

AUGUST 12, 2022

# TEACHER RETIREMENT SYSTEM OF TEXAS **LEGISLATIVE APPROPRIATIONS REQUEST**

FISCAL YEARS **2024-2025**



# ***Legislative Appropriations Request***

**For Fiscal Years 2024 and 2025**

**Submitted to the  
Office of the Governor, Budget and Policy 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  
San Antonio

**August 12, 2022**

## **TABLE OF CONTENTS**

Administrator's Statement .....	1. A.
Organizational Chart .....	1. B.
Certification of Dual Submission.....	1. C.
Budget Overview – Biennial Amounts.....	1. D.
 <b>Summary of Base Request by:</b>	
Strategy.....	2. A.
Method of Finance.....	2. B.
Object of Expense.....	2. C.
Objective Outcomes.....	2. D.
 <b>Summary of Total Request by:</b>	
Strategy.....	2. F.
Objective Outcomes.....	2. G.
 <b>Strategy Request</b>	
Retirement Contributions for Public Education Employees.....	3. A.
Retirement Contributions for Higher Education Employees.....	3. A. 1
Administrative Operations.....	3. A. 3
TRS Retirement Additional Annuity Payment.....	3. A. 6
Healthcare for Public Ed Retirees Funded by Statute.....	3. A. 10
Healthcare for Public Ed Retirees Funded by Supplemental State Funds.....	3. A. 12
Healthcare for Public Ed Retirees Funded by Supplemental State Funds.....	3. A. 14
 <b>Rider Revisions and Additions Request.....</b>	 3. B.
 <b>Capital Budget</b>	
Project Schedule.....	5. A.
Project Information.....	5. B.
Allocation to Strategies (Baseline) .....	5. C.
Project by OOE and MOF Detail by Strategy.....	5. E.

## **TABLE OF CONTENTS**

### **Supporting Schedules**

Historically Underutilized Business.....	6. A.
Current Biennium One-Time Expenditure.....	6. B.
Federal Funds Supporting Schedule.....	6. C.
Advisory Committee.....	6. F.a.
Estimated Total of All Agency Funds Outside of the GAA Bill Pattern.....	6.H.

**Administrator's Statement**

8/10/2022 6:29:21PM

88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

---

**323 Teacher Retirement System**

---

August 12, 2022

Mr. Jerry McGinty, Director  
Legislative Budget Board

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

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 2024-25 biennium. Last budget cycle, the Legislature granted a supplemental payment that was greatly appreciated by TRS and our members. The supplemental payment impacted 430,131 TRS retirees and their families, and with the full funding from the state, did not impact the actuarial soundness of the pension fund. This request for the next biennium primarily represents funding needs for two programs that receive contributions from the state: the TRS Pension Trust Fund and TRS-Care, the Texas Public School Retired Employees Group Benefits 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 all administrative expenses of the retirement system from the expense account 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.

The total requested general revenue and general revenue-related funding for the FY 2024-25 biennium is \$6.8 billion.

TRS will pay out in excess of \$16 billion annually in retiree benefits and health care payments to more than 458,000 annuitants and many health care providers, primarily in the State of Texas. These payments are a significant source of economic stimulus across the state. An economic analysis from 2020 conducted by the Perryman Group concluded that TRS annuity payments alone generated an additional \$1.9 billion in annual tax revenues for both the state and local governments and supported over 190,000 permanent jobs in Texas.

**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 returned a historic 24.8% in FY 2021 with a market value of \$201.2 billion.

In 2022, TRS conducted an experience study to examine changing patterns of retirement behaviors, plan provisions, and investment returns. In July 2022, the TRS Board lowered the investment return assumption from 7.25% to 7.00% to hedge against future risk for the fund. The impact of lowering the rate of return on the funding period will be offset using deferred investment gains. The fund is projected to continue to be actuarially sound at the end of fiscal year 2022 with a funding period of 26 years. State law provides that the Legislature may consider a benefit enhancement when the funding period is less than 31 years.

## Administrator's Statement

8/10/2022 6:29:21PM

88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

---

### 323 Teacher Retirement System

---

With the recent economic pressures of sharply rising inflation and increased consumer prices, members have expressed to TRS the difficulties with sustaining everyday costs such as housing, groceries, gas, medications, and other daily expenses. Monthly annuity checks average \$2,100 per member, which members have stated is not enough to cover their basic costs.

Additionally, Senate Bill 12 passed by the 86th Texas Legislature, 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. 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. This request assumes current law, which requires a state retirement contribution rate of 8.25% for both years of the upcoming biennium. This increase also assumes 3.0% annual covered payroll growth per year for public education and 5% annual covered payroll growth per year for higher education based on long-term demographic trends.

#### TRS-Care and TRS-ActiveCare

TRS-Care currently receives state funding equal to 1.25% of active public school employee payroll per year. The request includes an additional \$73.8 million in General Revenue funding over current 2024-25 projected amounts to fund the 1.25% contribution, assuming annual covered payroll growth of 2.0%. TRS does not anticipate that supplemental funding will be needed to maintain TRS-Care benefits at current levels through the 2024-25 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 is generating 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, which provides health care coverage for 1,000 public education employers across Texas, representing nearly 450,000 lives. The TRS Board of Trustees sets the gross premiums to ensure adequate funding for benefits, the cost of which TRS benchmarking research shows is 14% below similar benefit plans. Participating districts contribute \$150 and the state contributes \$75 for a combined minimum of \$225 per employee per month toward the total premium.

TRS would like to express its deepest gratitude to state leadership for the invaluable support provided for both the TRS -Care and TRS-ActiveCare health insurance programs. In FY 2022, TRS received an appropriation of \$721.3 million in federal funds to offset plan COVID costs. TRS-Care received \$83 million and was distributed to eligible participants. TRS-ActiveCare received \$638.3 million, which kept total premiums from increasing in FY 2023. Premiums closely reflect claims cost and are estimated to increase "significantly" to maintain similar level of benefits in the coming biennium. While TRS-ActiveCare offers a competitive premium for employers participating in the program, plan affordability for employees and their families is an ongoing concern due to the additional funding being a one-time appropriation.

#### Administrative Operations

In efforts to address agency priorities while operating within an efficient budget, the Board adopted a budget for the pension trust fund that is slightly higher than the amounts authorized in the General Appropriations Act for FY 2023. The LBB approved the FY23 base reconciliation for the pension trust fund totaling \$209.7 million and 1,047.3 FTEs. To adequately serve members and to prudently manage pension fund assets, TRS requests funding for Administrative Operations of \$245.0 million for FY 2024 and \$219.0 million for FY 2025. The 2024-25 request includes the annualized cost for the Customer Service Improvement Initiative, which prioritizes the customer service needs of our growing membership, continuing to enhance competitive advantages for a nearly \$200 billion institutional investor, and improving operational efficiencies for the 2024-25 biennium.

## Administrator's Statement

8/10/2022 6:29:21PM

88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

---

### 323 Teacher Retirement System

---

#### Customer Service Improvement Initiative

Improving customer service is the agency's top priority. TRS is committed to achieving the highest levels of customer satisfaction by delivering services consistent with our mission. While efficiency and a cost savings-oriented service delivery model served TRS and its members well for many years, a growing membership, increased complexity, and evolving member expectations have made it increasingly difficult for TRS to meet its service level performance targets. As of the 3rd quarter of FY 2022, telephone counseling calls answered within 3 minutes was 59% below target. Benefit processing of death claim payments issued within 31 days of receipt of all required paperwork was 69% below target. Additionally, benefit estimates mailed within 31 days of request was 76% below target.

However, TRS is beginning to see incremental improvements in certain customer service levels such as refunds, death claims and benefit estimates. Refunds validated within 5 business days of receiving proper documentation are expected to exceed the target of 95% for the 4th quarter of FY 2022. Benefit processing of death claim payments are trending upwards by 22% for the month of July and will most likely meet our target for August. Benefit estimates exceeded the target of 90% in July for the first time since August 2020.

TRS would like to thank the Legislature for their support in approving Rider 20 which grants the TRS Board authority to increase FTE levels during the biennium. In FY 2022, agency leadership has taken action to address customer service by adding Benefit Services staff, hiring an Ombuds, making policy and procedure changes, implementing process improvements, and prioritizing system enhancements as part of the Customer Service Improvement Initiative with available lapsed funds. Additionally, new Board policy action was approved in FY 2022 to provide TRS with an agile compensation structure that increases flexibility and options for TRS to attract, retain, and develop a diverse and highly competent workforce. As of May 2022, TRS turnover rate is 3.8% and trending downwards for the 4th quarter.

Furthermore, through member surveys and current service data, TRS has identified unfulfilled demand for in-person office visit appointments among members who live far from the Austin headquarters. In FY 2023, TRS will open a pilot regional office in El Paso, Texas to offer member services in an underserved part of the state. To continue improving customer service to these members, TRS is researching options to determine the cost and effectiveness of expanding services to other areas in Texas.

#### Investment Management

For the FY 2022-23 biennium, TRS received authority to hire 25 additional positions in the Investment Management Division as part of the multi-biennia fee-saving initiative focused on implementing innovative investment programs to sustain trust growth and reducing external manager fees. Results of the first four years of this initiative have achieved savings of \$321 million in external manager investment fees. The final performance for calendar year 2022 will be reported in April 2023.

With the growth of the fund reaching \$201.8 billion as of the last actuarial valuation ending August 31, 2021 and the associated increase in data volumes and the complexity of our assets, performing this duty is increasingly difficult due to the challenges associated with relying on increasingly outdated technology and investment operations staff using legacy data architectures and systems. In FY 2022, the Board approved a 5-year Investment Data Modernization effort to modernize TRS' investment data platform and systems to improve trust asset monitoring and fiduciary oversight. TRS is requesting \$25 million for the 2024-25 biennium and a contingency rider to provide flexibility to spend additional pension trust funds above the base request for resources necessary to implement the program.

**Administrator's Statement**

8/10/2022 6:29:21PM

88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

---

**323 Teacher Retirement System**

---

**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. In accordance with TRS policies, procedures, and the Federal Bureau of Investigation's Criminal Justice Information Services (CJIS) Security policy, TRS will destroy criminal history record information after the information is used for its authorized purposes.

**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	\$400,000
Chief Investment Officer	\$551,250
Deputy Chief Investment Officer	\$410,000

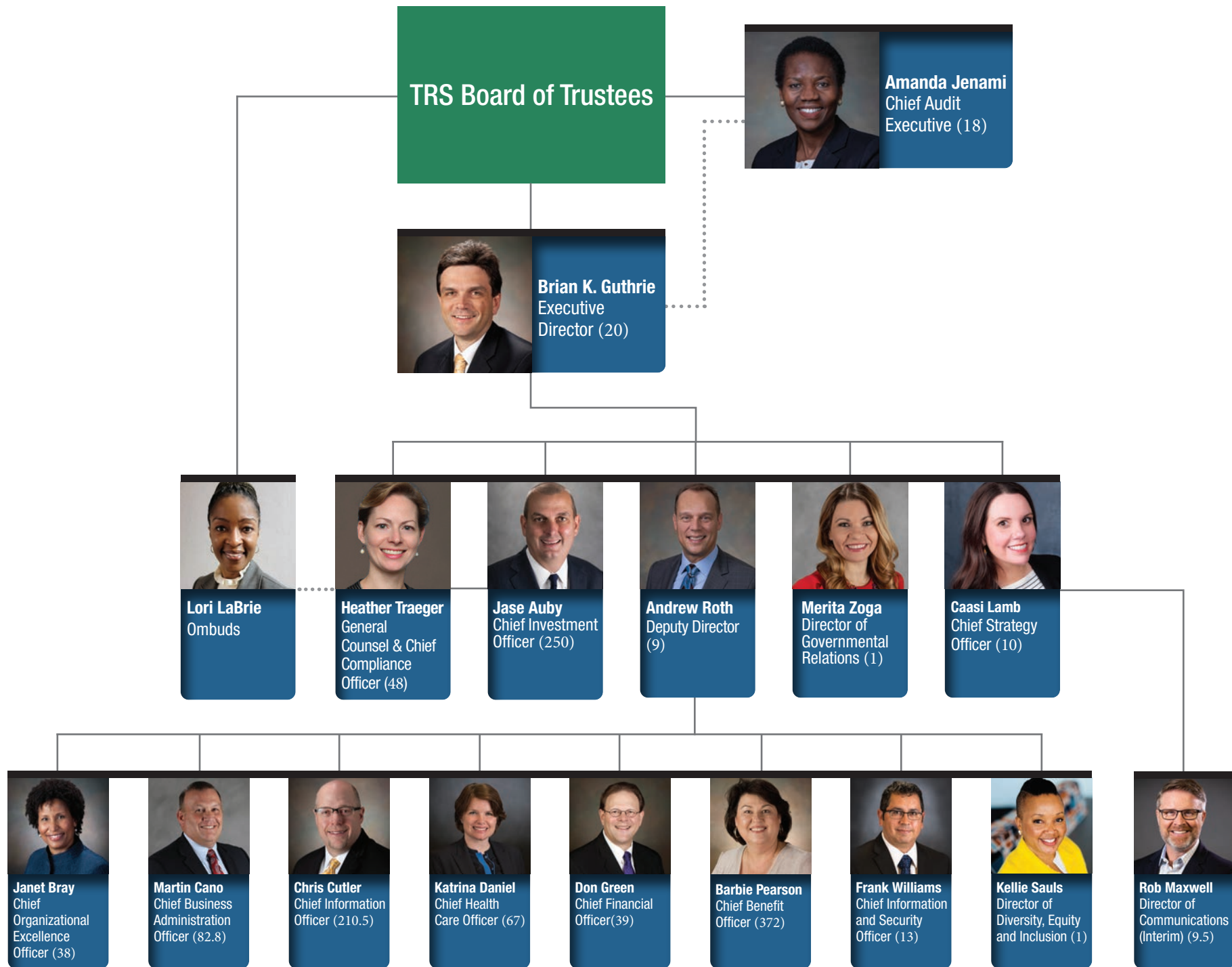
This request prioritizes resources to meet the needs of our members and fulfill our fiduciary obligation to prudently manage our trust funds. Your consideration of these funding requests on behalf of the members of the Teacher Retirement System is greatly appreciated.

Sincerely,



Brian K. Guthrie  
Executive Director







## C E R T I F I C A T E

**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 (2022-23 GAA).

**Chief Executive**

A handwritten signature in black ink, appearing to read "Brian K. Guthrie".

Signature

**Brian K. Guthrie**

Printed Name

**Executive Director**

Title

**August 12, 2022**

Date

**Board Chair**

A handwritten signature in black ink, appearing to read "Jarvis V. Hollingsworth".

Signature

**Jarvis V. Hollingsworth**

Printed Name

**Chair, Board of Trustees**

Title

**August 12, 2022**

Date

**Chief Financial Officer**

A handwritten signature in blue ink, appearing to read "Don C. Green".

