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MINUTES

OPTIONAL RETIREMENT PLAN (ORP) TASK FORCE

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

September 22, 2026

2:00 PM

Thomas Jefferson Room – 136C
1201 North 3rd Street, Baton Rouge, LA 70802

Members Present	Appointing Authority
Randy Davis	Division of Administration
Roger Husser	Division of Administration
Daniel Tirone	Louisiana State University Board of Supervisors
Trey Roche	Teachers' Retirement System of Louisiana
Kenny Herbold	Louisiana Legislative Auditor
Philip Auter	Louisiana House of Representatives
Mark McLean	Board of Regents
Laura Lapeze	Department of Revenue
Sheantel I. Baker	Louisiana State University Board of Supervisors
Dr. Parampreet Singh	Louisiana State University Board of Supervisors
Paul Favaloro	Louisiana House of Representatives

Also present: Division of Administration staff: Connor Boldt and Angela McCulloch

I. Call to Order

Chair Randy Davis presided and called the fifth meeting of the Optional Retirement Plan (ORP) Task Force to order at 2:05 PM.

II. Roll Call

Connor Boldt called the role and a quorum was announced present

III. Approval of the Minutes from the September 8, 2026 Meeting

A motion was made to approve the minutes of the September 8, 2026 meeting. During the discussion, Dr. Singh stated that his name was misspelled. The Chair stated that the correction would be made. A motion was made by Dr. Singh and seconded by Mr. McLean to adopt the minutes as amended. The motion carried without objection.

Amendment of the Agenda

Mr. Roche moved to amend the agenda to take up Item VII, Public Comment, ahead of Item IV. The motion was seconded by Mr. McLean and carried without objection, and the agenda was amended accordingly.

VII. Public Comment

The Chair called for public comment. None was offered.

IV. Presentation of Draft Legislative Instrument for ORP Accrued-Leave Parity

The Chair introduced Mr. Jeff Mayne, an LSU employee and ORP participant, who had prepared a draft proposal and legislative instrument that was distributed to members before the meeting. The Chair explained that the proposal relates to Item No. 4 of House Resolution No. 352 and of the study item matrix, which addresses the treatment of unused leave for ORP participants, and that it is one of what are expected to be multiple potential recommendations for that item.

Mr. Mayne stated that he currently serves as a director at LSU's Academy of Counter-Terrorist Education and previously served as chief of law enforcement for the Louisiana Department of Wildlife and Fisheries and, for approximately ten to twelve years, as that department's legislative liaison. He explained that he began examining the issue after employees raised concerns with him and that he approached the proposal by identifying every difference between the treatment of ORP participants and defined benefit members that the participants could claim, and every statute that would need to be amended to equalize that treatment.

Under the proposal, leave remaining after the leave payouts ORP participants currently receive would be paid to a qualifying participant at separation as a severance compensation payment, valued at the actuarial present value of the benefit a defined benefit member would receive by converting the same leave. Eligibility would follow the same qualifications that apply to retirement under the defined benefit plan. As an illustration, Mr. Mayne stated that an employee earning \$100,000 at age 60 with 30 years of service and approximately 1,000 hours of leave remaining after payout would receive approximately \$17,000, and that the amount would be approximately \$18,000 at a 6.25 percent discount rate and approximately \$15,000 at an 8.25 percent discount rate. He noted that his figures relied on average assumptions because he did not have actuarial data on the number of retirees.

Mr. Mayne stated that the payment would be made by the employing institution from salary funds that remain budgeted for the balance of the fiscal year after the employee separates, with the Division of Administration able to adjust budgets if an institution lacks sufficient funds. He suggested reviewing the leave balances of ORP participants who retired over the last five years against the salary budget that remained in those years to test whether institutions would need additional appropriations. He stated that treating the payment as compensation rather than as a retirement benefit would avoid creating unfunded accrued liability, would avoid the two-thirds vote required for retirement legislation with a cost, and would place the bill before the education committee rather than the retirement committee. He noted that the draft identifies the constitutional considerations associated with the legislation, and that it also addresses a state income tax provision that could be removed from the proposal, since that provision would require a different committee referral.

Mr. Mayne recommended against limiting the benefit to 1,000 hours, stating that an hour limit would create inequities among ORP participants, and suggested that a dollar limit be used instead if cost is the concern. Ms. Baker asked why an hour limit would be inequitable when TRSL defined benefit members receive no more than one year of service credit for unused leave. Mr. Mayne responded that other retirement systems allow all accrued hours to be converted to service credit.

