



# About Constitutional Amendment 3

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***What to know about the proposal***

# What to know about Constitutional Amendment 3

**Issue:** Proposes to make a one-time payment to the UAL as a way to fund certificated and non-certificated personnel pay increases.

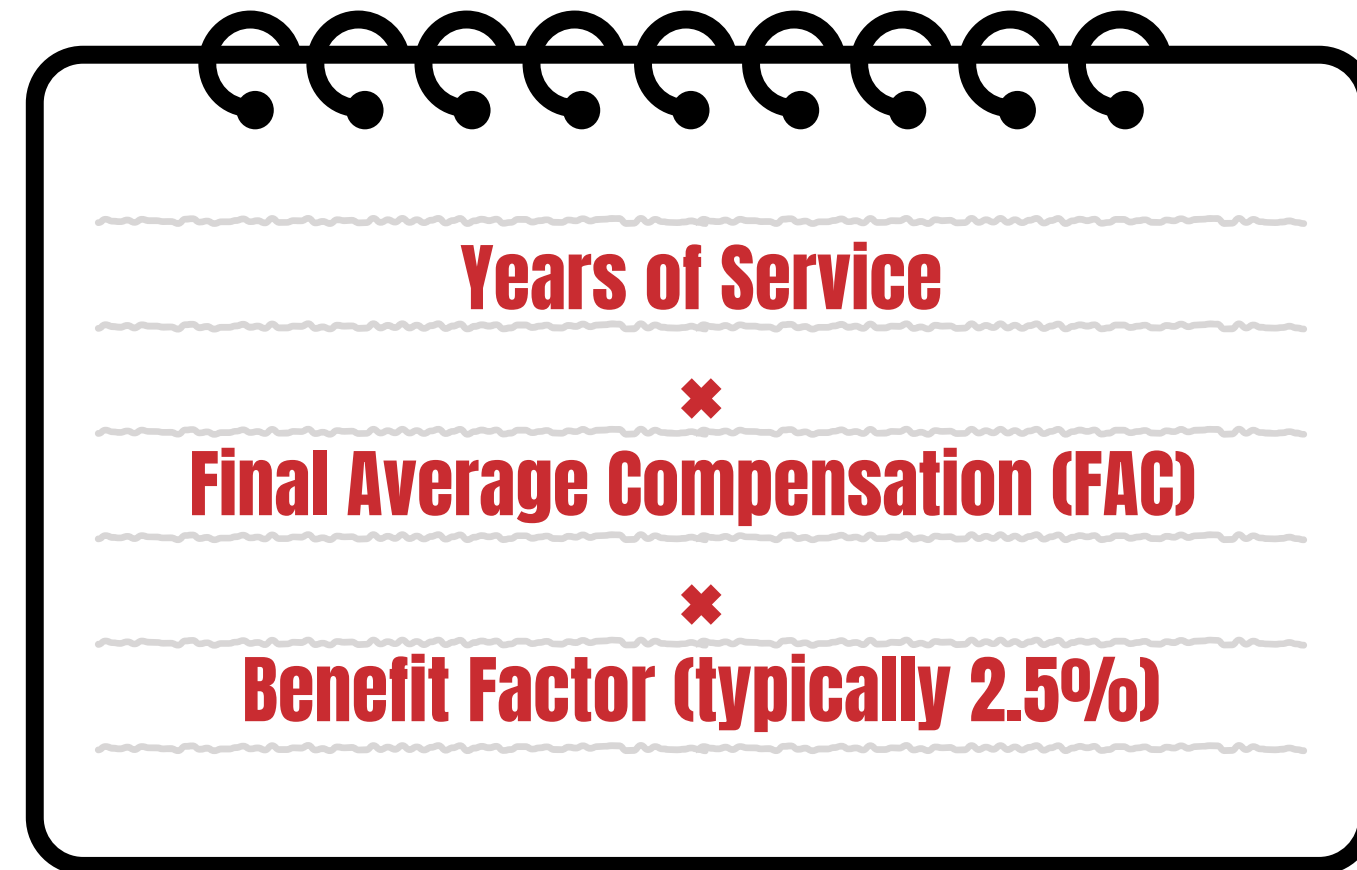
**Ballot language:** *Do you support an amendment to fund a \$2,250 teacher pay raise and \$1,125 support staff pay raise by utilizing the remaining savings from paying down the debt of the Teachers' Retirement System of Louisiana with monies from certain constitutional funds?*

**Statewide election date:** Saturday, May 16

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

## About TRSL

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



The graphic shows a spiral-bound notepad with a black border and a white background. The text is written in red, bold, sans-serif font. The formula is centered on the notepad and consists of three terms stacked vertically, separated by multiplication symbols (×). The terms are: "Years of Service", "Final Average Compensation (FAC)", and "Benefit Factor (typically 2.5%)".

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

**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.

# About TRSL: How are 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. Employers contribute a percentage of payroll for this purpose as well.

# About TRSL: More about employer contributions

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 (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 <b>plus</b> 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

## 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.

## 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.

## Impact on TRSL and Employers

- **Constitutional Amendment 3** proposes to use the money in three educational trust funds to erase a portion of the UAL.
- The three trust funds are constitutionally protected and have approximately \$2.3 billion in them. They are the Education Excellence Fund, the Louisiana Education Quality Trust Fund, and the Louisiana Quality Education Support Fund. The money in these trusts supports certain educational programs in K-12 and higher education.
- If passed, the one-time UAL payment would lower employer UAL payments and 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






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# 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%
				
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# 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.*

## Impact on employers (cont.'d)

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 can only 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.**

## **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 the 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 and 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.

# **TIMING: If constitutional amendment passes {tentative}**

<b>Week of May 25</b>	Treasury Department notifies TRSL of amount to be received from liquidation of trust funds
<b>Week of May 25</b>	TRSL actuary updates employer contribution rate
<b>May 29</b>	TRSL Board approves updated rate
<b>After TRSL Board approval</b>	PR SAC approves updated rate
<b>May 28 - 30</b>	Department of Education calculates savings and informs Legislature
<b>After PR SAC approval</b>	TRSL notifies employers of updated rate
<b>Week of June 1</b>	Legislative Session ends
<b>2026-27 school year</b>	Permanent pay raises become effective

