



Teacher Retirement System of Texas
Legislative Appropriations Request
Fiscal Years 2018 and 2019

August 12, 2016

Legislative Appropriations Request For Fiscal Years 2018 and 2019

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

by

Teacher Retirement System of Texas

Board Members

R. David Kelly (Chair)
Dolores Ramirez (Vice Chair)
T. Karen Charleston
Joe Colonna
David Corpus
Christopher Moss
Anita Smith Palmer
John Elliott
Dr. Greg Gibson

Term Expires

August 31, 2017
August 31, 2019
August 31, 2017
August 31, 2019
August 31, 2019
August 31, 2021
August 31, 2017
August 31, 2021
August 31, 2021

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Plano
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August 12, 2016

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Budget Overview - Biennial Amounts
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

323 Teacher Retirement System
Appropriation Years: 2018-19

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS	
	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2018-19	
Goal: 1. To Administer the System as an Employee Benefit Trust												
1.1.1. Trs - Public Education Retirement	3,185,781,212	3,492,866,334							3,185,781,212	3,492,866,334		
1.1.2. Trs - Higher Education Retirement	322,602,913	353,905,598	81,902,024	103,373,296			6,874,245	8,059,574	411,379,182	465,338,468		
1.1.3. Administrative Operations							214,484,299	215,281,083	214,484,299	215,281,083		
1.2.1. Retiree Health - Statutory Funds	576,689,595	646,356,603							576,689,595	646,356,603	1,350,000,000	
Total, Goal	4,085,073,720	4,493,128,535	81,902,024	103,373,296			221,358,544	223,340,657	4,388,334,288	4,819,842,488	1,350,000,000	
Total, Agency	4,085,073,720	4,493,128,535	81,902,024	103,373,296			221,358,544	223,340,657	4,388,334,288	4,819,842,488	1,350,000,000	
Total FTEs									503.3	528.3	0.0	

Administrator's Statement

8/12/2016 11:28:19AM

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August 12, 2016

Ms. Ursula Parks, Director
Legislative Budget Board

Mr. Steven Albright, Director
Office of the Governor, Budget Division

Dear Ms. Parks and Mr. Albright:

We are pleased to submit the legislative appropriations request (LAR) for the Teacher Retirement System (TRS) for the FY 2018-19 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 FY 2018-19 biennium including exceptional items is \$5.95 billion. By comparison, TRS will pay out in excess of \$24 billion in retiree benefit and health care payments to more than 370,000 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 \$1.2 billion in annual tax revenues and will fund an estimated 112,000 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. Currently, 95% of all public education employees who are TRS members are not covered by Social Security.

According to the policy letter dated June 30, 2016, 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 3.5% per year for the public education sector and 2.5% 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 \$1.35 billion related to TRS-Care to fund a projected shortfall that could materialize as early as fall 2017.

Teacher Retirement Pension Trust Fund

As of the last valuation report dated September 2015, the pension plan has an unfunded liability of \$33 billion and a funded ratio of 80.2% making TRS one of the best funded public pensions in the country. Although last year was particularly challenging with the fund returning a negative 0.3%, TRS consistently exceeds its investment goals over the long term, returning 9.6% over the past five years. The Board of Trustees will continue to review and assess whether adjustments to the long term rate of return assumption are warranted given expected economic conditions.

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TRS reported during the 83rd Legislative Session that 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 response, SB 1458, passed during the 83rd Session, increased contributions to help achieve long-term solvency. Member contributions will climb to 7.7% of employee pay in FY 2017 from 6.4% in FY 2014. Also, school districts that do not contribute to social security contribute an additional 1.5% of employee pay which totaled \$345 million in FY 2015 alone.

While the pension plan has yet to reflect the full impact of SB 1458, the fund remains on the path to full funding by 2048. Given the long-term nature of the goal, it is prudent to examine how best to keep the pension plan on the path developed under SB 1458. To that end, TRS will consider the development of a funding policy for the pension trust fund over the next year. TRS will also continue to closely monitor its assumed rate of return of 8.0% in the context of current and future market conditions. TRS recognizes that decisions on benefit enhancements, contribution rate increases, and cost of living adjustments reside with the Legislature; however, a well-crafted funding policy based on industry best practices would serve as a point of reference for the Legislature in making future funding decisions.

In addition to assuming the state contribution rate of 6.8%, this LAR also assumes a 3.5% covered payroll growth for public education employees and a 2.5% 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 3.5% for the public education sector. Additionally, TRS is requesting an exceptional item in the amount of \$1.35 billion to provide for fiscal solvency through the end of FY 2019.

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 appropriating \$768 million in solvency funding via HB 2, the supplemental appropriations bill. In addition, we implemented a new Medicare Advantage program effective January 1, 2013 that resulted in substantial cost savings. We are also enhancing our data analytics capabilities to support cost management and resource maximization.

A joint interim legislative committee on TRS health benefit plans was established after the 84th Legislative Session to study both TRS-Care and ActiveCare. The committee has held hearings and worked closely with TRS to examine potential solutions to problems facing both programs. Report findings and recommendations are due January 15, 2017 and could be the basis for legislation in the upcoming session. The options under consideration could potentially be combined to reduce the amount of additional funding needed to keep TRS-Care solvent. The committee's work could also serve as a basis to change the current funding mechanism for TRS-Care (as a percentage of active member payroll) to something that is more closely aligned with the escalating costs of health care.

TRS is responsible for the administration of TRS ActiveCare, but does not request funding for this activity through the LAR. TRS does not receive direct appropriations for ActiveCare. State funding is provided through the Foundation School Program to the school districts who in turn pay premiums to TRS. The issues surrounding ActiveCare revolve around affordability due to the fact that statutory contributions from the state and school districts have not changed since 2002. As a result, the employee share of ActiveCare premiums paid has risen 238% since the plan inception.

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Administrative Operations

To adequately serve members and to prudently manage pension fund assets, TRS requests funding for Administrative Operations of \$119.7 million for FY 2018 and \$95.5 million for FY 2019. 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 25 positions we believe are necessary to effectively serve members' needs, continue to modernize our IT systems, and pursue appropriate investment choices.

TRS has been named one of the top places to work in Austin by the Austin American Statesman five times in the past six years. While this has allowed us to attract quality employees, a burgeoning Austin job market will hamper our ability to retain in-demand employees. To assist in this effort, TRS has continued to focus on fostering its culture including the TRS core values along with a refocused effort on employee development.

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 within budgeted amounts with a projected implementation timeframe of summer 2018. TRS is requesting a total of \$25.1 million for TEAM in the FY 2018-19 biennium in order to continue this important modernization project.

TRS was authorized to begin the process of replacing the legacy systems for benefits administration and accounting during the FY 2012-13 biennium. Funding was continued during both the FY 2014-15 and FY 2016-17 biennia.

In addition to the pension system replacement, this program includes other projects such as data management and the financial system replacement as well as an increased online presence for more flexible, robust customer service and support functionality. TRS is scheduled to implement CAPPs during the FY 2018-19 biennium and will include a request for that purpose in this LAR. In the event that CAPPs is not funded, the TRS TEAM request will need to include funding for a financial system replacement and would therefore total \$29.9 million in the FY 2018-19 biennium.

TRS serves more than 1.4 million members, and membership has grown 3.0% per year on average over the last 15 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, the most recent member satisfaction survey for TRS completed in June of 2016 by the Public Policy Research Institute at Texas A&M University indicated that 96% of our retiree members are either very satisfied or satisfied with our customer service experience.

On the investment front, the global low interest rate regime presents challenges to investment returns. The additional authority and resources granted by the legislature in previous biennia have allowed the pension fund to remain strong as evidenced by the fact that the TRS pension fund has better risk adjusted returns greater than 75% of its peers. During the first quarter of calendar year 2016, the fund returned 2.0% with investment earnings topping \$2.5 billion and the value of the pension fund reaching \$128 billion. In the past 25 years, the pension fund has delivered an average annual return of 8.5%.

In an effort to save fees and better mitigate risk, TRS is choosing to employ an "along side" co-investment strategy with a number of general partners (GPs). During feedback meetings with 10 key GPs and 5 peer limited partners in Europe, TRS learned that over the past five years 60% of co-investment opportunities were not presented to TRS and that a global presence would enhance its ability to pursue investment opportunities, save on investing costs, and perform better oversight of investments.

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With that in mind, the decision was made to open a satellite office in London, a leading market for private equity and principal transactions. All decisions, legal matters and contracts are made in Austin under existing Board policy and guidelines. Since its opening, the two TRS staff in London have conducted a general partner tour visiting 50+ firms, have reviewed over 50 potential transactions, and have completed \$450 million in 4 transactions, with associated cost savings of approximately \$14 million dollars. During the FY 2018-19 biennium, TRS will continue to explore additional opportunities to increase the availability of high quality, risk appropriate global investments, enhancing our ability to generate the 8% required actuarial rate of return

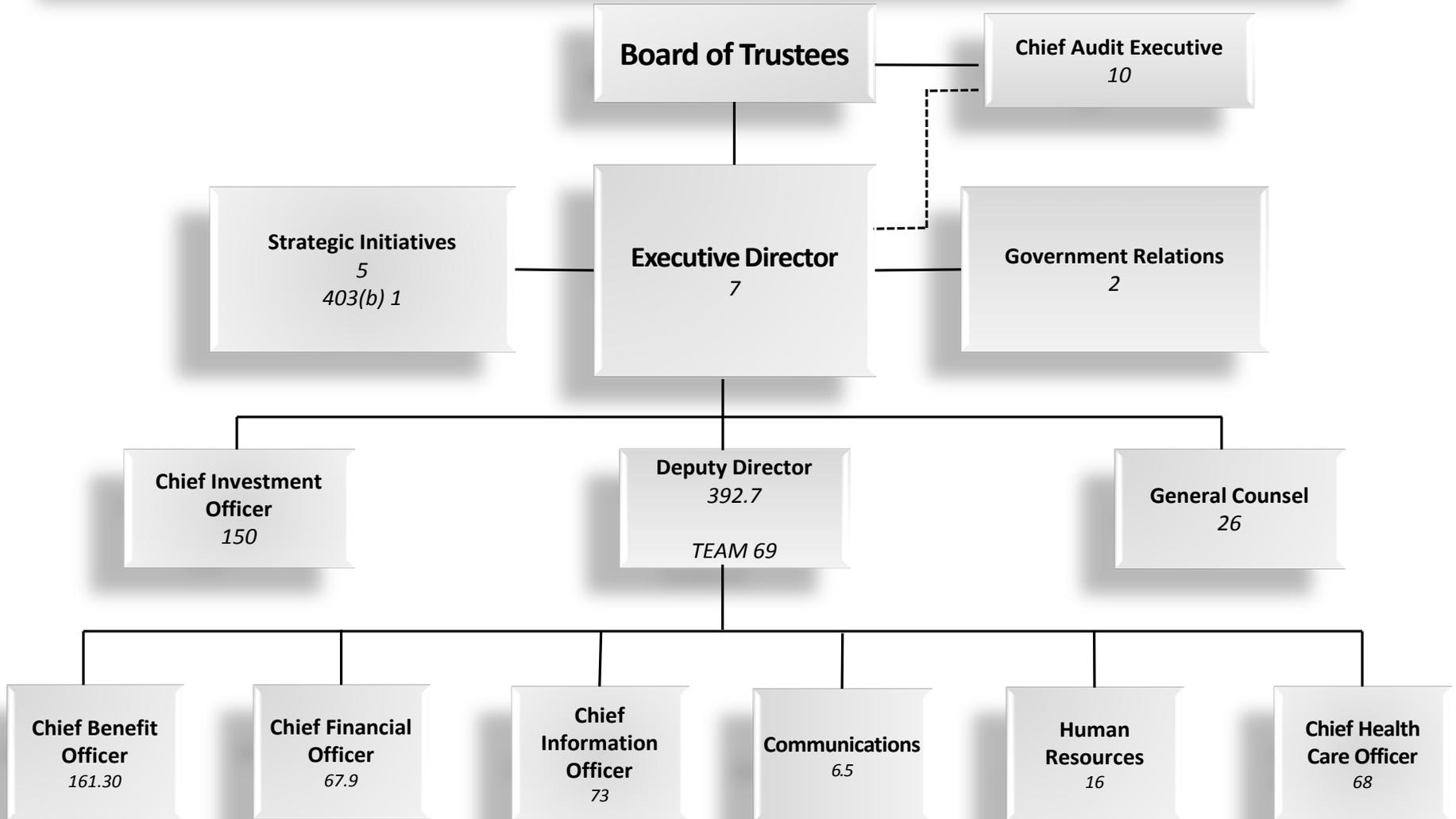
Furthering the TEAM Program, improving benefit delivery services and continuing to strengthen the TRS trust fund are all primary aspects TRS' strategic goals. This request represents our anticipated needs as we work towards those goals. However, as we continue to evaluate workload changes and resulting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

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, 2016



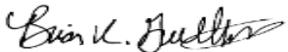
CERTIFICATE

Agency Name: Teacher Retirement System of Texas

This is to certify that the information contained in the agency Legislative Appropriation Request filed with the Legislative Budget Board (LBB) and the Office of the Governor, Budget Division 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 Governor’s Office will be notified in writing in accordance with Article IX, Section 7.01 (2016–17 GAA).

