

Legislative Appropriations Request For Fiscal Years 2016 and 2017

Submitted to the
Governor's Office of Budget, Planning and Policy
and the Legislative Budget Board

by

Teacher Retirement System of Texas

Board Members

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Term Expires

August 31, 2017
August 31, 2015
August 31, 2015
August 31, 2017
August 31, 2019
August 31, 2019
August 31, 2015
August 31, 2017
August 31, 2019

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August 18, 2014

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August 18, 2014

Ms. Ursula Parks, Director
Legislative Budget Board

Ms. Kate McGrath, Director
Governor's Office of Budget, Planning, and Policy

Dear Ms. Parks and Ms. McGrath:

We are pleased to submit the legislative appropriations request (LAR) for the Teacher Retirement System (TRS) for the FY16-17 biennium. This request primarily represents funding needs for two programs that receive contributions from the state: the Teacher Retirement Pension Trust Fund and TRS-Care, the Retired Public School Employees Group Insurance Program. TRS is deeply concerned about the long term financial viability of TRS-Care.

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

Total requested general revenue and general revenue-related funding for the FY16-17 biennium including exceptional items is \$5.0 billion. By comparison, TRS will pay out in excess of \$22 billion in retiree benefit and health care payments to more than 340,000 retirees and many health care providers, primarily in the State of Texas, over the same time period. To put this amount in context, it is estimated that these payments will generate an additional \$2.0 billion in state tax revenues and will fund an estimated 100,000 permanent jobs in Texas. In addition, school districts and their employees will save a combined \$6.0 billion during the biennium that would have gone to the Social Security Administration had their employees been covered by Social Security in addition to or instead of the Teacher Retirement System. Currently, 95% of all public education employees who are TRS members are not covered by Social Security.

According to the policy letter dated June 23, 2014, along with information provided by your staff, the baseline request uses the current state contribution rate of 6.8% for the Pension Trust Fund and incorporates projected covered salary growth of 2% per year for the public education sector and 4% per year for the higher education sector. Also, the baseline request for TRS-Care is calculated at a contribution rate of 1.0% per year including projected covered salary growth. Based on the assumptions made in the policy letter, the TRS Board is requesting an exceptional item in the amount of \$875 million related to TRS-Care to fund a projected shortfall in that program that could materialize as early as September 2015.

Teacher Retirement Pension Trust Fund

As a result of legislative action taken during the last legislative session, TRS is actuarially sound. Changes were made to increase the normal retirement age to 62 with a rule of 80, reduce the annual interest rate paid on member account balances to 2%, assess a 1.5% payroll surcharge to school districts not participating in social security, and increase the member contribution rate from the current 6.4% to 7.7% by FY2017. With an expected employer contribution rate of 6.8%, the combined contribution rates are projected to be sufficient to amortize the current unfunded actuarial liabilities of the pension plan over a 28 year period.

As of November 2013, the pension plan has an unfunded liability of \$28.9 billion and a funded ratio of 80.8% making TRS one of the best funded public pensions in the

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country. TRS consistently exceeds its investment goals, returning 12.1% over the past year and 9.1% over the past 25 years. TRS was also named Institutional Investor's Large Public Plan Manager of the Year for 2013.

TRS was charged during the last biennium to "report on the actuarial and fiscal impacts from potential changes to the state, university and school district pension plans..." Having completed that study, we found a greater efficiency exists with defined benefit plans in comparison to other plan designs. Actuarial modeling shows that to provide the same levels of benefits, other plan designs, such as defined contribution plans, are 60% to 130% more expensive than the current TRS defined benefit plan.

In addition to assuming the state contribution rate of 6.8%, this LAR also assumes a 2.0% covered payroll growth for public education employees and a 4.0% covered payroll growth for higher education based on long term averages accounting for demographic and workforce trending.

TRS-Care and TRS ActiveCare

TRS-Care, the Retired Employees Group Insurance Program, historically receives state funding equal to 1.0% of active public school employee payroll per year. Our request includes funding for the 1.0% contribution and assumes covered payroll growth of 2.0% for the public education sector. Additionally, TRS is requesting an exceptional item in the amount of \$875 million to provide for fiscal solvency through the end of FY17.

Last legislative session, we projected the funding for TRS-Care would be insufficient to pay health care claims through the current biennium, while also noting the long-term solvency of the program would be a major concern. The Legislature responded by generously re-appropriating any owed settle up funds from the pension trust fund to TRS-Care. This action in both fiscal years 2013 and 2014 will lead to an additional \$62.6 million in funding for TRS-Care. In addition, we implemented a new Medicare Advantage program effective January 1, 2013 that resulted in substantial cost savings. Thanks in part to these actions, TRS does not anticipate the need for a supplemental appropriation for TRS-Care in the FY14-15 biennium.

During the summer of 2012, TRS conducted a study to consider various options for changes in plan design and other changes that would improve the sustainability of TRS-Care. The study is currently being updated and expanded to include TRS ActiveCare. Options under consideration range from prefunding to a defined contribution arrangement. The options are not mutually exclusive and can potentially be combined to increase the positive financial effect. We expect to have preliminary findings by September 1, 2014 and will release the complete study in November so the options can be discussed during the legislative session.

Contribution amounts from school districts and the state for TRS ActiveCare have not changed since 2002. TRS does not receive direct appropriations for ActiveCare; however, state funding is provided through the Foundation School Program to the school districts who in turn pay premiums to TRS. The long term affordability of ActiveCare is of particular concern this legislative cycle, and of note is the fact that the employee share of the premiums paid has risen 238% since the plan inception.

Administrative Operations

To adequately serve members and to prudently manage pension fund assets, TRS requests funding for Administrative Operations of \$119.2 million for fiscal year 2016 and \$77.2 million for fiscal year 2017. Administrative needs are driven substantially by the TRS Enterprise Application Modernization (TEAM) Program, the growth in membership, and the increased complexity of investment management in volatile economic times. This request represents a modest increase over current funding levels and includes an additional 11 positions we believe are necessary to effectively implement the TEAM program.

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The TEAM program, a multi-year, \$100+ million initiative, will update business processes and core technologies used to deliver benefits and services to members and annuitants. TEAM is progressing on schedule and within budgeted amounts with a projected implementation timeframe of fall 2017.

TRS was authorized to begin the process of replacing the legacy systems for benefits administration and accounting during the FY12-13 biennium. Funding was continued during the FY14-15 biennium. In addition to the pension system replacement, this program includes other projects such as data management and financial system replacement as well as an increased online presence for more flexible, robust customer service and support functionality.

TRS is requesting a total of \$40.3 million for TEAM in the FY16-17 biennium in order to continue this important modernization project. TRS is also requesting unexpended balance (UB) authority from FY15 to the FY16-17 biennium.

TRS serves more than 1.3 million members, and membership has grown 2.5% to 3.0% per year on average over the last 12 years. Consistent with this trend, membership is expected to increase by approximately 6.0% during the upcoming biennium. While the TEAM Program will greatly improve customer service and allow for more effective management of membership information, TRS must in the short term continue to enhance member engagement and communicate important information to members in a clear and timely fashion. Fortunately, in the past few years, TRS has been able to make significant progress toward performance goals by adding call center staff to reduce the call waiting time to under 30 seconds for the 650,000+ annual phone calls received. Moreover, the most recent member satisfaction survey for TRS completed in May of 2014 by the University of North Texas Survey Research Center indicated that 97% of our members are either very satisfied or satisfied with our customer service experience.

On the investment front, the market has been extremely volatile over the last few years. The additional authority and resources granted by the legislature in previous biennia have allowed the pension fund to remain strong in these turbulent economic times. As of March 31, 2014, the one year total return for the fund was 10.04 percent, with investment gains totaling \$12.7 billion for the same one year period. For the three year period beginning March 2011, TRS investment earnings have exceeded \$28.50 billion with annual returns averaging 8.6 percent.

Furthering the TEAM Program, improving benefit delivery services and continuing to strengthen the TRS trust fund are all primary aspects TRS' strategic goals. This request represents our anticipated needs as we work towards those goals. However, as we continue to evaluate workload changes and resulting staffing demands, our request could be modified during the legislative session.

TRS has been named one of the top places to work in Austin for both 2012 and 2013 by the Austin American Statesman. While this has allowed us to attract quality employees, a burgeoning Austin job market will hamper our ability to retain in-demand employees and attract strong talent. This is particularly true in the highly competitive job markets related to investments and information technology. To assist in this effort, TRS has focused over the past year on developing its culture in order to continue to attract and retain high-quality and mission-orientated employees. This effort has included development of the TRS core values and enhanced strategic planning with the goal of incorporating the values and strategic plan goals into job descriptions and performance assessments. The TRS request includes additional funding to help attract and retain high-quality employees who drive the TRS mission.

Another agency priority in the near future is addressing long term space requirements. A space assessment conducted by the Texas Facilities Commission in July 2011 concluded that the TRS buildings are grossly inefficient. They recommended an analysis be conducted to determine the costs and benefits of options related to accommodating administrative space needs for TRS staff and members. Working in conjunction with CBRE, a worldwide leader in real estate services, a workplace strategy and real estate study was conducted in April 2014 to understand the agency's space needs and long term requirements. Key findings include the need for flexibility and the desire to capitalize on operational efficiencies.

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Options under consideration range from the status quo to relocating in various locations. Cost estimates range from \$41 to \$62 million on a net present value basis. For reference, the status quo, which would mean keeping our current buildings and retaining the existing leased space for the Investment Management Division, would cost \$53 million as determined by a 20 year net present value calculation. A factor complicating long term space planning is the impact that Capitol View Corridor height restrictions have on the market value of the TRS Headquarters. With that in mind, the Board of Trustees is considering all options and will have draft language and a detailed proposal for Legislative consideration in early calendar year 2015.

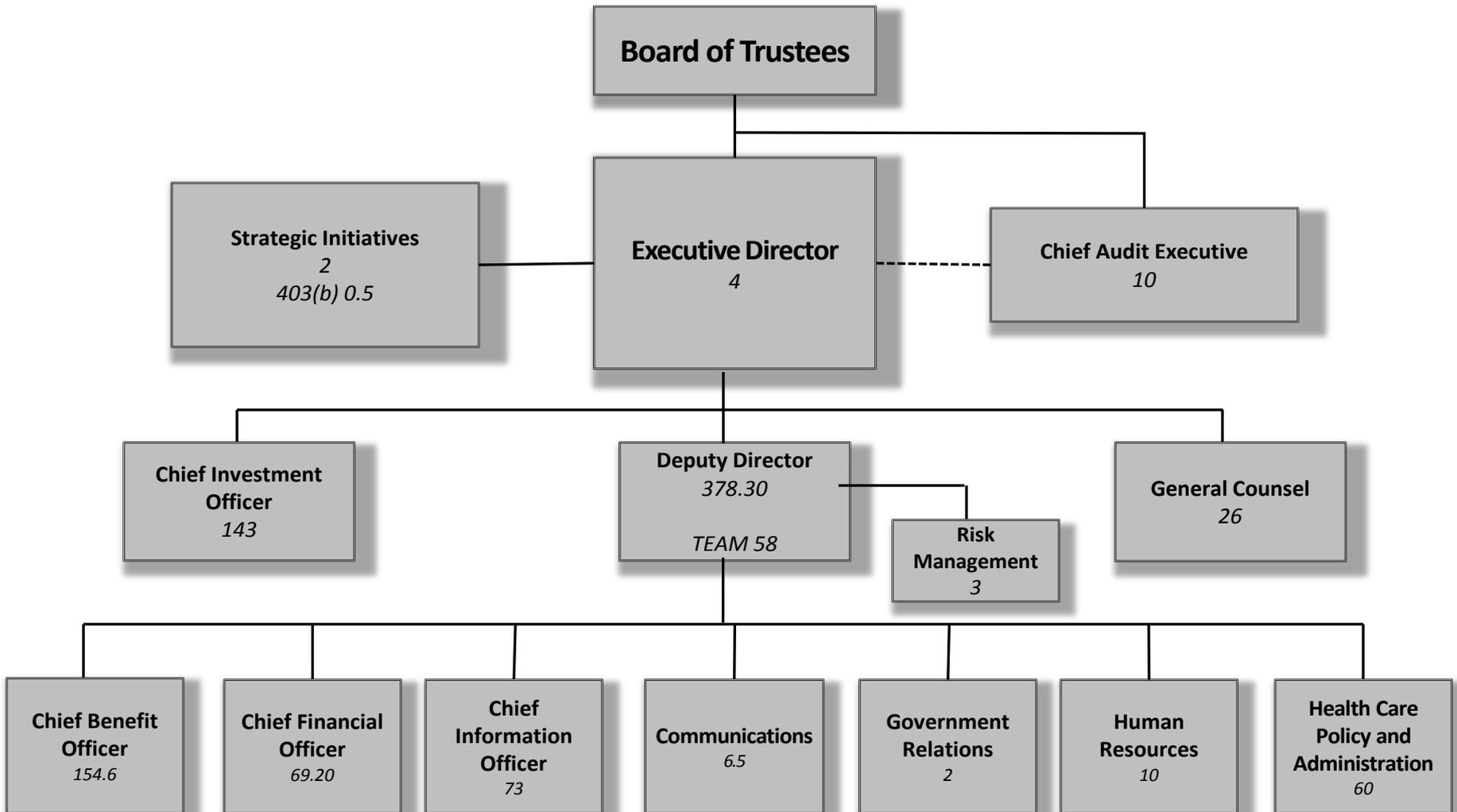
Lastly, TRS is requesting changes to the Schedule of Exempt positions. State law and the TRS Board Bylaws give the TRS Board and the Executive Director flexibility in setting salaries for employees on the schedule of exempt positions. Consistent with this grant of flexibility, the TRS Board adopted increased not-to-exceed amounts for certain positions on the schedule, and we are recommending the elimination of some executive management and investment management positions on the schedule since those positions can now be accommodated within the state classification schedule.

In conclusion, 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

TRS Organizational Chart as of September 1, 2014



CERTIFICATE

Agency Name: Teacher Retirement System of Texas

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 of Budget, Planning and Policy (GOBPP) 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 bound paper copies are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the GOBPP will be notified in writing in accordance with Article IX, Section 7.01 (2014-15 GAA).

Chief Executive Office or Presiding Judge

Brian K. Guthrie
Signature

Brian K. Guthrie
Printed Name

Executive Director
Title

August 18, 2014
Date

Board or Commission Chair

R. David Kelly
Signature

R. David Kelly
Printed Name

Chair, Board of Trustees
Title

August 18, 2014
Date

Chief Financial Officer

Donald C. Green
Signature

Don Green
Printed Name

Chief Financial Officer
Title

August 18, 2014
Date

2.A. Summary of Base Request by Strategy

8/14/2014 9:02:11AM

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Goal / Objective / STRATEGY	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
1 To Administer the System as an Employee Benefit Trust					
1 <i>Sound Retirement System</i>					
1 TRS - PUBLIC EDUCATION RETIREMENT	1,347,279,239	1,471,831,666	1,405,336,453	1,531,046,046	1,561,540,696
2 TRS - HIGHER EDUCATION RETIREMENT	205,078,317	224,637,739	268,250,367	240,940,793	250,499,361
3 ADMINISTRATIVE OPERATIONS	80,623,285	87,135,884	102,865,839	119,188,758	77,162,229
2 <i>Health Care Program for Public Education Retirees Funded by Statute</i>					
1 RETIREE HEALTH - STATUTORY FUNDS	229,798,823	301,318,385	274,122,769	275,932,124	281,428,009
TOTAL, GOAL 1	\$1,862,779,664	\$2,084,923,674	\$2,050,575,428	\$2,167,107,721	\$2,170,630,295
TOTAL, AGENCY STRATEGY REQUEST	\$1,862,779,664	\$2,084,923,674	\$2,050,575,428	\$2,167,107,721	\$2,170,630,295
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$1,862,779,664	\$2,084,923,674	\$2,050,575,428	\$2,167,107,721	\$2,170,630,295

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>METHOD OF FINANCING:</u>					
General Revenue Funds:					
1 General Revenue Fund	1,675,013,292	1,884,561,672	1,832,631,244	1,927,480,979	1,968,291,626
SUBTOTAL	\$1,675,013,292	\$1,884,561,672	\$1,832,631,244	\$1,927,480,979	\$1,968,291,626
General Revenue Dedicated Funds:					
770 Est Oth Educ & Gen Inco	104,743,693	110,344,561	112,551,452	117,053,510	121,735,650
SUBTOTAL	\$104,743,693	\$110,344,561	\$112,551,452	\$117,053,510	\$121,735,650
Other Funds:					
960 TRS Trust Account Fund	83,022,679	90,017,441	105,392,732	122,573,232	80,603,019
SUBTOTAL	\$83,022,679	\$90,017,441	\$105,392,732	\$122,573,232	\$80,603,019
TOTAL, METHOD OF FINANCING	\$1,862,779,664	\$2,084,923,674	\$2,050,575,428	\$2,167,107,721	\$2,170,630,295

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

2.B. Summary of Base Request by Method of Finance
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8/14/2014 9:02:11AM

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

METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
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GENERAL REVENUE

1 General Revenue Fund

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2012-13 GAA)

\$1,699,526,259	\$0	\$0	\$0	\$0
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Comments: Matches 2012-13 GAA (Conference Committee Report on House Bill 1).

