

TO: HIGHER-EDUCATION FACULTY, STAFF, AND ADMINISTRATORS  
CONCERNED WITH THE ORP/TRSL CONTROVERSY

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

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RE: INTERIM UPDATE

Dear Colleagues,

Thank you for your continuing support in the struggle to bring fair, adequate, and equitable retirement programs to Louisiana higher education professionals. As mentioned in earlier updates, this negotiation is not among the speediest of processes. I appreciate your patience and perseverance.

This "interim update" emerges from the anticipation of an announcement from the TRSL (Teachers' Retirement System of Louisiana) concerning the rate at which employers contribute to TRSL and the resulting rate at which those funds trickle down to employees accounts (in the "Optional Retirement Program," or "ORP"). In brief, I expect that the TRSL will announce tomorrow that employer contribution rates will increase at the same time that the funds reaching employee accounts will decrease. The increase in the employer contribution is formidable: from 15.5% to 20.2%, or a 30.3% increase in the amounts paid by employers. Meanwhile, the portion of those funds that will reach employee accounts has decreased from an already meager 5.7566% TO 5.7029%, a decline of 0.0537%, which may seem small but is nearly another 1% of the dwindling employer-derived funds. These adjustments will compound the already huge decrease in the preceding year and will widen the gap between what employing universities pay to TRSL and what reaches employees to an astounding 14.4971%. Amazingly, TRSL has the audacity to levy a 0.1% charge for the cost of its services.

In simple terms: the amount collected from employers is increasing by a huge amount while the money reaching employees continues on a downward plunge. This, because the state government is seeking to pay off a gigantic "unfunded accrued liability" resulting from a history of legislative promises to assorted constituencies and interest groups—a history that began emerging before the lifetimes of most current state employees and that will not be dissolved for at least another twenty years under the best circumstances. Those employees who participate in the traditional TRSL plans rather than in ORP are not untouched by unjust assessments. All public universities will face substantial charges to cover a share of the unfunded proportional to the contribution of TRSL participants. That money could have been used for raises,

employee benefits, or cost-of-living increases for retirees, to name but a few possibilities. Indeed, it could be speculated that our state government banks on misunderstandings between TRSL and ORP participants to divide or dilute opposition to unfair retirement fund practices.

TRSL has also committed a second offense against its customers by announcing that it will reconsider the list of vendors offered to ORP participants without seeking or even expressing any interest in input from retirement plan participants. Although the TRSL did not create the unfunded liability that is at the foundation of the retirement fund problem, that organization has yet to demonstrate an adequate commitment to the interests of retirement plan participants and has yet to take the kind of pro-employee advocacy position that befits servants of the academic public. Its offhand and paternalistic approach to vendor selection is the latest evidence of its alienation from its clients.

Complaint is easy to come by; action exacts a higher toll. Two new initiatives are in the works. First, I and assorted representatives of higher education will meet this week with LSU System officials, who have demonstrated an admirable willingness to investigate and to work upon the retirement system crisis. Second, I plan to meet this week with delegates from the Louisiana Federation of Teachers to discuss legislative action relating to the retirement plans. These actions come in addition to the plans outlined in earlier bulletins.

In dealing with the retirement plan debacle, it is important to remember who is and who is not responsible for the present problems. At the root of the present problems are two issues: unfair and unwarranted clipping of the compensation of inadequately represented and therefore easily abused sub-populations of the academic community and, with that, the subjugation of faculty retirement plans to a system that serves too many goals other than the fiduciary care of their hijacked clients. The problem does not arise from any one university, but rather from a history of irresponsible behavior by state government. We continue to enjoy excellent cooperation from the leadership of several universities, including LSU.

More updates will surely emerge from these meetings and events. The information stream will continue to flow. Please feel free to write to your legislators and education-system officials to express your views concerning retirement and other benefits for Louisiana's hard-working academic professionals.

A large array of information on the ORP challenge may be found at a special page dedicated to that subject on the LSU Faculty Senate web site:  
<http://www.lsu.edu/senate/optional%20retirement%20controversy%20links>.

With best wishes,

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Chair, LSU System Council of Faculty Advisors