Ms. Baker asked about the treatment of highly compensated employees under a dollar limit and noted that, under LSU policy, employees below a minimum length of service do not receive a sick leave payment at retirement. Mr. Mayne responded that the eligibility rules would be identical to those of the defined benefit plan.

Mr. Roche asked about the proposal's reference to the equivalent nonmember-funded compensation. He explained that the ability to convert up to one year of leave to service credit is included in the normal cost of the defined benefit plan and is funded by both the employee and the employer over the member's working career, and that higher education employees currently fund the majority of the normal cost. He added that this is why members who transferred from the ORP to the defined benefit plan cannot convert leave accrued before they joined, because neither they nor their employer had paid the cost of that conversion before the transfer.

In response to a question about why ORP participants do not accrue the same conversion value, Mr. Roche explained that, until 2014, employers paid the normal cost of the defined benefit plan into participants' ORP accounts rather than to TRSL. Because TRSL retained none of those funds, no funding exists for converting leave earned while a member participated in the ORP. Mr. Mayne responded that both groups earn leave at the same rate.

Mr. Husser stated that, having supervised employees for most of a long career, he has relied on the ability to accumulate leave as an incentive for employees to come to work, and that for ORP participants, the current rules operate as a disincentive. He described the leave issue as the clearest inequity among the ten study items. He noted that the draft refers to public postsecondary employees, although a small number of ORP participants are employed outside higher education, and that members who transferred to the defined benefit plan under Act 109 should also benefit from any remedy, since leave they accrued before transferring cannot be converted. Mr. Mayne suggested that a separate section be added to the legislation to address transferees.

Another member stated that, however accurate the actuarial calculations may be, the inequity may lie in how the costs are structured and in how ORP participants share in them, and that the task force should examine that question.

A member asked whether the proposal would affect nine-month and twelve-month employees differently. Mr. Roche explained that the formula TRSL uses to convert leave already accounts for the different leave accrual of nine, ten, eleven, and twelve month appointments. Members noted that applying the same

formula to ORP participants would preserve that treatment and asked that the formula be examined further if the proposal is pursued.

The Chair stated that the legislature may ultimately choose among several recommendations for an item based on cost, and that the form of any cap would be addressed if the task force pursues the proposal.

Mr. Roche then offered a general comment on the proposals and discussions before the task force. He stated that the ORP and the defined benefit plan are different but not necessarily inequitable, because they fund two different types of benefits, and that the statutory purpose of the ORP is to provide maximum portability. He noted that in the last year, seven TRSL members with more than 20 years of service took refunds and received only their employee contributions, whereas ORP participants who leave receive their employee and employer contributions and earnings. He reported that approximately 31,000 employees have participated in the ORP and approximately 18,000 still hold accounts, and stated that the funding of ongoing benefits is the same for employees and employers under both plans.

Mr. Auter stated that ORP participants should never have contributed toward the unfunded accrued liability of the defined benefit plan. Mr. Roche responded that the claim was raised in litigation and was rejected by the court, that the unfunded accrued liability payments did not reduce ORP participants' contributions, and that the ORP employer contribution declined because the normal cost of the defined benefit plan declined as a result of plan changes and a change in actuarial cost method.

There was no further discussion on this item.

V. Reports on ORP Participants by Duration from the Board of Regents

The Chair noted that Ms. Robinson was not present and that the Board of Regents report, which shows active ORP participants by years of participation, had been distributed by email and included in the meeting packet. The report shows approximately 1,727 participants with 20 or more years. The Chair stated that staff had asked whether the Board of Regents could stratify that group further and was told that the data was not available.

Mr. Roche reported that TRSL is writing the scripts to pull its own data and will be able to stratify that group through 35 or more years. He stated that TRSL's last count showed a little under 5,000 active ORP participants, that the Board of Regents figures appear not to include the approximately 1,300 members who transferred to the defined benefit plan under Act 109, and that the TRSL data will include both groups. No action was taken on the item.

