

SEPTEMBER 25, 2020

LEGISLATIVE APPROPRIATIONS REQUEST

TEACHER RETIREMENT SYSTEM OF TEXAS

FISCAL YEARS 2022 - 2023

Legislative Appropriations Request

For Fiscal Years 2022 and 2023

**Submitted to the
Office of the Governor, Budget Division,
and the Legislative Budget Board**

by

Teacher Retirement System of Texas

Board Members

Jarvis V. Hollingsworth (Chairman)
Nanette Sissney (Vice Chair)
Michael Ball
David Corpus
John Elliott
Christopher Moss
James Dick Nance
Robert H. Walls

Term Expires

August 31, 2023
August 31, 2023
August 31, 2025
August 31, 2025
August 31, 2021
August 31, 2021
August 31, 2023
August 31, 2025

Hometown

Missouri City
Whitesboro
Argyle
Humble
Austin
Lufkin
Hallettsville
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September 25, 2020

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323 Teacher Retirement System

September 25, 2020

Mr. Jerry McGinty, Director
Legislative Budget Board

Ms. Sarah Hicks, Director of Policy and Budget
Governor's Office

Dear Mr. McGinty and Ms. Hicks:

We are pleased to submit the legislative appropriations request (LAR) for the Teacher Retirement System (TRS) for the FY 2022-23 biennium. This request primarily represents funding needs for two programs that receive contributions from the state: the TRS Pension Trust Fund and TRS-Care, the Retired Public School Employees Group Insurance Program.

This LAR also includes a request for appropriations for the administrative operations of TRS. Texas Government Code §825.312 provides that the retirement system shall pay from the expense account of the retirement system all administrative expenses of the retirement system. Previous legislatures have chosen to fund TRS administrative operations from the TRS Pension Trust Fund, and the accompanying request continues that practice.

Total requested general revenue and general revenue-related funding for the FY 2022-23 biennium is \$6.0 billion.

By comparison, TRS will pay out in excess of \$35 billion in retiree benefit and health care payments to more than 430,000 retirement recipients and many health care providers, primarily in the State of Texas, over the same time period. These payments are a significant source of economic stimulus across the state. An economic analysis from 2019 concluded that TRS annuity payments alone generate an additional \$1.6 billion in annual tax revenues for both the state and local governments and support over 137,000 permanent jobs in Texas.

According to the policy letter dated August 18, 2020, along with information provided by your staff, the baseline request uses the state contribution rates under current law of 7.75% in FY 2022 and 8.0% in FY 2023 for the TRS Pension Trust Fund and 1.25% each year for TRS-Care. The request also incorporates projected covered salary growth of 3.0% per year for the retirement program and 2.0% per year for TRS-Care.

Response to the COVID-19 Crisis

Following stay-at-home orders, on March 19, 2020, TRS closed to the public. Since then, approximately 90% of the TRS workforce transitioned to full-time remote work. Currently, approximately 85% of TRS' staff remains remote. TRS will continue to monitor circumstances and is working toward achieving 25% occupancy as soon as is feasible. To protect our essential workers performing key functions onsite, such as security and mail processing, we have implemented enhanced cleaning protocols, social distancing, and mask policies. With these policies in place, TRS has continued to carry out business without interruption, including the critical processing of annuity payroll and payment of health benefits.

We are monitoring the impact of COVID-19 on the TRS-Care and TRS-ActiveCare trust fund balances. TRS-ActiveCare is the Texas School Employees Uniform Group

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Health Coverage program. Based on claims paid through the end of July 2020, there have been more than 6,000 confirmed cases of COVID-19 and an additional 21,000 suspected cases within the programs, representing approximately 5% of the TRS-ActiveCare and TRS-Care Standard enrollment.

The pandemic has renewed our focus on prioritizing the agency's strategic goals within our administrative operating budget. Given the uncertain economic environment, in FY 2020 we lapsed an estimated 15% of the pension administrative operating budget and in FY 2021 we plan to lapse 9% of our pension administrative budget, with lapsed amounts remaining within the TRS Pension Trust Fund. The savings are attributed to a hiring freeze through at least December 2020, limiting payroll increases including overtime and compensatory time, reductions in staff development and travel, and decreases in operating expenses. For the 2022-23 biennium, we are prioritizing funding for our most mission-critical areas, including continuing efforts to improve customer service and reduce investment fees, identify a solution for TRS' long-term facility needs, and key support function initiatives like deploying new IT infrastructure as a part of the TEAM program.

Criminal History Information

TRS contracts with the Department of Public Safety (DPS) to obtain criminal history information on candidates for FTE and contract positions, pursuant to Government Code §411.0971. Information is disclosed to only essential staff in the Organizational Excellence (human resources) division, the Director of Security, and if necessary, essential legal and executive staff. Once the use of the information is completed, the information is destroyed in an appropriate manner in accordance with the agreement.

Exempt Positions

Pursuant to Government Code §825.208, the Board of Trustees has the authority to determine the rate of pay of employees of the retirement system. TRS respectfully requests that current salaries for the following three positions listed in the General Appropriations Act (GAA) be revised to reflect the current not to exceed rates for those positions adopted by the TRS Board of Trustees, as listed below.

Executive Director	\$355,000
Chief Investment Officer	\$551,250
Deputy Chief Investment Officer	\$410,000

The remaining positions listed in the 2020-21 GAA are no longer in use by the agency. TRS recommends removal of these positions from the 2022-23 GAA.

Teacher Retirement System Pension Trust Fund

TRS is currently the sixth largest pension fund in the U.S. and is actively managed by a team of investment professionals whose long term, risk-adjusted returns have exceeded the benchmark by 0.2% over the past 20 years and have generated an estimated \$23.2 billion more than a purely passive strategy. The investment management function has undergone more than 100 audits and independent reviews over the past 6 years with no major findings. The TRS Pension Trust Fund ended FY 2019 with a market value of \$157.4 billion.

Senate Bill 12 by the 86th Legislature, Regular Session, substantially reduced the period of time necessary to amortize the trust's unfunded liability from 87 years in FY 2018 to 29 years in FY 2019. This bill, which included phased-in increases to state, employer, and member contribution rates over a six-year period and a supplemental annuity check, demonstrated the Legislature's commitment to the retirement security of TRS' members.

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TRS recognizes the current economic downturn has placed significant constraints on the state budget. However, to protect the funding progress achieved last session, it is critical that all parties contribute to TRS retirement according to the contribution rate structure established by Senate Bill 12. To fund current law, which requires state retirement contribution rates of 7.75% and 8.0% of covered payroll for fiscal years 2022 and 2023, respectively, the base request includes an All Funds increase of \$514.9 million over projected contributions for the 2020-21 biennium. This increase also assumes 3.0% annual covered payroll growth based on long-term demographic trends.

TRS-Care and TRS-ActiveCare

TRS-Care, the Retired Employees Group Insurance Program, currently receives state funding equal to 1.25% of active public school employee payroll per year. Our request includes \$39.5 million in additional General Revenue funding over current 2020-21 projected amounts to fund the 1.25% contribution, assuming annual covered payroll growth of 2.0%.

TRS does not anticipate that additional funding will be needed to maintain TRS-Care benefits at current levels through the 2022-23 biennium. This is a result of the additional \$236.3 million appropriated by the 86th Legislature to TRS-Care above statutorily required amounts and the re-procurement of major health administrator contracts, which will generate an estimated \$754 million in savings across both TRS-Care and TRS-ActiveCare in the next three to five years.

TRS is also responsible for the administration of TRS-ActiveCare. While this LAR does not include a request for TRS-ActiveCare, long-term plan affordability for members is an ongoing concern. The TRS Board of Trustees sets the total premiums to ensure adequate funding for benefits. Participating districts and the state then contribute a combined minimum of \$225 per employee per month to subsidize the total premium. While many districts contribute more, the minimum contribution has not increased since the program was created in 2001. As a result, employees pay a far greater share of the total premium and their medical costs today than when the program was created. In FY 2020, TRS estimates that employees paid for 46% of the total premium. Including cost sharing, employees paid for approximately 60% of their annual medical and pharmacy costs.

Administrative Operations

To adequately serve members and to prudently manage pension fund assets, TRS requests funding for Administrative Operations of \$143.8 million for FY 2022 and \$150.0 million for FY 2023. This request includes an additional 25 positions in the Investment Management Division that we believe are necessary to pursue appropriate, risk-adjusted investments.

The request for additional investment staff continues a multi-biennia initiative approved during the 86th legislative session to allow TRS to become a best-in-class investment management fund and reduce external manager fees by up to \$1.4 billion over a five- to ten-year period. The demand for private market investments from pension and sovereign wealth funds has dramatically increased. As a result, high quality and appropriately risk-adjusted investments are becoming harder to find in scale for the portfolio. Over the past five years, in order to maintain our competitive advantage, we have implemented a risk parity approach, launched a co-investment platform and pursued alternative investments including direct investing.

However, deploying additional capital in the future will take additional resources. As a result, our investment-focused headcount will need to increase. Doing so will allow us to reduce external management fees while preserving risk appropriate returns and will allow TRS to sustainably increase the likelihood of meeting return assumptions .

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Preliminary results of the first two years of this initiative indicate TRS is on target to achieve the estimated savings. During the calendar years 2018 and 2019, TRS achieved a savings of over \$110 million in external manager investment fees. Final performance for CY 2020 will be reported in April 2021.

TRS has faced ongoing challenges with meeting member demand for customer service. Through member surveys and current service data, TRS has identified unfulfilled demand for office visit appointments among members who live far from the Austin headquarters. To improve customer service to these members, TRS plans to allocate resources within the base request to open a pilot regional office in El Paso during the 2022-23 biennium. This pilot office will be small and TRS is researching options to utilize low-cost, state-owned facilities for office space. If data suggests the pilot office is valuable to TRS members and operating costs are reasonable, TRS will consider establishing additional regional offices during the 2024-25 biennium.

The Sunset Advisory Commission Staff Report, released in April 2020, further emphasized the importance of TRS' current goals to improve the member experience and strengthen the TRS Pension Trust Fund. This LAR does not include additional funding to implement the Sunset recommendations due to incomplete information on the costs of certain key recommendations, such as the cost to implement a parallel accounting system for investments which Sunset recommended TRS assess. Instead, TRS requests a new contingency rider granting the agency flexibility to spend additional pension trust funds above the base request for Sunset items once the analysis is complete and costs are known.

Additionally, TRS is currently in the process of developing a generational solution for office space, which would combine staff located at the current Red River and Congress locations back into one campus and provide organizational and cost-savings efficiencies. Our analysis has been complicated by the COVID-19 pandemic, which has caused us to re-examine our future space needs, taking into account the long-term expansion of remote work, layout requirements for social distancing, and changes in the commercial real estate market. The TRS Board is targeting to make a final decision on the solution by December 2020, or as soon as practicable, and will only move forward with that choice if it is in the fiduciary best interest of the fund.

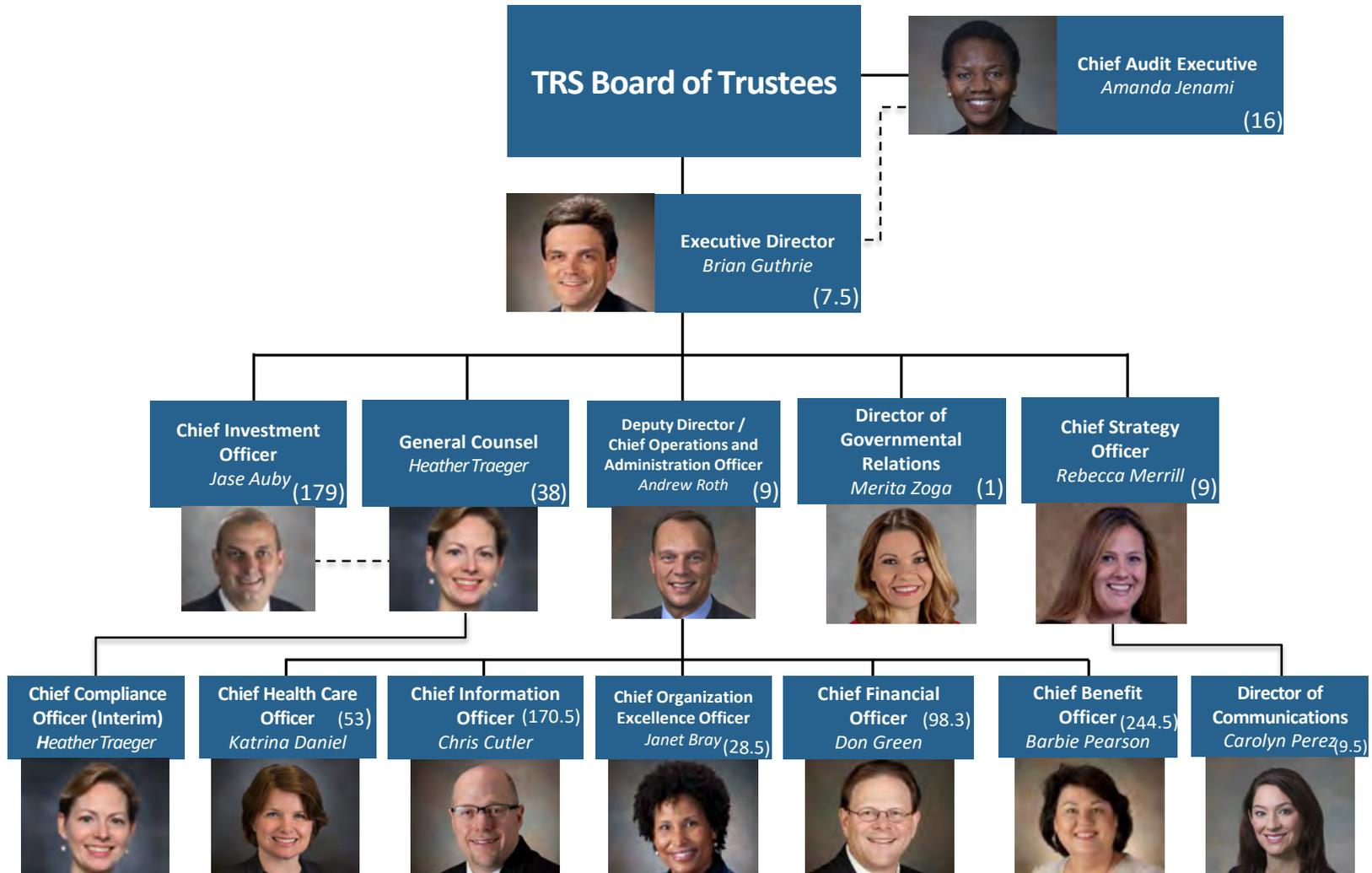
During an unprecedented time, this request prioritizes resources to meet the needs of our members and fulfill our fiduciary obligation to prudently manage our trust funds. Your consideration of these funding requests on behalf of the members of the Teacher Retirement System is greatly appreciated.

Sincerely,



Brian K. Guthrie
Executive Director

Teacher Retirement System of Texas FY 2021 Organizational Chart





CERTIFICATE

Agency Name **Teacher Retirement System**

This is to certify that the information contained in the agency Legislative Appropriations Request filed with the Legislative Budget Board (LBB) and the Governor's Office Budget Division (Governor's Office) is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the PDF file submitted via the LBB Document Submission application are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the Governor's Office will be notified in writing in accordance with Article IX, Section 7.01 (2020-21 GAA).

Chief Executive

Handwritten signature of Brian K. Guthrie in blue ink.

Signature

Brian K. Guthrie

Printed Name

Executive Director

Title

September 25, 2020

Date

Board Chair

Handwritten signature of Jarvis V. Hollingsworth in blue ink.

Signature

Jarvis V. Hollingsworth

Printed Name

Chair, Board of Trustees

Title

September 25, 2020

Date

Chief Financial Officer

Handwritten signature of Don Green in blue ink.

