

## **LASERS Response to Times-Picayune Editorial**

The Sunday, June 26 2011 edition of the New Orleans Times-Picayune featured an editorial describing the just ended 2011 Legislative Session as "a failure in addressing the structural imbalances in state government."

The piece went on to say that readers should "consider the gargantuan debt of the state retirement system. Governor Jindal's modest proposal to raise retirement contributions by 3 percent for most employees failed to pass. Lawmakers should not pat themselves on the back for kicking this fiscal can down the road."

**LASERS Executive Director Cindy Rougeou responded to this view with the following letter to the editor which was printed yesterday in the Times-Picayune.**

In reference to your editorial, I would like to point out some realities about public pension systems that were ignored.

First, lawmakers were wrongly criticized for not addressing the debt of the Louisiana State Employees' Retirement System. Instead of "kicking the can down the road," as claimed, the Legislature passed House Bill 384 to reduce system Unfunded Accrued Liability (or debt). It requires, by a constitutional amendment that will be on the Oct. 22 ballot, that a portion of future state surpluses be dedicated to pay down the accrued debt. That debt has been accumulating since the establishment of the retirement systems. While our system has rebounded from the great recession, and part of the debt was caused by market losses, the greatest portion came from the failure in decades past of the state to make its required employer contributions.

There have actually been numerous and significant reforms in previous legislative sessions to address the debt and to improve and reduce pension costs, including increased employee contributions. LASERS supported major reforms. It is unfortunate that these reforms continue to be ignored.

With respect to the failed proposal to increase employee contributions by 3 percent, House Speaker Jim Tucker correctly ruled the matter a tax, thus requiring a two-thirds vote of the Legislature. The defined contribution concept was studied extensively last year; the Legislature brought in national experts and concluded that the shift would actually cost the state more money.

Three constitutional amendments have been passed and five major legislative reforms have been implemented to reduce both the debt and the cost of pension benefits. Something is being done. And please remember that the public work force serves an invaluable function in providing services to their fellow taxpayers.

Cindy Rougeou  
*Executive director*

*Louisiana State Employees' Retirement System*