VI. Potential Recommendations for HR 352 Ten Study Items

The Chair stated that, although data is still being developed, the task force should begin articulating potential recommendations, even in preliminary form and before costs are known, so that it does not fall behind schedule. He shared a list of ideas he had drafted earlier for discussion purposes:

- Increase the default contribution rate for ORP accounts to the median default contribution rate reported by the National Association of State Retirement Administrators.
- Apply prior years of ORP service toward defined benefit plan vesting requirements.
- Convert unused leave to service credit, provide payment for unused leave, or both.
- Exempt from state income tax retirement distributions transferred to alternative providers, noting that this may not be possible under the state's existing agreements.
- Provide more frequent opportunities to transfer from the ORP to the defined benefit plan, including allowing transfer during the first ten years of service with service credit actuarially

adjusted for the value of the ORP account, and noting the TRSL one-year limit on the application of leave toward service credit.

- Allow employee and employer ORP funds to be used to purchase service credit in the defined benefit plan.
- Determine how many ORP participants have more than 20 years of service.
- Allow ORP participants who return after a break in service to participate in the defined benefit plan.

A member noted that Item No. 1 addresses long-term participants and that the data identified in the matrix may be the only way to answer it. The Chair responded that articulating the question and the intended recommendation first would clarify which data is needed, rather than waiting for the analysis and then attempting to interpret it.

Mr. Herbold stated that much of the comparison is a retrospective review of the benefits a long-term participant receives compared with a defined benefit member, but that the choice made at the start of a career carried a value that is difficult to quantify, including portability and the absence from the ORP of the disability and death benefits provided by the defined benefit plan. He compared that value to insurance coverage that provides protection even when no claim is made. He cautioned that offering participants a new option late in a career raises adverse selection concerns, and stated that as a nonvoting member his role is to identify considerations rather than to make the policy decision.

Mr. Tirone stated that the 6.2 percent minimum addressed the contribution issue prospectively, and that the resolution's focus is on long-term participants who contributed before that change and are nearing retirement. He explained that before the minimum was set, the ORP contribution declined as the normal cost of the defined benefit plan declined, while the defined benefit did not change, and that this difference is quantifiable. He suggested two possible forms of remedy: a cash payment making up the difference, adjusted for inflation and investment returns, or a one-time election for that class of participants to join the defined benefit plan, which would limit long-term adverse selection.

Mr. Auter stated that participants who elected the ORP in the early 1990s signed an irrevocability clause but were never informed that the employer contribution could be reduced, and that the reduction was never replenished. Mr. Herbold responded that the contribution was tied to the normal cost of the defined benefit plan rather than diverted to the unfunded accrued liability, that a large part of the unfunded accrued liability resulted from prior legislatures contributing less than the interest accruing on existing debt, and that spreading the unfunded accrued liability across payroll is a policy choice. Mr. Auter responded that the court has addressed the legality of the arrangement and that the task force's charge is to consider fairness.

Mr. Tirone asked whether the magnitude could be estimated in the aggregate by comparing total employer contributions to ORP accounts in each year against a 6.2 percent or 8 percent baseline, which could reduce the data burden. Mr. Herbold stated that he would consider that approach once he sees the data. Mr. Roche reported that TRSL has the actual employer contribution rate for each year and is pulling monthly contribution data for each participant, which will allow contributions and salaries to be derived. In response to a question from a member, Mr. Roche stated that this data will be more detailed than the fiscal year-end reports certified by employer payroll offices.

Mr. Herbold cautioned that remedies limited to a defined group and window have a limited cost, but that the cost grows substantially if they are later expanded, and that the task force should consider whether its recommendations leave current participants in a position to raise the same claim in the future. He noted that this relates to Item No. 9, consideration of the prior task force's recommendations.

Process for developing recommendations

A member suggested addressing the less complex items first. Another member stated that, based on the discussion at the September 8, 2026 meeting, Item No. 5 (tax treatment) and Item No. 7 (Social Security) appeared unlikely to produce an achievable recommendation, Item No. 8 duplicates Item No. 1, the principal prior recommendation under Item No. 9 (an 8 percent employer contribution rate) has already been adopted as legislative intent, and Item No. 10 remained an open question, leaving approximately five items on which to focus.

The Chair proposed, and members agreed, that staff will send members a form requesting proposed recommendations for the study items. Staff will compile and summarize the responses so that the task force can decide which recommendations to pursue, combine, or set aside, and can refine its data requests to the actuaries and TRSL accordingly.

VIII. New Business

The Chair called for new business. None was offered.

IX. Adjournment

There being no further business, a motion was made by Ms. Baker and seconded by Mr. Tirone to adjourn. The motion carried without objection and the meeting was adjourned at 3:43 PM.