Signature

Don Green

Printed Name

Chief Financial Officer

Title

September 25, 2020

Date

Budget Overview - Biennial Amounts
87th Regular Session, Agency Submission, Version 1
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Appropriation Years: 2022-23

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS	
	2020-21	2022-23	2020-21	2022-23	2020-21	2022-23	2020-21	2022-23	2020-21	2022-23	2022-23	
Goal: 1. To Administer the System as an Employee Benefit Trust												
1.1.1. Trs - Public Education Retirement	3,545,648,472	4,534,427,989					524,000,000		4,069,648,472	4,534,427,989		
1.1.2. Trs - Higher Education Retirement	436,324,223	482,383,366	48,757,629	52,362,051			8,939,779	9,438,628	494,021,631	544,184,045		
1.1.3. Administrative Operations							272,494,976	288,052,507	272,494,976	288,052,507		5,746,000
1.2.1. Retiree Health - Statutory Funds	858,068,348	897,571,478							858,068,348	897,571,478		
1.3.1. Retiree Health - Supplemental Funds	236,277,314								236,277,314			
Total, Goal	5,076,318,357	5,914,382,833	48,757,629	52,362,051			805,434,755	297,491,135	5,930,510,741	6,264,236,019		5,746,000
Total, Agency	5,076,318,357	5,914,382,833	48,757,629	52,362,051			805,434,755	297,491,135	5,930,510,741	6,264,236,019		5,746,000
Total FTEs									758.3	758.3		25.0

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
1 To Administer the System as an Employee Benefit Trust					
1 <i>Sound Retirement System</i>					
1 TRS - PUBLIC EDUCATION RETIREMENT	1,742,135,614	2,004,752,942	2,064,895,530	2,197,737,143	2,336,690,846
2 TRS - HIGHER EDUCATION RETIREMENT	220,012,030	243,506,138	250,515,493	264,706,647	279,477,398
3 ADMINISTRATIVE OPERATIONS	124,452,773	134,146,974	138,348,002	142,142,462	145,910,045
4 TRS RETIREMENT-ADDITIONAL PAYMENT	589,000,000	0	0	0	0
2 <i>Health Care Program for Public Education Retirees Funded by Statute</i>					
1 RETIREE HEALTH - STATUTORY FUNDS	404,936,501	424,779,775	433,288,573	444,342,316	453,229,162
3 <i>Health care for Public Ed Retirees Funded by Supplemental State Funds</i>					
1 RETIREE HEALTH - SUPPLEMENTAL FUNDS	0	232,965,108	3,312,206	0	0
TOTAL, GOAL 1	\$3,080,536,918	\$3,040,150,937	\$2,890,359,804	\$3,048,928,568	\$3,215,307,451
TOTAL, AGENCY STRATEGY REQUEST	\$3,080,536,918	\$3,040,150,937	\$2,890,359,804	\$3,048,928,568	\$3,215,307,451

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$3,080,536,918	\$3,040,150,937	\$2,890,359,804	\$3,048,928,568	\$3,215,307,451
<u>METHOD OF FINANCING:</u>					
General Revenue Funds:					
1 General Revenue Fund	2,332,708,666	2,614,863,530	2,461,454,827	2,876,342,422	3,038,040,411
SUBTOTAL	\$2,332,708,666	\$2,614,863,530	\$2,461,454,827	\$2,876,342,422	\$3,038,040,411
General Revenue Dedicated Funds:					
770 Est. Other Educational & General	29,188,363	23,714,800	25,042,829	25,794,114	26,567,937
SUBTOTAL	\$29,188,363	\$23,714,800	\$25,042,829	\$25,794,114	\$26,567,937
Other Funds:					
599 Economic Stabilization Fund	589,000,000	263,000,000	261,000,000	0	0
960 TRS Trust Account Fund	129,639,889	138,572,607	142,862,148	146,792,032	150,699,103
SUBTOTAL	\$718,639,889	\$401,572,607	\$403,862,148	\$146,792,032	\$150,699,103
TOTAL, METHOD OF FINANCING	\$3,080,536,918	\$3,040,150,937	\$2,890,359,804	\$3,048,928,568	\$3,215,307,451

*Rider appropriations for the historical years are included in the strategy amounts.

2.B. Summary of Base Request by Method of Finance
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Agency code: **323** Agency name: **Teacher Retirement System**

METHOD OF FINANCING	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
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GENERAL REVENUE

1 General Revenue Fund

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2018-19 GAA)

\$2,379,334,790	\$0	\$0	\$0	\$0
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Comments: Matches 2018-19 GAA

Regular Appropriations from MOF Table (2020-21 GAA)

\$0	\$2,650,811,540	\$2,517,080,301	\$0	\$0
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Comments: Matches 2020-21 GAA

Regular Appropriations

\$0	\$0	\$0	\$2,876,342,422	\$3,038,040,411
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Comments: Regular Appropriations

RIDER APPROPRIATION

Article IX Sec. 18.57 (2020-21 GAA), Contingency for SB 1264

\$0	\$2,208,137	\$3,312,206	\$0	\$0
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Comments: Contingent TRS Care Funding for SB 1264.

TRANSFERS

2.B. Summary of Base Request by Method of Finance

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Agency code: 323		Agency name: Teacher Retirement System				
METHOD OF FINANCING		Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>GENERAL REVENUE</u>						
	Adjustment per Section 1575.201(b), Insurance Code	\$(8,931,338)	\$(5,628,587)	\$(15,662,642)	\$0	\$0
	Comments: Insurance Code Sec. 1575.201(b) requires TRS to collect premiums for retiree health care coverage above basic coverage and for covered dependents. Monthly draws are based on estimated appropriations and settled up each year end. FY2019 was estimated based on 3% growth in covered payroll while actual growth was 2.7%.(See FY 2019 Settle-up letter date 2/21/20)					
	Adjustment per Section 403.093(c), Government Code	\$(37,694,786)	\$(32,527,560)	\$(43,275,038)	\$0	\$0
	Comments: Government Code 403.093(c) requires CPA to transfer to TRS monthly amounts based on the estimated appropriation, settled up each year end with amounts owed based on actual active member payroll. The FY 2019 amount matches FY 2019 year-end settle up for state contributions to public education in the amount of \$(60,455,119) and higher education in the amount of \$22,760,332. The actual growth was 2.9% and 6.2% respectively. (See FY 2019 Settle-up letter date 2/21/20)					
TOTAL,	General Revenue Fund	\$2,332,708,666	\$2,614,863,530	\$2,461,454,827	\$2,876,342,422	\$3,038,040,411
TOTAL, ALL	GENERAL REVENUE	\$2,332,708,666	\$2,614,863,530	\$2,461,454,827	\$2,876,342,422	\$3,038,040,411

GENERAL REVENUE FUND - DEDICATED

770 GR Dedicated - Estimated Other Educational and General Income Account No. 770

REGULAR APPROPRIATIONS

2.B. Summary of Base Request by Method of Finance
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Agency code: 323		Agency name: Teacher Retirement System				
METHOD OF FINANCING	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023	
<u>GENERAL REVENUE FUND - DEDICATED</u>						
Regular Appropriations from MOF Table (2018-19 GAA)	\$51,045,926	\$0	\$0	\$0	\$0	
Comments: Matches 2018-19 GAA						
Regular Appropriations from MOF Table (2020-21 GAA)	\$0	\$23,714,800	\$25,042,829	\$0	\$0	
Comments: Matches 2020-21 GAA						
Regular Appropriations	\$0	\$0	\$0	\$25,794,114	\$26,567,937	
Comments: Regular Appropriations						
<i>LAPSED APPROPRIATIONS</i>						
Regular Appropriations from MOF Table (2018-19 GAA)	\$(21,857,563)	\$0	\$0	\$0	\$0	
TOTAL, GR Dedicated - Estimated Other Educational and General Income Account No. 770	\$29,188,363	\$23,714,800	\$25,042,829	\$25,794,114	\$26,567,937	
TOTAL GENERAL REVENUE FUND - DEDICATED - 704, 708 & 770	\$29,188,363	\$23,714,800	\$25,042,829	\$25,794,114	\$26,567,937	

2.B. Summary of Base Request by Method of Finance
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Agency code:	323	Agency name:	Teacher Retirement System				
METHOD OF FINANCING			Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED			\$29,188,363	\$23,714,800	\$25,042,829	\$25,794,114	\$26,567,937
TOTAL, GR & GR-DEDICATED FUNDS			\$2,361,897,029	\$2,638,578,330	\$2,486,497,656	\$2,902,136,536	\$3,064,608,348
<u>OTHER FUNDS</u>							
<u>599</u>	Economic Stabilization Fund						
	<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>						
	SB 500, 86th Leg, Regular Session						
			\$589,000,000	\$0	\$0	\$0	\$0
	Comments: Funding for the supplemental annuity check for annuitants or alternate payees						
	SB 500, 86th Leg, Regular Session						
			\$0	\$263,000,000	\$261,000,000	\$0	\$0
	Comments: Funds the increase for the state's contribution to the pension fund from 6.80% to 7.50%.						
TOTAL,	Economic Stabilization Fund		\$589,000,000	\$263,000,000	\$261,000,000	\$0	\$0
<u>960</u>	Teacher Retirement System Trust Account Fund No. 960						
	<i>REGULAR APPROPRIATIONS</i>						
	Regular Appropriations from MOF Table (2018-19 GAA)						

2.B. Summary of Base Request by Method of Finance
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Agency code: 323	Agency name: Teacher Retirement System				
METHOD OF FINANCING	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>OTHER FUNDS</u>					
	\$95,193,887	\$0	\$0	\$0	\$0
Comments: Matches 2018-19 GAA					
Employer Contributions for TRS Employees (2018-19 GAA)					
	\$4,214,889	\$0	\$0	\$0	\$0
Comments: Matches 2018-19 GAA					
Regular Appropriations from MOF Table (2020-21 GAA)					
	\$0	\$135,932,451	\$136,572,439	\$0	\$0
Comments: Matches 2020-21 GAA					
Employer Contributions for TRS Employees (2020-21 GAA)					
	\$0	\$4,425,633	\$4,646,915	\$0	\$0
Comments: Matches 2020-21 GAA					
Regular Appropriations					
	\$0	\$0	\$0	\$142,142,462	\$145,910,045
Comments: Regular Appropriations					
Employer Contributions for TRS Employees					

2.B. Summary of Base Request by Method of Finance
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Agency code: 323	Agency name: Teacher Retirement System				
METHOD OF FINANCING	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>OTHER FUNDS</u>					
	\$0	\$0	\$0	\$4,649,570	\$4,789,058
Comments: Employer Contributions for TRS Employees					
<i>RIDER APPROPRIATION</i>					
Art IX, Sec 14.03(i), Capital Budget UB (2018-19 GAA)					
	\$19,482,743	\$0	\$0	\$0	\$0
Comments: Capital Budget UB related to TEAM					
Art IX, Sec 14.03(i), Capital Budget UB (2018-19 GAA)					
	\$1,015,768	\$0	\$0	\$0	\$0
Comments: Capital Budget UB related to CAPPs					
Art IX, Sec 14.03(i), Capital Budget UB (2018-19 GAA)					
	\$4,746,565	\$0	\$0	\$0	\$0
Comments: Capital Budget UB related to all other Capital Budget Appropriations, excluding appropriation for TEAM and CAPPs shown above.					
Rider 22, Unexpended Balances: TEAM and CAPPs					
	\$(10,040,086)	\$10,040,086	\$0	\$0	\$0
Comments: Capital Budget UB related to TEAM and CAPPs					

2.B. Summary of Base Request by Method of Finance
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

9/27/2020 5:08:28PM

Agency code: 323	Agency name: Teacher Retirement System				
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METHOD OF FINANCING	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
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OTHER FUNDS

Rider 13, Performance Incentive Compensation (2018-19 GAA)

	\$8,667,153	\$0	\$0	\$0	\$0
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Comments: TRS Rider 13 authorizes payment of performance incentive compensation. The amount shown was paid out of pension trust fund assets as a result of the payment plan.

Rider 22, Unexpended Balances: TEAM and CAPPs

	\$0	\$(1,775,563)	\$1,775,563	\$0	\$0
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Comments: Capital Budget UB related to TEAM and CAPPs

Rider 13, Performance Incentive Compensation (2020-21 GAA)

	\$0	\$10,479,082	\$14,000,000	\$0	\$0
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Comments: TRS Rider 13 authorizes payment of performance incentive compensation. The amount shown for FY 2020 was paid out of pension trust fund assets as a result of the payment plan.

Rider 13, Performance Incentive Compensation (2020-21 GAA)

	\$0	\$(10,479,082)	\$(14,000,000)	\$0	\$0
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Comments: TRS Rider 13 authorizes payment of performance incentive compensation. The amount shown for FY 2020 was paid out of pension trust fund assets as a result of the payment plan.

TRANSFERS

2.B. Summary of Base Request by Method of Finance
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

9/27/2020 5:08:28PM

Agency code: 323		Agency name: Teacher Retirement System				
METHOD OF FINANCING		Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>OTHER FUNDS</u>						
	Government code 825.313(d)	\$11,342,218	\$0	\$0	\$0	\$0
	Comments: Appropriation revision for fiduciary finding of the TRS Board of Trustees.					
<i>LAPSED APPROPRIATIONS</i>						
	Administrative Operations of the Pension Trust Fund	\$(5,955,475)	\$(10,050,000)	\$0	\$0	\$0
<i>BASE ADJUSTMENT</i>						
	Employer Retirement Contributions for TRS Employees	\$972,227	\$0	\$(132,769)	\$0	\$0
	Comments: Adjusting the employer contributions for TRS employees to actual spending.					
TOTAL,	Teacher Retirement System Trust Account Fund No. 960	\$129,639,889	\$138,572,607	\$142,862,148	\$146,792,032	\$150,699,103
TOTAL, ALL	OTHER FUNDS	\$718,639,889	\$401,572,607	\$403,862,148	\$146,792,032	\$150,699,103
GRAND TOTAL		\$3,080,536,918	\$3,040,150,937	\$2,890,359,804	\$3,048,928,568	\$3,215,307,451

2.B. Summary of Base Request by Method of Finance
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

9/27/2020 5:08:28PM

Agency code: 323	Agency name: Teacher Retirement System				
METHOD OF FINANCING	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2018-19 GAA) Comments: Matches 2018-19 GAA	524.3	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2020-21 GAA) Comments: Matches 2020-21 GAA	0.0	745.3	745.3	0.0	0.0
Regular Appropriations Comments: Regular Appropriations	0.0	0.0	0.0	758.3	758.3
RIDER APPROPRIATION					
Rider 15 (2018-19 GAA), Enterprise Application Modernization (TEAM) FTE Comments: Rider 15 excludes FTEs and contractors associated with TEAM from the FTE cap	97.4	0.0	0.0	0.0	0.0
Rider 15 (2018-19 GAA), Enterprise Application Modernization (TEAM) FTE Comments: Rider 15 excludes FTEs and contractors associated with TEAM from the FTE cap	(97.4)	0.0	0.0	0.0	0.0
Rider 10 (2018-19 GAA), FTE Intern Exemption Comments: Rider 10 excludes Intern FTEs from the FTE cap.	7.2	0.0	0.0	0.0	0.0