Chief Executive Office or Presiding Judge


Signature

Brian K. Guthrie
Printed Name

Executive Director
Title

August 12, 2016
Date

Board or Commission Chair


Signature

R. David Kelly
Printed Name

Chair, Board of Trustees
Title

August 12, 2016
Date

Chief Financial


Signature

Don Green
Printed Name

Chief Financial Officer
Title

August 12, 2016
Date

2.A. Summary of Base Request by Strategy

8/8/2016 3:39:31PM

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Goal / Objective / STRATEGY	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
1 To Administer the System as an Employee Benefit Trust					
1 <i>Sound Retirement System</i>					
1 TRS - PUBLIC EDUCATION RETIREMENT	1,547,358,118	1,603,490,016	1,582,291,196	1,716,396,233	1,776,470,101
2 TRS - HIGHER EDUCATION RETIREMENT	176,131,955	179,620,965	231,758,217	229,476,438	235,862,030
3 ADMINISTRATIVE OPERATIONS	99,029,005	104,414,549	110,069,750	119,744,368	95,536,715
2 <i>Health Care Program for Public Education Retirees Funded by Statute</i>					
1 RETIREE HEALTH - STATUTORY FUNDS	1,049,199,112	292,818,672	283,870,923	317,619,952	328,736,651
TOTAL, GOAL 1	\$2,871,718,190	\$2,180,344,202	\$2,207,990,086	\$2,383,236,991	\$2,436,605,497
TOTAL, AGENCY STRATEGY REQUEST	\$2,871,718,190	\$2,180,344,202	\$2,207,990,086	\$2,383,236,991	\$2,436,605,497
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$2,871,718,190	\$2,180,344,202	\$2,207,990,086	\$2,383,236,991	\$2,436,605,497

2.A. Summary of Base Request by Strategy

8/8/2016 3:39:31PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

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Goal / Objective / STRATEGY	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
<u>METHOD OF FINANCING:</u>					
General Revenue Funds:					
1 General Revenue Fund	2,736,199,763	2,038,618,934	2,046,454,786	2,209,110,644	2,284,017,891
SUBTOTAL	\$2,736,199,763	\$2,038,618,934	\$2,046,454,786	\$2,209,110,644	\$2,284,017,891
General Revenue Dedicated Funds:					
770 Est Oth Educ & Gen Inco	33,338,425	33,877,264	48,024,760	50,425,998	52,947,298
SUBTOTAL	\$33,338,425	\$33,877,264	\$48,024,760	\$50,425,998	\$52,947,298
Other Funds:					
960 TRS Trust Account Fund	102,180,002	107,848,004	113,510,540	123,700,349	99,640,308
SUBTOTAL	\$102,180,002	\$107,848,004	\$113,510,540	\$123,700,349	\$99,640,308
TOTAL, METHOD OF FINANCING	\$2,871,718,190	\$2,180,344,202	\$2,207,990,086	\$2,383,236,991	\$2,436,605,497

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

2.B. Summary of Base Request by Method of Finance
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/8/2016 3:39:31PM

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

METHOD OF FINANCING	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
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GENERAL REVENUE

1 General Revenue Fund

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2014-15 GAA)

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

Regular Appropriations from MOF Table (2016-17 GAA)

\$0	\$2,002,929,038	\$2,046,454,786	\$0	\$0
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Comments: Matches 2016-17 GAA (Conference Committee Report on House Bill 1).

Regular Appropriations from MOF Table

\$0	\$0	\$0	\$2,209,110,644	\$2,284,017,891
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TRANSFERS

Adjustment per Section 1575.201(b), Insurance Code

\$33,566,874	\$14,513,846	\$0	\$0	\$0
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2.B. Summary of Base Request by Method of Finance

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Automated Budget and Evaluation System of Texas (ABEST)

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

METHOD OF FINANCING	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
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GENERAL REVENUE

Comments: Insurance Code Sec. 1575.201(b) requires TRS to collect premiums for retiree health care coverage above basic coverage and for covered dependents. Monthly draws are based on estimated appropriations and settled up each year end. FY2015 was estimated based on zero growth in covered payroll while actual growth was 4.8%. FY2016 was estimated based on 2% growth in covered payroll while the most recent estimate is 4%.

Adjustment per Section 403.093(c), Government Code

	\$128,492,176	\$21,176,050	\$0	\$0	\$0
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Comments: Government Code 403.093(c) requires the CPA to transfer to TRS monthly amounts based on the estimated appropriation, settled up each year end with amounts owed based on actual active member payroll. The FY 2015 amount includes the year-end settle up for state contributions to public education in the amount of \$142,021,665 minus the amount TRS owed the state for higher education in the amount of (\$13,816,760) plus funding used for the settle up of excess benefits with ERS in the amount of \$287,271. The appropriation was based on 2% growth in covered payroll for public education and 4% growth in covered payroll for higher education. Actual payroll growth was 4.8% and 2.1% respectively. The FY 2016 amount includes the year-end settle up for state contributions to public education in the amount of \$52,224,138 and higher education in the amount of \$31,048,088. The expected growth is 4.0% and 2.0% respectively.

SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS

HB 2, 84th Leg, Regular Session

	\$768,100,754	\$0	\$0	\$0	\$0
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Comments: TRS Care Shortfall

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 2015	Est 2016	Bud 2017	Req 2018	Req 2019
<u>GENERAL REVENUE</u>						
TOTAL, General Revenue Fund		\$2,736,199,763	\$2,038,618,934	\$2,046,454,786	\$2,209,110,644	\$2,284,017,891
TOTAL, ALL GENERAL REVENUE		\$2,736,199,763	\$2,038,618,934	\$2,046,454,786	\$2,209,110,644	\$2,284,017,891

GENERAL REVENUE FUND - DEDICATED

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

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2014-15 GAA)

	\$112,551,452	\$46,177,654	\$48,024,760	\$0	\$0
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Comments: Matches 2014-15 GAA (Conference Committee Report on Senate Bill 1). Matches 2016-17 GAA (Conference Committee Report on House Bill 1)

Regular Appropriations from MOF Table

	\$0	\$0	\$0	\$50,425,998	\$52,947,298
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LAPSED APPROPRIATIONS

Regular Appropriations from MOF Table (2014-15 GAA)

	\$(79,213,027)	\$(12,300,390)	\$0	\$0	\$0
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Comments: FY 2015 is actual lapse. FY 2016 is projected lapse based on transfers to the universities.

2.B. Summary of Base Request by Method of Finance
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/8/2016 3:39:31PM

Agency code: 323		Agency name: Teacher Retirement System				
METHOD OF FINANCING		Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
<u>GENERAL REVENUE FUND - DEDICATED</u>						
TOTAL,	GR Dedicated - Estimated Other Educational and General Income Account No. 770	\$33,338,425	\$33,877,264	\$48,024,760	\$50,425,998	\$52,947,298
TOTAL GENERAL REVENUE FUND - DEDICATED - 704, 708 & 770		\$33,338,425	\$33,877,264	\$48,024,760	\$50,425,998	\$52,947,298
TOTAL, ALL	GENERAL REVENUE FUND - DEDICATED	\$33,338,425	\$33,877,264	\$48,024,760	\$50,425,998	\$52,947,298
TOTAL,	GR & GR-DEDICATED FUNDS	\$2,769,538,188	\$2,072,496,198	\$2,094,479,546	\$2,259,536,642	\$2,336,965,189
<u>OTHER FUNDS</u>						
960	Teacher Retirement System Trust Account Fund No. 960					
	<i>REGULAR APPROPRIATIONS</i>					
	Administrative Operations of the Pension Trust Fund (2014-15 GAA)	\$65,518,258	\$0	\$0	\$0	\$0
	Comments: Matches 2014-15 GAA (Conference Committee Report on Senate Bill 1). FY 2015 = \$68,045,151 when combined with Employer Contributions for TRS Employees (below).					
	Employer Contributions for TRS Employees (2014-15 GAA)	\$2,526,893	\$0	\$0	\$0	\$0

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 2015	Est 2016	Bud 2017	Req 2018	Req 2019
<u>OTHER FUNDS</u>					
Administrative Operations of the Pension Trust Fund (2016-17 GAA)	\$0	\$119,188,758	\$77,162,229	\$0	\$0
<p>Comments: Matches 2016-17 GAA (Conference Committee Report on House Bill 1). FY 2016 = \$122,573,232 when combined with Employee Contributions (below). FY 2017 = \$80,603,019 when combined with Employee Contributions (below).</p>					
Employer Contributions for TRS Employees (2016-17 GAA)	\$0	\$3,384,474	\$3,440,790	\$0	\$0
Regular Appropriations from MOF Table	\$0	\$0	\$0	\$123,700,349	\$99,640,308
<i>RIDER APPROPRIATION</i>					
Art IX, Sec 14.03(i), Capital Budget UB (2014-15 GAA)	\$26,404,974	\$0	\$0	\$0	\$0
<p>Comments: Capital Budget UB related to TEAM, carry forward into FY2015. \$34.6M appropriated for TEAM in FY 2014. TRS used Capital Budget Authority to increase the appropriation by \$4M.</p>					
Art IX, Sec 14.03(i), Capital Budget UB (2014-15 GAA)					

2.B. Summary of Base Request by Method of Finance
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Agency code: 323	Agency name: Teacher Retirement System				
METHOD OF FINANCING	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
<u>OTHER FUNDS</u>					
	\$4,367,951	\$0	\$0	\$0	\$0
Comments: Capital Budget UB related to all other Capital Budget Appropriations for FY 2014 carry forward in FY 2015, excluding appropriation for TEAM shown above; primarily related to a delayed air handler project.					
Art IX, Sec 14.03(i), Capital Budget UB (2016-17 GAA)					
	\$0	\$(4,599,679)	\$4,599,679	\$0	\$0
Comments: Capital Budget UB related to all Capital Budget Appropriations for FY 2016 carry forward in FY 2017, excluding appropriation for TEAM shown below.					
Art IX, Sec 14.03(i), Capital Budget UB (2016-17 GAA)					
	\$0	\$(16,947,842)	\$16,947,842	\$0	\$0
Comments: FY 2016 TEAM Capital Budget authority UB into FY 2017					
Art IX, Sec 8.03(a) (e), Reimbursements and Payments (2014-15 GAA)					
	\$915,494	\$0	\$0	\$0	\$0
Comments: Reimbursement of outside legal counsel					
Rider 13, Performance Incentive Compensation (2014-15 GAA)					
	\$11,200,000	\$0	\$0	\$0	\$0

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

8/8/2016 3:39:31PM

85th 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 2015	Est 2016	Bud 2017	Req 2018	Req 2019
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OTHER FUNDS

Comments: TRS Rider 13 authorizes payment of performance incentive compensation. \$11.2 million was the estimated, maximum payout in FY 2015. TRS spent \$6,274,101.21 for this purpose in FY2015 and \$7,873,312.07 in FY 2016.

Rider 13, Performance Incentive Compensation (2016-17 GAA)

	\$0	\$11,200,000	\$11,360,000	\$0	\$0
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Comments: The \$11.2 million was the maximum payout anticipated during the 2016 plan year and was the amount presented and approved in the Board's budget. See Lapsed Appropriations below; \$7,873,312 was the actual payout in FY 2016. The board has approved a FY 2017 budget with a maximum payout of \$11.4 million.

TRANSFERS

Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA)

	\$1,482,606	\$0	\$0	\$0	\$0
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Comments: Effective September 1, 2014 general state employees received a 2.0% annual salary increase with a minimum of \$50 per month.

LAPSED APPROPRIATIONS

Administrative Operations of the Pension Trust Fund (2014-15 GAA)

	\$(5,934,379)	\$(1,100,000)	\$0	\$0	\$0
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Comments: FY 2015 lapse includes \$1.4M TEAM; \$336K in Non-TEAM Capital Budget Projects; \$1M in Salaries and Wages; \$3.2M in multiple expense categories.
FY 2016 lapse is related to multiple non-TEAM expense categories.

