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MINUTES

OPTIONAL RETIREMENT PLAN (ORP) TASK FORCE

Established by House Resolution No. 352 of the 2026 Regular Legislative Session

August 13, 2026
2:04 PM – 4:14 PM
Thomas Jefferson Room – 136C
1201 North 3rd Street, Baton Rouge, LA 70802

Members Present	Appointing Authority
Philip Auter	Louisiana House of Representatives
Sheantel I. Baker	Louisiana State University Board of Supervisors
Randy Davis	Division of Administration
Gena Doucet	Louisiana Community and Technical College System
Paul Favaloro	Louisiana House of Representatives
Jeff Fleming	Louisiana Community and Technical College System
Jason Fountain	Teachers' Retirement System of Louisiana
Kenny Herbold	Louisiana Legislative Auditor
Roger Husser	Division of Administration
Daniel Tirone	Louisiana State University Board of Supervisors
Laura Lapeze	Department of Revenue
Eddie Mesh	Louisiana House of Representatives
Carrie Robison	Board of Regents
Trey Roche	Teachers' Retirement System of Louisiana
Dr. Parampreet Singh	Louisiana State University Board of Supervisors
Daniel Tirone	Louisiana State University Board of Supervisors
Dr. Robyn Merrick	Southern University Board of Supervisors

Also present: Division of Administration staff: Connor Boldt, Nancy Keaton, Angela McCulloch, and Colleen Gil; Board of Regents staff: Elizabeth Bentley-Smith; Louisiana House of Representatives Retirement staff: Joey David

I. Call to Order and Roll Call

Chair Randy Davis called the second meeting of the Optional Retirement Plan (ORP) Task Force to order at 2:04 p.m. Connor Boldt called the roll and announced that a quorum was present.

Called to order	2:04 p.m. by Chair Randy Davis
Adjourned	4:14 p.m.
Quorum	17 present; quorum established

The Chair announced that the Louisiana State University Board of Supervisors had withdrawn one appointment and appointed Daniel Tirone in its place. Mr. Tirone introduced himself as a faculty member in the Department of Political Science at Louisiana State University since 2012, specializing in international relations and international political economy, and as president of the LSU Faculty Senate for the past two years and the year ahead. He has participated in the ORP since 2012.

II. Amendment of the Agenda

The Chair moved to amend the agenda in two respects: to move discussion of the committee meeting schedule so that it immediately precedes development of action steps, the two matters being related; and to add a brief presentation by Mr. Favaloro comparing ORP and defined benefit retirement outcomes, placed after the Board of Regents presentation. The motion was made by Mr. Husser, seconded by Ms. Doucet, and adopted unanimously.

III. Approval of Minutes

The Chair asked whether members had reviewed the minutes of the July 28, 2026 meeting and invited amendments. None were offered. A motion to adopt the minutes as presented was made by Mr. Husser, seconded by Ms. Doucet, and carried without objection.

IV. Chair's Opening Remarks

Chair Davis reported that he had spent the preceding two weeks reviewing the task force's first meeting and expressed concern about the volume of work remaining against the reporting deadline. He proposed that August 13 serve as the final meeting devoted to general information gathering, with subsequent meetings directed toward formulating and vetting recommendations. Links to prior presentations will be made available so that members may review them independently, and nothing precludes revisiting a topic already discussed.

Statutory and Constitutional Constraints

The Chair reported the results of an analysis of HR 352 and the applicable procedural requirements, and asked members with retirement system expertise to correct any misstatement:

- A bill changing retirement law may not be introduced unless notice of intention has been published in the official state journal on two separate days, with the last publication at least sixty days before introduction, and the bill must recite that notice was given.