2.B. Summary of Base Request by Method of Finance

9/27/2020 5:08:28PM

87th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 323	Agency name: Teacher Retirement System					
METHOD OF FINANCING	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023	
Rider 10 (2018-19 GAA), FTE Intern Exemption Comments: Rider 10 excludes Intern FTEs from the FTE cap.	(7.2)	0.0	0.0	0.0	0.0	
Art IX, Sec 6.10(a)(2), Board or Administrator FTE Adjustment (2018-19 GAA) Comments: Additional customer service and investment staff hired pursuant to a fiduciary finding of the TRS Board.	9.9	0.0	0.0	0.0	0.0	
Rider 10 (2020-21 GAA), FTE Intern Exemption Comments: Rider 10 excludes Intern FTEs from the FTE cap.	0.0	7.8	0.0	0.0	0.0	
Rider 10 (2020-21 GAA), FTE Intern Exemption Comments: Rider 10 excludes Intern FTEs from the FTE cap.	0.0	(7.8)	0.0	0.0	0.0	
Art IX, Sec 6.10(a)(2), Board or Administrator FTE Adjustment (2018-19 GAA) Comments: IT contractors converted to FTE positions for cost savings of \$1.0 million.	0.0	0.0	13.0	0.0	0.0	
TOTAL, ADJUSTED FTES	534.2	745.3	758.3	758.3	758.3	

2.B. Summary of Base Request by Method of Finance
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

9/27/2020 5:08:28PM

Agency code: **323**

Agency name: **Teacher Retirement System**

METHOD OF FINANCING

Exp 2019

Est 2020

Bud 2021

Req 2022

Req 2023

**NUMBER OF 100% FEDERALLY FUNDED
FTEs**

2.C. Summary of Base Request by Object of Expense

9/27/2020 5:08:28PM

87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

323 Teacher Retirement System

OBJECT OF EXPENSE	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
1001 SALARIES AND WAGES	\$71,550,977	\$79,487,024	\$81,892,821	\$82,315,750	\$85,402,500
1002 OTHER PERSONNEL COSTS	\$2,957,526,691	\$2,907,784,440	\$2,753,150,082	\$2,908,099,206	\$3,070,743,006
2001 PROFESSIONAL FEES AND SERVICES	\$16,666,933	\$17,326,244	\$18,974,655	\$20,817,142	\$21,022,043
2002 FUELS AND LUBRICANTS	\$1,568	\$3,500	\$3,500	\$3,500	\$3,500
2003 CONSUMABLE SUPPLIES	\$437,279	\$521,502	\$532,519	\$537,700	\$537,900
2004 UTILITIES	\$2,353,860	\$1,234,219	\$1,244,723	\$1,344,082	\$1,326,406
2005 TRAVEL	\$1,387,159	\$2,243,642	\$2,322,150	\$2,375,492	\$2,480,300
2006 RENT - BUILDING	\$3,802,108	\$4,040,100	\$4,194,512	\$4,289,462	\$4,597,875
2007 RENT - MACHINE AND OTHER	\$771,297	\$545,426	\$750,760	\$765,110	\$801,357
2009 OTHER OPERATING EXPENSE	\$24,629,797	\$25,514,901	\$25,624,082	\$26,911,124	\$26,722,564
5000 CAPITAL EXPENDITURES	\$1,409,249	\$1,449,939	\$1,670,000	\$1,470,000	\$1,670,000
OOE Total (Excluding Riders)	\$3,080,536,918	\$3,040,150,937	\$2,890,359,804	\$3,048,928,568	\$3,215,307,451
OOE Total (Riders)					
Grand Total	\$3,080,536,918	\$3,040,150,937	\$2,890,359,804	\$3,048,928,568	\$3,215,307,451

2.D. Summary of Base Request Objective Outcomes
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

9/27/2020 5:08:28PM

323 Teacher Retirement System

<i>Goal/ Objective / Outcome</i>	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
1 To Administer the System as an Employee Benefit Trust					
1 <i>Sound Retirement System</i>					
1 # of Years-Amortize TRS Retiremt. Fund Unfunded Actuarial Accrued Liab	29.00	29.00	31.00	31.00	31.00
2 TRS Retiremt. Fund 5-yr Avg Time-weighted Rate of ROI Performance	6.54%	7.52%	7.25%	7.25%	7.25%
3 TRS Retirement. Fund 20-yr Avg Time-weighted Rate of ROI Performance	6.25%	6.01%	7.25%	7.25%	7.25%
4 Investment Performance Relative to Board Approved Benchmark	95.70	96.40	100.00	100.00	100.00
KEY 5 TRS Retiremt. Fund Ann. Op. Exp. Per Member	36.92	36.03	46.07	45.00	45.00
KEY 6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets	13.59	13.07	14.18	14.00	14.00
KEY 7 Service Level Percentage of Calls Answered in Specified Time Interval	54.58%	59.00%	80.00%	80.00%	80.00%
2 <i>Health Care Program for Public Education Retirees Funded by Statute</i>					
1 Participation Rate in Disease Mgmt Program by Non-Medicare Enrollees	3.12%	5.00%	5.00%	5.00%	5.00%
2 Generic Substitution Rate for TRS-Care Prescription Drug Benefits	98.50%	98.00%	98.00%	98.00%	98.00%

2.E. Summary of Exceptional Items Request
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME : 5:08:29PM

Agency code: 323

Agency name: **Teacher Retirement System**

Priority	Item	2022			2023			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	Saving Investment Fees		\$1,643,000	10.0		\$4,103,000	25.0		\$5,746,000
Total, Exceptional Items Request			\$1,643,000	10.0		\$4,103,000	25.0		\$5,746,000

Method of Financing

General Revenue

General Revenue - Dedicated

Federal Funds

Other Funds

	1,643,000		4,103,000		5,746,000
\$0	\$1,643,000	\$0	\$4,103,000	\$0	\$5,746,000

Full Time Equivalent Positions

10.0

25.0

Number of 100% Federally Funded FTEs

2.F. Summary of Total Request by Strategy
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 9/27/2020
 TIME : 5:08:29PM

Agency code: 323 Agency name: Teacher Retirement System

	Base	Base	Exceptional	Exceptional	Total Request	Total Request
Goal/Objective/STRATEGY						
1 To Administer the System as an Employee Benefit Trust						
<i>1 Sound Retirement System</i>						
1 TRS - PUBLIC EDUCATION RETIREMENT	\$2,197,737,143	\$2,336,690,846	\$0	\$0	\$2,197,737,143	\$2,336,690,846
2 TRS - HIGHER EDUCATION RETIREMENT	264,706,647	279,477,398	0	0	264,706,647	279,477,398
3 ADMINISTRATIVE OPERATIONS	142,142,462	145,910,045	1,643,000	4,103,000	143,785,462	150,013,045
4 TRS RETIREMENT-ADDITIONAL PAYMENT	0	0	0	0	0	0
<i>2 Health Care Program for Public Education Retirees Funded by Statu</i>						
1 RETIREE HEALTH - STATUTORY FUNDS	444,342,316	453,229,162	0	0	444,342,316	453,229,162
<i>3 Health care for Public Ed Retirees Funded by Supplemental State Fu</i>						
1 RETIREE HEALTH - SUPPLEMENTAL FUNDS	0	0	0	0	0	0
TOTAL, GOAL 1	\$3,048,928,568	\$3,215,307,451	\$1,643,000	\$4,103,000	\$3,050,571,568	\$3,219,410,451
TOTAL, AGENCY STRATEGY REQUEST	\$3,048,928,568	\$3,215,307,451	\$1,643,000	\$4,103,000	\$3,050,571,568	\$3,219,410,451
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$3,048,928,568	\$3,215,307,451	\$1,643,000	\$4,103,000	\$3,050,571,568	\$3,219,410,451

2.F. Summary of Total Request by Strategy
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 9/27/2020
 TIME : 5:08:29PM

Agency code: 323		Agency name: Teacher Retirement System					
Goal/Objective/STRATEGY		Base	Base	Exceptional	Exceptional	Total Request	Total Request
General Revenue Funds:							
1	General Revenue Fund	\$2,876,342,422	\$3,038,040,411	\$0	\$0	\$2,876,342,422	\$3,038,040,411
		\$2,876,342,422	\$3,038,040,411	\$0	\$0	\$2,876,342,422	\$3,038,040,411
General Revenue Dedicated Funds:							
770	Est. Other Educational & General	25,794,114	26,567,937	0	0	25,794,114	26,567,937
		\$25,794,114	\$26,567,937	\$0	\$0	\$25,794,114	\$26,567,937
Other Funds:							
599	Economic Stabilization Fund	0	0	0	0	0	0
960	TRS Trust Account Fund	146,792,032	150,699,103	1,643,000	4,103,000	148,435,032	154,802,103
		\$146,792,032	\$150,699,103	\$1,643,000	\$4,103,000	\$148,435,032	\$154,802,103
TOTAL, METHOD OF FINANCING		\$3,048,928,568	\$3,215,307,451	\$1,643,000	\$4,103,000	\$3,050,571,568	\$3,219,410,451
FULL TIME EQUIVALENT POSITIONS		758.3	758.3	10.0	25.0	768.3	783.3

2.G. Summary of Total Request Objective Outcomes
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 9/27/2020
 Time: 5:08:29PM

Agency code: 323

Agency name: Teacher Retirement System

Goal/ Objective / Outcome

		BL 2022	BL 2023	Excp 2022	Excp 2023	Total Request 2022	Total Request 2023
1	To Administer the System as an Employee Benefit Trust						
1	<i>Sound Retirement System</i>						
	1 # of Years-Amortize TRS Retiremt. Fund Unfunded Actuarial Accrued Liab	31.00	31.00			31.00	31.00
	2 TRS Retiremt. Fund 5-yr Avg Time-weighted Rate of ROI Performance	7.25%	7.25%			7.25%	7.25%
	3 TRS Retirement. Fund 20-yr Avg Time-weighted Rate of ROI Performance	7.25%	7.25%			7.25%	7.25%
	4 Investment Performance Relative to Board Approved Benchmark	100.00	100.00			100.00	100.00
KEY	5 TRS Retiremt. Fund Ann. Op. Exp. Per Member	45.00	45.00			45.00	45.00
KEY	6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets	14.00	14.00			14.00	14.00
KEY	7 Service Level Percentage of Calls Answered in Specified Time Interval	80.00%	80.00%			80.00%	80.00%
2	<i>Health Care Program for Public Education Retirees Funded by Statute</i>						
	1 Participation Rate in Disease Mgmt Program by Non-Medicare Enrollees	5.00%	5.00%			5.00%	5.00%

2.G. Summary of Total Request Objective Outcomes
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 9/27/2020
 Time: 5:08:29PM

Agency code: 323

Agency name: **Teacher Retirement System**

Goal/ Objective / Outcome

**BL
2022**

**BL
2023**

**Excp
2022**

**Excp
2023**

**Total
Request
2022**

**Total
Request
2023**

2 Generic Substitution Rate for TRS-Care Prescription Drug Benefits

98.00%

98.00%

98.00%

98.00%

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System Service Categories:
 STRATEGY: 1 Retirement Contributions for Public Education Employees. Estimated Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$1,742,135,614	\$2,004,752,942	\$2,064,895,530	\$2,197,737,143	\$2,336,690,846
TOTAL, OBJECT OF EXPENSE		\$1,742,135,614	\$2,004,752,942	\$2,064,895,530	\$2,197,737,143	\$2,336,690,846
Method of Financing:						
1	General Revenue Fund	\$1,742,135,614	\$1,741,752,942	\$1,803,895,530	\$2,197,737,143	\$2,336,690,846
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$1,742,135,614	\$1,741,752,942	\$1,803,895,530	\$2,197,737,143	\$2,336,690,846
Method of Financing:						
599	Economic Stabilization Fund	\$0	\$263,000,000	\$261,000,000	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$0	\$263,000,000	\$261,000,000	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$2,197,737,143	\$2,336,690,846
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,742,135,614	\$2,004,752,942	\$2,064,895,530	\$2,197,737,143	\$2,336,690,846
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System Service Categories:
 STRATEGY: 1 Retirement Contributions for Public Education Employees. Estimated Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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Article 16, Section 67 of the Texas Constitution provides that the financing of benefits to the Teacher Retirement System must be based on sound actuarial principles. Section 821.006 of Title 8, Texas Government Code prohibits a reduction in member or state contributions to the retirement system or any change in benefits if, as a result of the particular action, the time required to amortize the unfunded actuarial accrued liabilities of the retirement system, as determined by an actuarial valuation, would be increased to a period that equals or exceeds 31 years. This strategy continues the agency’s efforts to maintain an actuarially sound retirement system by providing funding for promised benefits and investing for future benefits. This strategy contributes to the agency’s objective to manage an actuarially sound retirement system that maintains an amortization period of less than 31 years and generates a 20-year average investment return equal to or exceeding the board approved actuarial rate of return.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Total membership in TRS is approximately 1.6 million members and is expected to increase by approximately 6% during the 2022-23 biennium. Based on current trends, we are assuming covered payroll growth in Public Education of 3% for FY 2021 as well as for 2022 and 2023.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2020 + Bud 2021)	Baseline Request (BL 2022 + BL 2023)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$4,069,648,472	\$4,534,427,989	\$464,779,517	\$464,779,517	Increase state contribution rate for public education employees from 7.5% in FY21 to 7.75% in FY22 and 8.0% in FY23, assuming 3% annual payroll growth.
			\$464,779,517	Total of Explanation of Biennial Change

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System
 STRATEGY: 2 Retirement Contributions for Higher Education Employees. Estimated

Service Categories:
 Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$220,012,030	\$243,506,138	\$250,515,493	\$264,706,647	\$279,477,398
TOTAL, OBJECT OF EXPENSE		\$220,012,030	\$243,506,138	\$250,515,493	\$264,706,647	\$279,477,398
Method of Financing:						
1	General Revenue Fund	\$185,636,551	\$215,365,705	\$220,958,518	\$234,262,963	\$248,120,403
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$185,636,551	\$215,365,705	\$220,958,518	\$234,262,963	\$248,120,403
Method of Financing:						
770	Est. Other Educational & General	\$29,188,363	\$23,714,800	\$25,042,829	\$25,794,114	\$26,567,937
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$29,188,363	\$23,714,800	\$25,042,829	\$25,794,114	\$26,567,937
Method of Financing:						
960	TRS Trust Account Fund	\$5,187,116	\$4,425,633	\$4,514,146	\$4,649,570	\$4,789,058
SUBTOTAL, MOF (OTHER FUNDS)		\$5,187,116	\$4,425,633	\$4,514,146	\$4,649,570	\$4,789,058

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System Service Categories:
 STRATEGY: 2 Retirement Contributions for Higher Education Employees. Estimated Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$264,706,647	\$279,477,398
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$220,012,030	\$243,506,138	\$250,515,493	\$264,706,647	\$279,477,398

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Article 16, Section 67 of the Texas Constitution provides that the financing of benefits to the Teacher Retirement System must be based on sound actuarial principles. Section 821.006 of Title 8, Texas Government Code prohibits a reduction in member or state contributions to the retirement system or any change in benefits if, as a result of the particular action, the time required to amortize the unfunded actuarial accrued liabilities of the retirement system, as determined by an actuarial valuation, would be increased to a period that equals or exceeds 31 years. This strategy continues the agency’s efforts to maintain an actuarially sound retirement system by providing funding for promised benefits and investing for future benefits. This strategy contributes to the agency’s objective to manage an actuarially sound retirement system that maintains an amortization period of less than 31 years and generates a 20-year average investment return equal to or exceeding the board approved actuarial rate of return.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Total membership in TRS is approximately 1.6 million members and is expected to increase by approximately 6% during the 2022-23 biennium. Active membership in Higher Education continues to grow. Based on current trends indicating, we are assuming covered payroll growth in Higher Education of 3% for FY 2021 as well as for FY 2022 and 2023.

