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Employment reform bill small step toward needed bigger reforms

Louisiana's new state employees would contribute more to their pension plans and wait longer to receive benefits under a significant change to the retirement system approved by the House on Tuesday. It's a first step toward fiscal sanity in regard to our state retirement systems, but it's only a baby step.

The proposal could eventually save the state $109 million a year, according to its author, Rep. Pete Schneider of Slidell.

That's good, a hundred million is a big number. But it's not big enough.

The Louisiana State Employees' Retirement System (LASERS), which includes about 98,000 active and retired members, is billions of dollars short of what is needed to cover the cost of benefits owed to employees when they retire. According to the Public Affairs Research Council, the state's pension system is a "ticking time bomb" that is about to blow up.

A PAR study found that the cost to the taxpayers to fund the systems as they are currently constituted will rise from the $560 million paid in 2004 to more than $2 billion in 25 years.

Part of the problem is that we are simply trying to carry too many people for too long.

Under current state law, members of the retirement system can retire with full benefits at any age after 30 years on the job, or at age 55 once they've completed 25 years of service.

Under Schneider's bill, new state employees would not be allowed to collect retirement benefits until age 60, It would also lower the rate at which new hires can build up retirement benefits and require state workers to spend at least 10 years on the job before becoming eligible for a normal pension.

As things stand now, a person who goes to work for the state at age 20 could retire at age 50 after 30 years on the job. If he or she lives past the age of 80, as more and more people are doing in these modern times, we will carry them on our retirement rolls longer than they actually worked for the state.

In some instances, employees have retired after 30 years on the job, begin to draw their retirement pay, but are rehired for the job they retired from and also draw salary.

As PAR reported, "The basic problem is the lack of a reasonable 'normal retirement age' and the early retirement options that allow a person to retire before reaching the end of a productive career."

We do not want employees to retire into poverty after long service to the state. We want every deserving state employee to be assured of a decent life in retirement.

But we can't bankrupt the state to do it.

It is time to not only reform the rules about when an employee can retire, but to meld the state's 13 separate systems into a single system, with the same rules, same policies, same administrative system.

As we have said before, unscrambling the pension system is fraught with political peril, but failure to do it is fraught with even worse financial peril.