



## Our View: Missed chance on debt relief

**Published: Jul 23, 2007**

One of the big issues left unaddressed from the 2007 session of the Legislature was Louisiana's huge debt to state employees' retirement systems.

That debt is substantial, even with annual payments guaranteed to be made under the state constitution. Louisiana owes, in what is called the systems' "unfunded accrued liability," about \$12 billion.

The debt will grow over time, according to the Public Affairs Research Council, unless more money is paid to reduce the UAL and lawmakers refrain from passing unfunded benefit increases.

In this year, the Legislature had a prime opportunity to reduce the debt by making a substantial payment up front, dramatically reducing the long-term state obligation.

The Louisiana Constitution allows the state to use surplus funds to pay down the UAL. With \$827 million in surplus from the past fiscal year, the Legislature and administration missed the chance.

The UAL issue is not about immediate gratification, but about doing the right thing for the state's long-term good. A \$200 million investment would reduce the UAL as much as \$1 billion over time.

Four- or maybe five-to-one returns, guaranteed. Better than any casino. But there was no money for the UAL this year, even in a session with unprecedented levels of unallocated state revenue.