

December 2024

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**

*(Committee Chair and Members: Michael Ball, Chair; David Corpus,
Robert H. Walls, Jr., Nanette Sissney and Elvis Williams)*

*All or part of the December 5, 2024, 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, 5th Floor, Boardroom.***

The open portions of the December 5, 2024, 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. A recording of the meeting will be available at www.trs.texas.gov.

AGENDA

December 5, 2024 – 1:30 p.m.

1. Call roll of Committee members.
2. Consider the approval of the proposed minutes of the July 2024 committee meeting – Committee Chair.
3. Review the Annual Comprehensive Financial Report for fiscal year 2024 – Janie Duarte, Patti Roano and Eddie Chan.
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.

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or at upon any item before the Budget 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 July 18, 2024

The Budget Committee of the Board of Trustees of the Teacher Retirement System of Texas met on July 18, 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 present:

Mr. Michael Ball, Chair
Mr. David Corpus
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
Mr. John R. Rutherford

Others who participated:

Brian Guthrie, TRS
Caasi Lamb, TRS
Don Green, TRS
Jase Auby, TRS
Heather Traeger, TRS
Amanda Jenami, TRS
Janie Duarte, TRS
Eddie Chan, TRS
Jessica Brown, TRS
Katherine Farrell, TRS
Suzanne Dugan, Cohen Milstein

Budget Committee Chair, Mr. Michael Ball, called the meeting to order at 3:09 p.m.

1. Call roll of Committee members.

Ms. Farrell called the roll. A quorum was present.

2. Consider the approval of the proposed minutes of the May 2024 committee meeting – Chair Michael Ball.

On a motion by Mr. Williams, seconded by Mr. Corpus, the committee voted to approve the proposed minutes for the May 2024 Budget Committee meeting as presented.

3. Consider recommending to the Board adoption of the following – Don Green:

- A. **Consider the adoption of the proposed fiscal year 2025 pension trust fund administrative operations budget, general provisions, and resolution authorizing transfer of pension trust funds to the TRS expense account to cover the expenses approved under the fiscal year 2025 budget.**
- B. **Consider the adoption of the proposed fiscal year 2025 administrative operations budgets and general provisions for the TRS health benefits funds (retired and active plans).**

Mr. Don Green presented the fiscal year 2025 administrative budget. He noted that in addition to the base administrative operations there was the state salary adjustment item, some capital budget items, the performance pay plan, commission credits and the administration of the health care funds. He said the proposed budget was for \$363.9 million, representing .18 percent of the value of the Pension Trust Fund. He said the pension administrative cost per active member is about \$61 which was below the peer groups \$117 per member cost. He pointed out the capital items were the investment data modernization project at roughly a \$66 million project over four or five years. The other he noted was the TEAM project's final piece. He reported the budget included 48 new FTEs, 42 are for the Pension Trust Fund and six are Health Care Fund related.

On a motion by Mr. Nance, seconded by Mr. Williams, the committee voted unanimously to recommend to the Board the adoption of the proposed fiscal year 2025 pension trust fund administrative operations budget, general provision, and resolution authorizing the transfer of pension trust funds to the TRS expense account to cover the expenses approved under fiscal year 2025 budget, as presented by staff.

Resolution Authorizing Expenditure and Transfer of Trust Funds For Pension Trust Fund Administrative Operations

Whereas, Section 825.312 of the 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 that are required to perform the fiduciary duties of the board;

Whereas, Section 825.313(d) of the Government Code provides that the TRS Board of Trustees (board) 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;

Whereas, Rider 15, "Contingent Appropriation of Pension Trust Funds for GASB Statement Implementation," of the TRS bill pattern in the State General Appropriations Act, 88th Legislature provides that upon a finding of fact by the TRS board that additional resources are necessary to implement accounting guidelines related to Governmental Accounting Standards Board statements and pronouncements;

Whereas, Rider 19, "Exception to FTE Limitation for Board Fiduciary Finding," of the TRS bill pattern in the State General Appropriations Act, 88th Legislature provides that in addition to the funding and "Number of Full-Time Equivalents (FTE)" appropriated above, TRS is authorized to employ additional FTEs and contract workers under a Fiduciary Finding of the TRS board; now, therefore be it;

Resolved, That the board approves the amendments to the General Provisions for the Pension Trust Fund Administrative Operations, including a change to the performance pay plans maximum award of \$54.5 million.

Resolved, That the board finds the expenditure of pension trust funds for operating expenses in Fiscal Year 2025 including the changes listed below are required to perform the fiduciary duties of the board in administering the retirement system in the amount of \$287,285,200, as approved today in the Fiscal Year 2025 Budget and General Provisions for the Pension Trust Fund Administrative Operations, as amended, plus such additional amounts as may be necessary for the following expenditures and changes to the General Provisions:

- To pay the actual amount of performance incentive compensation payable up to \$54.5 million in Fiscal Year 2025, if any; and
- To reimburse reasonable and necessary employee transportation and other expenditures necessary for employees to attend orientation, training and staff development activities conducted at TRS headquarters; and
- To achieve recovery of operational capabilities in the event of a catastrophic occurrence as contemplated by such General Provisions adopted by the board; and to implement GASB statements; and

Resolved, That the staff is authorized to transfer from the interest account to the expense account an amount necessary to cover the expenses of the retirement system under the approved budget for Fiscal Year 2025, but not to exceed the amount of \$287,285,200 plus, any additional amounts necessary to pay performance incentive compensation payable in Fiscal Year 2025 and, as applicable, to achieve recovery of operational capabilities in the event of a catastrophic occurrence as contemplated by the General Provisions adopted by the board.

On a motion by Mr. Williams, seconded by Ms. Sissney, the committee voted unanimously to recommend to the Board the adoption of the proposed fiscal year 2025 administrative operation budget and general provisions for the TRS health benefits fund, both retired and active, as presented by staff.

4. **Consider recommending to the Board the following statutory certifications of estimated state contributions – Don Green:**
 - A. **To the State Comptroller of Public Accounts, the estimated amount of state contributions to be received by the retired school employees group health benefit fund for the fiscal year ending August 31, 2025.**
 - B. **To the Legislative Budget Board and the Office of the Governor, the estimated amount of state contributions to be received by the retired school employees group health benefit fund for the fiscal years 2026 and 2027.**
 - C. **To the State comptroller of Public Accounts, the estimated amount of state contributions to the Pension Trust Fund for fiscal years 2026 and 2027.**

Mr. Green reported the statutorily required certification involved TRS-Care certifying to the Comptroller the estimated amount of state match as \$486 million. He said the second certification was for the estimated TRS-Care state contribution for FY 26 \$531 million and \$542 million for

FY 27. The third certification, he said, was to give the Comptroller's Office an estimated state match needed for the Pension Fund for FY 26 as \$3.1 billion and \$3.3 billion for FY 27.

On a motion by Mr. Williams and seconded by Mr. Nance, the committee voted unanimously to recommend to the Board the statutory certifications of the estimated state contributions, as presented by staff.

5. Receive an overview of the proposed Legislative Appropriations Request for fiscal years 2026 and 2027 – Don Green.

Mr. Green started by providing a timeline of the legislative appropriations process. He noted the instructions for the Legislative Appropriations Request (LAR) had yet to be released. In response to Mr. Ball's inquiry, Mr. Green confirmed the LAR would be submitted prior to the next committee meeting.

With no further business before the Committee, the meeting adjourned at 3:57 p.m.

Approved by the Budget Committee of the Board of Trustees of the Teacher Retirement System of Texas on December ____, 2024.

Katherine H. Farrell
Secretary of the TRS Board of Trustees

Date

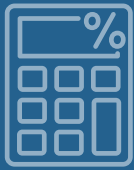
TAB 3



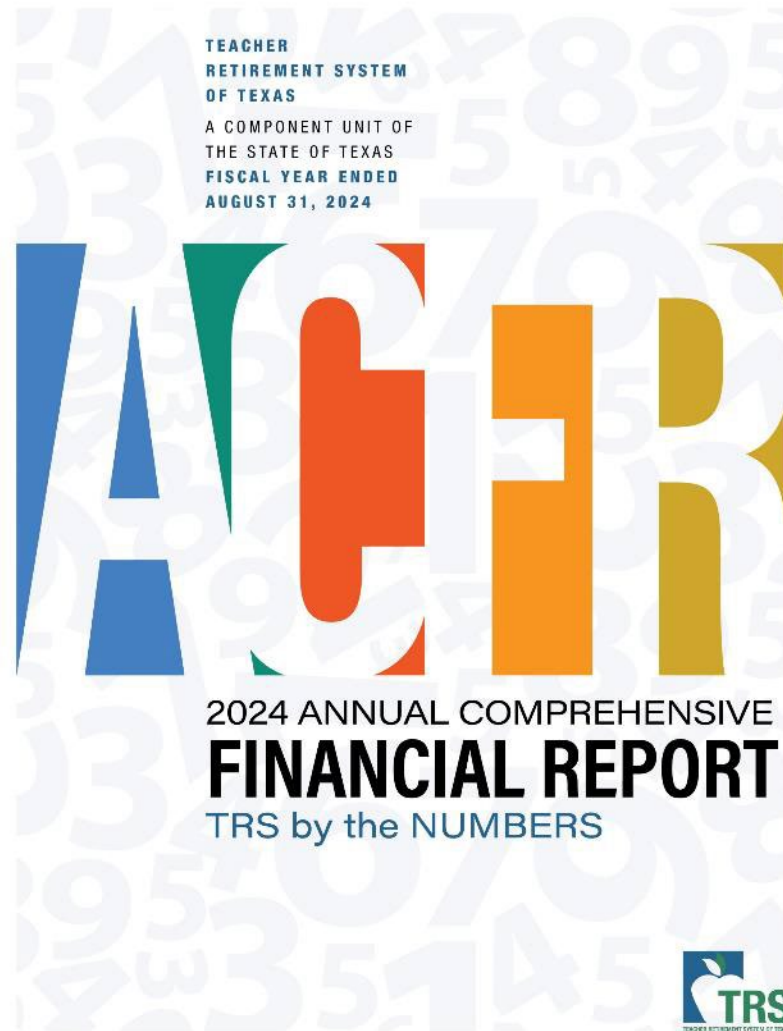
2024 Annual Comprehensive Financial Report

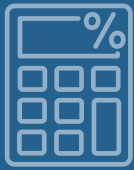
Janie Duarte, Deputy Chief Financial Officer
Patti Roano, Director, Accounting & Reporting
Eddie Chan, Senior Director, Investment Accounting





2024 Annual Comprehensive Financial Report





2024 Annual Comprehensive Financial Report- GFOA Triple Crown Winner

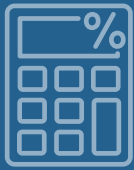


Government Finance Officers Association of the United States and Canada (GFOA) has named **Teacher Retirement System of Texas, TX** as a **2022 Triple Crown Winner**.