- Retirement bills must be prefiled no later than the forty-fifth calendar day before the session, which the Chair calculated as February 26, 2027, placing the last publication date on December 28, 2026, fifteen days before the report is due.
- Any benefit provision carrying an actuarial cost requires a two-thirds vote of the elected members of each house.
- A state retirement system benefit may not be improved unless the enactment identifies a funding source providing new or additional funds sufficient to pay all actuarial cost within ten years of the effective date, and accrued benefits of members may not be diminished or impaired.

Members noted that the 2027 session is a fiscal session, shorter than a general session, and that the advertising deadline is February 4, 2027 for a bill introduced on the first day and February 15, 2027 for a later introduction. Members concluded that the advertising requirement is therefore not a binding constraint on the task force's schedule.

Mr. Herbold distinguished actuarial cost from fiscal cost, explaining that a funding source need not to be identified in every case; the constitutional directive is that a measurable cost included in the next actuarial valuation be amortized over ten years, which then flows into the contribution calculation. A legislative staff representative added that standard boilerplate language addressing employer contributions is used for advertisements of state retirement system bills.

V. Overview of Prior Presentations — Legislative Auditor

Mr. Herbold of the Legislative Auditor's office presented selected slides drawn from his September 2024 presentation to the prior task force, updated for fiscal year 2026–2027 and for the discussion at the July 28 meeting. He noted the full 2024 presentation remains available through the Board of Regents website and YouTube channel.

Composition of Contribution Rates

- The ORP employer contribution is 6.2 percent. The statutory rate is nominally 8 percent, but the additional 1.8 percent applies only if appropriated for a given year, which did not occur for fiscal year 2026–2027.
- Normal cost is not applicable to the ORP. For the defined benefit plan, total normal cost is approximately 11.59 percent, of which employees pay 8 percent and employers approximately 3.59 percent.
- The ORP administrative expense rate is currently split evenly between participant and employer. Effective July 1, 2027, under legislation enacted in the 2026 session, the employer bears the full amount, currently 0.05 percent. Mr. Herbold noted that the rate rises if ORP participation falls, because a substantial share of administrative cost is fixed and defined benefit funds may not be used to administer the ORP.
- The unfunded accrued liability is calculated on a system-wide dollar basis and then spread across total payroll. Alternative allocations would shift cost between employers without changing the system's total cost.
- The employer credit account rate, used to prefund cost-of-living adjustments, is 2 percent against a 2.5 percent cap. Mr. Herbold explained that this rate rises incrementally as the UAL rate falls: statute directs that half of each reduction in the UAL rate be captured for the side fund, leaving employers the other half as a contribution reduction.

Risks of Transferring ORP Participants to the Defined Benefit Plan

- Normal cost creep. The older a participant is at entry, the shorter the funding period and the less investment earnings accrue, raising the required percentage of pay. Mr. Herbold noted that purchasing past service with ORP funds offsets much of this concern, because the participant is treated as having entered at the earlier service date.

- Anti-selection. Plan assumptions are built for large populations, not individuals. Participants with favorable personal risk factors are likelier to transfer, and those with unfavorable factors likelier to remain, which shifts experience against the plan.
- Deviation from historical termination and retirement patterns. Mr. Herbold observed this could work in the system's favor if the five-year vesting requirement causes participants to work longer than assumed.

Service Purchase Mechanics and Timing

- A transfer of an ORP balance is structured under current law as a purchase of service in a TRSL-eligible position, not the purchase of a specific benefit. What the member acquires is an expected increase in future benefits across all possible termination, retirement, disability, and survivor outcomes.
- Because the calculation rests on assumptions about future salary and retirement timing, two employees hired the same day at the same salary with identical account balances may purchase different amounts of service solely because of an age difference. Mr. Herbold acknowledged this is perceived as inequitable.
- Permitting the purchase at retirement rather than mid-career eliminates salary, retirement-timing, and disability assumption risk for both the plan and the member, leaving only mortality and investment risk. Mr. Herbold noted that several Louisiana systems permit additional service purchases but require that the election occur at retirement.
- Illustrative figures: for a 50-year-old with 15 years of ORP service, the accrued liability increase was approximately $146,000 against roughly $137,000 for a comparable single life annuity priced through a commercial provider; for a 65-year-old with 25 years, approximately $281,000 against roughly $454,000. Mr. Herbold *expressly cautioned* that these figures were finalized the morning of the meeting, that he could not reconcile them against his 2024 work, and that the corresponding figures in the 2024 presentation are of questionable validity. He noted the retirement system figure includes early retirement, disability, and survivor protections that a commercial annuity does not.
- On annuitization, Mr. Herbold advised that if the legislature permits ORP balances to be converted, it should apply a discount rate materially more conservative than the system's 7.25 percent valuation assumption, which presumes a multi-decade investment horizon that does not apply to an individual at retirement.