Signature

**Don Green**

Printed Name

**Chief Financial Officer**

Title

**August 12, 2022**

Date

**Budget Overview - Biennial Amounts**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

323 Teacher Retirement System											
Appropriation Years: 2024-25											
	GENERAL REVENUE		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	FUNDS 2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2024-25
<b>Goal: 1. To Administer the System as an Employee Benefit Trust</b>											
1.1.1. TRS - Public Education Retirement	4,489,428,149	5,241,573,045							4,489,428,149	5,241,573,045	
1.1.2. TRS - Higher Education Retirement	471,705,378	532,218,213	62,362,051	81,920,908			9,438,628	14,177,006	543,506,057	628,316,127	
1.1.3. Administrative Operations							365,655,201	464,078,900	365,655,201	464,078,900	
1.1.4. TRS Retirement-Additional Payment	701,100,535								701,100,535		
1.2.1. Retiree Health - Statutory Funds	897,571,478	971,395,368							897,571,478	971,395,368	
1.3.1. Retiree Health - Supplemental Funds					721,337,761				721,337,761		
<b>Total, Goal</b>	<b>6,559,805,540</b>	<b>6,745,186,626</b>	<b>62,362,051</b>	<b>81,920,908</b>	<b>721,337,761</b>		<b>375,093,829</b>	<b>478,255,906</b>	<b>7,718,599,181</b>	<b>7,305,363,440</b>	
<b>Total, Agency</b>	<b>6,559,805,540</b>	<b>6,745,186,626</b>	<b>62,362,051</b>	<b>81,920,908</b>	<b>721,337,761</b>		<b>375,093,829</b>	<b>478,255,906</b>	<b>7,718,599,181</b>	<b>7,305,363,440</b>	
<b>Total FTEs</b>									<b>1,047.3</b>	<b>1,047.3</b>	

2.A. Summary of Base Request by Strategy

8/10/2022 6:29:25PM

88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

323 Teacher Retirement System

Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<b>1</b> To Administer the System as an Employee Benefit Trust					
<b>1</b> <i>Sound Retirement System</i>					
<b>1 TRS - PUBLIC EDUCATION RETIREMENT</b>	2,101,403,294	2,183,320,080	2,306,108,069	2,582,055,687	2,659,517,358
<b>2 TRS - HIGHER EDUCATION RETIREMENT</b>	273,108,210	271,285,630	272,220,427	308,487,141	319,828,986
<b>3 ADMINISTRATIVE OPERATIONS</b>	135,721,459	155,911,156	209,744,045	244,982,400	219,096,500
<b>4 TRS RETIREMENT-ADDITIONAL PAYMENT</b>	0	701,100,535	0	0	0
<b>2</b> <i>Health Care Program for Public Education Retirees Funded by Statute</i>					
<b>1 RETIREE HEALTH - STATUTORY FUNDS</b>	447,337,574	444,342,316	453,229,162	480,888,796	490,506,572
<b>3</b> <i>Health care for Public Ed Retirees Funded by Supplemental State Funds</i>					
<b>1 RETIREE HEALTH - SUPPLEMENTAL FUNDS</b>	3,312,206	721,337,761	0	0	0
<b>TOTAL, GOAL 1</b>	<b>\$2,960,882,743</b>	<b>\$4,477,297,478</b>	<b>\$3,241,301,703</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>
<b>TOTAL, AGENCY STRATEGY REQUEST</b>	<b>\$2,960,882,743</b>	<b>\$4,477,297,478</b>	<b>\$3,241,301,703</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>

## 2.A. Summary of Base Request by Strategy

8/10/2022 6:29:25PM

88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

### 323 Teacher Retirement System

Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*</b>				<b>\$0</b>	<b>\$0</b>
<b>GRAND TOTAL, AGENCY REQUEST</b>	<b>\$2,960,882,743</b>	<b>\$4,477,297,478</b>	<b>\$3,241,301,703</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>
<u>METHOD OF FINANCING:</u>					
<b>General Revenue Funds:</b>					
1 General Revenue Fund	2,520,901,573	3,559,604,877	3,000,200,663	3,324,358,703	3,420,827,923
<b>SUBTOTAL</b>	<b>\$2,520,901,573</b>	<b>\$3,559,604,877</b>	<b>\$3,000,200,663</b>	<b>\$3,324,358,703</b>	<b>\$3,420,827,923</b>
<b>General Revenue Dedicated Funds:</b>					
770 Est. Other Educational & General	38,612,796	35,794,114	26,567,937	40,157,308	41,763,600
<b>SUBTOTAL</b>	<b>\$38,612,796</b>	<b>\$35,794,114</b>	<b>\$26,567,937</b>	<b>\$40,157,308</b>	<b>\$41,763,600</b>
<b>Federal Funds:</b>					
325 Coronavirus Relief Fund	0	721,337,761	0	0	0
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$721,337,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Funds:</b>					
599 Economic Stabilization Fund	261,000,000	0	0	0	0
960 TRS Trust Account Fund	140,368,374	160,560,726	214,533,103	251,898,013	226,357,893
<b>SUBTOTAL</b>	<b>\$401,368,374</b>	<b>\$160,560,726</b>	<b>\$214,533,103</b>	<b>\$251,898,013</b>	<b>\$226,357,893</b>
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$2,960,882,743</b>	<b>\$4,477,297,478</b>	<b>\$3,241,301,703</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>

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

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

8/11/2022 10:33:53AM

88th 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 2021	Est 2022	Bud 2023	Req 2024	Req 2025
---------------------	----------	----------	----------	----------	----------

**GENERAL REVENUE****1** General Revenue Fund*REGULAR APPROPRIATIONS*Regular Appropriations from MOF Table  
(2020-21 GAA)

\$2,517,080,301

\$0

\$0

\$0

\$0

**Comments:** Conference Committee Report,  
House Bill 1, 86th Legislature Regular  
Session, 2019.Regular Appropriations from MOF Table  
(2022-23 GAA)

\$0

\$2,858,504,342

\$3,000,200,663

\$0

\$0

**Comments:** Conference Committee Report,  
Senate Bill 1, 87th Legislature Regular  
Session, 2021.

Regular Appropriations

\$0

\$0

\$0

\$3,324,358,703

\$3,420,827,923

**Comments:** Regular Appropriations*RIDER APPROPRIATION*Article IX, Sec 18.57 (2020-21 GAA), Contingency  
for SB 1264

\$3,312,206

\$0

\$0

\$0

\$0

**Comments:** \$3,312,206 in fiscal year 2021 in  
General Revenue for TRS-Care Funding. ACFR  
Note 9: for consumer protection for medical and  
health care billing by certain out of network, pg 74.

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

8/11/2022 10:33:53AM

88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: <b>323</b>	Agency name: <b>Teacher Retirement System</b>				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<b><u>GENERAL REVENUE</u></b>					
<i>TRANSFERS</i>					
Adjustment per Section 1575.201(b), Insurance Code					
<b>Comments:</b> Strategy A.2.1, Retiree Health - Statutory Funds, is estimated to pay state contributions to TRS-Care required by Insurance Code 1575.202(a). CPA transfers to TRS monthly amounts based on the estimated appropriation, settled up each year end with amounts owed based on actual active member payroll. FY 2021 matches Settle-up Letter to CPA dated 11/02/21 for TRS-Care (\$1,613,641 owed to the State by TRS).	\$(1,613,641)	\$0	\$0	\$0	\$0
Adjustment per Section 403.093(c), Government Code					
<b>Comments:</b> Strategies A.1.1, Public Education Retirement, and A.1.2, Higher Education Retirement, are estimated to pay state retirement contributions required by Government Code 403.093(c). CPA transfers to TRS monthly amounts based on the estimated appropriation, settled up each year end with amounts owed based on actual active member payroll. FY 2021 matches Settle-up Letter to CPA dated 11/2/21 for Public Education (\$29,021,326 owed to the State by TRS) and Higher Education (\$15,612,690 owed to TRS by the State).	\$(13,408,636)	\$0	\$0	\$0	\$0
<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>					
Rider 7 - Transfer of Other Educ & Gen Income (2020-21 GAA)	\$15,531,343	\$0	\$0	\$0	\$0

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

8/11/2022 10:33:53AM

88th 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 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<b><u>GENERAL REVENUE</u></b>					
<b>Comments:</b> Transfer of authorized appropriations for TRS Higher-Education Retirement from Other Educational and General Income to institutions of higher education to meet their obligations and comply with the Benefits Paid Proportional by Method of Finance.					
HB 5, 87th Legislature, Second Called Session					
<b>Comments:</b> House Bill 5, 87th Legislature, Second Called Session, 2021. Funding for a one-time supplemental payment of benefits.	\$0	\$701,100,535	\$0	\$0	\$0
<b>TOTAL, General Revenue Fund</b>	<b>\$2,520,901,573</b>	<b>\$3,559,604,877</b>	<b>\$3,000,200,663</b>	<b>\$3,324,358,703</b>	<b>\$3,420,827,923</b>
<b>TOTAL, ALL GENERAL REVENUE</b>	<b>\$2,520,901,573</b>	<b>\$3,559,604,877</b>	<b>\$3,000,200,663</b>	<b>\$3,324,358,703</b>	<b>\$3,420,827,923</b>

**GENERAL REVENUE FUND - DEDICATED****770** GR Dedicated - Estimated Other Educational and General Income Account No. 770*REGULAR APPROPRIATIONS*

Regular Appropriations from MOF Table (2020-21 GAA)

\$25,042,829	\$0	\$0	\$0	\$0
--------------	-----	-----	-----	-----

**Comments:** Conference Committee Report, House Bill 1, 86th Legislature Regular Session, 2019.

Regular Appropriations from MOF Table (2022-23 GAA)



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

8/11/2022 10:33:53AM

88th 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 2021	Est 2022	Bud 2023	Req 2024	Req 2025	
<u>GENERAL REVENUE FUND - DEDICATED</u>						
	\$0	\$25,794,114	\$26,567,937	\$0	\$0	
<b>Comments:</b> Conference Committee Report, Senate Bill 1, 87th Legislature Regular Session, 2021.						
Regular Appropriations						
	\$0	\$0	\$0	\$40,157,308	\$41,763,600	
<b>Comments:</b> Regular Appropriations.						
<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>						
Rider 7 - Transfer of Other Educ & Gen Income (2020-21 GAA)	\$13,569,967	\$0	\$0	\$0	\$0	
<b>Comments:</b> Transfer of authorized appropriations for TRS Higher-Education Retirement from Other Educational and General Income to institutions of higher education to meet their obligations and comply with the Benefits Paid Proportional by Method of Finance.						
Rider 7 - Transfer of Other Educ & Gen Income (2022-23 GAA)	\$0	\$10,000,000	\$0	\$0	\$0	
<b>Comments:</b> Transfer of authorized appropriations for TRS Higher-Education Retirement from Other Educational and General Income to institutions of higher education to meet their obligations and comply with the Benefits Paid Proportional by Method of Finance.						

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

8/11/2022 10:33:53AM

88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: <b>323</b>		Agency name: <b>Teacher Retirement System</b>				
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<b><u>GENERAL REVENUE FUND - DEDICATED</u></b>						
<b>TOTAL,</b>	<b>GR Dedicated - Estimated Other Educational and General Income Account No. 770</b>	\$38,612,796	\$35,794,114	\$26,567,937	\$40,157,308	\$41,763,600
<b>TOTAL GENERAL REVENUE FUND - DEDICATED - 704, 708 &amp; 770</b>		\$38,612,796	\$35,794,114	\$26,567,937	\$40,157,308	\$41,763,600
<b>TOTAL, ALL</b>	<b>GENERAL REVENUE FUND - DEDICATED</b>	\$38,612,796	\$35,794,114	\$26,567,937	\$40,157,308	\$41,763,600
<b>TOTAL,</b>	<b>GR &amp; GR-DEDICATED FUNDS</b>	\$2,559,514,369	\$3,595,398,991	\$3,026,768,600	\$3,364,516,011	\$3,462,591,523
<b><u>FEDERAL FUNDS</u></b>						
<b><u>325</u></b>	Coronavirus Relief Fund					
	<i>TRANSFERS</i>					
	CRF funds appropriated from the Governor's Office to the TRS-ActiveCare Plan	\$0	\$435,000,000	\$0	\$0	\$0
	<b>Comments:</b> Additional Coronavirus Relief Funds (CRF) approved to the Teacher Retirement System of Texas (TRS) to be applied to the TRS-ActiveCare health care plan to offset insurance premium increases.					
	<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>					
	SB 8, 87th Legislature, Third Called Session	\$0	\$286,337,761	\$0	\$0	\$0

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

8/11/2022 10:33:53AM

88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>			
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<b><u>FEDERAL FUNDS</u></b>						
	<b>Comments:</b> Supplemental funding approved to the Teacher Retirement System of Texas to provide funding for coronavirus-related claims in TRS-Care and TRS-ActiveCare.					
<b>TOTAL,</b>	<b>Coronavirus Relief Fund</b>	<b>\$0</b>	<b>\$721,337,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ALL</b>	<b>FEDERAL FUNDS</b>	<b>\$0</b>	<b>\$721,337,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>OTHER FUNDS</u></b>						
<b><u>599</u></b>	Economic Stabilization Fund					
	<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>					
	SB 500, 86th Legislature, Regular Session	\$261,000,000	\$0	\$0	\$0	\$0
	<b>Comments:</b> Funds the increase for the state's contribution to the pension fund from 6.80% to 7.50%.					
<b>TOTAL,</b>	<b>Economic Stabilization Fund</b>	<b>\$261,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>960</u></b>	Teacher Retirement System Trust Account Fund No. 960					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2020-21 GAA)	\$136,572,439	\$0	\$0	\$0	\$0

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

8/11/2022 10:33:53AM

88th 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 2021	Est 2022	Bud 2023	Req 2024	Req 2025
---------------------	----------	----------	----------	----------	----------

**OTHER FUNDS****Comments:** Conference Committee Report, House Bill 1,  
86th Legislature Regular Session, 2019.

Regular Appropriations from MOF Table (2020-21 GAA)

\$4,646,915	\$0	\$0	\$0	\$0
-------------	-----	-----	-----	-----

**Comments:** Conference Committee Report, House Bill 1,  
86th Legislature Regular Session, 2019.

Regular Appropriations from MOF Table (2022-23 GAA)

\$0	\$143,785,462	\$150,013,045	\$0	\$0
-----	---------------	---------------	-----	-----

**Comments:** Conference Committee Report, Senate Bill 1,  
87th Legislature Regular Session, 2021.

Regular Appropriations from MOF Table (2022-23 GAA)

\$0	\$4,649,570	\$4,789,058	\$0	\$0
-----	-------------	-------------	-----	-----

**Comments:** Conference Committee Report, Senate Bill 1,  
87th Legislature Regular Session, 2021.

Regular Appropriations

\$0	\$0	\$0	\$244,982,400	\$219,096,500
-----	-----	-----	---------------	---------------