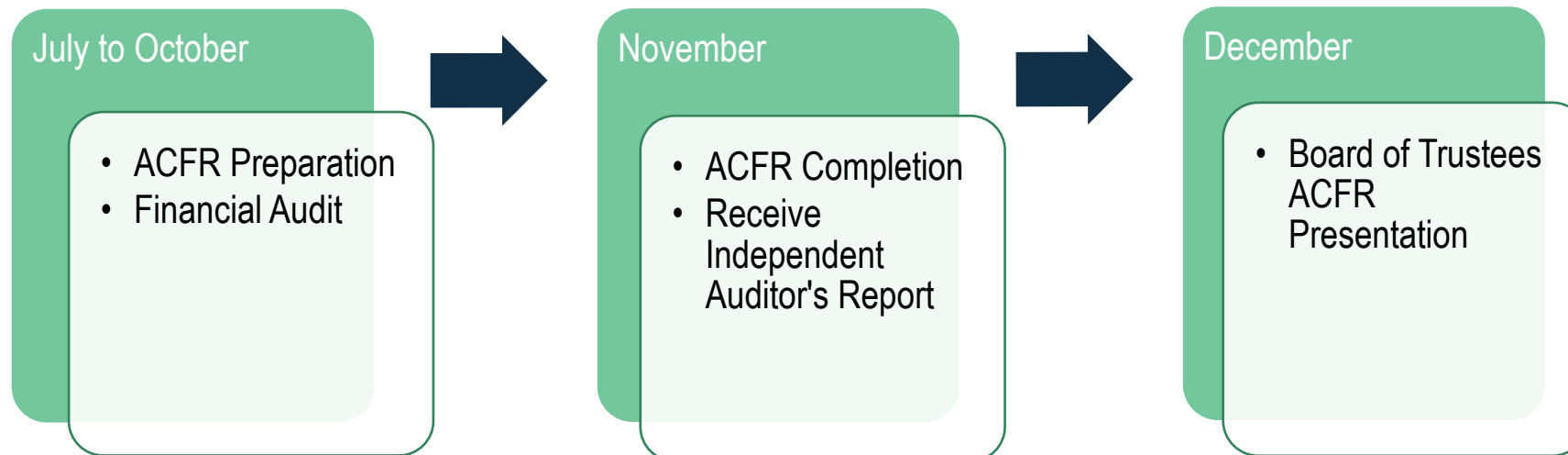
GFOA's Triple Crown designation recognizes governments who have received GFOA's **Certificate of Achievement for Excellence in Financial Reporting** or Canadian Award for Financial Reporting, **Popular Annual Financial Reporting Award**, and **Distinguished Budget Presentation Award** for a fiscal year.

Teacher Retirement System of Texas is one of just 357 governments that received the Triple Crown for fiscal year 2022.

The Triple Crown designation represents a significant achievement. To qualify, each entity must meet the high standards of all three separate award programs. Each award program recognizes governments that produce reports which communicate their financial stories in a transparent manner and meet applicable standards.



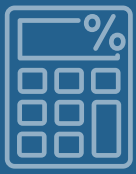
2024 Annual Comprehensive Financial Report- ACFR Timeline



450+
Deliverables



50+ Staff
From Every TRS Division



2024 Annual Comprehensive Financial Report- Introductory Section



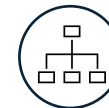
Board of Trustees



Professional Awards



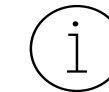
Letter of Transmittal



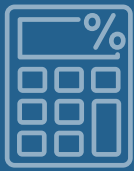
Organization Chart



Staff and Advisors



Membership Information



2024 Annual Comprehensive Financial Report- Membership Information

Membership Pension Trust Fund

Current Members

Active Contributing	970,874
Inactive Non-vested	439,889
Inactive Vested	138,146
Total Current Members	1,548,909

Retirement Recipients

Service	475,891
Disability	12,127
Survivor	20,683
Total Retirement Recipients	508,701
Total Membership	2,057,610

Administrative Cost Per Member	\$	41.17
Investment Cost Per Member	\$	577.77

Participating Employers	1,349
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Membership TRS-Care

Retirees	177,603
Surviving Spouses	5,832
Surviving Children	11
Dependent Spouses and Children	31,114
Total Membership	214,560

Administrative Cost Per Member	\$	107.81
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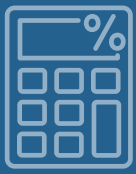
Participating Employers	1,240
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Membership TRS-ActiveCare

Employees	268,767
Dependents	149,855
Total Membership	418,622

Administrative Cost Per Member	\$	8.89
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Participating Employers	968
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2024 Annual Comprehensive Financial Report- Financial Section



Independent Auditor's Report



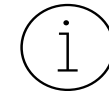
Management's Discussion and Analysis



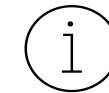
Basic Financial Statements



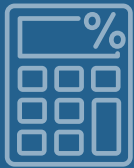
Notes to the Financial Statements



Required Supplementary Information



Other Supplementary Information



2024 Annual Comprehensive Financial Report- Financial Highlights Pension Trust Fund

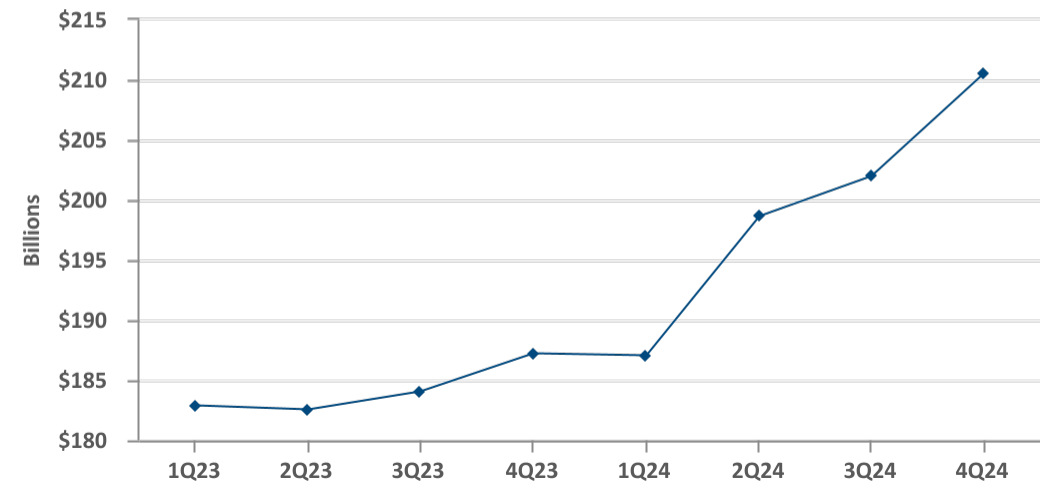
Financial Highlights

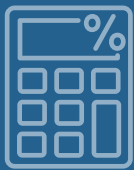
Pension Trust Fund

(Dollars in Billions)

Beginning Net Position - September 1, 2023	\$	187.2
Additions		
Member Contributions	\$	4.9
Non-Employer Contributing Entity Contributions		2.5
Employer Contributions		3.1
Supplemental Funding - Appropriations		5.0
Other Revenue		0.1
Investment Income		23.8
Total Additions	\$	39.4
Deductions		
Retirement Benefits and Other	\$	(15.3)
Refunds of Contributions		(0.7)
Administrative Expenses		(0.1)
Total Deductions	\$	(16.1)
Ending Net Position - August 31, 2024	\$	210.5

Quarterly Net Position
Pension Trust Fund
Fiscal Years 2023-2024





2024 Annual Comprehensive Financial Report- Financial Highlights TRS-Care

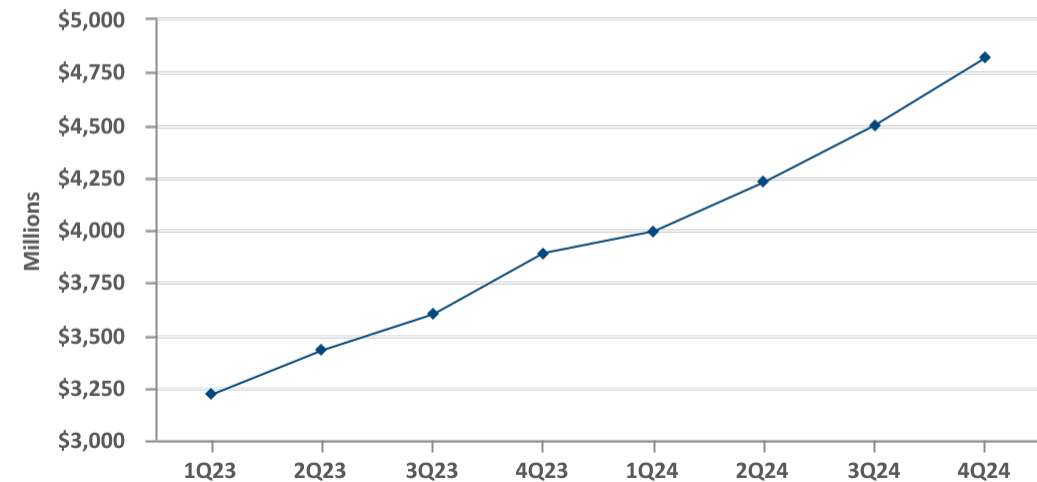
Financial Highlights

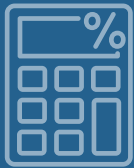
TRS-Care

(Dollars in Millions)

Beginning Net Position - September 1, 2023	\$	3,889.8
Additions		
Member Contributions		290.2
Non-Employer Contributing Entity Contributions		505.2
Participating Employers Contributions		404.1
Rebates and Discount Income		645.3
Federal Revenue		221.9
Other Revenue		15.1
Investment Income		202.2
Total Additions	\$	2,284.0
Deductions		
Health Care Claims	\$	(1,899.0)
Less: Health Care Premiums Paid by Retirees		583.8
Health Care Claims Processing		(18.6)
Health Care Fees		(0.2)
Administrative Expenses		(23.2)
Total Deductions	\$	(1,357.2)
Ending Net Position - August 31, 2024	\$	4,816.6

Quarterly Net Position
TRS-Care
Fiscal Years 2023-2024





2024 Annual Comprehensive Financial Report- Financial Highlights TRS-ActiveCare

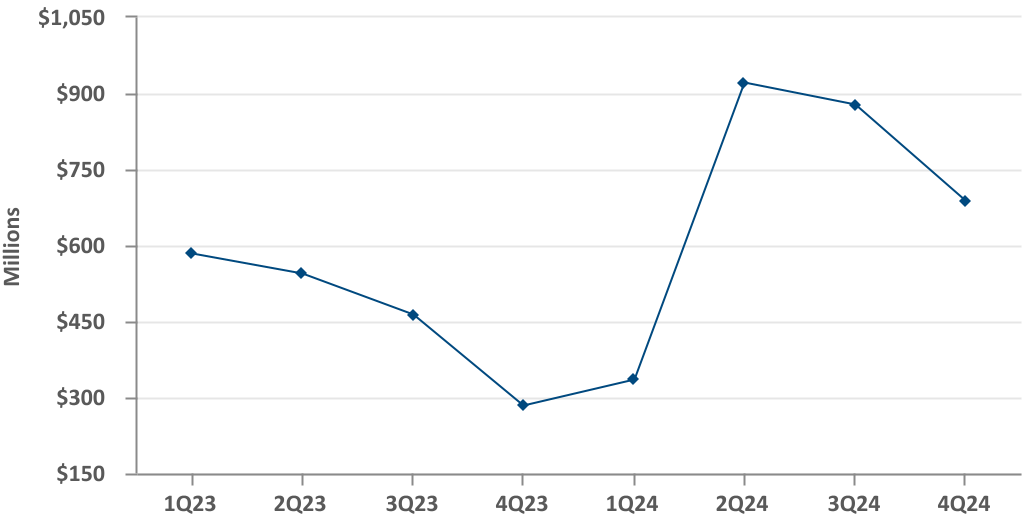
Financial Highlights

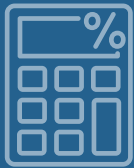
TRS-ActiveCare

(Dollars in Millions)

