



CONSTITUTIONAL AMENDMENT 3

On the ballot *May 16*



Agenda

- What to know about Constitutional Amendment 3
- How your retirement plan works
- Understanding the unfunded accrued liability (UAL)
- A deeper dive into Constitutional Amendment 3



What to know about Constitutional Amendment 3

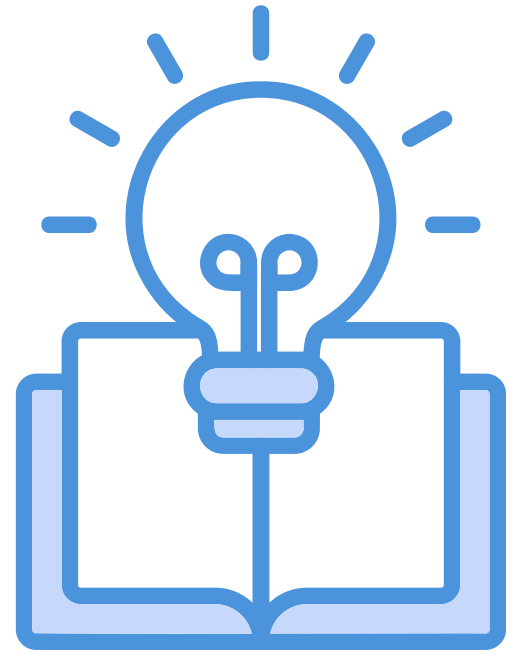
Issue: Proposes to make a one-time payment to TRSL's unfunded accrued liability (UAL) as a way to permanently fund certificated and non-certificated personnel pay increases. The payment would lower the contribution rate that employers pay and create savings for them.

Ballot language: *Do you support an amendment to fund a \$2,250 teacher pay raise and \$1,125 support staff pay raise by utilizing the remaining savings from paying down the debt of the Teachers' Retirement System of Louisiana with monies from certain constitutional funds?*

Statewide election date: Saturday, May 16

Early voting dates: Saturday, May 2 – Saturday, May 9 (excluding Sunday)





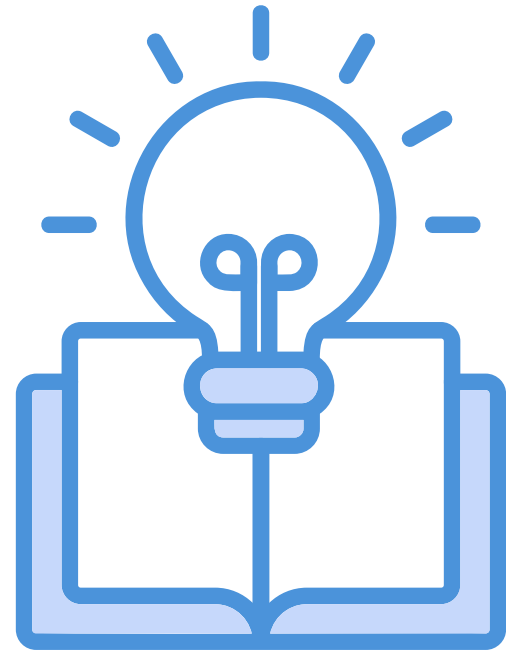
How your retirement plan works

TRSL is a defined benefit (DB) retirement plan.

With a DB retirement, you have a guaranteed lifetime benefit that is calculated using a formula set in state law:

$$\begin{array}{c} \text{Years of Service} \\ \times \\ \text{Final Average Compensation (FAC)} \\ \times \\ \text{Benefit Factor (typically 2.5\%)} \end{array}$$

Not a 401(k): TRSL benefits are not determined by the amount of contributions made to a retirement account or the balance in an account as is done with a defined contribution (DC) retirement plan.



How your retirement plan works

How are TRSL retirement benefits funded?

