

## Edelen says management of teacher retirement system isn't the problem

By Randy Patrick

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The problem with Kentucky's teachers' retirement system isn't that it's mismanaged, it's that the legislature hasn't funded it, Auditor Adam Edelen said Thursday, turning the issue back on his Republican opponent, Mark Harmon, who has been in the state House for 12 years.



LUKE FRANKE/The Kentucky Standard  
Current Kentucky State Auditor Adam Edelen stopped at Cafe Primo Thursday to visit and chat with supporters of his campaign for re-election this coming November.

On the Facebook page, Audit the Auditor, Edelen is criticized for saying the teachers' retirement program is well-managed, "even though it is essentially broke." Edelen supported a plan to borrow \$3.3 billion to shore up the system that "he failed to completely audit," it said, referencing Harmon's website, NoActionAdam.com.

In an interview on PLG TV 13, Edelen said Harmon's supporters are misrepresenting the facts. Edelen, who is running for his second term, said he and his staff conducted the first audit ever of the teachers' system by the Office of Auditor, and found that its trustees have made good decisions and that the rate of return on its investments has been among the best in the country.

"This is a top 10-performing system in terms of rate of return over the last 10 years. The problem is the politicians in Frankfort haven't done their job, and they haven't fully funded the system. So we need to fix it," he said.

The pensions of 60,000 teachers are at risk, he added.

"Bonding money to shore up the system isn't a great idea. But it may be the best of a lot of bad options," Edelen said, and he challenged Republican lawmakers to come up with a better solution.

The state employees' retirement system, he said, is also in "real trouble," and has been underfunded as well, but it's less clear whether it has made good investment decisions, Edelen said. This year he asked the General Assembly for the resources to examine the system, but it wasn't a budget year and the request wasn't approved. But he will ask again in 2016 if he's re-elected, he said.

Edelen said that, in four years, he has done as many special examinations as his predecessor, Crit Luallen, now lieutenant governor, did in eight, and that he has a "demonstrated record of working in a bipartisan fashion" to improve transparency and hold public officials accountable, whether it's in the commissioner of agriculture's office, school districts or special districts, which are a \$2.7 billion sector of government in Kentucky that had previously flown under the radar. Now those districts must report who they are, how they're funded and their finances, including their reserves.

"For the first time, we have a system that separates the wheat from the chaff ... so that we're going to be able to more easily target the lawbreakers and not allow them to hide among the law abiders," he said.

He said he has also been the primary critic of the way the Medicaid state-managed care system operates, especially the big insurance companies being slow to pay. As a result, Gov. Steve Beshear this summer renegotiated the managed care contracts.

"We'll monitor it going forward, but I think everybody believes that the new contract in place provides a lot more accountability, a lot more transparency, and candidly, a lot more oversight than what we began with," he said.

A related concern is the viability of rural community hospitals, and he said he has done a landmark study on that issue.

"That's awfully important, because if you don't have access to health care in a rural community, you've essentially taken yourself off the grid for economic development," he said.

Edelen was harshly critical of Harmon's campaign consultant, Jesse Benton, after Benton was indicted by a federal grand jury for his role in the bribery of a state legislator in Iowa while working for Ron Paul's presidential campaign in 2012. Benton has since left U.S. Sen. Rand Paul's political action committee, and Harmon, on Thursday, severed his ties with the former aide, who also headed U.S. Sen. Mitch McConnell's 2014 re-election effort.

Edelen said Harmon hired Benton, knowing that Benton was under investigation. Harmon has said he did so at the time not only to get Edelen out of the auditor's office, but also to remove Edelen as a possible candidate against Rand Paul for the U.S. Senate in 2016.

"That's the language of the common street thug, and what we need are people who are committed to working on both sides of the aisle ... to achieve "good government," he said.

After the interview on PLG, Edelen met with supporters at Café Primo in Bardstown.

"My relationship with Adam goes back to when I was mayor and Adam was chief of staff of Governor Beshear in his first term," said local supporter Dick Heaton. Edelen was always helpful, he said, in getting an audience with whomever he needed to talk with in state

government about local projects and concerns.

"I think his record speaks for itself as state auditor. He's a watchdog of taxpayers' money. He's done a lot of high-profile audits that I think has brought more accountability, whether to school boards or taxing districts or so forth. He's done a very good job. He's a very smart young man," Heaton said.

"I'm sure he has ambitions," said Mary Jane Greenwell, another Democrat who supports him for re-election and said she would be likely to support him in any future campaign as well.