

**April 2025**

# ACCOUNTABILITY

## **BUDGET Committee Meeting**



**Teacher Retirement System of  
Texas**

1000 Red River Street  
Austin, Texas  
78701-2698

**TEACHER RETIREMENT SYSTEM OF TEXAS MEETING  
BOARD OF TRUSTEES AND  
BUDGET COMMITTEE**

*All or part of the April 11, 2025, meeting of the TRS Budget Committee and Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have a quorum and the presiding officer of the meeting physically present at the following location, which will be open to the public during the open portions of the meeting: **1000 Red River, Austin, Texas 78701 in the TRS East Building, 5<sup>th</sup> Floor, Boardroom.***

*The open portions of the April 11, 2025, meeting are being broadcast over the Internet. Access to the Internet broadcast and agenda materials of the meeting is provided at [www.trs.texas.gov](http://www.trs.texas.gov). A recording of the meeting will be available at [www.trs.texas.gov](http://www.trs.texas.gov).*

**AGENDA**

**April 11, 2025 – 9:00 a.m.**

1. Call roll of Committee members.
2. Consider the approval of the proposed minutes of the December 2024 Budget Committee – Committee Chair.
3. Receive an update on the administrative operations budget for fiscal year 2025 including FTE update – Don Green.
4. Receive a preview of fiscal year 2026 administrative operations budget – Don Green.

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Budget and Compensation Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Committee constitutes a quorum of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.

## **Minutes of the Budget Committee December 5, 2024**

The Budget Committee of the Board of Trustees of the Teacher Retirement System of Texas met on December 5, 2024, in the boardroom located on the Fifth Floor in the East Building of TRS' offices located at 1000 Red River Street, Austin, Texas, 78701.

### **Committee members:**

Mr. Michael Ball, Chair  
Ms. Nanette Sissney  
Mr. Robert H. Walls, Jr.  
Mr. Elvis Williams

### **Other TRS Board Members Present:**

Ms. Brittny Allred  
Mr. John Elliott  
Mr. Dick Nance

### **Others who participated:**

Brian Guthrie, TRS  
Caasi Lamb, TRS  
Don Green, TRS  
Jase Auby, TRS  
Heather Traeger, TRS  
Janie Duarte, TRS  
Patti Roano, TRS  
Eddie Chan, TRS  
Katherine Farrell, TRS  
Suzanne Dugan, Cohen Milstein

Budget Committee Chair, Mr. Michael Ball, called the meeting to order at 3:04 p.m.

#### **1. Call roll of Committee members.**

Ms. Farrell called the roll. A quorum was present, Mr. Corpus was absent.

#### **2. Consider the approval of the proposed minutes of the July 2024 committee meeting – Chair Michael Ball.**

On a motion by Mr. Williams, seconded by Ms. Sissney, the committee unanimously voted to approve the proposed minutes for the July 2024 Budget Committee meeting as presented.

#### **3. Review the Annual Comprehensive Financial Report for fiscal year 2024 – Janie Duarte, Pattie Roano and Eddie Chan.**

Ms. Janie Duarte provided an overview of the Annual Comprehensive Financial Report (ACFR) for fiscal year 2024. She noted this year's theme was "By the Numbers" which included various member statistics in every section of the report. She announced TRS was named a Triple Crown Winner by the Government Finance Officers Association. She reported the pension membership increased about 2.8 percent over 2023 to about 2.1 million members.

Ms. Patti Roano reviewed the financial section of the ACFR. She highlighted the pension fund ended the year with a net position of \$210.5 billion, an increase of \$23.4 billion mainly due to investment positive performance. She reported the TRS-Care Fund ended at \$4.8 billion, an increase in net position of around \$926.9 million. She reported the TRS-ActiveCare Fund had a net increase ending the fiscal year with a net position of \$688.5 million.

Mr. Eddie Chan reviewed the investment asset allocation as reported in the 2024 ACFR. Ms. Roana concluded by giving an overview of the statistical and benefit sections of the ACFR.

**4. Review fiscal year 2024 administrative operations budget year end and an update on the administrative budget for fiscal year 2025 including FTE update – Don Green.**

Mr. Don Green provided the FY 24 end of year budget analysis. He reported the total operating budget was about \$332 million, made up of healthcare, pension and commission credits. He said 88 percent of the administrative money in health care, about 96 percent in the Pension Fund, and 63 percent from the commission credit were expended. He noted the Pension Trust Fund lapsed \$12.4 million from salaries, professional fees and travel. For the healthcare funds he said combined there was a lapse of \$3.3 million majority related to salaries. He concluded FY 24 by noting the average FTE count was 1,191.

Mr. Green concluded with the FY 25 operating budget update. He reported based on expended and encumbered expenses there currently is an expectation to be well under operating budget, lapsing about 12 percent.

With no further business before the Committee, the meeting adjourned at 3:29 p.m.