Regular Appropriations from MOF Table (2014-15 GAA)

\$0	\$1,700,627,858	\$1,806,039,959	\$0	\$0
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Comments: Matches 2014-15 GAA (Conference Committee Report on Senate Bill 1).

Regular Appropriations from MOF Table

\$0	\$0	\$0	\$1,927,480,979	\$1,968,291,626
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RIDER APPROPRIATION

Rider 14-Settle up dollars directed to TRS-Care (Art III-34, 2014-15 GAA).

\$0	\$0	\$26,591,285	\$0	\$0
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Comments: TRS Rider 14 language allows for any settle up payments made to the state be reappropriated to the TRS-Care program for FY2015. The \$27.7 million is the estimated higher education pension fund settle up amount over the state's actual statutory obligation based on a 6% year over year growth in covered payroll.

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

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Agency code: 323	Agency name: Teacher Retirement System				
METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>GENERAL REVENUE</u>					
<i>TRANSFERS</i>					
Rider 18-Contingency Appropriation: Funding for Texas Public School Retired Employees Group In	\$102,363,704	\$0	\$0	\$0	\$0
Comments: Matches FY 2012 year-end settle up for excess state contributions to public education in the amount of (\$82,544,204.01); no FY 12 excess from higher education; and excess from the Retiree Health Benefit Plan in the amount of (\$19,819,499.57).					
Adjustment per 1575.201(b), Insurance Code	\$(6,240,374)	\$17,728,753	\$0	\$0	\$0
Comments: Matches Fiscal year-end 2013 settle up for state contributions to retired health benefits. [per settle up letters]. FY2014 is estimated settle up based on year over year 4% increase in covered payroll.					
Adjustment per 403.093 (c), Government Code	\$(120,636,297)	\$39,328,390	\$0	\$0	\$0
Comments: Matches FY 2013 year-end settle up for state contributions to public education in the amount of (63,979,198) and higher education in the amount of (\$56,657,099). Variances due primarily to lower than anticipated covered compensation and settle up amounts from public community colleges for fiscal year 2013. FY2014 is estimated settle up based on year over year 4% increase in covered payroll.					

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

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Agency code: 323		Agency name: Teacher Retirement System				
METHOD OF FINANCING		Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>GENERAL REVENUE</u>						
	Rider 4-Contingency Appropriation: Funding for the TRS Pension Fund #960 (Art III-31, 2014-15 C	\$0	\$90,818,523	\$0	\$0	\$0
	Comments: TRS Rider 4 language by 83nd Legislature authorized GR appropriated amounts in excess of the state's actual statutory obligations public and higher education retirement appropriations recovered through the annual settle up for FY 2013 be appropriated to the TRS pension fund #960 to increase the state contribution rate in FY 2014 up to 6.8%. Any further excess from the 2013 settle up is for deposit into the TX Public School Retired Employees Group Insurance Trust Fund (TRS-Care). Excess amounts will be determined through the 2013 Settle up process between the Comptroller and TRS.					
	Rider 4-Contingency Appropriation: Funding for TRS-Care Retiree Insurance (Art III-31, 2014-15 C	\$0	\$36,058,148	\$0	\$0	\$0
	Comments: TRS Rider 4 language by 83nd Legislature authorized GR appropriated amounts in excess of the state's actual statutory obligations and recovered through the annual settle up for FY 2013 in excess of the amount required to provide for a 6.8% state retirement contribution be appropriated for deposit into the TX Public School Retired Employees Group Insurance Trust Fund (TRS-Care). Excess amounts will be determined through the 2013 Settle up process between the Comptroller and TRS.					
TOTAL,	General Revenue Fund	\$1,675,013,292	\$1,884,561,672	\$1,832,631,244	\$1,927,480,979	\$1,968,291,626
TOTAL, ALL	GENERAL REVENUE	\$1,675,013,292	\$1,884,561,672	\$1,832,631,244	\$1,927,480,979	\$1,968,291,626

GENERAL REVENUE FUND - DEDICATED

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

METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
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GENERAL REVENUE FUND - DEDICATED

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

REGULAR APPROPRIATIONS

Rider 7 - Transfer of Other Educ & Gen Income (2012-13 GAA)

\$108,180,942	\$0	\$0	\$0	\$0
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Comments: Matches 2012-13 GAA (Conference Committee Report on House Bill 1).

Rider 7 - Transfer of Other Educ & Gen Income (2014-15 GAA)

\$0	\$110,344,561	\$112,551,452	\$0	\$0
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Comments: Matches 2014-15 GAA (Conference Committee Report on Senate Bill 1).

Regular Appropriations from MOF Table

\$0	\$0	\$0	\$117,053,510	\$121,735,650
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BASE ADJUSTMENT

Rider 7 - Transfer of Other Educ & Gen Income (2012-13 GAA)

\$(3,437,249)	\$0	\$0	\$0	\$0
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Comments: Actual amounts received from Higher Education less than estimated per settle up letter. Actual receipts of \$104,743,693 less appropriated \$108,180,942 = (\$3,347,249).

2.B. Summary of Base Request by Method of Finance
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Agency code: 323		Agency name: Teacher Retirement System				
METHOD OF FINANCING		Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>GENERAL REVENUE FUND - DEDICATED</u>						
TOTAL,	GR Dedicated - Estimated Other Educational and General Income Account No. 770	\$104,743,693	\$110,344,561	\$112,551,452	\$117,053,510	\$121,735,650
TOTAL GENERAL REVENUE FUND - DEDICATED - 704, 708 & 770						
		\$104,743,693	\$110,344,561	\$112,551,452	\$117,053,510	\$121,735,650
TOTAL, ALL	GENERAL REVENUE FUND - DEDICATED	\$104,743,693	\$110,344,561	\$112,551,452	\$117,053,510	\$121,735,650
TOTAL,	GR & GR-DEDICATED FUNDS	\$1,779,756,985	\$1,994,906,233	\$1,945,182,696	\$2,044,534,489	\$2,090,027,276

OTHER FUNDS

960 Teacher Retirement System Trust Account Fund No. 960

REGULAR APPROPRIATIONS

Administrative Operations of the Pension Trust Fund (12-13 GAA)

\$63,251,518	\$0	\$0	\$0	\$0
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Comments: "Matches 2012-13 GAA (Conference Committee Report on House Bill 1).
 FY 2013 = \$65,826,518 when combined with Employee Contributions "

Employer Contributions for TRS Employees (2012-13 GAA)

\$2,575,000	\$0	\$0	\$0	\$0
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2.B. Summary of Base Request by Method of Finance

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METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<p>Agency code: 323 Agency name: Teacher Retirement System</p>					
<u>OTHER FUNDS</u>					
Administrative Operations of the Pension Trust Fund (14-15 GAA)	\$0	\$104,453,579	\$65,518,258	\$0	\$0
<p>Comments: "Matches 2014-15 GAA (Conference Committee Report on Senate Bill 1). FY 2014 = \$107,093,367 when combined with Employee Contributions FY 2015 = \$68,045,151 when combined with Employee Contributions "</p>					
Employer Contributions for TRS Employees (2014-15 GAA)	\$0	\$2,639,788	\$2,526,893	\$0	\$0
Regular Appropriations from MOF Table	\$0	\$0	\$0	\$122,573,232	\$80,603,019
<i>RIDER APPROPRIATION</i>					
Art IX, Sec 14.03(j), Capital Budget UB (2012-13 GAA)	\$20,762,240	\$0	\$0	\$0	\$0
<p>Comments: TRS Rider #15 -Enterprise Application Modernization (TEAM): The agency received authority to expend \$25 million from the Pension Trust Fund (Rider #15) to modernize the agency's legacy computer (benefits) systems. Of this amount, \$11.7M was initially expected to be expended in FY 2012 w/ remaining \$13.3M carried forward to FY 2013 under Article IX authority. Revised estimates as of June, 2012 indicate that the anticipated UB amount to FY 2013 is the original amount of \$13.3M plus an add'l \$7.4 million, (\$20,762,240 total).</p>					

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

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Agency code: 323	Agency name: Teacher Retirement System				
METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>OTHER FUNDS</u>					
Art IX, Sec 14.03(j), Capital Budget UB (2012-13 GAA)	\$537,590	\$0	\$0	\$0	\$0
Comments: Capital Budget UB related to all other Capital Budget Appropriation FY12 carry forward in FY 13, excluding appropriation for TEAM shown above.					
Art IX, Sec 14.03(i), Capital Budget UB (2014-15 GAA)	\$0	\$(18,458,684)	\$18,458,684	\$0	\$0
Comments: Capital Budget UB related to TEAM for FY2015.					
Art IX, Sec 14.03(i), Capital Budget UB (2014-15 GAA)	\$0	\$(4,270,291)	\$4,270,291	\$0	\$0
Comments: Capital Budget UB related to all other Capital Budget Appropriation FY14 carry forward in FY 15, excluding appropriation for TEAM shown above.					
Rider 14, Performance Incentive Compensation (2012-13 GAA)	\$6,899,843	\$0	\$0	\$0	\$0
Comments: Pursuant to Board Chair letter to LBB and GOBPP regarding incentive compensation payout. Authority via 2012-13 GAA TRS Rider #14. December 6, 2012 letter (payout in 2013) \$6,899,843. There are some variances due to investment staff who leave between December and when the amounts are paid the following February.					

2.B. Summary of Base Request by Method of Finance
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/14/2014 9:02:11AM

Agency code: 323	Agency name: Teacher Retirement System				
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METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
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OTHER FUNDS

Rider 13, Performance Incentive Compensation (2014-15 GAA)

	\$0	\$9,350,000	\$11,200,000	\$0	\$0
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Comments: The \$9.35 million was the maximum payout anticipated during the 2014 plan year and was the amount presented and approved in the Board's budget.

Rider 15, Contingency for SB 1458 (2014-15 GAA)

	\$0	\$142,866	\$0	\$0	\$0
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Comments: To implement SB 1458, we estimated costs for salaries/contract workforce (\$370K), operating (\$15K), and travel (\$15K).

Art IX, Sec 14.03(h) (1) (a), Capital Budget UB (2014-15 GAA)

	\$0	\$1,936,000	\$0	\$0	\$0
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Comments: Increase TEAM Capital Budget from estimated Administrative Operations lapse.

Art IX, Sec 14.03(i), Capital Budget UB (2014-15 GAA)

	\$0	\$(1,936,000)	\$1,936,000	\$0	\$0
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Comments: Capital Budget UB related to TEAM for FY2015.

TRANSFERS

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

8/14/2014 9:02:11AM

84th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<p>Agency code: 323 Agency name: Teacher Retirement System</p>					
<u>OTHER FUNDS</u>					
Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA)					
	\$0	\$485,243	\$1,482,606	\$0	\$0
<p>Comments: Effective September 1, 2013 general state employees received a 1.0% annual salary increase with a minimum of \$50 per month. Effective September 1, 2014 general state employees received a 2.0% annual salary increase with a minimum of \$50 per month.</p>					
<i>LAPSED APPROPRIATIONS</i>					
Administrative Operations of the Pension Trust Fund					
	\$(10,827,906)	\$(1,936,000)	\$0	\$0	\$0
<p>Comments: FY 13 Lower than anticipated amount as follows: \$1.0m salaries; \$6.3m TEAM; \$2.0m legal contracts; \$1.5m other operating. FY 14 is primarily due to lower than anticipated expenses for salaries & wages. Estimated FY 14 lapse primarily due to salary lapses that will be transferred to Capital Budget Authority for TEAM Project at the end of the fiscal year and UB's into FY 15.</p>					
Rider 13, Performance Incentive Compensation (2014-15 GAA)					
	\$0	\$(2,630,829)	\$0	\$0	\$0
<i>BASE ADJUSTMENT</i>					
Emp Ret Contributions for TRS Employees (adj to actual)					
	\$(175,606)	\$241,769	\$0	\$0	\$0
<p>Comments: FY 13 reduction in amount appropriated for TRS employee pension benefits based on actual payroll. FY 2014 is estimated.</p>					

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

8/14/2014 9:02:11AM

84th 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 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>OTHER FUNDS</u>						
TOTAL,	Teacher Retirement System Trust Account Fund No. 960	\$83,022,679	\$90,017,441	\$105,392,732	\$122,573,232	\$80,603,019
TOTAL, ALL	OTHER FUNDS	\$83,022,679	\$90,017,441	\$105,392,732	\$122,573,232	\$80,603,019
GRAND TOTAL		\$1,862,779,664	\$2,084,923,674	\$2,050,575,428	\$2,167,107,721	\$2,170,630,295

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

8/14/2014 9:02:11AM

84th 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 2013	Est 2014	Bud 2015	Req 2016	Req 2017
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2012-13 GAA)	475.3	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2014-15 GAA)	0.0	503.3	503.3	0.0	0.0
Administrative Operations of Pension Trust Fund	0.0	0.0	0.0	503.3	503.3
RIDER APPROPRIATION					
Rider 17, Enterprise Application Modernization (TEAM) FTE	0.0	54.0	58.0	69.0	69.0
Rider 17, Enterprise Application Modernization (TEAM) FTE	0.0	(54.0)	(58.0)	(69.0)	(69.0)
LAPSED APPROPRIATIONS					
Regular Appropriations from MOF Table (2012-13 GAA)	(12.6)	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2014-15 GAA)	0.0	(24.2)	0.0	0.0	0.0
REQUEST TO EXCEED ADJUSTMENTS					
Art IX, Sec 6.10(a), FTE Request to Exceed (2012-13 GAA)	15.0	0.0	0.0	0.0	0.0
TOTAL, ADJUSTED FTES	477.7	479.1	503.3	503.3	503.3

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

8/14/2014 9:02:11AM

84th 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 2013

Est 2014

Bud 2015

Req 2016

Req 2017

**NUMBER OF 100% FEDERALLY
FUNDED FTEs**

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

8/14/2014 9:02:12AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

323 Teacher Retirement System

OBJECT OF EXPENSE	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
1001 SALARIES AND WAGES	\$44,549,910	\$47,364,046	\$60,086,664	\$56,559,946	\$49,636,162
1002 OTHER PERSONNEL COSTS	\$1,783,454,000	\$1,998,873,950	\$1,948,822,529	\$2,049,121,043	\$2,094,659,226
2001 PROFESSIONAL FEES AND SERVICES	\$17,246,239	\$14,826,365	\$17,026,426	\$30,757,194	\$4,475,400
2002 FUELS AND LUBRICANTS	\$2,452	\$2,960	\$3,110	\$3,255	\$3,425
2003 CONSUMABLE SUPPLIES	\$382,257	\$516,250	\$546,450	\$576,300	\$561,729
2004 UTILITIES	\$1,176,467	\$1,074,955	\$1,135,264	\$1,187,791	\$1,245,150
2005 TRAVEL	\$816,166	\$1,455,028	\$1,255,128	\$1,666,348	\$1,662,638
2006 RENT - BUILDING	\$1,871,655	\$1,749,431	\$1,898,793	\$2,252,723	\$2,343,887
2007 RENT - MACHINE AND OTHER	\$284,677	\$459,100	\$495,100	\$531,965	\$569,672
2009 OTHER OPERATING EXPENSE	\$9,349,426	\$16,275,015	\$13,576,798	\$17,521,311	\$13,464,131
5000 CAPITAL EXPENDITURES	\$3,646,415	\$2,326,574	\$5,729,166	\$6,929,845	\$2,008,875
OOE Total (Excluding Riders)	\$1,862,779,664	\$2,084,923,674	\$2,050,575,428	\$2,167,107,721	\$2,170,630,295
OOE Total (Riders)					
Grand Total	\$1,862,779,664	\$2,084,923,674	\$2,050,575,428	\$2,167,107,721	\$2,170,630,295

