

# Legislative Appropriations Request

## For Fiscal Years 2010 and 2011

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

by

### ***TEACHER RETIREMENT SYSTEM OF TEXAS***

#### Board Members

James H. Lee (Chairman)  
Linus D. Wright (Vice Chair)  
Charlotte Clifton  
Robert Gauntt  
John Graham, Jr.  
Mark Henry, Ed.D.  
R. David Kelly  
Philip Mullins  
Dory A. Wiley

#### Term Expires

August 31, 2013  
August 31, 2011  
August 31, 2013  
August 31, 2013  
August 31, 2009  
August 31, 2009  
August 31, 2011  
August 31, 2011  
August 31, 2009

#### Hometown

Houston  
Dallas  
Snyder  
Houston  
Fredericksburg  
Galena Park  
Dallas  
Austin  
Dallas

August 13, 2008

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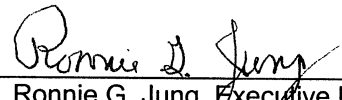
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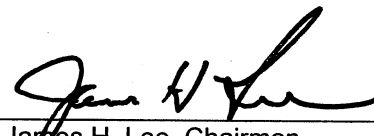
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August 13, 2008

Submitted by: \_\_\_\_\_

  
Ronnie G. Jung, Executive Director

Approved: \_\_\_\_\_

  
James H. Lee, Chairman

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**ADMINISTRATOR'S STATEMENT**  
81st Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
TIME: 12:33:58PM  
PAGE: 1 of 3

Agency code: 323

Agency name: **Teacher Retirement System**

August 13, 2008

Mr. John O'Brien, Director  
Legislative Budget Board

Ms. Mary Katherine Stout, Director  
Governor's Office of Budget, Planning, and Policy

Dear Mr. O'Brien and Ms. Stout:

We are pleased to submit the legislative appropriations request (LAR) for the Teacher Retirement System (TRS) for the 2010/2011 Biennium. This request represents funding needs for the Teacher Retirement Pension Trust Fund and the Retired Public School Employees Group Insurance Program.

This LAR also includes a request for appropriations for the administrative operations of TRS. Section 825.404(d) of the Texas Government Code states that the legislature shall appropriate from the general revenue fund a specified amount of money to be used to pay operating expenses of the retirement system for each fiscal year. The accompanying request for administrative operations is from the Teacher Retirement Pension Trust Fund because this is the method of finance established for the current biennium in House Bill No. 1, the General Appropriations Act.

Based on your memorandum dated May 5, 2008, along with information provide by your staffs the accompanying baseline request uses a 6.4% state contribution rate for the Pension Trust Fund. Per your instructions, the baseline request for TRS-Care, the Retired Public School Employees Group Insurance Program, is equal to the amount drawn in fiscal year 2008 and the amount appropriated for fiscal year 2009. Since this amount is less than the statutory 1.0% contribution the difference is included as an exceptional item.

Total requested general revenue and general revenue-related funding for the 2010/2011 Biennium including exceptional items is \$ 3.896 billion. TRS will pay out in excess of \$14 billion to retirees and health care providers, primarily in the State of Texas during the 2010/2011 biennium. It is estimated that the retiree benefit payments and the retiree health care benefits will generate an over \$ 1 billion in state tax revenues. In addition, school districts and their employees will save a combined \$ 5 billion during the biennium that would have gone to the Social Security Administration if their employees had been covered under social security instead of the Teacher Retirement System.

#### Teacher Retirement Pension Trust Plan

Based upon the most recent actuarial valuation and experience study update a state contribution rate of 6.56% is needed to amortize the unfunded liability over 30 years. This rate assumes the member contribution remains at 6.4% of payroll. Updated actuarial valuation data will be available in November 2008 for the fiscal year ended August 31, 2008. An updated actuarial valuation will also be prepared as of February 28, 2009 for use during the legislative session.

**ADMINISTRATOR'S STATEMENT**  
81st Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: 323

Agency name: **Teacher Retirement System**

**Retired Public School Employees Health Care Program**

The funding request for the retiree health care program including the baseline amount and the exceptional item amount assumes that the state will continue to fund at the current level of 1.0% of the active public school employee salaries. Thus, the amounts requested for state funding of the Retired Employees Group Insurance Program contribution are \$257 million for fiscal year 2010 and \$270 million for fiscal year 2011.

Based upon estimates by the TRS health care consultant, the current state contribution rate of 1.0% and other funding sources will provide sufficient funding to pay health care claims incurred through August 31, 2012. Although the current funding mechanism is sufficient to pay incurred costs over the next four years, the issue of long - term funding solvency for the Retired Employees Group Health Care Program continues to be a major concern to TRS board of trustees and TRS members. Based on an analysis as of August 31, 2007, additional funding of approximately 2.8% of payroll over the current statutory rates would be needed to actuarially fund the current benefit structure.

**Administrative Operations**

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.

Total membership in TRS currently exceeds 1.2 million members and is expected to increase by approximately 6.0% during the 2010/2011 Biennium. Difficult market conditions will challenge our ability to earn investment returns that equal or exceed the assumed 8.0% actuarial rate of return.

To adequately serve members and to prudently manage pension fund assets the System requests funding for administrative operations of \$ 90.7 million for fiscal year 2010 and \$89.2 million for fiscal year 2011. The significant increase in the amount requested for Administrative Operations is primarily driven by the restructuring of the Investment Division and the associated costs. Since the General Appropriations Act caps the number of full-time equivalent employees (FTEs), TRS is requesting fifty (50) additional FTE for the Investment Division, plus an additional fifteen (15) FTEs to enhance benefits delivery and administrative support. The total increase in personnel related costs for the biennium is \$ 41.7 million.

The overall 2010/2011 Biennial request also includes the following significant items:

- Soft Dollar Budget, conversion to hard dollars: \$15.7 million
- Lease space to house the expanded Investment staff: \$3.6 million
- Consultants and Legal Services for the Investment Division: \$14.2 million
- Investment Incentive Compensation: \$ 21.5 million (This is a subset of the \$41.7 million above)
- Communications Consultant: \$1.2 million

TRS is also requesting authority to designate five (5) additional positions within the Investment Division as exempt positions in addition to the current five (5) exempt positions. Those additional exempt investment positions are Deputy Chief Investment Officer, Investment Administration Director, and three Investment Fund Directors.

**ADMINISTRATOR'S STATEMENT**  
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Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: 323

Agency name: **Teacher Retirement System**

There are also two recommended rider provisions being requested in the LAR.

The first is a modification to a current rider related to the cap on out-of-state travel, requesting an exemption from the cap for due diligence travel related to investments. A second proposed rider provides authority for TRS to provide additional flexibility to both recruit and retain high-performing employees.

Adequate funding and flexibility is needed to provide services to over 1.2 million members and to prudently manage over \$ 100 billion in assets. During the last year the TRS Board of Trustees adopted a new investment asset allocation that was designed to reduce the downside risk and enhance returns. Although not fully implemented the new allocation has worked as expected in that the System has approximately \$ 2.5 billion more in assets than it would have had under the old allocation. Continued implementation and monitoring of the new asset allocation will require the additional resources and funding as requested in the accompanying document.

