

Teacher Retirement System (TRS) Staff Compensation, Appropriations and FTE Data

During the 83rd Regular Session, HB 12 was passed and includes a provision that requires state agencies to post information regarding executive staff compensation, legislative appropriations and full-time equivalent (FTE) employee levels (including 5-year trend data) on their website.¹ The following information provides details on that data for TRS.

Legislative Appropriations:

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The 83 rd Legislative Session approved the following appropriations for TRS for the upcoming biennium.	Method of Financing			FY 2014	FY 2015
	General Revenue Fund			\$1,700,627,858	\$1,806,039,959
	GR Dedicated - Estimated Other Educational and General Income Account No. 770			110,344,561	112,551,452
	Teacher Retirement System Trust Account Fund No. 960			107,093,367	68,045,151
	Total, Method of Financing			\$ 1,918,065,786	\$ 1,986,636,562
	Full-Time Equivalent (FTE) Cap			503.3	503.3
Five-Year Trend - Legislative Appropriations					
Method of Financing	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
General Revenue Fund	\$1,679,207,796	\$1,806,672,541	\$1,881,335,168	\$1,731,613,220	\$1,699,526,259
GR Dedicated - Estimated Other Educational and General Income Account No. 770	85,196,966	94,784,704	101,419,633	101,419,633	108,180,942
Teacher Retirement System Trust Account Fund No. 960	53,061,082	61,667,547	59,170,399	90,826,518	65,826,518
Total, Method of Financing	\$1,817,465,844	\$1,963,124,792	\$2,041,925,200	\$1,923,859,371	\$1,873,533,719
Percent Change from Previous Year	3.9%	7.6%	4.1%	-8.0%	-1.9%

Full-Time Equivalent (FTE) Employees:

A full-time equivalent (FTE) employee is a ratio that represents the number of hours that an employee works compared to 40 hours a week. One FTE is any combination of employees whose hours total 40 hours.

¹Texas Government Code, Section 659.026

The following table shows the five-year history of FTEs at TRS. This includes FTEs that are subject to the limitations on state employment levels in the General Appropriations Act as well as FTEs that are exempt from that limitation because of special provisions.

Five-Year Trend - Full-Time Equivalent (FTE) Employees					
Title	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FTE Cap	435.3	455.3	475.3	487.3	490.3
FTEs - Subject to FTE Cap	429.4	444.9	462.9	61.6	470.8
FTEs - Exempt from FTE Cap	46.9	50.6	51.2	53.0	53.2
Total Agency FTEs	476.3	495.5	514.1	514.6	524.0
Percent Change from Previous Year (Total FTEs)	5.0%	4.0%	3.8%	0.1%	1.8%

Employee Compensation

TRS utilizes two types of positions for employees: line-item exempt positions and classified positions that are paid in accordance with the State Classification Plan. Salary actions and pay decisions are based upon employee type.

Line-Item Exempt Positions:

- This type of position is exempt from the State Classification Plan and listed as a separate line-item in the General Appropriations Act (GAA).
- Not-to-exceed salary rates are established by the TRS Board of Trustees, approved in the TRS budget and listed in the GAA.
- Any changes to individual salary rates must either be approved by the board or delegated to the executive director through a board resolution.
- Employees are not eligible for merit increases and across the board increases.
- Eligible employees in the Investment Management Division (IMD) participate in the incentive compensation program and are eligible for additional rewards.
- TRS currently has five exempt positions, including the Executive Director, Deputy Administrative Officer, Chief Investment Officer (IMD), Deputy Director Investment Officer (IMD) and the Investment Fund Director (IMD).

Classified Positions:

- This type of position includes all TRS employees not listed as line-item exempt.
- Salary structure is determined by the State Classification Plan, which is updated and maintained by the State Auditor's Office.
- Individual employee salary is determined by TRS management based upon job-related qualifications, skills, experience and performance.

- Eligible employees in the Investment Management Division (IMD) participate in the incentive compensation program and are eligible for additional rewards.
- As of September 2013, the average salary for classified employees at TRS (excluding executive and director-level positions) is \$67,326. This average includes employees in the Investment Management Division (IMD).

Executive Staff Salaries

For the purposes of this report, executive staff consists of the executive director and other management and senior-level staff who directly report to that position. TRS has six positions that meet that criterion, based upon the statutory definition. Current salary, the change in salary for the previous five fiscal years and the compensation methodology used to determine salary is detailed below.