Beginning Net Position - September 1, 2023	\$	283.8
Additions		
Health Care Premiums		1,907.5
Rebates and Discount Income		289.3
Supplemental Funding - Appropriations		588.5
Investment Income		48.2
Total Additions	\$	2,833.5
Deductions		
Health Care Claims	\$	(2,276.2)
Health Care Claims Processing		(75.3)
Health Care Fees		(1.1)
Premium Payments to HMOs		(72.5)
Administrative Expenses		(3.7)
Total Deductions	\$	(2,428.8)
Ending Net Position - August 31, 2024	\$	688.5

Quarterly Net Position
TRS-ActiveCare
Fiscal Years 2023-2024





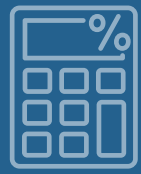
2024 Annual Comprehensive Financial Report- Investment Section



Investment Section Overview



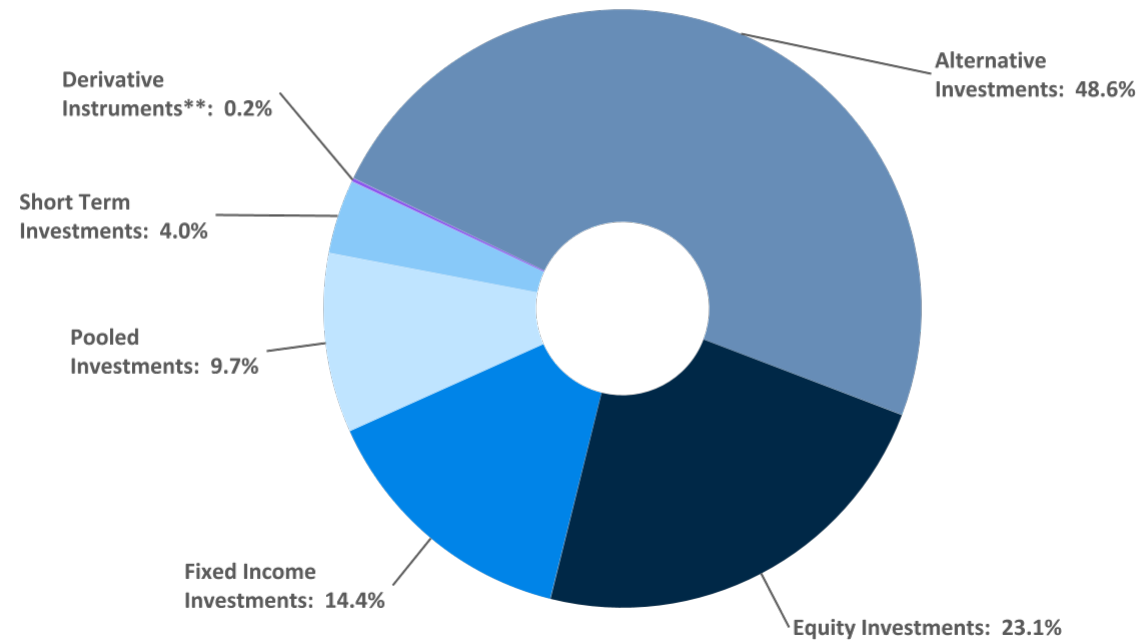
Report on Investment Activities



2024 Annual Comprehensive Financial Report- Asset Allocation

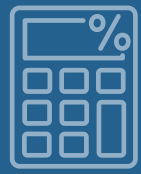


Asset Allocation of Investments based on the
Statement of Fiduciary Net Position*

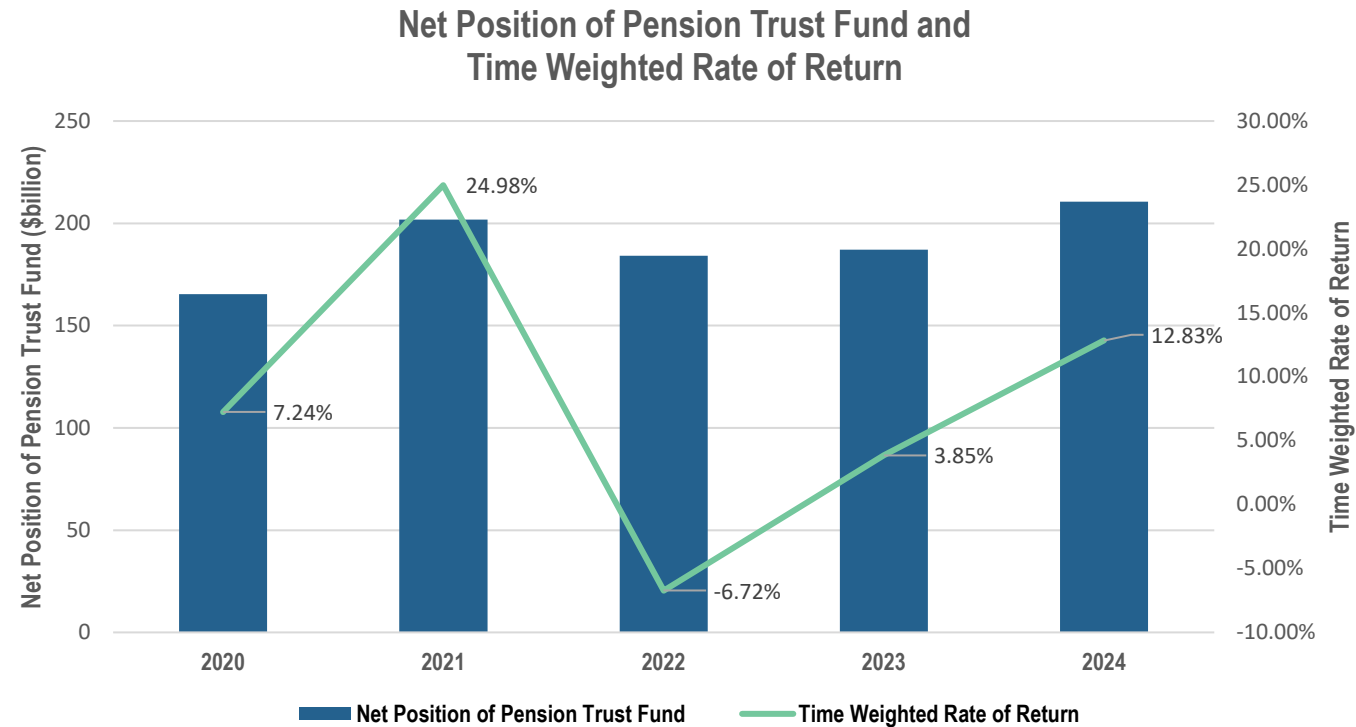


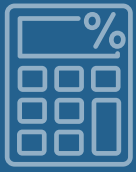
*An overview of each investment type is provided in Note 3.C. of the Notes to the Financial Statements, including the fair value of each component.

**Derivative instruments are reported on a net basis in the chart above. Please refer to Note 3.D. of the Notes to the Financial Statements for more information.

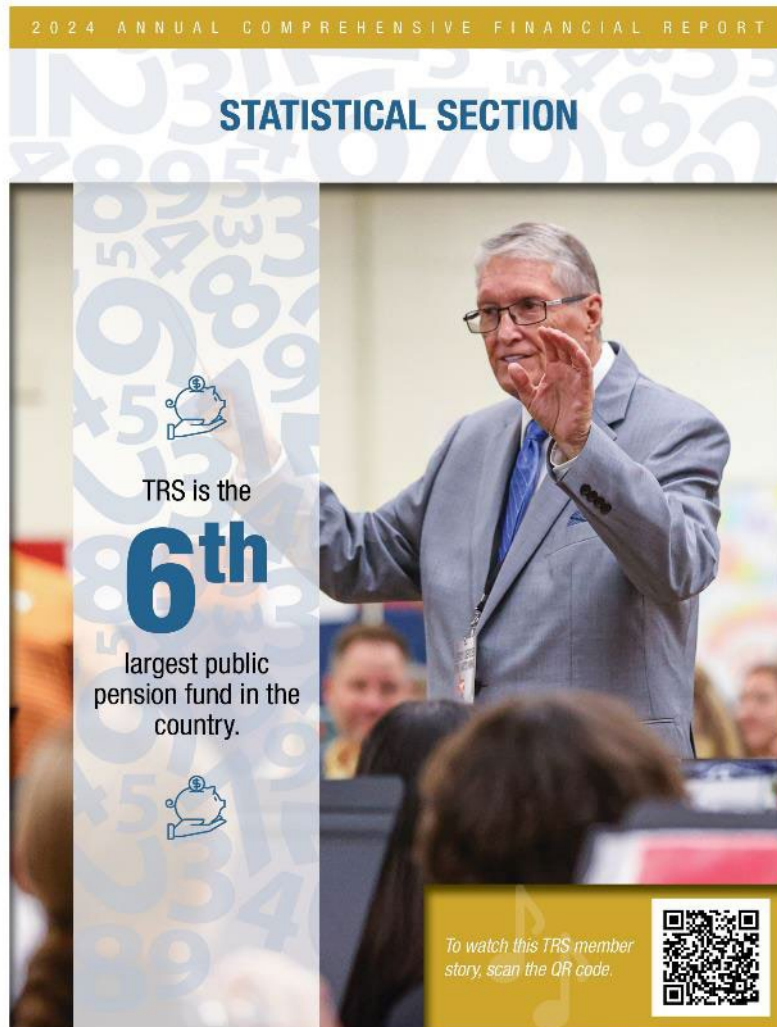




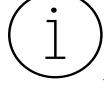

2024 Annual Comprehensive Financial Report- Net Position and Time Weighted Return





2024 Annual Comprehensive Financial Report- Statistical Section

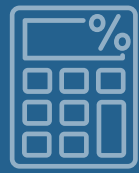


-  Statistical Section Overview
-  Financial Trends
-  Operating Information
-  List of Participating Employers



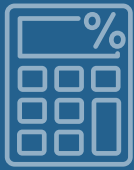
2024 Annual Comprehensive Financial Report- Retirement Benefits