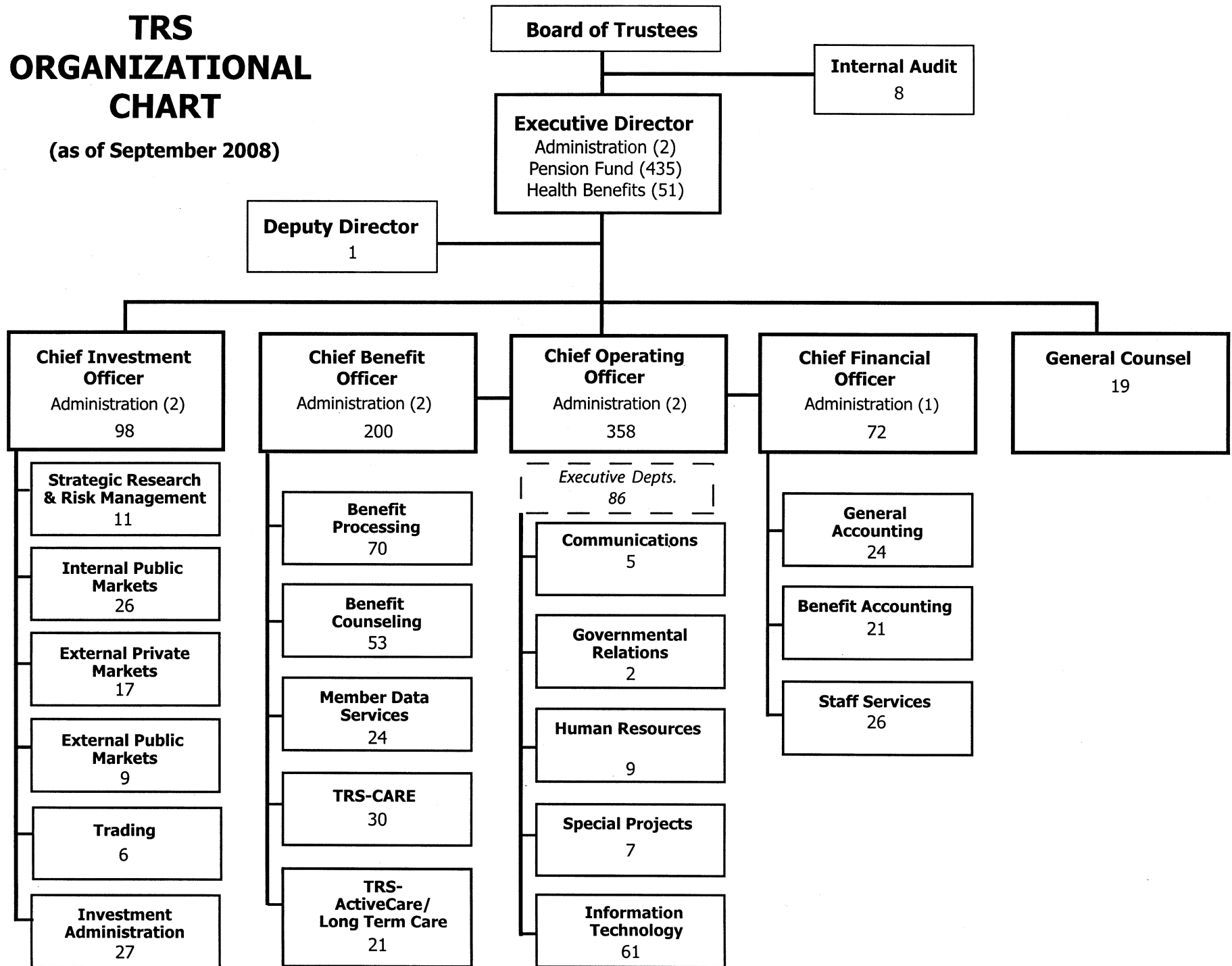
Your consideration of these funding requests on behalf of the members of the Teacher Retirement System is greatly appreciated.

Sincerely,

Ronnie G. Jung, Executive Director  
Teacher Retirement System of Texas

# TRS ORGANIZATIONAL CHART

(as of September 2008)





CERTIFICATE

Agency Name Teacher Retirement System of Texas

This is to certify that the information contained in the agency Legislative Appropriations Request filed with the Legislative Budget Board (LBB) and the Governor's Office of Budget, Planning and Policy (GOBPP) is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the bound paper copies are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the GOBPP will be notified in writing in accordance with Article IX, Section 7.01, (2008-09 GAA).

**Chief Executive Officer or Presiding Judge**

Ronnie G. Jung  
Signature

Ronnie G. Jung  
Printed Name

Executive Director  
Title

August 13, 2008  
Date

**Chief Financial Officer**

Ken Welch  
Signature

Ken Welch  
Printed Name

Chief Financial Officer  
Title

August 13, 2008  
Date

**Board or Commission Chair**

James H. Lee  
Signature

James H. Lee  
Printed Name

Chairman, Board of Trustees  
Title

August 13, 2008  
Date

2.A. SUMMARY OF BASE REQUEST BY STRATEGY  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:28:43PM

Agency code: 323

Agency name: Teacher Retirement System

Goal / Objective / STRATEGY	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<b>1</b> To Administer the System as an Employee Benefit Trust					
<b>1</b> <i>Sound Retirement System</i>					
1 TRS - PUBLIC EDUCATION RETIREMENT	1,243,222,101	1,317,997,899	1,358,387,848	1,378,291,042	1,428,308,377
2 TRS - HIGHER EDUCATION RETIREMENT	298,634,318	237,380,517	247,920,576	260,837,458	279,083,463
3 ADMINISTRATIVE OPERATIONS	41,148,011	48,642,935	68,624,747	90,657,400	89,171,609
<b>2</b> <i>Health Care Program for Public Education Retirees Funded by Statute</i>					
1 RETIREE HEALTH - STATUTORY FUNDS	237,632,057	234,511,595	231,675,389	257,344,455	208,842,529
TOTAL, GOAL <b>1</b>	<b>\$1,820,636,487</b>	<b>\$1,838,532,946</b>	<b>\$1,906,608,560</b>	<b>\$1,987,130,355</b>	<b>\$2,005,405,978</b>
<b>2</b> School Employee Children's Health Insurance Program					
<b>1</b> <i>School Employee Children's Health Insurance Program</i>					
1 SCHOOL EMPLOYEE CHIP	0	13,120,309	13,192,708	13,120,309	13,192,708
TOTAL, GOAL <b>2</b>	<b>\$0</b>	<b>\$13,120,309</b>	<b>\$13,192,708</b>	<b>\$13,120,309</b>	<b>\$13,192,708</b>
TOTAL, AGENCY STRATEGY REQUEST	<b>\$1,820,636,487</b>	<b>\$1,851,653,255</b>	<b>\$1,919,801,268</b>	<b>\$2,000,250,664</b>	<b>\$2,018,598,686</b>
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	<b>\$1,820,636,487</b>	<b>\$1,851,653,255</b>	<b>\$1,919,801,268</b>	<b>\$2,000,250,664</b>	<b>\$2,018,598,686</b>

2.A. SUMMARY OF BASE REQUEST BY STRATEGY  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:28:43PM

Agency code: 323

Agency name: Teacher Retirement System

Goal / Objective / STRATEGY	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<b>METHOD OF FINANCING:</b>					
<b>General Revenue Funds:</b>					
1 General Revenue Fund	1,704,599,774	1,718,667,341	1,764,094,423	1,816,145,152	1,829,450,215
<b>SUBTOTAL</b>	<b>\$1,704,599,774</b>	<b>\$1,718,667,341</b>	<b>\$1,764,094,423</b>	<b>\$1,816,145,152</b>	<b>\$1,829,450,215</b>
<b>General Revenue Dedicated Funds:</b>					
770 Est Oth Educ & Gen Inco	73,419,523	82,590,714	85,196,966	91,160,754	97,542,006
<b>SUBTOTAL</b>	<b>\$73,419,523</b>	<b>\$82,590,714</b>	<b>\$85,196,966</b>	<b>\$91,160,754</b>	<b>\$97,542,006</b>
<b>Other Funds:</b>					
960 TRS Trust Account Fund	42,617,190	50,395,200	70,509,879	92,944,758	91,606,465
<b>SUBTOTAL</b>	<b>\$42,617,190</b>	<b>\$50,395,200</b>	<b>\$70,509,879</b>	<b>\$92,944,758</b>	<b>\$91,606,465</b>
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$1,820,636,487</b>	<b>\$1,851,653,255</b>	<b>\$1,919,801,268</b>	<b>\$2,000,250,664</b>	<b>\$2,018,598,686</b>

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

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:38PM

Agency code: 323

Agency name: Teacher Retirement System

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<b><u>GENERAL REVENUE</u></b>					
<b><u>1</u> General Revenue Fund</b>					
<i>REGULAR APPROPRIATIONS</i>					
House Bill 1, 80th Legislature, Regular Session	\$0	\$1,888,878,689	\$1,984,331,591	\$0	\$0
Regular Appropriations from MOF Table	\$0	\$0	\$0	\$1,816,145,152	\$1,829,450,215
Senate Bill 1, 79th Legislature, Regular Session	\$1,687,076,641	\$0	\$0	\$0	\$0
<i>RIDER APPROPRIATION</i>					
Art IX, Sec 19.45, HB 2358, 80th Legislature, RS, reduction of GR	\$0	\$(273,827,273)	\$(305,123,795)	\$0	\$0
HB 1, 79th Legislature, 3rd CS	\$49,500,000	\$0	\$0	\$0	\$0
<i>TRANSFERS</i>					
Adjustment per 1575.210(b) of Insurance Code (adj est to actual)	\$18,420,000	\$13,917,326	\$0	\$0	\$0
Adjustment per Sec. 403.093(c), Tx. Gov. Code (adj est to actual)	\$26,247,601	\$89,698,599	\$84,886,627	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:42PM