Approved by the Budget Committee of the Board of Trustees of the Teacher Retirement System of Texas on April \_\_\_\_\_, 2025.

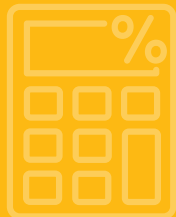
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Katherine H. Farrell  
Secretary of the TRS Board of Trustees

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Date

**TAB 3**

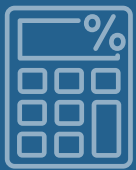


# **FY 2025 Midyear Budget & FTE Review**

April 11, 2025

Presented By:  
**Don Green, Chief Financial Officer**

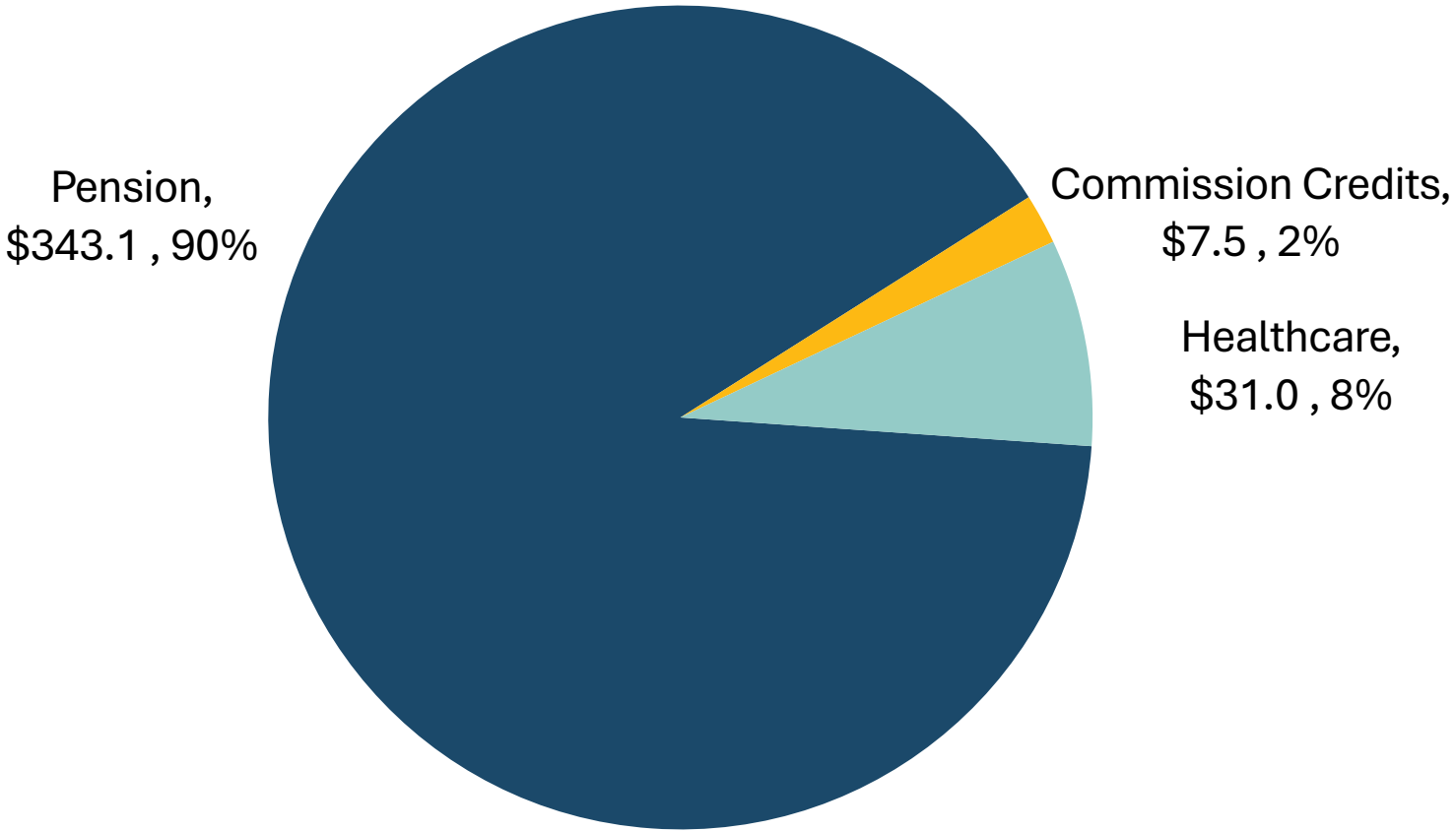