Retired Members by Type of Retirement Benefit								
Pension Trust Fund								
For the Fiscal Year Ended August 31, 2024								
Amounts of Monthly Benefits	Number of Retired Members	Type of Retirement*						
		1	2	3	4	5	6	7
\$ 1-200	14,027	5,618	5,982	123	2,229	42	17	16
201-400	46,400	12,739	11,246	486	3,498	826	1,250	16,355
401-600	28,671	15,151	8,637	1,039	3,203	470	171	
601-800	27,137	17,017	5,753	1,098	2,610	489	170	
801-1,000	26,744	18,663	3,978	1,042	2,418	505	138	
1,001-1,200	25,555	18,943	2,894	914	2,265	427	112	
1,201-1,400	22,193	17,005	1,892	747	2,146	337	66	
1,401-1,600	21,097	16,235	1,769	695	2,034	315	49	
1,601-1,800	20,806	16,405	1,717	593	1,771	263	57	
1,801-2,000	21,254	17,372	1,455	520	1,593	278	36	
2,001-3,000	111,736	98,610	4,057	1,472	6,430	1,113	54	
3,001-4,000	82,273	77,086	894	293	3,405	586	9	
4,001-5,000	36,300	34,620	180	43	1,221	234	2	
Over 5,000	24,508	23,495	77	8	771	156	1	
Totals	508,701	388,959	50,531	9,073	35,594	6,041	2,132	16,371
*Type of Retirement:								
1 Normal Retirement of Age and Service			5 Survivor Payment, Death in Service					
2 Early Retirement			6 Survivor Payment, After Disability Retirement					
3 Disability Retirement			7 Survivor Payment, After Service Retirement					
4 Survivor Payment, Joint Life or Guarantee								



2024 Annual Comprehensive Financial Report- Retirement Benefits

Retired Members by Type of Benefit Option								
Pension Trust Fund								
For the Fiscal Year Ended August 31, 2024								
Amounts of Monthly Benefits	Number of Retired Members	Option Selected*						
		1	2	3	4	5	6	
\$ 1-200	14,027	6,045	4,749	1,720	465	1,008		40
201-400	46,400	12,494	9,121	3,484	1,169	2,017		18,115
401-600	28,671	12,650	8,831	3,962	1,317	1,911		
601-800	27,137	11,915	8,229	4,172	1,206	1,615		
801-1,000	26,744	11,805	7,915	4,406	1,213	1,405		
1,001-1,200	25,555	10,767	7,878	4,421	1,094	1,395		
1,201-1,400	22,193	9,016	7,194	4,037	911	1,035		
1,401-1,600	21,097	8,380	6,884	4,001	858	974		
1,601-1,800	20,806	8,237	6,876	3,897	801	995		
1,801-2,000	21,254	8,296	7,230	4,004	723	1,001		
2,001-3,000	111,736	41,845	40,314	20,829	3,577	5,171		
3,001-4,000	82,273	31,245	28,755	16,180	2,399	3,694		
4,001-5,000	36,300	14,476	11,773	7,701	978	1,372		
Over 5,000	24,508	9,369	8,313	5,568	507	751		
Totals	508,701	196,540	164,062	88,382	17,218	24,344		18,155
*Option Selected:								
Option 1 - Life Annuity			Option 4 - 5-year Guarantee					
Option 2 - Joint to Survivor			Option 5 - 10-year Guarantee					
Option 3 - Joint to Survivor 50% / Joint to Survivor 75%			Option 6 - Survivor Benefit					



2024 Annual Comprehensive Financial Report- Actuarial Section



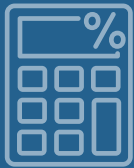
Pension Trust Fund

- Actuary's Certification Letter
- Financing Objective and Funding Policy
- Plan Provisions
- Actuarial Methods and Assumptions
- Funding of Unfunded Actuarial Accrued Liability
- Solvency Test
- Schedule of Funding Progress

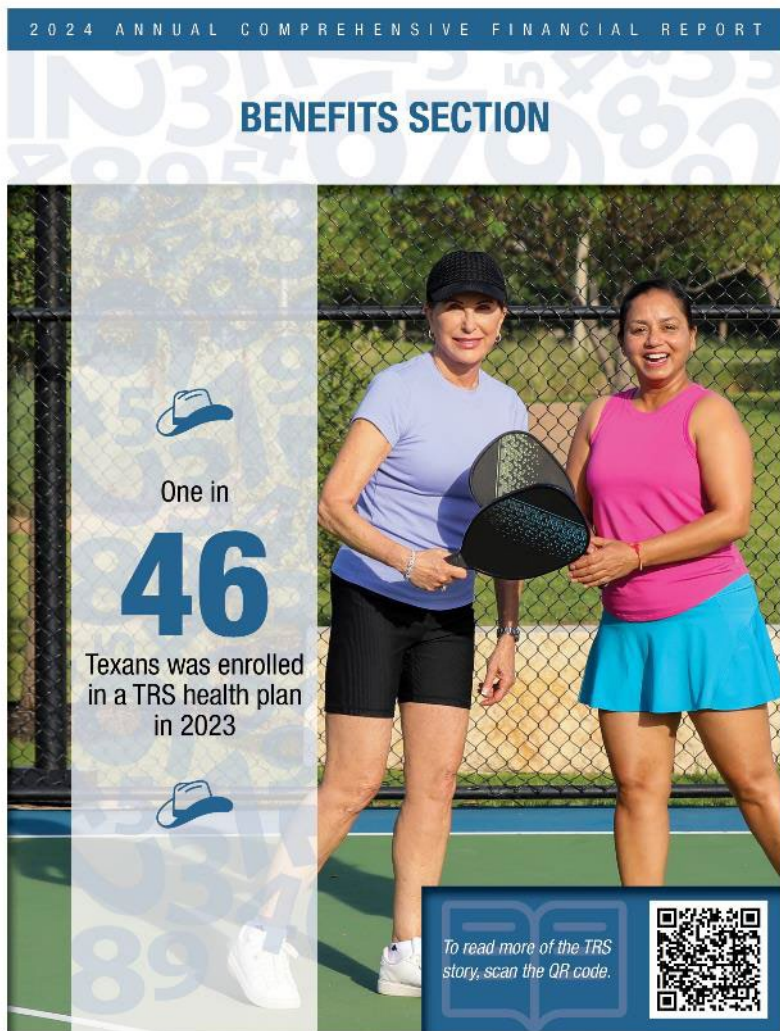


TRS-Care

- Actuary's Certification Letter
- Actuarial Disclosure
- Funding Objective and Funding Policy



2024 Annual Comprehensive Financial Report- Benefits Section



Changes in State Law



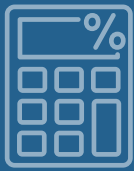
Changes in Federal Law



Summary of Benefits

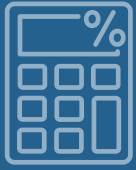


Health Benefits



2024 Annual Comprehensive Financial Report- What's Coming Up

- **GASB Statement No. 101, *Compensated Absences*, effective fiscal 2025.**
 - Updates the recognition and measurement guidance for compensated absences by:
 - Aligning the recognition and measurement guidance under a unified model
 - Amending certain previously required disclosures
 - Amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability
 - Supersedes GASB 16.
- **GASB Statement No. 102, *Certain Risk Disclosures*, effective fiscal 2025.**
 - Assesses whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact.
 - Requires a government to assess when an event or events associated with a concentration or constraint could cause the substantial impact.
 - Discloses actions taken by the government prior to the issuance of the financial statements to mitigate the risk.
- **GASB Statement No. 103, *Financial Reporting Model Improvements*, effective fiscal 2026.**
 - Limits MD&A to topics in five sections.
 - Requires inflows and outflows related to unusual or infrequent items.
 - Updated presentation of proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position to include a subtotal for operating income (loss) and noncapital subsidies.
 - Updated presentation of each major component unit separately in the reporting agency's statement of net position and statement of activities.
 - Updated presentation of budgetary comparison information using a single method of communication—RSI.



2024 Annual Comprehensive Financial Report- What's Coming Up



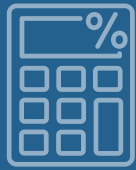
G/L Interface Implementation

Timeline

- Project was initiated in December 2021
- Custodian Bank began development in May 2024
- Testing began in July 2024
- Successfully went live on September 1, 2024

Benefits

- Provide timely reporting - Investment activities are recorded in CAPPS daily, instead of monthly.
- Provide efficiency in the preparation process for ACFR - Journal entries are interfaced to CAPPS G/L daily; eliminate the rush in preparing journal entries at year end.
- Strengthen oversight function - Ledger balances reported by custodian bank are monitored on a daily basis, instead of monthly.

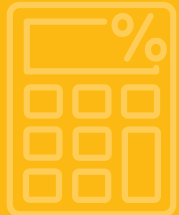


2024 Annual Comprehensive Financial Report- Any Questions?



Any Questions?