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System
 STRATEGY: 2 Retirement Contributions for Higher Education Employees. Estimated

Service Categories:
 Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>		
Base Spending (Est 2020 + Bud 2021)	Baseline Request (BL 2022 + BL 2023)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)	
\$494,021,631	\$544,184,045	\$50,162,414	\$50,162,414	Increase state contribution rate for higher education and TRS employees from 7.5% in FY21 to 7.75% in FY22 and 8.0% in FY23, assuming 3% annual payroll growth.	
			\$50,162,414	Total of Explanation of Biennial Change	

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System
 STRATEGY: 3 Administrative Operations

Service Categories:

Service: 09 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Output Measures:						
KEY 1	Number of TRS Benefit Applications Processed	93,328.00	82,507.00	71,000.00	77,500.00	80,000.00
2	Number of TRS Retirement Fund Member Accounts Serviced	14,033,326.00	14,313,993.00	10,346,102.00	14,892,276.00	15,901,215.00
3	Percent of Retirees Whose First Annuity is Paid When It is First Due	96.06 %	99.00 %	98.00 %	98.00 %	98.00 %
Objects of Expense:						
1001	SALARIES AND WAGES	\$71,550,977	\$79,487,024	\$81,892,821	\$82,315,750	\$85,402,500
1002	OTHER PERSONNEL COSTS	\$1,442,546	\$1,780,477	\$1,138,280	\$1,313,100	\$1,345,600
2001	PROFESSIONAL FEES AND SERVICES	\$16,666,933	\$17,326,244	\$18,974,655	\$20,817,142	\$21,022,043
2002	FUELS AND LUBRICANTS	\$1,568	\$3,500	\$3,500	\$3,500	\$3,500
2003	CONSUMABLE SUPPLIES	\$437,279	\$521,502	\$532,519	\$537,700	\$537,900
2004	UTILITIES	\$2,353,860	\$1,234,219	\$1,244,723	\$1,344,082	\$1,326,406
2005	TRAVEL	\$1,387,159	\$2,243,642	\$2,322,150	\$2,375,492	\$2,480,300
2006	RENT - BUILDING	\$3,802,108	\$4,040,100	\$4,194,512	\$4,289,462	\$4,597,875
2007	RENT - MACHINE AND OTHER	\$771,297	\$545,426	\$750,760	\$765,110	\$801,357
2009	OTHER OPERATING EXPENSE	\$24,629,797	\$25,514,901	\$25,624,082	\$26,911,124	\$26,722,564
5000	CAPITAL EXPENDITURES	\$1,409,249	\$1,449,939	\$1,670,000	\$1,470,000	\$1,670,000

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System
 STRATEGY: 3 Administrative Operations

Service Categories:

Service: 09 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
TOTAL, OBJECT OF EXPENSE		\$124,452,773	\$134,146,974	\$138,348,002	\$142,142,462	\$145,910,045
Method of Financing:						
960	TRS Trust Account Fund	\$124,452,773	\$134,146,974	\$138,348,002	\$142,142,462	\$145,910,045
SUBTOTAL, MOF (OTHER FUNDS)		\$124,452,773	\$134,146,974	\$138,348,002	\$142,142,462	\$145,910,045
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$142,142,462	\$145,910,045
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$124,452,773	\$134,146,974	\$138,348,002	\$142,142,462	\$145,910,045
FULL TIME EQUIVALENT POSITIONS:		534.2	745.3	758.3	758.3	758.3

STRATEGY DESCRIPTION AND JUSTIFICATION:

Section 825.312 of the Texas Government Code provides that the retirement system shall pay from the expense account of the retirement system account for the pension trust fund all administrative expenses of the retirement system. The method of finance established in the General Appropriations Act, House Bill 1, 86th Legislature, Regular Session provides funding for administrative operations primarily from the Pension Trust Fund. Section 825.313(d) provides that the board of trustees may authorize transferring from the interest account to the expense account of the retirement system an amount necessary to cover TRS' operating expenses for the fiscal year that are required to perform the fiduciary duties of the board.

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System Service Categories:
 STRATEGY: 3 Administrative Operations Service: 09 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Administrative needs are driven substantially by growth in membership and the prudent management of the investment portfolio. Increased complexity of investment management and benefit services contributes to needs expressed in the LAR.

TRS is continuing efforts in the replacement of its legacy systems for benefits administration and accounting. The multi-year \$100+ million initiative will update business processes and core technologies used to deliver benefits and services to members and annuitants.

Total membership is approximately 1.6 million members and is expected to increase by approximately 6% during the 2022-23 biennium. The amounts requested for investment management translate to an estimated cost of approximately 14 basis points per dollar invested for each fiscal year. A basis point is one one-hundredth of one percent, or 0.01 percent. The cost for benefit administration per member is estimated to be approximately \$45 each fiscal year. Benefit administration costs continue to be one of the lowest of any major state public pension fund.

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System
 STRATEGY: 3 Administrative Operations

Service Categories:

Service: 09 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2020 + Bud 2021)	Baseline Request (BL 2022 + BL 2023)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$272,494,976	\$288,052,507	\$15,557,531	\$3,711,300	Continuing to address challenges with meeting member demands for customer service
			\$2,998,000	Opening a pilot regional office in El Paso
			\$(1,000,000)	Savings from IT staff aug conversion
			\$5,348,700	Maintenance and enhancements for new IT infrastructure
			\$2,873,931	Operating costs to reduce investment fees and to maintain service levels
			\$1,625,600	State required contribution assessment for the 1% payroll health contribution
			\$15,557,531	Total of Explanation of Biennial Change

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System
 STRATEGY: 4 TRS Retirement Additional Annuity Payment

Service Categories:

Service: 09 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$589,000,000	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$589,000,000	\$0	\$0	\$0	\$0
Method of Financing:						
599	Economic Stabilization Fund	\$589,000,000	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$589,000,000	\$0	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$0	\$0
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$589,000,000	\$0	\$0	\$0	\$0

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy provides supplemental funding to pay for benefit enhancements approved by the legislature.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

In FY 2019, TRS received funding to provide a onetime additional payment to certain retirees following the enactment of Senate Bill 12, 86th Legislature, Regular Session, 2019. TRS does not request funding under this strategy for the 2022-23 biennium.

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 1 Sound Retirement System Service Categories:
 STRATEGY: 4 TRS Retirement Additional Annuity Payment Service: 09 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2020 + Bud 2021)	Baseline Request (BL 2022 + BL 2023)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$0	\$0	\$0	\$0	No Biennial Change
			\$0	Total of Explanation of Biennial Change

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 2 Health Care Program for Public Education Retirees Funded by Statute Service Categories:
 STRATEGY: 1 Healthcare for Public Ed Retirees Funded by Statute. Estimated Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$404,936,501	\$424,779,775	\$433,288,573	\$444,342,316	\$453,229,162
TOTAL, OBJECT OF EXPENSE		\$404,936,501	\$424,779,775	\$433,288,573	\$444,342,316	\$453,229,162
Method of Financing:						
1	General Revenue Fund	\$404,936,501	\$424,779,775	\$433,288,573	\$444,342,316	\$453,229,162
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$404,936,501	\$424,779,775	\$433,288,573	\$444,342,316	\$453,229,162
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$444,342,316	\$453,229,162
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$404,936,501	\$424,779,775	\$433,288,573	\$444,342,316	\$453,229,162

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Chapter 1575 of the Texas Insurance Code designates the Teacher Retirement System as trustee to administer the Texas Public School Employees Group Insurance Program (TRS-Care). The program is established to provide health care services for both retired public school employees and their eligible dependents. This strategy continues the agency's efforts to provide group healthcare benefits to retired public school employees by monitoring the performance of contract benefit providers, communicating healthcare plan features to retired public school employees, and resolving benefit disputes. Funds requested for this strategy relate only to the retiree healthcare program.

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust

OBJECTIVE: 2 Health Care Program for Public Education Retirees Funded by Statute Service Categories:

STRATEGY: 1 Healthcare for Public Ed Retirees Funded by Statute. Estimated Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The funding request for the retiree health benefits program assumes that the state will fund at the current level of 1.25% of active public school employee salaries for the 2022-23 biennium, that active employees will continue to contribute 0.65% of their salaries, and that the public schools will continue to contribute 0.75% of active public school employee salaries. At this level of funding, TRS projects it will have sufficient funding to maintain current premium and benefit levels through FY 2023.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2020 + Bud 2021)	Baseline Request (BL 2022 + BL 2023)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$858,068,348	\$897,571,478	\$39,503,130	\$39,503,130	Increase to cover assumed payroll growth of 2.0% per year.
			\$39,503,130	Total of Explanation of Biennial Change

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 3 Health care for Public Ed Retirees Funded by Supplemental State Funds Service Categories:
 STRATEGY: 1 Healthcare for Public Ed Retirees Funded by Supplemental State Funds Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$0	\$232,965,108	\$3,312,206	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$0	\$232,965,108	\$3,312,206	\$0	\$0
Method of Financing:						
1	General Revenue Fund	\$0	\$232,965,108	\$3,312,206	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$232,965,108	\$3,312,206	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$0	\$0
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$0	\$232,965,108	\$3,312,206	\$0	\$0

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Chapter 1575 of the Texas Insurance Code designates the Teacher Retirement System as trustee to administer the Texas Public School Employees Group Insurance Program (TRS-Care). The program is established to provide health care services for both retired public school employees and their eligible dependents. This strategy continues the agency's efforts to provide group healthcare benefits to retired public school employees by monitoring the performance of contract benefit providers, communicating healthcare plan features to retired public school employees, and resolving benefit disputes. Funds requested for this strategy relate only to the retiree healthcare program.

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust
 OBJECTIVE: 3 Health care for Public Ed Retirees Funded by Supplemental State Funds Service Categories:
 STRATEGY: 1 Healthcare for Public Ed Retirees Funded by Supplemental State Funds Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

No additional funding is requested for the TRS-Care program for the 2022-23 biennium.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>	<u>CHANGE</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$236,277,314	\$0	\$(236,277,314)	\$(236,277,314)	No additional funding requested for TRS-Care for 2022-23 biennium.
			<u>\$(236,277,314)</u>	Total of Explanation of Biennial Change

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$3,080,536,918	\$3,040,150,937	\$2,890,359,804	\$3,048,928,568	\$3,215,307,451
METHODS OF FINANCE (INCLUDING RIDERS):				\$3,048,928,568	\$3,215,307,451
METHODS OF FINANCE (EXCLUDING RIDERS):	\$3,080,536,918	\$3,040,150,937	\$2,890,359,804	\$3,048,928,568	\$3,215,307,451
FULL TIME EQUIVALENT POSITIONS:	534.2	745.3	758.3	758.3	758.3

3.A.1. PROGRAM-LEVEL REQUEST SCHEDULE
87th Regular Session, Agency Submission, Version 1

Agency Code: 323		Agency: Teacher Retirement System			Prepared By: Don Green, CFO					
Date: 9/25/2020		Program	Program Name	Legal Authority	2020-21 Base	Requested 2022	Requested 2023	Biennial Total 2022-23	Biennial Difference	
Strategy	Strategy Name	Priority	Program Name	Legal Authority					\$	%
A.1.1	Public Education Retirement	1	Public Education Retirement	Texas Constitution, Art. 16, Sec. 67; Texas Government Code, Section 825.404	\$4,069,648,472	\$2,197,737,143	\$2,336,690,846	\$4,534,427,989	\$464,779,517	11.4%
A.1.2	Higher Educaiton Retirement	2	Higher Educaiton Retirement	Texas Constitution, Art. 16, Sec. 67; Texas Government Code, Section 825.404	\$494,021,631	\$264,706,647	\$279,477,398	\$544,184,045	\$50,162,414	10.2%
A.1.3	Administrative Operations	4	Benefit Services	Texas Constitution, Article 16, Section 67(b)(1); Texas Government Code, Sections 825.101 and 825.102; Texas Administrative Code, Title 34, Part 3	\$29,279,915	\$16,915,588	\$17,011,555	\$33,927,143	\$4,647,228	15.9%
A.1.3	Administrative Operations	5	Investment Management Division	Texas Constitution, Article 16, Section 67(a)(3); Texas Government Code, Sections 825.103 and 825.301	\$80,613,775	\$39,275,728	\$43,739,440	\$83,015,168	\$2,401,393	3.0%
A.1.3	Administrative Operations	6	Support Services and Administration	Texas Government Code, Sections 825.101 and 825.102; Texas Administrative Code, Title 34, Part 3, Chapter 51	\$162,601,287	\$87,594,146	\$89,262,050	\$176,856,196	\$14,254,909	8.8%
A.2.1	Retiree Health - Statutory Funds	3	Retiree Health Care Benefits (TRS-Care)	Texas Insurance Code, Section 1575.202	\$858,068,348	\$444,342,316	\$453,229,162	\$897,571,478	\$39,503,130	4.6%

Program Prioritization:

State contributions for retirement benefits and retiree healthcare are ranked first, as they are required to pay benefits for TRS members. Retirement contributions are prioritized first and second, as they are required by the Texas Constitution and state statute; retiree healthcare contributions are ranked third as statutorily required. Benefit Services and the Investment Management Division are ranked next as core functions of the agency that process pension benefits, provide customer service to TRS members, and sustain a financially sound pension system. Finally, Support Services and Administration includes the remaining support functions that enable Benefit Services and the Investment Management Division to perform their essential functions.

3.B. Rider Revisions and Additions Request

Agency Code: 323	Agency Name: Teacher Retirement System	Prepared By: Don Green	Date: 09-25-20	Request Level: Baseline																											
Current Rider Number	Page Number in 2020-21 GAA	Proposed Rider Language																													
1.	III – 37	<p>Performance Measure Targets. The following is a listing of the key performance target levels for the Teacher Retirement System. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Teacher Retirement System. In order to achieve the objectives and service standards established by this Act, the Teacher Retirement System shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;">2020<u>22</u></th> <th style="width: 10%; text-align: center;">2021<u>23</u></th> </tr> </thead> <tbody> <tr> <td colspan="3">A. Goal: TEACHER RETIREMENT SYSTEM</td> </tr> <tr> <td colspan="3">Outcome (Results/Impact):</td> </tr> <tr> <td>TRS Retirement Fund Annual Operating Expense Per Member in Dollars (Excluding Investment Expenses)</td> <td style="text-align: right;">31 <u>45</u></td> <td style="text-align: right;">30 <u>45</u></td> </tr> <tr> <td>TRS Retirement Fund Investment Expense as Basis Points of Net Assets</td> <td style="text-align: right;">17<u>14</u></td> <td style="text-align: right;">19<u>14</u></td> </tr> <tr> <td>Service Level Percentage of Calls Answered in a Specified Time Interval</td> <td style="text-align: right;">79 <u>80%</u></td> <td style="text-align: right;">80%</td> </tr> <tr> <td colspan="3">A.1.3. Strategy ADMINISTRATIVE OPERATIONS</td> </tr> <tr> <td colspan="3">Output (Volume)</td> </tr> <tr> <td>Number of TRS Benefit Applications Processed</td> <td style="text-align: right;">72,000 <u>77,500</u></td> <td style="text-align: right;">72,000 <u>80,000</u></td> </tr> </tbody> </table>				2020 <u>22</u>	2021 <u>23</u>	A. Goal: TEACHER RETIREMENT SYSTEM			Outcome (Results/Impact):			TRS Retirement Fund Annual Operating Expense Per Member in Dollars (Excluding Investment Expenses)	31 <u>45</u>	30 <u>45</u>	TRS Retirement Fund Investment Expense as Basis Points of Net Assets	17 <u>14</u>	19 <u>14</u>	Service Level Percentage of Calls Answered in a Specified Time Interval	79 <u>80%</u>	80%	A.1.3. Strategy ADMINISTRATIVE OPERATIONS			Output (Volume)			Number of TRS Benefit Applications Processed	72,000 <u>77,500</u>	72,000 <u>80,000</u>
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3.B. Rider Revisions and Additions Request