Agency code: 323

Agency name: Teacher Retirement System

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<b><u>GENERAL REVENUE</u></b>					
HB 15, 80th Legislature, RS, reduction of GR	\$(76,644,468)	\$0	\$0	\$0	\$0
<b>TOTAL, General Revenue Fund</b>	<b>\$1,704,599,774</b>	<b>\$1,718,667,341</b>	<b>\$1,764,094,423</b>	<b>\$1,816,145,152</b>	<b>\$1,829,450,215</b>
<b>TOTAL, ALL GENERAL REVENUE</b>	<b>\$1,704,599,774</b>	<b>\$1,718,667,341</b>	<b>\$1,764,094,423</b>	<b>\$1,816,145,152</b>	<b>\$1,829,450,215</b>

**GENERAL REVENUE FUND - DEDICATED**

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

*REGULAR APPROPRIATIONS*

Regular Appropriations from MOF Table

	\$0	\$0	\$0	\$91,160,754	\$97,542,006
Rider #7-Transfer of Other Educational & General Income	\$64,713,290	\$0	\$0	\$0	\$0
Rider #7-Transfer of Other Educational & General Income	\$0	\$81,139,968	\$85,196,966	\$0	\$0

*BASE ADJUSTMENT*

Rider #7-Transfer of Other Educational & General Income	\$8,706,233	\$0	\$0	\$0	\$0
Rider #7-Transfer of Other Educational & General Income	\$0	\$1,450,746	\$0	\$0	\$0

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:42PM

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
Agency code: 323 Agency name: <b>Teacher Retirement System</b>					
<b><u>GENERAL REVENUE FUND - DEDICATED</u></b>					
TOTAL, GR Dedicated - Estimated Other Educational and General Income Account No. 770	\$73,419,523	\$82,590,714	\$85,196,966	\$91,160,754	\$97,542,006
TOTAL GENERAL REVENUE FUND - DEDICATED - 704, 708 & 770	\$73,419,523	\$82,590,714	\$85,196,966	\$91,160,754	\$97,542,006
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED	\$73,419,523	\$82,590,714	\$85,196,966	\$91,160,754	\$97,542,006
TOTAL, GR & GR-DEDICATED FUNDS	\$1,778,019,297	\$1,801,258,055	\$1,849,291,389	\$1,907,305,906	\$1,926,992,221
<b><u>OTHER FUNDS</u></b>					
<b>960</b> Teacher Retirement System Trust Account Fund No. 960					
<i>REGULAR APPROPRIATIONS</i>					
Administrative Operations of the Pension Trust Fund	\$43,354,219	\$51,400,000	\$50,800,000	\$90,657,400	\$89,171,609
Employer Retirement Contributions for TRS Employees	\$1,460,208	\$1,677,221	\$1,761,082	\$2,287,358	\$2,434,856
<i>RIDER APPROPRIATION</i>					
HB 2427, 80th Legislature, Sunset Advisory recommendation	\$0	\$500,000	\$500,000	\$0	\$0
<i>TRANSFERS</i>					

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:42PM

Agency code: 323

Agency name: **Teacher Retirement System**

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<b><u>OTHER FUNDS</u></b>					
Art IX, Sec 13.17, Salary Increase (2006-2007 GAA)	\$1,543,400	\$0	\$0	\$0	\$0
Art IX, Sec 19.62(a), Salary Increase (2008-09 GAA)	\$0	\$485,347	\$1,019,747	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Administrative Operations of the Pension Trust Fund	\$(4,905,893)	\$(612,412)	\$0	\$0	\$0
<i>UNEXPENDED BALANCES AUTHORITY</i>					
Art IX, Sec 14.03, Capital Budget (2008-2009 GAA)	\$0	\$(3,130,000)	\$3,130,000	\$0	\$0
Art IX, Sec 6.16, Capital Budget (2006-2007 GAA)	\$1,156,285	\$0	\$0	\$0	\$0
<i>BASE ADJUSTMENT</i>					
Administrative Operations of the Pension Trust Fund	\$0	\$0	\$13,175,000	\$0	\$0
Employer Retirement Contributions for TRS Employees (adj to actual)	\$8,971	\$75,044	\$124,050	\$0	\$0
<b>TOTAL, Teacher Retirement System Trust Account Fund No. 960</b>	<b>\$42,617,190</b>	<b>\$50,395,200</b>	<b>\$70,509,879</b>	<b>\$92,944,758</b>	<b>\$91,606,465</b>

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:42PM

Agency code: 323

Agency name: Teacher Retirement System

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<b>TOTAL, ALL OTHER FUNDS</b>	<b>\$42,617,190</b>	<b>\$50,395,200</b>	<b>\$70,509,879</b>	<b>\$92,944,758</b>	<b>\$91,606,465</b>
<b>GRAND TOTAL</b>	<b>\$1,820,636,487</b>	<b>\$1,851,653,255</b>	<b>\$1,919,801,268</b>	<b>\$2,000,250,664</b>	<b>\$2,018,598,686</b>

**FULL-TIME-EQUIVALENT POSITIONS**

<b>REGULAR APPROPRIATIONS</b>					
Administrative Operations - Pension Trust Fund	436.0	427.3	427.3	500.0	500.0
<b>RIDER APPROPRIATION</b>					
HB 2427, 80th Leg., FTE increase, Sunset Advisory recommendations	0.0	8.0	8.0	0.0	0.0
<b>TRANSFERS</b>					
Art IX, Sec 6.14 Limitation of State Employment Levels (2006-07 GAA)	(8.7)	0.0	0.0	0.0	0.0
<b>UNAUTHORIZED NUMBER OVER (BELOW) CAP</b>					
Administrative Operations of the Pension Trust Fund	(18.2)	(20.7)	0.0	0.0	0.0
<b>TOTAL, ADJUSTED FTES</b>	<b>409.1</b>	<b>414.6</b>	<b>435.3</b>	<b>500.0</b>	<b>500.0</b>
<b>NUMBER OF 100% FEDERALLY FUNDED FTES</b>					
	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>



**2.C. SUMMARY OF BASE REQUEST BY OBJECT OF EXPENSE**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/13/2008**  
 TIME: **12:30:02PM**

Agency code: <b>323</b>	Agency name: <b>Teacher Retirement System</b>				
<b>OBJECT OF EXPENSE</b>	<b>Exp 2007</b>	<b>Est 2008</b>	<b>Bud 2009</b>	<b>BL 2010</b>	<b>BL 2011</b>
1001 SALARIES AND WAGES	\$24,450,858	\$27,389,861	\$34,925,214	\$47,442,843	\$51,414,737
1002 OTHER PERSONNEL COSTS	\$1,780,052,368	\$1,803,591,900	\$1,851,747,181	\$1,910,154,231	\$1,929,977,564
2001 PROFESSIONAL FEES AND SERVICES	\$4,808,285	\$7,422,485	\$10,447,111	\$12,244,830	\$12,375,730
2002 FUELS AND LUBRICANTS	\$2,077	\$2,288	\$2,860	\$3,100	\$3,400
2003 CONSUMABLE SUPPLIES	\$332,072	\$438,374	\$572,950	\$611,650	\$636,900
2004 UTILITIES	\$826,006	\$973,031	\$1,589,375	\$1,620,030	\$1,696,950
2005 TRAVEL	\$456,754	\$701,575	\$796,608	\$1,149,423	\$1,251,403
2006 RENT - BUILDING	\$21,463	\$34,401	\$934,676	\$1,841,951	\$1,841,951
2007 RENT - MACHINE AND OTHER	\$131,617	\$174,688	\$180,000	\$194,100	\$204,200
2009 OTHER OPERATING EXPENSE	\$7,217,845	\$9,225,214	\$12,825,293	\$17,460,866	\$17,364,576
5000 CAPITAL EXPENDITURES	\$2,337,142	\$1,699,438	\$5,780,000	\$7,527,640	\$1,831,275
<b>OOE Total (Excluding Riders)</b>	<b>\$1,820,636,487</b>	<b>\$1,851,653,255</b>	<b>\$1,919,801,268</b>	<b>\$2,000,250,664</b>	<b>\$2,018,598,686</b>
<b>OOE Total (Riders)</b>					
<b>Grand Total</b>	<b>\$1,820,636,487</b>	<b>\$1,851,653,255</b>	<b>\$1,919,801,268</b>	<b>\$2,000,250,664</b>	<b>\$2,018,598,686</b>

**2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES**

81st Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/13/2008  
Time: 12:28:56PM

