's suggestion only seeks to balance the budget over the next two year on the backs of state workers and teachers is off the mark. This is an effort to make the state benefits plan more sustainable for state employees in the future. The "inviolable contract" won't mean very much if the state's pension plan becomes even more grossly underfunded or health insurance costs continue to skyrocket.

Kentucky has been unable so far to make the changes to its public employee pension and health care plans to guarantee its public servants will be taken care of into the future. Taxpayers are being called on to meet that obligation, and state employees should be willing to offer their help, too.