2.	III - 37	<p>Capital Budget. None of the funds appropriated above for Strategy A.1.3, Administrative Operations, may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes.</p>																																																											
			<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;">2020 <u>2022</u></th> <th style="width: 10%; text-align: center;">2021 <u>2023</u></th> </tr> </thead> <tbody> <tr> <td>a. Repair or Rehabilitation of Buildings and Facilities</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">(1) Building Renovations</td> <td style="text-align: right;">1,500,000</td> <td style="text-align: right;">1,500,000</td> </tr> <tr> <td style="padding-left: 20px;">(2) Security Renovations</td> <td style="text-align: right;">100,000</td> <td style="text-align: right;">100,000</td> </tr> <tr> <td style="padding-left: 40px;">Total, Repair or Rehabilitation of Buildings and Facilities</td> <td style="text-align: right;">1,600,000</td> <td style="text-align: right;">1,600,000</td> </tr> <tr> <td>b. Acquisition of Information Resource Technologies</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">(1) TEAM Program FY2018/2019</td> <td style="text-align: center;">UB</td> <td style="text-align: center;">UB</td> </tr> <tr> <td style="padding-left: 20px;">(21) Data Center Upgrade</td> <td style="text-align: right;">600,000</td> <td style="text-align: right;">600,000</td> </tr> <tr> <td style="padding-left: 20px;">(32) Network Infrastructure</td> <td style="text-align: right;">500,000</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td style="padding-left: 20px;">(43) PC Workstation Refresh</td> <td style="text-align: right;">500,000</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td style="padding-left: 20px;">(54) Investment System Modernization</td> <td style="text-align: right;">450,000</td> <td style="text-align: right;">450,000</td> </tr> <tr> <td style="padding-left: 20px;">(65) Pension Legislation</td> <td style="text-align: right;">0</td> <td style="text-align: right;">200,000</td> </tr> <tr> <td style="padding-left: 40px;">Total, Acquisition of Information Resource Technologies</td> <td style="text-align: right;">\$2,050,000</td> <td style="text-align: right;">\$2,250,000</td> </tr> <tr> <td>c. Centralized Accounting and Payroll/Personnel System (CAPPS)</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">(1) Centralized Accounting and Payroll/Personnel Systems (CAPPS) — Enterprise Resource Planning (ERP) Project.</td> <td style="text-align: center;">UB</td> <td style="text-align: center;">UB</td> </tr> <tr> <td style="padding-left: 40px;">Total, Capital Budget</td> <td style="text-align: right;">\$3,650,000</td> <td style="text-align: right;">\$3,850,000</td> </tr> <tr> <td colspan="3">Method of Financing (Capital Budget):</td> </tr> <tr> <td style="padding-left: 20px;">Teacher Retirement System Trust Account Fund No. 960</td> <td style="text-align: right;">\$3,650,000</td> <td style="text-align: right;">\$3,850,000</td> </tr> <tr> <td style="padding-left: 40px;">Total, Method of Financing</td> <td style="text-align: right;">\$3,650,000</td> <td style="text-align: right;">\$3,850,000</td> </tr> </tbody> </table>		2020 <u>2022</u>	2021 <u>2023</u>	a. Repair or Rehabilitation of Buildings and Facilities			(1) Building Renovations	1,500,000	1,500,000	(2) Security Renovations	100,000	100,000	Total, Repair or Rehabilitation of Buildings and Facilities	1,600,000	1,600,000	b. Acquisition of Information Resource Technologies			(1) TEAM Program FY2018/2019	UB	UB	(21) Data Center Upgrade	600,000	600,000	(32) Network Infrastructure	500,000	500,000	(43) PC Workstation Refresh	500,000	500,000	(54) Investment System Modernization	450,000	450,000	(65) Pension Legislation	0	200,000	Total, Acquisition of Information Resource Technologies	\$2,050,000	\$2,250,000	c. Centralized Accounting and Payroll/Personnel System (CAPPS)			(1) Centralized Accounting and Payroll/Personnel Systems (CAPPS) — Enterprise Resource Planning (ERP) Project.	UB	UB	Total, Capital Budget	\$3,650,000	\$3,850,000	Method of Financing (Capital Budget):			Teacher Retirement System Trust Account Fund No. 960	\$3,650,000	\$3,850,000	Total, Method of Financing	\$3,650,000	\$3,850,000	III - 38
	2020 <u>2022</u>	2021 <u>2023</u>																																																											
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(1) TEAM Program FY2018/2019	UB	UB																																																											
(21) Data Center Upgrade	600,000	600,000																																																											
(32) Network Infrastructure	500,000	500,000																																																											
(43) PC Workstation Refresh	500,000	500,000																																																											
(54) Investment System Modernization	450,000	450,000																																																											
(65) Pension Legislation	0	200,000																																																											
Total, Acquisition of Information Resource Technologies	\$2,050,000	\$2,250,000																																																											
c. Centralized Accounting and Payroll/Personnel System (CAPPS)																																																													
(1) Centralized Accounting and Payroll/Personnel Systems (CAPPS) — Enterprise Resource Planning (ERP) Project.	UB	UB																																																											
Total, Capital Budget	\$3,650,000	\$3,850,000																																																											
Method of Financing (Capital Budget):																																																													
Teacher Retirement System Trust Account Fund No. 960	\$3,650,000	\$3,850,000																																																											
Total, Method of Financing	\$3,650,000	\$3,850,000																																																											

3.B. Rider Revisions and Additions Request

		<i>The proposed revisions to the rider reflect the 2022-23 Capital Budget Request. An explanation of the requested items and impact on agency operations is included in the Capital Budget Supporting Schedules.</i>
3.	III – 38	Updated Actuarial Valuation. The Teacher Retirement System shall contract with an actuary to perform a limited actuarial valuation of the assets and liabilities of the Teacher Retirement System as of February 28 in those years when the Legislature meets in regular session. The purpose of the valuation shall be to determine the effect of investment, salary, and payroll experience on the unfunded liability, the amortization period, and the state contribution rate which results in a 30-year amortization period of the retirement system.
4.	III – 38	<p>State Contribution to Teacher Retirement Program. The amounts specified above in Strategy A.1.1, TRS-Public Education Retirement, \$2,062,102,963 <u>\$2,197,737,143</u> in fiscal year 2020 22 and \$2,130,424,620 <u>\$2,336,690,846</u> in fiscal year 2021 23, and A.1.2, TRS-Higher Education Retirement, \$218,683,677 <u>\$264,706,647</u> in fiscal year 2020 22 and \$228,394,210 <u>\$279,477,398</u> in fiscal year 2021 23 are based on a state contribution of 7.5 <u>7.75</u> percent of payroll in each year of the 2020-21 22 of the biennium and <u>8.0</u> percent in year 2023 of the biennium, estimated.</p> <p><i>The rider has been revised to reflect fiscal years 2022 and 2023 projected state matching contributions.</i></p>
5.	III – 38	<p>State Contribution to Texas Public School Retired Employees Group Insurance Program. The amounts specified above in Strategy A.2.1, Retiree Health-Statutory Funds, \$430,408,362 <u>\$444,342,316</u> in fiscal year 2020 22 and \$448,951,215 <u>\$453,229,162</u> in fiscal year 2021 23 are based on a state contribution of 1.25 percent of payroll for each fiscal year, estimated.</p> <p>The retirement system shall notify the Legislative Budget Board, the Governor, and its membership prior to establishing premiums, regarding the impact such premiums will have on retiree costs for TRS-Care insurance.</p> <p>It is the intent of the Legislature that the Teacher Retirement System control the cost of the retiree insurance program by not providing rate increases to health care providers and pharmacy providers during the 2020-21 22-23 biennium without providing 60 days notice to the Legislative Budget Board.</p> <p><i>The rider has been revised to reflect fiscal years 2022 and 2023 projected state matching contributions.</i></p>
6.	III – 38	Excess Benefit Arrangement Account. There is hereby appropriated to the Teacher Retirement System all funds transferred or deposited into the Excess Benefit Arrangement Account established in the General Revenue Fund for the purpose of paying benefits as authorized by Government Code § 825.517.

3.B. Rider Revisions and Additions Request

7.	III – 38	<p>Transfer of Other Educational and General Income. The Comptroller of Public Accounts is hereby authorized to transfer the necessary appropriations made above in A.1.2, TRS-Higher Education Retirement from Other Educational and General Income to institutions of higher education to meet their obligations and comply with the proportionality policy as expressed in the Article IX provision entitled Benefits Paid Proportional by Method of Finance.</p>
8.	III – 38	<p>Exempt Positions. Notwithstanding the limitations contained in the Article IX provision entitled Scheduled Exempt Positions, the TRS Board of Trustees may determine the salaries of the positions listed above in the Schedule of Exempt Positions without limitation.</p>
9.	III – 39	<p>Annual School District Contribution Rate to TRS-Care. The annual contribution rate for school districts for fiscal years 2020 <u>22</u> and 2021 <u>23</u> shall be 0.75 percent of total payroll.</p> <p><i>The rider has been revised to reflect fiscal years 2022 and 2023.</i></p>
10.	III – 39	<p>Full-Time Equivalent Positions Intern Exemption. The number of Full-Time Equivalent (FTE) positions held by undergraduate and graduate students in the Intern Program of the Teacher Retirement System (TRS) shall be exempt from Article IX, Sec. 6.10. Limitation on State Employment Levels. This provision will not change the cap on the Number of Full-Time Equivalents (FTE) for TRS listed elsewhere in this Act. TRS shall provide to the Legislative Budget Board, the Governor, the Comptroller of Public Accounts, and the State Auditor's Office a report of the number of FTEs associated with the Intern Program each fiscal year.</p>
11.	III – 39	<p>Limitation on Funds Appropriated to the Teacher Retirement System (TRS). It is the intent of the Legislature that none of the funds appropriated by this Act or from Teacher Retirement System Pension Trust Fund Account No. 960 may be used for the purpose of hiring an external communications consultant.</p>
12.	III – 39	<p>Limitation on Retirement Contributions to Public Community/Junior Colleges. General Revenue related funds appropriated above in Strategy A.1.2, TRS - Higher Education Retirement, for retirement contributions for Public Community/Junior Colleges are limited to 50 percent of the state contribution of 7.5 <u>7.75</u> percent in fiscal year 2020<u>22</u> and 7.5 <u>8.0</u> percent in fiscal year 2021<u>23</u> of the total covered payroll for Public Community and Junior Colleges, in accordance with Government Code Section 825.4071.</p> <p><i>The rider has been revised to reflect fiscal years 2022 and 2023.</i></p>

3.B. Rider Revisions and Additions Request

13.	III – 39	<p>Performance Pay Plan Incentive Compensation Payments. The Teacher Retirement System Board of Trustees may make performance pay plan incentive compensation payments to the staff of the Investment Management Division employees based on investment performance standards adopted by the Board prior to the beginning of the period for which any additional compensation is paid. Such amounts as may be necessary to make performance incentive payments under the plan approved by the Board are hereby appropriated from the Teacher Retirement System Pension Trust Fund Account Fund No. 960.</p> <p>The Teacher Retirement System Board of Trustees shall notify the Legislative Budget Board and the Governor at least 45 days prior to the execution of any performance incentive payments based on the Retirement Trust Fund's investment performance approved standards. Funds shall be appropriated pursuant to this rider for performance incentive payments only in a fiscal year following a year in which the Retirement Trust Fund experiences a positive return.</p> <p><i>The rider has been revised to reflect changes in the TRS Board Policy related to performance pay plan payments.</i></p>
14.	III – 39	<p>Settle-Up Dollars Directed to TRS-Care. Any settle-up payments made in the fiscal year ending August 31, 2021, from the Teacher Retirement System of Texas pension fund or from the TRS-Care program are appropriated to the TRS-Care program. Settle-up funds are all estimated General Revenue appropriations for fiscal year 2020 in excess of the state's actual statutory obligations for retirement and retiree insurance contributions, and those funds are re-appropriated to the TRS-Care program, for deposit to the Texas Public School Retired Employees Group Insurance Trust Fund. For the purposes of this section, settle-up payments from the pension fund include any net payments made in excess of the state's total obligation to both Public Education Retirement and Higher Education Retirement.</p> <p><i>The rider has been revised to allow for the transfer regardless of which fiscal year in which the overpayment occurs.</i></p>

3.B. Rider Revisions and Additions Request

15.	III – 39	<p>Appropriation Transfers between Fiscal Years for TRS-Care. In addition to the transfer authority provided elsewhere in this Act and in order to provide for benefits through the Texas Public School Retired Employees Group Benefits Program (TRS-Care), the Teacher Retirement System is authorized to transfer General Revenue funds appropriated to Strategy A.2.1, Retiree Health - Statutory Funds, in fiscal year 2021 <u>23</u> to fiscal year 2020 <u>22</u> and such funds are appropriated for fiscal year 2020 <u>22</u>. Such transfers may only be made subject to the following.</p> <ul style="list-style-type: none"> a. Transfers under this section may be requested only upon a finding by the TRS Board of Trustees that the fiscal year 2020 <u>22</u> costs associated with providing retiree health benefits will exceed the funds appropriated for these services for fiscal year 2020 <u>22</u>. b. A transfer is not authorized by this section unless it receives the prior written approval of the Governor and the Legislative Budget Board. c. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section. <p><i>The rider has been revised to reflect fiscal years 2022 and 2023.</i></p>
16.	III – 40	<p>Contingent Appropriation of Pension Trust Funds for GASB Statement Implementation. Upon a finding of fact by the Teacher Retirement System Board of Trustees that additional resources are necessary to implement accounting guidelines related to Governmental Accounting Standards Board statements and pronouncements, the Teacher Retirement System is appropriated such additional funds as approved by the Board from the Teacher Retirement System Pension Trust Fund Account No. 960 to communicate such guidelines to affected members and employers, and to acquire additional audit and actuarial services as needed for implementation.</p>
17.	III – 40	<p>TRS-Care Shortfall. It is the intent of the Legislature that resolving the long-term solvency of TRS-Care be a shared fiscal responsibility between the state, school districts, employees, and retirees.</p>
18.	III – 40	<p>Medicare Enrollment for Eligible Members of TRS-Care. Out of funds appropriated above, TRS shall identify members of TRS-Care who are eligible for Social Security Disability or Medicare benefits, and provide information and assistance necessary for eligible members to enroll in the programs to help ensure the solvency of the TRS-Care fund.</p>

3.B. Rider Revisions and Additions Request

19.	III – 40	<p>Additional Funding for TRS Care. Funds appropriated above in Strategy A.3.1, Retiree Health – Supplemental Funds include \$230,756,971 in General Revenue Funds in fiscal year 2020 for the TRS Care program to maintain plan year 2019 premiums and benefit levels in the 2020–21 biennium. These funds are in addition to the \$879,359,577 in General Revenue Funds appropriated above in Strategy A.2.1, Retiree Health – Statutory Funds, estimated to be necessary to fulfill the state’s statutory contribution to TRS Care.</p> <p><i>This rider is no longer applicable.</i></p>
20.	III – 40	<p>Right to Shop Incentive. It is the intent of the Legislature that the Teacher Retirement System incentivize members of TRS-Care and TRS-ActiveCare to shop for lower cost care within the health plans in order to achieve shared savings. Pursuant to the provisions of Insurance Code §1575.109, §579.052, and Article IX, Sec. 7.12, Notification of Certain Purchases or Contract Awards, Amendments, and Extensions, the agency may contract with a third-party vendor for this purpose.</p>
21.	III – 40	<p>Exception to FTE Limitation for Board Fiduciary Finding.</p> <p>(a) In addition to the funding and "Number of Full-Time Equivalents (FTE)" appropriated above, the Teacher Retirement System (TRS) is authorized to employ additional FTEs and contract workers under a Fiduciary Finding of the TRS Board of Trustees (the Board) if the Board determines the additional staff are necessary to perform the fiduciary duties of the Board, pursuant to Government Code §825.313.</p> <p>(b) It is the intent of the Legislature that the Board approve a statement of justifications and objectives for adopting the additional FTEs, contract workers, and any additional funding related to those staff. No later than 30 business days following the adoption of a Fiduciary Finding pursuant to subsection (a), TRS shall submit to the Legislative Budget Board (LBB) and the Governor:</p> <ol style="list-style-type: none"> (1) A statement of the justifications and objectives for the additional funding and staff; (2) The current operating budget, as approved by the Board, for each fiscal year of the 2020<u>2022-21</u><u>23</u> biennium that is amended by the Fiduciary Finding described in subsection (a); (3) Performance metrics proposed by TRS to evaluate the impact of additional staff on the Board’s objectives in approving the additional staff; and (4) Any additional information requested by the LBB or the Governor regarding the Fiduciary Finding described in subsection (a).