**Comments:** Regular Appropriations.

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

8/11/2022 10:33:53AM

88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: <b>323</b>	Agency name: <b>Teacher Retirement System</b>				
<b>METHOD OF FINANCING</b>	<b>Exp 2021</b>	<b>Est 2022</b>	<b>Bud 2023</b>	<b>Req 2024</b>	<b>Req 2025</b>
<b><u>OTHER FUNDS</u></b>					
Regular Appropriations	\$0	\$0	\$0	\$6,915,613	\$7,261,393
<b>Comments:</b> Employer Contributions for TRS Employees.					
<i>RIDER APPROPRIATION</i>					
Art IX, Sec 14.03(i), Capital Budget UB (2020-21 GAA)	\$5,452,001	\$0	\$0	\$0	\$0
<b>Comments:</b> Rider 22. Capital Budget UB related to TEAM and CAPPs.					
Art IX, Sec 14.03(i), Capital Budget UB (2020-21 GAA)	\$4,496,304	\$0	\$0	\$0	\$0
<b>Comments:</b> Capital Budget UB related to all other Capital Budget Appropriations, excluding appropriation for TEAM and CAPPs shown above.					
Rider 13, Performance Incentive Compensation (2020-21 GAA)	\$9,544,594	\$0	\$0	\$0	\$0
<b>Comments:</b> TRS Rider 13 authorizes payment of performance incentive compensation.					
Rider 13, Performance Incentive Compensation (2022-23 GAA)	\$0	\$12,125,694	\$15,000,000	\$0	\$0

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

8/11/2022 10:33:53AM

88th 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 2021	Est 2022	Bud 2023	Req 2024	Req 2025
---------------------	----------	----------	----------	----------	----------

**OTHER FUNDS****Comments:** TRS Rider 13 authorizes payment of performance incentive compensation.

Rider 13, Performance Incentive Compensation (2022-23 GAA)

\$0	\$0	\$(15,000,000)	\$0	\$0
-----	-----	----------------	-----	-----

**Comments:** TRS Rider 13 authorizes payment of performance incentive compensation.*SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS*

Art IX, Sec 8.02(f)(1) Reimbursements and payments

\$281	\$0	\$0	\$0	\$0
-------	-----	-----	-----	-----

**Comments:** Reimbursement of state funds received as a result of a recovery audit pursuant to Chapter 2115, Government Code performed on behalf of CPA.*LAPSED APPROPRIATIONS*

Regular Appropriations from MOF Table (2020-21 GAA)

\$(20,344,160)	\$0	\$0	\$0	\$0
----------------	-----	-----	-----	-----

**Comments:** Lapsed amount attributed to the reduced spending mandated by the state.*BASE ADJUSTMENT*

Regular Appropriations from MOF Table (2022-23 GAA)

\$0	\$0	\$51,591,400	\$0	\$0
-----	-----	--------------	-----	-----

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

8/11/2022 10:33:53AM

88th 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 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<b><u>OTHER FUNDS</u></b>						
<b>Comments:</b> The Board finds the base adjustment is required pursuant to Rider 20 Exception to FTE Limitation for Board Fiduciary Finding of the TRS bill pattern, to address the customer service needs of our growing membership, continue to enhance competitive advantages for a nearly \$200 billion institutional investor, and improve operational efficiencies for the current biennium.						
Regular Appropriations from MOF Table (2022-23 GAA)						
<b>Comments:</b> Pursuant to a fiduciary finding by the Board, \$8.1 million will need to be added to existing capital authority for the Investment Data Modernization Program and the fraud threat prevention, detection, and investigation tool.		\$0	\$0	\$8,139,600	\$0	\$0
<b>TOTAL,</b>	<b>Teacher Retirement System Trust Account Fund No. 960</b>	<b>\$140,368,374</b>	<b>\$160,560,726</b>	<b>\$214,533,103</b>	<b>\$251,898,013</b>	<b>\$226,357,893</b>
<b>TOTAL, ALL</b>	<b>OTHER FUNDS</b>	<b>\$401,368,374</b>	<b>\$160,560,726</b>	<b>\$214,533,103</b>	<b>\$251,898,013</b>	<b>\$226,357,893</b>
<b>GRAND TOTAL</b>		<b>\$2,960,882,743</b>	<b>\$4,477,297,478</b>	<b>\$3,241,301,703</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>

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

8/11/2022 10:33:53AM

88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: <b>323</b>	Agency name: <b>Teacher Retirement System</b>				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<b>FULL-TIME-EQUIVALENT POSITIONS</b>					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2020-21 GAA) <b>Comments:</b> Conference Committee Report, House Bill 1, 86th Legislature Regular Session, 2019.	745.3	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2022-23 GAA) <b>Comments:</b> Conference Committee Report, Senate Bill 1, 87th Legislature Regular Session, 2021.	0.0	768.3	783.3	0.0	0.0
Regular Appropriation <b>Comments:</b> Regular Appropriation.	0.0	0.0	0.0	1,047.3	1,047.3
RIDER APPROPRIATION					
Rider 10 (2020-21 GAA), Full-Time Equivalent Positions Intern Exemption <b>Comments:</b> FTEs authorized by Rider 10 in addition to FTEs reflected in the FTE cap.	7.4	0.0	0.0	0.0	0.0
Rider 10 (2020-21 GAA), Full-Time Equivalent Positions Intern Exemption <b>Comments:</b> FTEs exempt from the FTE cap.	(7.4)	0.0	0.0	0.0	0.0
Art IX, Sec 6.10(a)(2), Board or Administrator FTE Adjustment (2020-21 GAA)	13.0	0.0	0.0	0.0	0.0



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

8/11/2022 10:33:53AM

88th 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 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<b>Comments:</b> IT contractors converted to FTE positions for cost savings of \$1.0 million.					
LAPSED APPROPRIATIONS					
Regular Appropriations from MOF Table (2020-21 GAA)	(24.8)	0.0	0.0	0.0	0.0
<b>Comments:</b> FTE levels were affected by a hiring freeze implemented as a cost savings measure in late FY20 combined with the impact of the COVID pandemic as well as an increasingly competitive job market and unprecedented levels of attrition.					
REQUEST TO EXCEED ADJUSTMENTS					
Rider 20 (2022-23 GAA), Exception to FTE Limitation for Board Fiduciary Finding	0.0	0.0	264.0	0.0	0.0
<b>Comments:</b> Pursuant to Rider 20 Exception to FTE Limitation for Board Fiduciary Finding of the TRS bill pattern, to address the customer service needs of our growing membership, continue to enhance competitive advantages for a nearly \$200 billion institutional investor, and improve operational efficiencies for the current biennium.					
<b>TOTAL, ADJUSTED FTES</b>	<b>733.5</b>	<b>768.3</b>	<b>1,047.3</b>	<b>1,047.3</b>	<b>1,047.3</b>

**NUMBER OF 100% FEDERALLY FUNDED FTEs**

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

8/10/2022 6:29:26PM

88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)**323 Teacher Retirement System**

<b>OBJECT OF EXPENSE</b>	<b>Exp 2021</b>	<b>Est 2022</b>	<b>Bud 2023</b>	<b>BL 2024</b>	<b>BL 2025</b>
1001 SALARIES AND WAGES	\$85,384,710	\$92,392,508	\$119,202,600	\$133,232,000	\$142,137,000
1002 OTHER PERSONNEL COSTS	\$2,828,297,292	\$4,324,226,107	\$3,034,233,058	\$3,374,215,624	\$3,472,800,916
2001 PROFESSIONAL FEES AND SERVICES	\$18,041,742	\$23,858,446	\$37,040,000	\$59,619,000	\$34,769,000
2002 FUELS AND LUBRICANTS	\$1,748	\$3,500	\$4,000	\$4,000	\$4,000
2003 CONSUMABLE SUPPLIES	\$193,918	\$605,256	\$654,800	\$676,000	\$677,000
2004 UTILITIES	\$1,003,454	\$1,400,532	\$1,766,500	\$2,488,000	\$2,488,000
2005 TRAVEL	\$130,199	\$1,313,195	\$2,741,000	\$2,964,000	\$3,094,000
2006 RENT - BUILDING	\$4,446,835	\$5,411,655	\$4,529,700	\$165,100	\$164,300
2007 RENT - MACHINE AND OTHER	\$473,943	\$731,315	\$754,800	\$795,000	\$795,000
2009 OTHER OPERATING EXPENSE	\$22,051,697	\$26,625,946	\$38,969,197	\$35,865,300	\$32,020,200
5000 CAPITAL EXPENDITURES	\$857,205	\$729,018	\$1,406,048	\$6,390,000	\$0
<b>OOE Total (Excluding Riders)</b>	<b>\$2,960,882,743</b>	<b>\$4,477,297,478</b>	<b>\$3,241,301,703</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>
<b>OOE Total (Riders)</b>					
<b>Grand Total</b>	<b>\$2,960,882,743</b>	<b>\$4,477,297,478</b>	<b>\$3,241,301,703</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>

**2.D. Summary of Base Request Objective Outcomes**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

8/10/2022 6:29:26PM

<b>323 Teacher Retirement System</b>					
<b>Goal/ Objective / Outcome</b>	<b>Exp 2021</b>	<b>Est 2022</b>	<b>Bud 2023</b>	<b>BL 2024</b>	<b>BL 2025</b>
1 To Administer the System as an Employee Benefit Trust					
1 Sound Retirement System					
1 # of Years-Amortize TRS Retiremt. Fund Unfunded Actuarial Accrued Liab					
	23.00	26.00	25.00	25.00	25.00
2 TRS Retiremt. Fund 5-yr Avg Time-weighted Rate of ROI Performance					
	11.60%	10.47%	7.00%	7.00%	7.00%
3 TRS Retirement. Fund 20-yr Avg Time-weighted Rate of ROI Performance					
	8.80%	7.64%	7.00%	7.00%	7.00%
4 Investment Performance Relative to Board Approved Benchmark					
	119.20	114.06	100.00	100.00	100.00
KEY          5 TRS Retiremt. Fund Ann. Op. Exp. Per Member					
	38.00	47.50	56.87	60.64	60.83
KEY          6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets					
	13.49	13.63	13.67	13.14	12.32
KEY          7 Service Level Percentage of Calls Answered in Specified Time Interval					
	44.20%	14.00%	80.00%	80.00%	80.00%
2 Health Care Program for Public Education Retirees Funded by Statute					
1 Participation Rate in Disease Mgmt Program by Non-Medicare Enrollees					
	33.24%	30.00%	5.00%	5.00%	5.00%
2 Generic Substitution Rate for TRS-Care Prescription Drug Benefits					
	98.30%	98.00%	98.00%	98.00%	98.00%

**2.F. Summary of Total Request by Strategy**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/10/2022  
TIME : 6:29:26PM

Agency code: 323	Agency name: Teacher Retirement System					
Goal/Objective/STRATEGY	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
<b>1 To Administer the System as an Employee Benefit Trust</b>						
<b>1 Sound Retirement System</b>						
<b>1 TRS - PUBLIC EDUCATION RETIREMENT</b>	\$2,582,055,687	\$2,659,517,358	\$0	\$0	\$2,582,055,687	\$2,659,517,358
<b>2 TRS - HIGHER EDUCATION RETIREMENT</b>	308,487,141	319,828,986	0	0	308,487,141	319,828,986
<b>3 ADMINISTRATIVE OPERATIONS</b>	244,982,400	219,096,500	0	0	244,982,400	219,096,500
<b>4 TRS RETIREMENT-ADDITIONAL PAYMENT</b>	0	0	0	0	0	0
<b>2 Health Care Program for Public Education Retirees Funded by Statute</b>						
<b>1 RETIREE HEALTH - STATUTORY FUNDS</b>	480,888,796	490,506,572	0	0	480,888,796	490,506,572
<b>3 Health care for Public Ed Retirees Funded by Supplemental State Fund</b>						
<b>1 RETIREE HEALTH - SUPPLEMENTAL FUNDS</b>	0	0	0	0	0	0
<b>TOTAL, GOAL 1</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>
<b>TOTAL, AGENCY STRATEGY REQUEST</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>
<b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST</b>						
<b>GRAND TOTAL, AGENCY REQUEST</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>

**2.F. Summary of Total Request by Strategy**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/10/2022  
TIME : 6:29:26PM

Agency code: 323		Agency name: Teacher Retirement System					
Goal/Objective/STRATEGY		Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
General Revenue Funds:							
1	General Revenue Fund	\$3,324,358,703	\$3,420,827,923	\$0	\$0	\$3,324,358,703	\$3,420,827,923
		\$3,324,358,703	\$3,420,827,923	\$0	\$0	\$3,324,358,703	\$3,420,827,923
General Revenue Dedicated Funds:							
770	Est. Other Educational & General	40,157,308	41,763,600	0	0	40,157,308	41,763,600
		\$40,157,308	\$41,763,600	\$0	\$0	\$40,157,308	\$41,763,600
Federal Funds:							
325	Coronavirus Relief Fund	0	0	0	0	0	0
		\$0	\$0	\$0	\$0	\$0	\$0
Other Funds:							
599	Economic Stabilization Fund	0	0	0	0	0	0
960	TRS Trust Account Fund	251,898,013	226,357,893	0	0	251,898,013	226,357,893
		\$251,898,013	\$226,357,893	\$0	\$0	\$251,898,013	\$226,357,893
TOTAL, METHOD OF FINANCING		\$3,616,414,024	\$3,688,949,416	\$0	\$0	\$3,616,414,024	\$3,688,949,416
FULL TIME EQUIVALENT POSITIONS							
		1,047.3	1,047.3	0.0	0.0	1,047.3	1,047.3

**2.G. Summary of Total Request Objective Outcomes**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/10/2022  
Time: 6:29:26PM

Agency code: 323

Agency name: Teacher Retirement System

Goal/ Objective / Outcome

		BL 2024	BL 2025	Excp 2024	Excp 2025	Total Request 2024	Total Request 2025
1	To Administer the System as an Employee Benefit Trust						
1	Sound Retirement System						
	<b>1 # of Years-Amortize TRS Retirement. Fund Unfunded Actuarial Accrued Liab</b>						
		25.00	25.00			25.00	25.00
	<b>2 TRS Retirement. Fund 5-yr Avg Time-weighted Rate of ROI Performance</b>						
		7.00%	7.00%			7.00%	7.00%
	<b>3 TRS Retirement. Fund 20-yr Avg Time-weighted Rate of ROI Performance</b>						
		7.00%	7.00%			7.00%	7.00%
	<b>4 Investment Performance Relative to Board Approved Benchmark</b>						
		100.00	100.00			100.00	100.00
KEY	<b>5 TRS Retirement. Fund Ann. Op. Exp. Per Member</b>						
		60.64	60.83			60.64	60.83
KEY	<b>6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets</b>						
		13.14	12.32			13.14	12.32
KEY	<b>7 Service Level Percentage of Calls Answered in Specified Time Interval</b>						
		80.00%	80.00%			80.00%	80.00%
2	Health Care Program for Public Education Retirees Funded by Statute						
	<b>1 Participation Rate in Disease Mgmt Program by Non-Medicare Enrollees</b>						
		5.00%	5.00%			5.00%	5.00%

**2.G. Summary of Total Request Objective Outcomes**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/10/2022  
Time: 6:29:26PM

Agency code: 323

Agency name: Teacher Retirement System

Goal/ Objective / Outcome

	BL 2024	BL 2025	Excp 2024	Excp 2025	Total Request 2024	Total Request 2025
<b>2 Generic Substitution Rate for TRS-Care Prescription Drug Benefits</b>						
	98.00%	98.00%			98.00%	98.00%

**3.A. Strategy Request**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

8/10/2022 6:29:27PM

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$2,101,403,294	\$2,183,320,080	\$2,306,108,069	\$2,582,055,687	\$2,659,517,358
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$2,101,403,294</b>	<b>\$2,183,320,080</b>	<b>\$2,306,108,069</b>	<b>\$2,582,055,687</b>	<b>\$2,659,517,358</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$1,879,553,294	\$2,183,320,080	\$2,306,108,069	\$2,582,055,687	\$2,659,517,358
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$1,879,553,294</b>	<b>\$2,183,320,080</b>	<b>\$2,306,108,069</b>	<b>\$2,582,055,687</b>	<b>\$2,659,517,358</b>
<b>Method of Financing:</b>						
599	Economic Stabilization Fund	\$221,850,000	\$0	\$0	\$0	\$0
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$221,850,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$2,582,055,687</b>	<b>\$2,659,517,358</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$2,101,403,294</b>	<b>\$2,183,320,080</b>	<b>\$2,306,108,069</b>	<b>\$2,582,055,687</b>	<b>\$2,659,517,358</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>						
<b>STRATEGY DESCRIPTION AND JUSTIFICATION:</b>						



**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
------	-------------	----------	----------	----------	---------	---------

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 1.8 million members and is expected to increase by approximately 6% during the 2024-25 biennium. Based on current trends, we are assuming covered payroll growth in Public Education of 3% for FY 2023 as well as for 2024 and 2025.