2.B. Summary of Base Request by Method of Finance
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/8/2016 3:39:31PM

Agency code: 323		Agency name: Teacher Retirement System				
METHOD OF FINANCING		Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
<u>OTHER FUNDS</u>						
Rider 13, Performance Incentive Compensation (2014-15 GAA)						
		\$ (4,925,899)	\$ 0	\$ 0	\$ 0	\$ 0
<p>Comments: FY 2015: of the \$11.2 million estimated for each year as the maximum payout, TRS spent \$6,274,101.21 FY 2016: of the \$11.2 million, \$7,873,312.07 was spent.</p>						
Rider 13, Performance Incentive Compensation (2016-17 GAA)						
		\$ 0	\$ (3,326,688)	\$ 0	\$ 0	\$ 0
<p>Comments: See comment above.</p>						
<i>BASE ADJUSTMENT</i>						
Employer Retirement Contributions for TRS Employees (2014-15 GAA) Adjusted to Actual						
		\$ 624,104	\$ 0	\$ 0	\$ 0	\$ 0
Employer Contributions for TRS Employees (2016-17 GAA) Adjusted to Actual						
		\$ 0	\$ 48,981	\$ 0	\$ 0	\$ 0
TOTAL,	Teacher Retirement System Trust Account Fund No. 960	\$102,180,002	\$107,848,004	\$113,510,540	\$123,700,349	\$99,640,308
TOTAL, ALL	OTHER FUNDS	\$102,180,002	\$107,848,004	\$113,510,540	\$123,700,349	\$99,640,308

2.B. Summary of Base Request by Method of Finance
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/8/2016 3:39:31PM

Agency code: 323	Agency name: Teacher Retirement System				
METHOD OF FINANCING	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
GRAND TOTAL	\$2,871,718,190	\$2,180,344,202	\$2,207,990,086	\$2,383,236,991	\$2,436,605,497

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

8/8/2016 3:39:31PM

85th 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 2015	Est 2016	Bud 2017	Req 2018	Req 2019
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2014-15 GAA)	503.3	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2016-17 GAA)	0.0	503.3	503.3	0.0	0.0
Regular Appropriations from MOF Table	0.0	0.0	0.0	528.3	528.3
RIDER APPROPRIATION					
Rider 17 (2014-15 GAA), Enterprise Application Modernization (TEAM) FTE	58.3	0.0	0.0	0.0	0.0
Rider 17 (2014-15 GAA), Enterprise Application Modernization (TEAM) FTE	(58.3)	0.0	0.0	0.0	0.0
Rider 16 (2016-17 GAA), Enterprise Application Modernization (TEAM) FTE	0.0	60.0	69.0	0.0	0.0
Rider 16 (2016-17 GAA), Enterprise Application Modernization (TEAM) FTE	0.0	(60.0)	(69.0)	0.0	0.0
Rider 17, Enterprise Application Modernization (TEAM) FTE	0.0	0.0	0.0	69.0	69.0
Rider 17, Enterprise Application Modernization (TEAM) FTE	0.0	0.0	0.0	(69.0)	(69.0)
LAPSED APPROPRIATIONS					
Regular Appropriations from MOF Table (2014-15 GAA)	(13.0)	0.0	0.0	0.0	0.0

2.B. Summary of Base Request by Method of Finance
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/8/2016 3:39:31PM

Agency code: 323	Agency name: Teacher Retirement System				
METHOD OF FINANCING	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
TOTAL, ADJUSTED FTES	490.3	503.3	503.3	528.3	528.3
NUMBER OF 100% FEDERALLY FUNDED FTES	0.0	0.0	0.0	0.0	0.0

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

8/8/2016 3:39:32PM

85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

323 Teacher Retirement System

OBJECT OF EXPENSE	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
1001 SALARIES AND WAGES	\$52,910,437	\$60,140,622	\$65,609,250	\$62,973,465	\$57,724,790
1002 OTHER PERSONNEL COSTS	\$2,774,094,182	\$2,077,043,613	\$2,099,051,676	\$2,264,789,960	\$2,342,300,458
2001 PROFESSIONAL FEES AND SERVICES	\$20,654,169	\$18,230,395	\$17,870,301	\$23,819,334	\$6,503,868
2002 FUELS AND LUBRICANTS	\$2,044	\$3,255	\$3,352	\$3,453	\$3,556
2003 CONSUMABLE SUPPLIES	\$371,408	\$587,953	\$612,770	\$610,704	\$610,236
2004 UTILITIES	\$1,011,798	\$1,135,751	\$1,022,739	\$1,211,723	\$1,231,163
2005 TRAVEL	\$1,004,731	\$1,642,598	\$1,706,460	\$1,720,585	\$1,716,835
2006 RENT - BUILDING	\$1,849,089	\$2,374,556	\$2,589,771	\$2,726,034	\$2,854,895
2007 RENT - MACHINE AND OTHER	\$482,337	\$569,315	\$584,315	\$689,565	\$695,315
2009 OTHER OPERATING EXPENSE	\$12,535,608	\$15,981,948	\$11,899,773	\$19,501,293	\$18,573,506
5000 CAPITAL EXPENDITURES	\$6,802,387	\$2,634,196	\$7,039,679	\$5,190,875	\$4,390,875
OOE Total (Excluding Riders)	\$2,871,718,190	\$2,180,344,202	\$2,207,990,086	\$2,383,236,991	\$2,436,605,497
OOE Total (Riders)					
Grand Total	\$2,871,718,190	\$2,180,344,202	\$2,207,990,086	\$2,383,236,991	\$2,436,605,497

2.D. Summary of Base Request Objective Outcomes
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

8/11/2016 8:40:42AM

323 Teacher Retirement System

<i>Goal/ Objective / Outcome</i>	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
1 To Administer the System as an Employee Benefit Trust					
1 <i>Sound Retirement System</i>					
1 # of Years-Amortize TRS Retiremt. Fund Unfunded Actuarial Accrued Liab					
	33.30	33.80	34.30	34.80	35.20
2 TRS Retiremt. Fund 5-yr Avg Time-weighted Rate of ROI Performance					
	8.00%	8.00%	8.00%	8.00%	8.00%
3 TRS Retirement. Fund 20-yr Avg Time-weighted Rate of ROI Performance					
	8.00%	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					
	24.37	24.84	29.00	29.00	30.00
KEY 6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets					
	19.75	22.57	23.00	24.00	25.00
KEY 7 Service Level Percentage of Calls Answered in Specified Time Interval					
	84.00%	63.70%	75.00%	78.00%	80.00%
2 <i>Health Care Program for Public Education Retirees Funded by Statute</i>					
1 Participation Rate in Disease Mgmt Program by Non-Medicare Enrollees					
	10.75%	10.00%	10.00%	10.00%	10.00%
2 Generic Substitution Rate for TRS-Care Prescription Drug Benefits					
	98.60%	98.60%	98.00%	98.00%	98.00%

2.E. Summary of Exceptional Items Request
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME : 3:39:33PM

Agency code: 323

Agency name: **Teacher Retirement System**

Priority	Item	2018			2019			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	Retire Health Funding for Solvency	\$500,000,000	\$500,000,000		\$850,000,000	\$850,000,000		\$1,350,000,000	\$1,350,000,000
Total, Exceptional Items Request		\$500,000,000	\$500,000,000		\$850,000,000	\$850,000,000		\$1,350,000,000	\$1,350,000,000

Method of Financing

General Revenue	\$500,000,000	\$500,000,000		\$850,000,000	\$850,000,000		\$1,350,000,000	\$1,350,000,000
General Revenue - Dedicated								
Federal Funds								
Other Funds								
	\$500,000,000	\$500,000,000		\$850,000,000	\$850,000,000		\$1,350,000,000	\$1,350,000,000

Full Time Equivalent Positions

Number of 100% Federally Funded FTEs **0.0** **0.0**

2.F. Summary of Total Request by Strategy
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/8/2016

TIME : 3:39:33PM

Agency code: 323 Agency name: Teacher Retirement System

Goal/Objective/STRATEGY	Base 2018	Base 2019	Exceptional 2018	Exceptional 2019	Total Request 2018	Total Request 2019
1 To Administer the System as an Employee Benefit Trust						
1 <i>Sound Retirement System</i>						
1 TRS - PUBLIC EDUCATION RETIREMENT	\$1,716,396,233	\$1,776,470,101	\$0	\$0	\$1,716,396,233	\$1,776,470,101
2 TRS - HIGHER EDUCATION RETIREMENT	229,476,438	235,862,030	0	0	229,476,438	235,862,030
3 ADMINISTRATIVE OPERATIONS	119,744,368	95,536,715	0	0	119,744,368	95,536,715
2 <i>Health Care Program for Public Education Retirees Funded by Statu</i>						
1 RETIREE HEALTH - STATUTORY FUNDS	317,619,952	328,736,651	500,000,000	850,000,000	817,619,952	1,178,736,651
TOTAL, GOAL 1	\$2,383,236,991	\$2,436,605,497	\$500,000,000	\$850,000,000	\$2,883,236,991	\$3,286,605,497
TOTAL, AGENCY STRATEGY REQUEST	\$2,383,236,991	\$2,436,605,497	\$500,000,000	\$850,000,000	\$2,883,236,991	\$3,286,605,497
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$2,383,236,991	\$2,436,605,497	\$500,000,000	\$850,000,000	\$2,883,236,991	\$3,286,605,497

2.F. Summary of Total Request by Strategy
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/8/2016

TIME : 3:39:33PM

Agency code: 323	Agency name: Teacher Retirement System					
Goal/Objective/STRATEGY	Base 2018	Base 2019	Exceptional 2018	Exceptional 2019	Total Request 2018	Total Request 2019
General Revenue Funds:						
1 General Revenue Fund	\$2,209,110,644	\$2,284,017,891	\$500,000,000	\$850,000,000	\$2,709,110,644	\$3,134,017,891
	\$2,209,110,644	\$2,284,017,891	\$500,000,000	\$850,000,000	\$2,709,110,644	\$3,134,017,891
General Revenue Dedicated Funds:						
770 Est Oth Educ & Gen Inco	50,425,998	52,947,298	0	0	50,425,998	52,947,298
	\$50,425,998	\$52,947,298	\$0	\$0	\$50,425,998	\$52,947,298
Other Funds:						
960 TRS Trust Account Fund	123,700,349	99,640,308	0	0	123,700,349	99,640,308
	\$123,700,349	\$99,640,308	\$0	\$0	\$123,700,349	\$99,640,308
TOTAL, METHOD OF FINANCING	\$2,383,236,991	\$2,436,605,497	\$500,000,000	\$850,000,000	\$2,883,236,991	\$3,286,605,497
FULL TIME EQUIVALENT POSITIONS	528.3	528.3	0.0	0.0	528.3	528.3

2.G. Summary of Total Request Objective Outcomes
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/8/2016
 Time: 3:39:33PM

Agency code: 323

Agency name: **Teacher Retirement System**

Goal/ Objective / Outcome

	BL 2018	BL 2019	Excp 2018	Excp 2019	Total Request 2018	Total Request 2019
1	To Administer the System as an Employee Benefit Trust					
1	<i>Sound Retirement System</i>					
	1 # of Years-Amortize TRS Retirement. Fund Unfunded Actuarial Accrued Liab					
	34.80	35.20			34.80	35.20
	2 TRS Retirement. Fund 5-yr Avg Time-weighted Rate of ROI Performance					
	8.00%	8.00%			8.00%	8.00%
	3 TRS Retirement. Fund 20-yr Avg Time-weighted Rate of ROI Performance					
	8.00%	8.00%			8.00%	8.00%
	4 Investment Performance Relative to Board Approved Benchmark					
	100.00	100.00			100.00	100.00
KEY	5 TRS Retirement. Fund Ann. Op. Exp. Per Member					
	29.00	30.00			29.00	30.00
KEY	6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets					
	24.00	25.00			24.00	25.00
KEY	7 Service Level Percentage of Calls Answered in Specified Time Interval					
	78.00%	80.00%			78.00%	80.00%
2	<i>Health Care Program for Public Education Retirees Funded by Statute</i>					
	1 Participation Rate in Disease Mgmt Program by Non-Medicare Enrollees					
	10.00%	10.00%			10.00%	10.00%

2.G. Summary of Total Request Objective Outcomes
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/8/2016
 Time: 3:39:33PM

Agency code: 323

Agency name: **Teacher Retirement System**

Goal/ Objective / Outcome

	BL 2018	BL 2019	Excp 2018	Excp 2019	Total Request 2018	Total Request 2019
2 Generic Substitution Rate for TRS-Care Prescription Drug Benefits	98.00%	98.00%			98.00%	98.00%

323 Teacher Retirement System

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

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$1,547,358,118	\$1,603,490,016	\$1,582,291,196	\$1,716,396,233	\$1,776,470,101
TOTAL, OBJECT OF EXPENSE		\$1,547,358,118	\$1,603,490,016	\$1,582,291,196	\$1,716,396,233	\$1,776,470,101
Method of Financing:						
1	General Revenue Fund	\$1,547,358,118	\$1,603,490,016	\$1,582,291,196	\$1,716,396,233	\$1,776,470,101
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$1,547,358,118	\$1,603,490,016	\$1,582,291,196	\$1,716,396,233	\$1,776,470,101
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$1,716,396,233	\$1,776,470,101
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,547,358,118	\$1,603,490,016	\$1,582,291,196	\$1,716,396,233	\$1,776,470,101
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						

323 Teacher Retirement System

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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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 1.4 million members and is expected to increase by approximately 6% during the 2018-2019 biennium. Active membership in Public Education has recently been experiencing faster growth which is expected to continue over the 2018-2019 biennium. Based on current trends, we are assuming covered payroll growth in Public Education of 3.5% for FY 2017 as well as for 2018 and 2019.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2016 + Bud 2017)	Baseline Request (BL 2018 + BL 2019)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$3,185,781,212	\$3,492,866,334	\$307,085,122	\$307,085,122	Based on covered payroll growth
			\$307,085,122	Total of Explanation of Biennial Change

323 Teacher Retirement System

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

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$176,131,955	\$179,620,965	\$231,758,217	\$229,476,438	\$235,862,030
TOTAL, OBJECT OF EXPENSE		\$176,131,955	\$179,620,965	\$231,758,217	\$229,476,438	\$235,862,030
Method of Financing:						
1	General Revenue Fund	\$139,642,533	\$142,310,246	\$180,292,667	\$175,094,459	\$178,811,139
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$139,642,533	\$142,310,246	\$180,292,667	\$175,094,459	\$178,811,139
Method of Financing:						
770	Est Oth Educ & Gen Inco	\$33,338,425	\$33,877,264	\$48,024,760	\$50,425,998	\$52,947,298
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$33,338,425	\$33,877,264	\$48,024,760	\$50,425,998	\$52,947,298
Method of Financing:						
960	TRS Trust Account Fund	\$3,150,997	\$3,433,455	\$3,440,790	\$3,955,981	\$4,103,593
SUBTOTAL, MOF (OTHER FUNDS)		\$3,150,997	\$3,433,455	\$3,440,790	\$3,955,981	\$4,103,593

323 Teacher Retirement System

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$229,476,438	\$235,862,030
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$176,131,955	\$179,620,965	\$231,758,217	\$229,476,438	\$235,862,030

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 1.4 million members and is expected to increase by approximately 6% during the 2018-2019 biennium. Active membership in Higher Education continues to grow. Based on current trends indicating, we are assuming covered payroll growth in Higher Education of 2.5% for FY 2017 as well as for FY 2018 and 2019.