# FY 2025 Administrative Operating Budget by Fund

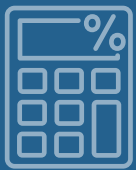


FY 2025  
Administrative  
Operating Budget  
\$381,614,544



Amount in millions

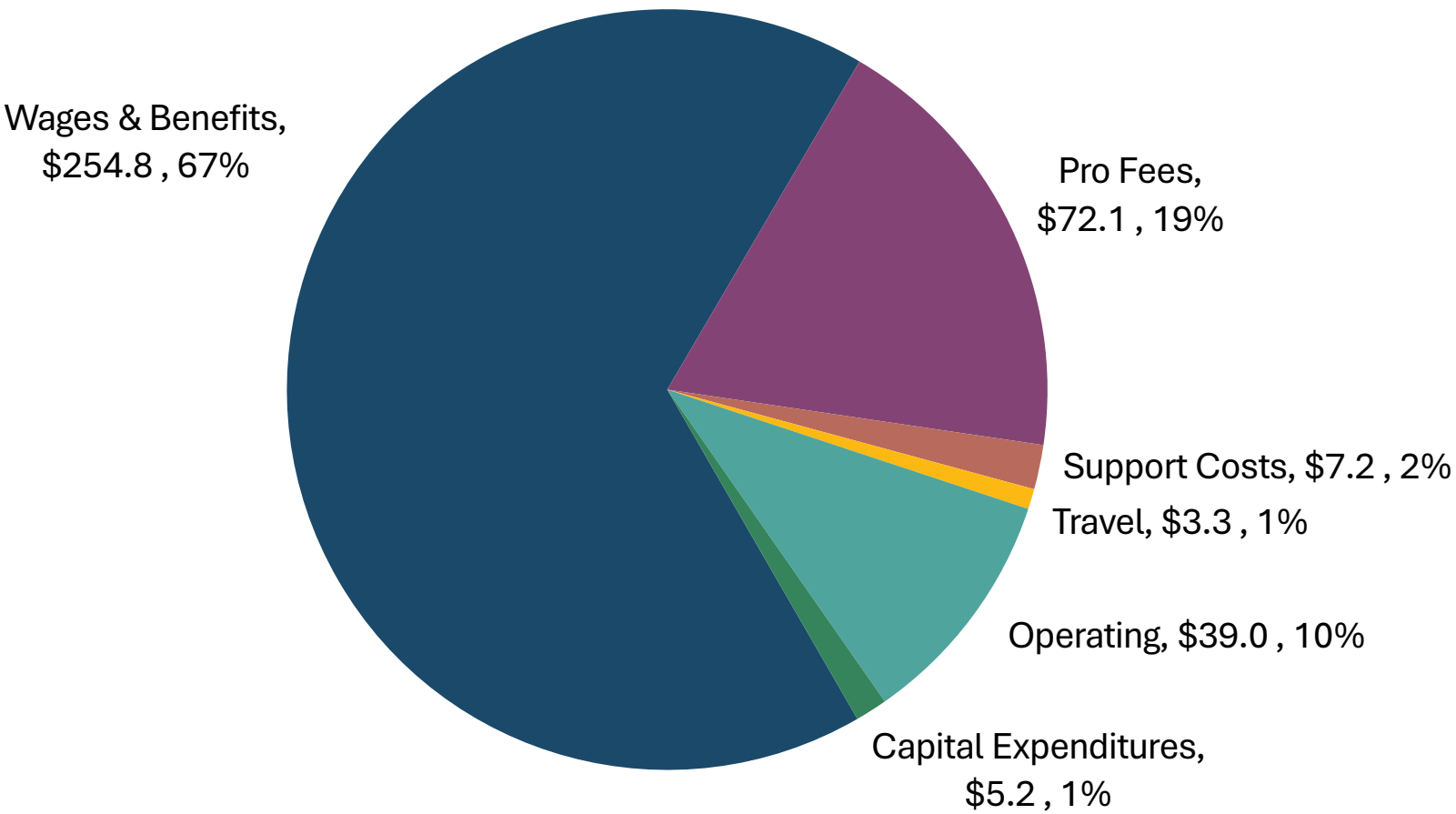




# FY 2025 Administrative Operating Budget by Budget Category

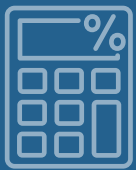


FY 2025  
Administrative  
Operating Budget  
\$381,614,544



**Amount in millions**  
**Operating:** software, hardware, postage, printing, equipment, reference materials  
**Support costs:** Rent, building/equipment maintenance, utilities, supplies