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$4,489,428,149	\$5,241,573,045	\$752,144,896	\$752,144,896	Increase to cover assumed payroll growth of 3% per year and the increased rate of 8.25%.
			<b>\$752,144,896</b>	<b>Total of Explanation of Biennial Change</b>

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$273,108,210	\$271,285,630	\$272,220,427	\$308,487,141	\$319,828,986
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$273,108,210</b>	<b>\$271,285,630</b>	<b>\$272,220,427</b>	<b>\$308,487,141</b>	<b>\$319,828,986</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$190,698,499	\$230,841,946	\$240,863,432	\$261,414,220	\$270,803,993
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$190,698,499</b>	<b>\$230,841,946</b>	<b>\$240,863,432</b>	<b>\$261,414,220</b>	<b>\$270,803,993</b>
<b>Method of Financing:</b>						
770	Est. Other Educational & General	\$38,612,796	\$35,794,114	\$26,567,937	\$40,157,308	\$41,763,600
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$38,612,796</b>	<b>\$35,794,114</b>	<b>\$26,567,937</b>	<b>\$40,157,308</b>	<b>\$41,763,600</b>
<b>Method of Financing:</b>						
599	Economic Stabilization Fund	\$39,150,000	\$0	\$0	\$0	\$0
960	TRS Trust Account Fund	\$4,646,915	\$4,649,570	\$4,789,058	\$6,915,613	\$7,261,393
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$43,796,915</b>	<b>\$4,649,570</b>	<b>\$4,789,058</b>	<b>\$6,915,613</b>	<b>\$7,261,393</b>

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$308,487,141</b>	<b>\$319,828,986</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$273,108,210</b>	<b>\$271,285,630</b>	<b>\$272,220,427</b>	<b>\$308,487,141</b>	<b>\$319,828,986</b>

**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 1.8 million members and is expected to increase by approximately 6% during the 2024-25 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 2023 and 5% per year for FY 2024 and 2025.

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
------	-------------	----------	----------	----------	---------	---------

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL CHANGE	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)		\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$543,506,057	\$628,316,127	\$84,810,070	\$84,810,070	Increase to cover assumed payroll growth of 5% per year and the increased rate of 8.25%.
			<b>\$84,810,070</b>	<b>Total of Explanation of Biennial Change</b>

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<b>Output Measures:</b>						
KEY 1	Number of TRS Benefit Applications Processed	85,268.00	95,800.00	80,000.00	100,000.00	100,000.00
2	Number of TRS Retirement Fund Member Accounts Serviced	14,047,250.00	14,187,722.00	14,301,238.00	14,429,949.00	14,559,819.00
3	Percent of Retirees Whose First Annuity is Paid When It is First Due	94.16 %	76.00 %	98.00 %	98.00 %	98.00 %
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$85,384,710	\$92,392,508	\$119,202,600	\$133,232,000	\$142,137,000
1002	OTHER PERSONNEL COSTS	\$3,136,008	\$2,839,785	\$2,675,400	\$2,784,000	\$2,948,000
2001	PROFESSIONAL FEES AND SERVICES	\$18,041,742	\$23,858,446	\$37,040,000	\$59,619,000	\$34,769,000
2002	FUELS AND LUBRICANTS	\$1,748	\$3,500	\$4,000	\$4,000	\$4,000
2003	CONSUMABLE SUPPLIES	\$193,918	\$605,256	\$654,800	\$676,000	\$677,000
2004	UTILITIES	\$1,003,454	\$1,400,532	\$1,766,500	\$2,488,000	\$2,488,000
2005	TRAVEL	\$130,199	\$1,313,195	\$2,741,000	\$2,964,000	\$3,094,000
2006	RENT - BUILDING	\$4,446,835	\$5,411,655	\$4,529,700	\$165,100	\$164,300
2007	RENT - MACHINE AND OTHER	\$473,943	\$731,315	\$754,800	\$795,000	\$795,000
2009	OTHER OPERATING EXPENSE	\$22,051,697	\$26,625,946	\$38,969,197	\$35,865,300	\$32,020,200
5000	CAPITAL EXPENDITURES	\$857,205	\$729,018	\$1,406,048	\$6,390,000	\$0

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$135,721,459</b>	<b>\$155,911,156</b>	<b>\$209,744,045</b>	<b>\$244,982,400</b>	<b>\$219,096,500</b>
<b>Method of Financing:</b>						
960	TRS Trust Account Fund	\$135,721,459	\$155,911,156	\$209,744,045	\$244,982,400	\$219,096,500
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$135,721,459</b>	<b>\$155,911,156</b>	<b>\$209,744,045</b>	<b>\$244,982,400</b>	<b>\$219,096,500</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$244,982,400</b>	<b>\$219,096,500</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$135,721,459</b>	<b>\$155,911,156</b>	<b>\$209,744,045</b>	<b>\$244,982,400</b>	<b>\$219,096,500</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>733.5</b>	<b>768.3</b>	<b>1,047.3</b>	<b>1,047.3</b>	<b>1,047.3</b>

**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, Senate Bill 1, 87th 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  
STRATEGY: 3 Administrative Operations

Service Categories:

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
------	-------------	----------	----------	----------	---------	---------

---

**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 to update business processes and core technologies used to deliver benefits and services to members and annuitants. In efforts to address customer service through system enhancements to add functionality as other business processes are modernized and transferred to the new pension system. Completion of the three-year initiative occurs with the final deployment of the TRUST system in fiscal year 2025. Future process enhancements include adding chat functionality for members and employers, system adjustments to the automated telephone system, including streamlining the menu options, and improving the member authentication process.

Total membership is approximately 1.8 million members and is expected to increase by approximately 6% during the 2024-25 biennium. The amounts requested for investment management translate to an estimated cost of approximately 13 basis points per dollar invested for FY24 and approximately 12 basis points per dollar invested for FY25. 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 \$60 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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
------	-------------	----------	----------	----------	---------	---------

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL CHANGE	<u>EXPLANATION OF BIENNIAL CHANGE</u>		
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)		\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)	
\$365,655,201	\$464,078,900	\$98,423,699	\$57,990,707	Funding for Customer Service Improvement Initiative approved by the Board	
			\$25,773,000	Funding for the Investment Data Modernization program	
			\$6,000,000	MOF Swap for new custody bank agreement	
			\$5,359,992	Additional operating funds for inflation	
			\$3,300,000	Funding for the fraud detection tool	
			<b>\$98,423,699</b>	<b>Total of Explanation of Biennial Change</b>	



**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$0	\$701,100,535	\$0	\$0	\$0
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$0</b>	<b>\$701,100,535</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$0	\$701,100,535	\$0	\$0	\$0
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$0</b>	<b>\$701,100,535</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$0</b>	<b>\$0</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$0</b>	<b>\$701,100,535</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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:**

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
------	-------------	----------	----------	----------	---------	---------

In FY 2022, TRS received funding to provide a one-time additional payment to certain retirees following the enactment of House Bill 5, 87th Legislature, Second Called Session, 2021. TRS does not request funding under this strategy for the 2024-25 biennium.

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL CHANGE	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)		\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$701,100,535	\$0	\$(701,100,535)	\$(701,100,535)	No additional funding requested for the 2024-25 biennium
			<b>\$(701,100,535)</b>	<b>Total of Explanation of Biennial Change</b>

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$447,337,574	\$444,342,316	\$453,229,162	\$480,888,796	\$490,506,572
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$447,337,574</b>	<b>\$444,342,316</b>	<b>\$453,229,162</b>	<b>\$480,888,796</b>	<b>\$490,506,572</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$447,337,574	\$444,342,316	\$453,229,162	\$480,888,796	\$490,506,572
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$447,337,574</b>	<b>\$444,342,316</b>	<b>\$453,229,162</b>	<b>\$480,888,796</b>	<b>\$490,506,572</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$480,888,796</b>	<b>\$490,506,572</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$447,337,574</b>	<b>\$444,342,316</b>	<b>\$453,229,162</b>	<b>\$480,888,796</b>	<b>\$490,506,572</b>

**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 health care benefits to retired public school employees by monitoring the performance of contract benefit providers, communicating health care plan features to retired public school employees, and resolving benefit disputes. Funds requested for this strategy relate only to the retiree health care 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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
------	-------------	----------	----------	----------	---------	---------

**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 2024-25 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 estimates it will have sufficient funding to maintain current premium and benefit levels through FY 2025.

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL CHANGE	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)		\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$897,571,478	\$971,395,368	\$73,823,890	\$73,823,890	Increase to cover assumed payroll growth of 2% per year.
			<b>\$73,823,890</b>	<b>Total of Explanation of Biennial Change</b>

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$3,312,206	\$721,337,761	\$0	\$0	\$0
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$3,312,206</b>	<b>\$721,337,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$3,312,206	\$0	\$0	\$0	\$0
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$3,312,206</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Method of Financing:</b>						
325	Coronavirus Relief Fund					
21.019.119	COVID19 Coronavirus Relief Fund	\$0	\$435,000,000	\$0	\$0	\$0
21.027.119	COVID19 State Fiscal Recovery	\$0	\$286,337,761	\$0	\$0	\$0
CFDA Subtotal, Fund	325	\$0	\$721,337,761	\$0	\$0	\$0
<b>SUBTOTAL, MOF (FEDERAL FUNDS)</b>		<b>\$0</b>	<b>\$721,337,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$0</b>	<b>\$0</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$3,312,206</b>	<b>\$721,337,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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 health care benefits to retired public school employees by monitoring the performance of contract benefit providers , communicating health care plan features to retired public school employees, and resolving benefit disputes. Funds requested for this strategy relate only to the retiree healthcare program.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

No additional funding is requested for the TRS-Care program for the 2024-25 biennium.

**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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
------	-------------	----------	----------	----------	---------	---------

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$721,337,761	\$0	\$(721,337,761)	\$(721,337,761)	No additional funding requested for the 2024-25 biennium.
			<u>\$(721,337,761)</u>	<b>Total of Explanation of Biennial Change</b>

---

**SUMMARY TOTALS:**

<b>OBJECTS OF EXPENSE:</b>	<b>\$2,960,882,743</b>	<b>\$4,477,297,478</b>	<b>\$3,241,301,703</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>
<b>METHODS OF FINANCE (INCLUDING RIDERS):</b>				<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>
<b>METHODS OF FINANCE (EXCLUDING RIDERS):</b>	<b>\$2,960,882,743</b>	<b>\$4,477,297,478</b>	<b>\$3,241,301,703</b>	<b>\$3,616,414,024</b>	<b>\$3,688,949,416</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>	<b>733.5</b>	<b>768.3</b>	<b>1,047.3</b>	<b>1,047.3</b>	<b>1,047.3</b>



### 3.B. Rider Revisions and Additions Request

<b>Agency Code:</b> 323	<b>Agency Name:</b> Teacher Retirement System	<b>Prepared By:</b>  Don Green	<b>Date:</b>  8-12-2022	<b>Request Level:</b>  Baseline																																													
<b>Current Rider Number</b>	<b>Page Number in 2022-23 GAA</b>	<b>Proposed Rider Language</b>																																															
1	III-40	<p><b>Performance Measure Targets.</b> 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> <tr> <td></td><td><b>2022</b></td><td><b>2024</b></td><td><b>2023</b></td><td><b>2025</b></td></tr> <tr> <td colspan="5"><b>A. Goal: TEACHER RETIREMENT SYSTEM</b></td></tr> <tr> <td colspan="5"><b>Outcome (Results/Impact):</b></td></tr> <tr> <td>TRS Retirement Fund Annual Operating Expense Per Member in Dollars (Excluding Investment Expenses)</td><td>45</td><td>60.64</td><td>45</td><td>60.83</td></tr> <tr> <td>TRS Retirement Fund Investment Expense as Basis Points of Net Assets</td><td>14</td><td>13.14</td><td>14</td><td>12.32</td></tr> <tr> <td>Service Level Percentage of Calls Answered in a Specified Time Interval</td><td>80%</td><td></td><td>80%</td><td></td></tr> <tr> <td colspan="5"><b>A.1.3. Strategy ADMINISTRATIVE OPERATIONS</b></td></tr> <tr> <td><b>Output (Volume)</b></td><td>77,500</td><td>100,000</td><td>80,000</td><td>100,000</td></tr> <tr> <td>Number of TRS Benefit Applications Processed</td><td></td><td></td><td></td><td></td></tr> </table> <p><i>The rider has been revised to reflect fiscal years 2024 and 2025 projected performance measure targets.</i></p>				<b>2022</b>	<b>2024</b>	<b>2023</b>	<b>2025</b>	<b>A. Goal: TEACHER RETIREMENT SYSTEM</b>					<b>Outcome (Results/Impact):</b>					TRS Retirement Fund Annual Operating Expense Per Member in Dollars (Excluding Investment Expenses)	45	60.64	45	60.83	TRS Retirement Fund Investment Expense as Basis Points of Net Assets	14	13.14	14	12.32	Service Level Percentage of Calls Answered in a Specified Time Interval	80%		80%		<b>A.1.3. Strategy ADMINISTRATIVE OPERATIONS</b>					<b>Output (Volume)</b>	77,500	100,000	80,000	100,000	Number of TRS Benefit Applications Processed				
	<b>2022</b>	<b>2024</b>	<b>2023</b>	<b>2025</b>																																													
<b>A. Goal: TEACHER RETIREMENT SYSTEM</b>																																																	
<b>Outcome (Results/Impact):</b>																																																	
TRS Retirement Fund Annual Operating Expense Per Member in Dollars (Excluding Investment Expenses)	45	60.64	45	60.83																																													
TRS Retirement Fund Investment Expense as Basis Points of Net Assets	14	13.14	14	12.32																																													
Service Level Percentage of Calls Answered in a Specified Time Interval	80%		80%																																														
<b>A.1.3. Strategy ADMINISTRATIVE OPERATIONS</b>																																																	
<b>Output (Volume)</b>	77,500	100,000	80,000	100,000																																													
Number of TRS Benefit Applications Processed																																																	