Executive Director: This position is considered a line-item exempt position and is not eligible for merit or across-the-board increases. The not-to-exceed salary rate is established in the budget and listed in the General Appropriations Act. Any changes to individual salary rates must be approved by the Board of Trustees.					
Title and Name	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Ronnie Jung (Retired 1/31/2012)	\$300,000	\$300,000	\$300,000		
Brian Guthrie (Promoted to Executive Director on 9/1/2011)			\$270,000	\$270,000	\$297,000
Percent Change from Previous Year	3.4%	0.0%	-10.0%	0.0%	10.0%
<p>The initial salary for Mr. Guthrie's position was set by the TRS Board of Trustees after consideration of proprietary salary information provided by an executive search firm and supplemented with data on other public pension plans.</p> <p>In July 2013, TRS' Human Resources Department conducted a review of salaries for executive directors in similar public pension funds. Survey results show that the average total compensation for executive directors in similar public pension funds was \$310,930. This data, along with information on salary increases for other state agency executives, was provided to the board to assist board members with reviewing Mr. Guthrie's salary and performance. On July 26, 2013 the board of Trustees voted to grant a 10 percent increase, effective September 1, 2013.</p>					

Deputy Director: This position is considered a line-item exempt position and is not eligible for merit or across-the-board increases. The not-to-exceed salary rate is established in the budget and listed in the General Appropriations Act. Any changes to individual salary rates must be approved by the Board of Trustees.

Title and Name	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Brian Guthrie (Promoted to Executive Director 9/1/2011)	\$212,174	\$231,276			
Ken Welch (Promoted to Deputy Director 9/1/2011)			\$231,276	\$231,276	\$242,840
Percent Change from Previous Year	6.1%	9.0%	0.0%	0.0%	5.0%

The initial salary for Mr. Welch's position was set by the TRS Board of Trustees and the Executive Director after considering previous incumbent data.

On July 26, 2013, the board granted the executive director the authority to increase the not-to-exceed rate for line-item exempt positions. As part of that authority, Mr. Welch was granted a 5 percent merit increase, effective September 1, 2013.

Chief Investment Officer (CIO): This position is considered a line-item exempt position and is not eligible for merit or across-the-board increases. The CIO however is eligible for incentive compensation payments of up to 125 percent of base salary. Changes to base salary require action from the Board of Trustees.

Title and Name	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Britt Harris	\$480,000	\$480,000	\$480,000	\$480,000	\$480,000
Percent Change from Previous Year	0%	0.0%	0.0%	0.0%	0.0%

The initial salary for Mr. Harris' position was set by the TRS Board of Trustees after consideration of proprietary salary information provided by an executive search firm and supplemented with data on other public pension plans.

In July 2013, TRS' Human Resources Department conducted a review of salaries for chief investment officers in similar public pension funds. Survey results show that the average salary for chief investment officers in similar public pension funds was \$393,203.

Chief Audit Officer: This position is paid in accordance with the State Classification Plan and is eligible for merit and across-the-board increases. Changes to salary rates are approved by executive management in consultation with the Board of Trustees.					
Title and Name	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Amy Barrett	\$152,640	\$163,325	\$163,325	\$163,325	\$171,556
Percent Change from Previous Year	6.0%	7.0%	0.0%	0.0%	5.0%
<p>The initial salary for Ms. Barrett's position was set by reviewing skills, qualifications and relevant experience and placing her in the appropriate classified salary range. Currently, this position is classified as a Director V with a salary range of \$109,601 to \$180,842. Salary ranges and classifications are maintained by the State Auditor's Office.</p> <p>On July 26, 2013, the TRS Board of Trustees voted to grant Ms. Barrett a 4 percent increase, effective September 1, 2013. Her position was also eligible for the 1 percent across-the-board increase granted to classified employees on September 1, 2013.</p>					

General Counsel: This position is paid in accordance with the State Classification Plan and is eligible for merit and across-the-board increases. Changes to salary rates are approved by executive management.					
Title and Name	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Conni Brennan (Retired 1/31/2013)	\$179,992	\$196,200	\$205,200	\$205,200	
Carolina de Onis (Hired 4/18/2013)				\$200,000	\$202,000
Percent Change from Previous Year	0.0%	9.0%	4.6%	-2.5%	1%
<p>The initial salary for Ms. De Onis' position was set by reviewing skills, qualifications and relevant experience and placing her in the appropriate classified salary range. Currently, this position is classified as a Deputy Director I with a salary range of \$132,617 to \$218,819. Salary ranges and classifications are maintained by the State Auditor's Office.</p> <p>Her position was also eligible for the 1 percent across-the-board increase granted to classified employees on September 1, 2013.</p>					

Special Projects Director: This position is paid in accordance with the State Classification Plan and is eligible for merit and across-the-board increases. Changes to salary rates are approved by executive management.					
Title and Name	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Rebecca Merrill			\$118,000	\$118,000	\$131,986
Percent Change from Previous Year				0.0%	11.9%
<p>The initial salary for Ms. Merrill's position was set by reviewing skills, qualifications and relevant experience and placing her in the appropriate classified salary range. This position was created in 2012 and is classified as a Director III with a salary range of \$82,344 to \$135,869. Salary ranges and classifications are maintained by the State Auditor's Office.</p> <p>In August 2013, the Executive Director granted Ms. Merrill a 3.5 percent equity adjustment to address internal equity issues among Executive Council members. In addition to the equity adjustment, she received a 7 percent merit increase. Her position was also eligible for the 1 percent across-the-board increase granted to classified employees on September 1, 2013.</p>					