

FACULTY SENATE RESOLUTION 11–13

“Diligence, Client Input, and the  
Privatization of the Office of Group  
Benefits”

*Sponsored by the Faculty Senate Executive Committee*

Whereas the portfolio of investments, obligations, and insurance instruments that comprise the resources of the Office of Group Benefits constitutes a long-term investment of state and employee resources and expertise;

Whereas decisions concerning the management, use, and governance of so vast and enduring a portfolio must be undertaken with great care and deliberation;

Whereas the midst of a statewide financial crisis is the most perilous context in which to make major decisions concerning large resources that are encumbered by long-term obligations;

Whereas neither state nor Office of Group Benefits administrators suggested the privatization of the Office of Group Benefits or its resources (or a segment of its resources) prior to the legislative session that will address Louisiana’s fiscal woes;

Whereas neither state nor Office of Group Benefits officials have answered or provided adequate information concerning the details of the proposed “OGB” privatization scheme but have only offered a letter in the form of a “pledge” and an array of evasions and euphemisms about the need to “unlock value”;

Whereas the extent of government communication with constituents concerning the privatization proposal has been an email letter sent to only a small portion of those eligible to participate in Office of Group Benefits programs;

Whereas neither the Office of Group Benefits nor the Louisiana Commissioner of Administration have received any purchase proposals from known financial or insurance companies but have instead sought blanket approval for an unknown plan;

Whereas the Office of Group Benefit presently possesses a \$521,000,000.00 surplus that poses a temptation to Louisiana officials eager for a quick budget fix;

Whereas that very large surplus sum was derived from employee contributions and premiums, not from tax or other state revenues;

Whereas Commissioner of Administration Paul Rainwater has steadfastly avoided explaining the destination of that surplus in the event of a full or partial privatization of the Office of Group Benefits;

Whereas the recent sudden and unexplained dismissal of the Office of Group Benefits director in favor of a new director whom Commissioner of Administration Paul Rainwater describes as someone who will “work with us” raises suspicions about the integrity of Office of Group Benefits management;

Whereas no clear or convenient means for client comment or input regarding the privatization plan have been provided;

Whereas recommendations that the state use this occasion to examine the offerings of the Office of Group Benefits and adapt those offerings to the needs of the various segments of its clientele have been ignored;

Whereas the Office of Group Benefits is not a business or possession that can be easily sold on the market, but rather a public resource that should be held accountable to citizens;

Therefore be it resolved that the LSU Faculty Senate opposes the privatization of all or part of the Office of Group Benefits or its holdings until due diligence can be exercised, until relevant studies and debates can be completed, until public comment can be solicited, until a full and complete set of proposals can be received, studied, and explained by qualified personnel, and until participants in Office of Group Benefits plans approve any privatization plan.