TAB 4

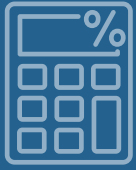


FY 2024 & FY 2025 Administrative Operations Budget Update

December 5, 2024

Presented By:
Don Green, Chief Financial Officer

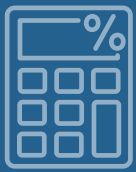




Agenda

01 FY24 Administrative Operating Budget
Year-End Review

02 FY25 Administrative Operating Budget
Budget & FTE Update

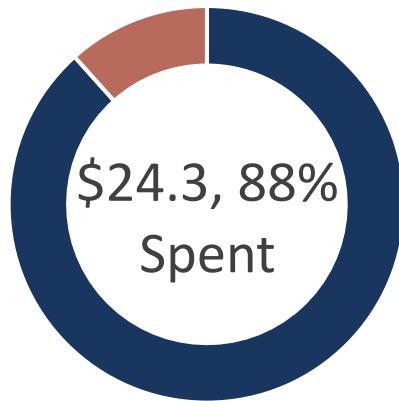


FY24 % of Budget Spent by Fund



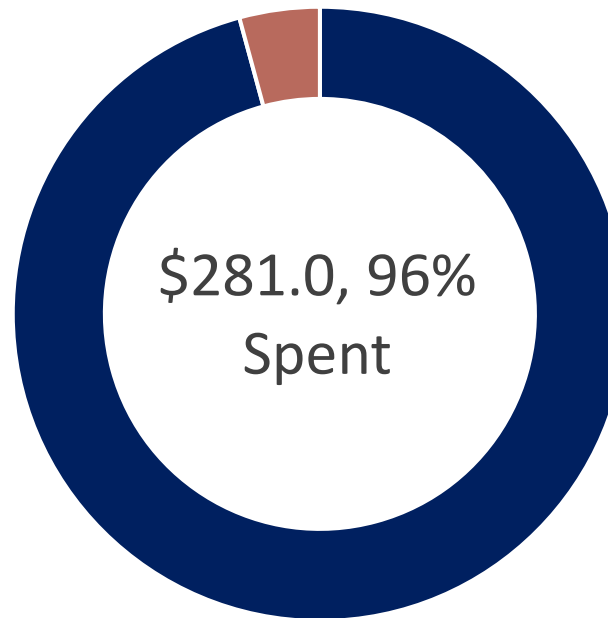
Health Care

Budget, \$27.6



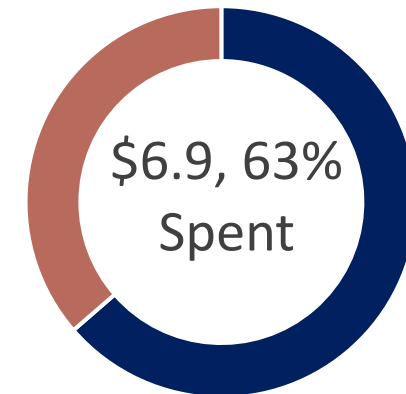
Pension

Budget, \$293.4



Commission Credits

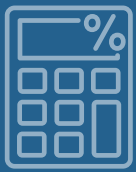
Budget, \$10.9



■ FY24 Budget Spent ■ FY24 Budget Lapsed

Total operating budget is \$331.9 million across all funds

Amounts in millions



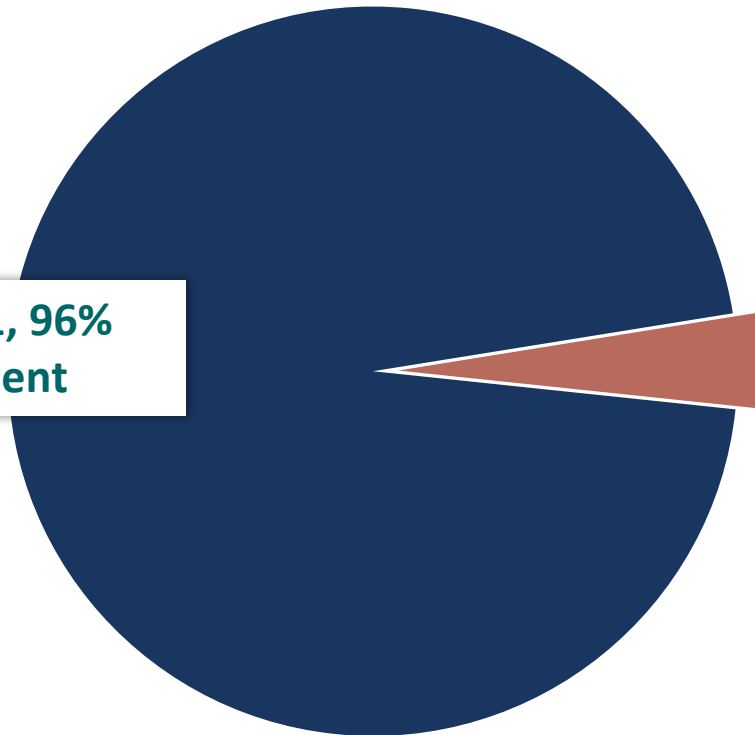
FY24 Pension Trust Fund

(Amounts in millions)

Pension Trust Fund

Budget, \$293.4 million

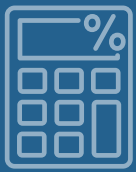
**\$281, 96%
Spent**



■ FY24 Budget Spent ■ FY24 Budget Lapsed

Explanation of Lapsed Balances, \$ 12.4 million

Wages & Benefits	\$5.9	\$0.4 in salaries and wages, \$5.5 in fringe benefits
Professional Fees/Services	\$2.4	\$0.4 in TEAM and \$2.0 in professional services and staff aug contracts
Travel	\$1.2	\$1.2 in travel
Support Costs	\$0.7	\$0.2 in utilities, \$0.5 in rent and building maintenance
Other Operating	\$2.2	\$0.3 in printing services and subscriptions, \$0.4 in staff development, \$1.2 in other operating and equipment, and \$0.3 in software and hardware maintenance



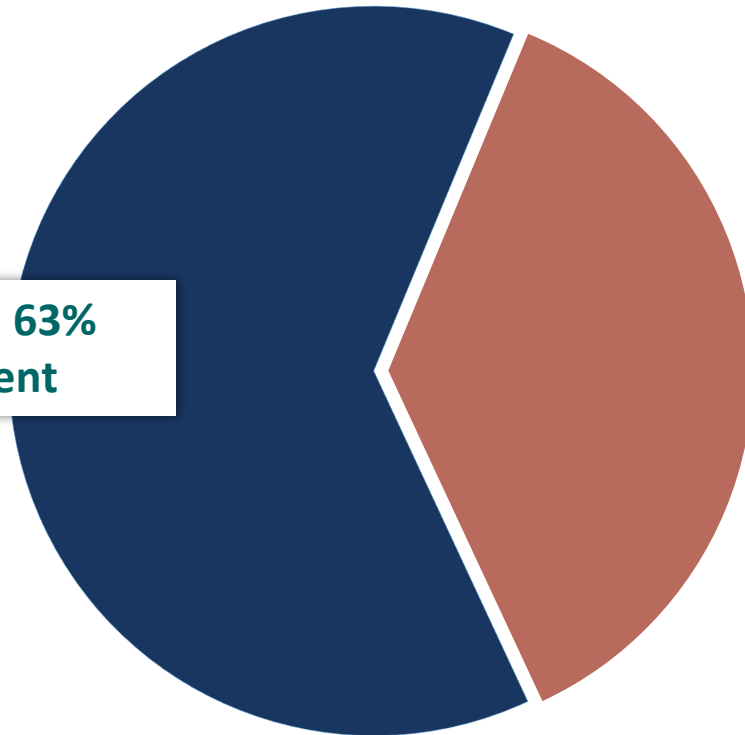
FY24 Commission Credits

(Amounts in millions)

Commission Credits

Budget, \$10.9 million

**\$6.9, 63%
Spent**

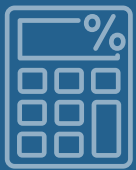


■ FY24 Budget Spent ■ FY24 Budget Lapsed

Explanation of Lapsed Balances, \$ 4.0 million

Commission Sharing Arrangements (CSA)	\$4.0 related to software & other operating costs
Commission Recapture Arrangements (CRA)	\$0.01 related to Operating costs

Any unspent commissions will carry forward to FY25



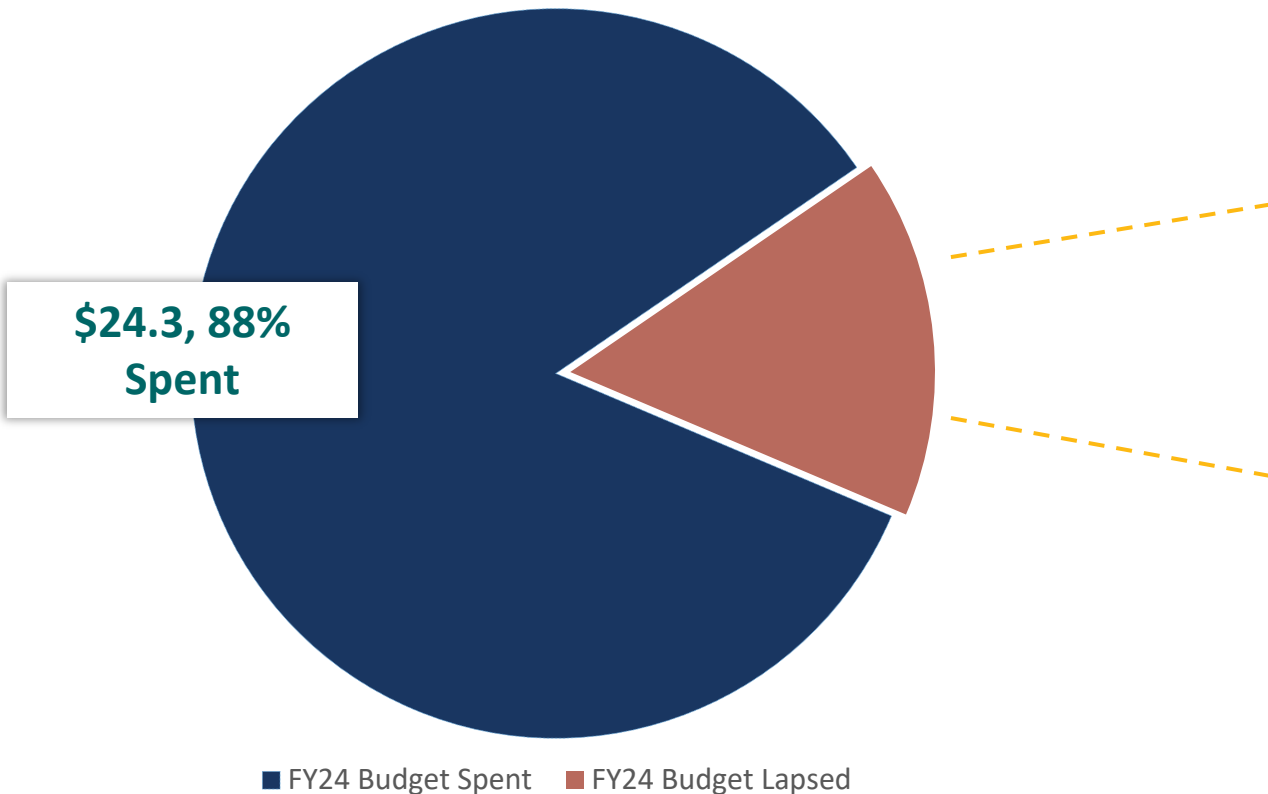
FY24 Health Care

(Amounts in millions)



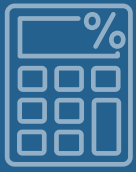
Health Care

Budget, \$27.6 million



Explanation of Lapsed Balances, \$ 3.3 million

TRS-Care Administrative Operations	\$1.2	\$0.5 in salary and fringe benefits \$0.7 in support, operating, and travel costs
TRS-ActiveCare Administrative Operations	\$2.1	\$0.1 in salary and fringe benefits \$2.0 in support, operating, and travel costs



FY24 FTE Reporting

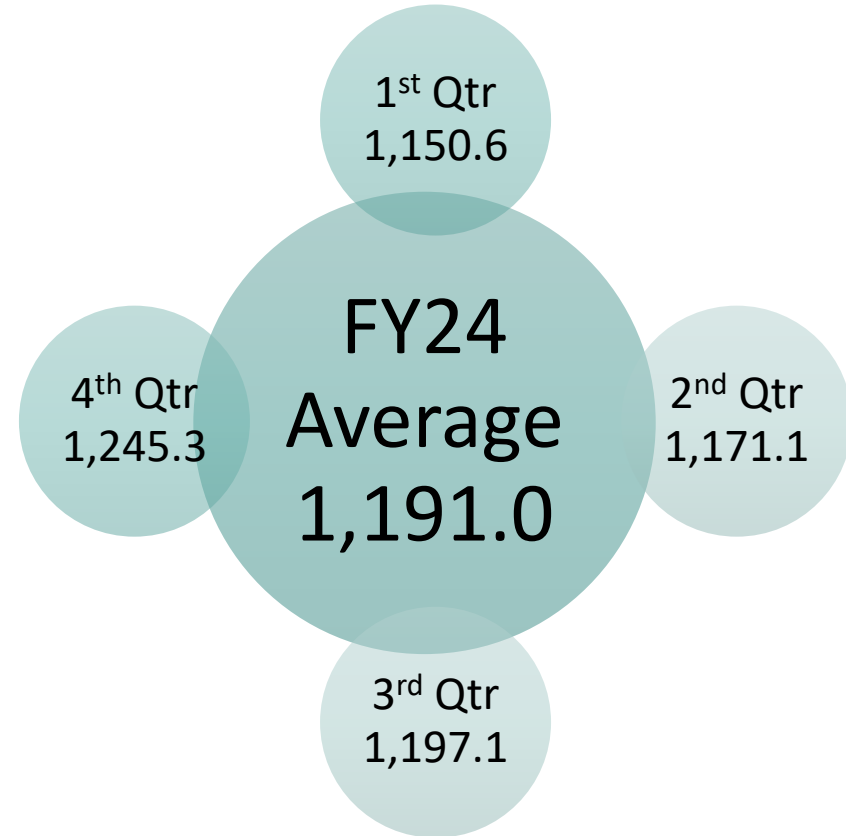


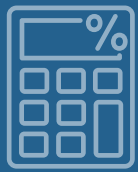
Counts against the FTE cap

- Annual average of Pension funded FTEs, 1,017.4
- Annual average of contract worker FTEs counting against the FTE cap, 7.6

