



# LEAGUE OF WOMEN VOTERS<sup>®</sup> OF LOUISIANA

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## Public Policy Position : **State Pensions for Public Employees**

The League of Women Voters of Louisiana believes public employers must provide sufficient incentives to compete with the private sector in the labor market for the recruitment of competent and effective employees.

Because the state has a constitutionally mandated contractual relationship with its employees regarding their pension benefits and the state has a constitutional obligation to maintain actuarial soundness and long-term solvency in meeting this contract, the League supports, when necessary, increasing state revenues to fully fund each state pension system through additional taxation, fees, thorough collection of revenues, and reducing tax exemptions, tax credits and tax rebates.

The League encourages state officers and legislators, before a vote is taken, to scrutinize proposed retirement bills and proposed amendments for their compliance with federal and state constitutional and statutory requirements, cost effectiveness, and actuarial effects on the state retirement system's long-term solvency. Towards such scrutiny, the League supports provision of time sufficient for the review, analysis and reporting by the Legislative Auditor on the legal and actuarial effects of retirement bills and of any amendments to retirement bills affecting the state pension systems.

The League supports raising the retirement age for full pension benefits in the state retirement systems for the hiring of new non-hazardous duty public employees in keeping with the same age requirements as Social Security. The League has no consensus on retirement age requirements for hazardous-duty employees.

The League recognizes that without some periodic increases (COLAs or PBIs), the buying power of pensions is eroded.

As the legislators consider proposed changes in benefit plan features, funding, or structure for new hires of state public employees and as the Public Retirement Systems' Actuarial Committee (PRSAC's) estimates the discount rate and sets the public employers' annual contribution rate, the League supports balancing fairness to the current government employers, public employees, and taxpayers with fairness to the future government employers, employees, and taxpayers. This standard, which is supported in much of the professional literature, requires public discipline to make the necessary actuarially determined contributions, keep politics out of this obligation, and use a discount rate in calculations that is neither overly optimistic or overly pessimistic.

The League supports wide public notification, engagement and transparent discussion of any proposed major changes in benefit features or structure for pension benefits for new state employees.

*Approved by the LWVLA Convention, March 15, 2015.*