The TRSL retirement plan is funded from three sources:

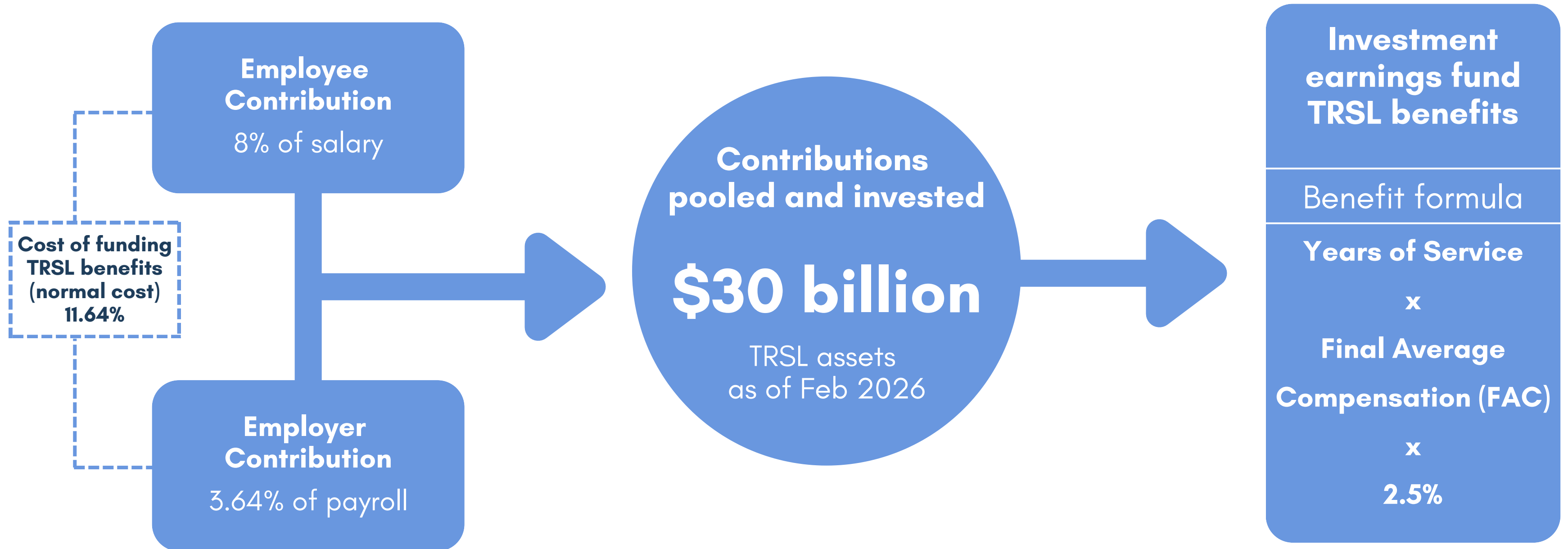
- 1 Employee Contributions
- 2 Employer Contributions
- 3 Investment Earnings

The retirement system invests employee and employer contributions, and retirement benefits are paid from TRSL investment earnings.

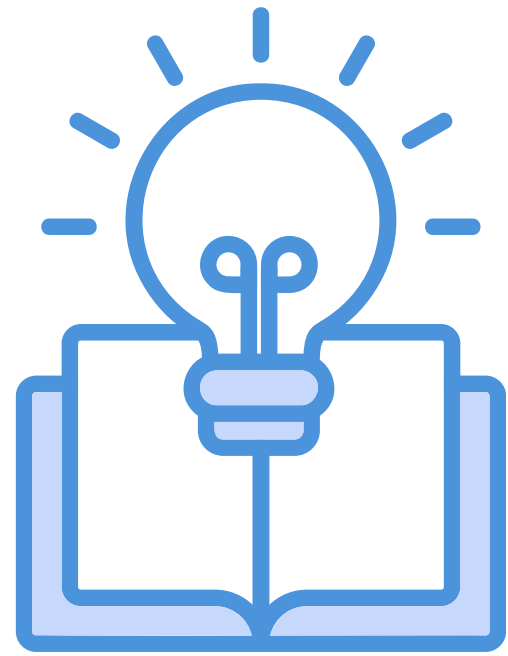
Most employees contribute 8% of every paycheck toward their retirements. This rate is set in statute.

Their employers contribute a percentage of payroll for this purpose as well. The employer rate is determined annually.

How does your retirement plan work?



Funding requirements for FY 2026-27



How your retirement plan works






How are employer contributions calculated?

