

TO: FACULTY, STAFF, AND ADMINISTRATION, LOUISIANA HIGHER  
EDUCATION INSTITUTIONS

FROM: KEVIN L. COPE, PRESIDENT, LSU FACULTY SENATE AND CHAIR,  
LSU SYSTEM COUNCIL OF FACULTY ADVISORS

20 MAY 2010

RE: SPRING 2010 DEVELOPMENTS, HIGHER EDUCATION RETIREMENT  
CONTROVERSY

Dear Colleagues,

Three busy months have passed since my last letter concerning the campaign to provide Louisiana's leading educators with a fair, solvent, and equitable retirement plan. Although the numerous problems with Louisiana's retirement programs have not yet yielded to our efforts, measurable progress has been made and new plans have been developed. Allow me to summarize.

The challenge in Louisiana higher education is always finding the correct venue in which to begin a project. After considerable discussion, a multi-campus group of faculty governance officers and other skilled colleagues determined that the initial effort should begin at the "system" level. The four management boards of the four higher education systems in Louisiana remain within reach of faculty influence yet wield considerable influence among legislators and decision-makers. Along with the aforementioned colleagues, I met with officials from the LSU System to review the problem and subsequently addressed the LSU Board of Supervisors at its March meeting. Although only an initial presentation, this encounter with the LSU Board served as an eye-opener and elicited pledges of assistance from several Board members. Additionally, several LSU System Chancellors asked for briefings and expressed an understanding of faculty chagrin over the retirement debacle.

With the opening of the 2010 Louisiana Legislature, another opportunity to heighten awareness and to confront responsible parties opened. Encouraged by LSU professor and retirement expert James Wilkins, Representative Franklin

Foil introduced House Bill 331, which allowed for certain participants in the Optional Retirement Plan (“ORP”) to re-enter the defined-benefit plan (commonly known as the “TRSL” plan). HB331 suffered from several shortcomings. It provided no guarantee with regard to the amount of service credit provided in exchange for surrender of ORP accounts; it disallowed retaining ORP funds and entering the defined-benefit plan *de novo*, accruing service credit from the present onward; it said nothing about the unfunded accrued liability; and it overlooked the fundamental problem, the underfunding of the ORP plan, which most academic professionals continue to elect owing to its portability and zero vesting time. Nevertheless, faculty governance officials and other faculty experts recommended support of the bill, which could only pass if it proved cost-neutral (hence the limitations on it) and which represented at least a first step toward dealing with the formidable deficiencies of our retirement plan offerings.

On May 13<sup>th</sup>, James Wilkins and I were called to testify to the House Retirement Committee, where HB331 was the last item on an overloaded agenda. This testimony may be viewed online via a link on the “retirement” page of the LSU Faculty Senate web site (via the internet, go to <http://www.lsu.edu/senate/optional%20retirement%20controversy%20links>, scroll down to the link to the May 2010 testimony, and follow the directions). Barely enough time was allocated to summarize the issues, yet the retirement shortfall saga was related in outline form. Unfortunately, the House Retirement Committee, which includes three members associated with public school systems but no member linked to higher education, evidenced little concern for and indeed impatience with the complaints of professorial personnel. Worse, TRSL Director Maureen Westgard delivered a fierce denunciation of the measure, chastising professors who questioned TRSL’s policies and scolding those who aimed to reverse the allegedly irrevocable decision. That decision, as most colleagues will remember, was made on an unfriendly “take it or leave it” basis in a time when the TRSL performed poorly and vesting periods were longer than pre-tenure contracts. Westgard, who should represent faculty interests, openly worked against elected and appointed faculty representatives. Even more puzzling was the action of the one higher education representative on the TRSL Board, Jerry Baudin, in filing an unsolicited note of opposition to

HB331 in direct opposition to the wishes of faculty delegates.

A variety of short- and long-term responses to these astonishing events are being developed. One plan includes a statewide action, by faculty senates, to examine and to call into question the leadership and allegiances of TRSL. Another plan involves action in the Louisiana Senate, which is more hospitable to higher education than is the Louisiana House. Still another plan involves careful scrutiny of the actions of TRSL and its adherence to its own policies. Although TRSL is not the only player in the retirement story, it is now evident that the TRSL leadership is not advancing the interests of higher education professional employees. In a process that will require many and various actions, the foregoing will be productive early steps.

Two other issues have arisen with regard to Louisiana higher education retirement. First, it appears that TRSL is not complying with its own procedures for the election of Board members. TRSL election timetables require that a call for candidates be issued via postcard by February 26<sup>th</sup>, 2010 (see <http://trsl.org/ezedit/pdfs/2010%20Elections%20Schedule.pdf>), yet no one seems to have received such a card and several major campus administrators report never hearing a word. Failing to publicize procedures that require an absurdly long lead time for candidates seems inappropriate and unethical for an organization that responds to the needs of busy academics who are doing their best to support Louisiana's foundering universities (see <http://trsl.org/ezedit/pdfs/electionpolicy.pdf>, a timetable which closes nominations on April 30<sup>th</sup> for an electronically administered election for which no notice has been sent and which occurs in September). A letter of inquiry to TRSL Maureen Westgard is being written and will be posted on the aforementioned LSU Faculty Senate retirement web site.

The second of two new trouble spots: An unaccountably rapid decision to reduce, and reduce radically, the number of funds offered by the ORP vendors. This extreme reduction in options—in the case of the vendor VALIC, from 116 to fifteen funds—has occurred without any detectable input from faculty and with no objection from the higher education representative to the TRSL Board. Moreover, this mandated reduction in choices is taking place at a time when many academic employees are away from home, engaged in research, preparing for summer school, or otherwise unable to deal with another TRSL

surprise attack.

Despite the seemingly endless calamities and inflictions emerging from the TRSL office and from Louisiana Legislature, higher education professionals should not lose hope. It is important to recognize that more attention is being paid to this problem in these early months of 2010 than has been paid in the last two decades. The increasing interest and the speed with which the wisest legislators are responding to the retirement crisis is heartening. A veritable battalion of academic professionals is sometimes loudly and sometimes quietly voicing support. The Louisiana faculty leadership has several plans and is developing more. We shall continue our efforts, calling on those leaders in state and university government and administration who recognize the detrimental effects on recruiting, retention, and morale created by the neglect of an injustice committed against Louisiana's most helpful and altruistic professionals.

Another update will arrive in the autumn!

With best wishes,

Kevin L. Cope