

## Letters: Get a handle on pension costs to taxpayers

By Stephen Waguespack  
February 27, 2017

Recently, Louisiana School Boards Association Executive Director Scott Richard criticized the Louisiana Association of Business and Industry, in a letter to this paper, for publicly discussing the need for proposals that transform Louisiana's pension systems to make them more sustainable and taxpayer friendly. This baseless criticism by Richard ignores the facts and contradicts his own comments.

In public testimony, Richard has repeatedly stated that pension increases are burdening school districts and harming classroom investment. In fact, there is a \$38 million increase in K-12 schools pension costs this year alone. What that means for parents with children in public schools and for taxpayers in general is that about 30 percent of state dollars appropriated to educate children are instead being diverted to pay these systems' Unfunded Accrued Liability and ongoing retirement contributions.

Additionally, the teachers' retirement system has unrealistic return assumptions that will likely never be realized. For example, from 2014 to 2015 the percent of liabilities funded within the Teachers Retirement System of Louisiana dropped from 63.7% to 62.5%, and unfunded liabilities increased from \$10.2 billion to \$10.8 billion in 2015 and are increasing again.

**While we face the symptoms of an antiquated system, Louisiana's government is not being singled out, but simply facing the same**

**reality other states and companies have already tackled. According to a recent Rockefeller Institute of Government study, Louisiana is in the top tier of states with the highest unfunded liability as a percentage of state gross domestic product. The private sector and some states have evolved into a more mobile, affordable, and employee-controlled pension system and away from the legacy defined-benefit system that has become less relevant to today's worker. LABI has historically supported an array of reforms similar to other states that will make the pension system more affordable and sustainable, many of which have been opposed by Richard.**

As we work together to find a solution to this burgeoning problem, Louisiana should incorporate ideas and solutions reflecting the new reality of our workforce. Across the board, today's worker wants more opportunities for advancement, increased recognition for new ideas, and to be rewarded for high performance. Maintaining the current model for all employees discourages new approaches to compensating teachers for excellence, effort, and capability. It also diminishes teachers' control of their own retirement and limits their ability to take their accrued earnings with them if they pursue other opportunities.

Double-sided talking points, unsupported accusations and blame won't change the fiscal reality we face. We must work together to advance Louisiana's pension systems to make them more accountable to today's workers and taxpayers. The facts are clear, even if the rhetoric is not.