2.D. Summary of Base Request Objective Outcomes
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

8/14/2014 9:02:13AM

323 Teacher Retirement System

<i>Goal/ Objective / Outcome</i>	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
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					
	28.00	30.99	30.99	30.99	30.99
2 TRS Retiremt. Fund 5-yr Avg Time-weighted Rate of ROI Performance					
	5.43%	8.00%	8.00%	8.00%	8.00%
3 TRS Retirement. Fund 20-yr Avg Time-weighted Rate of ROI Performance					
	7.84%	8.00%	8.00%	8.00%	8.00%
4 Investment Performance Relative to Board Approved Benchmark					
	100.00	100.00	100.00	100.00	100.00
KEY 5 TRS Retiremt. Fund Ann. Op. Exp. Per Member					
	26.48	26.99	28.00	28.00	29.00
KEY 6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets					
	17.18	18.86	23.00	25.00	26.00
KEY 7 Service Level Percentage of Calls Answered in Specified Time Interval					
	0.00%	80.00%	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					
	13.84%	10.00%	10.00%	10.00%	10.00%
2 Generic Substitution Rate for TRS-Care Prescription Drug Benefits					
	98.60%	98.50%	98.00%	98.00%	98.00%

2.E. Summary of Exceptional Items Request
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/14/2014
 TIME : 9:02:13AM

Agency code: 323

Agency name: **Teacher Retirement System**

Priority	Item	2016			2017			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	Retiree Health Solvency Funding	\$326,198,997	\$326,198,997		\$548,562,670	\$548,562,670		\$874,761,667	\$874,761,667
Total, Exceptional Items Request		\$326,198,997	\$326,198,997		\$548,562,670	\$548,562,670		\$874,761,667	\$874,761,667

Method of Financing

General Revenue	\$326,198,997	\$326,198,997		\$548,562,670	\$548,562,670		\$874,761,667	\$874,761,667
General Revenue - Dedicated								
Federal Funds								
Other Funds								
	\$326,198,997	\$326,198,997		\$548,562,670	\$548,562,670		\$874,761,667	\$874,761,667

Full Time Equivalent Positions

Number of 100% Federally Funded FTEs

2.F. Summary of Total Request by Strategy
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/14/2014

TIME : 9:02:14AM

Agency code: 323 Agency name: Teacher Retirement System

Goal/Objective/STRATEGY	Base 2016	Base 2017	Exceptional 2016	Exceptional 2017	Total Request 2016	Total Request 2017
1 To Administer the System as an Employee Benefit Trust						
1 <i>Sound Retirement System</i>						
1 TRS - PUBLIC EDUCATION RETIREMENT	\$1,531,046,046	\$1,561,540,696	\$0	\$0	\$1,531,046,046	\$1,561,540,696
2 TRS - HIGHER EDUCATION RETIREMENT	240,940,793	250,499,361	0	0	240,940,793	250,499,361
3 ADMINISTRATIVE OPERATIONS	119,188,758	77,162,229	0	0	119,188,758	77,162,229
2 <i>Health Care Program for Public Education Retirees Funded by Statu</i>						
1 RETIREE HEALTH - STATUTORY FUNDS	275,932,124	281,428,009	326,198,997	548,562,670	602,131,121	829,990,679
TOTAL, GOAL 1	\$2,167,107,721	\$2,170,630,295	\$326,198,997	\$548,562,670	\$2,493,306,718	\$2,719,192,965
TOTAL, AGENCY STRATEGY REQUEST	\$2,167,107,721	\$2,170,630,295	\$326,198,997	\$548,562,670	\$2,493,306,718	\$2,719,192,965
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$2,167,107,721	\$2,170,630,295	\$326,198,997	\$548,562,670	\$2,493,306,718	\$2,719,192,965

2.F. Summary of Total Request by Strategy
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/14/2014

TIME : 9:02:14AM

Agency code: 323	Agency name: Teacher Retirement System					
Goal/Objective/STRATEGY	Base 2016	Base 2017	Exceptional 2016	Exceptional 2017	Total Request 2016	Total Request 2017
General Revenue Funds:						
1 General Revenue Fund	\$1,927,480,979	\$1,968,291,626	\$326,198,997	\$548,562,670	\$2,253,679,976	\$2,516,854,296
	\$1,927,480,979	\$1,968,291,626	\$326,198,997	\$548,562,670	\$2,253,679,976	\$2,516,854,296
General Revenue Dedicated Funds:						
770 Est Oth Educ & Gen Inco	117,053,510	121,735,650	0	0	117,053,510	121,735,650
	\$117,053,510	\$121,735,650	\$0	\$0	\$117,053,510	\$121,735,650
Other Funds:						
960 TRS Trust Account Fund	122,573,232	80,603,019	0	0	122,573,232	80,603,019
	\$122,573,232	\$80,603,019	\$0	\$0	\$122,573,232	\$80,603,019
TOTAL, METHOD OF FINANCING	\$2,167,107,721	\$2,170,630,295	\$326,198,997	\$548,562,670	\$2,493,306,718	\$2,719,192,965
FULL TIME EQUIVALENT POSITIONS	503.3	503.3	0.0	0.0	503.3	503.3

2.G. Summary of Total Request Objective Outcomes
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/14/2014
 Time: 9:02:14AM

Agency code: **323**

Agency name: **Teacher Retirement System**

Goal/ Objective / Outcome

	BL 2016	BL 2017	Excp 2016	Excp 2017	Total Request 2016	Total Request 2017
2 Generic Substitution Rate for TRS-Care Prescription Drug Benefits	98.00%	98.00%			98.00%	98.00%

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust Statewide Goal/Benchmark: 8 9
 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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$1,347,279,239	\$1,471,831,666	\$1,405,336,453	\$1,531,046,046	\$1,561,540,696
TOTAL, OBJECT OF EXPENSE		\$1,347,279,239	\$1,471,831,666	\$1,405,336,453	\$1,531,046,046	\$1,561,540,696
Method of Financing:						
1	General Revenue Fund	\$1,347,279,239	\$1,471,831,666	\$1,405,336,453	\$1,531,046,046	\$1,561,540,696
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$1,347,279,239	\$1,471,831,666	\$1,405,336,453	\$1,531,046,046	\$1,561,540,696
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$1,531,046,046	\$1,561,540,696
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,347,279,239	\$1,471,831,666	\$1,405,336,453	\$1,531,046,046	\$1,561,540,696
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						

323 Teacher Retirement System

GOAL:	1	To Administer the System as an Employee Benefit Trust	Statewide Goal/Benchmark:	8	9
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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
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Article 16, Section 67 of the Texas Constitution provides that the financing of benefits to the Teacher Retirement System must be based on sound actuarial principles. Section 821.006 of Title 8, Texas Government Code prohibits a reduction in member or state contributions to the retirement system or any change in benefits if, as a result of the particular action, the time required to amortize the unfunded actuarial accrued liabilities of the retirement system, as determined by an actuarial valuation, would be increased to a period that equals or exceeds 31 years. This strategy continues the agency’s efforts to maintain an actuarially sound retirement system by providing funding for promised benefits and investing for future benefits. This strategy contributes to the agency’s objective to manage an actuarially sound retirement system that maintains an amortization period of less than 31 years and generates a 20-year average investment return equal to or exceeding the board approved actuarial rate of return.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Total membership in TRS is approximately 1.3 million members and is expected to increase by approximately 6% during the 2016-2017 biennium. Active membership in Public Education is experiencing slower growth which is expected to continue over the 2016-2017 biennium. Based on current trends, we are assuming covered payroll growth in Public Education of 2% for FY 2015 as well as for FY 2016 and 2017.

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust Statewide Goal/Benchmark: 8 9
 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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$205,078,317	\$224,637,739	\$268,250,367	\$240,940,793	\$250,499,361
TOTAL, OBJECT OF EXPENSE		\$205,078,317	\$224,637,739	\$268,250,367	\$240,940,793	\$250,499,361
Method of Financing:						
1	General Revenue Fund	\$97,935,230	\$111,411,621	\$153,172,022	\$120,502,809	\$125,322,921
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$97,935,230	\$111,411,621	\$153,172,022	\$120,502,809	\$125,322,921
Method of Financing:						
770	Est Oth Educ & Gen Inco	\$104,743,693	\$110,344,561	\$112,551,452	\$117,053,510	\$121,735,650
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$104,743,693	\$110,344,561	\$112,551,452	\$117,053,510	\$121,735,650
Method of Financing:						
960	TRS Trust Account Fund	\$2,399,394	\$2,881,557	\$2,526,893	\$3,384,474	\$3,440,790
SUBTOTAL, MOF (OTHER FUNDS)		\$2,399,394	\$2,881,557	\$2,526,893	\$3,384,474	\$3,440,790

323 Teacher Retirement System

GOAL:	1	To Administer the System as an Employee Benefit Trust	Statewide Goal/Benchmark:	8	9
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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$240,940,793	\$250,499,361
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$205,078,317	\$224,637,739	\$268,250,367	\$240,940,793	\$250,499,361

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 1.3 million members and is expected to increase by approximately 6% during the 2016-2017 biennium. Active membership in Higher Education continues to grow. Based on current trends indicating, we are assuming covered payroll growth in Higher Education of 4% for FY 2015 as well as for FY 2016 and 2017.

323 Teacher Retirement System

GOAL:	1	To Administer the System as an Employee Benefit Trust	Statewide Goal/Benchmark:	8	9
OBJECTIVE:	1	Sound Retirement System	Service Categories:		
STRATEGY:	3	Administrative Operations	Service: 09	Income: A.2	Age: B.2

CODE	DESCRIPTION	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
Output Measures:						
KEY 1	Number of TRS Benefit Applications Processed	73,067.00	72,000.00	72,000.00	72,000.00	72,000.00
2	Number of TRS Retirement Fund Member Accounts Serviced	9,942,401.00	10,041,825.00	10,142,243.00	10,243,666.00	10,346,102.00
3	Percent of Retirees Whose First Annuity is Paid When It is First Due	98.00	98.00	98.00	98.00	98.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$44,549,910	\$47,364,046	\$60,086,664	\$56,559,946	\$49,636,162
1002	OTHER PERSONNEL COSTS	\$1,297,621	\$1,086,160	\$1,112,940	\$1,202,080	\$1,191,160
2001	PROFESSIONAL FEES AND SERVICES	\$17,246,239	\$14,826,365	\$17,026,426	\$30,757,194	\$4,475,400
2002	FUELS AND LUBRICANTS	\$2,452	\$2,960	\$3,110	\$3,255	\$3,425
2003	CONSUMABLE SUPPLIES	\$382,257	\$516,250	\$546,450	\$576,300	\$561,729
2004	UTILITIES	\$1,176,467	\$1,074,955	\$1,135,264	\$1,187,791	\$1,245,150
2005	TRAVEL	\$816,166	\$1,455,028	\$1,255,128	\$1,666,348	\$1,662,638
2006	RENT - BUILDING	\$1,871,655	\$1,749,431	\$1,898,793	\$2,252,723	\$2,343,887
2007	RENT - MACHINE AND OTHER	\$284,677	\$459,100	\$495,100	\$531,965	\$569,672
2009	OTHER OPERATING EXPENSE	\$9,349,426	\$16,275,015	\$13,576,798	\$17,521,311	\$13,464,131
5000	CAPITAL EXPENDITURES	\$3,646,415	\$2,326,574	\$5,729,166	\$6,929,845	\$2,008,875

323 Teacher Retirement System

GOAL: 1 To Administer the System as an Employee Benefit Trust Statewide Goal/Benchmark: 8 9
 OBJECTIVE: 1 Sound Retirement System Service Categories:
 STRATEGY: 3 Administrative Operations Service: 09 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
TOTAL, OBJECT OF EXPENSE		\$80,623,285	\$87,135,884	\$102,865,839	\$119,188,758	\$77,162,229
Method of Financing:						
960	TRS Trust Account Fund	\$80,623,285	\$87,135,884	\$102,865,839	\$119,188,758	\$77,162,229
SUBTOTAL, MOF (OTHER FUNDS)		\$80,623,285	\$87,135,884	\$102,865,839	\$119,188,758	\$77,162,229
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$119,188,758	\$77,162,229
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$80,623,285	\$87,135,884	\$102,865,839	\$119,188,758	\$77,162,229
FULL TIME EQUIVALENT POSITIONS:		477.7	479.1	503.3	503.3	503.3

STRATEGY DESCRIPTION AND JUSTIFICATION:

Section 825.312 of the Texas Government Code provides that the retirement system shall pay from the expense account of the retirement system account for the pension trust fund all administrative expenses of the retirement system. The method of finance established in the General Appropriations Act, Senate Bill 1, 83rd 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	Statewide Goal/Benchmark:	8	9
OBJECTIVE:	1	Sound Retirement System	Service Categories:		
STRATEGY:	3	Administrative Operations	Service: 09	Income: A.2	Age: B.2

CODE	DESCRIPTION	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

TRS is continuing efforts in the replacement of its legacy systems for benefits administration and accounting. The multi-year \$102.6 million initiative will update business processes and core technologies used to deliver benefits and services to members and annuitants. Progress is ongoing with a contracted signed with Hewlett Packard in late 2013 for the Line of Business project. Funding for the continuation of the project has been included in the system's request.

Total membership is approximately 1.3 million members and is expected to increase by approximately 6% during the 2016-2017 Biennium. The amounts requested for investment management translate to an estimated cost of 25 basis points per dollar invested for fiscal year 2016 and 26 basis points per dollar invested for fiscal year 2017. A basis point is one one-hundredth of one percent, or 0.01 percent. The cost for benefit administration is estimated to be \$ 28 for fiscal year 2016 and \$ 29 for fiscal year 2017. 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 Statewide Goal/Benchmark: 1 0
 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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
Explanatory/Input Measures:						
	1 % Total Eligible Enrollees Who Select Medicare Advantage Program	69.71 %	68.18 %	68.00 %	68.00 %	68.00 %
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$229,798,823	\$301,318,385	\$274,122,769	\$275,932,124	\$281,428,009
TOTAL, OBJECT OF EXPENSE		\$229,798,823	\$301,318,385	\$274,122,769	\$275,932,124	\$281,428,009
Method of Financing:						
1	General Revenue Fund	\$229,798,823	\$301,318,385	\$274,122,769	\$275,932,124	\$281,428,009
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$229,798,823	\$301,318,385	\$274,122,769	\$275,932,124	\$281,428,009
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$275,932,124	\$281,428,009
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$229,798,823	\$301,318,385	\$274,122,769	\$275,932,124	\$281,428,009
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						

323 Teacher Retirement System

GOAL:	1	To Administer the System as an Employee Benefit Trust	Statewide Goal/Benchmark:	1	0
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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
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Chapter 1575 of the Texas Insurance Code designates the Teacher Retirement System as trustee to administer the Texas Public School Employees Group Insurance Program (TRS-Care). The program is established to provide health care services for both retired public school employees and their eligible dependents. This strategy continues the agency’s efforts to provide group healthcare benefits to retired public school employees by monitoring the performance of contract benefit providers, communicating healthcare plan features to retired public school employees, and resolving benefit disputes. Funds requested for this strategy relate only to the retiree healthcare program.

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 1.0 % for the 2016-2017 biennium of the active public school employee salaries, that active employees will continue to contribute 0.65 % of their salaries, and that the public schools will continue to contribute 0.55 % of active public school employee salaries. At this level of funding, the Retired Employees Group Insurance Program trust is projected to be depleted by fiscal year 2016.