323 Teacher Retirement System

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

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2016 + Bud 2017)	Baseline Request (BL 2018 + BL 2019)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$411,379,182	\$465,338,468	\$53,959,286	\$53,959,286	Based on covered payroll growth
			\$53,959,286	Total of Explanation of Biennial Change

323 Teacher Retirement System

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

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
Output Measures:						
KEY 1	Number of TRS Benefit Applications Processed	69,696.00	72,000.00	72,000.00	72,000.00	72,000.00
2	Number of TRS Retirement Fund Member Accounts Serviced	10,142,243.00	10,243,666.00	10,346,102.00	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	\$52,910,437	\$60,140,622	\$65,609,250	\$62,973,465	\$57,724,790
1002	OTHER PERSONNEL COSTS	\$1,404,997	\$1,113,960	\$1,131,340	\$1,297,337	\$1,231,676
2001	PROFESSIONAL FEES AND SERVICES	\$20,654,169	\$18,230,395	\$17,870,301	\$23,819,334	\$6,503,868
2002	FUELS AND LUBRICANTS	\$2,044	\$3,255	\$3,352	\$3,453	\$3,556
2003	CONSUMABLE SUPPLIES	\$371,408	\$587,953	\$612,770	\$610,704	\$610,236
2004	UTILITIES	\$1,011,798	\$1,135,751	\$1,022,739	\$1,211,723	\$1,231,163
2005	TRAVEL	\$1,004,731	\$1,642,598	\$1,706,460	\$1,720,585	\$1,716,835
2006	RENT - BUILDING	\$1,849,089	\$2,374,556	\$2,589,771	\$2,726,034	\$2,854,895
2007	RENT - MACHINE AND OTHER	\$482,337	\$569,315	\$584,315	\$689,565	\$695,315
2009	OTHER OPERATING EXPENSE	\$12,535,608	\$15,981,948	\$11,899,773	\$19,501,293	\$18,573,506
5000	CAPITAL EXPENDITURES	\$6,802,387	\$2,634,196	\$7,039,679	\$5,190,875	\$4,390,875

323 Teacher Retirement System

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

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
TOTAL, OBJECT OF EXPENSE		\$99,029,005	\$104,414,549	\$110,069,750	\$119,744,368	\$95,536,715
Method of Financing:						
960	TRS Trust Account Fund	\$99,029,005	\$104,414,549	\$110,069,750	\$119,744,368	\$95,536,715
SUBTOTAL, MOF (OTHER FUNDS)		\$99,029,005	\$104,414,549	\$110,069,750	\$119,744,368	\$95,536,715
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$119,744,368	\$95,536,715
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$99,029,005	\$104,414,549	\$110,069,750	\$119,744,368	\$95,536,715
FULL TIME EQUIVALENT POSITIONS:		490.3	503.3	503.3	528.3	528.3

STRATEGY DESCRIPTION AND JUSTIFICATION:

Section 825.312 of the Texas Government Code provides that the retirement system shall pay from the expense account of the retirement system account for the pension trust fund all administrative expenses of the retirement system. The method of finance established in the General Appropriations Act, House Bill 1, 84th Legislature, Regular Session provides funding for administrative operations primarily from the Pension Trust Fund. Section 825.313(d) provides that the board of trustees may authorize transferring from the interest account to the expense account of the retirement system an amount necessary to cover TRS' operating expenses for the fiscal year that are required to perform the fiduciary duties of the board.

323 Teacher Retirement System

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

Service Categories:

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

Total membership is approximately 1.4 million members and is expected to increase by approximately 6% during the 2018-2019 Biennium. The amounts requested for investment management translate to an estimated cost of 24 basis points per dollar invested for fiscal year 2018 and 25 basis points per dollar invested for fiscal year 2019. A basis point is one one-hundredth of one percent, or 0.01 percent. The cost for benefit administration is estimated to be \$ 29 for fiscal year 2018 and \$ 30 for fiscal year 2019. Benefit administration costs continue to be one of the lowest of any major state public pension fund.

323 Teacher Retirement System

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

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL CHANGE	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2016 + Bud 2017)	Baseline Request (BL 2018 + BL 2019)		\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$214,484,299	\$215,281,083	\$796,784	\$3,901,400	25 Additional FTEs enterprise wide based on workload demand
			\$(10,379,906)	Based on implementation of TEAM/CAPPS projects
			\$2,070,000	Additional capital projects
			\$5,205,290	Increased administrative needs based on growth in membership and the increased complexity of investment management
			\$796,784	Total of Explanation of Biennial Change

323 Teacher Retirement System

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
Explanatory/Input Measures:						
	1 % Total Eligible Enrollees Who Select Medicare Advantage Program	67.83 %	68.20 %	68.00 %	68.00 %	68.00 %
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	\$1,049,199,112	\$292,818,672	\$283,870,923	\$317,619,952	\$328,736,651
TOTAL, OBJECT OF EXPENSE		\$1,049,199,112	\$292,818,672	\$283,870,923	\$317,619,952	\$328,736,651
Method of Financing:						
1	General Revenue Fund	\$1,049,199,112	\$292,818,672	\$283,870,923	\$317,619,952	\$328,736,651
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$1,049,199,112	\$292,818,672	\$283,870,923	\$317,619,952	\$328,736,651
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$317,619,952	\$328,736,651
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,049,199,112	\$292,818,672	\$283,870,923	\$317,619,952	\$328,736,651
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						

323 Teacher Retirement System

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

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

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

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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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 2018-2019 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 fall 2017.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2016 + Bud 2017)	Baseline Request (BL 2018 + BL 2019)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$576,689,595	\$646,356,603	\$69,667,008	\$69,667,008	Based on covered payroll
			\$69,667,008	Total of Explanation of Biennial Change

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$2,871,718,190	\$2,180,344,202	\$2,207,990,086	\$2,383,236,991	\$2,436,605,497
METHODS OF FINANCE (INCLUDING RIDERS):				\$2,383,236,991	\$2,436,605,497
METHODS OF FINANCE (EXCLUDING RIDERS):	\$2,871,718,190	\$2,180,344,202	\$2,207,990,086	\$2,383,236,991	\$2,436,605,497
FULL TIME EQUIVALENT POSITIONS:	490.3	503.3	503.3	528.3	528.3

3.A.1. PROGRAM-LEVEL REQUEST SCHEDULE
85th Regular Session, Agency Submission, Version 1

Agency Code: 323		Agency: Teacher Retirement System				Prepared By: Don Green					
Date: 8/8/16						16-17	Requested	Requested	Biennial Total	Biennial Difference	
Goal	Goal Name	Strategy	Strategy Name	Program	Program Name	Base	2018	2019	18-19	\$	%
A	To Administer the System as an Employee Benefit Trust	A.1.1.1.	TRS Public Education Retirement	A.1.1.1.	TRS Public Education Retirement	\$3,185,781,212	\$1,716,396,233	\$1,776,470,101	\$3,492,866,334	\$307,085,122	9.6%
		A.1.1.2.	TRS Higher Education Retirement	A.1.1.2.	TRS Higher Education Retirement	\$411,379,182	\$229,476,438	\$235,862,030	\$465,338,468	\$53,959,286	13.1%
		A.1.1.3.	Administrative Operations	A.1.1.3.	Administrative Operations	\$214,484,299	\$119,744,368	\$95,536,715	\$215,281,083	\$796,784	0.4%
		A.1.2.1.	Retiree Health - Statutory Funds	A.1.2.1.	Retiree Health - Statutory Funds	\$576,689,595	\$317,619,952	\$328,736,651	\$646,356,603	\$69,667,008	12.1%
		A.1.2.1.	Retiree Health - Statutory Funds	A.1.2.1.	E.I. #1 Retiree Health Funding for Solvency	\$0	\$500,000,000	\$850,000,000	\$1,350,000,000	\$1,350,000,000	

3.B. Rider Revisions and Additions Request

Agency Code: 323	Agency Name: Teacher Retirement System	Prepared By: Don Green	Date: 08-12-16	Request Level: Baseline																											
Current Rider Number	Page Number in 2016-17 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%; margin-left: 20px;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; width: 10%;"><u>201618</u></th> <th style="text-align: right; width: 10%;"><u>201719</u></th> </tr> </thead> <tbody> <tr> <td colspan="3">A. Goal: TEACHER RETIREMENT SYSTEM</td> </tr> <tr> <td colspan="3">Outcome (Results/Impact):</td> </tr> <tr> <td>TRS Retirement Fund Annual Operating Expense Per Total Member (Excluding Investment Expenses)</td> <td style="text-align: right;">28 <u>29</u></td> <td style="text-align: right;">29 <u>30</u></td> </tr> <tr> <td>TRS Retirement Fund Investment Expense as Basis Points of Net Assets</td> <td style="text-align: right;">23 <u>24</u></td> <td style="text-align: right;">23 <u>25</u></td> </tr> <tr> <td>Service Level Percentage for Calls Answered in a Specified Time Interval</td> <td style="text-align: right;">80 <u>78%</u></td> <td style="text-align: right;">80%</td> </tr> <tr> <td colspan="3">A.1.3. Strategy ADMINISTRATIVE OPERATIONS</td> </tr> <tr> <td colspan="3">Output (Volume)</td> </tr> <tr> <td>Number of TRS Benefit Applications Processed</td> <td style="text-align: right;">72,000</td> <td style="text-align: right;">72,000</td> </tr> </tbody> </table> <p><i>The rider has been changed to reflect the 2018-19 performance measure goals.</i></p>				<u>201618</u>	<u>201719</u>	A. Goal: TEACHER RETIREMENT SYSTEM			Outcome (Results/Impact):			TRS Retirement Fund Annual Operating Expense Per Total Member (Excluding Investment Expenses)	28 <u>29</u>	29 <u>30</u>	TRS Retirement Fund Investment Expense as Basis Points of Net Assets	23 <u>24</u>	23 <u>25</u>	Service Level Percentage for Calls Answered in a Specified Time Interval	80 <u>78%</u>	80%	A.1.3. Strategy ADMINISTRATIVE OPERATIONS			Output (Volume)			Number of TRS Benefit Applications Processed	72,000	72,000
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Number of TRS Benefit Applications Processed	72,000	72,000																													

3.B. 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="width: 10%;"></th> <th style="width: 10%; text-align: center;"><u>201618</u></th> <th style="width: 10%;"></th> <th style="width: 10%; text-align: center;"><u>201719</u></th> </tr> </thead> <tbody> <tr> <td>a. Repair or Rehabilitation of Buildings and Facilities</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">(1) Building Renovations FY 2016<u>8</u>/FY 2017<u>9</u></td> <td style="text-align: right;"><u>\$2,000,000</u></td> <td style="text-align: right;">\$500,000</td> <td style="text-align: right;"><u>\$2,000,000</u></td> <td style="text-align: right;">\$500,000</td> </tr> <tr> <td style="padding-left: 20px;">(2) Sump Pump Upgrade FY 2016/FY 2017</td> <td></td> <td style="text-align: right;">1,200,000</td> <td></td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;">(3) Garage Fire Suppression Upgrade FY 2016/2017</td> <td></td> <td style="text-align: right;">1,500,000</td> <td></td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;">(4) Data Center Generator</td> <td></td> <td style="text-align: right;">600,000</td> <td></td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 40px;">Total, Repair or Rehabilitation of Buildings and Facilities</td> <td style="text-align: right;"><u>\$2,000,000</u></td> <td style="text-align: right;">\$3,800,000</td> <td style="text-align: right;"><u>\$2,000,000</u></td> <td style="text-align: right;">\$500,000</td> </tr> <tr> <td>b. Acquisition of Information Resource Technologies</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">(1) TRS Enterprise Application Modernization (TEAM) FY 2016<u>8</u>/FY 2017<u>9</u></td> <td style="text-align: right;"><u>25,168,862</u></td> <td style="text-align: right;">40,348,768</td> <td></td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;">(2) Mainframe and Peripheral Upgrades FY 2016/FY 2017 <u>Data Center Upgrade FY 2018/FY 2019</u></td> <td></td> <td style="text-align: right;">420,000</td> <td></td> <td style="text-align: right;">420,000</td> </tr> <tr> <td style="padding-left: 20px;">(3) Telecommunications Upgrade FY 2016/FY 2017 <u>Network Infrastructure Upgrade FY 2018/FY 2019</u></td> <td></td> <td style="text-align: right;">450,000</td> <td></td> <td style="text-align: right;">450,000</td> </tr> <tr> <td style="padding-left: 20px;">(4) Investment Systems Modernization FY 2016<u>8</u>/FY 2017<u>9</u></td> <td></td> <td style="text-align: right;">370,000</td> <td></td> <td style="text-align: right;"><u>370,000</u></td> </tr> <tr> <td style="padding-left: 20px;">(5) Pension Legislation FY 2017<u>9</u></td> <td></td> <td style="text-align: right;">0</td> <td></td> <td style="text-align: right;">200,000</td> </tr> <tr> <td style="padding-left: 20px;">(6) PC Workstation Refresh FY 2016<u>8</u>/FY 2017<u>9</u></td> <td></td> <td style="text-align: right;">370,000</td> <td></td> <td style="text-align: right;">370,000</td> </tr> </tbody> </table>			<u>201618</u>		<u>201719</u>	a. Repair or Rehabilitation of Buildings and Facilities					(1) Building Renovations FY 2016 <u>8</u> /FY 2017 <u>9</u>	<u>\$2,000,000</u>	\$500,000	<u>\$2,000,000</u>	\$500,000	(2) Sump Pump Upgrade FY 2016/FY 2017		1,200,000		0	(3) Garage Fire Suppression Upgrade FY 2016/2017		1,500,000		0	(4) Data Center Generator		600,000		0	Total, Repair or Rehabilitation of Buildings and Facilities	<u>\$2,000,000</u>	\$3,800,000	<u>\$2,000,000</u>	\$500,000	b. Acquisition of Information Resource Technologies					(1) TRS Enterprise Application Modernization (TEAM) FY 2016 <u>8</u> /FY 2017 <u>9</u>	<u>25,168,862</u>	40,348,768		0	(2) Mainframe and Peripheral Upgrades FY 2016/FY 2017 <u>Data Center Upgrade FY 2018/FY 2019</u>		420,000		420,000	(3) Telecommunications Upgrade FY 2016/FY 2017 <u>Network Infrastructure Upgrade FY 2018/FY 2019</u>		450,000		450,000	(4) Investment Systems Modernization FY 2016 <u>8</u> /FY 2017 <u>9</u>		370,000		<u>370,000</u>	(5) Pension Legislation FY 2017 <u>9</u>		0		200,000	(6) PC Workstation Refresh FY 2016 <u>8</u> /FY 2017 <u>9</u>		370,000		370,000
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3.B. Rider Revisions and Additions Request