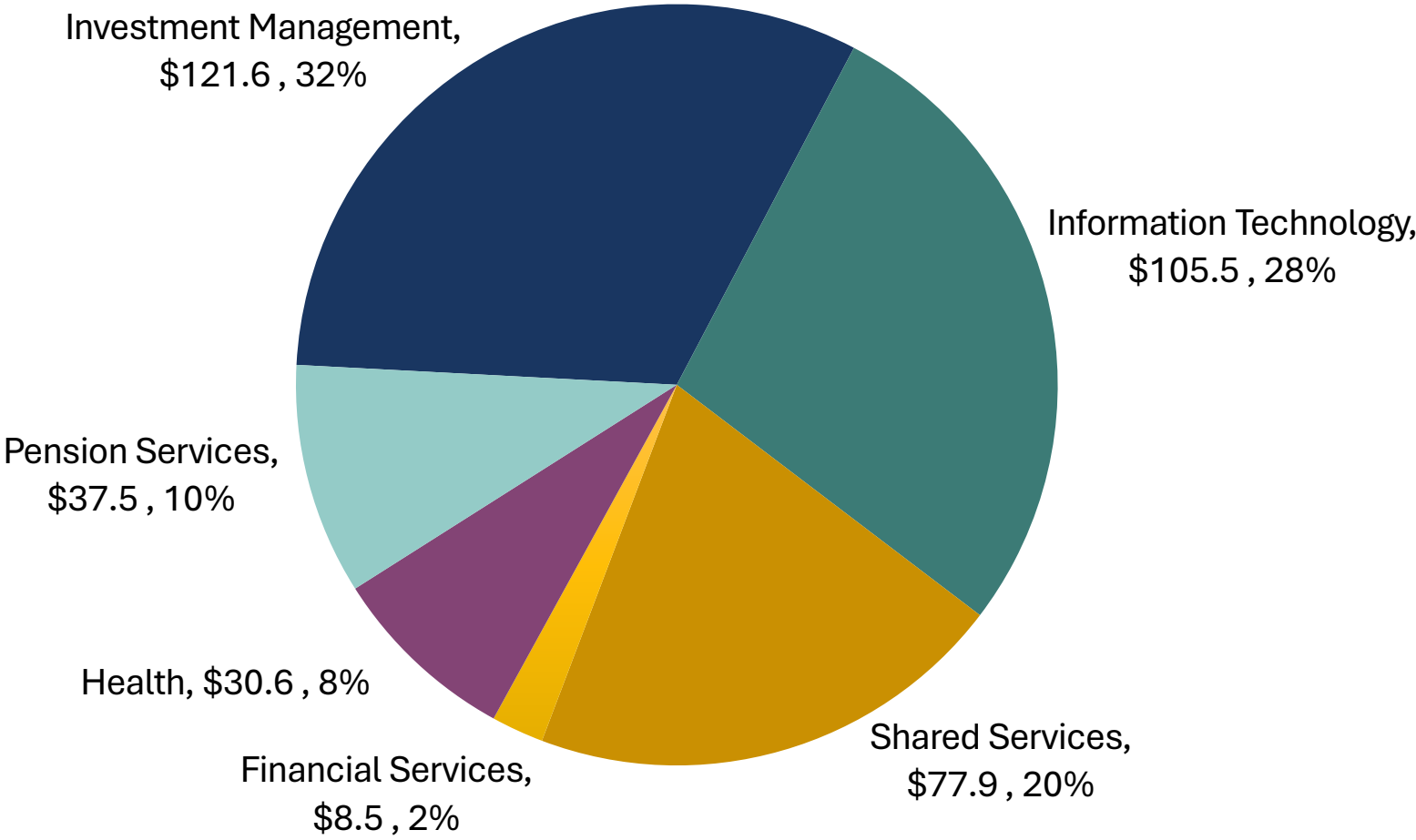




# FY 2025 Administrative Operating Budget by Division



FY 2025  
Administrative  
Operating Budget  
\$381,614,544



Amount in millions

**Shared Services:** Executive Administration, Information Security, Internal Audit, Legal & Compliance, Government Affairs, Organizational Excellence, Communications, Administrative Services, Contract Services



# FY 2025 Administrative Operating Budget

## Mid-Year Review

Fund Type	Budget Category	Current Budget	Expended / Encumbered	Projected Spend	Available Budget	% Lapsed
Pension Trust Fund	Wages & Benefits	193,184,700	85,695,639	98,139,526	9,349,535	5%
	Pro Fees	56,164,905	37,553,091	14,478,910	4,132,904	7%
	Support Costs	7,165,844	4,716,577	1,954,428	494,839	7%
	Travel	3,018,500	727,551	980,705	1,310,244	43%
	Operating	38,644,491	26,184,315	7,162,534	5,297,642	14%
	Capital	5,188,844	434,024	4,723,165	31,655	1%
Pension Trust Fund Total		\$ 303,367,284	\$ 155,311,197	\$ 127,439,268	\$ 20,616,819	7%
Commission Credits	Pro Fees	7,400,000	2,467,831	3,032,169	1,900,000	26%
	Operating	110,000	-	-	110,000	100%
Commission Credits Total		\$ 7,510,000	\$ 2,467,831	\$ 3,032,169	\$ 2,010,000	27%
TRS-Care	Wages & Benefits	19,367,300	8,249,285	9,796,806	1,321,209	7%
	Pro Fees	5,424,000	5,216,916	200,044	7,040	0%
	Support Costs	13,800	-	-	13,800	100%
	Travel	205,000	62,357	57,643	85,000	41%
	Operating	200,000	80,058	21,200	98,742	49%
TRS-Care Total		\$ 25,210,100	\$ 13,608,616	\$ 10,075,693	\$ 1,525,791	6%
TRS-ActiveCare	Wages & Benefits	2,542,100	1,172,842	1,363,411	5,847	0%
	Pro Fees	3,094,000	2,488,375	179,480	426,145	14%
	Support Costs	4,500	-	-	4,500	100%
	Travel	60,000	10,140	19,860	30,000	50%
	Operating	84,500	39,201	9,554	35,745	42%
TRS-ActiveCare Total		\$ 5,785,100	\$ 3,710,558	\$ 1,572,305	\$ 502,237	9%
Performance Pay Plan		39,742,060	39,742,060	-	-	0%
Grand Total		\$ 381,614,544	\$ 214,840,262	\$ 142,119,435	\$ 24,654,847	6%