3.A. Strategy Request

8/14/2014 9:02:14AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$1,862,779,664	\$2,084,923,674	\$2,050,575,428	\$2,167,107,721	\$2,170,630,295
METHODS OF FINANCE (INCLUDING RIDERS):				\$2,167,107,721	\$2,170,630,295
METHODS OF FINANCE (EXCLUDING RIDERS):	\$1,862,779,664	\$2,084,923,674	\$2,050,575,428	\$2,167,107,721	\$2,170,630,295
FULL TIME EQUIVALENT POSITIONS:	477.7	479.1	503.3	503.3	503.3

Rider Revisions and Additions Request

Agency Code: 323	Agency Name: Teacher Retirement System	Prepared By: Don Green	Date: 08-18-14	Request Level: Baseline																																								
Current Rider Number	Page Number in 2014-15 GAA	Proposed Rider Language																																										
1.	III – 31	<p>Performance Measure Targets. The following is a listing of the key performance target levels for the Teacher Retirement System. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Teacher Retirement System. In order to achieve the objectives and service standards established by this Act, the Teacher Retirement System shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;"><u>2014</u><u>16</u></th> <th style="width: 10%;"></th> <th style="width: 10%; text-align: center;"><u>2015</u><u>17</u></th> </tr> </thead> <tbody> <tr> <td colspan="4">A. Goal: TEACHER RETIREMENT SYSTEM</td> </tr> <tr> <td colspan="4">Outcome (Results/Impact):</td> </tr> <tr> <td>TRS Retirement Fund Annual Operating Expense Per Total Member (Excluding Investment Expenses)</td> <td style="text-align: center;"><u>28</u></td> <td style="text-align: center;"><u>27</u></td> <td style="text-align: center;"><u>29</u> <u>28</u></td> </tr> <tr> <td>TRS Retirement Fund Investment Expense as Basis Points of Net Assets</td> <td style="text-align: center;"><u>25</u></td> <td style="text-align: center;"><u>-22</u></td> <td style="text-align: center;"><u>26</u> <u>23</u></td> </tr> <tr> <td>Average Customer Hold Time for Calls Received on Toll-free Line (In Minutes)</td> <td></td> <td style="text-align: center;"><u>2</u></td> <td style="text-align: center;"><u>2</u></td> </tr> <tr> <td>Service Level Percentage for Calls Answered in a Specified Time Interval</td> <td style="text-align: center;"><u>80%</u></td> <td></td> <td style="text-align: center;"><u>80%</u></td> </tr> <tr> <td colspan="4">A.1.3. Strategy ADMINISTRATIVE OPERATIONS</td> </tr> <tr> <td colspan="4">Output (Volume)</td> </tr> <tr> <td>Number of TRS Benefit Applications Processed</td> <td style="text-align: center;">72,000</td> <td></td> <td style="text-align: center;">72,000</td> </tr> </tbody> </table> <p><i>The rider has been changed to reflect the 2016-17 performance measure goals.</i></p>				<u>2014</u> <u>16</u>		<u>2015</u> <u>17</u>	A. Goal: TEACHER RETIREMENT SYSTEM				Outcome (Results/Impact):				TRS Retirement Fund Annual Operating Expense Per Total Member (Excluding Investment Expenses)	<u>28</u>	<u>27</u>	<u>29</u> <u>28</u>	TRS Retirement Fund Investment Expense as Basis Points of Net Assets	<u>25</u>	<u>-22</u>	<u>26</u> <u>23</u>	Average Customer Hold Time for Calls Received on Toll-free Line (In Minutes)		<u>2</u>	<u>2</u>	Service Level Percentage for Calls Answered in a Specified Time Interval	<u>80%</u>		<u>80%</u>	A.1.3. Strategy ADMINISTRATIVE OPERATIONS				Output (Volume)				Number of TRS Benefit Applications Processed	72,000		72,000
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Rider Revisions and Additions Request

2.	III-32	<p>Capital Budget. None of the funds appropriated above for Strategy A.1.3, Administrative Operations, may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes.</p>																																													
		<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;"><u>2014 16</u></th> <th style="text-align: right; width: 20%;"><u>2015 17</u></th> </tr> </thead> <tbody> <tr> <td>a. Repair or Rehabilitation of Buildings and Facilities</td> <td></td> <td></td> </tr> <tr> <td> (1) <u>Building Renovations FY 20146/FY 20157</u></td> <td style="text-align: right;"><u>\$500,000</u> 175,000</td> <td style="text-align: right;"><u>\$500,000</u> 175,000</td> </tr> <tr> <td> (2) Air Handler Replacement FY 2014</td> <td style="text-align: right;">3,597,990</td> <td style="text-align: right;">0</td> </tr> <tr> <td> (3) Pressurization of Stairwells FY 2014</td> <td style="text-align: right;">360,000</td> <td style="text-align: right;">0</td> </tr> <tr> <td> <u>(2) Sump Pump Upgrade</u></td> <td style="text-align: right;"><u>1,200,000</u></td> <td style="text-align: right;"><u>0</u></td> </tr> <tr> <td> <u>(3) Garage Fire Suppression Upgrade</u></td> <td style="text-align: right;"><u>1,500,000</u></td> <td style="text-align: right;"><u>0</u></td> </tr> <tr> <td> <u>(4) Power Generator</u></td> <td style="text-align: right;"><u>600,000</u></td> <td style="text-align: right;"><u>0</u></td> </tr> <tr> <td> Total, Repair or Rehabilitation of Buildings and Facilities</td> <td style="text-align: right;"><u>\$3,800,000</u> 4,132,990 — <u>\$500,000</u> 175,000</td> <td></td> </tr> <tr> <td>b. Acquisition of Information Resource Technologies</td> <td></td> <td></td> </tr> <tr> <td> (1) TRS Enterprise Application Modernization (TEAM) FY 20146/FY 20157</td> <td style="text-align: right;"><u>40,348,768</u> 34,623,621</td> <td style="text-align: right;">0</td> </tr> <tr> <td> (2) Mainframe and Peripheral Upgrades FY 20146/FY 20157</td> <td style="text-align: right;">420,000</td> <td style="text-align: right;"><u>420,000</u> 0</td> </tr> <tr> <td> (3) Telecommunications Upgrade FY 20146/FY 20157</td> <td style="text-align: right;"><u>450,000</u> 380,000</td> <td style="text-align: right;"><u>450,000</u> 410,000</td> </tr> <tr> <td> (4) Investment Systems Modernization FY 20146/FY 20157</td> <td style="text-align: right;">370,000</td> <td style="text-align: right;">0</td> </tr> <tr> <td> (5) Pensions Legislation FY 20157</td> <td style="text-align: right;">0</td> <td style="text-align: right;">200,000</td> </tr> </tbody> </table>		<u>2014 16</u>	<u>2015 17</u>	a. Repair or Rehabilitation of Buildings and Facilities			(1) <u>Building Renovations FY 20146/FY 20157</u>	<u>\$500,000</u> 175,000	<u>\$500,000</u> 175,000	(2) Air Handler Replacement FY 2014	3,597,990	0	(3) Pressurization of Stairwells FY 2014	360,000	0	<u>(2) Sump Pump Upgrade</u>	<u>1,200,000</u>	<u>0</u>	<u>(3) Garage Fire Suppression Upgrade</u>	<u>1,500,000</u>	<u>0</u>	<u>(4) Power Generator</u>	<u>600,000</u>	<u>0</u>	Total, Repair or Rehabilitation of Buildings and Facilities	<u>\$3,800,000</u> 4,132,990 — <u>\$500,000</u> 175,000		b. Acquisition of Information Resource Technologies			(1) TRS Enterprise Application Modernization (TEAM) FY 2014 6 /FY 2015 7	<u>40,348,768</u> 34,623,621	0	(2) Mainframe and Peripheral Upgrades FY 2014 6 /FY 2015 7	420,000	<u>420,000</u> 0	(3) Telecommunications Upgrade FY 2014 6 /FY 2015 7	<u>450,000</u> 380,000	<u>450,000</u> 410,000	(4) Investment Systems Modernization FY 2014 6 /FY 2015 7	370,000	0	(5) Pensions Legislation FY 2015 7	0	200,000
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Rider Revisions and Additions Request

		(6) PC Workstation Refresh FY 2014 6 /FY 2015 7	<u>370,000</u>	350,000	<u>370,000</u>	350,000
		Total, Acquisition of Information Resource Technologies	<u>\$41,958,768</u>	36,143,621	<u>\$1,440,000</u>	960,000
		Total, Capital Budget	<u>\$45,758,768</u>	40,276,611	<u>\$1,940,000</u>	1,135,000
		Method of Financing (Capital Budget):				
		Teacher Retirement System Trust Account Fund No. 960	<u>\$45,758,768</u>	40,276,611	<u>\$1,940,000</u>	1,135,000
		Total, Method of Financing	<u>\$45,758,768</u>	40,276,611	<u>\$1,940,000</u>	1,135,000
		<i>The proposed revisions to the rider reflect the 2016-17 Capital Budget Request. An explanation of the requested item and impact on agency operations is included in the Capital Budget Supporting Schedules.</i>				

Rider Revisions and Additions Request

3.	III - 32	<p>Updated Actuarial Valuation. The Teacher Retirement System shall contract with an actuary to perform a limited actuarial valuation of the assets and liabilities of the Teacher Retirement System as of February 28 in those years when the Legislature meets in regular session. The purpose of the valuation shall be to determine the effect of investment, salary, and payroll experience on the unfunded liability, the amortization period, and the state contribution rate which results in a 30-year amortization period of the retirement system.</p>
4.	III - 32	<p>State Contribution to Teacher Retirement Program.</p> <p>a. The amounts specified above in A.1.1, TRS-Public Education Retirement, \$1,323,211,285 <u>\$1,531,046,046</u> in fiscal year 2014 <u>16</u> and \$1,405,336,453 <u>\$1,561,540,696</u> in fiscal year 201<u>5 17</u>, and A.1.2, TRS-Higher Education Retirement, \$242,869,437 <u>\$240,940,793</u> in fiscal year 2014 <u>16</u> and \$268,250,367 <u>\$250,499,362</u> in fiscal year 201<u>5 17</u>, are based on a state contribution of 6.4 percent of payroll for in fiscal year 2014 <u>16</u> and 6.8 percent of payroll in fiscal year 201<u>5 17</u>, estimated.</p> <p>b. Contingent on passage and enactment of SB 1458, or similar legislation relating to contributions to, benefits from, and the administration of systems and programs administered by the Teacher Retirement System of Texas, by the Eighty-third Legislature, Regular Session, 2013, of General Revenue Funds appropriated for fiscal year 2013 15 in excess of the state's obligation for retirement contributions in A.1.1, TRS - Public Education Retirement, and A.1.2, TRS -Higher Education Retirement, and the state's obligation for contributions to Retiree Group Health Insurance (TRS-Care) in A.2.1, Retiree Health-Statutory Funds, any General Revenue Funds recovered by the state on a net basis through the process of settle up for fiscal year 2013 15, pursuant to Texas Government Code, Section 403.093(c), are appropriated to the TRS Pension Trust Fund Account No. 960 to increase the state contribution rate for retirement in fiscal year 2014 up to 6.8 percent. Any General Revenue Funds available through settle up on a net basis for fiscal year 2013 15 in excess of the amount required to provide for a state contribution rate of 6.8 percent in fiscal year 2014 16 are appropriated for deposit to the Texas Public School Retired Employees Group Insurance Trust Fund.</p> <p>c. Notwithstanding the state rate for retirement contributions established in subsection (a) above and contingent on passage and enactment of SB 1458, the state contribution rate for fiscal year 2014 <u>16</u> shall be established at a rate not to exceed 6.8 percent of payroll or a lesser amount corresponding to the level of funding available for this purpose, but no less than 6.4 percent, as determined by the Teacher Retirement System. The Teacher Retirement System shall submit the state contribution rate determined under this subsection to the Legislative Budget Board and the Governor's Office for approval prior to expenditure of funds.</p>

Rider Revisions and Additions Request

4.	III - 32	<p>d. Should SB 1458 fail to pass or be enacted, aAny General Revenue Funds recovered by the state on a net basis through the process of settle up for fiscal year 2013 <u>15</u> are appropriated for deposit to the Texas Public School Retired Employees Group Insurance Trust Fund, and the state contribution rate shall be established at 6.4 percent of payroll for fiscal year 2014 <u>16</u> and fiscal year 2015 <u>17</u>.</p> <p><i>The rider has been revised to reflect fiscal years 2016 and 2017 projected state matching contributions for the TRS-Public Education Retirement and TRS-Higher Education Retirement.</i></p>
5.	III - 33	<p>State Contribution to Texas Public School Retired Employees Group Insurance Program. The amounts specified above in A.2.1, Retiree Health-Statutory Funds, \$247,531,484 <u>\$275,932,123</u> in fiscal year 2014 <u>16</u> and \$247,531,484 <u>\$281,428,009</u> in fiscal year 2015 <u>17</u> are based on a state contribution rate of 1.0 percent of payroll for fiscal year 2014 <u>16</u> and 0.5 percent of payroll for fiscal year 2015 <u>17</u>, 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 2014-15 <u>2016-17</u> biennium without providing 60 days' notice to the Legislative Budget Board.</p> <p><i>The rider has been revised to reflect fiscal years 2016 and 2017 projected state matching contributions for the Retired Employees Group Insurance Program base request.</i></p>
6.	III - 33	<p>Excess Benefit Arrangement Account. There is hereby appropriated to the Teacher Retirement System all funds transferred or deposited into the Excess Benefit Arrangement Account established in the General Revenue Fund for the purpose of paying benefits as authorized by Government Code § 825.517.</p>
7.	III - 33	<p>Transfer of Other Educational and General Income. The Comptroller of Public Accounts is hereby authorized to transfer the necessary appropriations made above in A.1.2, TRS-Higher Education Retirement from Other Educational and General Income to institutions of higher education to meet their obligations and comply with the proportionality policy as expressed in the Article IX provision entitled Benefits Paid Proportional by Fund.</p>

Rider Revisions and Additions Request

8.	III - 33	Exempt Positions. Notwithstanding the limitations contained in the Article IX provision entitled Scheduled Exempt Positions, the TRS Board of Trustees may determine the salaries of the positions listed above in the Schedule of Exempt Positions without limitation.
9.	III-33	Annual School District Contribution Rate to TRS-Care. The annual contribution rate for school districts for fiscal years 2014 16 and 2015 17 shall be 0.55 percent of total payroll. <i>The rider has been revised to reflect fiscal years 2016 and 2017</i>
10.	III-33	Full-Time Equivalent Positions Intern Exemption. The number of Full-Time Equivalent (FTE) positions held by undergraduate and graduate students in the Intern Program of the Teacher Retirement System (TRS) shall be exempt from Article IX, Sec. 6.10. Limitation on State Employment Levels. This provision will not change the cap on the Number of Full-Time Equivalents (FTE) for TRS listed elsewhere in this Act. TRS shall provide to the Legislative Budget Board, the Governor, the Comptroller of Public Accounts, and the State Auditor's Office a report of the number of FTEs associated with the Intern Program each fiscal year.
11.	III-34	Limitation on Funds Appropriated to the Teacher Retirement System (TRS). It is the intent of the Legislature that none of the funds appropriated by this Act or from Teacher Retirement System Trust Fund Account No. 960 may be used for the purpose of hiring an external communications consultant.