Agency code: 323

Agency name: **Teacher Retirement System**

Goal/ Objective / Outcome	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1 To Administer the System as an Employee Benefit Trust					
1 <i>Sound Retirement System</i>					
KEY      1 Percent of Retirees Rating Services Satisfactory or Better					
	93.90%	98.30%	95.00%	95.00%	95.00%
KEY      2 % TRS Active Members Rating TRS Member Svcs as Satisfactory or Better					
	88.00%	97.90%	95.00%	95.00%	95.00%
3 # of Years-Amortize TRS Retirement Fund Unfunded Actuarial Accrued Liab					
	27.40	30.99	30.99	30.99	30.99
4 TRS Retirement Fund 5-yr Avg Time-weighted Rate of ROI Performance					
	12.33%	9.70%	8.00%	8.00%	8.00%
KEY      5 TRS Retirement Fund Benefit Admin. Ann. Op. Exp. Per Member/Annuitant					
	22.90	24.79	25.40	27.00	27.00
6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets					
	1.87	2.48	15.00	20.00	25.00
2 <i>Health Care Program for Public Education Retirees Funded by Statute</i>					
KEY      1 Percent of TRS-Care Participants Satisfied with Services					
	95.50%	90.40%	85.00%	85.00%	70.00%
4 <i>Health Care Program for Public Education Employees</i>					
1 % TRS-ActiveCare Participants Satisfied with Services					
	86.10%	95.50%	90.00%	90.00%	90.00%

**2.E. SUMMARY OF EXCEPTIONAL ITEMS REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME : 12:29:48PM

Agency code: 323

Agency name: **Teacher Retirement System**

Priority	Item	2010			2011			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	TRS-Care Public Ed Ret. Health Care	\$0	\$0		\$61,369,149	\$61,369,149		\$61,369,149	\$61,369,149
<b>Total, Exceptional Items Request</b>		<b>\$0</b>	<b>\$0</b>		<b>\$61,369,149</b>	<b>\$61,369,149</b>		<b>\$61,369,149</b>	<b>\$61,369,149</b>

**Method of Financing**

General Revenue	\$0	\$0		\$61,369,149	\$61,369,149		\$61,369,149	\$61,369,149
General Revenue - Dedicated								
Federal Funds								
Other Funds								
	<b>\$0</b>	<b>\$0</b>		<b>\$61,369,149</b>	<b>\$61,369,149</b>		<b>\$61,369,149</b>	<b>\$61,369,149</b>

**Full Time Equivalent Positions**

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

**2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/13/2008  
 TIME : 12:29:03PM

Agency code: 323

Agency name: Teacher Retirement System

<b>Goal/Objective/STRATEGY</b>	<b>Base 2010</b>	<b>Base 2011</b>	<b>Exceptional 2010</b>	<b>Exceptional 2011</b>	<b>Total Request 2010</b>	<b>Total Request 2011</b>
<b>1 To Administer the System as an Employee Benefit Trust</b>						
1 <i>Sound Retirement System</i>						
1 TRS - PUBLIC EDUCATION RETIREMENT	\$1,378,291,042	\$1,428,308,377	\$0	\$0	\$1,378,291,042	\$1,428,308,377
2 TRS - HIGHER EDUCATION RETIREMENT	260,837,458	279,083,463	0	0	260,837,458	279,083,463
3 ADMINISTRATIVE OPERATIONS	90,657,400	89,171,609	0	0	90,657,400	89,171,609
2 <i>Health Care Program for Public Education Retirees Funded by Statu</i>						
1 RETIREE HEALTH - STATUTORY FUNDS	257,344,455	208,842,529	0	61,369,149	257,344,455	270,211,678
<b>TOTAL, GOAL 1</b>	<b>\$1,987,130,355</b>	<b>\$2,005,405,978</b>	<b>\$0</b>	<b>\$61,369,149</b>	<b>\$1,987,130,355</b>	<b>\$2,066,775,127</b>
<b>2 School Employee Children's Health Insurance Program</b>						
1 <i>School Employee Children's Health Insurance Program</i>						
1 SCHOOL EMPLOYEE CHIP	13,120,309	13,192,708	0	0	13,120,309	13,192,708
<b>TOTAL, GOAL 2</b>	<b>\$13,120,309</b>	<b>\$13,192,708</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,120,309</b>	<b>\$13,192,708</b>
<b>TOTAL, AGENCY STRATEGY REQUEST</b>	<b>\$2,000,250,664</b>	<b>\$2,018,598,686</b>	<b>\$0</b>	<b>\$61,369,149</b>	<b>\$2,000,250,664</b>	<b>\$2,079,967,835</b>
<b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST</b>						
<b>GRAND TOTAL, AGENCY REQUEST</b>	<b>\$2,000,250,664</b>	<b>\$2,018,598,686</b>	<b>\$0</b>	<b>\$61,369,149</b>	<b>\$2,000,250,664</b>	<b>\$2,079,967,835</b>

**2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/13/2008  
 TIME : 12:29:06PM

Agency code: 323                      Agency name: Teacher Retirement System

<i>Goal/Objective/STRATEGY</i>	<b>Base 2010</b>	<b>Base 2011</b>	<b>Exceptional 2010</b>	<b>Exceptional 2011</b>	<b>Total Request 2010</b>	<b>Total Request 2011</b>
<b>General Revenue Funds:</b>						
1 General Revenue Fund	\$1,816,145,152	\$1,829,450,215	\$0	\$61,369,149	\$1,816,145,152	\$1,890,819,364
	<b>\$1,816,145,152</b>	<b>\$1,829,450,215</b>	<b>\$0</b>	<b>\$61,369,149</b>	<b>\$1,816,145,152</b>	<b>\$1,890,819,364</b>
<b>General Revenue Dedicated Funds:</b>						
770 Est Oth Educ & Gen Inco	91,160,754	97,542,006	0	0	\$91,160,754	\$97,542,006
	<b>\$91,160,754</b>	<b>\$97,542,006</b>	<b>\$0</b>	<b>\$0</b>	<b>\$91,160,754</b>	<b>\$97,542,006</b>
<b>Other Funds:</b>						
960 TRS Trust Account Fund	92,944,758	91,606,465	0	0	\$92,944,758	\$91,606,465
	<b>\$92,944,758</b>	<b>\$91,606,465</b>	<b>\$0</b>	<b>\$0</b>	<b>\$92,944,758</b>	<b>\$91,606,465</b>
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$2,000,250,664</b>	<b>\$2,018,598,686</b>	<b>\$0</b>	<b>\$61,369,149</b>	<b>\$2,000,250,664</b>	<b>\$2,079,967,835</b>
<b>FULL TIME EQUIVALENT POSITIONS</b>	<b>500.0</b>	<b>500.0</b>	<b>0.0</b>	<b>0.0</b>	<b>500.0</b>	<b>500.0</b>

**2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES**

81st Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/13/2008

Time: 12:29:56PM

Agency code: 323

Agency name: **Teacher Retirement System**

Goal/ Objective / Outcome

	BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
1 To Administer the System as an Employee Benefit Trust						
1 <i>Sound Retirement System</i>						
<b>KEY 1 Percent of Retirees Rating Services Satisfactory or Better</b>						
	95.00%	95.00%			95.00%	95.00%
<b>KEY 2 % TRS Active Members Rating TRS Member Svcs as Satisfactory or Better</b>						
	95.00%	95.00%			95.00%	95.00%
<b>3 # of Years-Amortize TRS Retirement Fund Unfunded Actuarial Accrued Liab</b>						
	30.99	30.99			30.99	30.99
<b>4 TRS Retirement Fund 5-yr Avg Time-weighted Rate of ROI Performance</b>						
	8.00%	8.00%			8.00%	8.00%
<b>KEY 5 TRS Retirement Fund Benefit Admin. Ann. Op. Exp. Per Member/Annuitant</b>						
	27.00	27.00			27.00	27.00
<b>6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets</b>						
	20.00	25.00			20.00	25.00
2 <i>Health Care Program for Public Education Retirees Funded by Statute</i>						
<b>KEY 1 Percent of TRS-Care Participants Satisfied with Services</b>						
	85.00%	70.00%	0.00%	85.00%	0.00%	85.00%
4 <i>Health Care Program for Public Education Employees</i>						

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

81st Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/13/2008  
Time: 12:29:59PM

Agency code: 323

Agency name: Teacher Retirement System

Goal/ Objective / Outcome

	BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
<b>1 % TRS-ActiveCare Participants Satisfied with Services</b>	90.00%	90.00%			90.00%	90.00%

**3.A. STRATEGY REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:11PM

Agency code: 323 Agency name: 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.

Statewide Goal/Benchmark: 8 9  
 Service Categories:  
 Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
<b>Explanatory/Input Measures:</b>						
1	Number of TRS Retirement Fund Public Education Annuitants	230,817.00	238,037.00	245,792.00	254,125.00	263,071.00
2	Number of TRS Retirement Fund Public Education Members	776,657.00	787,530.00	798,555.00	809,735.00	821,072.00
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$1,243,222,101	\$1,317,997,899	\$1,358,387,848	\$1,378,291,042	\$1,428,308,377
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$1,243,222,101</b>	<b>\$1,317,997,899</b>	<b>\$1,358,387,848</b>	<b>\$1,378,291,042</b>	<b>\$1,428,308,377</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$1,243,222,101	\$1,317,997,899	\$1,358,387,848	\$1,378,291,042	\$1,428,308,377
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$1,243,222,101</b>	<b>\$1,317,997,899</b>	<b>\$1,358,387,848</b>	<b>\$1,378,291,042</b>	<b>\$1,428,308,377</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$1,378,291,042</b>	<b>\$1,428,308,377</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$1,243,222,101</b>	<b>\$1,317,997,899</b>	<b>\$1,358,387,848</b>	<b>\$1,378,291,042</b>	<b>\$1,428,308,377</b>

**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 five-year average investment return of at least 8 percent each year of the five-year planning period.