		(7) Telephone Counseling Center System Upgrade FY 2018/ FY 2019	<u>1,500,000</u>		<u>500,000</u>
		(8) Centralized Accounting and Payroll/Personnel System (CAPPS) - Enterprise Resource Planning (ERP) Project FY 2018/FY 2019	<u>2,400,000</u>		<u>2,400,000</u>
		Total, Acquisition of Information Resource Technologies	<u>\$30,678,862</u>	\$41,958,768	<u>\$4,710,000</u> \$1,440,000
		Total, Capital Budget	<u>\$32,678,862</u>	\$45,758,768	<u>\$6,710,000</u> \$1,940,000
		Method of Financing (Capital Budget):			
		Teacher Retirement System Trust Account Fund No. 960	<u>\$32,678,862</u>	\$45,758,768	<u>\$6,710,000</u> \$1,940,000
		Total, Method of Financing	<u>\$32,678,862</u>	\$45,758,768	<u>\$6,710,000</u> \$1,940,000
		<i>The proposed revisions to the rider reflect the 2018-19 Capital Budget Request. An explanation of the requested item and impact on agency operations is included in the Capital Budget Supporting Schedules.</i>			

3.B. 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. The amounts specified above in A.1.1, TRS-Public Education Retirement, \$1,551,265,878 <u>\$1,716,396,233</u> in fiscal year 2016 <u>18</u> and \$1,582,291,196 <u>\$1,776,470,101</u> in fiscal year 2017 <u>19</u>, and A.1.2, TRS-Higher Education Retirement, \$222,920,462 <u>\$229,928,675</u> in fiscal year 2016 <u>18</u> and \$231,758,217 <u>\$236,329,248</u> in fiscal year 2017 <u>19</u> are based on a state contribution of 6.8 percent of payroll in each year of the 2016-17 <u>2018-19</u> biennium, estimated.</p> <p><i>The rider has been revised to reflect fiscal years 2018 and 2019 projected state matching contributions.</i></p>
5.	III - 32	<p>State Contribution to Texas Public School Retired Employees Group Insurance Program. The amounts specified above in A.2.1, Retiree Health-Statutory Funds, \$278,304,826 <u>\$317,619,952</u> in fiscal year 2016 <u>18</u> and \$283,870,923 <u>\$328,736,651</u> in fiscal year 2017 <u>19</u> are based on a state contribution of 1.0 percent of payroll for each fiscal year, estimated.</p> <p>The retirement system shall notify the Legislative Budget Board, the Governor, and its membership prior to establishing premiums regarding the impact such premiums will have on retiree costs for TRS-Care insurance.</p> <p>It is the intent of the Legislature that the Teacher Retirement System control the cost of the retiree insurance program by not providing rate increases to health care providers and pharmacy providers during the 2016-17 <u>2018-19</u> biennium without providing 60 days' notice to the Legislative Budget Board.</p> <p><i>The rider has been revised to reflect fiscal years 2018 and 2019 projected state matching contributions for the Retired Employees Group Insurance Program base request.</i></p>

3.B. Rider Revisions and Additions Request

6.	III - 32	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.
7.	III – 33	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.
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 2016 <u>18</u> and 2017 <u>19</u> shall be 0.55 percent of total payroll. <i>The rider has been revised to reflect fiscal years 2018 and 2019</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-33	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.

3.B. Rider Revisions and Additions Request

12.	III-33	<p>Limitation on Retirement Contributions to Public Community/Junior Colleges. The limitation on General Revenue related funds appropriated above in Strategy A.1.2, TRS – Higher Education Retirement, for retirement contributions for Public Community/Junior Colleges are limited to 50 percent of the state contribution of 6.8 percent in fiscal year 2016 <u>18</u> and 6.8 percent in fiscal year 2017 <u>19</u> of the total covered payroll for Public Community and Junior Colleges, in accordance with Government Code Section 825.4071</p> <p><i>The rider has been revised to reflect fiscal years 2018 and 2019</i></p>
13.	III-33	<p>Performance <u>Pay Plan Incentive Compensation</u> Payments. The Teacher Retirement System Board of Trustees may make performance <u>pay plan incentive compensation</u> payments to the staff of <u>TRS the Investment Management Division</u> based on <u>investment performance</u> 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 <u>incentive</u> payments 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 <u>incentive</u> payments based on <u>the Retirement Trust Fund's investment performance approved standards</u>. Funds shall be appropriated pursuant to this rider for performance <u>incentive</u> payments only in a fiscal year following a year in which the Retirement Trust Fund experiences a positive return.</p> <p><i>The rider has been revised to reflect changes in the TRS Board Policy related to performance pay.</i></p>
14.	III-33	<p>Settle-Up Dollars Directed to TRS-Care. Any settle-up payments made <u>in the fiscal year ending August 31, 2017,</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 <u>for fiscal year 2016</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 allow for the transfer regardless of which fiscal year in which the overpayment occurs.</i></p>

3.B. Rider Revisions and Additions Request

15.	III-33	<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 2016-17 <u>2018-19</u> biennium.</p> <p><i>The rider has been revised to reflect fiscal years 2018 and 2019.</i></p>
16.	III-33	<p>Enterprise Application Modernization FTE Exemption. Funds appropriated in the capital budget for the TRS Enterprise Application Modernization (TEAM) initiative, <u>including transition activities</u>, 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, <u>including transition activities</u>, the Article IX, Sec.6.10. limitation will apply to all agency FTE employees and contract workers (estimated to be in fiscal year 2018 <u>2020</u>).</p> <p><i>The rider has been revised to clarify transition period activities.</i></p>
17.	III-34	<p>Appropriation Transfers between Fiscal Years for TRS-Care. In addition to the transfer authority provided elsewhere in this Act and in order to provide for benefits through the Texas Public School Retired Employees Group Benefits Program (TRS-Care), the Teacher Retirement System is authorized to transfer General Revenue funds appropriated to Strategy A.2.1, Retiree Health - Statutory Funds, in fiscal year 2017 <u>19</u> to fiscal year 2016 <u>18</u> and such funds are appropriated for fiscal year 2016 <u>18</u>. Such transfers may only be made subject to the following.</p> <ul style="list-style-type: none"> a. Transfers under this section may be requested only upon a finding by the TRS Board of Trustees that the fiscal year 2016 <u>18</u> costs associated with providing retiree health benefits will exceed the funds appropriated for these services for fiscal year 2016 <u>18</u>. b. A transfer is not authorized by this section unless it receives the prior written approval of the Governor and the Legislative Budget Board. c. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section. <p><i>The rider has been revised to reflect fiscal years 2018 and 2019.</i></p>

3.B. Rider Revisions and Additions Request

18.	III-34	<p>Contingent Appropriation of Pension Trust Funds for GASB Statement Implementation. Upon a finding of fact by the Teacher Retirement System Board of Trustees that additional resources are necessary to implement accounting guidelines related to Governmental Accounting Standards Board statements and pronouncements, the Teacher Retirement System is appropriated such additional funds as approved by the Board from the Teacher Retirement System Pension Trust Fund Account No. 960 to communicate such guidelines to affected members and employers, and to acquire additional audit and actuarial services as needed for implementation.</p> <p>Within thirty days of such a finding, the Teacher Retirement System Board of Trustees shall provide written notification to the Legislative Budget Board and the Governor of the amounts anticipated to be necessary to achieve these purposes.</p>
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4.A. Exceptional Item Request Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/10/2016**
 TIME: **8:36:15AM**

Agency code: **323**

Agency name:
Teacher Retirement System

CODE	DESCRIPTION	Excp 2018	Excp 2019
	Item Name: Retiree Health Funding for Solvency Item Priority: 1 IT Component: No Anticipated Out-year Costs: No Involve Contracts > \$50,000: No 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	500,000,000	850,000,000
TOTAL, OBJECT OF EXPENSE		\$500,000,000	\$850,000,000

METHOD OF FINANCING:

1	General Revenue Fund	500,000,000	850,000,000
TOTAL, METHOD OF FINANCING		\$500,000,000	\$850,000,000

DESCRIPTION / JUSTIFICATION:

Revenues are expected to increase 4% from FY 15 to FY 19. However, healthcare costs are expected to grow 12% over the same time period. Taking this into account, additional funding is needed to provide for a deficit that could occur as early as fall 2017. The cost drivers include a projected 6% growth in healthcare claims and projected 18% growth in prescription drug costs.

EXTERNAL/INTERNAL FACTORS:

Claims costs and participation rates.

4.B. Exceptional Items Strategy Allocation Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/8/2016**
 TIME: **3:39:35PM**

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

Code	Description	Excp 2018	Excp 2019
Item Name: Retiree Health Funding for Solvency			
Allocation to Strategy: 1-2-1 Healthcare for Public Ed Retirees Funded by Statute. Estimated.			
OBJECTS OF EXPENSE:			
1002	OTHER PERSONNEL COSTS	500,000,000	850,000,000
TOTAL, OBJECT OF EXPENSE		\$500,000,000	\$850,000,000
METHOD OF FINANCING:			
1	General Revenue Fund	500,000,000	850,000,000
TOTAL, METHOD OF FINANCING		\$500,000,000	\$850,000,000

4.C. Exceptional Items Strategy Request
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
TIME: 3:39:36PM

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

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

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

Service Categories:

STRATEGY: 1 Healthcare for Public Ed Retirees Funded by Statute. Estimated.

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

CODE DESCRIPTION	Excp 2018	Excp 2019
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OBJECTS OF EXPENSE:

1002 OTHER PERSONNEL COSTS	500,000,000	850,000,000
Total, Objects of Expense	\$500,000,000	\$850,000,000

METHOD OF FINANCING:

1 General Revenue Fund	500,000,000	850,000,000
Total, Method of Finance	\$500,000,000	\$850,000,000

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Retiree Health Funding for Solvency

5.A. Capital Budget Project Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/8/2016**
 TIME : **3:39:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2016	Bud 2017	BL 2018	BL 2019
5003 Repair or Rehabilitation of Buildings and Facilities					
<i>1/1 Building Renovations FY2016/2017</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$1,000,000	\$0	\$0
	Capital Subtotal OOE, Project 1	\$0	\$1,000,000	\$0	\$0
	Subtotal OOE, Project 1	\$0	\$1,000,000	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$1,000,000	\$0	\$0
	Capital Subtotal TOF, Project 1	\$0	\$1,000,000	\$0	\$0
	Subtotal TOF, Project 1	\$0	\$1,000,000	\$0	\$0
<i>2/2 Building Renovations FY2018/2019</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$0	\$2,000,000	\$2,000,000
	Capital Subtotal OOE, Project 2	\$0	\$0	\$2,000,000	\$2,000,000
	Subtotal OOE, Project 2	\$0	\$0	\$2,000,000	\$2,000,000
TYPE OF FINANCING					
<u>Capital</u>					
General	GO 960 TRS Trust Account Fund	\$0	\$0	\$2,000,000	\$2,000,000
	Capital Subtotal TOF, Project 2	\$0	\$0	\$2,000,000	\$2,000,000

5.A. Capital Budget Project Schedule
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DATE: **8/8/2016**
 TIME : **3:39:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2016	Bud 2017	BL 2018	BL 2019
Subtotal TOF, Project 2		\$0	\$0	\$2,000,000	\$2,000,000
<i>3/3 Sump Pump System Upgrade FY 2016/2017</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$1,200,000	\$0	\$0
Capital Subtotal OOE, Project 3		\$0	\$1,200,000	\$0	\$0
Subtotal OOE, Project 3		\$0	\$1,200,000	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$1,200,000	\$0	\$0
Capital Subtotal TOF, Project 3		\$0	\$1,200,000	\$0	\$0
Subtotal TOF, Project 3		\$0	\$1,200,000	\$0	\$0
<i>4/4 Garage Fire Suppression Upgrade FY16/17</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$1,500,000	\$0	\$0
Capital Subtotal OOE, Project 4		\$0	\$1,500,000	\$0	\$0
Subtotal OOE, Project 4		\$0	\$1,500,000	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$1,500,000	\$0	\$0
Capital Subtotal TOF, Project 4		\$0	\$1,500,000	\$0	\$0