Rider Revisions and Additions Request

12.	III-34	<p>Limit on Retirement Contributions to Public Community/Junior Colleges. The limitation on General Revenue related funds appropriated for retirement contributions to 50 percent of the state contribution of 6.4 percent in fiscal year 2014 and 6.8 percent in fiscal year 2015 of the total covered payroll for Public Community and Junior Colleges for the Teacher Retirement System is contingent on the adoption of legislation restricting appropriations to the rates listed above in the manner described in this rider for retirement contributions to Public Community/Junior Colleges.</p> <p>Should legislation concerning this limitation on General Revenue related funds for retirement contributions to Public Community/Junior Colleges not be adopted, the limitation on General Revenue related funds for retirement contributions to Public Community/Junior Colleges shall revert to the methodology applied for the 2012-13 biennium for the same purpose.</p> <p><i>The rider has been removed to reflect the enactment of SB 1812, 83rd Legislature, Regular Session, relating to the limitation on General Revenue funds appropriated for retirement contributions to 50 percent of the state contribution of the total covered payroll for Public Community and Junior Colleges for each fiscal year.</i></p>
13.	III-34	<p>Performance Incentive Compensation Payments. The Teacher Retirement System Board of Trustees may make performance incentive compensation payments to the staff of the Investment Management Division based on investment performance standards adopted by the Board prior to the beginning of the period for which any additional compensation is paid. Such amounts as may be necessary to make performance incentive payment under the plan approved by the Board are hereby appropriated from the Teacher Retirement System Trust Account Fund No. 960.</p> <p>The Teacher Retirement System Board of Trustees shall notify the Legislative Budget Board and the Governor at least 45 days prior to the execution of any performance incentive payment based on the Retirement Trust Fund’s investment performance. Funds shall be appropriated pursuant to this rider for performance incentive payments only in a fiscal year following a year in which the Retirement Trust Fund experiences a positive return.</p>

Rider Revisions and Additions Request

14.	III-34	<p>Settle-Up Dollars Directed to TRS-Care. Any settle-up payments made in the fiscal year ending August 31, 2015 <u>17</u>, from the Teacher Retirement System of Texas pension fund or from the TRS-Care program are appropriated to the TRS-Care program. Settle-up funds are all estimated General Revenue appropriations for fiscal year 2014 <u>16</u> in excess of the state's actual statutory obligations for retirement and retiree insurance contributions, and those funds are re-appropriated to Retiree Health-Statutory Funds, for deposit to the Texas Public School Retired Employees Group Insurance Trust Fund.</p> <p><i>The rider has been revised to reflect fiscal years 2016 and 2017.</i></p>
15.	III-34	<p>Contingency for Senate Bill 1458. Contingent on the passage and enactment of SB 1458, or similar legislation relating to contributions to, benefits from, and the administration of systems and programs administered by the Teacher Retirement System of Texas, by the Eighty-third Legislature, Regular Session, 2013, making modifications to the benefit structure of the Teacher Retirement System, upon a finding of fact by the TRS Board of Trustees that additional resources are necessary to implement such modifications and communicate them to affected members, the Teacher Retirement System is appropriated such additional funds as approved by the Board from the Pension Trust Fund (960) for fiscal year 2014. Furthermore, additional Full-Time Equivalents (FTE) authorized by the Board pursuant to this rider shall be added to the FTE cap for fiscal year 2014 as established by this Act.</p> <p><i>The rider has been removed to reflect enactment of SB 1458, 83rd Legislature, Regular Session, relating to the administration of benefits payable by the Teacher Retirement System.</i></p>
16.	III-34	<p>Legislative Intent Relating to Retiree Health Insurance Premiums. It is the intent of the Legislature that the Teacher Retirement System Board of Trustees shall not increase retiree health insurance premiums for the 2014-15 <u>16-17</u> biennium.</p> <p><i>The rider has been revised to reflect fiscal years 2016 and 2017.</i></p>

Rider Revisions and Additions Request

17.	III-34	<p>Enterprise Application Modernization FTE Exemption. Funds appropriated in the capital budget for the TRS Enterprise Application Modernization (TEAM) initiative may be expended for salaries and wages of Full-Time Equivalents (FTEs) and contract workers assigned to the TEAM initiative. 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 TEAM initiative for reporting purposes be exempt from the calculation. It is the intent of the Legislature that once the TEAM initiative 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 2018).</p>
18.	III-	<p><u>Enterprise Application Modernization.</u> <u>The TRS Enterprise Application Modernization (TEAM) program was approved by the Eighty-second legislature, Regular Session. Any unexpended balances remaining as of August 31, 2015, are hereby appropriated for the same purpose for the fiscal year beginning September 1, 2015.</u></p> <p><i>Continuation of technology program already approved by the LBB and to ensure the agency will have ample time to encumber all remaining balances.</i></p>
19.	III-	<p><u>Contingency for GASB Statement Implementation.</u> <u>With the adoption and implementation of accounting guidelines related to Governmental Accounting Standards Board statements and pronouncements, or similar legislation, upon a finding of fact by the TRS Board of Trustees that additional resources are necessary to implement such modifications, communicate them to affected members and employers, and acquire additional audit and actuarial services, the Teacher Retirement System is appropriated such additional funds as approved by the Board from the Pension Trust Fund (960).</u></p> <p><i>The rider has been added to reflect enactment of new accounting guidelines relating to the unfunded future liabilities of the pension trust fund managed by the Teacher Retirement System. New accounting guidelines can potentially have far reaching effects and can be expensive to implement effectively.</i></p>

Rider Revisions and Additions Request

<p align="center"><u>20.</u></p>	<p align="center">III-</p>	<p><u>Unexpended Balances in Administrative Operations Strategy.</u> In addition to the amounts appropriated above to the Teacher Retirement System in Strategy A.1.3, Administrative Operations and upon a finding of fact by the TRS Board of Trustees, TRS is appropriated any additional funds deemed appropriate and necessary pursuant to their fiduciary duty as trustee of pension fund assets. TRS is hereby authorized to transfer any remaining authority and funds in that strategy to the following fiscal year for the same purpose. The funds shall be used for the effective administration of agency operations and appropriate board action shall be reported to the LBB and Governor’s Office as soon as possible after its occurrence.</p> <p><i>With TRS being funded with pension assets, this rider would allow TRS to UB remaining authority in the administrative operations strategy from one biennium to the next. Doing so would provide TRS with the flexibility to consume authority as needed while still maintaining visibility and accountability to its operations.</i></p>
<p align="center"><u>21.</u></p>	<p align="center">III-</p>	<p><u>Appropriation Transfers between Fiscal Years.</u> In addition to the transfer authority provided elsewhere in this Act and in order to maximize the use and efficiency of funding designated for the TRS-Care program, TRS is authorized to transfer funds appropriated in Strategy A.2.1, Retiree Health – Statutory Funds in fiscal year 2017 to fiscal year 2016 and such funds are appropriated to TRS for fiscal year 2016. Such transfers apply only to the aforementioned strategy, will be initiated by a finding of fact adopted by the TRS Board of Trustees and will be subject to prior written approval of the Governor and the Legislative Budget Board.</p> <p><i>With an operating deficit expected to materialize but hard to predict, this rider would allow TRS the flexibility to move funding forward within the same biennium to maximize funding availability before potentially affecting retiree premiums.</i></p>

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/14/2014**
 TIME: **9:02:15AM**

Agency code: **323**

Agency name:
Teacher Retirement System

<u>CODE</u>	<u>DESCRIPTION</u>	<u>Excp 2016</u>	<u>Excp 2017</u>
	Item Name: Retiree Health Solvency Funding		
	Item Priority: 1		
	Includes Funding for the Following Strategy or Strategies: 01-02-01 Healthcare for Public Ed Retirees Funded by Statute. Estimated.		
 OBJECTS OF EXPENSE:			
1002	OTHER PERSONNEL COSTS	326,198,997	548,562,670
	TOTAL, OBJECT OF EXPENSE	\$326,198,997	\$548,562,670
 METHOD OF FINANCING:			
1	General Revenue Fund	326,198,997	548,562,670
	TOTAL, METHOD OF FINANCING	\$326,198,997	\$548,562,670

DESCRIPTION / JUSTIFICATION:

Revenues are expected to increase 4% from FY14 to FY17. However, healthcare costs are expected to grow 38% over the same time period. With that in mind, additional funding is needed to provide for a deficit that could occur as early as quarter 1 of FY2016. The cost drivers include a projected 44% growth in prescription drugs and a projected 26% growth in healthcare claims.

EXTERNAL/INTERNAL FACTORS:

Claims costs and participation rates.

4.B. Exceptional Items Strategy Allocation Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/14/2014**
 TIME: **9:02:15AM**

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

Code	Description	Excp 2016	Excp 2017
Item Name: Retiree Health Solvency Funding			
Allocation to Strategy: 1-2-1 Healthcare for Public Ed Retirees Funded by Statute. Estimated.			
OBJECTS OF EXPENSE:			
1002	OTHER PERSONNEL COSTS	326,198,997	548,562,670
TOTAL, OBJECT OF EXPENSE		\$326,198,997	\$548,562,670
METHOD OF FINANCING:			
1	General Revenue Fund	326,198,997	548,562,670
TOTAL, METHOD OF FINANCING		\$326,198,997	\$548,562,670

4.C. Exceptional Items Strategy Request
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/14/2014
TIME: 9:02:15AM

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

GOAL: 1 To Administer the System as an Employee Benefit Trust Statewide Goal/Benchmark: 1 - 0
 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	Excp 2016	Excp 2017
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OBJECTS OF EXPENSE:

1002 OTHER PERSONNEL COSTS	326,198,997	548,562,670
Total, Objects of Expense	\$326,198,997	\$548,562,670

METHOD OF FINANCING:

1 General Revenue Fund	326,198,997	548,562,670
Total, Method of Finance	\$326,198,997	\$548,562,670

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Retiree Health Solvency Funding

5.A. Capital Budget Project Schedule
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DATE: **8/14/2014**
 TIME : **9:02:16AM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2014	Bud 2015	BL 2016	BL 2017
5003 Repair or Rehabilitation of Buildings and Facilities					
<i>1/1 Building Renovations FY 2014/2015</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$175,000	\$175,000	\$0	\$0
	Capital Subtotal OOE, Project 1	\$175,000	\$175,000	\$0	\$0
	Subtotal OOE, Project 1	\$175,000	\$175,000	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$175,000	\$175,000	\$0	\$0
	Capital Subtotal TOF, Project 1	\$175,000	\$175,000	\$0	\$0
	Subtotal TOF, Project 1	\$175,000	\$175,000	\$0	\$0
<i>2/2 Building Renovations FY 2016/2017</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$0	\$500,000	\$500,000
	Capital Subtotal OOE, Project 2	\$0	\$0	\$500,000	\$500,000
	Subtotal OOE, Project 2	\$0	\$0	\$500,000	\$500,000
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$0	\$500,000	\$500,000
	Capital Subtotal TOF, Project 2	\$0	\$0	\$500,000	\$500,000

5.A. Capital Budget Project Schedule
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DATE: **8/14/2014**
 TIME : **9:02:16AM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2014	Bud 2015	BL 2016	BL 2017
Subtotal TOF, Project 2		\$0	\$0	\$500,000	\$500,000
<i>3/3 Air Handler Replacement FY 2014/2015</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$3,597,990	\$0	\$0
Capital Subtotal OOE, Project 3		\$0	\$3,597,990	\$0	\$0
Subtotal OOE, Project 3		\$0	\$3,597,990	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$3,597,990	\$0	\$0
Capital Subtotal TOF, Project 3		\$0	\$3,597,990	\$0	\$0
Subtotal TOF, Project 3		\$0	\$3,597,990	\$0	\$0
<i>4/4 Pressurization of Stairwells FY 2014</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$360,000	\$0	\$0
Capital Subtotal OOE, Project 4		\$0	\$360,000	\$0	\$0
Subtotal OOE, Project 4		\$0	\$360,000	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$360,000	\$0	\$0
Capital Subtotal TOF, Project 4		\$0	\$360,000	\$0	\$0

5.A. Capital Budget Project Schedule
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Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2014	Bud 2015	BL 2016	BL 2017
Subtotal TOF, Project 4		\$0	\$360,000	\$0	\$0
<i>5/5 Sump Pump System Upgrade FY 2016/2017</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$0	\$1,200,000	\$0
Capital Subtotal OOE, Project 5		\$0	\$0	\$1,200,000	\$0
Subtotal OOE, Project 5		\$0	\$0	\$1,200,000	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$0	\$1,200,000	\$0
Capital Subtotal TOF, Project 5		\$0	\$0	\$1,200,000	\$0
Subtotal TOF, Project 5		\$0	\$0	\$1,200,000	\$0
<i>6/6 Garage Fire Suppression Upgrade FY16/17</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$0	\$1,500,000	\$0
Capital Subtotal OOE, Project 6		\$0	\$0	\$1,500,000	\$0
Subtotal OOE, Project 6		\$0	\$0	\$1,500,000	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$0	\$1,500,000	\$0
Capital Subtotal TOF, Project 6		\$0	\$0	\$1,500,000	\$0

5.A. Capital Budget Project Schedule
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Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2014	Bud 2015	BL 2016	BL 2017
Subtotal TOF, Project 6		\$0	\$0	\$1,500,000	\$0
<i>7/7 Data Center Generator FY16/17</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	2005 TRAVEL	\$0	\$0	\$600,000	\$0
Capital Subtotal OOE, Project 7		\$0	\$0	\$600,000	\$0
Subtotal OOE, Project 7		\$0	\$0	\$600,000	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$0	\$600,000	\$0
Capital Subtotal TOF, Project 7		\$0	\$0	\$600,000	\$0
Subtotal TOF, Project 7		\$0	\$0	\$600,000	\$0
Capital Subtotal, Category 5003		\$175,000	\$4,132,990	\$3,800,000	\$500,000
Informational Subtotal, Category 5003					
Total, Category 5003		\$175,000	\$4,132,990	\$3,800,000	\$500,000

5005 Acquisition of Information Resource Technologies

*8/8 TRS Enterprise Application Modernization
 (TEAM) Program FY2014/2015*

OBJECTS OF EXPENSE

Capital

General	1001 SALARIES AND WAGES	\$2,565,428	\$3,227,916	\$0	\$0
General	1002 OTHER PERSONNEL COSTS	\$24,900	\$30,540	\$0	\$0
General	2001 PROFESSIONAL FEES AND SERVICES	\$9,895,209	\$13,211,526	\$0	\$0

5.A. Capital Budget Project Schedule
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DATE: **8/14/2014**
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Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

		OOE / TOF / MOF CODE	Est 2014	Bud 2015	BL 2016	BL 2017	
General	2003	CONSUMABLE SUPPLIES	\$0	\$15,000	\$0	\$0	
General	2005	TRAVEL	\$24,999	\$30,000	\$0	\$0	
General	2009	OTHER OPERATING EXPENSE	\$2,723,007	\$1,688,702	\$0	\$0	
General	5000	CAPITAL EXPENDITURES	\$931,394	\$255,000	\$0	\$0	
Capital Subtotal OOE, Project			8	\$16,164,937	\$18,458,684	\$0	\$0
Subtotal OOE, Project			8	\$16,164,937	\$18,458,684	\$0	\$0
TYPE OF FINANCING							
<u>Capital</u>							
General	CA	960 TRS Trust Account Fund	\$16,164,937	\$18,458,684	\$0	\$0	
Capital Subtotal TOF, Project			8	\$16,164,937	\$18,458,684	\$0	\$0
Subtotal TOF, Project			8	\$16,164,937	\$18,458,684	\$0	\$0
<i>9/9 TRS Enterprise Application Modernization (TEAM) Program FY2016/2017</i>							
OBJECTS OF EXPENSE							
<u>Capital</u>							
General	1001	SALARIES AND WAGES	\$0	\$0	\$8,726,914	\$0	
General	1002	OTHER PERSONNEL COSTS	\$0	\$0	\$79,080	\$0	
General	2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$26,306,794	\$0	
General	2003	CONSUMABLE SUPPLIES	\$0	\$0	\$30,000	\$0	
General	2005	TRAVEL	\$0	\$0	\$115,000	\$0	
General	2009	OTHER OPERATING EXPENSE	\$0	\$0	\$3,640,010	\$0	
General	5000	CAPITAL EXPENDITURES	\$0	\$0	\$1,450,970	\$0	
Capital Subtotal OOE, Project			9	\$0	\$0	\$40,348,768	\$0

5.A. Capital Budget Project Schedule
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DATE: **8/14/2014**
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Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE				Est 2014	Bud 2015	BL 2016	BL 2017
Subtotal OOE, Project 9				\$0	\$0	\$40,348,768	\$0
TYPE OF FINANCING							
<u>Capital</u>							
General	CA	960	TRS Trust Account Fund	\$0	\$0	\$40,348,768	\$0
Capital Subtotal TOF, Project 9				\$0	\$0	\$40,348,768	\$0
Subtotal TOF, Project 9				\$0	\$0	\$40,348,768	\$0
<i>10/10 Mainframe and Peripheral Upgrades FY2014/FY2015</i>							
OBJECTS OF EXPENSE							
<u>Capital</u>							
General	5000	CAPITAL EXPENDITURES		\$311,193	\$108,807	\$0	\$0
Capital Subtotal OOE, Project 10				\$311,193	\$108,807	\$0	\$0
Subtotal OOE, Project 10				\$311,193	\$108,807	\$0	\$0
TYPE OF FINANCING							
<u>Capital</u>							
General	CA	960	TRS Trust Account Fund	\$311,193	\$108,807	\$0	\$0
Capital Subtotal TOF, Project 10				\$311,193	\$108,807	\$0	\$0
Subtotal TOF, Project 10				\$311,193	\$108,807	\$0	\$0
<i>11/11 Mainframe and Peripheral Upgrades 2016/2017</i>							
OBJECTS OF EXPENSE							
<u>Capital</u>							
General	5000	CAPITAL EXPENDITURES		\$0	\$0	\$420,000	\$420,000