**3.A. STRATEGY REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:14PM

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

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

Statewide Goal/Benchmark:    8    9

OBJECTIVE:    1    Sound Retirement System

Service Categories:

STRATEGY:    1    Retirement Contributions for Public Education Employees. Estimated.

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Total membership in TRS currently exceeds 1.2 million members and is expected to increase by approximately 6% during the 2010-2011 Biennium. Active membership in Public Education continues to grow. Based on current trends indicating increases in both members and salaries, we are assuming covered payroll growth in Public Education of 5.0 % for FY 2009 and for FY 2010 and 2011.

**3.A. STRATEGY REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:14PM

Agency code: 323 Agency name: **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.

Statewide Goal/Benchmark: 8 9  
 Service Categories:  
 Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
<b>Explanatory/Input Measures:</b>						
1	Number of TRS Retirement Fund Higher Education Annuitants	34,490.00	35,569.00	36,727.00	37,973.00	39,310.00
2	Number of TRS Retirement Fund Higher Education Members	159,074.00	161,301.00	163,560.00	165,849.00	168,171.00
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$298,634,318	\$237,380,517	\$247,920,576	\$260,837,458	\$279,083,463
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$298,634,318</b>	<b>\$237,380,517</b>	<b>\$247,920,576</b>	<b>\$260,837,458</b>	<b>\$279,083,463</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$223,745,616	\$153,037,538	\$160,838,478	\$167,389,346	\$179,106,601
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$223,745,616</b>	<b>\$153,037,538</b>	<b>\$160,838,478</b>	<b>\$167,389,346</b>	<b>\$179,106,601</b>
<b>Method of Financing:</b>						
770	Est Oth Educ & Gen Inco	\$73,419,523	\$82,590,714	\$85,196,966	\$91,160,754	\$97,542,006
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$73,419,523</b>	<b>\$82,590,714</b>	<b>\$85,196,966</b>	<b>\$91,160,754</b>	<b>\$97,542,006</b>
<b>Method of Financing:</b>						
960	TRS Trust Account Fund	\$1,469,179	\$1,752,265	\$1,885,132	\$2,287,358	\$2,434,856
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$1,469,179</b>	<b>\$1,752,265</b>	<b>\$1,885,132</b>	<b>\$2,287,358</b>	<b>\$2,434,856</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$260,837,458</b>	<b>\$279,083,463</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$298,634,318</b>	<b>\$237,380,517</b>	<b>\$247,920,576</b>	<b>\$260,837,458</b>	<b>\$279,083,463</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>						

**3.A. STRATEGY REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:14PM

Agency code: 323      Agency name: **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.

Statewide Goal/Benchmark:    8    9  
 Service Categories:  
 Service: 06    Income: A.2    Age: B.2

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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**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 five-year average investment return of at least 8 percent each year of the five-year planning period .

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Total membership in TRS currently exceeds 1.2 million members and is expected to increase by approximately 6% during the 2010-2011 Biennium. Active membership in Higher Education continues to grow. Based on current trends indicating increases in both members and salaries, we are assuming covered payroll growth in Higher Education of 7.0 % for FY 2009 and for FY 2010 and 2011.

**3.A. STRATEGY REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:14PM

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

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

Statewide Goal/Benchmark: 8 9

OBJECTIVE: 1 Sound Retirement System

Service Categories:

STRATEGY: 3 Administrative Operations

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
<b>Output Measures:</b>						
KEY 1	Number of TRS Benefit Applications Processed	624,871.00	62,000.00	63,000.00	64,000.00	65,000.00
2	Number of TRS Retirement Fund Member Accounts Serviced	9,250,156.00	9,481,410.00	9,718,445.00	9,961,407.00	10,210,442.00
3	Percent of Retirees Whose First Annuity is Paid When It is First Due	99.98	98.00	98.00	98.00	98.00
<b>Efficiency Measures:</b>						
KEY 1	Avg. Customer Hold Time for Calls Rec'd on Toll-free Line (in Minutes)	1.73	5.00	2.00	2.00	2.00
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$24,450,858	\$27,389,861	\$34,925,214	\$47,442,843	\$51,414,737
1002	OTHER PERSONNEL COSTS	\$563,892	\$581,580	\$570,660	\$560,967	\$550,487
2001	PROFESSIONAL FEES AND SERVICES	\$4,808,285	\$7,422,485	\$10,447,111	\$12,244,830	\$12,375,730
2002	FUELS AND LUBRICANTS	\$2,077	\$2,288	\$2,860	\$3,100	\$3,400
2003	CONSUMABLE SUPPLIES	\$332,072	\$438,374	\$572,950	\$611,650	\$636,900
2004	UTILITIES	\$826,006	\$973,031	\$1,589,375	\$1,620,030	\$1,696,950
2005	TRAVEL	\$456,754	\$701,575	\$796,608	\$1,149,423	\$1,251,403
2006	RENT - BUILDING	\$21,463	\$34,401	\$934,676	\$1,841,951	\$1,841,951
2007	RENT - MACHINE AND OTHER	\$131,617	\$174,688	\$180,000	\$194,100	\$204,200
2009	OTHER OPERATING EXPENSE	\$7,217,845	\$9,225,214	\$12,825,293	\$17,460,866	\$17,364,576
5000	CAPITAL EXPENDITURES	\$2,337,142	\$1,699,438	\$5,780,000	\$7,527,640	\$1,831,275
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$41,148,011</b>	<b>\$48,642,935</b>	<b>\$68,624,747</b>	<b>\$90,657,400</b>	<b>\$89,171,609</b>
<b>Method of Financing:</b>						
960	TRS Trust Account Fund	\$41,148,011	\$48,642,935	\$68,624,747	\$90,657,400	\$89,171,609

**3.A. STRATEGY REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:14PM

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

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

Statewide Goal/Benchmark: 8 9  
 Service Categories:  
 Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$41,148,011</b>	<b>\$48,642,935</b>	<b>\$68,624,747</b>	<b>\$90,657,400</b>	<b>\$89,171,609</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$90,657,400</b>	<b>\$89,171,609</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$41,148,011</b>	<b>\$48,642,935</b>	<b>\$68,624,747</b>	<b>\$90,657,400</b>	<b>\$89,171,609</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>409.1</b>	<b>414.6</b>	<b>435.3</b>	<b>500.0</b>	<b>500.0</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Section 825.404(d) of the Texas Government Code states that the legislature shall appropriate from the general revenue fund a specified amount of money to be used to pay operating expenses of the retirement system for each fiscal year. Funding for this baseline request for administrative operations is from the Teacher Retirement Pension Trust Fund because this is the method of finance established for the current biennium in House Bill No. 1, the General Appropriations Act. Section 825.313(d) provides that the board of trustees may provide money necessary for operating expenses that exceed the amount appropriated under law from the general revenue funds.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Administrative needs are driven substantially by growth in membership and the internal management of the investment portfolio . Increased complexity of investment management and benefit services contributes to the needs expressed in this baseline request.

Total membership in the TRS Pension Trust Fund currently exceeds 1.2 million members and is expected to increase by approximately 6% during the 2010-2011 biennium. To adequately serve members and to prudently manage Pension Trust Fund assets, the System requests funding for administrative operations . Most of the cost increases over the last biennium relate to additional investment costs to manage a fund that reached \$ 100 billion on April 6, 2006 . The amounts requested for investment management translate to a cost of less than 25 basis points (Twenty-five one-hundredth of one percent) per dollar invested . The cost for benefit administration is estimated to be \$ 27 per member per year . Benefit administration costs would both continue to be one of the lowest of any major state public pension fund.