3.B. Rider Revisions and Additions Request

21. cont'd	III – 40/41	<p>(c) No later than October 31 following a fiscal year for which the TRS Board has adopted a Fiduciary Finding described in subsection (a), TRS shall provide a report to the LBB and the Governor on:</p> <ul style="list-style-type: none"> (1) The actual number of additional FTEs and contract workers hired during the preceding fiscal year pursuant to subsection (a); (2) The actual total expenditures for the preceding fiscal year related to additional FTEs and contract workers described in subsection (c) (1); and (3) A report on the agency’s actual performance on metrics described in subsection (b)(3) for the preceding fiscal year.
22.	III – 41	<p>Unexpended Balances: TEAM and CAPPS Projects. In addition to amounts appropriated above, any unexpended balances of Pension Trust Funds remaining as of August 31, 2019 approved under the provisions of Article III 35, Rider 2, Capital Budget of Senate Bill 1, Eighty-fifth Legislature, Regular Session, 2017, for the TRS Enterprise Application Modernization (TEAM) Program FY2018/19 (estimated to be \$4,800,000); and for the Centralized Accounting and Payroll/Personnel System (CAPPS) Enterprise Resource Planning (ERP) Project (estimated to be \$500,000), are appropriated for the same purposes in Strategy A.1.3, Administrative Operations, for the fiscal year beginning September 1, 2019. Any unexpended balances of these funds remaining as of August 31, 2020, are appropriated to the Teacher Retirement System for the fiscal year beginning September 1, 2020, for the same purposes.</p> <p><i>This rider is no longer applicable.</i></p>
<u>23.</u>	III	<p><u>Contingent Appropriation of Pension Trust Funds to Implement Recommendations of the Sunset Advisory Commission.</u> Upon a finding of fact by the Teacher Retirement System Board of Trustees that additional resources are necessary to implement recommendations of the Sunset Advisory Commission, the Teacher Retirement System is appropriated such additional funds and FTEs, including capital appropriations as approved by the Board from the Teacher Retirement System Pension Trust Fund Account No. 960.</p> <p><u>Within thirty days of such a finding, the Teacher Retirement System Board of Trustees shall provide written notification to the Legislative Budget Board and the Governor of the amounts anticipated to be necessary to achieve these purposes.</u></p> <p><i>This rider would allow the agency flexibility to spend additional pension trust funds above the base request for Sunset items once the costs of certain key recommendations are known.</i></p>

4.A. Exceptional Item Request Schedule
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:35PM

Agency code: 323

Agency name: **Teacher Retirement System**

CODE	DESCRIPTION	Excp 2022	Excp 2023
	Item Name: Saving Investment Fees Item Priority: 1 IT Component: No Anticipated Out-year Costs: Yes Involve Contracts > \$50,000: No Includes Funding for the Following Strategy or Strategies: 01-01-03 Administrative Operations		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	1,500,000	3,750,000
2005	TRAVEL	87,000	254,000
2009	OTHER OPERATING EXPENSE	56,000	99,000
TOTAL, OBJECT OF EXPENSE		\$1,643,000	\$4,103,000
METHOD OF FINANCING:			
960	TRS Trust Account Fund	1,643,000	4,103,000
TOTAL, METHOD OF FINANCING		\$1,643,000	\$4,103,000
FULL-TIME EQUIVALENT POSITIONS (FTE):		10.00	25.00

DESCRIPTION / JUSTIFICATION:

Saving Investment Fees is a multi-biennia initiative focused on implementing innovative investment programs to sustain trust growth and reducing external manager fees, saving the pension trust fund up to \$1.4 billion over a five to ten year period. As trust fund assets grow, it is necessary to scale investment programs accordingly. This requires competing in an increasingly complex world-wide market for high quality investment professionals and high return, low cost investment opportunities. TRS has evolved over the last ten years, resulting in more active externally managed assets. During this time, TRS gained expertise of best practices from external managers in a variety of investment strategies. Reducing Investment Fees provides an opportunity to capitalize on this expertise by pursuing niche strategies internally, such as select emerging managers, royalties, and special opportunities. Deploying additional resources will allow TRS to sustainably increase the likelihood of meeting actuarial assumptions while preserving risk appropriate returns.

Preliminary results of the first two years of this initiative indicate TRS is on target to achieve the estimated savings. During the calendar years 2018 and 2019, TRS achieved a savings of over \$110 million in external manager investment fees. Final performance for CY 2020 will be reported in April 2021.

TRS requests 25.0 additional FTEs during the 2022-23 biennium to continue this initiative, phased in over two years. Requested payroll costs include \$5.3 million for salaries and the 1% employer payroll contribution to employee healthcare. TRS also requests \$0.3 million for travel and \$0.1 million for onetime operating costs and equipment for the new staff. All costs are requested to be paid from the TRS Pension Trust Fund.

4.A. Exceptional Item Request Schedule
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
TIME: 5:08:35PM

Agency code: 323

Agency name:
Teacher Retirement System

CODE	DESCRIPTION	Excp 2022	Excp 2023
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EXTERNAL/INTERNAL FACTORS:

Lower Return Environment

Competitive Investment Management Industry

Demand to implement innovative investment programs to sustain industry leadership

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

Ongoing payroll and travel costs for 25.0 FTEs.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2024	2025	2026
\$4,043,000	\$4,043,000	\$4,043,000

4.B. Exceptional Items Strategy Allocation Schedule
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:35PM

Agency code: **323** Agency name: **Teacher Retirement System**

Code	Description	Excp 2022	Excp 2023
Item Name: Saving Investment Fees			
Allocation to Strategy: 1-1-3 Administrative Operations			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	1,500,000	3,750,000
2005	TRAVEL	87,000	254,000
2009	OTHER OPERATING EXPENSE	56,000	99,000
TOTAL, OBJECT OF EXPENSE		\$1,643,000	\$4,103,000
METHOD OF FINANCING:			
960	TRS Trust Account Fund	1,643,000	4,103,000
TOTAL, METHOD OF FINANCING		\$1,643,000	\$4,103,000
FULL-TIME EQUIVALENT POSITIONS (FTE):		10.0	25.0

4.C. Exceptional Items Strategy Request
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
TIME: 5:08:35PM

Agency Code: **323** Agency name: **Teacher Retirement System**

GOAL: 1 To Administer the System as an Employee Benefit Trust

OBJECTIVE: 1 Sound Retirement System

STRATEGY: 3 Administrative Operations

Service Categories:

Service: 09 Income: A.2 Age: B.2

CODE DESCRIPTION	Exp 2022	Exp 2023
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	1,500,000	3,750,000
2005 TRAVEL	87,000	254,000
2009 OTHER OPERATING EXPENSE	56,000	99,000
Total, Objects of Expense	\$1,643,000	\$4,103,000

METHOD OF FINANCING:

960 TRS Trust Account Fund	1,643,000	4,103,000
Total, Method of Finance	\$1,643,000	\$4,103,000

FULL-TIME EQUIVALENT POSITIONS (FTE):

10.0	25.0
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Saving Investment Fees

5.A. Capital Budget Project Schedule
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **9/27/2020**
 TIME : **5:08:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2020

Bud 2021

BL 2022

BL 2023

5003 Repair or Rehabilitation of Buildings and Facilities

1/1 Building Renovations

OBJECTS OF EXPENSE

Capital

General	2001	PROFESSIONAL FEES AND SERVICES		\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
	Capital Subtotal OOE, Project		1	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
	Subtotal OOE, Project		1	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000

TYPE OF FINANCING

Capital

General	CA	960 TRS Trust Account Fund		\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
	Capital Subtotal TOF, Project		1	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
	Subtotal TOF, Project		1	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000

2/2 Security Renovations

OBJECTS OF EXPENSE

Capital

General	5000	CAPITAL EXPENDITURES		\$100,000	\$100,000	\$100,000	\$100,000
	Capital Subtotal OOE, Project		2	\$100,000	\$100,000	\$100,000	\$100,000
	Subtotal OOE, Project		2	\$100,000	\$100,000	\$100,000	\$100,000

TYPE OF FINANCING

Capital

General	CA	960 TRS Trust Account Fund		\$100,000	\$100,000	\$100,000	\$100,000
	Capital Subtotal TOF, Project		2	\$100,000	\$100,000	\$100,000	\$100,000

5.A. Capital Budget Project Schedule
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME : 5:08:36PM

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2020

Bud 2021

BL 2022

BL 2023

Subtotal TOF, Project	2	\$100,000	\$100,000	\$100,000	\$100,000
Capital Subtotal, Category	5003	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Informational Subtotal, Category	5003				
Total, Category	5003	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000

5005 Acquisition of Information Resource Technologies

3/3 Data Center Upgrade

OBJECTS OF EXPENSE

Capital

General	2009	OTHER OPERATING EXPENSE	\$8,688	\$0	\$0	\$0
General	5000	CAPITAL EXPENDITURES	\$591,312	\$600,000	\$600,000	\$600,000
Capital Subtotal OOE, Project	3		\$600,000	\$600,000	\$600,000	\$600,000
Subtotal OOE, Project	3		\$600,000	\$600,000	\$600,000	\$600,000

TYPE OF FINANCING

Capital

General	CA	960	TRS Trust Account Fund	\$600,000	\$600,000	\$600,000	\$600,000
Capital Subtotal TOF, Project	3			\$600,000	\$600,000	\$600,000	\$600,000
Subtotal TOF, Project	3			\$600,000	\$600,000	\$600,000	\$600,000

4/4 Network Infrastructure

OBJECTS OF EXPENSE

Capital

General	2001	PROFESSIONAL FEES AND SERVICES	\$7,112	\$0	\$0	\$0
General	2009	OTHER OPERATING EXPENSE	\$55,000	\$50,000	\$50,000	\$50,000
General	5000	CAPITAL EXPENDITURES	\$437,888	\$450,000	\$450,000	\$450,000

5.A. Capital Budget Project Schedule
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **9/27/2020**
 TIME : **5:08:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2020

Bud 2021

BL 2022

BL 2023

Capital Subtotal OOE, Project	4	\$500,000	\$500,000	\$500,000	\$500,000
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Subtotal OOE, Project	4	\$500,000	\$500,000	\$500,000	\$500,000
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TYPE OF FINANCING

Capital

General CA 960 TRS Trust Account Fund		\$500,000	\$500,000	\$500,000	\$500,000
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Capital Subtotal TOF, Project	4	\$500,000	\$500,000	\$500,000	\$500,000
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Subtotal TOF, Project	4	\$500,000	\$500,000	\$500,000	\$500,000
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5/5 Investment System Modernization

OBJECTS OF EXPENSE

Capital

General 2001 PROFESSIONAL FEES AND SERVICES		\$3,000	\$0	\$0	\$0
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General 2009 OTHER OPERATING EXPENSE		\$126,261	\$130,000	\$130,000	\$130,000
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General 5000 CAPITAL EXPENDITURES		\$320,739	\$320,000	\$320,000	\$320,000
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Capital Subtotal OOE, Project	5	\$450,000	\$450,000	\$450,000	\$450,000
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Subtotal OOE, Project	5	\$450,000	\$450,000	\$450,000	\$450,000
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TYPE OF FINANCING

Capital

General CA 960 TRS Trust Account Fund		\$450,000	\$450,000	\$450,000	\$450,000
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Capital Subtotal TOF, Project	5	\$450,000	\$450,000	\$450,000	\$450,000
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Subtotal TOF, Project	5	\$450,000	\$450,000	\$450,000	\$450,000
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6/6 PC Workstation Refresh

OBJECTS OF EXPENSE

5.A. Capital Budget Project Schedule
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **9/27/2020**
 TIME : **5:08:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2020	Bud 2021	BL 2022	BL 2023
<u>Capital</u>					
General	2009 OTHER OPERATING EXPENSE	\$500,000	\$500,000	\$500,000	\$500,000
	Capital Subtotal OOE, Project 6	\$500,000	\$500,000	\$500,000	\$500,000
	Subtotal OOE, Project 6	\$500,000	\$500,000	\$500,000	\$500,000
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$500,000	\$500,000	\$500,000	\$500,000
	Capital Subtotal TOF, Project 6	\$500,000	\$500,000	\$500,000	\$500,000
	Subtotal TOF, Project 6	\$500,000	\$500,000	\$500,000	\$500,000
<i>7/7 Pension Legislation</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$200,000	\$0	\$200,000
	Capital Subtotal OOE, Project 7	\$0	\$200,000	\$0	\$200,000
	Subtotal OOE, Project 7	\$0	\$200,000	\$0	\$200,000
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$200,000	\$0	\$200,000
	Capital Subtotal TOF, Project 7	\$0	\$200,000	\$0	\$200,000
	Subtotal TOF, Project 7	\$0	\$200,000	\$0	\$200,000

9/9 TEAM Program FY2018/2019

OBJECTS OF EXPENSE

5.A. Capital Budget Project Schedule
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **9/27/2020**
 TIME : **5:08:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

		Est 2020	Bud 2021	BL 2022	BL 2023
OOE / TOF / MOF CODE					
<u>Capital</u>					
General	2001 PROFESSIONAL FEES AND SERVICES	\$7,739,471	\$996,875	\$0	\$0
General	2009 OTHER OPERATING EXPENSE	\$1,840	\$0	\$0	\$0
Capital Subtotal OOE, Project 9		\$7,741,311	\$996,875	\$0	\$0
Subtotal OOE, Project 9		\$7,741,311	\$996,875	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$7,741,311	\$996,875	\$0	\$0
Capital Subtotal TOF, Project 9		\$7,741,311	\$996,875	\$0	\$0
Subtotal TOF, Project 9		\$7,741,311	\$996,875	\$0	\$0
Capital Subtotal, Category 5005		\$9,791,311	\$3,246,875	\$2,050,000	\$2,250,000
Informational Subtotal, Category 5005					
Total, Category 5005		\$9,791,311	\$3,246,875	\$2,050,000	\$2,250,000

8000 Centralized Accounting and Payroll/Personnel System (CAPPS)

8/8 Centralized Accounting and Payroll/Personnel System (CAPPS) – Enterprise Resource Planning (ERP) Project.