5.A. Capital Budget Project Schedule
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Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2014

Bud 2015

BL 2016

BL 2017

Capital Subtotal OOE, Project	11	\$0	\$0	\$420,000	\$420,000
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Subtotal OOE, Project	11	\$0	\$0	\$420,000	\$420,000
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TYPE OF FINANCING

Capital

General CA 960 TRS Trust Account Fund		\$0	\$0	\$420,000	\$420,000
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Capital Subtotal TOF, Project	11	\$0	\$0	\$420,000	\$420,000
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Subtotal TOF, Project	11	\$0	\$0	\$420,000	\$420,000
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*12/12 Telecommunications Upgrade
 FY2014/FY2015*

OBJECTS OF EXPENSE

Capital

General 5000 CAPITAL EXPENDITURES		\$380,000	\$410,000	\$0	\$0
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Capital Subtotal OOE, Project	12	\$380,000	\$410,000	\$0	\$0
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Subtotal OOE, Project	12	\$380,000	\$410,000	\$0	\$0
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TYPE OF FINANCING

Capital

General CA 960 TRS Trust Account Fund		\$380,000	\$410,000	\$0	\$0
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Capital Subtotal TOF, Project	12	\$380,000	\$410,000	\$0	\$0
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Subtotal TOF, Project	12	\$380,000	\$410,000	\$0	\$0
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*13/13 Telecommunications Upgrade
 FY2016/FY2017*

OBJECTS OF EXPENSE

Capital

5.A. Capital Budget Project Schedule
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DATE: **8/14/2014**
 TIME : **9:02:16AM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

		Est 2014	Bud 2015	BL 2016	BL 2017
OOE / TOF / MOF CODE					
General	5000 CAPITAL EXPENDITURES	\$0	\$0	\$450,000	\$450,000
	Capital Subtotal OOE, Project 13	\$0	\$0	\$450,000	\$450,000
	Subtotal OOE, Project 13	\$0	\$0	\$450,000	\$450,000
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$0	\$450,000	\$450,000
	Capital Subtotal TOF, Project 13	\$0	\$0	\$450,000	\$450,000
	Subtotal TOF, Project 13	\$0	\$0	\$450,000	\$450,000
<i>14/14 Investment Systems Modernization FY2014/FY2015</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$166,506	\$203,494	\$0	\$0
	Capital Subtotal OOE, Project 14	\$166,506	\$203,494	\$0	\$0
	Subtotal OOE, Project 14	\$166,506	\$203,494	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$166,506	\$203,494	\$0	\$0
	Capital Subtotal TOF, Project 14	\$166,506	\$203,494	\$0	\$0
	Subtotal TOF, Project 14	\$166,506	\$203,494	\$0	\$0
<i>15/15 Investment Systems Modernization FY2016/FY2017</i>					

5.A. Capital Budget Project Schedule
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Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE			Est 2014	Bud 2015	BL 2016	BL 2017
OBJECTS OF EXPENSE						
<u>Capital</u>						
General	5000	CAPITAL EXPENDITURES	\$0	\$0	\$370,000	\$0
	Capital Subtotal OOE, Project	15	\$0	\$0	\$370,000	\$0
	Subtotal OOE, Project	15	\$0	\$0	\$370,000	\$0
TYPE OF FINANCING						
<u>Capital</u>						
General	CA 960	TRS Trust Account Fund	\$0	\$0	\$370,000	\$0
	Capital Subtotal TOF, Project	15	\$0	\$0	\$370,000	\$0
	Subtotal TOF, Project	15	\$0	\$0	\$370,000	\$0
<i>16/16 Pension Legislation FY2015</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General	5000	CAPITAL EXPENDITURES	\$0	\$200,000	\$0	\$0
	Capital Subtotal OOE, Project	16	\$0	\$200,000	\$0	\$0
	Subtotal OOE, Project	16	\$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	16	\$0	\$200,000	\$0	\$0
	Subtotal TOF, Project	16	\$0	\$200,000	\$0	\$0
<i>17/17 Pension Legislation FY2017</i>						

5.A. Capital Budget Project Schedule
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Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE			Est 2014	Bud 2015	BL 2016	BL 2017
OBJECTS OF EXPENSE						
<u>Capital</u>						
General	5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$200,000
	Capital Subtotal OOE, Project	17	\$0	\$0	\$0	\$200,000
	Subtotal OOE, Project	17	\$0	\$0	\$0	\$200,000
TYPE OF FINANCING						
<u>Capital</u>						
General	CA 960	TRS Trust Account Fund	\$0	\$0	\$0	\$200,000
	Capital Subtotal TOF, Project	17	\$0	\$0	\$0	\$200,000
	Subtotal TOF, Project	17	\$0	\$0	\$0	\$200,000
<i>18/18 PC Workstation Refresh FY2014/FY2015</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General	5000	CAPITAL EXPENDITURES	\$350,000	\$350,000	\$0	\$0
	Capital Subtotal OOE, Project	18	\$350,000	\$350,000	\$0	\$0
	Subtotal OOE, Project	18	\$350,000	\$350,000	\$0	\$0
TYPE OF FINANCING						
<u>Capital</u>						
General	CA 960	TRS Trust Account Fund	\$350,000	\$350,000	\$0	\$0
	Capital Subtotal TOF, Project	18	\$350,000	\$350,000	\$0	\$0
	Subtotal TOF, Project	18	\$350,000	\$350,000	\$0	\$0
<i>19/19 PC Workstation Refresh FY2016/FY2017</i>						

5.A. Capital Budget Project Schedule
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Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2014	Bud 2015	BL 2016	BL 2017
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$0	\$370,000	\$370,000
	Capital Subtotal OOE, Project 19	\$0	\$0	\$370,000	\$370,000
	Subtotal OOE, Project 19	\$0	\$0	\$370,000	\$370,000
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$0	\$370,000	\$370,000
	Capital Subtotal TOF, Project 19	\$0	\$0	\$370,000	\$370,000
	Subtotal TOF, Project 19	\$0	\$0	\$370,000	\$370,000
	Capital Subtotal, Category 5005	\$17,372,636	\$19,730,985	\$41,958,768	\$1,440,000
	Informational Subtotal, Category 5005				
	Total, Category 5005	\$17,372,636	\$19,730,985	\$41,958,768	\$1,440,000
	AGENCY TOTAL -CAPITAL	\$17,547,636	\$23,863,975	\$45,758,768	\$1,940,000
	AGENCY TOTAL -INFORMATIONAL				
	AGENCY TOTAL	\$17,547,636	\$23,863,975	\$45,758,768	\$1,940,000
METHOD OF FINANCING:					
<u>Capital</u>					
General	960 TRS Trust Account Fund	\$17,547,636	\$23,863,975	\$45,758,768	\$1,940,000
	Total, Method of Financing-Capital	\$17,547,636	\$23,863,975	\$45,758,768	\$1,940,000
	Total, Method of Financing	\$17,547,636	\$23,863,975	\$45,758,768	\$1,940,000

5.A. Capital Budget Project Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/14/2014**
 TIME : **9:02:16AM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2014

Bud 2015

BL 2016

BL 2017

TYPE OF FINANCING:

Capital

General CA CURRENT APPROPRIATIONS

\$17,547,636

\$23,863,975

\$45,758,768

\$1,940,000

Total, Type of Financing-Capital

\$17,547,636

\$23,863,975

\$45,758,768

\$1,940,000

Total, Type of Financing

\$17,547,636

\$23,863,975

\$45,758,768

\$1,940,000

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	1	Project Name:	Building Renovations 2014/2015

PROJECT DESCRIPTION

General Information

TRS owns, operates, and maintains its headquarters facilities. This project provides contingency funds for renovations to the facilities, including reallocation of current space used by employees for any unforeseen circumstances.

Number of Units / Average Unit Cost N/A

Estimated Completion Date N/A

Additional Capital Expenditure Amounts Required	2018	2019
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life 20 Years

Estimated/Actual Project Cost \$350,000

Length of Financing/ Lease Period N/A

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2016	2017	2018	2019	Total over project life
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: Funds needed for renovations to the facilities, including reallocation of current space used by employees for any unforeseen circumstances.

Project Location: Austin, TX

Beneficiaries: TRS Membership

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
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	2	Project Name:	Building Renovations 2016/2017

PROJECT DESCRIPTION

General Information

TRS owns, operates, and maintains its headquarters facilities. This project provides contingency funds for renovations to the facilities, including reallocation of current space used by employees for any unforeseen circumstances.

Number of Units / Average Unit Cost N/A

Estimated Completion Date N/A

Additional Capital Expenditure Amounts Required	2018	2019
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life 20 Years

Estimated/Actual Project Cost \$1,000,000

Length of Financing/ Lease Period N/A

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2016	2017	2018	2019	Total over project life
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: This project provides contingency funds for renovations to the facilities, including reallocation of current space used by employees for any unforeseen circumstances.

Project Location: Austin, TX

Beneficiaries: TRS Membership

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
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	3	Project Name:	Air Handler Replacement 2014/2015

PROJECT DESCRIPTION

General Information

This project will replace components of the Heating, Ventilating, and Air Conditioning (HVAC) system that have exceeded expected useful life with new components that are more efficient. The components being replaced include air handlers and related components. This project will help improve the environment while conserving energy and reducing equipment operating costs.

Number of Units / Average Unit Cost	16/\$224,874		
Estimated Completion Date	August 31, 2015		
Additional Capital Expenditure Amounts Required		2018	2019
		0	0
Type of Financing	CA	CURRENT APPROPRIATIONS	
Projected Useful Life	20 Years		
Estimated/Actual Project Cost	\$3,597,990		
Length of Financing/ Lease Period	N/A		

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

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

Explanation: The components being replaced include air handlers and related components. This project will help improve the environment while conserving energy and reducing equipment operating costs.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

The heating, ventilating and air conditioning (HVAC) systems are used daily to maintain a healthy working environment. Weather is the primary external factor affecting the use of the HVAC systems. Extended periods of extreme weather conditions place higher than normal demand on HVAC systems and can shorten the life expectancy of the equipment.

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	4	Project Name:	Pressurization of Stairwells 2014

PROJECT DESCRIPTION

General Information

Install pressurization fans and controls for west building stairwells. Negative pressure in stairwells would cause smoke to enter the stairwells during a fire.

Number of Units / Average Unit Cost	N/A			
Estimated Completion Date	August 31, 2015			
Additional Capital Expenditure Amounts Required		2018		2019
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	20 Years			
Estimated/Actual Project Cost	\$360,000			
Length of Financing/ Lease Period	N/A			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

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

Explanation: Negative pressure in stairwells would cause smoke to enter the stairwells during a fire.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

The stairwells are used daily by TRS staff and visitors. The stairwells are the primary evacuation route in the event of a fire or other emergency requiring evacuation.

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	5	Project Name:	Sump Pump Sys. Upgrade FY16/17

PROJECT DESCRIPTION

General Information

This project will replace components of the sump pump system that have exceeded expected useful life with new components that are more efficient. The dry motor and drive shaft driven duplex sump pump system will be replaced with an energy efficient close coupled modular and submersible duplex sump pump system. The close coupled modular pumps will be mounted on new lifting rail guides. The lifting rails allow the submersible pumps to be replaced from the top of the sump pit without the need for heavy lifting equipment.

Number of Units / Average Unit Cost	N/A			
Estimated Completion Date	August 31, 2017			
Additional Capital Expenditure Amounts Required		2018		2019
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	N/A			
Estimated/Actual Project Cost	\$1,200,000			
Length of Financing/ Lease Period	N/A			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: The dry motor and drive shaft driven duplex sump pump system will be replaced with an energy efficient close coupled modular and submersible duplex sump pump system. The close coupled modular pumps will be mounted on new lifting rail guides. The lifting rails allow the submersible pumps to be replaced from the top of the sump pit without the need for heavy lifting equipment.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

The sump pump system is used continuously to keep ground water out of the underground parking garage. Weather is the primary external factor affecting the use of the sump pump system. Extended periods of wet weather conditions place higher than normal demand on the system and can shorten the life expectancy of the equipment.

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	6	Project Name:	Garage Fire Suppr Upgrade FY16/17

PROJECT DESCRIPTION

General Information

This project will replace unprotected steel piping with corrosion resistant fire suppression system piping.

Number of Units / Average Unit Cost	N/A			
Estimated Completion Date	August 31, 2017			
Additional Capital Expenditure Amounts Required		2018		2019
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	20 Years			
Estimated/Actual Project Cost	\$1,500,000			
Length of Financing/ Lease Period	N/A			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

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

Explanation: This project will replace unprotected steel piping with corrosion resistant fire suppression system piping.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

The Garage Fire Suppression System is used continuously to protect people and property from fire danger and damage. Corrosion of the unprotected steel piping is the primary factor affecting the usability and longevity of the suppression system.

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	7	Project Name:	Data Center Generator FY16/17

PROJECT DESCRIPTION

General Information

This project will upgrade the back-up generator system that provides power to the data center during emergencies and power outages. The upgrade will be accomplished either by installing an additional generator with all related wiring, cabling, and switching. The upgrade is necessary to accommodate an increase in power consumption associated with data center equipment conversions.

Number of Units / Average Unit Cost	N/A			
Estimated Completion Date	August 31, 2017			
Additional Capital Expenditure Amounts Required		2018		2019
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	N/A			
Estimated/Actual Project Cost	\$600,000			
Length of Financing/ Lease Period	N/A			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: The upgrade will be accomplished either by installing an additional generator with all related wiring, cabling, and switching. The upgrade is necessary to accommodate an increase in power consumption associated with data center equipment conversions.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

The back-up generator is tested weekly to ensure that it is ready should a power outage occur. Weather is the primary external factor that might cause a power outage and necessitate the use of the generator. Construction activity in the area might also cause a power failure.

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	8	Project Name:	TEAM Program 2014/2015

PROJECT DESCRIPTION

General Information

The TRS Enterprise Application Modernization (TEAM) Program is a cohesive collection of components designed to meet the business and technology objectives of TRS over the next 10-20 years. The TEAM Program focuses on addressing the changing expectations of a growing membership, providing for the collection and maintenance of accurate and reliable data, expanding the number of automated processes, and incorporating modern technologies. The TEAM Program will re-engineer business processes, revise policies, and provide new ways of working together. The TEAM Program will also deliver tools and techniques that will position TRS to have flexibility in updating our systems in response to growing member demands and future technological and regulatory changes.

Number of Units / Average Unit Cost	N/A			
Estimated Completion Date	August 31, 2015			
Additional Capital Expenditure Amounts Required		2018		2019
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	10-20 years			
Estimated/Actual Project Cost	\$34,623,621			
Length of Financing/ Lease Period	N/A			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

				Total over
	2016	2017	2018	project life
	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: This initiative supports the agency's objective to implement modern pension and benefit information systems that allow TRS staff to serve our members and deliver accurate benefits effectively and timely by improving external communications and service delivery, streamlining internal work processes for greater efficiency, modernizing the technical environment to ensure proper support and needed tools, and staffing technical positions to ensure the proper skill sets are in place for the future.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	9	Project Name:	TEAM Program 2016/2017

PROJECT DESCRIPTION

General Information

The TEAM Program is a cohesive collection of components designed to meet the business and technology objectives of TRS over the next 10-20 years. The TEAM Program focuses on addressing the changing expectations of a growing membership, providing for the collection and maintenance of accurate and reliable data, expanding the number of automated processes, and incorporating modern technologies. The TEAM Program will re-engineer business processes, revise policies, and provide new ways of working together. The TEAM Program will also deliver tools and techniques that will position TRS to have flexibility in updating our systems in response to growing member demands and future technological and regulatory changes.

Number of Units / Average Unit Cost	N/A						
Estimated Completion Date	August 31, 2017						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td>2018</td> <td>2019</td> </tr> <tr> <td></td> <td align="right">0</td> <td align="right">0</td> </tr> </table>		2018	2019		0	0
	2018	2019					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	10-20 Years						
Estimated/Actual Project Cost	\$40,348,768						
Length of Financing/ Lease Period	N/A						

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: This initiative supports the agency's objective to implement modern pension and benefit information systems that allow TRS staff to serve our members and deliver accurate benefits effectively and timely by improving external communications and service delivery, streamlining internal work processes for greater efficiency, modernizing the technical environment to ensure proper support and needed tools, and staffing technical positions to ensure the proper skill sets are in place for the future.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	10	Project Name:	Mainframe Upgrades 2014/2015

PROJECT DESCRIPTION

General Information

This project supports upgrading and expanding the TRS enterprise server peripherals to reduce capacity constraints and issues with compatibility and obsolescence. This enterprise server and associated peripheral upgrades support the agency's strategic plan of timely delivery of benefit services to our membership.