**3.A. STRATEGY REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:14PM

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

Statewide Goal/Benchmark: 1 0  
 Service Categories:  
 Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
<b>Efficiency Measures:</b>						
KEY 1	Percent of TRS - Care Med Claims Adjudicated w/in 14 Days of Receipt	96.90 %	95.00 %	93.00 %	93.00 %	93.00 %
<b>Explanatory/Input Measures:</b>						
1	Number of TRS Members Participating in TRS-Care	153,865.00	158,880.00	165,743.00	171,413.00	176,563.00
2	Number of Total Participants in TRS-Care	193,336.00	194,360.00	201,539.00	209,402.00	217,017.00
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$237,632,057	\$234,511,595	\$231,675,389	\$257,344,455	\$208,842,529
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$237,632,057</b>	<b>\$234,511,595</b>	<b>\$231,675,389</b>	<b>\$257,344,455</b>	<b>\$208,842,529</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$237,632,057	\$234,511,595	\$231,675,389	\$257,344,455	\$208,842,529
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$237,632,057</b>	<b>\$234,511,595</b>	<b>\$231,675,389</b>	<b>\$257,344,455</b>	<b>\$208,842,529</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$257,344,455</b>	<b>\$208,842,529</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$237,632,057</b>	<b>\$234,511,595</b>	<b>\$231,675,389</b>	<b>\$257,344,455</b>	<b>\$208,842,529</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

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.



**3.A. STRATEGY REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:14PM

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

GOAL:            1    To Administer the System as an Employee Benefit Trust  
 OBJECTIVE:    4    Health Care Program for Public Education Employees  
 STRATEGY:     1    Administer Health Care Program for Public Education Employees

Statewide Goal/Benchmark:    1    0  
 Service Categories:  
 Service: 06    Income: A.2    Age:    B.2

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
<b>Efficiency Measures:</b>						
1	% of TRS-ActiveCare Medical Claims Adjudicated w/in 14 Days of Receipt	99.15 %	93.00 %	93.00 %	93.00 %	93.00 %
<b>Explanatory/Input Measures:</b>						
1	Number of Public Education Employees Participating in TRS-ActiveCare	197,433.00	211,933.00	226,433.00	240,933.00	255,433.00
2	Number of Total Participants in TRS-ActiveCare	327,797.00	351,797.00	375,797.00	399,797.00	423,797.00
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>						
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>						
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Chapter 1579 of the Texas Insurance Code established the Texas School Employees Uniform Group Coverage Program (TRS-ActiveCare), a statewide health coverage program for active school employees and their dependents . TRS-ActiveCare is a self-funded plan . The monthly cost of the plan must cover the cost of claims and administrative costs with some contingency reserve for unfavorable actual performance relative to expectations . The program is funded from several different sources : 1) the school districts are required to contribute a minimum of \$150 per month per covered TRS member (school districts may contribute more if they choose) ; 2) the state will contribute \$75 per month per covered TRS member ; 3) the employee's share for the plan chosen will be the amount remaining after employer and state contributions.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

ACTIVE HEALTH BENEFITS PROGRAM - This strategy does not include funding related to the TRS-ActiveCare health benefits program . The efficiency measures and the explanatory / input measures in this strategy relate to the ActiveCare health benefits program .



**3.A. STRATEGY REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:14PM

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

GOAL: 2 School Employee Children's Health Insurance Program  
 OBJECTIVE: 1 School Employee Children's Health Insurance Program  
 STRATEGY: 1 School Employee Children's Health Insurance Program

Statewide Goal/Benchmark: 3 5  
 Service Categories:  
 Service: 06 Income: A.1 Age: B.1

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$0	\$13,120,309	\$13,192,708	\$13,120,309	\$13,192,708
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$0</b>	<b>\$13,120,309</b>	<b>\$13,192,708</b>	<b>\$13,120,309</b>	<b>\$13,192,708</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$0	\$13,120,309	\$13,192,708	\$13,120,309	\$13,192,708
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$0</b>	<b>\$13,120,309</b>	<b>\$13,192,708</b>	<b>\$13,120,309</b>	<b>\$13,192,708</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$13,120,309</b>	<b>\$13,192,708</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$0</b>	<b>\$13,120,309</b>	<b>\$13,192,708</b>	<b>\$13,120,309</b>	<b>\$13,192,708</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

This strategy provides funding for the children of school district personnel who are enrolled in the Children Health Insurance Program (CHIP) which is administered by the Health and Human Service Commission (HHSC). The CHIP program provides low cost health insurance to children in certain low income families meeting the eligibility criteria.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

TRS serves as a funding conduit to HHSC which administers the CHIP program. The funding request assumes there will be no increase need for funding from the current funding level.

3.A. STRATEGY REQUEST  
81st Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
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**SUMMARY TOTALS:**

<b>OBJECTS OF EXPENSE:</b>	\$1,820,636,487	\$1,851,653,255	\$1,919,801,268	\$2,000,250,664	\$2,018,598,686
<b>METHODS OF FINANCE (INCLUDING RIDERS):</b>				\$2,000,250,664	\$2,018,598,686
<b>METHODS OF FINANCE (EXCLUDING RIDERS):</b>	\$1,820,636,487	\$1,851,653,255	\$1,919,801,268	\$2,000,250,664	\$2,018,598,686
<b>FULL TIME EQUIVALENT POSITIONS:</b>	409.1	414.6	435.3	500.0	500.0

## Rider Revisions and Additions Request

<b>Agency Code:</b> 323	<b>Agency Name:</b> Teacher Retirement System	<b>Prepared By:</b> Ken Welch	<b>Date:</b> 08-13-08	<b>Request Level:</b> Base
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<b>Current Rider Number</b>	<b>Page Number in 20086-097 GAA</b>	<b>Proposed Rider Language</b>																																							
1.	III - 334	<p><b>Performance Measure Targets.</b> The following is a listing of the key performance target levels for the Teacher Retirement System. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Teacher Retirement System. In order to achieve the objectives and service standards established by this Act, the Teacher Retirement System shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;"><u>201008</u></th> <th style="width: 10%; text-align: center;"><u>201109</u></th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>A. Goal: TEACHER RETIREMENT SYSTEM</b></td> </tr> <tr> <td colspan="3"><b>Outcome (Results/Impact):</b></td> </tr> <tr> <td>Percent of TRS Retirees Rating TRS Member Services as Satisfactory or Better</td> <td style="text-align: center;">95%</td> <td style="text-align: center;">95%</td> </tr> <tr> <td>Percent of TRS Active Members Rating TRS <u>Member</u> Services as Satisfactory or Better</td> <td style="text-align: center;"><u>95%</u>90%</td> <td style="text-align: center;"><u>95%</u>90%</td> </tr> <tr> <td>TRS Retirement Fund Benefit Administration Annual Operating Expense Per <u>Total</u> Member/<u>and</u> Annuitant in dollars- (Excluding Investment Expenses)</td> <td style="text-align: center;"><u>\$27</u></td> <td style="text-align: center;"><u>\$27</u></td> </tr> <tr> <td>Percent of TRS-Care Participants Rating TRS-Care Services as Satisfactory or Better</td> <td style="text-align: center;"><u>85</u>70%</td> <td style="text-align: center;">70%</td> </tr> <tr> <td colspan="3"><b>A.1.3. Strategy: ADMINISTRATIVE OPERATIONS</b></td> </tr> <tr> <td colspan="3"><b>Output (Volume):</b></td> </tr> <tr> <td>Number of TRS Benefit Applications Processed</td> <td style="text-align: center;"><u>64,000</u>-62,000</td> <td style="text-align: center;"><u>65,000</u>63,000</td> </tr> <tr> <td>Percent of TRS Retirees Whose First Annuity is Paid When it is First Due</td> <td style="text-align: center;">98%</td> <td style="text-align: center;">98%</td> </tr> <tr> <td colspan="3"><b>Efficiencies:</b></td> </tr> <tr> <td>Percent of TRS Retirees Whose First Annuity is Paid within 31 Days of When it is First Due</td> <td style="text-align: center;">98%</td> <td style="text-align: center;"><u>98</u>5%</td> </tr> </tbody> </table>		<u>201008</u>	<u>201109</u>	<b>A. Goal: TEACHER RETIREMENT SYSTEM</b>			<b>Outcome (Results/Impact):</b>			Percent of TRS Retirees Rating TRS Member Services as Satisfactory or Better	95%	95%	Percent of TRS Active Members Rating TRS <u>Member</u> Services as Satisfactory or Better	<u>95%</u> 90%	<u>95%</u> 90%	TRS Retirement Fund Benefit Administration Annual Operating Expense Per <u>Total</u> Member/ <u>and</u> Annuitant in dollars- (Excluding Investment Expenses)	<u>\$27</u>	<u>\$27</u>	Percent of TRS-Care Participants Rating TRS-Care Services as Satisfactory or Better	<u>85</u> 70%	70%	<b>A.1.3. Strategy: ADMINISTRATIVE OPERATIONS</b>			<b>Output (Volume):</b>			Number of TRS Benefit Applications Processed	<u>64,000</u> -62,000	<u>65,000</u> 63,000	Percent of TRS Retirees Whose First Annuity is Paid When it is First Due	98%	98%	<b>Efficiencies:</b>			Percent of TRS Retirees Whose First Annuity is Paid within 31 Days of When it is First Due	98%	<u>98</u> 5%
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**Rider Revisions and Additions Request**