OBJECTS OF EXPENSE

Capital

General	2001 PROFESSIONAL FEES AND SERVICES	\$523,205	\$778,688	\$0	\$0
General	2009 OTHER OPERATING EXPENSE	\$7	\$0	\$0	\$0
Capital Subtotal OOE, Project 8		\$523,212	\$778,688	\$0	\$0

5.A. Capital Budget Project Schedule
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME : 5:08:36PM

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2020	Bud 2021	BL 2022	BL 2023
Subtotal OOE, Project 8		\$523,212	\$778,688	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$523,212	\$778,688	\$0	\$0
Capital Subtotal TOF, Project 8		\$523,212	\$778,688	\$0	\$0
Subtotal TOF, Project 8		\$523,212	\$778,688	\$0	\$0
Capital Subtotal, Category 8000		\$523,212	\$778,688	\$0	\$0
Informational Subtotal, Category 8000					
Total, Category 8000		\$523,212	\$778,688	\$0	\$0
AGENCY TOTAL -CAPITAL		\$11,914,523	\$5,625,563	\$3,650,000	\$3,850,000
AGENCY TOTAL -INFORMATIONAL					
AGENCY TOTAL		\$11,914,523	\$5,625,563	\$3,650,000	\$3,850,000
METHOD OF FINANCING:					
<u>Capital</u>					
General	960 TRS Trust Account Fund	\$11,914,523	\$5,625,563	\$3,650,000	\$3,850,000
Total, Method of Financing-Capital		\$11,914,523	\$5,625,563	\$3,650,000	\$3,850,000
Total, Method of Financing		\$11,914,523	\$5,625,563	\$3,650,000	\$3,850,000

5.A. Capital Budget Project Schedule
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **9/27/2020**
 TIME : **5:08:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2020

Bud 2021

BL 2022

BL 2023

TYPE OF FINANCING:

Capital

General CA CURRENT APPROPRIATIONS

\$11,914,523

\$5,625,563

\$3,650,000

\$3,850,000

Total, Type of Financing-Capital

\$11,914,523

\$5,625,563

\$3,650,000

\$3,850,000

Total, Type of Financing

\$11,914,523

\$5,625,563

\$3,650,000

\$3,850,000

5.B. Capital Budget Project Information
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:36PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	1	Project Name:	Building Renovations

PROJECT DESCRIPTION

General Information

TRS owns, operates, and maintains its headquarters facilities. This project provides funds for refreshing and updating facilities to provide a physical work environment that is safe and enhances productivity and to achieve more effective utilization of space.

PLCS Tracking Key

Number of Units / Average Unit Cost N/A

Estimated Completion Date N/A

Additional Capital Expenditure Amounts Required		2024	2025
		0	0
Type of Financing	CA	CURRENT APPROPRIATIONS	
Projected Useful Life	20 years		
Estimated/Actual Project Cost	\$14,000,000		
Length of Financing/ Lease Period	N/A		

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2022	2023	2024	2025	Total over project life
	0	0	0	0	0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: This project provides funds for refreshing and updating facilities to provide a physical work environment that is safe and enhances productivity and to achieve a more effective utilization of space.

Project Location: 1000 Red River, Austin, TX 78701

Beneficiaries: TRS Facilities are used daily by staff, members, and visitors in support of the mission and objectives of TRS.

Frequency of Use and External Factors Affecting Use:

TRS Facilities are used daily by staff, members, and visitors in support of the mission and objectives of TRS.

5.B. Capital Budget Project Information
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:36PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	2	Project Name:	Security Renovations

PROJECT DESCRIPTION

General Information

TRS must be prepared to replace aging security equipment due to useful life issues which are resulting in equipment failure. This project anticipates useful life issues and supports the agency's overall mission ensuring a safe and secure environment at TRS. The TRS Security Division is responsible for safety and security at TRS and requires surveillance and access managements systems to assist in this responsibility. This system is comprised of cameras and badge access readers located throughout TRS. The objective of this project is to maintain the technological infrastructure that supports the Security Division's ability to ensure continued safety and security at TRS. This project is strategic and will be ongoing.

PLCS Tracking Key

Number of Units / Average Unit Cost \$3200
Estimated Completion Date Ongoing

Additional Capital Expenditure Amounts Required

2024	2025
0	0

Type of Financing CA CURRENT APPROPRIATIONS
Projected Useful Life Ongoing
Estimated/Actual Project Cost \$200,000
Length of Financing/ Lease Period N/A

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2022	2023	2024	2025	Total over project life
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
---------------------------------	------------------------	------------------------------

Explanation: This project provides funds for refreshing and updating security equipment to provide a safe and secure environment at TRS.

Project Location: 1000 Red River, Austin, TX 78701

Beneficiaries: TRS staff, members, and visitors.

Frequency of Use and External Factors Affecting Use:

TRS utilizes security equipment daily to ensure a safe and secure environment for staff, members, and visitors.

5.B. Capital Budget Project Information
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:36PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	3	Project Name:	Data Center Upgrade

PROJECT DESCRIPTION

General Information

This project supports upgrading and expanding the Data Center infrastructure and peripherals to reduce capacity constraints and issues with compatibility and obsolescence. This project will provide a strategy for enterprise storage and backup modernization including replacing and upgrading aging equipment and technology. It includes replacement of legacy storage systems utilizing cloud-based alternatives as appropriate, and ongoing improvements of the agency Disaster Recovery strategy.

PLCS Tracking Key

Number of Units / Average Unit Cost N/A
Estimated Completion Date August 31, 2023

Additional Capital Expenditure Amounts Required		2024	2025
		0	0
Type of Financing	CA	CURRENT APPROPRIATIONS	
Projected Useful Life	5 years		
Estimated/Actual Project Cost	\$1,200,000		
Length of Financing/ Lease Period	N/A		

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2022	2023	2024	2025	Total over project life
	0	0	0	0	0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

These hardware components will be used daily. The external factors affecting the use of this system are membership growth and public and charter school growth

5.B. Capital Budget Project Information
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:36PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	4	Project Name:	Network Infrastructure

PROJECT DESCRIPTION

General Information

The Network Infrastructure Upgrade project provides the development, design, implementation and maintenance of the IT infrastructure as relates to premise-based and cloud-based infrastructure application and security requirements. This project includes upgrading the existing virtual server environment for investment and benefit line of business applications; expanding and improving enterprise messaging and collaboration tools; enhancing information security infrastructure access and incident monitoring capability; updating the core networking for both the switched infrastructure and the virtualized server environment. The project will also provide security isolation protections, assist with Disaster Recovery services and provide a path to modernizing TRS user provisioning and system access processes. These activities have enabled TRS to be flexible in supporting our Digital Business Transformation and work from anywhere approach which facilitated our ability to support remote workers during the COVID-19 pandemic.

PLCS Tracking Key

Number of Units / Average Unit Cost	Servers - 15 at \$12,000						
Estimated Completion Date	August 31, 2023						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td align="center">2024</td> <td align="center">2025</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2024	2025		0	0
	2024	2025					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	3-5 years						
Estimated/Actual Project Cost	\$1,000,000						
Length of Financing/ Lease Period	N/A						

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2022	2023	2024	2025	Total over project life
	0	0	0	0	0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: N/A
Project Location: Austin, TX
Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

These systems are used daily. The external factors affecting the use of this system are membership growth; public and charter school growth; and benefits legislation; and changes in the investment portfolio.

5.B. Capital Budget Project Information
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:36PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	5	Project Name:	Investment System Modernization

PROJECT DESCRIPTION

General Information

The TRS Investment Management Division requires a system to provide timely and reliable financial and historical investment information as well as provide daily data and information to investment managers and external analytical systems used by them. This project provides the technology and technical infrastructure to support the Investment Management Division's ability to achieve the TRS trust fund's actuarial rate of return strategy. This project includes enhanced Trading workflow, Data Warehouse and Business Intelligence capability, as well as the Security Infrastructure to ensure that our data is safe.

PLCS Tracking Key

Number of Units / Average Unit Cost N/A
Estimated Completion Date August 31, 2023

Additional Capital Expenditure Amounts Required	2024	2025
	0	0

Type of Financing CA CURRENT APPROPRIATIONS
Projected Useful Life 3-5 years

Estimated/Actual Project Cost \$900,000

Length of Financing/ Lease Period N/A

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2022	2023	2024	2025		
0	0	0	0		0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

Used daily. The external factors affecting the use of this system are changes in the investment portfolio and external partners.

5.B. Capital Budget Project Information
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:36PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	6	Project Name:	PC Workstation Refresh

PROJECT DESCRIPTION

General Information

This project is an ongoing project focused on upgrading end-user computing and workstation technology. TRS has a Desktop Technology Refresh policy that sets standards for replacing laptop and desktop workstations every two to four years depending on business needs requirements. During this refresh cycle, the expansion of Virtual Desktop Infrastructure (VDI) via thinclients, workstation-class desktops, and high-performance laptops are being implemented. This effort supports increased functionality, performance, mobility, longevity, and reliability of the desktop computing environment. These activities have enabled TRS to be flexible in supporting our Digital Business Transformation and work from anywhere approach which facilitated our ability to support remote workers during the COVID-19 pandemic.

PLCS Tracking Key

Number of Units / Average Unit Cost	PCs/Laptops - 294 at \$1,700 per year
Estimated Completion Date	August 31, 2023

Additional Capital Expenditure Amounts Required

2024	2025
0	0

Type of Financing	CA CURRENT APPROPRIATIONS
Projected Useful Life	3-4 years
Estimated/Actual Project Cost	\$1,000,000
Length of Financing/ Lease Period	N/A

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2022	2023	2024	2025	Total over project life
0	0	0	0	0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

These hardware components will be used daily. The external factors affecting the use of this system are membership growth; public and charter school growth; and changes in the investment portfolio.

5.B. Capital Budget Project Information
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:36PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	7	Project Name:	Pension Legislation

PROJECT DESCRIPTION

General Information

This project is strategic, and although not been specifically defined as it is dynamic in nature, it is a proactive action to address legislative changes that impact the benefits available to our members. The project is designed to anticipate possible changes and supports the agency's mission and strategic plan to provide timely delivery of retirement and related benefits to TRS membership and beneficiaries.

PLCS Tracking Key

Number of Units / Average Unit Cost N/A
Estimated Completion Date August 31, 2023

Additional Capital Expenditure Amounts Required		2024	2025
		0	0
Type of Financing	CA	CURRENT APPROPRIATIONS	
Projected Useful Life	N/A		
Estimated/Actual Project Cost	\$200,000		
Length of Financing/ Lease Period	N/A		

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2022	2023	2024	2025		
0	0	0	0		0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

Used daily. The external factors affecting this project is the legislative changes.

5.B. Capital Budget Project Information
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:36PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	8000	Category Name:	CAPPS Statewide ERP System
Project number:	8	Project Name:	CAPPS ERP Project FY18/19

PROJECT DESCRIPTION

General Information

The Centralized Accounting and Payroll/Personnel System of CAPPS is the official name of the statewide Enterprise Resource Planning (ERP) system created by the ProjectONE team. CAPPS provides a single financials and human resource (HR)/payroll administration software solution for Texas state agencies. CAPPS allows aging and inefficient legacy systems to be replaced with an easy-to-use, easy-to-update system that can be scaled to meet the needs of any agency regardless of complexity and size. Reporting is easier and more accurate with CAPPS. Agency functions are recorded in a common data language on an interconnected system that allows financial and HR/payroll departments to exchange information quickly, safely and reliably.

PLCS Tracking Key N/A
Number of Units / Average Unit Cost N/A
Estimated Completion Date N/A

Additional Capital Expenditure Amounts Required	2024	2025
	0	0
Type of Financing	CA CURRENT APPROPRIATIONS	
Projected Useful Life	10 years	
Estimated/Actual Project Cost	\$4,800,000	
Length of Financing/ Lease Period	N/A	

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2022	2023	2024	2025		
0	0	0	0		0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: CAPPS provides a single financials and human resource (HR)/payroll administration software solution for Texas state agencies. CAPPS allows aging and inefficient legacy systems to be replaced with an easy-to-use, easy-to-update system that can be scaled to meet the needs of any agency regardless of complexity and size.

Project Location: TRS Facilities

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:
 Daily

5.B. Capital Budget Project Information
 87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
 TIME: 5:08:36PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	9	Project Name:	TEAM Program FY18/19

PROJECT DESCRIPTION

General Information

The TRS Enterprise Application Modernization (TEAM) Program made up a set of projects that sought to modernize, scale, and enhance TRS legacy technologies. As such, TEAM was not a project itself, but a set of projects and initiatives managed under a single program governance structure. The goal for this program is to provide improved services and greater flexibility to the TRS membership while reducing the risks of relying on obsolete technology.

The TEAM Program is a cohesive collection of components designed to meet the business and technology objectives of TRS over the next 10-20 years. The program also focuses on addressing the changing expectations of a growing membership, providing for the collection and maintenance of accurate and reliable data, expanding the number of automated processes, and incorporating modern technologies.

The TEAM Program is not just about technology. The program will demand re-engineered business processes, revised policies, and new ways of working together. This program will deliver tools and techniques that will position TRS to have flexibility in updating our systems in response to growing member demands and future technological and regulatory changes.

PLCS Tracking Key	N/A
Number of Units / Average Unit Cost	N/A
Estimated Completion Date	N/A

Additional Capital Expenditure Amounts Required	2024	2025
	0	0
Type of Financing	CA CURRENT APPROPRIATIONS	
Projected Useful Life	10-20 years	
Estimated/Actual Project Cost	\$25,158,862	
Length of Financing/ Lease Period	N/A	

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2022	2023	2024	2025		
0	0	0	0		0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: N/A
Project Location: Austin, TX
Beneficiaries: TRS Membership

5.B. Capital Budget Project Information
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/27/2020
TIME: 5:08:36PM

Frequency of Use and External Factors Affecting Use:

These systems are used daily. The external factors affecting the use of this system are membership growth; public and charter school growth; and benefits legislation; and changes in the investment portfolio.

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
5003 Repair or Rehabilitation of Buildings and Facilities					
<i>1/1 Building Renovations</i>					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	1,500,000	1,500,000	\$1,500,000	\$1,500,000
	TOTAL, PROJECT	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
<i>2/2 Security Renovations</i>					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	100,000	100,000	100,000	100,000
	TOTAL, PROJECT	\$100,000	\$100,000	\$100,000	\$100,000
5005 Acquisition of Information Resource Technologies					
<i>3/3 Data Center Upgrade</i>					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	600,000	600,000	600,000	600,000
	TOTAL, PROJECT	\$600,000	\$600,000	\$600,000	\$600,000
<i>4/4 Network Infrastructure</i>					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	500,000	500,000	500,000	500,000
	TOTAL, PROJECT	\$500,000	\$500,000	\$500,000	\$500,000
<i>5/5 Investment System Modernization</i>					

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	450,000	450,000	\$450,000	\$450,000
	TOTAL, PROJECT	\$450,000	\$450,000	\$450,000	\$450,000

6/6 *PC Workstation Refresh*

GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	500,000	500,000	500,000	500,000
	TOTAL, PROJECT	\$500,000	\$500,000	\$500,000	\$500,000

7/7 *Pension Legislation*

GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	200,000	0	200,000
	TOTAL, PROJECT	\$0	\$200,000	\$0	\$200,000

9/9 *TEAM Program FY18/19*

GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	7,741,311	996,875	0	0
	TOTAL, PROJECT	\$7,741,311	\$996,875	\$0	\$0

8000 Centralized Accounting and Payroll/Personnel System (CAPPS)

8/8 *CAPPS ERP Project FY18/19*

GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	523,212	778,688	0	0

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
	TOTAL, PROJECT	\$523,212	\$778,688	\$0	\$0
	TOTAL CAPITAL, ALL PROJECTS	\$11,914,523	\$5,625,563	\$3,650,000	\$3,850,000
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	\$11,914,523	\$5,625,563	\$3,650,000	\$3,850,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
5003 Repair or Rehabilitation of Buildings and Facilities					
1 Building Renovations					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
2001	PROFESSIONAL FEES AND SERVICES	1,500,000	1,500,000	1,500,000	1,500,000
TOTAL, OOE's		\$1,500,000	\$1,500,000	1,500,000	1,500,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	1,500,000	1,500,000	1,500,000	1,500,000
TOTAL, OTHER FUNDS		\$1,500,000	\$1,500,000	1,500,000	1,500,000
TOTAL, MOF's		\$1,500,000	\$1,500,000	1,500,000	1,500,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
2 Security Renovations					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	100,000	100,000	100,000	100,000
TOTAL, OOE's		\$100,000	\$100,000	100,000	100,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	100,000	100,000	100,000	100,000
TOTAL, OTHER FUNDS		\$100,000	\$100,000	100,000	100,000
TOTAL, MOF's		\$100,000	\$100,000	100,000	100,000