The employer contribution is calculated annually and is made up of four parts:

- 1 the cost of funding your TRSL benefit (normal cost)
- 2 the shared payment for the unfunded accrued liability (UAL)
- 3 a percentage rate to fund retiree cost-of-living increases
- 4 the non investment-related administrative expenses of the system

By the numbers

FY 2026-27 Employer Contribution Rate (K-12)

Employer Normal Cost	TRSL Admin Expenses	Shared UAL Payment	Retiree COLA	Total Employer Contribution
3.64%	0.35%	13.12%	2.00%	19.11%
				
This percentage plus employee contribution (8% of salary) fund the TRSL benefit.	This percentage funds the non investment-related expenses of TRSL.	This percentage pays down the UAL.	This percentage funds future cost-of-living increases for eligible retirees.	This percentage is the sum of all components of the annual employer contribution rate



Understanding the UAL

What is the UAL?

- The UAL is debt owed by the State of Louisiana to TRSL. A portion of the UAL exists because TRSL was underfunded from its beginning in 1936.
- Since the late 1980s, the system has been actuarially funded--meaning its funding needs are based on what is needed today to pay for benefits due in the future.
- TRSL's actuary determines funding needs based on the system's past experience and assumptions about future events, e.g. investment performance, retirement rates, mortality rates, salary increases, inflation, etc.
- Each year, the system can exceed or fall short of its actuarial assumptions, resulting in an increase or decrease of the UAL.
- As of June 30, 2025, the total UAL balance is \$7.1 billion.



Understanding the UAL

Who pays for the UAL?

- The state has chosen to pay the UAL through employer contributions to TRSL as a percentage of payroll.
- These employer payments are made according to a payment plan (debt schedules) based upon when the debt was created.
- All employers that participate in TRSL share in the payment of this debt.
- As mentioned earlier, the shared payment to the UAL is one component of the annual employer contribution rate, and the total employer contribution rate is paid as a percentage of payroll.

NOW...

**Let's talk
Constitutional
Amendment 3**

About the education trust funds

- The three constitutionally protected education trust funds are the Education Excellence Fund, the Louisiana Education Quality Trust Fund, and the Louisiana Quality Education Support Fund.
- They have a balance of approximately \$2.3 billion.
- The investment earnings from these trusts support certain educational programs in K-12 and higher education.
- The Legislative Fiscal Office reports that the amount appropriated in FY 2024 from these trusts was \$68 million.

NOW...

Let's talk Constitutional Amendment 3

About the education trust funds

- The Education Excellence Fund supports education activities/programs in public and private K-12 schools.
- The Louisiana Education Quality Trust Fund and the Louisiana Quality Education Support Fund (8g) support educational initiatives in public and private K-12 and higher education as outlined in the state constitution.
 - **K-12:** Quality learning materials/technology; programs promoting academic achievement and vo-tech skills; remediation and preschool programs; foreign language education; scholarships/stipends for prospective teachers in vo-tech or critical shortage areas
 - **Higher ed:** Research at public/private universities; endowed chairs; enhancements to promote quality academic/research; graduate student recruitment

NOW...

**Let's talk
Constitutional
Amendment 3**

Impact on TRSL

- Constitutional Amendment 3 would liquidate the education trusts and apply the money to TRSL's oldest debt.
- The one-time debt payment would reduce the total UAL and pay off the oldest debt schedules early.
- It would also increase TRSL's assets.
- It would not reduce current benefits of retirees or the future benefits of actively working members.

NOW...






**Let's talk
Constitutional
Amendment 3**

Impact on employers

- The one-time payment to the UAL would do the following:
 - Reduce the total UAL
 - Lower the annual employer payments to the UAL
 - Create savings for employers
- K-12 employers would be required to use the savings from the reduced contribution rate to fund permanent salary increases of \$2,250 for certificated personnel and \$1,125 for non-certificated personnel.

By the numbers






FY 2026-27 Employer Contribution Rate (K-12)

Employer Normal Cost	TRSL Admin Expenses	Shared UAL Payment	Retiree COLA	Total Employer Contribution
3.64%	0.35%	13.12%	2.00%	19.11%
				
This percentage plus employee contribution (8% of salary) fund the accruing benefit.	This percentage funds the non investment-related expenses of TRSL.	This percentage pays down the UAL.	This percentage funds future cost-of-living increases for eligible retirees.	This percentage is the sum of all components of the annual employer contribution rate