VI. Overview of Prior Task Force Recommendations — Board of Regents

Ms. Bentley-Smith of the Board of Regents reviewed the work and recommendations of the two prior task forces, noting that she and Mr. Herbold had coordinated to avoid duplication. She observed that the House sponsor advanced every recommendation both prior task forces produced.

- The original design objectives included attracting professors and researchers to Louisiana. The window for transferring from the ORP into TRSL was initially five years and was extended to seven to align with the tenure process. The phased retirement provisions from the prior task force were directed at retaining institutional knowledge, recognizing that higher education employees tend to retire later than K–12 employees.
- Ms. Bentley-Smith presented comparative data on which states offer defined benefit plan, defined contribution plan, or both, including plans limited to faculty or to staff, and a comparison across the sixteen Southeastern Conference institutions. Alabama offers only a

defined benefit plan; several institutions offer only defined contribution plan; Tennessee offers a hybrid plan; and the remainder offer both.

- Both prior task forces recommended the increase to 8 percent, but each bill contained language making the increase subject to appropriation, and it was not funded. Members confirmed the provision remains in the enacted act with no appropriation behind it, and that nothing prevents this task force from recommending it again.
- The first task force recommended paying the increase from UAL savings contingent on a constitutional amendment dedicating settlement and other funds to retirement debt. That amendment did not pass, and the recommendation did not advance.
- Other recommendations that advanced included corrections to statutory language for full inclusion of two-year institutions, ORP member representation on the TRSL board, adjustments to eligibility that matter particularly to two-year institutions hiring instructors from industry, and the phased retirement program.

VII. Member Presentation — ORP and Defined Benefit Comparison

Mr. Favaloro presented a comparison prepared using the TRSL online calculator and circulated to members in advance. Using a starting salary of $80,000 for an employee entering in 2026 and working thirty years, with a 3 percent annual salary increase and a 6 percent rate of return, the defined benefit plan produced approximately $9,450 per month against approximately $7,543 for the ORP. He also modeled a 25-year-old entering the system and working to age 62 to avoid an actuarial reduction.

- Mr. Favaloro noted the comparison does not capture the additional sick leave a thirty-year employee would convert under the defined benefit plan, which could add roughly a year of salary and widen the gap further.
- He observed that from his experience since 1992, ORP returns averaged roughly 3 to 4 percent for most of that period until approximately four years ago, so the modeled figures do not overstate the ORP outcome.
- Members responded that the TRSL calculator may understate market growth, and that a fair comparison requires converting the ORP balance to a lifetime annuity, noting that outcomes vary with individual investment choices, contribution history, and time in state service. Members also noted that annuity pricing reflects survivor and legacy elections, which are individual choices carrying a reduction in the monthly amount.

VIII. Meeting Schedule and Development of Action Steps

The Chair opened discussion on how the task force will address the ten study items and how frequently it will meet, noting these questions are related and that the path to a final product concerns him most.