# FY 2025 Administrative Operating Budget by Division

	Current Budget	Expended/ Encumbered	Projected Spend	Available Balance	% Lapsed
<b>Core Services</b>					
Investment Management	84,760,261	37,581,153	36,563,179	10,615,929	13%
Pension Services	37,458,118	17,410,717	19,634,477	412,924	1%
Health	30,549,664	17,319,173	11,542,977	1,687,514	6%
<b>Shared Services</b>					
Administrative Services	25,387,281	16,516,617	8,601,868	268,796	1%
Contract Services	63,000	9,805	15,400	37,795	60%
Communications	2,606,881	1,260,930	934,246	411,705	16%
Executive	4,039,959	2,802,881	1,020,464	216,614	5%
Financial Services	8,530,762	4,296,500	4,009,628	224,634	3%
Government Affairs	639,772	259,729	338,351	41,692	7%
Information Security	4,277,992	1,610,807	1,701,208	965,977	23%
Information Technology	61,311,977	37,939,981	18,755,755	4,616,241	8%
Internal Audit	5,244,821	2,980,215	1,691,766	572,840	11%
Legal & Compliance	13,835,962	7,273,000	6,103,262	459,700	3%
Organizational Excellence	12,214,982	6,290,069	5,370,958	553,955	5%
Agencywide	6,823,954	1,278,471	3,537,716	2,007,767	29%
TEAM	17,243,370	10,176,599	5,526,297	1,540,474	9%
Investment Data Modernization	26,883,728	10,091,555	16,771,883	20,290	0%
Performance Pay Plan	39,742,060	39,745,060	-	-	0%
<b>Grand Total</b>	<b>\$ 381,614,544</b>	<b>\$ 214,840,262</b>	<b>\$ 142,119,435</b>	<b>\$ 24,654,847</b>	<b>6%</b>



# Alpha/Bravo Cost Update

(\$ in millions)

\$340M NTE Amount

	Alpha	Bravo
<i>Purchase Price</i>	\$ 103.1	\$ 129.7
<i>Escrow Accounts &amp; Fees<sup>1</sup></i>	48.7	57.1
<b><i>Projected Actual Spend</i></b>	<b>\$ 151.8</b>	<b>\$ 186.8</b>
<b><i>Estimated Total Spend</i></b>	<b>\$ 338.6</b>	

Note 1: Escrow Accounts & Fees includes TI & FFE and build-out costs for Bravo garage

- **Estimated cost to complete Alpha & Bravo is currently trending under budget at \$338.6 million.**