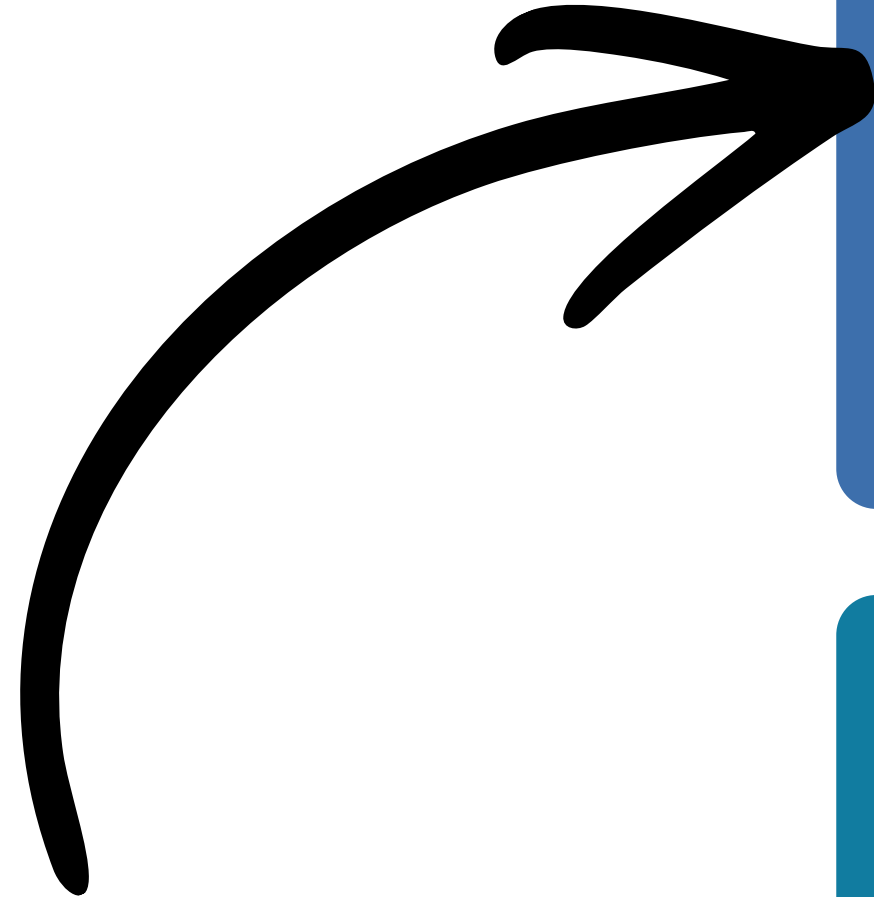
By the numbers...

If Constitutional Amendment 3 passes
and TRSL receives \$2.3 billion UAL payment

FY 2026-27 Employer Contribution Rate (K-12)

Employer Normal Cost	TRSL Admin Expenses	Shared UAL Payment	Retiree COLA	Total Employer Contribution
3.64%	0.35%	8.09%	2.00%	14.08%
				
This percentage plus employee contribution (8% of salary) fund the accruing benefit.	This percentage funds the non investment-related expenses of TRSL.	This percentage pays down the UAL.	This percentage funds future cost-of-living increases for eligible retirees.	This percentage is the sum of all components of the annual employer contribution rate

By the numbers



These savings dollars would fund permanent pay raises.

**\$225
Million**

K-12 savings
in FY 2026-27

**\$2.5
Billion**

K-12 savings
through FY 2040

**\$81
Million**

Higher Ed savings
in FY 2026-27

**\$1.1
Billion**

Long-term
interest savings

If Constitutional Amendment 3 passes and TRSL receives \$2.3 billion UAL payment.

NOW...

Let's talk Constitutional Amendment 3

Impact on employers (cont.)

If Constitutional Amendment 3 passes...

- The Legislature must provide funding to cover the cost of pay increases for any K-12 employer that does not have sufficient savings to cover the cost.
- K-12 employers with savings that exceed the cost of the pay raises must use the excess funds in the following areas: staffing in certain critical shortage areas/subjects; summer enrichment program staffing; early childhood education programs; school security enhancements; technology; and uniform pay increases, including related benefits.
- The permanent pay increase cannot replace/offset any salary increase or supplement already in place.

Constitutional Amendment 3 does not include a mandate for the use of savings by higher ed.

NOW...

**Let's talk
Constitutional
Amendment 3**

Additionally...