### 3.B. Rider Revisions and Additions Request

2	III-40	<p><b>Capital Budget.</b> 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><thead><tr><th></th><th>2022</th><th>2024</th><th>2023</th><th>2025</th></tr></thead><tbody><tr><td>a. Repair or Rehabilitation of Buildings and Facilities</td><td></td><td></td><td></td><td></td></tr><tr><td>    (1) Building Renovations</td><td>\$1,500,000</td><td>\$3,000,000</td><td>\$1,500,000</td><td>UB</td></tr><tr><td>    (2) Security Renovations</td><td>\$100,000</td><td>\$200,000</td><td>\$100,000</td><td>UB</td></tr><tr><td>Total, Repair or Rehabilitation of Building and Facilities</td><td>\$1,600,000</td><td>3,200,000</td><td>\$1,600,000</td><td>UB</td></tr><tr><td>b. Acquisition of Information Resource Technologies</td><td></td><td></td><td></td><td></td></tr><tr><td>    (1) <del>Network Infrastructure</del> Infrastructure Upgrades</td><td>\$500,000</td><td>\$7,300,000</td><td>\$500,000</td><td>UB</td></tr><tr><td>    (2) Investment <del>System</del> Data Modernization</td><td>450,000</td><td>\$25,773,000</td><td>450,000</td><td>UB</td></tr><tr><td>    (3) <del>PC Workstation Refresh</del></td><td></td><td>500,000</td><td></td><td>500,000</td></tr><tr><td>    (4) <del>Pension Legislation</del></td><td></td><td>0</td><td></td><td>200,000</td></tr><tr><td>Total, Acquisition of Information Resource Technologies</td><td>\$1,450,000</td><td>\$33,073,000</td><td>\$1,650,000</td><td>UB</td></tr><tr><td><del>e. Data Center Consolidation</del></td><td></td><td></td><td></td><td></td></tr><tr><td>    (1) <del>Data Center Upgrade</del></td><td></td><td>\$335,352</td><td></td><td>\$336,048</td></tr><tr><td>Total, Capital Budget</td><td>\$3,385,352</td><td>\$36,273,000</td><td>\$3,586,048</td><td>UB</td></tr><tr><td colspan="5">Method of Financing (Capital Budget):</td></tr><tr><td>Teacher Retirement System Trust Account Fund No. 960</td><td>\$3,385,352</td><td>\$36,273,000</td><td>\$3,586,048</td><td>UB</td></tr><tr><td>Total, Method of Financing</td><td>\$3,385,352</td><td>\$36,273,000</td><td>\$3,586,048</td><td>UB</td></tr></tbody></table> <p><i>The proposed revisions to the rider reflect the 2024-25 Capital Budget Request.</i></p>		2022	2024	2023	2025	a. Repair or Rehabilitation of Buildings and Facilities					(1) Building Renovations	\$1,500,000	\$3,000,000	\$1,500,000	UB	(2) Security Renovations	\$100,000	\$200,000	\$100,000	UB	Total, Repair or Rehabilitation of Building and Facilities	\$1,600,000	3,200,000	\$1,600,000	UB	b. Acquisition of Information Resource Technologies					(1) <del>Network Infrastructure</del> Infrastructure Upgrades	\$500,000	\$7,300,000	\$500,000	UB	(2) Investment <del>System</del> Data Modernization	450,000	\$25,773,000	450,000	UB	(3) <del>PC Workstation Refresh</del>		500,000		500,000	(4) <del>Pension Legislation</del>		0		200,000	Total, Acquisition of Information Resource Technologies	\$1,450,000	\$33,073,000	\$1,650,000	UB	<del>e. Data Center Consolidation</del>					(1) <del>Data Center Upgrade</del>		\$335,352		\$336,048	Total, Capital Budget	\$3,385,352	\$36,273,000	\$3,586,048	UB	Method of Financing (Capital Budget):					Teacher Retirement System Trust Account Fund No. 960	\$3,385,352	\$36,273,000	\$3,586,048	UB	Total, Method of Financing	\$3,385,352	\$36,273,000	\$3,586,048	UB
	2022	2024	2023	2025																																																																																			
a. Repair or Rehabilitation of Buildings and Facilities																																																																																							
(1) Building Renovations	\$1,500,000	\$3,000,000	\$1,500,000	UB																																																																																			
(2) Security Renovations	\$100,000	\$200,000	\$100,000	UB																																																																																			
Total, Repair or Rehabilitation of Building and Facilities	\$1,600,000	3,200,000	\$1,600,000	UB																																																																																			
b. Acquisition of Information Resource Technologies																																																																																							
(1) <del>Network Infrastructure</del> Infrastructure Upgrades	\$500,000	\$7,300,000	\$500,000	UB																																																																																			
(2) Investment <del>System</del> Data Modernization	450,000	\$25,773,000	450,000	UB																																																																																			
(3) <del>PC Workstation Refresh</del>		500,000		500,000																																																																																			
(4) <del>Pension Legislation</del>		0		200,000																																																																																			
Total, Acquisition of Information Resource Technologies	\$1,450,000	\$33,073,000	\$1,650,000	UB																																																																																			
<del>e. Data Center Consolidation</del>																																																																																							
(1) <del>Data Center Upgrade</del>		\$335,352		\$336,048																																																																																			
Total, Capital Budget	\$3,385,352	\$36,273,000	\$3,586,048	UB																																																																																			
Method of Financing (Capital Budget):																																																																																							
Teacher Retirement System Trust Account Fund No. 960	\$3,385,352	\$36,273,000	\$3,586,048	UB																																																																																			
Total, Method of Financing	\$3,385,352	\$36,273,000	\$3,586,048	UB																																																																																			
3	III-41	<p><b>Updated Actuarial Valuation.</b> 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.</p>																																																																																					

### **3.B. Rider Revisions and Additions Request**

4	III-41	<p><b>State Contribution to Teacher Retirement Program.</b> The amounts specified above in Strategy A.1.1, TRS-Public Education Retirement, <del>\$2,183,320,080</del> \$2,582,055,687 in fiscal year <del>2022</del> <u>2024</u> and <del>\$2,306,108,069</del> \$2,659,517,358 in fiscal year <del>2023</del> <u>2025</u>, and A.1.2, TRS-Higher Education Retirement, <del>\$261,285,630</del> \$308,487,141 in fiscal year <del>2022</del> <u>2024</u> and <del>\$272,220,427</del> \$319,828,986 in fiscal year <del>2023</del> <u>2025</u> are based on a state contribution of <del>7.75</del> <u>8.25</u> percent of payroll in year <del>2022</del> <u>2024</u> and <del>8</del> <u>8.25</u> percent in year <del>2023</del> <u>2025</u> of the biennium, estimated.</p> <p><i>The rider has been revised to reflect fiscal years 2024 and 2025 projected state matching contributions.</i></p>
5	III-41	<p><b>State Contribution to Texas Public School Retired Employees Group Insurance Program.</b> The amounts specified above in Strategy A.2.1, Retiree Health-Statutory Funds, <del>\$444,342,316</del> \$480,888,796 in fiscal year <del>2022</del> <u>2024</u> and <del>\$453,229,162</del> \$490,506,572 in fiscal year <del>2023</del> <u>2025</u> 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 <del>2022-23</del> <u>24-25</u> biennium without providing 60 days notice to the Legislative Budget Board.</p> <p><i>The rider has been revised to reflect fiscal years 2024 and 2025 projected state matching contributions.</i></p>
6	III-41	<p><b>Excess Benefit Arrangement Account.</b> 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.</p>
7	III-41	<p><b>Transfer of Other Educational and General Income.</b> The Comptroller of Public Accounts is hereby authorized to transfer the necessary appropriations made above in Strategy 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>

### **3.B. Rider Revisions and Additions Request**

8	III-41	<b>Exempt Positions.</b> 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.
9	III-41	<p><b>Annual School District Contribution Rate to TRS-Care.</b> The annual contribution rate for school districts for fiscal years <del>2022</del> <u>2024</u> and <del>2023</del> <u>2025</u> shall be 0.75 percent of total payroll.</p> <p><i>The rider has been revised to reflect fiscal years 2024 and 2025.</i></p>
10	III-41	<b>Full-Time Equivalent Positions Intern Exemption.</b> The number of Full-Time Equivalent (FTE) positions associated with the Teacher Retirement System's (TRS) Internship Program held by undergraduate students, trade school students, community college students, law school students, graduate school students, or post-graduate fellowship recipients 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.
11	III-41	<b>Limitation on Funds Appropriated to the Teacher Retirement System (TRS).</b> 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.
12	III-42	<p><b>Limitation on Retirement Contributions to Public Community/Junior Colleges.</b> 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 <del>7.75</del> <u>8.25</u> percent in fiscal year <del>2022</del> <u>2024</u> and <del>8.0</del> <u>8.25</u> percent in fiscal year <del>2023</del> <u>2025</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 2024 and 2025.</i></p>

### **3.B. Rider Revisions and Additions Request**

13	III-42	<p><b>Performance Pay Plan <del>Incentive Compensation</del> Payments.</b> The Teacher Retirement System Board of Trustees may make performance pay plan <del>incentive compensation</del> payments to the <del>staff of the</del> Investment Management Division <del>employees</del> based on <del>investment performance</del> 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 <del>incentive</del> 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 <del>incentive</del> payments based on the <del>Retirement Trust Fund's investment performance</del> approved standards. Funds shall be appropriated pursuant to this rider for performance <del>incentive</del> payments only in a fiscal year following a year in which the Retirement Trust Fund experiences a positive return.</p> <p><i>This rider has been revised to reflect changes in the TRS Board Policy related to performance pay plan payments.</i></p>
14	III-42	<p><b>Settle-Up Dollars Directed to TRS-Care.</b> Any settle-up payments made <del>in the fiscal year ending August 31, 2023,</del> 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 <del>for fiscal year 2022</del> 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>
15	III-42	<p><b>Appropriation Transfers between Fiscal Years for TRS-Care.</b> 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 <del>2023</del> <u>2024</u> to fiscal year <del>2022</del> <u>2023</u> and such funds are appropriated for fiscal year <del>2022</del> <u>2023</u>. Such transfers may only be made subject to the following:</p> <ol style="list-style-type: none"> <li>a. Transfers under this section may be requested only upon a finding by the TRS Board of Trustees that the fiscal year <del>2022</del> <u>2023</u> costs associated with providing retiree health benefits will exceed the funds appropriated for these services for fiscal year <del>2022</del> <u>2023</u>.</li> </ol>

### **3.B. Rider Revisions and Additions Request**

		<p>b. A transfer is not authorized by this section unless it receives the prior written approval of the Governor and the Legislative Budget Board.</p> <p>c. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section.</p> <p><i>The rider has been revised to reflect fiscal years 2023 and 2024.</i></p>
16	III-42	<b>Contingent Appropriation of Pension Trust Funds for GASB Statement Implementation.</b> 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. 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.
17	III-42	<b>TRS-Care Shortfall.</b> 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.
18	III-43	<b>Medicare Enrollment for Eligible Members of TRS-Care.</b> 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.
19	III-43	<b>Right to Shop Incentive.</b> 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. 7.11, Notification of Certain Purchases or Contract Awards, Amendments, and Extensions, the agency may contract with a third-party vendor for this purpose.

### **3.B. Rider Revisions and Additions Request**

20	III-43	<p><b>Exception to FTE Limitation for Board Fiduciary Finding.</b></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> <p style="padding-left: 40px;">(1) A statement of the justifications and objectives for the additional funding and staff;</p> <p style="padding-left: 40px;">(2) The current operating budget, as approved by the Board, for each fiscal year of the <del>2022-23</del> <u>2024-25</u> biennium that is amended by the Fiduciary Finding described in subsection (a);</p> <p style="padding-left: 40px;">(3) Performance metrics proposed by TRS to evaluate the impact of additional staff on the Board's objectives in approving the additional staff; and</p> <p style="padding-left: 40px;">(4) Any additional information requested by the LBB or the Governor regarding the Fiduciary Finding described in subsection (a).</p> <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> <p style="padding-left: 40px;">(1) The actual number of additional FTEs and contract workers hired during the preceding fiscal year pursuant to subsection (a);</p> <p style="padding-left: 40px;">(2) The actual total expenditures for the preceding fiscal year related to additional FTEs and contract workers described in subsection (c) (1); and</p> <p style="padding-left: 40px;">(3) A report on the agency's actual performance on metrics described in subsection (b)(3) for the preceding fiscal year.</p> <p><i>The rider has been revised to reflect fiscal years 2024 and 2025.</i></p>
----	--------	--

### **3.B. Rider Revisions and Additions Request**

21	III-43	<p><del><b>Alternative Delivery Methods for TRS ActiveCare.</b> It is the intent of the legislature that the Teacher Retirement System (TRS) engage a third party vendor to examine alternative methods to deliver the current benefits supplied under TRS ActiveCare and that TRS provide a report to the chairs of the Senate Finance, Education, and Higher Education committees, the chairs of the House Appropriations, Public Education, and Higher Education committees, and the Governor on the findings of the third party vendor no later than August 31, 2022.</del></p> <p><i>This rider is no longer applicable.</i></p>
<u>21.</u>		<p><b><u>Contingent Appropriation of Pension Trust Funds to consider an additional Regional Office.</u></b> Upon a finding of fact by the Teacher Retirement System Board of Trustees that additional resources are necessary to open an additional regional office to serve other areas of Texas, the Teacher Retirement System is appropriated such funds and FTEs as approved by the Board from the Teacher Retirement System Pension Trust Fund Account No. 960. 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.</p> <p><i>This rider would allow the agency flexibility to spend additional pension trust funds above the base request for a regional office once the costs are known.</i></p>
<u>22.</u>		<p><b><u>Investment Data Modernization Program.</u></b>  <u>Notwithstanding the limitations of Article IX, Sec. 6.10 Limitation on State Employment Levels, for the Teacher Retirement System, it is the intent of the Legislature that the calculation of the number of FTEs and contract workers assigned to the Investment Data Modernization (IDM) Program for reporting purposes be exempt from the calculation. It is the intent of the Legislature that once the IDM Program is implemented, the Article IX, Sec. 6.10 limitation will apply to all agency FTE employees and contract workers (estimated to be in fiscal year 2028).</u></p> <p><u>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 support the IDM Program.</u></p> <p><i>This rider would allow the agency flexibility to spend additional pension trust funds above the base request for the Investment Data Modernization Program and exempt the FTEs from counting against the FTE cap.</i></p>



**5.A. Capital Budget Project Schedule**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/10/2022**  
TIME : **6:29:39PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

