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AP Interview: Sen. says he'll keep up retirement fight

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The Associated Press

BATON ROUGE, La. (AP) — His attempts to overhaul pieces of the state's public retirement systems foundered this year, but state Sen. Walter Boasso said he isn't stepping out of the politically tricky and arcane retirement debate.

Battle-bruised and, he believes, a bit wiser, Boasso said he's already working on his strategy for the 2006 legislative session. He's been meeting with business leaders and citizens' groups to build support for what he believes are improvements to systems that are billions of dollars short of what they will need to cover the cost of benefits they owe to people when they retire.

"I lost the battle, but I think there were some good things that came out of it. The war is by no means over with yet. I've got a whole different plan of attack for this next go around," Boasso, R-Chalmette, said in an interview Monday with The Associated Press.

The problem is complicated, to say the least, and there isn't necessarily much of a political payoff. Attempts to scale back benefits or refusals to boost benefits generate complaints from the employees in the retirement systems, groups with big lobbying influence in the Legislature and on political campaigns.

Louisiana's constitution guarantees payment of benefits for the four state systems that cover the state police, state employees, teachers and school employees.

The systems are underfunded, with the two largest state systems — the Teachers' Retirement System of Louisiana and the Louisiana State Employees' Retirement System — about \$11 billion short, under the current payment schedule, of what they need to cover the cost of benefits for everyone in the systems when they retire — called the unfunded accrued liability or UAL.

For a freshman legislator, Boasso probably couldn't have picked a more complicated issue to tackle.

"I'm risking my political future in trying to fix this problem. And if it costs me in the end, so be it," said Boasso, CEO of his own container shipping business.

During the legislative session, lawmakers agreed to changes to the state employees' retirement system that require people hired after July 1, 2006, to work longer before they can collect pension benefits and to pay more of their wages into the system.

However, Boasso's attempt to merge the oversight boards of the retirement systems for teachers and state employees failed. He also voluntarily shelved a more wide-ranging measure that would have made new employees in both systems pay more for and wait longer to get benefits.

"I learned political lessons. I had no idea what it was to upset 260,000 people," Boasso said.

Some of the items in Boasso's legislation were similar to suggestions made by the nonpartisan watchdog group, the Public Affairs Research Council of Louisiana.

But legislators had been bombarded with opposition from the state's teacher unions and groups representing school boards, school superintendents, retired teachers and retired state employees, in addition to the leadership of the systems.

Opponents said Boasso's plans would increase risk to the state by putting people without experience and without a proven track record on the board.

Bonita Brown, director of the teachers' retirement system, and Boasso clashed repeatedly, with Brown saying that Boasso was taking the wrong approach and that his plans won't deal with the heart of the problem: the UAL debt — most of which must be paid off by 2029, a constitutional requirement.

"None of the things he has suggested would actually chip away at the debt," Brown said.

Brown said the state could address its multibillion dollar problem by starting to pay down some of the debt now. She said for every dollar the state pays toward the UAL now, six dollars in interest is saved, and she noted that PAR has suggested paying down that debt as well.

"No amount of manipulating with the administration of the systems will be able to do anything about that," she said. "There is no easy answer."

Lawmakers rejected an attempt this year to pay some of the retirement systems' debt early.

Boasso said he's trying to keep the systems' problems from growing worse and to hold people accountable for the investment decisions they make. He said it makes sense to add people with private business experience with pensions and investments to the governance board that is in charge of managing and investing the retirement systems' assets. He's also looking for ways to pay down some of the existing retirement debt without bankrupting the state.

So, he's circulating information to lawmakers, trying to get the public interested and hoping to get the state's business leaders on board with his plans.

"All I can try and do is plead to some sanity," he said.