5.A. Capital Budget Project Schedule
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DATE: **8/8/2016**
 TIME : **3:39:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2016	Bud 2017	BL 2018	BL 2019
Subtotal TOF, Project 4		\$0	\$1,500,000	\$0	\$0
<i>5/5 Data Center Generator FY16/17</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$600,000	\$0	\$0
Capital Subtotal OOE, Project 5		\$0	\$600,000	\$0	\$0
Subtotal OOE, Project 5		\$0	\$600,000	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$600,000	\$0	\$0
Capital Subtotal TOF, Project 5		\$0	\$600,000	\$0	\$0
Subtotal TOF, Project 5		\$0	\$600,000	\$0	\$0
Capital Subtotal, Category 5003		\$0	\$4,300,000	\$2,000,000	\$2,000,000
Informational Subtotal, Category 5003					
Total, Category 5003		\$0	\$4,300,000	\$2,000,000	\$2,000,000

5005 Acquisition of Information Resource Technologies

*6/6 Mainframe and Peripheral Upgrades
 FY2016/2017*

OBJECTS OF EXPENSE

Capital

General	5000 CAPITAL EXPENDITURES	\$0	\$840,000	\$0	\$0
Capital Subtotal OOE, Project 6		\$0	\$840,000	\$0	\$0

5.A. Capital Budget Project Schedule
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DATE: **8/8/2016**
 TIME : **3:39:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE			Est 2016	Bud 2017	BL 2018	BL 2019
Subtotal OOE, Project 6			\$0	\$840,000	\$0	\$0
TYPE OF FINANCING						
<u>Capital</u>						
General	CA	960 TRS Trust Account Fund	\$0	\$840,000	\$0	\$0
Capital Subtotal TOF, Project 6			\$0	\$840,000	\$0	\$0
Subtotal TOF, Project 6			\$0	\$840,000	\$0	\$0
<i>7/7 Telecommunications Upgrade FY2016/2017</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General	5000	CAPITAL EXPENDITURES	\$230,234	\$450,000	\$0	\$0
Capital Subtotal OOE, Project 7			\$230,234	\$450,000	\$0	\$0
Subtotal OOE, Project 7			\$230,234	\$450,000	\$0	\$0
TYPE OF FINANCING						
<u>Capital</u>						
General	CA	960 TRS Trust Account Fund	\$230,234	\$450,000	\$0	\$0
Capital Subtotal TOF, Project 7			\$230,234	\$450,000	\$0	\$0
Subtotal TOF, Project 7			\$230,234	\$450,000	\$0	\$0
<i>8/8 Network Infrastructure Upgrade FY2018/2019</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General	5000	CAPITAL EXPENDITURES	\$0	\$0	\$450,000	\$450,000
Capital Subtotal OOE, Project 8			\$0	\$0	\$450,000	\$450,000

5.A. Capital Budget Project Schedule
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DATE: **8/8/2016**
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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 2016	Bud 2017	BL 2018	BL 2019
Subtotal OOE, Project 8				\$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 8				\$0	\$0	\$450,000	\$450,000
Subtotal TOF, Project 8				\$0	\$0	\$450,000	\$450,000
<i>9/9 Telephone Counseling Center Upgrade FY2018/2019</i>							
OBJECTS OF EXPENSE							
<u>Capital</u>							
General	5000	CAPITAL EXPENDITURES		\$0	\$0	\$1,500,000	\$500,000
Capital Subtotal OOE, Project 9				\$0	\$0	\$1,500,000	\$500,000
Subtotal OOE, Project 9				\$0	\$0	\$1,500,000	\$500,000
TYPE OF FINANCING							
<u>Capital</u>							
General	CA	960	TRS Trust Account Fund	\$0	\$0	\$1,500,000	\$500,000
Capital Subtotal TOF, Project 9				\$0	\$0	\$1,500,000	\$500,000
Subtotal TOF, Project 9				\$0	\$0	\$1,500,000	\$500,000
<i>10/10 Investment Systems Modernization FY2016/2017</i>							
OBJECTS OF EXPENSE							
<u>Capital</u>							
General	5000	CAPITAL EXPENDITURES		\$148,501	\$221,499	\$0	\$0

5.A. Capital Budget Project Schedule
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DATE: **8/8/2016**
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Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE			Est 2016	Bud 2017	BL 2018	BL 2019
Capital Subtotal OOE, Project	10		\$148,501	\$221,499	\$0	\$0
Subtotal OOE, Project	10		\$148,501	\$221,499	\$0	\$0
TYPE OF FINANCING						
<u>Capital</u>						
General CA 960 TRS Trust Account Fund			\$148,501	\$221,499	\$0	\$0
Capital Subtotal TOF, Project	10		\$148,501	\$221,499	\$0	\$0
Subtotal TOF, Project	10		\$148,501	\$221,499	\$0	\$0
<i>11/11 Investment Systems Modernization FY2018/2019</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General 5000 CAPITAL EXPENDITURES			\$0	\$0	\$370,000	\$370,000
Capital Subtotal OOE, Project	11		\$0	\$0	\$370,000	\$370,000
Subtotal OOE, Project	11		\$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	11		\$0	\$0	\$370,000	\$370,000
Subtotal TOF, Project	11		\$0	\$0	\$370,000	\$370,000
<i>12/12 Pension Legislation FY2017</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General 5000 CAPITAL EXPENDITURES			\$0	\$200,000	\$0	\$0

5.A. Capital Budget Project Schedule
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DATE: **8/8/2016**
 TIME : **3:39:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE			Est 2016	Bud 2017	BL 2018	BL 2019
Capital Subtotal OOE, Project	12		\$0	\$200,000	\$0	\$0
Subtotal OOE, Project	12		\$0	\$200,000	\$0	\$0
TYPE OF FINANCING						
<u>Capital</u>						
General	GO	960 TRS Trust Account Fund	\$0	\$200,000	\$0	\$0
Capital Subtotal TOF, Project	12		\$0	\$200,000	\$0	\$0
Subtotal TOF, Project	12		\$0	\$200,000	\$0	\$0
<i>13/13 Pension Legislation FY2019</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General	5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$200,000
Capital Subtotal OOE, Project	13		\$0	\$0	\$0	\$200,000
Subtotal OOE, Project	13		\$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	13		\$0	\$0	\$0	\$200,000
Subtotal TOF, Project	13		\$0	\$0	\$0	\$200,000
<i>14/14 PC Workstation Refresh FY2016/2017</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General	5000	CAPITAL EXPENDITURES	\$61,820	\$528,180	\$0	\$0

5.A. Capital Budget Project Schedule
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DATE: **8/8/2016**
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Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE			Est 2016	Bud 2017	BL 2018	BL 2019
Capital Subtotal OOE, Project	14		\$61,820	\$528,180	\$0	\$0
Subtotal OOE, Project	14		\$61,820	\$528,180	\$0	\$0
TYPE OF FINANCING						
<u>Capital</u>						
General CA 960 TRS Trust Account Fund			\$61,820	\$528,180	\$0	\$0
Capital Subtotal TOF, Project	14		\$61,820	\$528,180	\$0	\$0
Subtotal TOF, Project	14		\$61,820	\$528,180	\$0	\$0
<i>15/15 PC Workstation Refresh FY2018/2019</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General 5000 CAPITAL EXPENDITURES			\$0	\$0	\$370,000	\$370,000
Capital Subtotal OOE, Project	15		\$0	\$0	\$370,000	\$370,000
Subtotal OOE, Project	15		\$0	\$0	\$370,000	\$370,000
TYPE OF FINANCING						
<u>Capital</u>						
General GO 960 TRS Trust Account Fund			\$0	\$0	\$370,000	\$370,000
Capital Subtotal TOF, Project	15		\$0	\$0	\$370,000	\$370,000
Subtotal TOF, Project	15		\$0	\$0	\$370,000	\$370,000
<i>16/16 TEAM Program FY2016/2017</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General 1001 SALARIES AND WAGES			\$4,441,378	\$4,981,538	\$0	\$0

5.A. Capital Budget Project Schedule
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DATE: **8/8/2016**
 TIME : **3:39:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE			Est 2016	Bud 2017	BL 2018	BL 2019	
General	1002	OTHER PERSONNEL COSTS	\$689,066	\$767,043	\$0	\$0	
General	2001	PROFESSIONAL FEES AND SERVICES	\$14,189,289	\$9,133,996	\$0	\$0	
General	2003	CONSUMABLE SUPPLIES	\$15,000	\$20,000	\$0	\$0	
General	2005	TRAVEL	\$30,000	\$40,000	\$0	\$0	
General	2009	OTHER OPERATING EXPENSE	\$2,281,193	\$1,505,265	\$0	\$0	
General	5000	CAPITAL EXPENDITURES	\$1,755,000	\$500,000	\$0	\$0	
Capital Subtotal OOE, Project			16	\$23,400,926	\$16,947,842	\$0	\$0
Subtotal OOE, Project			16	\$23,400,926	\$16,947,842	\$0	\$0
TYPE OF FINANCING							
<u>Capital</u>							
General	CA	960 TRS Trust Account Fund	\$23,400,926	\$16,947,842	\$0	\$0	
Capital Subtotal TOF, Project			16	\$23,400,926	\$16,947,842	\$0	\$0
Subtotal TOF, Project			16	\$23,400,926	\$16,947,842	\$0	\$0
<i>17/17 TEAM Program FY2018/2019</i>							
OBJECTS OF EXPENSE							
<u>Capital</u>							
General	1001	SALARIES AND WAGES	\$0	\$0	\$7,323,331	\$0	
General	1002	OTHER PERSONNEL COSTS	\$0	\$0	\$152,627	\$0	
General	2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$16,862,904	\$0	
General	2003	CONSUMABLE SUPPLIES	\$0	\$0	\$20,000	\$0	
General	2005	TRAVEL	\$0	\$0	\$30,000	\$0	
General	2009	OTHER OPERATING EXPENSE	\$0	\$0	\$780,000	\$0	
Capital Subtotal OOE, Project			17	\$0	\$0	\$25,168,862	\$0

5.A. Capital Budget Project Schedule
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DATE: **8/8/2016**
 TIME : **3:39:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE				Est 2016	Bud 2017	BL 2018	BL 2019
Subtotal OOE, Project 17				\$0	\$0	\$25,168,862	\$0
TYPE OF FINANCING							
<u>Capital</u>							
General	CA	960	TRS Trust Account Fund	\$0	\$0	\$25,168,862	\$0
Capital Subtotal TOF, Project 17				\$0	\$0	\$25,168,862	\$0
Subtotal TOF, Project 17				\$0	\$0	\$25,168,862	\$0
<i>18/18 Data Center Upgrade FY2018/2019</i>							
OBJECTS OF EXPENSE							
<u>Capital</u>							
General	5000	CAPITAL EXPENDITURES		\$0	\$0	\$420,000	\$420,000
Capital Subtotal OOE, Project 18				\$0	\$0	\$420,000	\$420,000
Subtotal OOE, Project 18				\$0	\$0	\$420,000	\$420,000
TYPE OF FINANCING							
<u>Capital</u>							
General	GO	960	TRS Trust Account Fund	\$0	\$0	\$420,000	\$420,000
Capital Subtotal TOF, Project 18				\$0	\$0	\$420,000	\$420,000
Subtotal TOF, Project 18				\$0	\$0	\$420,000	\$420,000
<i>19/19 Centralized Accounting and Payroll/Personnel System (CAPPS) – Enterprise Resource Planning (ERP) Project.</i>							
OBJECTS OF EXPENSE							
<u>Capital</u>							
General	1001	SALARIES AND WAGES		\$0	\$0	\$1,150,000	\$1,150,000

5.A. Capital Budget Project Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/8/2016**
 TIME : **3:39:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

		Est 2016	Bud 2017	BL 2018	BL 2019
OOE / TOF / MOF CODE					
General	2001 PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$1,250,000	\$1,250,000
	Capital Subtotal OOE, Project 19	\$0	\$0	\$2,400,000	\$2,400,000
	Subtotal OOE, Project 19	\$0	\$0	\$2,400,000	\$2,400,000
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 960 TRS Trust Account Fund	\$0	\$0	\$2,400,000	\$2,400,000
	Capital Subtotal TOF, Project 19	\$0	\$0	\$2,400,000	\$2,400,000
	Subtotal TOF, Project 19	\$0	\$0	\$2,400,000	\$2,400,000
	Capital Subtotal, Category 5005	\$23,841,481	\$19,187,521	\$30,678,862	\$4,710,000
	Informational Subtotal, Category 5005				
	Total, Category 5005	\$23,841,481	\$19,187,521	\$30,678,862	\$4,710,000
	AGENCY TOTAL -CAPITAL	\$23,841,481	\$23,487,521	\$32,678,862	\$6,710,000
	AGENCY TOTAL -INFORMATIONAL				
	AGENCY TOTAL	\$23,841,481	\$23,487,521	\$32,678,862	\$6,710,000
METHOD OF FINANCING:					
<u>Capital</u>					
General	960 TRS Trust Account Fund	\$23,841,481	\$23,487,521	\$32,678,862	\$6,710,000
	Total, Method of Financing-Capital	\$23,841,481	\$23,487,521	\$32,678,862	\$6,710,000
	Total, Method of Financing	\$23,841,481	\$23,487,521	\$32,678,862	\$6,710,000

5.A. Capital Budget Project Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/8/2016**
 TIME : **3:39:36PM**

Agency code: **323**

Agency name: **Teacher Retirement System**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2016

Bud 2017

BL 2018

BL 2019

TYPE OF FINANCING:

Capital

General	CA	CURRENT APPROPRIATIONS	\$23,841,481	\$23,287,521	\$29,888,862	\$3,920,000
General	GO	GENERAL OBLIGATION BONDS	\$0	\$200,000	\$2,790,000	\$2,790,000
Total, Type of Financing-Capital			\$23,841,481	\$23,487,521	\$32,678,862	\$6,710,000
Total, Type of Financing			\$23,841,481	\$23,487,521	\$32,678,862	\$6,710,000

5.B. Capital Budget Project Information
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	1	Project Name:	Building Renovations FY16/17

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 NA

Estimated Completion Date NA

Additional Capital Expenditure Amounts Required	2020	2021
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life 20 Years

Estimated/Actual Project Cost \$1,200,000

Length of Financing/ Lease Period NA

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2018	2019	2020	2021	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>
R	960	0.00

Explanation: TRS owns, operates, and maintains its headquarters facilities.