**Category Code / Category Name**

*Project Sequence/Project Id/ Name*

**OOE / TOF / MOF CODE**

**Est 2022**

**Bud 2023**

**BL 2024**

**BL 2025**

**5003 Repair or Rehabilitation of Buildings and Facilities**

*1/1 Building Renovations*

**OBJECTS OF EXPENSE**

Capital

General	2001	PROFESSIONAL FEES AND SERVICES		\$1,139,000	\$900,000	\$1,800,000	\$0
General	2009	OTHER OPERATING EXPENSE		\$361,000	\$600,000	\$1,200,000	\$0
		Capital Subtotal OOE, Project	1	\$1,500,000	\$1,500,000	\$3,000,000	\$0
		Subtotal OOE, Project	1	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$3,000,000</b>	<b>\$0</b>

**TYPE OF FINANCING**

Capital

General	CA	960	TRS Trust Account Fund		\$1,500,000	\$1,500,000	\$3,000,000	\$0
Capital Subtotal TOF, Project				1	\$1,500,000	\$1,500,000	\$3,000,000	\$0
Subtotal TOF, Project				1	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$3,000,000</b>	<b>\$0</b>

*2/2 Security Renovations*

**OBJECTS OF EXPENSE**

Capital

General	2009	OTHER OPERATING EXPENSE		\$100,000	\$0	\$200,000	\$0
General	5000	CAPITAL EXPENDITURES		\$0	\$100,000	\$0	\$0
		Capital Subtotal OOE, Project	2	\$100,000	\$100,000	\$200,000	\$0
		Subtotal OOE, Project	2	\$100,000	\$100,000	\$200,000	\$0

**TYPE OF FINANCING**

Capital

General	CA	960	TRS Trust Account Fund		\$100,000	\$100,000	\$200,000	\$0
---------	----	-----	------------------------	--	-----------	-----------	-----------	-----

**5.A. Capital Budget Project Schedule**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/10/2022**  
TIME : **6:29:39PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

**Category Code / Category Name**

*Project Sequence/Project Id/ Name*

**OOE / TOF / MOF CODE**

**Est 2022**

**Bud 2023**

**BL 2024**

**BL 2025**

Capital Subtotal TOF, Project 2

\$100,000

\$100,000

\$200,000

\$0

Subtotal TOF, Project 2

**\$100,000**

**\$100,000**

**\$200,000**

**\$0**

Capital Subtotal, Category 5003

\$1,600,000

\$1,600,000

\$3,200,000

\$0

Informational Subtotal, Category 5003

**Total, Category 5003**

**\$1,600,000**

**\$1,600,000**

**\$3,200,000**

**\$0**

**5005 Acquisition of Information Resource Technologies**

*3/3 IT Infrastructure Upgrades*

**OBJECTS OF EXPENSE**

Capital

General 2001 PROFESSIONAL FEES AND SERVICES

\$0

\$0

\$800,000

\$0

General 2009 OTHER OPERATING EXPENSE

\$0

\$0

\$3,860,000

\$0

General 5000 CAPITAL EXPENDITURES

\$0

\$0

\$2,640,000

\$0

Capital Subtotal OOE, Project 3

\$0

\$0

\$7,300,000

\$0

Subtotal OOE, Project 3

**\$0**

**\$0**

**\$7,300,000**

**\$0**

**TYPE OF FINANCING**

Capital

General CA 960 TRS Trust Account Fund

\$0

\$0

\$7,300,000

\$0

Capital Subtotal TOF, Project 3

\$0

\$0

\$7,300,000

\$0

Subtotal TOF, Project 3

**\$0**

**\$0**

**\$7,300,000**

**\$0**

*4/4 Investment Data Modernization*

**OBJECTS OF EXPENSE**

Capital

**5.A. Capital Budget Project Schedule**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/10/2022**  
TIME : **6:29:39PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

**Category Code / Category Name**

*Project Sequence/Project Id/ Name*

OOE / TOF / MOF CODE				Est 2022	Bud 2023	BL 2024	BL 2025
General	2001	PROFESSIONAL FEES AND SERVICES		\$0	\$0	\$22,023,000	\$0
General	5000	CAPITAL EXPENDITURES		\$0	\$0	\$3,750,000	\$0
		Capital Subtotal OOE, Project	4	\$0	\$0	\$25,773,000	\$0
		Subtotal OOE, Project	4	<b>\$0</b>	<b>\$0</b>	<b>\$25,773,000</b>	<b>\$0</b>
<b>TYPE OF FINANCING</b>							
<u>Capital</u>							
General	CA	960	TRS Trust Account Fund	\$0	\$0	\$25,773,000	\$0
		Capital Subtotal TOF, Project	4	\$0	\$0	\$25,773,000	\$0
		Subtotal TOF, Project	4	<b>\$0</b>	<b>\$0</b>	<b>\$25,773,000</b>	<b>\$0</b>
<i>5/5 Data Center Upgrade</i>							
<b>OBJECTS OF EXPENSE</b>							
<u>Capital</u>							
General	2001	PROFESSIONAL FEES AND SERVICES		\$40,000	\$0	\$0	\$0
General	2009	OTHER OPERATING EXPENSE		\$60,000	\$0	\$0	\$0
General	5000	CAPITAL EXPENDITURES		\$290,352	\$336,048	\$0	\$0
		Capital Subtotal OOE, Project	5	\$390,352	\$336,048	\$0	\$0
		Subtotal OOE, Project	5	<b>\$390,352</b>	<b>\$336,048</b>	<b>\$0</b>	<b>\$0</b>
<b>TYPE OF FINANCING</b>							
<u>Capital</u>							
General	CA	960	TRS Trust Account Fund	\$390,352	\$336,048	\$0	\$0
		Capital Subtotal TOF, Project	5	\$390,352	\$336,048	\$0	\$0
		Subtotal TOF, Project	5	<b>\$390,352</b>	<b>\$336,048</b>	<b>\$0</b>	<b>\$0</b>

**5.A. Capital Budget Project Schedule**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/10/2022**  
TIME : **6:29:39PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

**Category Code / Category Name**

*Project Sequence/Project Id/ Name*

**OOE / TOF / MOF CODE**

**Est 2022**

**Bud 2023**

**BL 2024**

**BL 2025**

*6/6 Network Infrastructure*

**OBJECTS OF EXPENSE**

Capital

General	2001	PROFESSIONAL FEES AND SERVICES	\$90,672	\$0	\$0	\$0
General	2009	OTHER OPERATING EXPENSE	\$216,426	\$50,000	\$0	\$0
General	5000	CAPITAL EXPENDITURES	\$256,902	\$450,000	\$0	\$0
Capital Subtotal OOE, Project 6			\$564,000	\$500,000	\$0	\$0
Subtotal OOE, Project 6			<b>\$564,000</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$0</b>

**TYPE OF FINANCING**

Capital

General	CA	960 TRS Trust Account Fund	\$564,000	\$500,000	\$0	\$0
Capital Subtotal TOF, Project 6			\$564,000	\$500,000	\$0	\$0
Subtotal TOF, Project 6			<b>\$564,000</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$0</b>

*7/7 PC Workstation Refresh*

**OBJECTS OF EXPENSE**

Capital

General	2009	OTHER OPERATING EXPENSE	\$436,000	\$500,000	\$0	\$0
Capital Subtotal OOE, Project 7			\$436,000	\$500,000	\$0	\$0
Subtotal OOE, Project 7			<b>\$436,000</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$0</b>

**TYPE OF FINANCING**

Capital

General	CA	960 TRS Trust Account Fund	\$436,000	\$500,000	\$0	\$0
---------	----	----------------------------	-----------	-----------	-----	-----

**5.A. Capital Budget Project Schedule**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/10/2022**  
TIME : **6:29:39PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

**Category Code / Category Name**

*Project Sequence/Project Id/ Name*

OOE / TOF / MOF CODE				Est 2022	Bud 2023	BL 2024	BL 2025	
Capital Subtotal TOF, Project				7	\$436,000	\$500,000	\$0	\$0
<u>Informational</u>								
General	CA	960	TRS Trust Account Fund		\$0	\$0	\$0	\$0
Informational Subtotal TOF, Project				7	\$0	\$0	\$0	\$0
Subtotal TOF, Project				7	\$436,000	\$500,000	\$0	\$0
8/8 Pension Legislation								
OBJECTS OF EXPENSE								
<u>Capital</u>								
General	5000	CAPITAL EXPENDITURES			\$0	\$200,000	\$0	\$0
Capital Subtotal OOE, Project				8	\$0	\$200,000	\$0	\$0
Subtotal OOE, Project				8	\$0	\$200,000	\$0	\$0
TYPE OF FINANCING								
<u>Capital</u>								
General	CA	960	TRS Trust Account Fund		\$0	\$200,000	\$0	\$0
Capital Subtotal TOF, Project				8	\$0	\$200,000	\$0	\$0
Subtotal TOF, Project				8	\$0	\$200,000	\$0	\$0
9/9 Investment System Modernization								
OBJECTS OF EXPENSE								
<u>Capital</u>								
General	2001	PROFESSIONAL FEES AND SERVICES			\$250,000	\$0	\$0	\$0
General	2009	OTHER OPERATING EXPENSE			\$40,000	\$130,000	\$0	\$0
General	5000	CAPITAL EXPENDITURES			\$105,000	\$320,000	\$0	\$0

**5.A. Capital Budget Project Schedule**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/10/2022**  
TIME : **6:29:39PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

**Category Code / Category Name**

*Project Sequence/Project Id/ Name*

**OOE / TOF / MOF CODE**

**Est 2022**

**Bud 2023**

**BL 2024**

**BL 2025**

Capital Subtotal OOE, Project 9

\$395,000

\$450,000

\$0

\$0

Subtotal OOE, Project 9

**\$395,000**

**\$450,000**

**\$0**

**\$0**

**TYPE OF FINANCING**

Capital

General CA 960 TRS Trust Account Fund

\$395,000

\$450,000

\$0

\$0

Capital Subtotal TOF, Project 9

\$395,000

\$450,000

\$0

\$0

Subtotal TOF, Project 9

**\$395,000**

**\$450,000**

**\$0**

**\$0**

Capital Subtotal, Category 5005

\$1,785,352

\$1,986,048

\$33,073,000

\$0

Informational Subtotal, Category 5005

\$0

\$0

\$0

\$0

**Total, Category 5005**

**\$1,785,352**

**\$1,986,048**

**\$33,073,000**

**\$0**

**AGENCY TOTAL -CAPITAL**

**\$3,385,352**

**\$3,586,048**

**\$36,273,000**

**\$0**

**AGENCY TOTAL -INFORMATIONAL**

**\$0**

**\$0**

**\$0**

**\$0**

**AGENCY TOTAL**

**\$3,385,352**

**\$3,586,048**

**\$36,273,000**

**\$0**

**5.A. Capital Budget Project Schedule**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/10/2022**  
TIME : **6:29:39PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

**Category Code / Category Name**

*Project Sequence/Project Id/ Name*

**OOE / TOF / MOF CODE**

**Est 2022**

**Bud 2023**

**BL 2024**

**BL 2025**

**METHOD OF FINANCING:**

Capital

General	960 TRS Trust Account Fund	\$3,385,352	\$3,586,048	\$36,273,000	\$0
---------	----------------------------	-------------	-------------	--------------	-----

Total, Method of Financing-Capital

\$3,385,352	\$3,586,048	\$36,273,000	\$0
-------------	-------------	--------------	-----

Informational

General	960 TRS Trust Account Fund	\$0	\$0	\$0	\$0
---------	----------------------------	-----	-----	-----	-----

Total, Method of Financing-Informational

\$0	\$0	\$0	\$0
-----	-----	-----	-----

**Total, Method of Financing**

<b>\$3,385,352</b>	<b>\$3,586,048</b>	<b>\$36,273,000</b>	<b>\$0</b>
--------------------	--------------------	---------------------	------------

**TYPE OF FINANCING:**

Capital

General	CA CURRENT APPROPRIATIONS	\$3,385,352	\$3,586,048	\$36,273,000	\$0
---------	---------------------------	-------------	-------------	--------------	-----

Total, Type of Financing-Capital

\$3,385,352	\$3,586,048	\$36,273,000	\$0
-------------	-------------	--------------	-----

Informational

General	CA CURRENT APPROPRIATIONS	\$0	\$0	\$0	\$0
---------	---------------------------	-----	-----	-----	-----

Total, Type of Financing-Informational

\$0	\$0	\$0	\$0
-----	-----	-----	-----

**Total,Type of Financing**

<b>\$3,385,352</b>	<b>\$3,586,048</b>	<b>\$36,273,000</b>	<b>\$0</b>
--------------------	--------------------	---------------------	------------

**5.B. Capital Budget Project Information**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/10/2022  
TIME: 6:29:40PM

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

**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	Ongoing

<b>Additional Capital Expenditure Amounts Required</b>	<b>2026</b>	<b>2027</b>
	0	0
<b>Type of Financing</b>	CA CURRENT APPROPRIATIONS	
<b>Projected Useful Life</b>	\$14,000,000	
<b>Estimated/Actual Project Cost</b>	\$14,000,000	
<b>Length of Financing/ Lease Period</b>	N/A	

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

**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:** Austin, TX

**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**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/10/2022  
TIME: 6:29:40PM

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

**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	\$3,200
Estimated Completion Date	Ongoing

<b>Additional Capital Expenditure Amounts Required</b>	<b>2026</b>	<b>2027</b>
	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**

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

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

**Project Location:** Austin, TX

**Beneficiaries:** TRS membership and staff.

**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**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/10/2022  
TIME: 6:29:40PM

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>3</b>	Project Name:	<b>IT Infrastructure Upgrades</b>

**PROJECT DESCRIPTION**

**General Information**

This project encapsulates the support of implementation and maintenance of IT infrastructure to reduce capacity constraints and issues with compatibility and obsolescence. The 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. In addition, this project will provide a strategy for replacing and upgrading aging equipment and technology including replacement of compute and storage systems, mobile and workstation devices, utilizing cloud-based alternatives as appropriate, and ongoing improvements of the agency Disaster Recovery strategy. As TRS facilitates a hybrid work environment, these activities will enable TRS to continue to be flexible in supporting our Digital Business Transformation and work from anywhere approach.

**PLCS Tracking Key**

**Number of Units / Average Unit Cost** N/A  
**Estimated Completion Date** August 31, 2028

<b>Additional Capital Expenditure Amounts Required</b>		<b>2026</b>	<b>2027</b>
		0	0
<b>Type of Financing</b>	CA	CURRENT APPROPRIATIONS	
<b>Projected Useful Life</b>	5 years		
<b>Estimated/Actual Project Cost</b>	\$10,000,000		
<b>Length of Financing/ Lease Period</b>	N/A		

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

**Explanation:** N/A  
**Project Location:** Austin, TX  
**Beneficiaries:** TRS membership and staff.

**Frequency of Use and External Factors Affecting Use:**

Hardware & software components will be used daily. The external factors affecting the use of items are membership growth, benefits legislation, changes to investment portfolio tools, and public / charter school growth.

