

TO: Presidents of the Faculty Senates of Louisiana Public Colleges and Universities

FROM: Kevin L. Cope, President, LSU Faculty Senate and Chair, LSU System Council of Faculty Advisors

RE: Optional Retirement Programs: Concurring Resolutions Requested

Dear Faculty Senate Presidents and Faculty Leaders,

As most of you know, the Teachers Retirement System of Louisiana (“TRSL”) recently announced that the portion of employer contributions paid into retirement accounts for participants in the Optional Retirement Plan (“ORP”) would be cut from 6.95% to 5.76%, nearly a 20% reduction. The cut resulted from actuaries’ estimates of the sums required to pay down the unfunded accrued liability for the TRSL, which also manages the much older “state” or “defined benefit” plan, a plan that, somewhat confusingly, is also colloquially known as the “TRSL.” For a colleague earning \$65,000.00 per year, this cut amounts to a reduction of \$778.00 per year. This is the deepest cut in the contribution rate as well as the lowest total pass-through contribution in the history of the ORP.

Not only the cut itself but also the legal and administrative environment in which this de facto compensation reduction occurred have elicited astonishment, outrage, and chagrin throughout Louisiana higher education. Over the last month, the LSU Faculty Senate has been working to get to the bottom of this problem and to begin opening up alternatives for hard-working faculty members who deserve a reasonable choice among retirement plans that suit the needs of professionals. The LSU Faculty Senate has set up a dedicated web page in which colleagues around the state may read both my informational letters on the topic and may also access TRSL responses as well as preliminary studies done by our Senate staff experts. This web page, which is frequently updated, may be found at <http://www.lsu.edu/senate/optional%20retirement%20controversy%20links> or by going to the LSU Senate web site, [www.lsu.edu/senate](http://www.lsu.edu/senate), then clicking on the “Documents and Links relating to the ORP” line under the “Topics and Issues Under Discussion” heading. For those who lack the time to review these multitudinous documents, the problem may be reduced to a few fundamentals. Those fundamental points: Louisiana higher education is regrettably unique in limiting higher education professionals to programs that belong to a vast retirement system whose primary constituents are not university faculty; faculty have a minimal input into the system (one trustee out of fifteen for the entirety of higher education); the unfunded accrued liability, that will persist until at least 2029, was created by a series of politically expeditious promises that were made to non-university groups beginning long before the ORP was initiated; and the TRSL, the mandatory manager for all plans, whether allegedly “optional” or not, has no means or apparent intention to advocate for university faculty, a deficiency that also characterizes most human resources departments in state institutions.

The LSU Faculty Senate has developed a plan of action, of which this letter is the first step, and for which the following request is the second move. Appended below is a copy of an enabling resolution passed on an emergency basis by our Senate last week (also available online at <http://www.lsu.edu/senate/resolution%2009-09%20retirement%20contribution%20cuts.pdf>).

This resolution does not pretend to analyze the details of retirement plans but affirms that the present offerings and the rules governing their administration are inadequate to and inappropriate for higher education professionals. The resolution asks for collaboration and cooperation with other faculty senates at other public institutions. The purpose of this first resolution is to build a consensus around the state and to set up a framework by which faculty members may seek improvement in their retirement benefits and arrangements and by which we may, as colleagues, work together for our common interests. I and the LSU Faculty Senate would like to ask you and your Senate to pass similar resolutions (adapted to the circumstances on your campus) so that we may begin to move ahead with the resolution of a problem that is not only distressing but extremely costly.

It is important to understand that the LSU Faculty Senate is not calling for the elimination of the TRSL as an option for those whom it serves best. Unfortunately, that number becomes ever smaller owing to changes in the academic career pattern that make the ORP more desirable for persons who may want or need to make a move from one institution to another during the course of their careers. We hope to retain the TRSL plan for those who prefer a defined-benefit offering; we also hope to make the “Optional” Retirement Plan one characterized by genuine options.

Looking ahead: LSU faculty governance officials are already working with LSU System campus representatives and with the LSU System to look at possible solutions to this problem. It is heartening that administrative officers at all levels are receptive to our suggestions, in large measure because most administrators are also participants in the ORP plan. Our Senate has also appointed a faculty “Benefits Czar” to supervise an array of committees working on all aspects of the benefits crisis. Material to our success in these efforts is the ability to show a multi-campus and statewide consensus. It would be extremely helpful if you, as a faculty leader, would periodically update me concerning faculty input on this matter and, I hope, on your progress toward passing a concurring resolution, either like the example below or one of your own composition ([encope@LSU.edu](mailto:encope@LSU.edu)). This letter will be sent to a variety of interested faculty, administrators, and press representatives, all by way of informing our colleagues concerning the challenge that we face.

Thank you very much for your help. I cannot overestimate the urgency of this issue, which is already costing deserving faculty members millions of dollars annually.

With best wishes,  
Kevin L. Cope

### **EXEMPLARY RESOLUTION:**

## Faculty Senate Resolution 09–09

### “ Retirement Plan Options Appropriate for Higher Education Professionals”

*Introduced by the Faculty Senate Executive Committee at the Request of the LSU System Council of Faculty Advisors and of the Association of Louisiana Faculty Senates*

WHEREAS the Teachers’ Retirement System of Louisiana (TRSL), the sole governing body for retirement plans for professional employees of Louisiana higher education institutions, has

peremptorily reduced the portion of employer contributions that reach employee retirement accounts in the “ Optional Retirement Program ” (ORP) by 18%;

WHEREAS higher education is represented by only one of fifteen members on the TRSL Board of Trustees;

WHEREAS comparable higher education institutions nationwide offer optional retirement plans both designed for and within the influence of their beneficiaries (for example, by creating a plan administered by a university and its members);

WHEREAS the use of monies derived from employer contributions to service unfunded liabilities or other obligations not incurred by members of the higher education community amounts to a “ surcharge on choice ” and a form of taxation without representation or benefit;

WHEREAS the retirement and other benefit packages offered by Louisiana higher education institutions are already among the lowest in the nation, a situation that depresses morale and impairs both the recruitment of promising faculty members and the retention of current faculty members, thereby harming the reputation of our universities;

WHEREAS multitudinous Louisiana academic institutions (both within and without the LSU System ) have expressed concern and outrage at actions by both the TRSL and the Louisiana government that have diminished retirement benefits to deep historic lows;

WHEREAS several Louisiana institutions have called upon LSU to provide leadership in the defense and the advancement of retirement packages;

WHEREAS the debate over retirement contributions and options is a uniquely bipartisan event in that administrators are affected by “ ORP ” cuts as frequently as are faculty members;

THEREFORE BE IT RESOLVED that the LSU Faculty Senate affirms its solidarity with the professional faculty and staff of the many and various public higher education institutions in Louisiana; that it calls on its President and officers to continue working vigorously with other faculty leaders to regain a reasonable and proper measure of control over its retirement program options; that it regards the present system and its offerings as substandard and inadequate to the needs of professionals; and that it regards the present system as unfair, subject to capricious political influence, and, in sum, unacceptable.