Alpha 210,428 sq ft



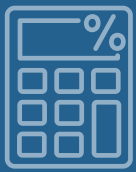
Bravo 247,951 sq ft





# FY 2025 FTE Review

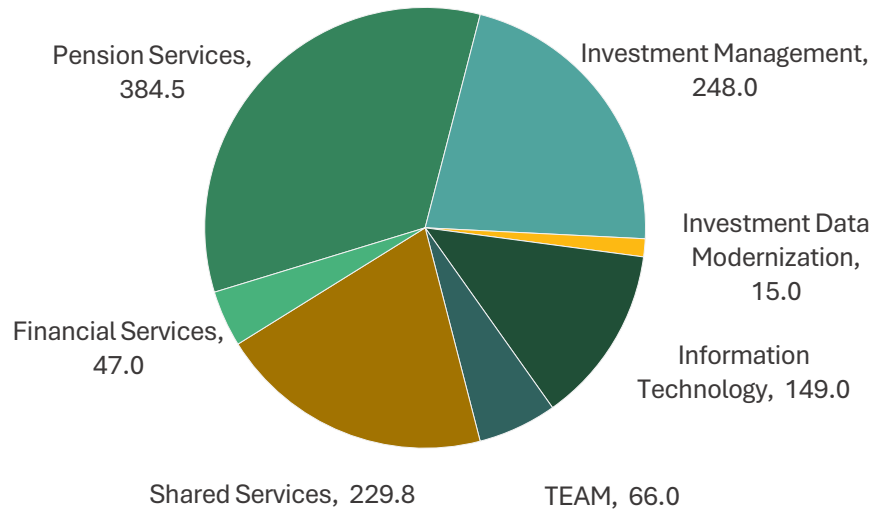
As of March 26, 2025



# FY 2025 Budgeted FTE Summary

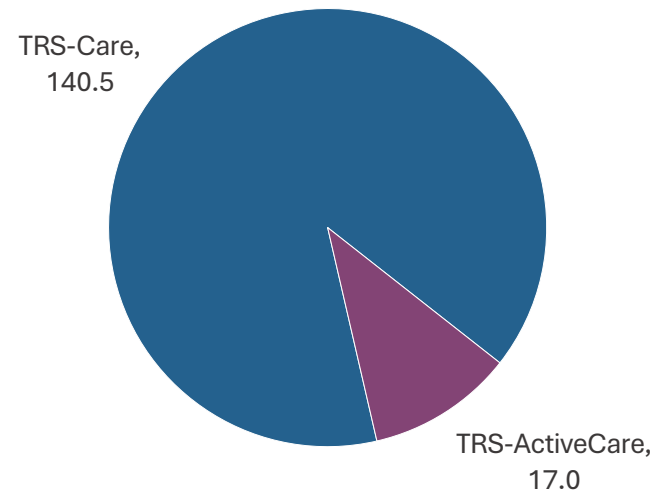


Pension Funded FTEs  
1,139.3

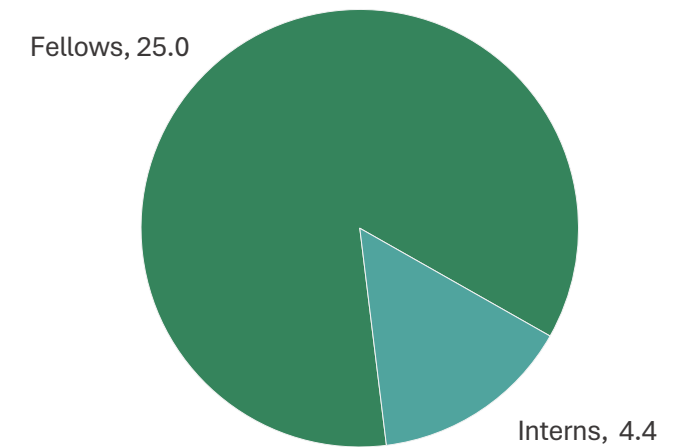


**Shared Services:** Executive Administration, Information Security, Internal Audit, Legal & Compliance, Government Affairs, Organizational Excellence, Communications, Administrative Services, Contract Services