**5.B. Capital Budget Project Information**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/10/2022  
TIME: 6:29:40PM

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>4</b>	Project Name:	<b>Investment Data Modernization</b>

**PROJECT DESCRIPTION**

**General Information**

The strategic goal of this project is to modernize TRS' data management systems with industry standard solutions that provide reliable data in support of investment decision making. The project will enhance the ability to reliably perform fiduciary oversight of the Trust asset valuation and performance, addressing the gap in functional and technical capabilities in our current data architectures and systems. The project is focused on five key capabilities that include data management, an investment book of record, a parallel accounting book, intelligent document processing, and centralized secure access to investment data. To achieve these capabilities, the project will implement investment management software and a modern data analytics platform that will support TRS staff to exercise robust fiduciary oversight of the Trust. In addition, using data from those investment systems as well as from the market, our custodian and other counterparties, the platform will help TRS staff make better investment decisions.

**PLCS Tracking Key**

**Number of Units / Average Unit Cost**

N/A

**Estimated Completion Date**

August 31, 2028

**Additional Capital Expenditure Amounts Required**

**2026**

**2027**

0

0

**Type of Financing**

CA

CURRENT APPROPRIATIONS

**Projected Useful Life**

5 years

**Estimated/Actual Project Cost**

\$66,429,000

**Length of Financing/ Lease Period**

N/A

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

**2024**

**2025**

**2026**

**2027**

**Total over  
project life**

0

0

0

0

0

**REVENUE GENERATION / COST SAVINGS**

**REVENUE COST FLAG**

**MOF CODE**

**AVERAGE AMOUNT**

**Explanation:** N/A

**Project Location:** Austin, TX

**Beneficiaries:** TRS membership and staff.

**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**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/10/2022  
TIME: 6:29:40PM

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>5</b>	Project Name:	<b>Data Center Upgrade</b>

**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, 2028

<b>Additional Capital Expenditure Amounts Required</b>	<b>2026</b>	<b>2027</b>
	0	0
<b>Type of Financing</b>	CA CURRENT APPROPRIATIONS	
<b>Projected Useful Life</b>	5 Years	
<b>Estimated/Actual Project Cost</b>	\$2,500,000	
<b>Length of Financing/ Lease Period</b>	N/A	

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

**Explanation:** N/A  
**Project Location:** Austin, TX  
**Beneficiaries:** TRS membership and staff.

**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**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/10/2022  
TIME: 6:29:40PM

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>6</b>	Project Name:	<b>Network Infrastructure</b>

**PROJECT DESCRIPTION**

**General Information**

The Network Infrastructure Upgrade project is needed to ensure TRS has the required technology infrastructure that addresses performance, reliability, usability, and securely supports the mission critical applications and services needed to serve our membership and investment fiduciary requirements.

**PLCS Tracking Key**

Number of Units / Average Unit Cost	N/A
Estimated Completion Date	August 31, 2028

<b>Additional Capital Expenditure Amounts Required</b>	<b>2026</b>	<b>2027</b>
	0	0
Type of Financing	CA CURRENT APPROPRIATIONS	
Projected Useful Life	5 years	
Estimated/Actual Project Cost	\$2,500,000	
Length of Financing/ Lease Period	N/A	

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

**Explanation:** N/A

**Project Location:** Austin, TX

**Beneficiaries:** TRS membership and staff.

**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.

**5.B. Capital Budget Project Information**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/10/2022  
TIME: 6:29:40PM

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>7</b>	Project Name:	<b>PC Workstation Refresh</b>

**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 three to five years depending on business needs requirements. During this refresh cycle, the expansion of Virtual Desktop Infrastructure (VDI) via thin clients, 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.

**PLCS Tracking Key**

**Number of Units / Average Unit Cost** 294 at \$1,700 per year

**Estimated Completion Date** August 31, 2028

<b>Additional Capital Expenditure Amounts Required</b>	<b>2026</b>	<b>2027</b>
	0	0

**Type of Financing** CA CURRENT APPROPRIATIONS

**Projected Useful Life** 5 years

**Estimated/Actual Project Cost** \$2,500,000

**Length of Financing/ Lease Period** N/A

<b><u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u></b>					<b>Total over project life</b>
<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>		
0	0	0	0		0

**REVENUE GENERATION / COST SAVINGS**

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

**Explanation:** N/A

**Project Location:** Austin, TX

**Beneficiaries:** TRS membership and staff.

**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 legislative changes.

**5.B. Capital Budget Project Information**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/10/2022  
TIME: 6:29:40PM

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>8</b>	Project Name:	<b>Pension Legislation</b>

**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	<b>2026</b>	<b>2027</b>
	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	

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

**Explanation:** N/A

**Project Location:** Austin, TX

**Beneficiaries:** TRS membership and staff.

**Frequency of Use and External Factors Affecting Use:**

The external factors affecting this project are the legislative changes.

**5.B. Capital Budget Project Information**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/10/2022  
TIME: 6:29:40PM

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>9</b>	Project Name:	<b>Investment System Modernization</b>

**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**

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

<b>Additional Capital Expenditure Amounts Required</b>	<b>2026</b>	<b>2027</b>
	0	0

<b>Type of Financing</b>	CA	CURRENT APPROPRIATIONS
<b>Projected Useful Life</b>	3-5 years	
<b>Estimated/Actual Project Cost</b>	\$900,000	
<b>Length of Financing/ Lease Period</b>	N/A	

<b><u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u></b>				<b>Total over project life</b>
<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	
0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

**Explanation:** N/A

**Project Location:** Austin, TX

**Beneficiaries:** TRS membership and staff.

**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.



Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b>5003 Repair or Rehabilitation of Buildings and Facilities</b>					
<i>1/1</i>	<i>Building Renovations</i>				
<b><u>GENERAL BUDGET</u></b>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	1,500,000	1,500,000	\$3,000,000	\$0
	TOTAL, PROJECT	\$1,500,000	\$1,500,000	\$3,000,000	\$0
<i>2/2 Security Renovations</i>					
<b><u>GENERAL BUDGET</u></b>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	100,000	100,000	200,000	0
	TOTAL, PROJECT	\$100,000	\$100,000	\$200,000	\$0
<b>5005 Acquisition of Information Resource Technologies</b>					
<i>3/3</i>	<i>IT Infrastructure Upgrades</i>				
<b><u>GENERAL BUDGET</u></b>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	7,300,000	0
	TOTAL, PROJECT	\$0	\$0	\$7,300,000	\$0
<i>4/4</i>	<i>Investment Data Modernization</i>				
<b><u>GENERAL BUDGET</u></b>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	25,773,000	0
	TOTAL, PROJECT	\$0	\$0	\$25,773,000	\$0
<i>5/5</i>	<i>Data Center Upgrade</i>				

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b><u>GENERAL BUDGET</u></b>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	390,352	336,048	\$0	\$0
	TOTAL, PROJECT	\$390,352	\$336,048	\$0	\$0
<b>6/6 Network Infrastructure</b>					
<b><u>GENERAL BUDGET</u></b>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	564,000	500,000	0	0
	TOTAL, PROJECT	\$564,000	\$500,000	\$0	\$0
<b>7/7 PC Workstation Refresh</b>					
<b><u>GENERAL BUDGET</u></b>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	436,000	500,000	0	0
	TOTAL, PROJECT	\$436,000	\$500,000	\$0	\$0
<b>8/8 Pension Legislation</b>					
<b><u>GENERAL BUDGET</u></b>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	200,000	0	0
	TOTAL, PROJECT	\$0	\$200,000	\$0	\$0
<b>9/9 Investment System Modernization</b>					
<b><u>GENERAL BUDGET</u></b>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	395,000	450,000	0	0
	TOTAL, PROJECT	\$395,000	\$450,000	\$0	\$0

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
	TOTAL CAPITAL, ALL PROJECTS	\$3,385,352	\$3,586,048	\$36,273,000	\$0
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	\$3,385,352	\$3,586,048	\$36,273,000	\$0

**323 Teacher Retirement System**

**Category Code/Name**

*Project Sequence/Name*

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b>5003 Repair or Rehabilitation of Buildings and Facilities</b>					
<b>1 Building Renovations</b>					
<b>OOE</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
2001	PROFESSIONAL FEES AND SERVICES	1,139,000	900,000	1,800,000	0
2009	OTHER OPERATING EXPENSE	361,000	600,000	1,200,000	0
<b>TOTAL, OOE's</b>		<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>3,000,000</b>	<b>0</b>
<b>MOF</b>					
<b>OTHER FUNDS</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
960	TRS Trust Account Fund	1,500,000	1,500,000	3,000,000	0
<b>TOTAL, OTHER FUNDS</b>		<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>3,000,000</b>	<b>0</b>
<b>TOTAL, MOF's</b>		<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>3,000,000</b>	<b>0</b>

**323 Teacher Retirement System**

**Category Code/Name**

*Project Sequence/Name*

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b>2 Security Renovations</b>					
<b>OOE</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
2009	OTHER OPERATING EXPENSE	100,000	0	200,000	0
5000	CAPITAL EXPENDITURES	0	100,000	0	0
<b>TOTAL, OOE's</b>		<b>\$100,000</b>	<b>\$100,000</b>	<b>200,000</b>	<b>0</b>
<b>MOF</b>					
<b>OTHER FUNDS</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
960	TRS Trust Account Fund	100,000	100,000	200,000	0
<b>TOTAL, OTHER FUNDS</b>		<b>\$100,000</b>	<b>\$100,000</b>	<b>200,000</b>	<b>0</b>
<b>TOTAL, MOF's</b>		<b>\$100,000</b>	<b>\$100,000</b>	<b>200,000</b>	<b>0</b>

**5005 Acquisition of Information Resource Technologies**

**323 Teacher Retirement System**

**Category Code/Name**

*Project Sequence/Name*

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b>3 IT Infrastructure Upgrades</b>					
<b>OOE</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
2001	PROFESSIONAL FEES AND SERVICES	0	0	800,000	0
2009	OTHER OPERATING EXPENSE	0	0	3,860,000	0
5000	CAPITAL EXPENDITURES	0	0	2,640,000	0
<b>TOTAL, OOE's</b>		<b>\$0</b>	<b>\$0</b>	<b>7,300,000</b>	<b>0</b>
<b>MOF</b>					
<b>OTHER FUNDS</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
960	TRS Trust Account Fund	0	0	7,300,000	0
<b>TOTAL, OTHER FUNDS</b>		<b>\$0</b>	<b>\$0</b>	<b>7,300,000</b>	<b>0</b>
<b>TOTAL, MOF's</b>		<b>\$0</b>	<b>\$0</b>	<b>7,300,000</b>	<b>0</b>

**323 Teacher Retirement System**

**Category Code/Name**

*Project Sequence/Name*

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b>4 Investment Data Modernization</b>					
<b>OOE</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
2001	PROFESSIONAL FEES AND SERVICES	0	0	22,023,000	0
5000	CAPITAL EXPENDITURES	0	0	3,750,000	0
<b>TOTAL, OOE's</b>		<b>\$0</b>	<b>\$0</b>	<b>25,773,000</b>	<b>0</b>
<b>MOF</b>					
<b>OTHER FUNDS</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
960	TRS Trust Account Fund	0	0	25,773,000	0
<b>TOTAL, OTHER FUNDS</b>		<b>\$0</b>	<b>\$0</b>	<b>25,773,000</b>	<b>0</b>
<b>TOTAL, MOF's</b>		<b>\$0</b>	<b>\$0</b>	<b>25,773,000</b>	<b>0</b>

**323 Teacher Retirement System**

**Category Code/Name**

*Project Sequence/Name*

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b>5 Data Center Upgrade</b>					
<b>OOE</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
2001	PROFESSIONAL FEES AND SERVICES	40,000	0	0	0
2009	OTHER OPERATING EXPENSE	60,000	0	0	0
5000	CAPITAL EXPENDITURES	290,352	336,048	0	0
<b>TOTAL, OOE's</b>		<b>\$390,352</b>	<b>\$336,048</b>	<b>0</b>	<b>0</b>
<b>MOF</b>					
<b>OTHER FUNDS</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
960	TRS Trust Account Fund	390,352	336,048	0	0
<b>TOTAL, OTHER FUNDS</b>		<b>\$390,352</b>	<b>\$336,048</b>	<b>0</b>	<b>0</b>
<b>TOTAL, MOF's</b>		<b>\$390,352</b>	<b>\$336,048</b>	<b>0</b>	<b>0</b>



**323 Teacher Retirement System**

**Category Code/Name**

*Project Sequence/Name*

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b>6 Network Infrastructure</b>					
<b>OOE</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
2001	PROFESSIONAL FEES AND SERVICES	90,672	0	0	0
2009	OTHER OPERATING EXPENSE	216,426	50,000	0	0
5000	CAPITAL EXPENDITURES	256,902	450,000	0	0
<b>TOTAL, OOE's</b>		<b>\$564,000</b>	<b>\$500,000</b>	<b>0</b>	<b>0</b>
<b>MOF</b>					
<b>OTHER FUNDS</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
960	TRS Trust Account Fund	564,000	500,000	0	0
<b>TOTAL, OTHER FUNDS</b>		<b>\$564,000</b>	<b>\$500,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL, MOF's</b>		<b>\$564,000</b>	<b>\$500,000</b>	<b>0</b>	<b>0</b>

**323 Teacher Retirement System**

**Category Code/Name**

*Project Sequence/Name*

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b>7 PC Workstation Refresh</b>					
<b>OOE</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
2009	OTHER OPERATING EXPENSE	436,000	500,000	0	0
<b>TOTAL, OOE's</b>		<b>\$436,000</b>	<b>\$500,000</b>	<b>0</b>	<b>0</b>
<b>MOF</b>					
<b>OTHER FUNDS</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
960	TRS Trust Account Fund	436,000	500,000	0	0
<b>TOTAL, OTHER FUNDS</b>		<b>\$436,000</b>	<b>\$500,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL, MOF's</b>		<b>\$436,000</b>	<b>\$500,000</b>	<b>0</b>	<b>0</b>

323 Teacher Retirement System

Category Code/Name					
Project Sequence/Name					
Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b>8 Pension Legislation</b>					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	200,000	0	0
TOTAL, OOE's		\$0	\$200,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	200,000	0	0
TOTAL, OTHER FUNDS		\$0	\$200,000	0	0
TOTAL, MOF's		\$0	\$200,000	0	0

**323 Teacher Retirement System**

**Category Code/Name**

*Project Sequence/Name*

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
<b>9 Investment System Modernization</b>					
<b>OOE</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
2001	PROFESSIONAL FEES AND SERVICES	250,000	0	0	0
2009	OTHER OPERATING EXPENSE	40,000	130,000	0	0
5000	CAPITAL EXPENDITURES	105,000	320,000	0	0
<b>TOTAL, OOE's</b>		<b>\$395,000</b>	<b>\$450,000</b>	<b>0</b>	<b>0</b>
<b>MOF</b>					
<b>OTHER FUNDS</b>					
<b>Capital</b>					
<b>1-1-3 ADMINISTRATIVE OPERATIONS</b>					
<b><u>General Budget</u></b>					
960	TRS Trust Account Fund	395,000	450,000	0	0
<b>TOTAL, OTHER FUNDS</b>		<b>\$395,000</b>	<b>\$450,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL, MOF's</b>		<b>\$395,000</b>	<b>\$450,000</b>	<b>0</b>	<b>0</b>