Method

- The Chair suggested that assigning items to subgroups, with actuarial support available, might be the more efficient route to draft recommendations for the full body to consider.
- Members proposed instead taking approximately two related items per meeting as a full body.The Chair accepted this approach, noting that some groupings may sensibly take three or four interrelated items.
- Members counted approximately seven or eight available meetings after accounting for Thanksgiving and the December holidays. A member recommended working backward from the December deadline and reserving at least one wrap-up meeting to consolidate the report.

- The Chair stated that the report must be issued and delivered by January 12, 2027, and that he would prefer a draft in hand before the holidays, with the remaining time reserved for refinement.
- The Chair asked members to review the ten study items before the next meeting and come prepared to propose groupings, observing that Items (1) through (4) all bear on long-term participants. Another member suggested Items (1), (2), (3), and (10) as an alternative grouping. The Chair noted he was also weighing which items require statutory change against those that might yield more immediate relief. At a member's suggestion, the Chair agreed that members should email proposed groupings to staff *several days before* the next meeting so the responses can be collated into a working list.

Data Availability and Modeling Approach

- A member asked what data will be required, including whether the impact of the reduction in employer contributions to the ORP plan from approximately 7 percent to 5.3 percent can be calculated.
- Mr. Herbold advised that individualized analysis would require substantial time and that the TRSL system actuary is engaged in June 30 valuation work and is unlikely to be available before September.
- Mr. Herbold stated that a generic analysis is feasible and not time-consuming: modeling what an account balance would be at a 7 percent contribution rate rather than 5.3 percent over a stated period at an average return, for hypothetical career employees at varying entry ages and rates of return, can be done in a spreadsheet.
- Members supported the generic approach. One member noted the value of establishing order of magnitude across the items, not to serve as a fiscal note the legislature is asked to fund, but to expose the differential and generate interest in advancing several of the ten items.
- Members discussed extrapolating hypothetical results to the affected population, including applying a median salary within the long-service group multiplied by the number of participants in it. Mr. Herbold cautioned that TRSL does not maintain a database of ORP participants, their pay, or their qualifying service, which is the same gap that complicates any service purchase.
- Members described the tracking problem concretely: a participant with 21 years at one institution and 8 years at another appears in the second institution's records for 8 years only, and reconstructing full service requires querying each employer. One member characterized ORP participants as unowned within the current recordkeeping structure.
- Members offered to supply data for a small number of anonymized long-service individuals so that a calculation could be performed without identifying information. The Chair asked whether isolating three, four, or ten such individuals would be workable, and members indicated it would..
- Mr. Herbold, Mr. Roche, and Ms. Bentley-Smith agreed to confer outside the meeting on what data is actually available and what approach is feasible, and to report back at the next meeting. Mr. Herbold noted he could not produce figures within two weeks but could describe a workable plan. The Chair asked that any stratification of ORP membership by length of service be provided as it becomes available.
- A member suggested that if ten anonymized individuals are identified for contribution-gap analysis, their accrued leave balances be pulled in the same exercise. Mr. Herbold recalled that the prior task force had asked university systems to examine employees separating with more than 200 hours and to cost an additional 100 hours of sick leave payout for ORP participants; members were uncertain whether those figures were ever delivered.

- A member raised whether an employer match above 8 percent could be permitted. Another member noted that where employees may choose between a defined benefit and a defined contribution plan, contribution rates must be equivalent to avoid federal qualification problems.

Meeting Cadence

- The task force settled on a two-hour meeting length, which members agreed matches the pace of the work.
- The next meeting will take up the report from Mr. Herbold, Mr. Roche, and Ms. Bentley-Smith on data availability and modeling approach as a separate agenda item, and will begin Study Item (6), review of employer contribution rates. Members were also asked to identify which items should be addressed first in case time runs short.
- The Chair invited members to communicate with him and with one another between meetings rather than hold questions, ideas, or obstacles until the next convening.

IX. Public Comment

The Chair called for public comment. None was offered.

X. Adjournment

There being no further business, Chair Davis motioned to adjourn. The motion carried without objection, and the meeting was adjourned at 4:14 p.m.