Exempt from the FTE cap

- Annual average of Health Care funded FTEs, 138.2
- Annual average of Fellow/Intern FTEs, 27.8





8-Year Lapse History FY17-24

(Amounts in millions)



Program/Category	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
TEAM/CAPPS/HILOB	\$0.7	\$2.4	\$3.9	\$3.0	\$2.6	\$1.7	\$2.5	\$1.6
Commission Credits	\$5.5	\$3.2	\$8.2	\$9.7	\$6.0	\$4.3	\$0.7	\$4.0
Salaries/Benefits	\$8.0	\$7.9	\$9.5	\$12.6	\$18.5	\$7.5	\$22.0	\$5.2
Professional Fees & Services	\$1.5	\$3.3	\$2.7	\$3.7	\$5.9	\$1.8	\$9.7	\$4.4
Travel	\$0.1	\$0.4	\$0.6	\$1.6	\$2.0	\$1.6	\$1.6	\$1.4
Support Costs	\$0.6	\$0.7	\$0.6	\$0.8	\$0.3	\$0.4	\$1.1	\$0.7
Operating Costs	\$2.7	\$5.1	\$3.0	\$4.4	\$2.3	\$1.5	\$6.6	\$2.4
Total Lapse	\$19.1	\$23.0	\$28.5	\$35.8	\$37.6	\$18.8	\$44.2	\$19.7
% of Budget Lapsed	11%	13%	14%	16%	16%	8%	16%	6%

8-year average
Lapsed budget is 13%

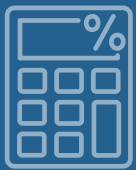
Salaries/Benefits generates the
most lapse from vacant positions

TEAM has lapsed on average \$2.3
million over the last 8 years



FY 2025

Administrative Operations Budget and FTE update

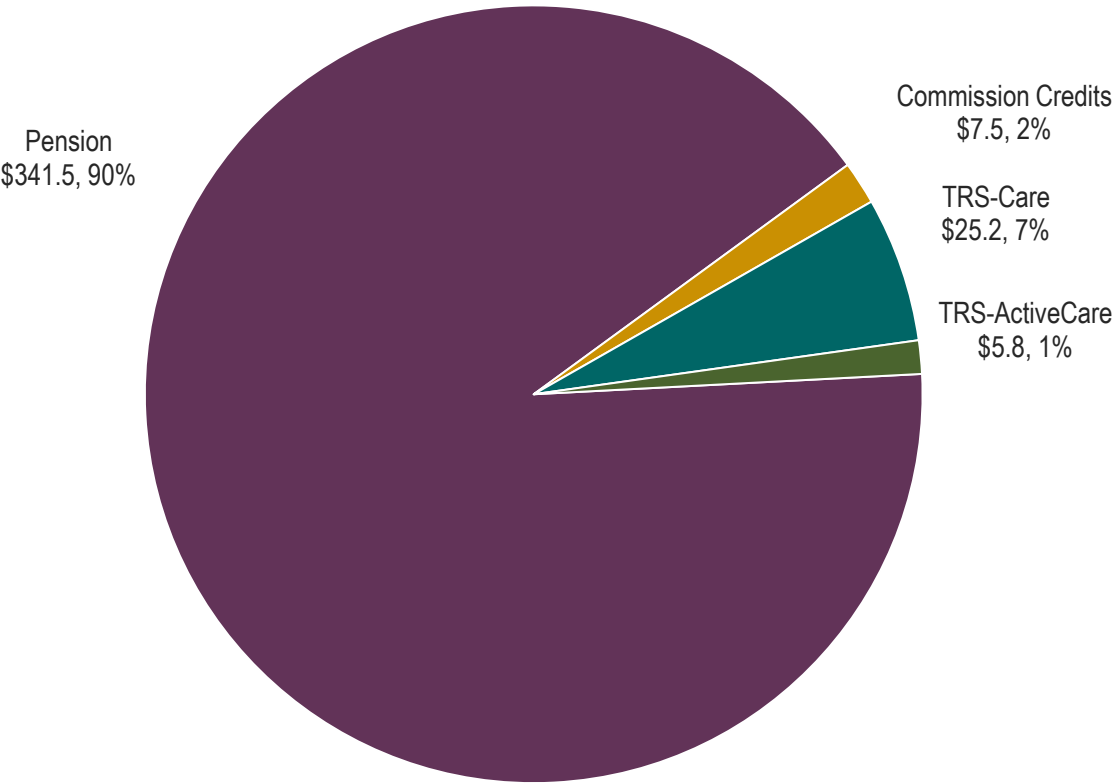


FY25 Administrative Operating Budget

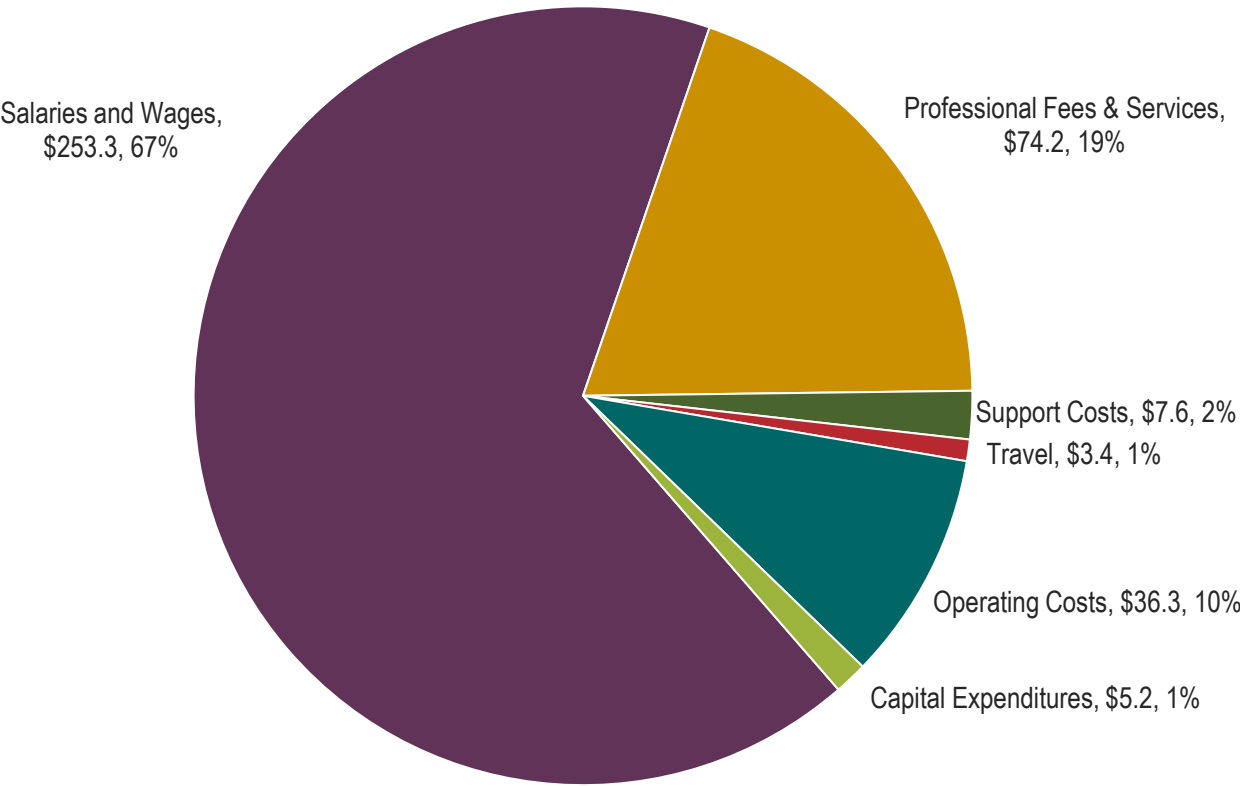


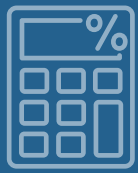
FY25 Administrative Operating Budget, \$380.0 million

By Fund



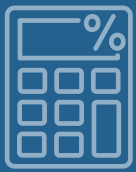
By Budget Category





FY25 Administrative Operating Budget Update

	Current Budget	Expended/ Encumbered	Projected Spend	Available Budget	% of Budget Available
Administrative Budget					
Pension Trust Fund	267,659,100	72,073,227	154,679,441	40,906,432	15%
Capital Projects	35,708,184	11,096,703	24,611,481	-	-%
Performance Pay Plan	38,152,500	-	38,152,500	-	-%
Commission Credits	7,510,000	-	6,000,000	1,510,000	20%
TRS-Care	25,210,100	7,625,560	14,840,071	2,744,469	11%
TRS-ActiveCare	5,785,100	2,282,628	2,015,848	1,486,624	26%
Total Administrative Budget	\$ 380,024,984	\$ 93,078,118	\$ 240,299,341	\$ 46,647,525	12%
Budget Category					
Salaries & Wages	215,214,100	29,740,755	167,569,960	17,903,385	8%
Performance Pay Plan	38,152,500	-	38,152,500	-	0%
Pro Fees & Services	74,222,649	40,948,308	19,441,072	13,833,269	19%
Travel	3,364,500	342,093	1,240,400	1,782,007	53%
Operating	36,288,440	17,896,214	8,156,364	10,235,862	28%
Support Costs	7,593,951	3,890,564	1,016,051	2,687,336	35%
Capital Expenditures	5,188,844	260,184	4,722,994	205,666	4%
Total Budget Category	\$ 380,024,984	\$ 93,078,118	\$ 240,299,341	\$ 46,647,525	12%