5005 Acquisition of Information Resource Technologies

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
3 Data Center Upgrade					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
2009	OTHER OPERATING EXPENSE	8,688	0	0	0
5000	CAPITAL EXPENDITURES	591,312	600,000	600,000	600,000
TOTAL, OOE's		\$600,000	\$600,000	600,000	600,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	600,000	600,000	600,000	600,000
TOTAL, OTHER FUNDS		\$600,000	\$600,000	600,000	600,000
TOTAL, MOF's		\$600,000	\$600,000	600,000	600,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
4 Network Infrastructure					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
2001	PROFESSIONAL FEES AND SERVICES	7,112	0	0	0
2009	OTHER OPERATING EXPENSE	55,000	50,000	50,000	50,000
5000	CAPITAL EXPENDITURES	437,888	450,000	450,000	450,000
TOTAL, OOE's		\$500,000	\$500,000	500,000	500,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	500,000	500,000	500,000	500,000
TOTAL, OTHER FUNDS		\$500,000	\$500,000	500,000	500,000
TOTAL, MOF's		\$500,000	\$500,000	500,000	500,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
5 Investment System Modernization					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
2001	PROFESSIONAL FEES AND SERVICES	3,000	0	0	0
2009	OTHER OPERATING EXPENSE	126,261	130,000	130,000	130,000
5000	CAPITAL EXPENDITURES	320,739	320,000	320,000	320,000
TOTAL, OOE's		\$450,000	\$450,000	450,000	450,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	450,000	450,000	450,000	450,000
TOTAL, OTHER FUNDS		\$450,000	\$450,000	450,000	450,000
TOTAL, MOF's		\$450,000	\$450,000	450,000	450,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
6 PC Workstation Refresh					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
2009	OTHER OPERATING EXPENSE	500,000	500,000	500,000	500,000
TOTAL, OOE's		\$500,000	\$500,000	500,000	500,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	500,000	500,000	500,000	500,000
TOTAL, OTHER FUNDS		\$500,000	\$500,000	500,000	500,000
TOTAL, MOF's		\$500,000	\$500,000	500,000	500,000

323 Teacher Retirement System

Category Code/Name		Est 2020	Bud 2021	BL 2022	BL 2023
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
7 Pension Legislation					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	200,000	0	200,000
TOTAL, OOE's		\$0	\$200,000	0	200,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	200,000	0	200,000
TOTAL, OTHER FUNDS		\$0	\$200,000	0	200,000
TOTAL, MOF's		\$0	\$200,000	0	200,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
9 TEAM Program FY18/19					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
2001	PROFESSIONAL FEES AND SERVICES	7,739,471	996,875	0	0
2009	OTHER OPERATING EXPENSE	1,840	0	0	0
TOTAL, OOE's		\$7,741,311	\$996,875	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	7,741,311	996,875	0	0
TOTAL, OTHER FUNDS		\$7,741,311	\$996,875	0	0
TOTAL, MOF's		\$7,741,311	\$996,875	0	0

8000 Centralized Accounting and Payroll/Personnel System (CAPPS)

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
8 CAPPS ERP Project FY18/19					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
2001	PROFESSIONAL FEES AND SERVICES	523,205	778,688	0	0
2009	OTHER OPERATING EXPENSE	7	0	0	0
TOTAL, OOE's		\$523,212	\$778,688	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	523,212	778,688	0	0
TOTAL, OTHER FUNDS		\$523,212	\$778,688	0	0
TOTAL, MOF's		\$523,212	\$778,688	0	0

323 Teacher Retirement System

		Est 2020	Bud 2021	BL 2022	BL 2023
CAPITAL					
<u>General Budget</u>					
OTHER FUNDS					
TOTAL, GENERAL BUDGET		\$11,914,523	\$5,625,563	3,650,000	3,850,000
		11,914,523	5,625,563	3,650,000	3,850,000
TOTAL, ALL PROJECTS		\$11,914,523	\$5,625,563	3,650,000	3,850,000

Agency Code: 323 Agency: Teacher Retirement System

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year - HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2018			Total Expenditures FY 2018		HUB Expenditures FY 2019			Total Expenditures FY 2019	
			% Actual	Diff	Actual \$	% Goal	% Actual	Diff	Actual \$	FY 2019		
11.2%	Heavy Construction	0.0 %	0.0%	0.0%	\$0	\$0	0.0 %	0.0%	0.0%	\$0	\$0	
21.1%	Building Construction	0.0 %	0.0%	0.0%	\$0	\$0	0.0 %	0.0%	0.0%	\$0	\$0	
32.9%	Special Trade	40.0 %	60.3%	20.3%	\$646,112	\$1,070,936	40.0 %	65.8%	25.8%	\$370,162	\$562,645	
23.7%	Professional Services	5.0 %	7.1%	2.1%	\$245,179	\$3,439,002	10.0 %	1.1%	-8.9%	\$43,986	\$3,912,944	
26.0%	Other Services	15.0 %	21.5%	6.5%	\$5,502,070	\$25,577,311	25.0 %	26.5%	1.5%	\$6,071,301	\$22,946,525	
21.1%	Commodities	40.0 %	25.6%	-14.4%	\$1,267,700	\$4,945,136	40.0 %	23.6%	-16.4%	\$1,165,914	\$4,938,781	
	Total Expenditures		21.9%		\$7,661,061	\$35,032,385		23.6%		\$7,651,363	\$32,360,895	

B. Assessment of Fiscal Year - Efforts to Meet HUB Procurement Goals

Attainment:

In FY 2019, the TRS Board of Trustees increased the HUB goal in the category Professional Services from 5% to 10% and in Other Services from 15% to 25%. The agency made increases in most of the HUB categories from FY 2018 to FY 2019. In addition, in FY 2019, TRS exceeded the goals in Special Trade with an approximate 25% increase and in Other Services with an approximate 1.5% increase. This increase is even more notable due to the fact even though TRS' overall spending decreased, TRS still increased HUB utilization.

Applicability:

The "Heavy Construction" and "Building Construction" categories are not applicable to agency operations in either FY 2018 or FY 2019.

Factors Affecting Attainment:

TRS continues to improve in utilizing HUB vendors in FY 2019 with a percentage of 23.6%, which is up from 1.7% in FY 2018. TRS' overall HUB utilization performance in FY 2019 is higher at 10.87% than the overall State of Texas performance of 12.77%.

TRS recognizes the importance of the HUB program and develops initiatives to promote and increase HUB opportunities. TRS is committed to achieving established goals and making a good faith effort in all areas.

"Good-Faith" Efforts:

TRS is committed to achieving HUB goals and continues to make a good faith effort in all areas. Annual status reports of the HUB Program are made to the TRS Board of Trustees and HUB goals are included in the Strategic Plan. TRS continues to host an annual HUB forum and attends economic forums locally and across the state. The TRS HUB Coordinator assists HUB vendors with certification and is a resource for HUBs trying to earn business opportunities with TRS as well as other state

6.A. Historically Underutilized Business Supporting Schedule
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: **9/27/2020**
Time: **5:08:37PM**

Agency Code: **323** Agency: **Teacher Retirement System**

agencies. TRS also includes HUB vendors during our pre-proposal conferences to provide an opportunity for HUB vendors to network with prime vendors.

6.F.a. Advisory Committee Supporting Schedule ~ Part A

87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 9/27/2020
 Time: 5:08:39PM

Agency Code: **323** Agency: **Teacher Retirement System**

TRS MEDICAL BOARD

Statutory Authorization: Texas Government Code, § 825.204
 Number of Members: 3
 Committee Status: Ongoing
 Date Created: 7/01/1937
 Date to Be Abolished:
 Strategy (Strategies): 1-1-3 ADMINISTRATIVE OPERATIONS

Advisory Committee Costs	Expended Exp 2019	Estimated Est 2020	Budgeted Bud 2021	Requested BL 2022	Requested BL 2023
Committee Members Direct Expenses					
CONTRACTED FEE FOR SERVICE	\$126,000	\$132,000	\$132,000	\$138,600	\$145,530
Other Expenditures in Support of Committee Activities					
PERSONNEL (1.0 FTE)	61,305	64,080	58,689	59,356	61,139
MEDICAL EXAMINATIONS	90	0	0	0	0
Total, Committee Expenditures	\$187,395	\$196,080	\$190,689	\$197,956	\$206,669
Method of Financing					
TRS Trust Account Fund	\$187,395	\$196,080	\$190,689	\$197,956	\$206,669
Total, Method of Financing	\$187,395	\$196,080	\$190,689	\$197,956	\$206,669
Meetings Per Fiscal Year	6	6	6	6	6

6.F.a. Advisory Committee Supporting Schedule ~ Part A

87th Regular Session, Agency Submission, Version 1
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Date: 9/27/2020
Time: 5:08:39PM

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Description and Justification for Continuation/Consequences of Abolishing

Section 824.301 of the Texas Government Code contains a provision for disability retirement benefits. Members who apply for disability retirement must file with the Board of Trustees the results of a medical examination of the member. Based on medical information submitted by the member, the Medical Board rules on the application for disability retirement. The Medical Board, authorized under section 825.204 of the Texas Government Code and comprised of three physicians, receives information throughout the year on applications for disability retirement and may request additional medical information on specific cases. The Medical Board meets with staff on a bi-monthly basis to review disability retirement applications. TRS Law requires that members of the Medical Board be physicians licensed to practice medicine in this state and be of good standing in the medical profession. Their expertise is invaluable to the integrity of the disability retirement process. Abolishing the Medical Board would result in the staff and/or Board of Trustees having to rule on disability applications without benefit of the medical expertise provided by this board. This very likely would result in increased appeals of decisions made by laypersons with ultimate increased costs and risk to the system.

6.G. HOMELAND SECURITY FUNDING SCHEDULE - PART C - COVID-19 RELATED EXPENDITURES

DATE: 9/27/2020
 TIME: 5:08:40PM

87th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **323** Agency name: **Teacher Retirement System**

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
OBJECTS OF EXPENSE						
1001	SALARIES AND WAGES	\$0	\$579,764	\$1,086,626	\$0	\$0
1002	OTHER PERSONNEL COSTS	\$0	\$197,120	\$369,453	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$18,032	\$36,000	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$0	\$10,384	\$20,000	\$0	\$0
TOTAL, OBJECTS OF EXPENSE		\$0	\$805,300	\$1,512,079	\$0	\$0
METHOD OF FINANCING						
960	TRS Trust Account Fund	\$0	\$805,300	\$1,512,079	\$0	\$0
	Subtotal, MOF (Other Funds)	\$0	\$805,300	\$1,512,079	\$0	\$0
TOTAL, METHOD OF FINANCE		\$0	\$805,300	\$1,512,079	\$0	\$0
FULL-TIME-EQUIVALENT POSITIONS		0.0	74.0	74.0	0.0	0.0

NO FUNDS WERE PASSED THROUGH TO LOCAL ENTITIES

NO FUNDS WERE PASSED THROUGH TO OTHER STATE AGENCIES OR INSTITUTIONS OF HIGHER EDUCATION

USE OF HOMELAND SECURITY FUNDS

COVID-related expenditures are paid from Strategy A.1.3, Administrative Operations, and include the following:

- Payroll costs, such as COVID-related leave (including new federal leave benefits under the CARES Act) and hours worked related to pandemic response
- Operating costs related to pandemic response, such cleaning and sanitizing products

COVID-related FTEs reflect approximately 10 percent of TRS staff, who have remained on-site providing essential functions that cannot be completed remotely and are necessary to allow remote staff to process benefits and provide customer service to TRS members. These functions include security, mail processing, imaging, the print shop, benefits processing (pension and health insurance), facilities maintenance, and IT support.

6.G. HOMELAND SECURITY FUNDING SCHEDULE - PART C - COVID-19 RELATED EXPENDITURES

DATE: 9/27/2020

Funds Passed through to Local Entities

TIME: 5:08:40PM

87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **323** Agency name: **Teacher Retirement System**

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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6.G. HOMELAND SECURITY FUNDING SCHEDULE - PART C - COVID-19 RELATED EXPENDITURES

DATE: 9/27/2020

Funds Passed through to State Agencies

TIME: 5:08:40PM

87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **323** Agency name: **Teacher Retirement System**

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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6.H. Estimated Total of All Agency Funds Outside of the GAA Bill Pattern

Teacher Retirement System of Texas (323)

ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2022-23 GAA BILL PATTERN	\$ 225,141,154,026
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Pension Trust Fund - 960	
Beginning Balance in FY 2022	\$ 157,978,199,075
Estimated Revenues FY 2022	\$ 19,052,461,814
Estimated Revenues FY 2023	\$ 19,820,613,574
FY 2022-23 Total	\$ 196,851,274,462
Estimated Beginning Balance in FY 2022	\$ 172,128,094,039
Estimated Revenues FY 2022	\$ 20,879,508,433
Estimated Revenues FY 2023	\$ 21,826,519,232
FY 2022-23 Total	\$ 214,834,121,704
Constitutional or Statutory Creation and Use of Funds:	
Article XVI, Section 67 of the Texas Constitution establishes the Teacher Retirement System. Texas Government Code, Title 8, Sections 825.402 through 825.410 specify contributions to the fund.	
Method of Calculations and Revenue Assumptions:	
Calculations are based on historical data, TRS Board assumptions, and statutorily required contribution rates. Calculations assume 7.25% annual investment returns and 3.0% annual payroll growth, as adopted by the TRS Board of Trustees. Expenditures are projected to grow 6.0% annually, based on historical trends.	

Retired Health Benefits - 989	
Beginning Balance in FY 2022	\$ 1,292,022,346
Estimated Revenues FY 2022	\$ 2,030,678,447
Estimated Revenues FY 2023	\$ 1,807,341,031
FY 2022-23 Total	\$ 5,130,041,824
Estimated Beginning Balance in FY 2022	\$ 2,249,122,540
Estimated Revenues FY 2022	\$ 1,825,342,424
Estimated Revenues FY 2023	\$ 1,849,428,973
FY 2022-23 Total	\$ 5,923,893,937
Constitutional or Statutory Creation and Use of Funds:	
Texas Insurance Code Title 8, Subtitle H, Section 1575.001. Section 1575.201 through 1575.210 for contributions.	
Method of Calculations and Revenue Assumptions:	
Revenue and expenditure assumptions are based on historical trends. Assumes medical and pharmacy cost trends of 7% and 9%, respectively, through FY2020; both trends are reduced by 0.25% each year thereafter. Excluding supplemental state contributions in FYs 20-21, assumes an average of 1% growth of total revenue per year.	

6.H. Estimated Total of All Agency Funds Outside of the GAA Bill Pattern

Teacher Retirement System of Texas (323)

Active Health Benefits - 855		
Beginning Balance in FY 2022	\$	164,953,230
Estimated Revenues FY 2022	\$	2,168,923,432
Estimated Revenues FY 2023	\$	2,078,996,693
	FY 2022-23 Total	\$ 4,412,873,355
Estimated Beginning Balance in FY 2022	\$	77,998,224
Estimated Revenues FY 2022	\$	2,126,893,439
Estimated Revenues FY 2023	\$	2,178,246,721
	FY 2022-23 Total	\$ 4,383,138,385
Constitutional or Statutory Creation and Use of Fund:		
Texas Insurance Code Title 8, Subtitle H, Chapter 1579. Section 1579.251 through 1575.210 for contributions.		
Method of Calculations and Revenue Assumptions:		
Revenue and expenditure assumptions are based on historical trends. Assumes medical and pharmacy cost trends of 6% and 9%, respectively, through FY2020; both trends are reduced by 0.25% each year thereafter. Assumes 4% decline in total revenue from FY20 to FY21, and 2% annual growth in total revenue thereafter.		