Project Location: 1000 Red River, Austin, TX 78701

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

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	2	Project Name:	Building Renovations FY18/19

PROJECT DESCRIPTION

General Information

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

Number of Units / Average Unit Cost	NA			
Estimated Completion Date	NA			
Additional Capital Expenditure Amounts Required		2020		2021
		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	NA			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2018	2019	2020	2021	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>
R	960	0.00

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

Project Location: 1000 Red River, Austin, TX 78701

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

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	3	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	NA			
Estimated Completion Date	August 31, 2017			
Additional Capital Expenditure Amounts Required		2020		2021
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	20 Years			
Estimated/Actual Project Cost	\$1,200,000			
Length of Financing/ Lease Period	NA			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2018	2019	2020	2021	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>
R	960	0.00

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: 1000 Red River, Austin, TX 78701

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

Frequency of Use and External Factors Affecting Use:

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
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	4	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 NA
Estimated Completion Date August 31, 2017

Additional Capital Expenditure Amounts Required	2020	2021
	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 NA

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2018	2019	2020	2021	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>
R	960	0.00

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

Project Location: 1000 Red River, Austin, TX 78701

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

Frequency of Use and External Factors Affecting Use:

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
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	5	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	1/\$600,000			
Estimated Completion Date	August 31, 2017			
Additional Capital Expenditure Amounts Required		2020		2021
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	20 Years			
Estimated/Actual Project Cost	\$600,000			
Length of Financing/ Lease Period	NA			

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2018	2019	2020	2021	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>
R	960	0.00

Explanation: The upgrade is necessary to accommodate an increase in power consumption associated with data center equipment conversions.

Project Location: 1000 Red River, Austin, TX 78701

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

Frequency of Use and External Factors Affecting Use:

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
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	6	Project Name:	Mainframe Upgrades FY16/17

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		2020		2021
		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			

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>				
2018	2019	2020	2021	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>
R	960	0.00

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	7	Project Name:	Telecomm Upgrade FY16/17

PROJECT DESCRIPTION

General Information

The Telecommunications Upgrade FY2016/2017 is composed of the following two parts:

Part A - 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.

Part B – 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; expand network storage to meet business demand; upgrading network routing and switches for improved functionality, performance and stability; improve reliability and management of the client server environment. This is a project that supports the agency's strategic plan in the timely delivery of benefit services to our membership and in its investment responsibilities.

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>2020</td> <td>2021</td> </tr> <tr> <td></td> <td align="right">0</td> <td align="right">0</td> </tr> </table>		2020	2021		0	0
	2020	2021					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	3-5 Years						
Estimated/Actual Project Cost	\$680,234						
Length of Financing/ Lease Period	N/A						

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2018	2019	2020	2021		
0	0	0	0		0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
R	960	0.00

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

5.B. Capital Budget Project Information
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
TIME: 3:39:37PM

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
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	8	Project Name:	Network Infrastructure Upg FY18/19

PROJECT DESCRIPTION

General Information

The Network Infrastructure Upgrade project provides the development, design, implementation and maintenance of the IT infrastructure as relates to premise-based and cloud-based infrastructure application and security requirements. This project includes upgrading the existing virtual server environment for investment and benefit applications; expanding and improving enterprise messaging and collaboration tools; enhancing information security infrastructure access and incident monitoring capability; updating the core networking for both the switched infrastructure and the virtualized server environment. This update would introduce Software Defined Networking (SDN) and Identity and Access Management (IAM). SDN would allow each networked device (virtual or physical) to have its own security protections and assist with Disaster Recovery services. IAM will provide a path to modernizing TRS user provisioning and system access processes.

Number of Units / Average Unit Cost Servers - 15 @ \$12,000
Estimated Completion Date August 31, 2019

Additional Capital Expenditure Amounts Required	2020	2021
	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

	2018	2019	2020	2021	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>
R	960	0.00

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

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

PROJECT DESCRIPTION

General Information

The TRS Telephone Counseling Center (TCC) serves as the contact center for TRS member interaction with multiple agency departments. This project will upgrade the TCC's technology used to support the TRS member experience. These upgrades would include the ability for members to call, email, or chat with call center staff for benefit issues and questions. There are multiple sub-projects that would be required to provide the infrastructure necessary to support TCC improvements including evaluation of cloud-based contact center infrastructure and upgrades of existing telephone systems and devices including the modernization of the TRS phone system, by replacing the current TDM (digital) phone system with a Voice over IP (VOIP) system. The current phone system has several limitations, especially related to disaster recovery and remote access. In addition, it would include improvements to both quality monitoring and workforce optimization and management.

Number of Units / Average Unit Cost	Servers - 15 @ \$12,000						
Estimated Completion Date	August 31, 2019						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td>2020</td> <td>2021</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2020	2021		0	0
	2020	2021					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	3-5 Years						
Estimated/Actual Project Cost	\$2,000,000						
Length of Financing/ Lease Period	N/A						

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2018	2019	2020	2021	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>
R	960	0.00

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

This system is used daily. The external factors affecting the use of this system are membership growth and benefits legislation.

5.B. Capital Budget Project Information
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	10	Project Name:	Investment Sys Moderniz FY16/17

PROJECT DESCRIPTION

General Information

The TRS Investment Division manages 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.

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 align="center">2020</td> <td align="center">2021</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2020	2021		0	0
	2020	2021					
	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

	2018	2019	2020	2021	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>
R	960	0.00

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	11	Project Name:	Investment Sys Moderniz FY18/19

PROJECT DESCRIPTION

General Information

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

Number of Units / Average Unit Cost	N/A						
Estimated Completion Date	August 31, 2019						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td align="center">2020</td> <td align="center">2021</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2020	2021		0	0
	2020	2021					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	3-5 Years						
Estimated/Actual Project Cost	\$740,000						
Length of Financing/ Lease Period	N/A						

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2018	2019	2020	2021	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>
R	960	0.00

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	12	Project Name:	Pension Legislation FY17

PROJECT DESCRIPTION

General Information

This project is strategic and has not been specifically defined. 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	<table border="0"> <tr> <td></td> <td>2020</td> <td>2021</td> </tr> <tr> <td></td> <td align="right">0</td> <td align="right">0</td> </tr> </table>		2020	2021		0	0
	2020	2021					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	N/A						
Estimated/Actual Project Cost	\$200,000						
Length of Financing/ Lease Period	N/A						

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2018	2019	2020	2021		
0	0	0	0		0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
R	960	0.00

Explanation: N/A

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
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	13	Project Name:	Pension Legislation FY19

PROJECT DESCRIPTION

General Information

This project is strategic and has not been specifically defined. 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, 2019

Additional Capital Expenditure Amounts Required

2020

2021

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

2018

2019

2020

2021

**Total over
project life**

0

0

0

0

0

REVENUE GENERATION / COST SAVINGS

REVENUE COST FLAG

MOF CODE

AVERAGE AMOUNT

R

960

0.00

Explanation: N/A

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
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
TIME: 3:39:37PM

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
R	960	0.00

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
TIME: 3:39:37PM

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
R	960	0.00

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2016
 TIME: 3:39:37PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	18	Project Name:	Data Center Upgrade FY18/19

PROJECT DESCRIPTION

General Information

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

Number of Units / Average Unit Cost	N/A						
Estimated Completion Date	August 31, 2019						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td align="center">2020</td> <td align="center">2021</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2020	2021		0	0
	2020	2021					
	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

2018	2019	2020	2021	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>
R	960	0.00

Explanation: N/A

Project Location: Austin, TX

Beneficiaries: TRS Membership

Frequency of Use and External Factors Affecting Use:

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

5.B. Capital Budget Project Information
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2016
 TIME: 2:09:06PM

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

PROJECT DESCRIPTION

General Information

The Centralized Accounting and Payroll/Personnel System or CAPPS is the official name of the statewide Enterprise Resource Planning (ERP) system created by the ProjectONE team.

- CAPPS provides a single financials and human resources (HR)/payroll administration software solution for Texas state agencies.
 - CAPPS allows aging and inefficient legacy systems to be replaced with an easy-to-use, easy-to-update system that can be scaled to meet the needs of any agency regardless of complexity and size.
 - Reporting is easier and more accurate with CAPPS. Agency functions are recorded in a common data language on an interconnected system that allows financial and HR/payroll departments to exchange information quickly, safely and reliably.
- In the event that CAPPS is not funded, the TRS TEAM request will need to include funding for a financial system replacement and would therefore total \$29.9 million in the FY 2018-19 biennium.

Number of Units / Average Unit Cost	NA						
Estimated Completion Date	August 31, 2019						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td>2020</td> <td>2021</td> </tr> <tr> <td></td> <td align="right">0</td> <td align="right">0</td> </tr> </table>		2020	2021		0	0
	2020	2021					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	10 years.						
Estimated/Actual Project Cost	\$4,800,000						
Length of Financing/ Lease Period	NA						

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2018	2019	2020	2021		
0	0	0	0		0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
R	1	0.00

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

Project Location: TRS Facilities.

Beneficiaries: 1.4 million TRS members.

Frequency of Use and External Factors Affecting Use:
 Daily.

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
5003 Repair or Rehabilitation of Buildings and Facilities					
<i>1/1 Building Renovations FY16/17</i>					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	1,000,000	\$0	\$0
	TOTAL, PROJECT	\$0	\$1,000,000	\$0	\$0
<i>2/2 Building Renovations FY18/19</i>					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	2,000,000	2,000,000
	TOTAL, PROJECT	\$0	\$0	\$2,000,000	\$2,000,000
<i>3/3 Sump Pump Sys. Upgrade FY16/17</i>					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	1,200,000	0	0
	TOTAL, PROJECT	\$0	\$1,200,000	\$0	\$0
<i>4/4 Garage Fire Suppr Upgrade FY16/17</i>					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	1,500,000	0	0
	TOTAL, PROJECT	\$0	\$1,500,000	\$0	\$0
<i>5/5 Data Center Generator FY16/17</i>					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	600,000	0	0

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
	TOTAL, PROJECT	\$0	\$600,000	\$0	\$0

5005 Acquisition of Information Resource Technologies

6/6 Mainframe Upgrades FY16/17

GENERAL BUDGET

Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	840,000	\$0	\$0
		TOTAL, PROJECT	\$0	\$840,000	\$0	\$0

7/7 Telecomm Upgrade FY16/17

GENERAL BUDGET

Capital	1-1-3	ADMINISTRATIVE OPERATIONS	230,234	450,000	0	0
		TOTAL, PROJECT	\$230,234	\$450,000	\$0	\$0

8/8 Network Infrastructure Upg FY18/19

GENERAL BUDGET

Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	0	450,000	450,000
		TOTAL, PROJECT	\$0	\$0	\$450,000	\$450,000

9/9 Telephone Counseling Upg FY18/19

GENERAL BUDGET

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

10/10 Investment Sys Moderniz FY16/17

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	148,501	221,499	\$0	\$0
	TOTAL, PROJECT	\$148,501	\$221,499	\$0	\$0
<i>11/11 Investment Sys Moderniz FY18/19</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	370,000	370,000
	TOTAL, PROJECT	\$0	\$0	\$370,000	\$370,000
<i>12/12 Pension Legislation FY17</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	200,000	0	0
	TOTAL, PROJECT	\$0	\$200,000	\$0	\$0
<i>13/13 Pension Legislation FY19</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	0	200,000
	TOTAL, PROJECT	\$0	\$0	\$0	\$200,000
<i>14/14 PC Workstation Refresh FY16/17</i>					
GENERAL BUDGET					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	61,820	528,180	0	0
	TOTAL, PROJECT	\$61,820	\$528,180	\$0	\$0

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
15/15 PC Workstation Refresh FY18/19					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	\$370,000	\$370,000
TOTAL, PROJECT		\$0	\$0	\$370,000	\$370,000
16/16 TEAM Program FY16/17					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	23,400,926	16,947,842	0	0
TOTAL, PROJECT		\$23,400,926	\$16,947,842	\$0	\$0
17/17 TEAM Program FY18/19					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	25,168,862	0
TOTAL, PROJECT		\$0	\$0	\$25,168,862	\$0
18/18 Data Center Upgrade FY18/19					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	420,000	420,000
TOTAL, PROJECT		\$0	\$0	\$420,000	\$420,000
19/19 CAPPS ERP Project FY18/19					
<u>GENERAL BUDGET</u>					
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	2,400,000	2,400,000