- Funding must be provided to cover the cost of pay increases at non TRSL-participating charter schools.
- Early Childhood Education Stability Fund established with \$11 million annual appropriation beginning July 1, 2026 to BESE/LDOE for early childhood education programs and initiatives. (Act 385 of 2025)

Summary

- Funds in the three education trusts will be used to pay down UAL and increase TRSL's assets.
- Early payment to the UAL will reduce annual payments for employers and create savings.
- K-12 employers must use savings to fund permanent certificated/non-certificated staff pay increases.
- Funding must be provided to cover the cost of pay increases for any K-12 employer that does not have sufficient savings to cover the cost.

Learn more

Find resources at
www.TRSL.org



TRSL & Constitutional Amendment 3: What you should know

In a May 16 statewide election, voters will decide whether to make changes to a portion of the state constitution. On the ballot, you'll see [Constitutional Amendment 3](#), which would directly affect TRSL.

It proposes making a one-time payment to TRSL's unfunded accrued liability (UAL) as a way to permanently fund teacher and school support staff pay increases.

Impact on TRSL

- The UAL is debt owed to TRSL by the state, which has chosen to pay annual contribution rate employers pay to TRSL.
- Constitutional Amendment 3 proposes to use the money in three education funds to permanently erase a portion of the UAL.
- The three funds are constitutionally protected and have approximately \$1.5 billion in assets. They are the **Education Excellence Fund**, the **Louisiana Education Quality Fund**, and the **Louisiana Quality Education Support Fund**. The money in these accounts is used to fund educational programs in K-12 and higher education.
- Voters will be asked to use the balance in these three funds to make a one-time payment to TRSL, which would lower the contribution rate employers pay to TRSL.
- Employers would be required to use the savings from the reduced contribution rate to fund permanent salary increases of \$2,250 for teachers and \$1,125 for support staff. These increases would be phased in over three years.
- Passage of Constitutional Amendment 3 would not change the employment of actively working TRSL members, nor would it increase monthly benefit payments.

TRSL Board of Trustees position on debt

At its April 2025 meeting, the TRSL Board of Trustees passed a motion to continue its efforts to ensure a sustainable retirement system for Louisiana's teachers and support staff by accelerating the payoff of the UAL debt schedules.

Projections show that the one-time payment, as designed through the constitutional amendment, would immediately reduce the annual employer retirement contributions by \$271 million (\$199 million for K-12 and \$72 million for higher education) with annual interest payments estimated at \$1 billion.



Frequently Asked Questions (FAQs)

What kind of retirement plan do I have?

TRSL is a defined benefit (DB) plan. TRSL members have a guaranteed lifetime benefit that is calculated using a formula set in state law:

$\text{years of service} \times \text{final average compensation (FAC)} \times \text{benefit factor (typically 2.5\%)}$

Unlike a 401(k) type retirement plan, a TRSL retirement benefit is **not** determined by the amount of contributions made to a retirement account **nor** the balance in an account.

How is my benefit funded?

The TRSL retirement plan is funded from three sources: **(1) employee contributions, (2) employer contributions, and (3) investment earnings**. The retirement system invests member and employer contributions, and retirement benefits are paid from TRSL investment earnings.

Most members contribute 8% of every paycheck toward their retirements. Their employers contribute a percentage of payroll for this purpose as well. The employer contribution is calculated annually and is made up of four parts: (1) the cost of funding the accruing benefit for all active employees, (2) the shared payment for the unfunded accrued liability (UAL), (3) a percentage rate to fund retiree cost-of-living increases, and (4) the non investment-related administrative expenses of the system.

Does TRSL have debt?

Yes, the unfunded accrued liability (UAL) is debt owed by the state to TRSL. The state has chosen to pay this debt through employer contributions remitted each year to TRSL. All employers that participate in TRSL share in the payment of this debt. As mentioned above, the shared payment to the UAL is one component of the annual employer contribution rate; and the total employer contribution rate is paid as a percentage of payroll.

How will Constitutional Amendment 3 provide pay raises?

If passed, the balance from the three education trust funds would be used to make a one-time payment to pay off a portion of the UAL, which will reduce future employer contribution payments. The funds generated as a result of the reduction in the employer contribution rate must be used to make permanent the salary increase teachers and support staff are receiving this year.

Will Constitutional Amendment 3 affect my retirement benefits?

No, it will not. Current and future TRSL retirement benefits will not be affected by the provisions in Constitutional Amendment 3.