State of Louisiana
Office of the Commissioner

Jeff Landry
Governor

Taylor F. Barras
Commissioner of Administration

Division of Administration
P.O. Box 94095
Baton Rouge, Louisiana 70804-9095
Phone (225) 342-7000
Fax (225) 342-1057

MINUTES

OPTIONAL RETIREMENT PLAN (ORP) TASK FORCE

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

July 28, 2026
9:00 AM – 11:07 AM
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
Bonnie Hymel	Louisiana State University Board of Supervisors
Laura Lapeze	Department of Revenue
Mark McLean	Board of Regents
Dr. Robyn Merrick	Southern University Board of Supervisors
Dr. Jeannine O'Rourke	University of Louisiana System
Carrie Robison	Board of Regents
Trey Roche	Teachers' Retirement System of Louisiana
Dr. Hak Chul Shin	Southern University Board of Supervisors
Dr. Parampreet Singh	Louisiana State University Board of Supervisors
T. Bernette Taylor	Southern University Board of Supervisors

Also present: Commissioner Barras and Division of Administration staff: Connor Boldt, Angela McColloch, Colleen Gill

III. Opening Remarks from Commissioner of Administration Taylor F. Barras

Not every task force produces the results the legislature expects; members should not become fixed on any single study item.

Some action items will be attainable, and others will carry a significant price tag. Where an item carries a cost, the task force should present that cost with an explanation rather than decline addressing the item.

A central concern is disclosure and timing: employees should learn their options at intervals during their career. Members who served on prior task forces should draw on that work rather than rediscover it. The Division of Administration will provide staff support.

IV. Election of Task Force Chair

Commissioner Barras opened the floor for nominations. Roger Husser nominated Randy Davis, Assistant Commissioner of Statewide Services.

The nomination of Randy Davis as Chair was moved and seconded by Dr. Jeannine O'Rourke. Mr. Davis was elected Chair. Gena Doucet was nominated Bonnie Hymel to be Vice Chair. The motion passed without objection.

Chair Davis described his role as facilitating the discussion and process, noted that he had reviewed the prior task force report and the resolution, and confirmed the reporting deadline of January 12, 2027.

V. Overview of House Resolution No. 352 of the 2026 Regular Legislative Session

Mr. Roche of the Teachers' Retirement System of Louisiana (TRSL) framed the overview by asking what the task force seeks from each of the ten study items, observing that Item (1) alone could constitute an entire study. Mr. Herbold of the Legislative Auditor's office concurred that Item (1) is drafted too broadly to permit a useful estimate of cost or issues without a more specific statement of what is expected.

Approach adopted for this meeting:

- Move through each of the ten study items in order, spending roughly five minutes on each to identify which warrant further treatment.
- For the final report, group the items by ease of accomplishment and fiscal impact rather than by the order in the resolution.

- This task force will present the legislature with a range of options rather than a single recommendation, and pricing even unaffordable items has value because it quantifies the disparity between the plans.

Members cautioned against staking recommendations on Item (1) alone: if it proves unaffordable, the opportunity to advance smaller attainable measures will have been lost. A member recalled that a prior bill was narrowed in House Appropriations because of its fiscal note, with the sponsor carving out the costly portion so the remainder could advance.

VI. Discussion of Action Steps

The task force reviewed each of the ten study items enumerated in HR 352, then turned to next steps. No votes were taken, and no recommendations were adopted on any study item. The key discussion points for each study item are outlined below.

(1) Pension service credit for long-term ORP participants

- Members who transferred to TRSL retain their full ORP balances; the question is whether they receive defined benefit service credit for years in which no TRSL employer contribution was made to the defined benefit plan on their behalf. Under current law, credit begins at the point of the transfer.
- Purchase cost is calculated on the member’s highest five years of salary, not historical earnings, because the benefit purchased is a TRSL final-average-compensation benefit. Members noted this is not widely understood.
- The one-year window for long-term members to enter the defined benefit plan has closed. If credit is granted, the window would have to be reopened or only members who have already transferred would benefit.
- Mr. Herbold advised that a complete analysis is likely not achievable by January: TRSL does not track ORP service as it does defined benefit service; actual service for all ORP participants is the central data gap. Mr. Roche reported TRSL is assembling data on roughly 5,000 active participants and 1,200 who transferred, with approximately 12,000 no longer active. He noted the TRSL actuary cannot begin review before October or November.
- Mr. Husser responded that an order-of-magnitude estimate, expressly labeled with assumptions, would still be valuable in exposing the scale of the disparity between ORP and DB members.

(2) Hybrid or partial retirement benefit models

- Phased retirement was distinguished as a separate concept aimed at retaining institutional knowledge; it would not address ORP participants’ concerns.
- Mr. Herbold described hybrid designs in use elsewhere, including a smaller defined benefit paired with a defined contribution component and cash balance plans, which resemble a defined contribution account to the employee but keep investment and longevity risk with the system.

- On earnings limits: an ORP participant may access the account upon terminating employment, with no earnings cap; withdrawals must stop, and contributions resume only if the participant returns to a TRSL-eligible position.

(3) Alternatives to the five-year vesting requirement

- The concern is that an employee transitioning after a long ORP career must work five more years to vest, with no credit for prior ORP service. This item targets employees who cannot or will not extend their service by five years.
- Mr. Roche advised he is aware of no retirement system that allows leave to be used to attain eligibility; leave is typically credited only for benefit computation after eligibility is established.
- Mr. Herbold offered a preliminary view — expressly not an actuarial conclusion — that granting past service for eligibility and vesting only, as distinct from increasing the benefit amount, would not carry significant cost.
- Current law requires five years of service and attainment of age 62, so an employee joining at age 57 must wait until age 62 regardless.