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
	TOTAL, PROJECT	\$0	\$0	\$2,400,000	\$2,400,000
	TOTAL CAPITAL, ALL PROJECTS	\$23,841,481	\$23,487,521	\$32,678,862	\$6,710,000
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	\$23,841,481	\$23,487,521	\$32,678,862	\$6,710,000

Automated Budget and Evaluation System of Texas (ABEST)

Agency Code:
Project Number:

Agency name:
Project name:

Operating Expenses Estimates (For Information Only)

CODE DESCRIPTION

OPERATING COSTS DESCRIPTION AND JUSTIFICATION:

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
5003 Repair or Rehabilitation of Buildings and Facilities					
1 Building Renovations FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	1,000,000	0	0
TOTAL, OOE's		\$0	\$1,000,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	1,000,000	0	0
TOTAL, OTHER FUNDS		\$0	\$1,000,000	0	0
TOTAL, MOF's		\$0	\$1,000,000	0	0

323 Teacher Retirement System

Category Code/Name		Est 2016	Bud 2017	BL 2018	BL 2019
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
2 Building Renovations FY18/19					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	2,000,000	2,000,000
TOTAL, OOE		\$0	\$0	2,000,000	2,000,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	2,000,000	2,000,000
TOTAL, OTHER FUNDS		\$0	\$0	2,000,000	2,000,000
TOTAL, MOFs		\$0	\$0	2,000,000	2,000,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
3 Sump Pump Sys. Upgrade FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	1,200,000	0	0
TOTAL, OOE		\$0	\$1,200,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	1,200,000	0	0
TOTAL, OTHER FUNDS		\$0	\$1,200,000	0	0
TOTAL, MOFs		\$0	\$1,200,000	0	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
4 Garage Fire Suppr Upgrade FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	1,500,000	0	0
TOTAL, OOE		\$0	\$1,500,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	1,500,000	0	0
TOTAL, OTHER FUNDS		\$0	\$1,500,000	0	0
TOTAL, MOFs		\$0	\$1,500,000	0	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
5 Data Center Generator FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	600,000	0	0
TOTAL, OOE		\$0	\$600,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	600,000	0	0
TOTAL, OTHER FUNDS		\$0	\$600,000	0	0
TOTAL, MOFs		\$0	\$600,000	0	0

5005 Acquisition of Information Resource Technologies

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
6 Mainframe Upgrades FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	840,000	0	0
TOTAL, OOE		\$0	\$840,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	840,000	0	0
TOTAL, OTHER FUNDS		\$0	\$840,000	0	0
TOTAL, MOFs		\$0	\$840,000	0	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
7 Telecomm Upgrade FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	230,234	450,000	0	0
TOTAL, OOE's		\$230,234	\$450,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	230,234	450,000	0	0
TOTAL, OTHER FUNDS		\$230,234	\$450,000	0	0
TOTAL, MOF's		\$230,234	\$450,000	0	0

323 Teacher Retirement System

Category Code/Name		Est 2016	Bud 2017	BL 2018	BL 2019
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
8 Network Infrastructure Upg FY18/19					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	450,000	450,000
TOTAL, OOE		\$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, MOFs		\$0	\$0	450,000	450,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
9 Telephone Counseling Upg FY18/19					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	1,500,000	500,000
TOTAL, OOE's		\$0	\$0	1,500,000	500,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	1,500,000	500,000
TOTAL, OTHER FUNDS		\$0	\$0	1,500,000	500,000
TOTAL, MOF's		\$0	\$0	1,500,000	500,000

323 Teacher Retirement System

Category Code/Name		Est 2016	Bud 2017	BL 2018	BL 2019
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
10 Investment Sys Moderniz FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	148,501	221,499	0	0
TOTAL, OOE		\$148,501	\$221,499	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	148,501	221,499	0	0
TOTAL, OTHER FUNDS		\$148,501	\$221,499	0	0
TOTAL, MOFs		\$148,501	\$221,499	0	0

323 Teacher Retirement System

Category Code/Name		Est 2016	Bud 2017	BL 2018	BL 2019
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
11 Investment Sys Moderniz FY18/19					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	370,000	370,000
TOTAL, OOE's		\$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, MOF's		\$0	\$0	370,000	370,000

323 Teacher Retirement System

Category Code/Name		Est 2016	Bud 2017	BL 2018	BL 2019
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
12 Pension Legislation FY17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	200,000	0	0
TOTAL, OOE's		\$0	\$200,000	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	200,000	0	0
TOTAL, OTHER FUNDS		\$0	\$200,000	0	0
TOTAL, MOF's		\$0	\$200,000	0	0

323 Teacher Retirement System

Category Code/Name		Est 2016	Bud 2017	BL 2018	BL 2019
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
13 Pension Legislation FY19					
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 2016	Bud 2017	BL 2018	BL 2019
14 PC Workstation Refresh FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	61,820	528,180	0	0
TOTAL, OOE's		\$61,820	\$528,180	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	61,820	528,180	0	0
TOTAL, OTHER FUNDS		\$61,820	\$528,180	0	0
TOTAL, MOF's		\$61,820	\$528,180	0	0

323 Teacher Retirement System

Category Code/Name		Est 2016	Bud 2017	BL 2018	BL 2019
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
15 PC Workstation Refresh FY18/19					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	370,000	370,000
TOTAL, OOE's		\$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, MOF's		\$0	\$0	370,000	370,000

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
16 TEAM Program FY16/17					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
1001	SALARIES AND WAGES	4,441,378	4,981,538	0	0
1002	OTHER PERSONNEL COSTS	689,066	767,043	0	0
2001	PROFESSIONAL FEES AND SERVICES	14,189,289	9,133,996	0	0
2003	CONSUMABLE SUPPLIES	15,000	20,000	0	0
2005	TRAVEL	30,000	40,000	0	0
2009	OTHER OPERATING EXPENSE	2,281,193	1,505,265	0	0
5000	CAPITAL EXPENDITURES	1,755,000	500,000	0	0
TOTAL, OOE's		\$23,400,926	\$16,947,842	0	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	23,400,926	16,947,842	0	0
TOTAL, OTHER FUNDS		\$23,400,926	\$16,947,842	0	0
TOTAL, MOFs		\$23,400,926	\$16,947,842	0	0

323 Teacher Retirement System

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2016	Bud 2017	BL 2018	BL 2019
17 TEAM Program FY18/19					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
1001	SALARIES AND WAGES	0	0	7,323,331	0
1002	OTHER PERSONNEL COSTS	0	0	152,627	0
2001	PROFESSIONAL FEES AND SERVICES	0	0	16,862,904	0
2003	CONSUMABLE SUPPLIES	0	0	20,000	0
2005	TRAVEL	0	0	30,000	0
2009	OTHER OPERATING EXPENSE	0	0	780,000	0
TOTAL, OOE's		\$0	\$0	25,168,862	0
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	25,168,862	0
TOTAL, OTHER FUNDS		\$0	\$0	25,168,862	0
TOTAL, MOFs		\$0	\$0	25,168,862	0

323 Teacher Retirement System

Category Code/Name		Est 2016	Bud 2017	BL 2018	BL 2019
Project Sequence/Name					
Goal/Obj/Str	Strategy Name				
18 Data Center Upgrade FY18/19					
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 2016	Bud 2017	BL 2018	BL 2019
19 CAPPS ERP Project FY18/19					
OOE					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
1001	SALARIES AND WAGES	0	0	1,150,000	1,150,000
2001	PROFESSIONAL FEES AND SERVICES	0	0	1,250,000	1,250,000
TOTAL, OOE's		\$0	\$0	2,400,000	2,400,000
MOF					
OTHER FUNDS					
Capital					
1-1-3 ADMINISTRATIVE OPERATIONS					
<u>General Budget</u>					
960	TRS Trust Account Fund	0	0	2,400,000	2,400,000
TOTAL, OTHER FUNDS		\$0	\$0	2,400,000	2,400,000
TOTAL, MOF's		\$0	\$0	2,400,000	2,400,000

323 Teacher Retirement System

		Est 2016	Bud 2017	BL 2018	BL 2019
CAPITAL					
<u>General Budget</u>					
OTHER FUNDS					
TOTAL, GENERAL BUDGET		\$23,841,481	\$23,487,521	32,678,862	6,710,000
		23,841,481	23,487,521	32,678,862	6,710,000
TOTAL, ALL PROJECTS		\$23,841,481	\$23,487,521	32,678,862	6,710,000

6.A. Historically Underutilized Business Supporting Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: **8/8/2016**
 Time: **3:39:39PM**

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

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2014 - 2015 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2014			Total Expenditures FY 2014		HUB Expenditures FY 2015			Total Expenditures FY 2015
			% Actual	Diff	Actual \$	% Goal	% 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	\$0	0.0 %	0.0%	0.0%	\$0	\$0
32.9%	Special Trade	25.0 %	42.0%	17.0%	\$413,009	\$984,475	35.0 %	24.2%	-10.8%	\$174,976	\$723,706
23.7%	Professional Services	5.0 %	4.7%	-0.3%	\$158,750	\$3,386,295	5.0 %	6.9%	1.9%	\$145,512	\$2,100,453
26.0%	Other Services	15.0 %	10.6%	-4.4%	\$2,036,908	\$19,242,300	15.0 %	14.8%	-0.2%	\$2,580,294	\$17,409,114
21.1%	Commodities	35.0 %	40.4%	5.4%	\$2,439,248	\$6,033,861	45.0 %	38.1%	-6.9%	\$1,734,167	\$4,554,119
	Total Expenditures		17.0%		\$5,047,915	\$29,646,931		18.7%		\$4,634,949	\$24,787,392

B. Assessment of Fiscal Year 2014 - 2015 Efforts to Meet HUB Procurement Goals

Attainment:

The agency exceeded two of four, or 50% of the applicable statewide HUB procurement goals for FY 2014. The agency attained or exceeded one of four, or 25%, of the applicable statewide HUB goals in FY 2015; however, based on expenditures TRS fell just slightly below goals in Other Services (.2) resulting in an actual overall HUB percentage of 18.7%.

Applicability:

The "Heavy Construction" and "Building Construction" categories are not applicable to agency operations in either FY 2014 or FY 2015.

Factors Affecting Attainment:

The FY 2015 percentage of 18.70%, up from 17.08% in FY14. A significant improvement, especially considering the overall dollars spent decreased by just under 9%, the highest level achieved in a decade. TRS' overall HUB utilization performance is higher at 18.70% than the overall State of Texas performance of 11.97%.

"Good-Faith" Efforts:

TRS is committed to achieving HUB goals and continues to make a good faith effort in all areas. Annual status reports of the HUB Program are made to the TRS Board of Trustees and HUB goals are included in the Strategic Plan. TRS has established the Emerging Managers 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

85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/10/2016
 Time: 3:08:00PM

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 2015	Estimated Est 2016	Budgeted Bud 2017	Requested BL 2018	Requested BL 2019
Committee Members Direct Expenses					
CONTRACTED FEE FOR SERVICES	\$109,890	\$109,890	\$109,890	\$109,890	\$109,890
Other Expenditures in Support of Committee Activities					
PERSONNEL (2.0 FTES)	103,864	104,360	106,360	111,975	117,367
MEDICAL EXAMINATIONS	411	2,000	2,000	2,000	2,000
Total, Committee Expenditures	\$214,165	\$216,250	\$218,250	\$223,865	\$229,257
Method of Financing					
TRS Trust Account Fund	\$214,165	\$216,250	\$218,250	\$223,865	\$229,257
Total, Method of Financing	\$214,165	\$216,250	\$218,250	\$223,865	\$229,257
Meetings Per Fiscal Year	6	6	6	6	6

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

85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/10/2016
Time: 3:08:00PM

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 2018-19 GAA BILL PATTERN	\$ 166,626,266,478
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Pension Trust Fund -960	
Beginning Balance in FY 2016	\$ 128,538,706,212
Estimated Revenues FY 2016	11,953,781,131
Estimated Revenues FY 2017	12,312,394,565
FY 2016-17 Total	\$ 152,804,881,908
Estimated Beginning Balance in FY 2018	\$ 132,507,926,691
Estimated Revenues FY 2018	12,681,766,402
Estimated Revenues FY 2019	13,062,219,394
FY 2018-19 Total	\$ 158,251,912,487
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 5% annually.	

Retired Health Benefits - 989	
Beginning Balance in FY 2016	\$ 972,919,240
Estimated Revenues FY 2016	1,273,964,873
Estimated Revenues FY 2017	1,322,213,088
FY 2016-17 Total	\$ 3,569,097,201
Estimated Beginning Balance in FY 2018	\$ 135,996,322
Estimated Revenues FY 2018	1,371,077,209
Estimated Revenues FY 2019	1,424,631,464
FY 2018-19 Total	\$ 2,931,704,995
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 2016	\$ 87,815,276
Estimated Revenues FY 2016	2,120,838,530
Estimated Revenues FY 2017	2,311,713,998
FY 2016-17 Total	\$ 4,520,367,804
Estimated Beginning Balance in FY 2018	\$ 175,841,638
Estimated Revenues FY 2018	2,519,768,257
Estimated Revenues FY 2019	2,746,547,401
FY 2018-19 Total	\$ 5,442,157,296
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 FY2019.	

403(b) Certification - 864	
Beginning Balance in FY 2016	\$ 299,070
Estimated Revenues FY 2016	15,000
Estimated Revenues FY 2017	153,000
FY 2016-17 Total	\$ 467,070
Estimated Beginning Balance in FY 2018	\$ 296,700
Estimated Revenues FY 2018	159,000
Estimated Revenues FY 2019	36,000
FY 2018-19 Total	\$ 491,700
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.	