Number of Units / Average Unit Cost	N/A
Estimated Completion Date	August 31, 2015
Additional Capital Expenditure Amounts Required	
	2018
	0
	2019
	0
Type of Financing	CA CURRENT APPROPRIATIONS
Projected Useful Life	N/A
Estimated/Actual Project Cost	\$420,000
Length of Financing/ Lease Period	N/A

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

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

Explanation: This project supports upgrading and expanding the TRS enterprise server peripherals to reduce capacity constraints and issues with compatibility and obsolescence.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	11	Project Name:	Mainframe Upgrades 2016/2017

PROJECT DESCRIPTION

General Information

This project supports upgrading and expanding the TRS enterprise server peripherals to reduce capacity constraints and issues with compatibility and obsolescence. This enterprise server and associated peripheral upgrades support the agency's strategic plan of timely delivery of benefit services to our membership.

Number of Units / Average Unit Cost	N/A			
Estimated Completion Date	August 31, 2017			
Additional Capital Expenditure Amounts Required		2018		2019
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	5 Years			
Estimated/Actual Project Cost	\$840,000			
Length of Financing/ Lease Period	N/A			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

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

Explanation: This enterprise server and associated peripheral upgrades support the agency's strategic plan of timely delivery of benefit services to our membership.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	12	Project Name:	Telecomm Upgrade 2014/2015

PROJECT DESCRIPTION

General Information

Telecommunications Infrastructure Upgrade - supports the upgrade, development, and maintenance of the TRS Telecommunications Infrastructure including the PBX/CBX, Integrated Voice Response (IVR) systems, virtual queuing, quality monitoring, advanced skills-based routing and unified messaging systems. This project supports the development and implementation of voice-over-IP such as soft phone technology and new telephone devices to support Investments and member benefits functions. It also expands the use of mobile devices throughout the enterprise. This project supports the agency's strategic plan to deliver timely benefit services to our membership and to perform its investment responsibilities.

Number of Units / Average Unit Cost	N/A						
Estimated Completion Date	August 31, 2015						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td align="center">2018</td> <td align="center">2019</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2018	2019		0	0
	2018	2019					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	3-5 Years						
Estimated/Actual Project Cost	\$790,000						
Length of Financing/ Lease Period	N/A						

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2016	2017	2018	2019		
0	0	0	0		0

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

Explanation: Network Infrastructure Upgrade - supports the development and maintenance of the TRS client/server environment which includes upgrading existing servers for investment and benefit applications; expanding and improving enterprise messaging; and enhancing information security.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	13	Project Name:	Telecomm Upgrade 2016/2017

PROJECT DESCRIPTION

General Information

Telecommunications Infrastructure Upgrade - supports the upgrade, development, and maintenance of the TRS Telecommunications Infrastructure including the PBX/CBX, Integrated Voice Response (IVR) systems, virtual queuing, quality monitoring, advanced skills-based routing and unified messaging systems. This project supports the development and implementation of voice-over-IP such as soft phone technology and new telephone devices to support Investments and member benefits functions. It also expands the use of mobile devices throughout the enterprise. This project supports the agency's strategic plan to deliver timely benefit services to our membership and to perform its investment responsibilities.

Number of Units / Average Unit Cost

N/A

Estimated Completion Date

August 31, 2017

Additional Capital Expenditure Amounts Required

2018

2019

0

0

Type of Financing

CA CURRENT APPROPRIATIONS

Projected Useful Life

3-5 Years

Estimated/Actual Project Cost

\$900,000

Length of Financing/ Lease Period

N/A

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2016

2017

2018

2019

Total over project life

0

0

0

0

0

REVENUE GENERATION / COST SAVINGS

REVENUE COST FLAG

MOF CODE

AVERAGE AMOUNT

Explanation: Network Infrastructure Upgrade - supports the development and maintenance of the TRS client/server environment which includes upgrading existing servers for investment and benefit applications; expanding and improving enterprise messaging; enhancing information security; building redundant systems eliminating single points of failure; and expand network storage to meet business demand.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	14	Project Name:	Investment Sys Moderniz 2014/2015

PROJECT DESCRIPTION

General Information

The TRS Investment Division manages some investments in-house and requires a system to manage and provide timely reliable financial and historical investment information as well as provide daily data and information to investment managers and external analytical systems used by the investment managers. The objective of this project is to provide the technology and technical infrastructure that supports the Investment Division's ability to achieve the TRS trust fund's actuarial rate of return strategy. This is an on-going project.

Number of Units / Average Unit Cost	N/A			
Estimated Completion Date	August 31, 2015			
Additional Capital Expenditure Amounts Required		2018		2019
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	3-5 Years			
Estimated/Actual Project Cost	\$370,000			
Length of Financing/ Lease Period	N/A			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: The BI system or strategy developed will facilitate the reengineering of the process for data to be extracted, transformed and loaded into a central location outside of its accounting database. The proposed changes to the system include the implementation of a new BI infrastructure and the possible replacement of the current accounting system.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	15	Project Name:	Investment Sys Moderniz 2016/2017

PROJECT DESCRIPTION

General Information

The TRS Investment Division manages some investments in-house and requires a system to manage and provide timely reliable financial and historical investment information as well as provide daily data and information to investment managers and external analytical systems used by the investment managers. The objective of this project is to provide the technology and technical infrastructure that supports the Investment Division's ability to achieve the TRS trust fund's actuarial rate of return strategy. This is an on-going project.

Number of Units / Average Unit Cost	N/A			
Estimated Completion Date	August 31, 2017			
Additional Capital Expenditure Amounts Required		2018		2019
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	3-5 Years			
Estimated/Actual Project Cost	\$370,000			
Length of Financing/ Lease Period	N/A			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: The objective of this project is to provide the technology and technical infrastructure that supports the Investment Division's ability to achieve the TRS trust fund's actuarial rate of return strategy.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:
 Used daily. The external factors affecting the use of this system are changes in the investment portfolio and external partners.

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	16	Project Name:	Pension Legislation 2015

PROJECT DESCRIPTION

General Information

TRS must be prepared to implement any legislative changes that affect the benefits available to our members. This project anticipates those changes and supports the agency's mission and strategic plan to provide timely delivery of retirement and related benefits to TRS membership and beneficiaries.

Number of Units / Average Unit Cost	N/A			
Estimated Completion Date	August 31, 2015			
Additional Capital Expenditure Amounts Required		2018		2019
		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

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

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

Explanation: This project is strategic and has not been specifically defined.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	17	Project Name:	Pension Legislation 2017

PROJECT DESCRIPTION

General Information

TRS must be prepared to implement any legislative changes that affect the benefits available to our members. This project anticipates those changes and supports the agency's mission and strategic plan to provide timely delivery of retirement and related benefits to TRS membership and beneficiaries.

Number of Units / Average Unit Cost	N/A			
Estimated Completion Date	August 31, 2017			
Additional Capital Expenditure Amounts Required		2018		2019
		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

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

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

Explanation: This project is strategic and has not been specifically defined.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	18	Project Name:	PC Workstation Refresh 2014/2015

PROJECT DESCRIPTION

General Information

This project is an ongoing project focused on upgrading outdated hardware technology. TRS has a Desktop Technology Refresh policy that sets standards for replacing PC and laptop computer systems every two to four years depending on it's placement and use requirements.

Number of Units / Average Unit Cost	PCs/Laptops - 250 @ \$1,500 per year						
Estimated Completion Date	August 31, 2015						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td align="center">2018</td> <td align="center">2019</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2018	2019		0	0
	2018	2019					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	3-4 Years						
Estimated/Actual Project Cost	\$700,000						
Length of Financing/ Lease Period	N/A						

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2016	2017	2018	2019	Total over project life
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: As these workstations and laptops are replaced, the older hardware is surplus or redeployed into less resource intensive areas throughout the agency. This effort supports increased functionality, performance and reliability of the desktop computing environment. Technology upgrades support the agency's strategic plan in its investment responsibilities and in the timely delivery of benefit services to our membership.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/25/2014
 TIME: 10:07:23AM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	19	Project Name:	PC Workstation Refresh 2016/2017

PROJECT DESCRIPTION

General Information

This project is an ongoing project focused on upgrading outdated hardware technology. TRS has a Desktop Technology Refresh policy that sets standards for replacing PC and laptop computer systems every two to four years depending on it's placement and use requirements. As these workstations and laptops are replaced, the older hardware is surplus or redeployed into less resource intensive areas throughout the agency.

Number of Units / Average Unit Cost	PCs/Laptops - 250 @ \$1,500 per year						
Estimated Completion Date	August 31, 2017						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td align="center">2018</td> <td align="center">2019</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2018	2019		0	0
	2018	2019					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	3-4 Years						
Estimated/Actual Project Cost	\$740,000						
Length of Financing/ Lease Period	N/A						

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2016	2017	2018	2019	Total over project life
0	0	0	0	0

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

Explanation: This effort supports increased functionality, performance and reliability of the desktop computing environment. Technology upgrades support the agency's strategic plan in its investment responsibilities and in the timely delivery of benefit services to our membership.

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
5003 Repair or Rehabilitation of Buildings and Facilities					
<i>1/1 Building Renovations 2014/2015</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	175,000	175,000	\$0	\$0
	TOTAL, PROJECT	\$175,000	\$175,000	\$0	\$0
<i>2/2 Building Renovations 2016/2017</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	500,000	500,000
	TOTAL, PROJECT	\$0	\$0	\$500,000	\$500,000
<i>3/3 Air Handler Replacement 2014/2015</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	3,597,990	0	0
	TOTAL, PROJECT	\$0	\$3,597,990	\$0	\$0
<i>4/4 Pressurization of Stairwells 2014</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	360,000	0	0
	TOTAL, PROJECT	\$0	\$360,000	\$0	\$0
<i>5/5 Sump Pump Sys. Upgrade FY16/17</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	1,200,000	0

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
	TOTAL, PROJECT	\$0	\$0	\$1,200,000	\$0

6/6 Garage Fire Suppr Upgrade FY16/17

GENERAL BUDGET

Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	0	\$1,500,000	\$0
		TOTAL, PROJECT	\$0	\$0	\$1,500,000	\$0

7/7 Data Center Generator FY16/17

GENERAL BUDGET

Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	0	600,000	0
		TOTAL, PROJECT	\$0	\$0	\$600,000	\$0

5005 Acquisition of Information Resource Technologies

8/8 TEAM Program 2014/2015

GENERAL BUDGET

Capital	1-1-3	ADMINISTRATIVE OPERATIONS	16,164,937	18,458,684	0	0
		TOTAL, PROJECT	\$16,164,937	\$18,458,684	\$0	\$0

9/9 TEAM Program 2016/2017

GENERAL BUDGET

Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	0	40,348,768	0
		TOTAL, PROJECT	\$0	\$0	\$40,348,768	\$0

10/10 Mainframe Upgrades 2014/2015

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	311,193	108,807	\$0	\$0
	TOTAL, PROJECT	\$311,193	\$108,807	\$0	\$0
<i>11/11 Mainframe Upgrades 2016/2017</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	420,000	420,000
	TOTAL, PROJECT	\$0	\$0	\$420,000	\$420,000
<i>12/12 Telecomm Upgrade 2014/2015</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	380,000	410,000	0	0
	TOTAL, PROJECT	\$380,000	\$410,000	\$0	\$0
<i>13/13 Telecomm Upgrade 2016/2017</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	450,000	450,000
	TOTAL, PROJECT	\$0	\$0	\$450,000	\$450,000
<i>14/14 Investment Sys Moderniz 2014/2015</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	166,506	203,494	0	0
	TOTAL, PROJECT	\$166,506	\$203,494	\$0	\$0

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
15/15 Investment Sys Moderniz 2016/2017					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	\$370,000	\$0
	TOTAL, PROJECT	\$0	\$0	\$370,000	\$0
16/16 Pension Legislation 2015					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	200,000	0	0
	TOTAL, PROJECT	\$0	\$200,000	\$0	\$0
17/17 Pension Legislation 2017					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	0	200,000
	TOTAL, PROJECT	\$0	\$0	\$0	\$200,000
18/18 PC Workstation Refresh 2014/2015					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	350,000	350,000	0	0
	TOTAL, PROJECT	\$350,000	\$350,000	\$0	\$0
19/19 PC Workstation Refresh 2016/2017					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	370,000	370,000

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
	TOTAL, PROJECT	\$0	\$0	\$370,000	\$370,000
	TOTAL CAPITAL, ALL PROJECTS	\$17,547,636	\$23,863,975	\$45,758,768	\$1,940,000
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	\$17,547,636	\$23,863,975	\$45,758,768	\$1,940,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
5003 Repair or Rehabilitation of Buildings and Facilities					
1 Building Renovations 2014/2015					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	175,000	175,000	0	0
TOTAL, OOE's		\$175,000	\$175,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	175,000	175,000	0	0
TOTAL, OTHER FUNDS		\$175,000	\$175,000	0	0
TOTAL, MOF's		\$175,000	\$175,000	0	0

323 Teacher Retirement System

Category Code/Name		Est 2014	Bud 2015	BL 2016	BL 2017
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
2 Building Renovations 2016/2017					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	500,000	500,000
TOTAL, OOE		\$0	\$0	500,000	500,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	500,000	500,000
TOTAL, OTHER FUNDS		\$0	\$0	500,000	500,000
TOTAL, MOFs		\$0	\$0	500,000	500,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
3 Air Handler Replacement 2014/2015					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	3,597,990	0	0
TOTAL, OOE		\$0	\$3,597,990	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	3,597,990	0	0
TOTAL, OTHER FUNDS		\$0	\$3,597,990	0	0
TOTAL, MOFs		\$0	\$3,597,990	0	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
4 Pressurization of Stairwells 2014					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	360,000	0	0
TOTAL, OOE's		\$0	\$360,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	360,000	0	0
TOTAL, OTHER FUNDS		\$0	\$360,000	0	0
TOTAL, MOF's		\$0	\$360,000	0	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
5 Sump Pump Sys. Upgrade FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	1,200,000	0
TOTAL, OOE		\$0	\$0	1,200,000	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	1,200,000	0
TOTAL, OTHER FUNDS		\$0	\$0	1,200,000	0
TOTAL, MOFs		\$0	\$0	1,200,000	0

323 Teacher Retirement System

Category Code/Name		Est 2014	Bud 2015	BL 2016	BL 2017
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
6 Garage Fire Suppr Upgrade FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	1,500,000	0
TOTAL, OOE's		\$0	\$0	1,500,000	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	1,500,000	0
TOTAL, OTHER FUNDS		\$0	\$0	1,500,000	0
TOTAL, MOF's		\$0	\$0	1,500,000	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
7 Data Center Generator FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
2005	TRAVEL	0	0	600,000	0
TOTAL, OOE's		\$0	\$0	600,000	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	600,000	0
TOTAL, OTHER FUNDS		\$0	\$0	600,000	0
TOTAL, MOFs		\$0	\$0	600,000	0

5005 Acquisition of Information Resource Technologies

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
8 TEAM Program 2014/2015					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
1001	SALARIES AND WAGES	2,565,428	3,227,916	0	0
1002	OTHER PERSONNEL COSTS	24,900	30,540	0	0
2001	PROFESSIONAL FEES AND SERVICES	9,895,209	13,211,526	0	0
2003	CONSUMABLE SUPPLIES	0	15,000	0	0
2005	TRAVEL	24,999	30,000	0	0
2009	OTHER OPERATING EXPENSE	2,723,007	1,688,702	0	0
5000	CAPITAL EXPENDITURES	931,394	255,000	0	0
TOTAL, OOE's		\$16,164,937	\$18,458,684	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	16,164,937	18,458,684	0	0
TOTAL, OTHER FUNDS		\$16,164,937	\$18,458,684	0	0
TOTAL, MOF's		\$16,164,937	\$18,458,684	0	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
9 TEAM Program 2016/2017					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
1001	SALARIES AND WAGES	0	0	8,726,914	0
1002	OTHER PERSONNEL COSTS	0	0	79,080	0
2001	PROFESSIONAL FEES AND SERVICES	0	0	26,306,794	0
2003	CONSUMABLE SUPPLIES	0	0	30,000	0
2005	TRAVEL	0	0	115,000	0
2009	OTHER OPERATING EXPENSE	0	0	3,640,010	0
5000	CAPITAL EXPENDITURES	0	0	1,450,970	0
TOTAL, OOE's		\$0	\$0	40,348,768	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	40,348,768	0
TOTAL, OTHER FUNDS		\$0	\$0	40,348,768	0
TOTAL, MOF's		\$0	\$0	40,348,768	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
10 Mainframe Upgrades 2014/2015					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	311,193	108,807	0	0
TOTAL, OOE's		\$311,193	\$108,807	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	311,193	108,807	0	0
TOTAL, OTHER FUNDS		\$311,193	\$108,807	0	0
TOTAL, MOF's		\$311,193	\$108,807	0	0