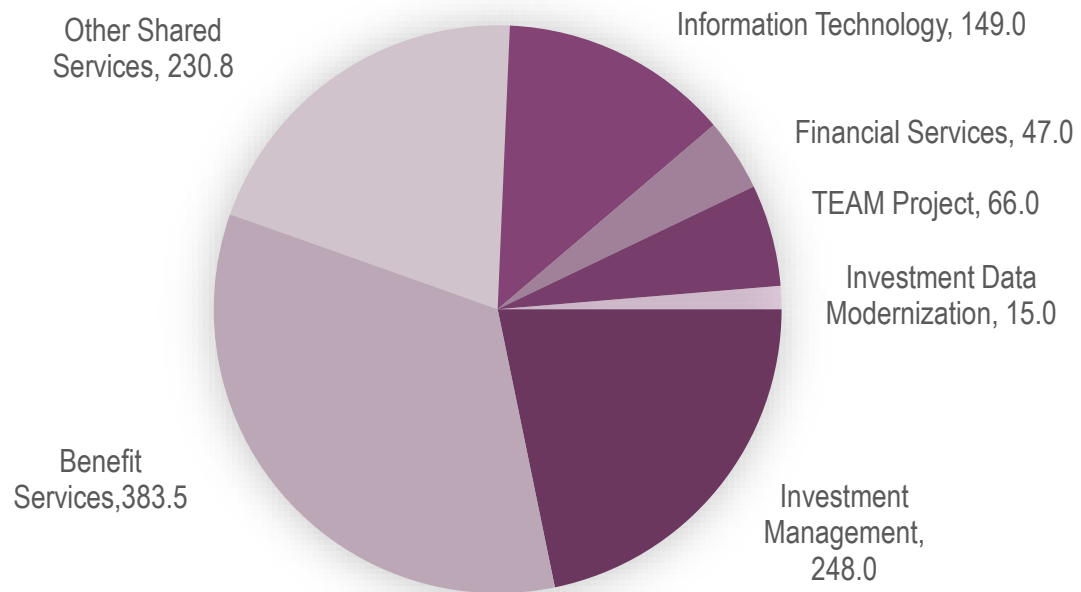


FY25 Budgeted FTEs



Pension Funded FTEs

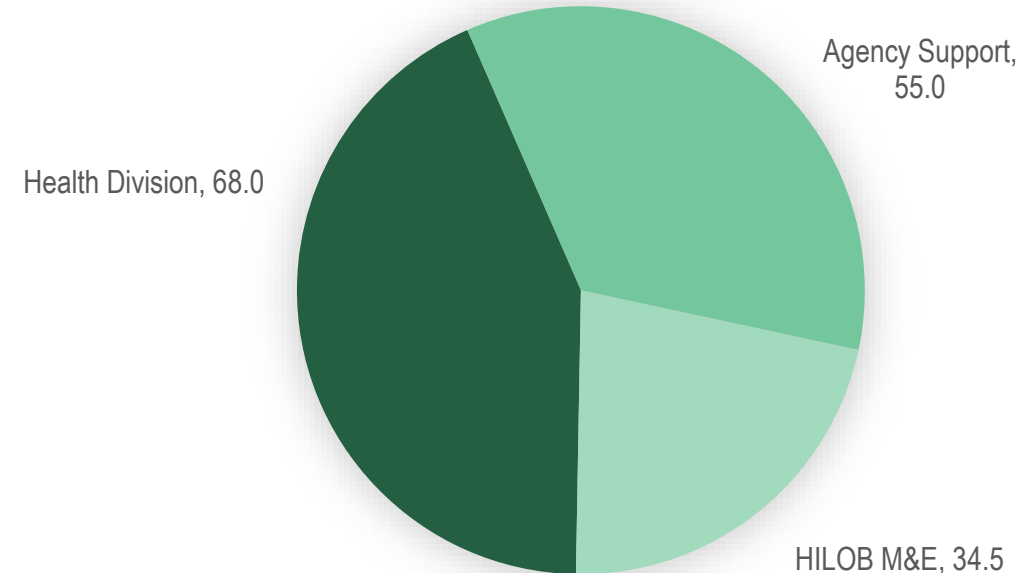
1,139.3

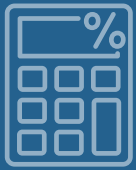


Other Shared Services: Executive Administration, Information Security, Internal Audit, Legal & Compliance, Government Affairs, Organizational Excellence, Communications, Business Administration

Health Care Funded FTEs

157.5

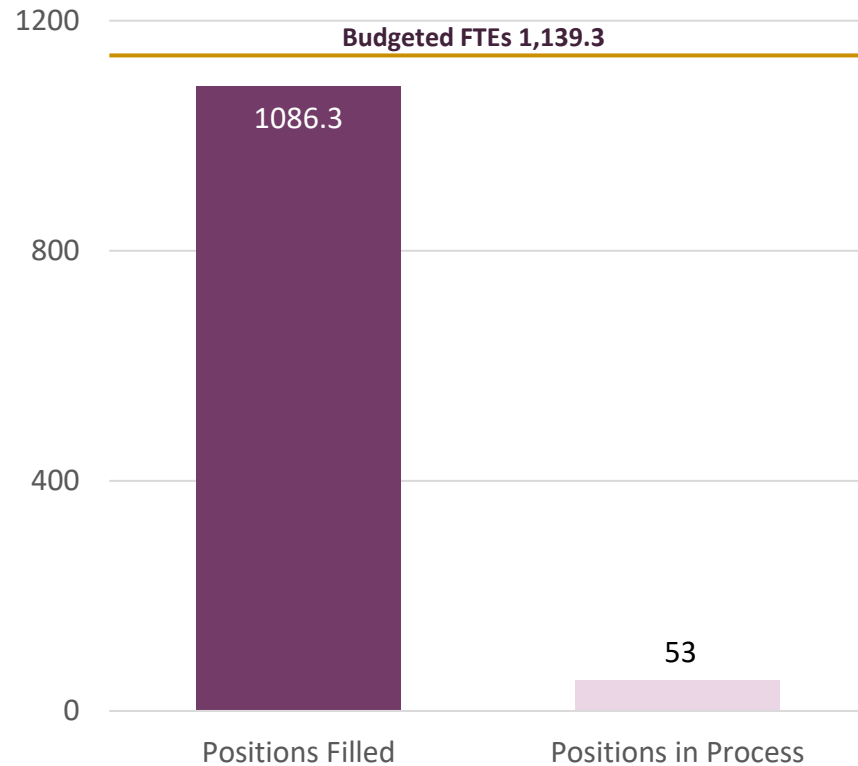




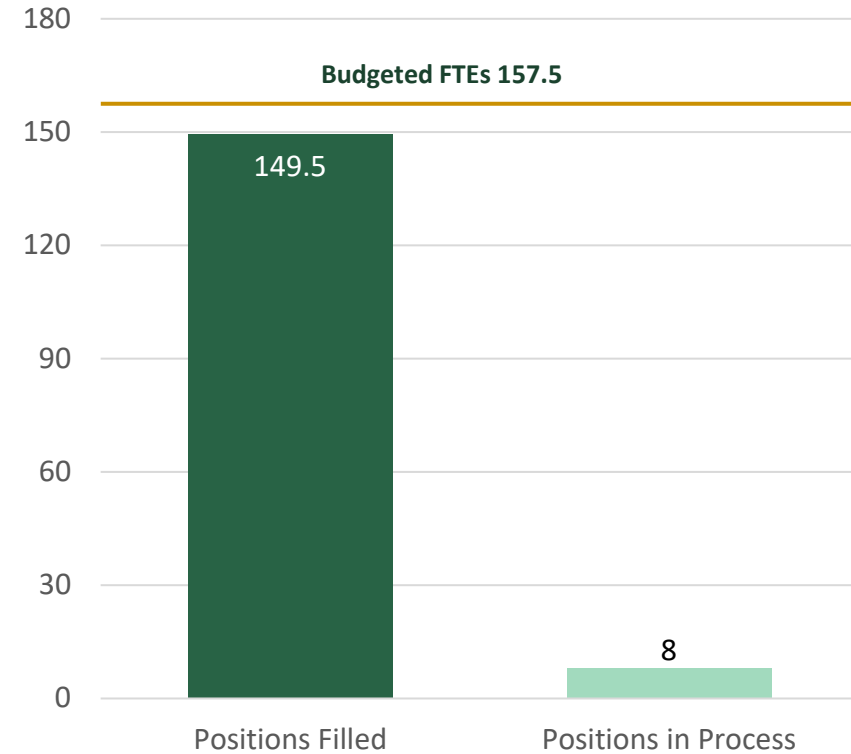
FY25 FTE Status (as of 11/08/24)



Pension Funded FTEs



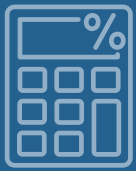
Health Care Funded FTEs



- 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.



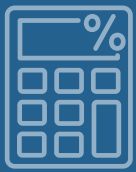
Appendix



FY24 Summary By Fund



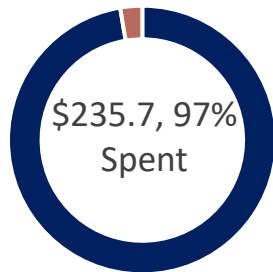
Fund	Budget	Expended/ Encumbered	% Spent	Lapsed Balance
Pension	293,368,067	280,951,162	96%	12,416,905
Commission Credits	10,984,500	6,943,301	63%	4,041,199
TRS-Care	22,164,500	20,983,370	95%	1,181,130
TRS-ActiveCare	5,410,500	3,320,182	61%	2,090,318
Total	\$ 331,927,567	\$ 312,198,015	94%	\$ 19,729,552



FY24 % of Budget Spent by Budget Category

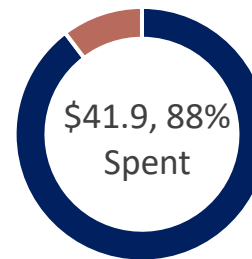
Wages & Benefits

Budget, \$242.2



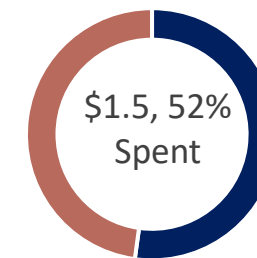
Pro Fees & Services

Budget, \$47.3



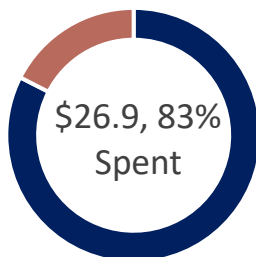
Travel

Budget, \$2.9



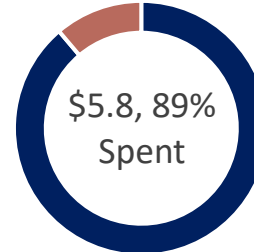
Operating

Budget, \$32.6



Support

Budget, \$6.5



Capital

Budget, \$0.4



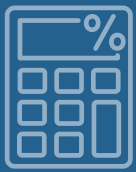
■ Expended/Encumbered ■ Lapsed Balance

Professional Fees & Services: Contractors, Consultants, Contractual Services, Online Employee Training

Support: Rent, Building/Equipment Maintenance, Utilities, Supplies

Operating Costs: Software, Hardware, Postage, Printing, Equipment, Reference Materials, In-Person Employee Training