(4) Equitable treatment of accrued leave

- Under LASERS, unused sick and annual leave convert automatically to service credit at no cost. Under TRSL, only sick leave converts, capped at one year regardless of balance, by formula rather than actual balance; annual leave is lost entirely.
- Several members identified this as the clearest inequity among the ten items: a defined benefit participant receives a benefit for unused sick leave and an ORP participant receives none. Members noted that the current policy effectively encourages ORP employees to use leave they do not need.
- Members responded that the potential for abuse exists in both populations, that accrued leave is a component of total compensation, and that a rule under which one group receives a benefit and the other receives nothing is difficult to defend.
- Mr. Roche reported that the phased retirement task force in 2025 estimated the cost of an additional leave payout in the prior year, based on three years of retirement, salaries, and average balances. No recommendation resulted, but the figures may be retrievable.

(5) State tax exemption for transfers to alternative providers

- A Department of Revenue representative summarized a 2025 Louisiana Board of Tax Appeals decision involving LASERS, in which a taxpayer transferred DROP funds to a third-party individual retirement account. Applying the principle that tax exemptions must be clearly and unequivocally expressed in law and cannot be extended by implication, the Board held the distribution was not exempt once the approved State retirement program no longer made payments.
- Applied to the ORP provisions, the department advised there is no express language in law exempting a third-party payment from an optional plan, that it cannot extend the exemption by implication, and that a statutory amendment would be required.

- Mr. Roche confirmed the parallel treatment of TRSL DROP funds by stating that retained funds with a designated ORP provider receive the tax exemption, while funds transferred to an unaffiliated third-party account do not.

(6) Employer contribution rates and unfunded accrued liability (UAL) impacts

- Mr. Roche explained the historical basis for UAL payments on ORP salary: the ORP was created shortly after the constitutional actuarial funding requirement. The state elected to pay the UAL as a percentage of payroll. Counting the full payroll prevents shifting debt service from higher education to elementary and secondary education.
- Mr. Herbold added that the system is funded on a system-wide dollar basis rather than by attributing UAL shares to individuals, and characterized the allocation as a policy decision rather than an actuarial requirement. The legislature could pay the UAL from the general fund. While noting that any shift carries cost implications, Mr. Herbold states that ORP participants receive no benefit from the payment.
- A member observed the UAL rate has fallen from 22.2 percent in fiscal year 2019–2020 to 13.12 percent and asked whether the systems have sought to retain any of that savings for ORP participants. Members were unaware of any resolution to that effect and noted nine percentage points on more than a billion dollars of payroll is a significant sum.
- Boards may increase the employer contribution above the 6.2 percent statutory minimum by resolution without a change in law, but the reduction in the UAL rate has not been redirected to ORP accounts.
- Members recounted the rate history — approximately 7 percent for employees hired in the early 1990s, then a decline to roughly 5 percent, until legislation restored a 6.2 percent minimum, and recent legislation identifying 8 percent, which was made subject to appropriation and not funded. The southern regional average was cited as approximately 8.25 percent. Members characterized the gap between 8 percent and the rates employees actually received as an inequity they wanted to address in their report.

(7) Absence of Social Security coverage

- A comparison of peer university systems found Louisiana distinctive in that ORP participants receive no Social Security coverage, placing them behind peer institutions by roughly six or seven percentage points on total retirement benefits.
- Members clarified that the repeal of the federal offset provisions assists individuals who earned Social Security in other employment but is of no assistance to a participant who spent an entire career in the ORP.

(8) Identification of long-term participants and targeted remedies

- The item directs attention to participants with twenty or more years of service. Several task force members fall within this population.

(9) Review of prior task force findings

- The Chair reported that the prior task force report appeared oriented more toward recruitment competitiveness than toward the disparities now under review. The task force agreed to revisit those recommendations and carry forward those that retain merit.

(10) Irrevocable election and intermittent service

- Members described affected populations: researchers and post-doctoral appointees not eligible for TRSL at hire who are placed in the ORP and cannot later convert; international scholars with limited information who leave the country after a few years; and an employee who worked one year and couldn't change their ORP election when returning to teach.
- Mr. Roche recommended that service credit under Item (1) not be limited to long-term participants. He also recommended that any remedy be framed by years of service attained rather than by service as of a fixed date, since employees entering the ORP today will be long-term participants in thirty years.
- Other members responded that the resolution targets thirty-plus-year participants who never had an option, and that the prior task force's measures — the extended window and the 8 percent rate — deliver little value to an employee with two or three years remaining.
- Members discussed the ORP's continuing value: portability, the absence of long-term pension liability for the employer, and recruitment value for faculty awaiting tenure and for senior researchers recruited late in a career. Of members eligible to transfer when the window was open, approximately 20 percent transferred to the ORP; Mr. Roche cautioned against inferring that the remaining 80 percent preferred the ORP, since many did not expect to work full-time five more years. Members concluded the objective is a functional and equitable ORP for those who choose it because it best meets their needs.

VII. Public Comment

The Chair called for public comment. None was offered.

VIII. Adjournment

There being no further business, Ms. Doucet made a motion to adjourn, and Mr. Husser seconded. The motion carried without objection, and Chair Davis adjourned the meeting at 11:07 a.m.