323 Teacher Retirement System

Category Code/Name		Est 2014	Bud 2015	BL 2016	BL 2017
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
11 Mainframe Upgrades 2016/2017					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	420,000	420,000
TOTAL, OOE's		\$0	\$0	420,000	420,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	420,000	420,000
TOTAL, OTHER FUNDS		\$0	\$0	420,000	420,000
TOTAL, MOF's		\$0	\$0	420,000	420,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
12 Telecomm Upgrade 2014/2015					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	380,000	410,000	0	0
TOTAL, OOE's		\$380,000	\$410,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	380,000	410,000	0	0
TOTAL, OTHER FUNDS		\$380,000	\$410,000	0	0
TOTAL, MOF's		\$380,000	\$410,000	0	0

323 Teacher Retirement System

Category Code/Name		Est 2014	Bud 2015	BL 2016	BL 2017
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
13 Telecomm Upgrade 2016/2017					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	450,000	450,000
TOTAL, OOE's		\$0	\$0	450,000	450,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	450,000	450,000
TOTAL, OTHER FUNDS		\$0	\$0	450,000	450,000
TOTAL, MOF's		\$0	\$0	450,000	450,000

323 Teacher Retirement System

Category Code/Name		Est 2014	Bud 2015	BL 2016	BL 2017
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
14 Investment Sys Moderniz 2014/2015					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	166,506	203,494	0	0
TOTAL, OOE's		\$166,506	\$203,494	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	166,506	203,494	0	0
TOTAL, OTHER FUNDS		\$166,506	\$203,494	0	0
TOTAL, MOF's		\$166,506	\$203,494	0	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
15 Investment Sys Moderniz 2016/2017					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	370,000	0
TOTAL, OOE's		\$0	\$0	370,000	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	370,000	0
TOTAL, OTHER FUNDS		\$0	\$0	370,000	0
TOTAL, MOF's		\$0	\$0	370,000	0

323 Teacher Retirement System

Category Code/Name		Est 2014	Bud 2015	BL 2016	BL 2017
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
16 Pension Legislation 2015					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	200,000	0	0
TOTAL, OOE		\$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, MOFs		\$0	\$200,000	0	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
17 Pension Legislation 2017					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	0	200,000
TOTAL, OOE		\$0	\$0	0	200,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	0	200,000
TOTAL, OTHER FUNDS		\$0	\$0	0	200,000
TOTAL, MOFs		\$0	\$0	0	200,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
18 PC Workstation Refresh 2014/2015					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	350,000	350,000	0	0
TOTAL, OOE		\$350,000	\$350,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	350,000	350,000	0	0
TOTAL, OTHER FUNDS		\$350,000	\$350,000	0	0
TOTAL, MOFs		\$350,000	\$350,000	0	0

323 Teacher Retirement System

Category Code/Name		Est 2014	Bud 2015	BL 2016	BL 2017
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
19 PC Workstation Refresh 2016/2017					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	370,000	370,000
TOTAL, OOE		\$0	\$0	370,000	370,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	370,000	370,000
TOTAL, OTHER FUNDS		\$0	\$0	370,000	370,000
TOTAL, MOFs		\$0	\$0	370,000	370,000

323 Teacher Retirement System

		Est 2014	Bud 2015	BL 2016	BL 2017
CAPITAL					
<u>General Budget</u>					
OTHER FUNDS					
TOTAL, GENERAL BUDGET		\$17,547,636	\$23,863,975	45,758,768	1,940,000
		17,547,636	23,863,975	45,758,768	1,940,000
TOTAL, ALL PROJECTS		\$17,547,636	\$23,863,975	45,758,768	1,940,000

6.A. Historically Underutilized Business Supporting Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/14/2014
 Time: 9:02:17AM

Agency Code: 323 Agency: Teacher Retirement System

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2012 - 2013 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2012			Total Expenditures FY 2012		HUB Expenditures FY 2013			Total Expenditures FY 2013
			% Actual	Diff	Actual \$	% Goal	Actual \$	% Actual	Diff	Actual \$	
11.2%	Heavy Construction	0.0 %	0.0%	0.0%	\$0	\$0	0.0 %	0.0%	0.0%	\$0	\$0
21.1%	Building Construction	0.0 %	0.0%	0.0%	\$0	\$4,081	0.0 %	0.0%	0.0%	\$0	\$44,575
32.7%	Special Trade Construction	25.0 %	40.8%	15.8%	\$183,943	\$450,393	25.0 %	3.8%	-21.2%	\$127,250	\$3,343,456
23.6%	Professional Services	5.0 %	7.7%	2.7%	\$128,890	\$1,684,100	5.0 %	4.3%	-0.7%	\$137,750	\$3,169,241
24.6%	Other Services	20.0 %	8.9%	-11.1%	\$994,308	\$11,234,438	20.0 %	10.1%	-9.9%	\$1,018,801	\$10,103,211
21.0%	Commodities	50.0 %	30.9%	-19.1%	\$882,908	\$2,852,947	50.0 %	26.5%	-23.5%	\$930,672	\$3,508,967
	Total Expenditures		13.5%		\$2,190,049	\$16,225,959		11.0%		\$2,214,473	\$20,169,450

B. Assessment of Fiscal Year 2012 - 2013 Efforts to Meet HUB Procurement Goals

Attainment:

The agency attained or exceeded two of four, or 50% of the applicable statewide HUB procurement goals for FY 2012. The agency attained or exceeded none of four, or 0%, of the applicable statewide HUB goals in FY 2013; however, based on actual expenditures (see Factors Affecting Attainment below) TRS fell just slightly below goals in Special Trade (2.5%) and Professional Services (.7) categories and TRS' actual overall HUB percentage of 12.8% is in-line with the overall State of Texas HUB expenditure percentage of 13.42%.

Applicability:

The "Heavy Construction" and "Building Construction" categories are not applicable to agency operations in either FY 2012 or FY 2013. Dollar amounts shown in these categories are due to payment coding errors.

Factors Affecting Attainment:

There were two significant payment coding errors in FY 2013 in Building Construction and Special Trade categories - (BC - \$44,575 - 7336 should have been coded 7343) and (ST - \$2,821,725.60 - 7266 should have been coded 7233). The Special Trade category error is particularly impactful as the correct COBJ of 7233 is not HUB reportable. TRS' actual HUB percentage expenditure in these categories was 0% in Building Construction and 22.47% in Special Trade, and TRS' actual FY2013 overall HUB percentage was 12.8%. In FY2013, there were a number of additional large dollar non-HUB purchases for IT hardware/software infrastructure in preparation of TRS' TEAM Program. Additionally, two large TEAM projects were recently awarded (FSR PH1-\$2,200,000 and LOB-\$43,509,786) to non-HUB vendors and payments made in FY2014 are expected to have an impact; therefore, a negative trend in our HUB utilization is anticipated.

"Good-Faith" Efforts:

TRS is committed to achieving HUB goals and continues to make a good faith effort in all areas. Annual status reports of the HUB Program are made to the TRS

6.A. Historically Underutilized Business Supporting Schedule
84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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

Board of Trustees and HUB goals are included in the Strategic Plan for 2013-2017. TRS has established the Emerging Mangers Program to facilitate investments with qualified emerging managers (including minority-, woman- and disabled veteran-owned organizations). TRS provides \$.8 to \$1 million annually in subcontracting opportunities to HUBs through expenditures not eligible for HUB reporting. TRS continues to host an annual HUB forum and attends economic forums locally and across the state. The TRS HUB Coordinator assists HUB vendors with certification and in being a resource for HUBs trying to identify and earn business opportunities with TRS as well as other state agencies.

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

84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/14/2014
 Time: 9:02:35AM

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: 07/01/1937
 Date to Be Abolished: 09/01/2019
 Strategy (Strategies): 1-1-3 ADMINISTRATIVE OPERATIONS

Advisory Committee Costs	Expended Exp 2013	Estimated Est 2014	Budgeted Bud 2015	Requested BL 2016	Requested BL 2017
Committee Members Direct Expenses					
Contracted Fee for Service	\$109,890	\$109,890	\$109,890	\$109,890	\$109,890
Other Expenditures in Support of Committee Activities					
Personnel (2.0 FTEs)	97,448	100,111	104,106	107,548	110,627
Medical Examinations	411	2,000	2,000	2,000	2,000
Total, Committee Expenditures	\$207,749	\$212,001	\$215,996	\$219,438	\$222,517
Method of Financing					
TRS Trust Account Fund	\$207,749	\$212,001	\$215,996	\$219,438	\$222,517
Total, Method of Financing	\$207,749	\$212,001	\$215,996	\$219,438	\$222,517
Meetings Per Fiscal Year	6	6	6	6	6

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

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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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 of the GAA Bill Pattern

Teacher Retirement System of Texas (323)

ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2016-17 GAA BILL PATTERN	\$ 174,511,500,589
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Pension Trust Fund -960	
Beginning Balance in FY 2014	\$ 117,388,143,859
Estimated Revenues FY 2014	15,489,870,974
Estimated Revenues FY 2015	16,574,161,943
FY 2014-15 Total	\$ 149,452,176,776
Estimated Beginning Balance in FY 2016	\$ 130,406,891,558
Estimated Revenues FY 2016	17,734,353,279
Estimated Revenues FY 2017	18,975,758,008
FY 2016-17 Total	\$ 167,117,002,845
Constitutional or Statutory Creation and Use of Fund:	
Constitutional Provision is Article XVI, Section 67 for the creation of TRS. The Texas Government Code, Title 8, Sections 825.403 through 825.411 for contributions.	
Method of Calculations and Revenue Assumptions:	
The calculations were made based on historical data and the historical relationship between revenues and expenditures. On the revenue side, the employee contribution rate will increase to 7.7% by FY2017 and the employer contribution rate will remain at 6.8%. The investment return rate is projected to be at least 8%. On the expenditure side, benefit claims are projected to grow by 7% annually.	

Retired Health Benefits - 989	
Beginning Balance in FY 2014	\$ 551,048,281
Estimated Revenues FY 2014	1,174,948,046
Estimated Revenues FY 2015	1,163,593,022
FY 2014-15 Total	\$ 2,889,589,349
Estimated Beginning Balance in FY 2016	\$ 113,100,765
Estimated Revenues FY 2016	1,190,576,338
Estimated Revenues FY 2017	1,218,276,967
FY 2016-17 Total	\$ 2,521,954,070
Constitutional or Statutory Creation and Use of Fund:	
Texas Insurance Code Title 8, Subtitle H, Section 1575.001. Section 1575.201 through 1575.210 for contributions	
Method of Calculations and Revenue Assumptions:	
Public Education revenue growth for state contributions, member contributions and reporting entity contributions are based on a historical average of 4% per year.	

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

Teacher Retirement System of Texas (323)

Active Health Benefits - 855	
Beginning Balance in FY 2014	\$ (117,971,123)
Estimated Revenues FY 2014	1,990,430,104
Estimated Revenues FY 2015	2,189,473,115
FY 2014-15 Total	\$ 4,061,932,096
Estimated Beginning Balance in FY 2016	\$ (185,446,282)
Estimated Revenues FY 2016	2,408,420,426
Estimated Revenues FY 2017	2,649,262,469
FY 2016-17 Total	\$ 4,872,236,613
Constitutional or Statutory Creation and Use of Fund:	
Texas Insurance Code Title 8, Subtitle H, Chapter 1579. Section 1579.251 through 1575.210 for contributions. Note this is a self funded plan and revenues are paid from reporting entities as premiums.	
Method of Calculations and Revenue Assumptions:	
Active member premium growth assumed at 10% annually through FY2017.	

403(b) Certification - 864	
Beginning Balance in FY 2014	\$ 356,337
Estimated Revenues FY 2014	15,000
Estimated Revenues FY 2015	42,000
FY 2014-15 Total	\$ 413,337
Estimated Beginning Balance in FY 2016	\$ 139,061
Estimated Revenues FY 2016	15,000
Estimated Revenues FY 2017	153,000
FY 2016-17 Total	\$ 307,061
Constitutional or Statutory Creation and Use of Fund:	
Vernon's Texas Civil Statutes Title 109. Section 7 fee collections.	
Method of Calculations and Revenue Assumptions:	
Certification Fees and Product Registration Fees are paid once every 5 years as new firms choose to participate. A decline in revenue is anticipated until the next renewal period of FY2017.	

323 Teacher Retirement System

	Est 2014	Bud 2015	BL 2016	BL 2017	Excp 2016	Excp 2017
<i>Item: 1 Temp Benefit to Public Ed Retirees</i>						
Method of Financing						
GENERAL REVENUE FUNDS						
Strategy: 1-1-1 TRS - PUBLIC EDUCATION RETIREMENT						
1 General Revenue Fund	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, Strategy 1-1-1	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, GENERAL REVENUE FUNDS	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL, Method of Financing	\$0	\$0	\$0	\$0	\$0	\$0

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

Affordable Care Act, Sections 1341, 3301 and 6301. Internal Revenue Code Sections 4375-4377.

DESCRIPTION/KEY ASSUMPTIONS:

TRS-Care implemented a Medicare Part D (Part D) prescription plan in Jan. 2013 for retirees and dependents with either Medicare Part A or B. Federal subsidies from the Part D plan will replace the Retiree Drug Subsidy (RDS) for retirees/dependents who selected the new plan. The Part D plan is offered because the Affordable Care Act (ACA) made this option more financially desirable.

- In lieu of RDS, TRS-Care's Part D plan continues to generate stronger fed. and manufacturer subsidies, including the Direct Subsidy, Reinsurance Subsidy, and Coverage Gap discount payments.
- The PCORI fee is used to support research by a non-profit research institute established by the ACA to identify research priorities and conduct research that compares the clinical effectiveness of medical treatments.
- The Reinsurance fee is mandated by the ACA and to be paid by health insurance issuers and self-funded group health plans to fund a Transitional Reinsurance Program in place from 2014 to 2016. The Transitional Reinsurance Program then pays insurers in the individual market that cover high risk individuals.

CONCERNS:

The breakdown of the increase in funding and fees are below:

- Medicare Part D subsidies and payments: 2015 = \$110,179,754, 2016 = \$114,411,488, and 2017 = \$118,772,991
- Patient-Centered Outcomes Research Institute (PCORI) fee: 2015 = \$311,155, 2016 = \$351,248, and 2017 = \$394,191
- Reinsurance fee: 2015 = \$4,946,475, 2016 = \$3,419,302, and 2017 = \$2,290,894

323 Teacher Retirement System

	Est 2014	Bud 2015	BL 2016	BL 2017	Excp 2016	Excp 2017
TOTAL, ALL ITEMS	\$0	\$0	\$0	\$0	\$0	\$0

323 Teacher Retirement System

MOF RECAP

	Est 2014	Bud 2015	BL 2016	BL 2017	Excp 2016	Excp 2017
GENERAL REVENUE FUNDS						
1 General Revenue Fund	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, GENERAL REVENUE FUNDS	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL, ALL ITEMS	\$0	\$0	\$0	\$0	\$0	\$0

6.J Part B Summary of Budgetary Impacts Related to Federal Health Care Reform Schedule

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DATE: 8/14/2014

TIME: 9:02:36AM

Agency code: 323

Agency name: **Teacher Retirement System**

ITEM	ITEM NAME	Est 2014	Bud 2015	BL 2016	BL 2017	Excp 2016	Excp 2017	Total Request 2016	Total Request 2017
1	Temp Benefit to Public Ed Retirees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total, Cost Related to Health Care Reform		\$0	\$0						
METHOD OF FINANCING									
GENERAL REVENUE FUNDS		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL		\$0	\$0						