Amounts in millions

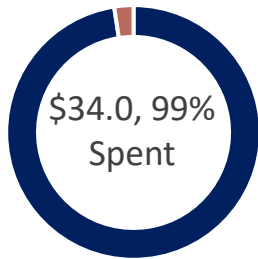


FY24 % of Budget Spent by Division



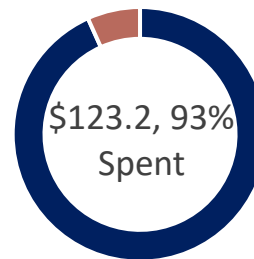
Benefit Services

Budget, \$34.4



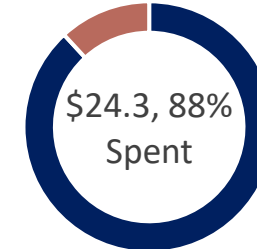
Investment Management

Budget, \$132.2



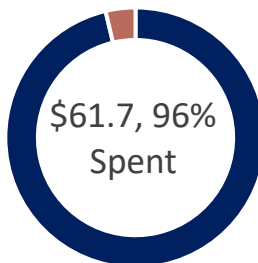
Health Division

Budget, \$27.6



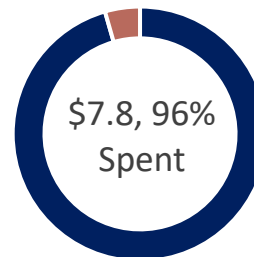
Information Technology

Budget, \$64.0



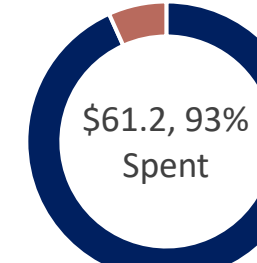
Finance

Budget, \$8.1



Other Shared Services

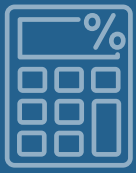
Budget, \$65.6



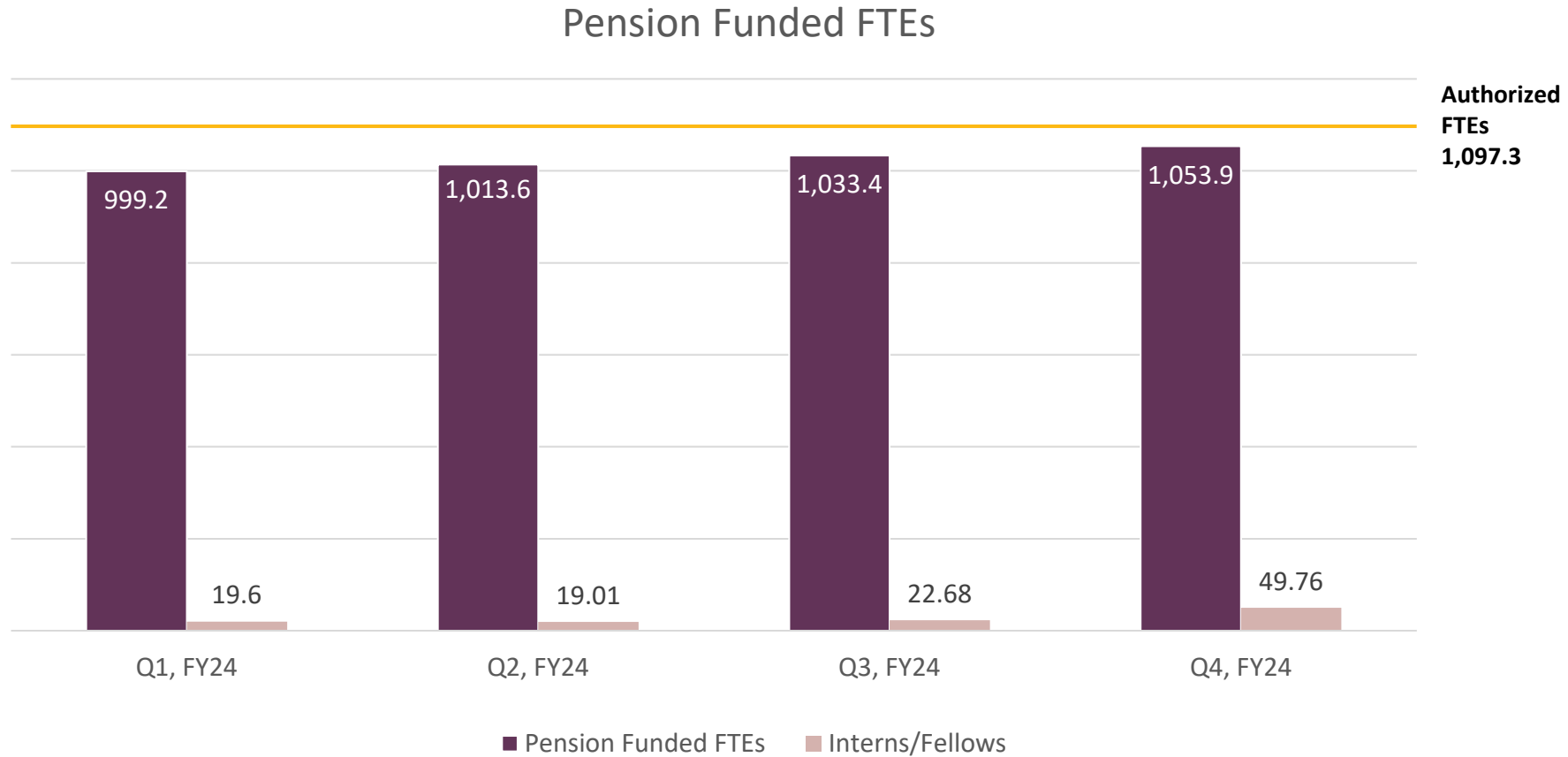
■ Expended/Encumbered ■ Lapsed Balance

Other Shared Services: Business Administration, Executive Administration, Government Affairs, Information Security, Internal Audit, Legal & Compliance, Organizational Excellence, Communications

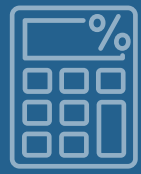
Amounts in millions



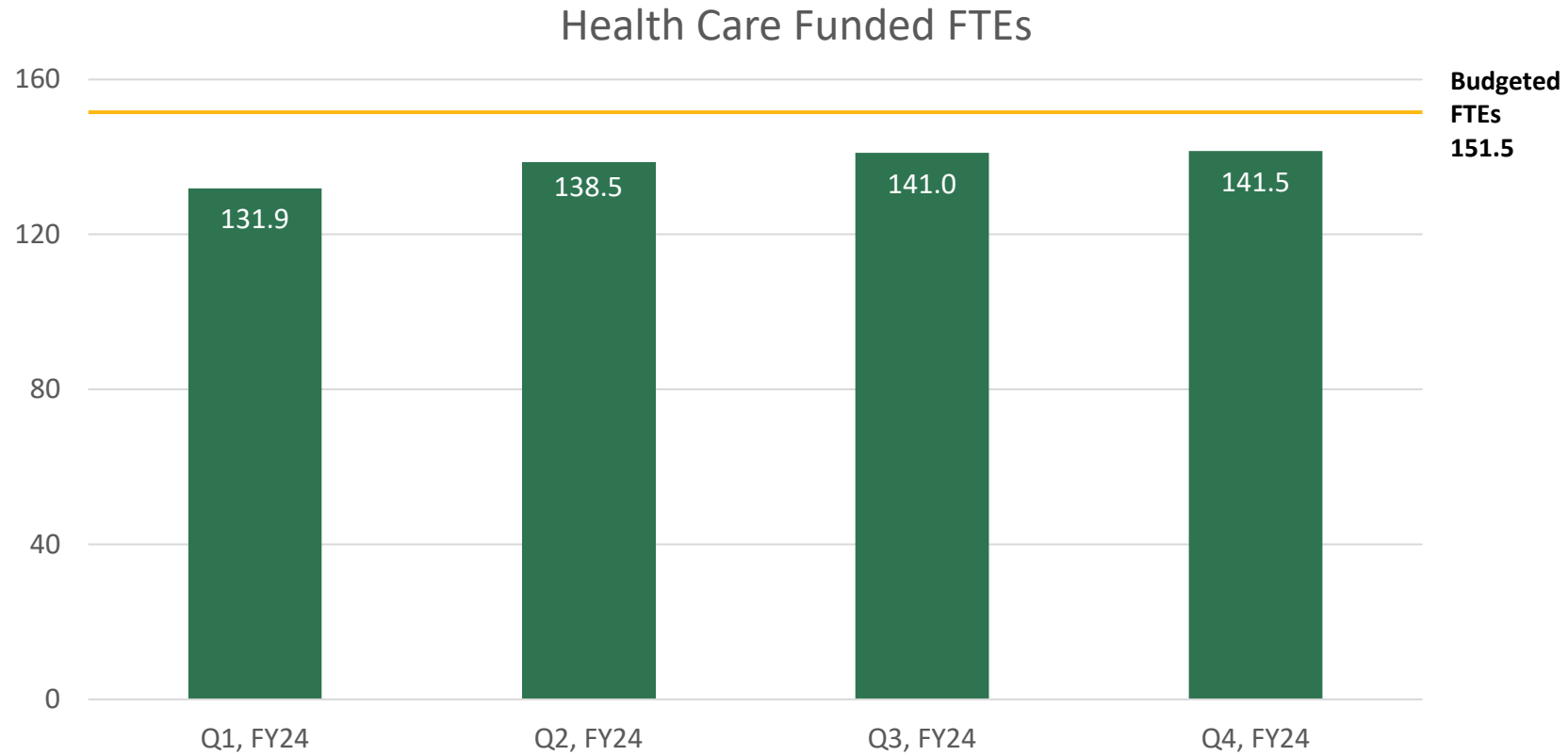
FY24 Actual FTEs by Funding Source

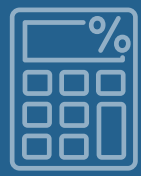


- Pursuant to Article IX, Sec 6.10 of the 2024—25 GAA, TRS is authorized to increase the FTE cap by an additional 50 FTEs.
- Pursuant to TRS Rider 10 of the 2024—25 GAA, interns or post-graduate fellowship recipients are exempt from Article IX, Section 6.10. Limitation on State Employment Levels.



FY24 Actual FTEs by Funding Source





11-Year Historical Trend – Administrative Operating Budget

Adopted Budget by Fund <i>(Amounts in millions)</i>	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Pension Trust Fund	119.6	128.2	135.0	139.9	159.6	177.4	170.1	189.7	235.9	254.0	287.3
Commission Credit	33.1	22.1	24.4	24.7	28.7	30.1	25.5	27.1	20.6	10.9	7.5
Healthcare	8.1	8.8	11.0	12.7	14.3	16.3	17.6	20.6	22.3	27.6	31.0
Contingency ¹							21.7				
Total	\$ 160.8	\$ 159.1	\$ 170.4	\$ 177.3	\$ 202.6	\$ 223.8	\$ 234.8	\$ 237.3	\$ 278.8	\$ 292.5	\$ 325.8
% Year to Year Change	4%	-1%	7%	4%	14%	10%	5%	1%	17%	5%	11%
Budgeted FTEs	468.2	480.7	491.3	734.9	816.5	847.3	881.3	932.8	1,188.8	1248.8	1,296.8

¹Contingency Account in FY21 reflects TRS' efforts to reduce costs across all funds in response to the sharp economic downturn associated with COVID-19

11-year average
budget growth is 7%

88% of Budget is funded
by Pension Trust Fund Assets

Pension Admin Operating Budget
represents less than 1% of the
value of the Trust fund