		<p>Average Customer Hold Time for Calls Received on Toll-free number <u>Line</u> (In Minutes) <span style="float:right">2                      2</span></p> <p><b>A.2.1. Strategy: RETIREE HEALTH – STATUTORY FUNDS</b></p> <p><b>Output (Volume):</b>  Dollar Amount of Participating Network Savings <del>1,100,000,000</del> <del>715,664,044</del> <u>1,300,000,000</u> 847,920,259</p> <p><b>Efficiencies:</b>  Percent of TRS-Care Medical Claims Adjudicated within 14 Days of Receipt <span style="float:right">93%                      93%</span></p>																																								
2.	III-345	<p><b>Capital Budget.</b> 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> <p align="right">201008                      201109</p> <p>Out of the Teacher Retirement System Trust Account Fund No. 960:</p> <p>a. Repair or Rehabilitation of Buildings and Facilities</p> <table border="0" style="width:100%"> <tr> <td>(1) Building Renovations</td> <td>FY 201008 /FY 201109</td> <td align="right">\$125,000 120,000</td> <td align="right">\$125,000 120,000</td> </tr> <tr> <td>(2) Retrofit Elevators</td> <td>FY 2008</td> <td align="right"><del>\$ 900,000</del></td> <td align="right">\$ - 0-</td> </tr> <tr> <td>(23) HVAC Components Energy Efficiency Retrofit</td> <td>FY2010/FY 201008</td> <td align="right">\$ 1,005,219 215,250</td> <td align="right">\$ -0-</td> </tr> <tr> <td>(4) Security System/Back-up Power Upgrades</td> <td>FY 2008</td> <td align="right"><del>\$ 1,100,000</del></td> <td align="right">\$ -0-</td> </tr> <tr> <td>(3) Landscape</td> <td>FY 2010/FY 2011</td> <td align="right">\$ 302,180</td> <td align="right">\$ -0-</td> </tr> <tr> <td>(4) Repair/Replace East Entrance Patio</td> <td>FY 2010/ FY 2011</td> <td align="right">\$ 352,688</td> <td align="right">\$ -0-</td> </tr> <tr> <td>(5) Upgrade Chilled Water System</td> <td>FY 2010/FY 2011</td> <td align="right">\$ 1,439,375</td> <td align="right">\$ -0-</td> </tr> <tr> <td>(6) Upgrade Heated Water System</td> <td>FY 2010/FY 2011</td> <td align="right">\$ 992,525</td> <td align="right">\$ -0-</td> </tr> <tr> <td>(7) Computer Center HVAC</td> <td>FY 2010/FY 2011</td> <td align="right">\$ 275,013</td> <td align="right">\$ -0-</td> </tr> <tr> <td><b>Total, Repair or Rehabilitation of Buildings and Facilities</b></td> <td></td> <td align="right"><b>\$ 4,492,000 2,335,250</b></td> <td align="right"><b>\$ 125,000 120,000</b></td> </tr> </table>	(1) Building Renovations	FY 201008 /FY 201109	\$125,000 120,000	\$125,000 120,000	(2) Retrofit Elevators	FY 2008	<del>\$ 900,000</del>	\$ - 0-	(23) HVAC Components Energy Efficiency Retrofit	FY2010/FY 201008	\$ 1,005,219 215,250	\$ -0-	(4) Security System/Back-up Power Upgrades	FY 2008	<del>\$ 1,100,000</del>	\$ -0-	(3) Landscape	FY 2010/FY 2011	\$ 302,180	\$ -0-	(4) Repair/Replace East Entrance Patio	FY 2010/ FY 2011	\$ 352,688	\$ -0-	(5) Upgrade Chilled Water System	FY 2010/FY 2011	\$ 1,439,375	\$ -0-	(6) Upgrade Heated Water System	FY 2010/FY 2011	\$ 992,525	\$ -0-	(7) Computer Center HVAC	FY 2010/FY 2011	\$ 275,013	\$ -0-	<b>Total, Repair or Rehabilitation of Buildings and Facilities</b>		<b>\$ 4,492,000 2,335,250</b>	<b>\$ 125,000 120,000</b>
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**Rider Revisions and Additions Request**

		<p>b. Acquisition of Information Resource Technologies</p> <table border="0"> <tr> <td>(1) DASD Upgrade FY 2008/09</td> <td align="right"><del>\$231,000</del></td> <td align="right"><del>-\$231,000</del></td> </tr> <tr> <td>(12) Mainframe and Peripheral Upgrades FY 2010/FY 201108/09</td> <td align="right"><del>\$ 200,00060,000</del></td> <td align="right"><del>\$ 200,00060,000</del></td> </tr> <tr> <td>(2) Mainframe Software Upgrade FY2010/FY2011</td> <td align="right">\$ 400,000</td> <td align="right">\$ 95,000</td> </tr> <tr> <td>(3) PC Workstation Upgrades FY 2010/ FY 201108/09</td> <td align="right"><del>\$ 250,000210,000</del></td> <td align="right"><del>\$ 325,000 220,500</del></td> </tr> <tr> <td>(4) Telecommunications Upgrade FY 2010/ FY 201108/09</td> <td align="right"><del>\$ 410,000375,000</del></td> <td align="right"><del>\$ 410,000375,000</del></td> </tr> <tr> <td>(5 7) Imaging System Upgrade FY2010/ FY2011 08/09</td> <td align="right"><del>\$ 400,00060,000</del></td> <td align="right"><del>\$ 400,00060,000</del></td> </tr> <tr> <td>(6) Legislation – Related Pension System Modifications FY 201109</td> <td align="right">\$ -0-</td> <td align="right">\$200,000</td> </tr> <tr> <td>(7 5) Investment Accounting System Renovations FY2010/FY 2011</td> <td align="right">\$900,000</td> <td align="right">\$ -0-</td> </tr> <tr> <td>(8) Enterprise Information Security System FY 2010/FY 2011</td> <td align="right">\$400,000</td> <td align="right">\$ -0-</td> </tr> <tr> <td> </td> <td></td> <td></td> </tr> <tr> <td>Total, Acquisition of Information Resource Technologies</td> <td align="right"><del>\$2,960,000 1,836,000</del></td> <td align="right"><del>\$1,630,0001146,500</del></td> </tr> <tr> <td> </td> <td></td> <td></td> </tr> <tr> <td>Total, Capital Budget</td> <td align="right"><del>\$ 7,452,000 4,171,250</del></td> <td align="right"><del>\$1,755,0001,266,500</del></td> </tr> </table> <p><i>Justification: The rider had been changed to reflect the 2010-11 Capital Budget requests.</i></p>	(1) DASD Upgrade FY 2008/09	<del>\$231,000</del>	<del>-\$231,000</del>	(12) Mainframe and Peripheral Upgrades FY 2010/FY 201108/09	<del>\$ 200,00060,000</del>	<del>\$ 200,00060,000</del>	(2) Mainframe Software Upgrade FY2010/FY2011	\$ 400,000	\$ 95,000	(3) PC Workstation Upgrades FY 2010/ FY 201108/09	<del>\$ 250,000210,000</del>	<del>\$ 325,000 220,500</del>	(4) Telecommunications Upgrade FY 2010/ FY 201108/09	<del>\$ 410,000375,000</del>	<del>\$ 410,000375,000</del>	(5 7) Imaging System Upgrade FY2010/ FY2011 08/09	<del>\$ 400,00060,000</del>	<del>\$ 400,00060,000</del>	(6) Legislation – Related Pension System Modifications FY 201109	\$ -0-	\$200,000	(7 5) Investment Accounting System Renovations FY2010/FY 2011	\$900,000	\$ -0-	(8) Enterprise Information Security System FY 2010/FY 2011	\$400,000	\$ -0-	 			Total, Acquisition of Information Resource Technologies	<del>\$2,960,000 1,836,000</del>	<del>\$1,630,0001146,500</del>	 			Total, Capital Budget	<del>\$ 7,452,000 4,171,250</del>	<del>\$1,755,0001,266,500</del>
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(5 7) Imaging System Upgrade FY2010/ FY2011 08/09	<del>\$ 400,00060,000</del>	<del>\$ 400,00060,000</del>																																							
(6) Legislation – Related Pension System Modifications FY 201109	\$ -0-	\$200,000																																							
(7 5) Investment Accounting System Renovations FY2010/FY 2011	\$900,000	\$ -0-																																							
(8) Enterprise Information Security System FY 2010/FY 2011	\$400,000	\$ -0-																																							
Total, Acquisition of Information Resource Technologies	<del>\$2,960,000 1,836,000</del>	<del>\$1,630,0001146,500</del>																																							
Total, Capital Budget	<del>\$ 7,452,000 4,171,250</del>	<del>\$1,755,0001,266,500</del>																																							
3.	III - 345	<p><b>Updated Actuarial Valuation.</b> 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>																																							