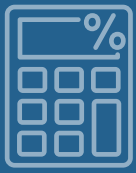
Healthcare Funded FTEs  
157.5



Interns and Fellows  
29.4



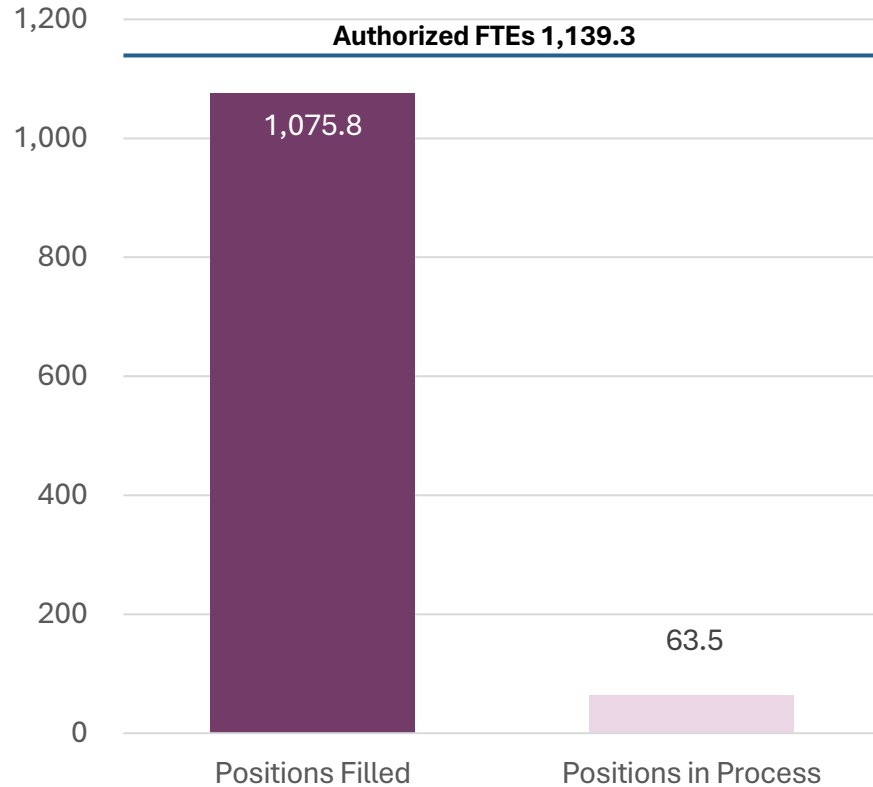




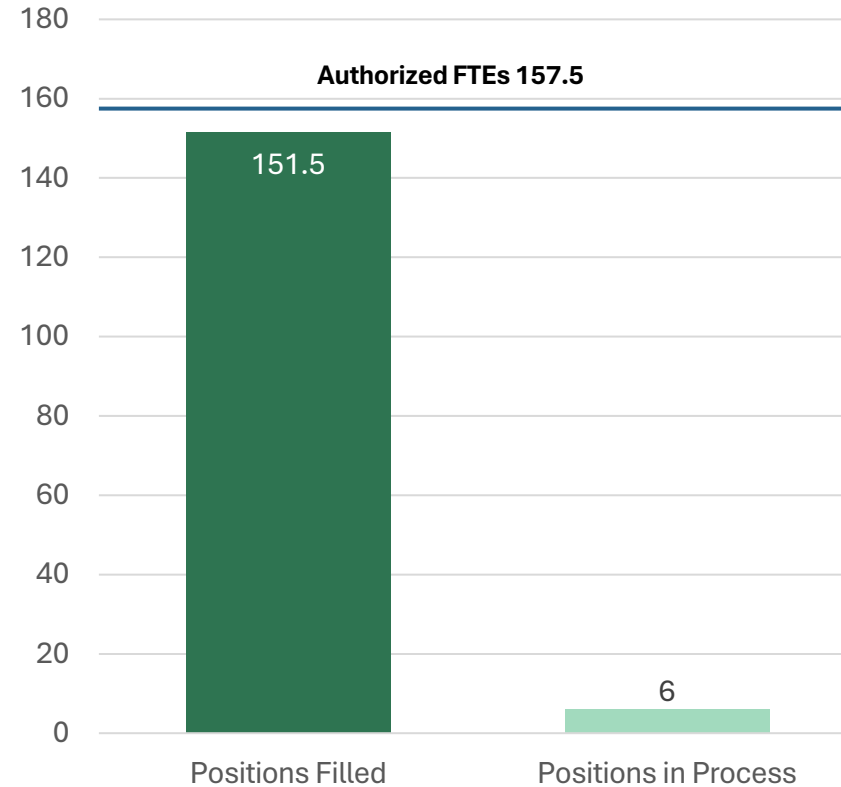
# FY 2025 FTE Status



## Pension Funded FTEs



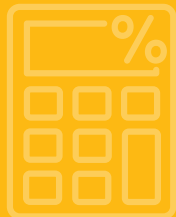
## Healthcare Funded FTEs



- Rider 19 (GAA, House Bill 1 as enrolled, Article III, page III-44, 88th Legislature, Regular Session) provides the Board of Trustees authority to increase the number of FTEs to levels necessary to carry out the fiduciary duties of the Board. In September 2025, TRS utilized this rider to increase the authorized FTE limitation to 1,139.3.