323 Teacher Retirement System

		Est 2022	Bud 2023	BL 2024	BL 2025
CAPITAL					
General Budget					
OTHER FUNDS					
TOTAL, GENERAL BUDGET		\$3,385,352	\$3,586,048	36,273,000	0
		3,385,352	3,586,048	36,273,000	0
TOTAL, ALL PROJECTS		\$3,385,352	\$3,586,048	36,273,000	0

**6.A. Historically Underutilized Business Supporting Schedule**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Date: **8/10/2022**  
Time: **6:29:41PM**

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 2020			Total Expenditures		HUB Expenditures FY 2021			Total Expenditures	
			% Actual	Diff	Actual \$	FY 2020	% Goal	% Actual	Diff	Actual \$	FY 2021	
32.9%	Special Trade	40.0 %	49.5%	9.5%	\$229,537	\$464,079	40.0 %	71.3%	31.3%	\$945,099	\$1,324,790	
23.7%	Professional Services	10.0 %	0.0%	-10.0%	\$0	\$2,589,073	10.0 %	0.0%	-10.0%	\$0	\$1,408,555	
26.0%	Other Services	25.0 %	26.0%	1.0%	\$7,025,645	\$26,984,871	25.0 %	32.2%	7.2%	\$11,371,777	\$35,368,802	
21.1%	Commodities	40.0 %	19.5%	-20.5%	\$1,196,469	\$6,144,729	40.0 %	7.2%	-32.8%	\$288,505	\$3,988,293	
	<b>Total Expenditures</b>		<b>23.4%</b>		<b>\$8,451,651</b>	<b>\$36,182,752</b>		<b>29.9%</b>		<b>\$12,605,381</b>	<b>\$42,090,440</b>	

**B. Assessment of Attainment of HUB Procurement Goals**

**Attainment:**

Through the COVID-19 Pandemic TRS continued its HUB efforts by attending and hosting virtual HUB Forums. The agency attained or exceeded two of four, or 50%, of the applicable agency HUB procurement goals in fiscal years 2020 and 2021. In FY 2021 TRS exceeded the goals in Special Trade and Other Services, with a 31.3% and 7.2% increase, respectively. TRS continues to improve in HUB vendor utilization with an overall percentage of 29.9%, which is up from FY 2020 and higher than the overall State of Texas performance of 10.48%.

**Applicability:**

The "Heavy Construction" and "Building Construction" categories are not applicable to agency operations in either FY 2020 or FY 2021.

**Factors Affecting Attainment:**

In FY 2021, the COVID-19 pandemic presented challenges in meeting our Commodities goal. Due to staff working from home there was less need for most commodities except for IT equipment to ensure everyone on the staff was able to connect to the agency remotely. These critical technological purchases were purchased through DIR vendors, which were unfortunately not HUB certified.

**C. Good-Faith Efforts to Increase HUB Participation**

**Outreach Efforts and Mentor-Protégé Programs:**

TRS is committed to achieving HUB goals and continues to make a good faith effort in all areas. TRS continues to host an annual HUB forum and attends economic forums locally and across the state. One opportunity to increase our outreach and meet our HUB goals is by participating in the annual Senator West Spot Bid Fair. In FY 2021, the HUB program partnered with the Diversity, Equity and Inclusion (DE&I) department to increase HUB participation. Focus has been specifically on outreach efforts for professional services with significant outreach to professional minority organizations, affinity organizations and various chambers of commerce across the state. A postcard campaign was initiated to promote awareness of the Texas HUB program to members of several organizations to help increase the number

---

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

of HUB vendors in the community. The HUB Program is increasing outreach tools by inviting potential HUB vendors to pre-proposal conferences to provide an opportunity for HUB vendors to network with prime vendors.

**HUB Program Staffing:**

TRS has a HUB Coordinator and Assistant HUB Coordinator who assist HUB vendors with certification and are a resource for HUBs trying to earn business opportunities with TRS as well as other state agencies. The Assistant HUB Coordinator is the secretary for the HUB Coordinators Work Group, which consists of all the HUB coordinators throughout the state of Texas.

**Current and Future Good-Faith Efforts:**

TRS recognizes the importance of the HUB Program and continues to develop initiatives to promote and increase HUB opportunities by:

- Increasing agency awareness of HUB requirements through training and quarterly meetings with departments
- Increasing staff forum attendance from 3 to 9 in FY22
- Enhancing the TRS HUB Forum to include information on the state HUB program, additional resources, and information on how to create a winning proposal
- Contacting all eligible HUB vendors to participate for each solicitation
- Purchasing and Contracting staff reaching out to the HUB community to see if they can provide the good or service for procurements under \$10K and that do not require a solicitation
- Updating the external HUB website to include a solicitation calendar that provides transparency and opportunities for HUB vendors
- Working with the Communications department to advertise solicitations on social media (Facebook, Twitter)
- Providing annual status reports are provided to the Board and include HUB goals in the agency Strategic Plan

For FY22 the Board determined the goal for Commodities at 40% was beyond ambitious and decreased to 30%.

**6.B. Current Biennium Onetime Expenditure Schedule**  
**Summary of Onetime Expenditures**

<b>Agency Code:</b>	<b>Agency Name:</b>	<b>Prepared By:</b>	<b>Date:</b>
323	Teacher Retirement System of Texas	Don Green	8/12/2022

<b>Projects</b>	<b>Estimated 2022</b>	<b>Budgeted 2023</b>	<b>Requested 2024</b>	<b>Requested 2025</b>
Covid Relief Funds	\$435,000,000	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0
<b>Total, All Projects</b>	\$435,000,000	\$0	\$0	\$0



**6.B. Current Biennium Onetime Expenditure Schedule**  
**Strategy Allocation from 2022-23 Biennium to 2024-25 Biennium**

<b>Agency Code:</b>	<b>Agency Name:</b>	<b>Prepared By:</b>	<b>Date:</b>
323	Teacher Retirement System of Texas	Don Green	8/12/2022

<b>2022-23</b>	<b>2024-25</b>
<b>PROJECT: Covid Relief Funds</b>	<b>PROJECT:</b>
<b>ALLOCATION TO STRATEGY: A.3.1.</b>	<b>ALLOCATION TO STRATEGY:</b>

Strategy Code	OOE/MOF Code	Strategy Allocation	Estimated 2022	Budgeted 2023	Requested 2024	Requested 2025
<b>Object of Expense:</b>						
A.3.1.	1002	Other Personnel Costs	\$435,000,000	\$0	\$0	\$0
<b>Total, Object of Expense</b>			\$435,000,000	\$0	\$0	\$0
<b>Method of Financing:</b>						
	325	Coronavirus Relief Fund	\$435,000,000	\$0	\$0	\$0
<b>Total, Method of Financing</b>			\$435,000,000	\$0	\$0	\$0

<b>Project Description for the 2022-23 Biennium:</b>
This funding, combined with previous legislative appropriations during the third special session, will be applied to the TRS-ActiveCare health care plan to offset insurance premium increases due to coronavirus-related expenses for the FY 2023 plan year.
<b>Project Description and Allocation Purpose for the 2024-25 Biennium:</b>

**6.C. Federal Funds Supporting Schedule**  
88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

8/24/2022 3:35:21PM

		<b>323 Teacher Retirement System</b>				
<b>CFDA NUMBER/ STRATEGY</b>		<b>Exp 2021</b>	<b>Est 2022</b>	<b>Bud 2023</b>	<b>BL 2024</b>	<b>BL 2025</b>
<b>21.019.119</b>	COVID19 Coronavirus Relief Fund					
1 - 3 - 1	RETIREE HEALTH - SUPPLEMENTAL FUNI	0	435,000,000	0	0	0
	<b>TOTAL, ALL STRATEGIES</b>	<b>\$0</b>	<b>\$435,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>ADDL FED FNDS FOR EMPL BENEFITS</b>	0	0	0	0	0
	<b>TOTAL, FEDERAL FUNDS</b>	<b>\$0</b>	<b>\$435,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>ADDL GR FOR EMPL BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>21.027.119</b>	COVID19 State Fiscal Recovery					
1 - 3 - 1	RETIREE HEALTH - SUPPLEMENTAL FUNI	0	286,337,761	0	0	0
	<b>TOTAL, ALL STRATEGIES</b>	<b>\$0</b>	<b>\$286,337,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>ADDL FED FNDS FOR EMPL BENEFITS</b>	0	0	0	0	0
	<b>TOTAL, FEDERAL FUNDS</b>	<b>\$0</b>	<b>\$286,337,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>ADDL GR FOR EMPL BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

CFDA NUMBER/ STRATEGY		323 Teacher Retirement System Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<b><u>SUMMARY LISTING OF FEDERAL PROGRAM AMOUNTS</u></b>						
21.019.119	COV19 Coronavirus Relief Fund	0	435,000,000	0	0	0
21.027.119	COV19 State Fiscal Recovery	0	286,337,761	0	0	0
<b>TOTAL, ALL STRATEGIES</b>		\$0	\$721,337,761	\$0	\$0	\$0
<b>TOTAL, ADDL FED FUNDS FOR EMPL BENEFITS</b>		0	0	0	0	0
<b>TOTAL, FEDERAL FUNDS</b>		<b>\$0</b>	<b>\$721,337,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ADDL GR FOR EMPL BENEFITS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**SUMMARY OF SPECIAL CONCERNS/ISSUES**

**Assumptions and Methodology:**

Additional supplemental funding approved to the Teacher Retirement System of Texas to be applied to the TRS Care and TRS-ActiveCare insurance programs to offset insurance premium increases for the FY23 plan year as a result of coronavirus-related claims. TRS developed query logic that identifies claims that were eligible for replenishment based on the date the claims were paid. This query logic is executed within our data warehouse to calculate the total amount of claims that are eligible for replenishment. TRS will identify eligible expenses to replenish the insurance programs for COVID expenses.

**Potential Loss:**

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

88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/10/2022  
Time: 6:29:43PM

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: 7/1/1937  
Date to Be Abolished:  
Strategy (Strategies): 1-1-3      ADMINISTRATIVE OPERATIONS

<b>Advisory Committee Costs</b>	<b>Expended Exp 2021</b>	<b>Estimated Est 2022</b>	<b>Budgeted Bud 2023</b>	<b>Requested BL 2024</b>	<b>Requested BL 2025</b>
Committee Members Direct Expenses					
Contracted Fee for Service	\$132,000	\$132,000	\$136,000	\$140,100	\$145,000
Other Expenditures in Support of Committee Activities					
Personnel (1.0 FTE)	57,142	61,379	64,613	68,131	71,604
Medical Examinations	145	0	0	0	0
<b>Total, Committee Expenditures</b>	<b>\$189,287</b>	<b>\$193,379</b>	<b>\$200,613</b>	<b>\$208,231</b>	<b>\$216,604</b>
Method of Financing					
TRS Trust Account Fund	\$189,287	\$193,379	\$200,613	\$208,231	\$216,604
<b>Total, Method of Financing</b>	<b>\$189,287</b>	<b>\$193,379</b>	<b>\$200,613</b>	<b>\$208,231</b>	<b>\$216,604</b>
<b>Meetings Per Fiscal Year</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

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

88th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/10/2022  
Time: 6:29:43PM

---

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

**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.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern**  
**323 - Teacher Retirement System**

<b>ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2024-25 GAA BILL PATTERN</b>	<b>\$ 259,639,298,800</b>
---	---------------------------

**Pension Trust Fund - 960**

Estimated Beginning Balance in FY 2022	\$ 201,807,002,496
Estimated Revenues FY 2022	\$ (5,393,166,317)
Estimated Revenues FY 2023	\$ 22,008,514,167
<b>FY 2022-23 Total</b>	<b>\$ 218,422,350,345</b>
Estimated Beginning Balance in FY 2024	\$ 200,781,606,798
Estimated Revenues FY 2024	\$ 23,179,919,865
Estimated Revenues FY 2025	\$ 24,129,596,984
<b>FY 2024-25 Total</b>	<b>\$ 248,091,123,647</b>

**Constitutional or Statutory Creation and Use of Funds:**

Article XVI, Section 67 of the Texas Consitution establishes the Teacher Retirement System. Texas Government Code, Title 8, Sections 825.402 through 825.410 specify contributions to the fund.

**Method of Calculation and Revenue Assumptions:**

Calculations are based on historical data, TRS Board assumptions, and statutorily required contribution rates. Calculations assume a negative 7% annual investment returns in FY 2022; and for FY 2023-2025 a 7% and 3% annual payroll growth, as adopted by the TRS Board of Trustees. Expenditures are projected to grow 5% annually, based on historical trends.

**6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern**  
**323 - Teacher Retirement System**

**TRS-Care - 989**

Estimated Beginning Balance in FY 2022	\$	2,539,242,470
Estimated Revenues FY 2022	\$	1,928,000,106
Estimated Revenues FY 2023	\$	1,978,655,174
<b>FY 2022-23 Total</b>	<b>\$</b>	<b>6,445,897,751</b>
Estimated Beginning Balance in FY 2024	\$	3,409,385,982
Estimated Revenues FY 2024	\$	2,032,676,823
Estimated Revenues FY 2025	\$	2,086,848,277
<b>FY 2024-25 Total</b>	<b>\$</b>	<b>7,528,911,081</b>

**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 Calculation and Revenue Assumptions:**

Revenue and expenditure assumptions are based on historical trends. Assumes medical and pharmacy cost trends of 7% through FY 2022; both trends are reduced by 0.25% each year thereafter. Assumes an average of 3% growth of total revenue per year.

**6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern**  
**323 - Teacher Retirement System**

**TRS-ActiveCare - 855**

Estimated Beginning Balance in FY 2022	\$	56,242,954
Estimated Revenues FY 2022	\$	2,697,036,036
Estimated Revenues FY 2023	\$	1,751,568,614
<b>FY 2022-23 Total</b>	<b>\$</b>	<b>4,504,847,604</b>
Estimated Beginning Balance in FY 2024	\$	358,656,170
Estimated Revenues FY 2024	\$	1,804,014,056
Estimated Revenues FY 2025	\$	1,856,593,846
<b>FY 2024-25 Total</b>	<b>\$</b>	<b>4,019,264,072</b>

**Constitutional or Statutory Creation and Use of Funds:**

Texas Insurance Code Title 8, Subtitle H, Chapter 1579. Section 1579.251 through 1575.210 for contributions.

**Method of Calculation and Revenue Assumptions:**

Revenue and expenditure assumptions are based on historical trends. Revenues are calculated assuming current enrollment and a 3% premium increase for years after FY 2023. This methodology is consistent with past analyses but would generate revenue inadequate to cover claims costs. Adequate premiums would require increases beyond what has previously been assessed. Revenues for FY 2022 include \$638.3 million in federal funds appropriated to TRS-ActiveCare. Medical and pharmacy cost trends are calculated using 5% and 8% respectively through FY 2023; both trends are reduced by 0.25% each year thereafter.