**TAB 4**

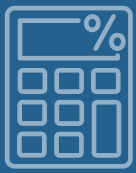


# **FY 2026 Administrative Operating Budget Preview**

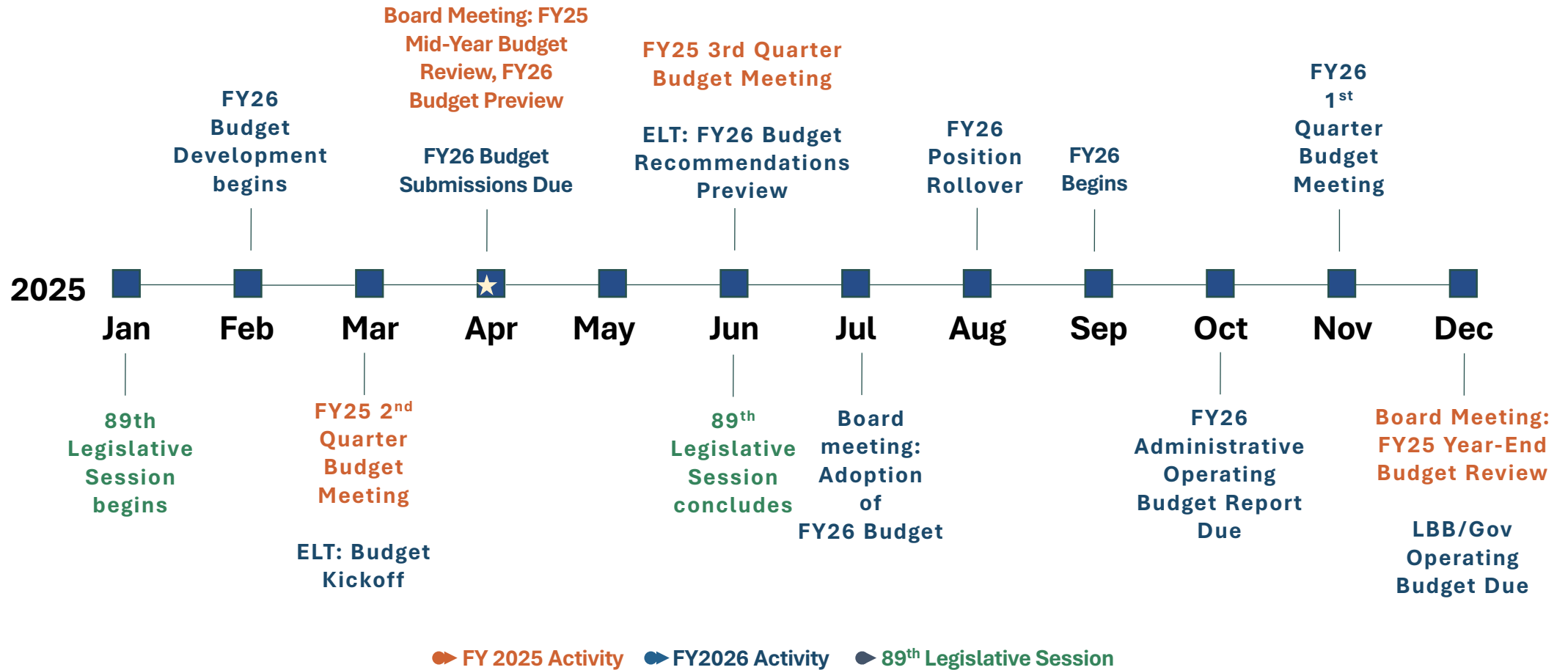
April 11, 2025

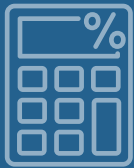
Presented By:  
**Don Green, Chief Financial Officer**





# Budget Development Timeline



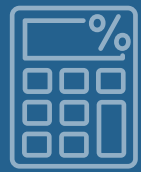


# 89<sup>th</sup> Legislative Session Highlights



	TRS LAR		SB1 & HB1		Variance	
	FY26	FY27	FY26	FY27	FY26	FY27
Administrative Operations	\$ 291,612,800	\$ 256,873,800	\$ 291,612,800	\$ 256,873,800	-	-
Authorized FTEs	1,139.3		1,139.3		-	

- FY26-27 includes the FTE Adjustment per the FY25 Fiduciary Finding by the Board to invoke Rider 19.
- SB1 & HB1 funded administrative operations full request as submitted.
- SB1 & HB1 fully funded our capital budget request, including \$32.1 million for the final phase of Investment Data Modernization.



# FY26 Administrative Operating Budget

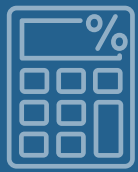
## Preliminary Review



- Consistent with the Pension Trust Fund FY26 funding level **recommended in SB1 and HB1 of the 89<sup>th</sup> Legislature.**
- **Upcoming Considerations:** Adoption of the FY26 Administrative Operating Budget.

	FY25 Budget	FY26 Budget	Variance	
<i>\$ in millions</i>				
<b>Pension Trust Fund</b>	<b>303.4</b>	<b>332.9</b>	<b>29.5</b>	<b>10%</b>
Admin Operations	267.7	288.3	20.6	8%
Capital Budget	35.7	44.6	8.9	25%
Commission Credits	7.5	5.5	(2.0)	(27%)
TRS-Care	25.2	26.9	1.7	7%
TRS-ActiveCare	5.8	6.1	0.3	5%
<b>Grand Total</b>	<b>\$ 341.9</b>	<b>\$ 371.4</b>	<b>\$ 29.5</b>	<b>9%</b>
Performance Pay Plan	39.7	39.7	-	0%
<b>Grand total</b>	<b>\$ 381.6</b>	<b>\$ 411.1</b>	<b>\$ 29.5</b>	<b>8%</b>





# FY26 Administrative Operating Budget

## Efficient Allocation of Resources



### Reexamining the budget process



#### Analyze Current Spending

Provide a baseline understanding of where and how resources are being consumed



#### Identify Opportunities for Improved Efficiency

Target areas with high lapsed budgets and redundancies.



#### Improve Budget Precision

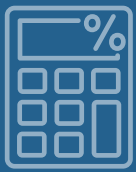
Implement multi-model\* budgeting by mapping models to operating attributes. A culture of cost-awareness ensures that all stakeholders understand the financial impact of the budget decisions.



#### Create Contingency Account

Unlock resources to pursue in-year opportunities and mitigate risks.

\*Multi-Model Budgeting: Zero-based, Evidenced-based, Performance-based budgeting.



# FY26 Administrative Operating Budget

## Efficient Allocation of Resources



**In the process of developing the FY26 Administrative Operating Budget divisions are collaborating with budget staff to thoroughly reassess the allocation of resources**