## Rider Revisions and Additions Request

4.	III - 345	<p><b>State Contribution to Teacher Retirement Program.</b> The amounts specified above in A.1.1, TRS-Public Education Retirement, <del>1,378,291,042</del><del>1,189,470,352</del> in fiscal year 201008 and <del>\$1,428,308,377</del><del>1,237,006,522</del> in fiscal year 201109, and A.1.2, TRS-Higher Education Retirement, <del>\$260,837,458</del><del>274,683,675</del> in fiscal year 201008 and <del>\$279,083,463</del><del>284,291,225</del> in fiscal year 201109, are based on a state contribution of <u>6.46-58</u> percent of payroll for each fiscal year, estimated.</p> <p><del>Amounts reflected above in Strategy A.1.1, TRS-Public Education Retirement and Strategy A.1.2, TRS-Higher Education Retirement have been adjusted to reflect reductions in General Revenue appropriations in fiscal year 2008 and fiscal year 2009 associated with passage and enactment of House Bill 2358, 80th Legislature, Regular Session, 2007.</del></p> <p><i><u>Justification: The rider had been revised to reflect the fiscal years 2010 and 2011 projected state matching contributions for TRS-Public Education Retirement and TRS-Higher Education Retirement.</u></i></p>
5.	III - 356	<p><b>State Contribution to Texas Public School Retired Employees Group Insurance Program.</b> The amounts specified above in A.2.1, Retiree Health-Statutory Funds, <del>\$257,344,455</del><del>220,594,269</del> in fiscal year 201008 and <del>\$208,842,529</del><del>231,675,389</del> in fiscal year 201109 are based on a state contribution rate of 1.00 percent and .77%, respectively, of estimated payroll for each fiscal year, estimated.</p> <p><del>Amounts reflected above in Strategy A.2.1, Retiree Health-Statutory Funds have been adjusted to reflect reductions in General Revenue appropriations in fiscal year 2008 and fiscal year 2009 associated with passage and enactment of House Bill 2358, 80th Legislature, Regular Session, 2007.</del></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 <del>2010-11</del><del>08-09</del> biennium without providing 60 days notice to the Legislative Budget Board.</p> <p><i><u>Justification: The rider has been revised to reflect the fiscal years 2010 and 2011 projected state matching contributions for Retired Employees Group Insurance Program base request.</u></i></p>

### Rider Revisions and Additions Request

6.	III - 356	<p><b>Excess Benefit Arrangement Account.</b> There is hereby appropriated to the Teacher Retirement System all funds transferred or deposited into the Excess Benefit Arrangement Account established in the General Revenue Fund for the purpose of paying benefits as authorized by Government Code § 825.517.</p>
7.	III - 356	<p><b>Transfer of Other Educational and General Income.</b> 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 Salaries to be Proportional by Fund.</p>
8.	III - 356	<p><b>Exempt Positions.</b> 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.</p>
9.	III - 356	<p><b>Travel Expenditures.</b> Notwithstanding the limitations on travel expenditures contained in Article IX of this Act, the annual out-of-state travel cap for the Teacher Retirement System is hereby set at \$525,000 for each year of the biennium. <del>The additional authority is provided to allow TRS' investment professionals greater personal access to financial centers, investment experts, and investor information.</del></p> <p><u>Travel expenses incurred by the investment staff related to due diligence for existing or prospective investments paid from the Teacher Retirement System Trust Account are not subject to the annual out-of-state cap for TRS.</u></p> <p><i><u>Justification: As the sphere of investing becomes ever more complex, it is imperative that the Teacher Retirement System perform due diligence investigations to fully analyze potential opportunities prior to making a given investment. It is also necessary for TRS to continue to monitor and evaluate the performance of its investments, which often requires on site monitoring and face-to-face visits with fund managers and general partners.</u></i></p>
10.	III-356	<p><b>Annual School District Contribution Rate to TRS-Care.</b> The annual contribution rate for school districts for fiscal years 201008 and 201109 shall be 0.55 percent of total payroll.</p>

## Rider Revisions and Additions Request

11.	III-356	<p><b>Contingency Rider for House Bill 2427.4</b> Contingent on passage and enactment of House Bill 2427 or similar legislation related to recommendations of the Sunset Advisory Commission pertaining to the Teacher Retirement System, the appropriation above in Strategy A.1.3: Administrative Operations includes \$500,000 in fiscal year 2008 and \$500,000 in fiscal year 2009 out of Teacher Retirement System Trust Account Fund No. 960, and the agency's FTE cap as stated above has been increased by 8.0 for the purpose of implementing the provisions of the bill.</p> <p><i>Justification: This rider is not needed in the bill pattern since the Sunset Advisory review does not continue past the 2008-09 biennium, thus it is not applicable to fiscal years 2010 and 2011.</i></p>
12.	III-36	<p><b>CHIP Reporting and Contracting.</b> The Teacher Retirement System shall contract with the Health and Human Services Commission to fund those children of school district personnel who are enrolled in the Children's Health Insurance Program at the Commission.</p>
13.	III-36	<p><b>Contingency for Senate Bill 1846.5</b> Contingent on passage and enactment of Senate Bill 1846 or similar legislation related to contributions and benefits of the Teacher Retirement System, members of the Teacher Retirement System shall contribute an amount equal to 6.58 percent of annual compensation to the Teacher Retirement System, effective September 1, 2007.</p> <p>Contingent on passage and enactment of Senate Bill 1846 or similar legislation related to contributions and benefits of the Teacher Retirement System and providing a supplemental annuity payment, the Teacher Retirement System Board of Trustees shall pay a supplemental benefit payment on September 1, 2007, or as close to that date as practicable, equal to the monthly annuitant payment to which an annuitant eligible for a standard annuity retirement payment; an optional retirement annuity payment as either a retiree or beneficiary; a life annuity payment under Section 824.402(a)(4), Government Code; an annuity for a guaranteed period of 60 months under Section 824.402(a)(3); or an alternate payee annuity payment under Section 804.005, Government Code, on September 1, 2005 is entitled, but not to exceed \$2,400 per eligible annuitant or beneficiary.</p> <p><i>Justification: This rider is not needed in the bill pattern as it was written into legislation during the 80<sup>th</sup> regular session.</i></p>



## Rider Revisions and Additions Request

	IX-19.45	<p><b>Contingency for House Bill 2358 or Senate Bill 1846.</b><sup>40</sup> Contingent on passage and enactment of House Bill 2358, Senate Bill 1846, or similar legislation related to the deposit of certain contributions paid from local and federal funds to the Teacher Retirement System Trust Account Fund 960 and pursuant to the state contribution rate being equal to 6.58 percent, the appropriation to the Teacher Retirement System in Strategy A.1.1, TRS Public Education Retirement, is hereby reduced by \$185,990,155 in General Revenue in fiscal year 2008 and \$208,308,973 in General Revenue in fiscal year 2009; the appropriation to the Teacher Retirement System in Strategy A.1.2, TRS Higher Education Retirement, is hereby reduced by \$66,246,493 in General Revenue in fiscal year 2008 and \$74,196,072 in General Revenue in fiscal year 2009; and the appropriation in Strategy A.2.1, Retiree Health Statutory Funds, is hereby reduced by \$21,590,625 in General Revenue in fiscal year 2008 and \$22,618,750 in General Revenue in fiscal year 2009.</p> <p><i>Justification: This rider is not needed in the bill pattern because projected state matching contributions for TRS-Public Education Retirement, TRS-Higher Education Retirement, and the Retired Employees Group Insurance Program incorporates the redirection of funds as set forth by House Bill 2358, 80<sup>th</sup> Legislature.</i></p>
701	III-36	<p><b>Employee Incentive Rider.</b> In addition to the existing authority and amounts related to employee compensation and benefits, the Teacher Retirement System may expend amounts necessary from funds appropriated for the 2010-2011 biennium for the purpose of enhancing compensation, providing incentives, or paying associated expenses for high performing employees of the Teacher Retirement System.</p> <p><i>Justification: Given the size and complexity of the retirement system, TRS needs the flexibility to hire the most capable personnel for the effective management of both benefit delivery and the investment of assets. In addition to a recruiting tool, this authority could be used to help reward and retain high-performing employees.</i></p>

**4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:29:20PM

Agency code: 323

Agency name:

**Teacher Retirement System**

CODE	DESCRIPTION	Excp 2010	Excp 2011
	<b>Item Name:</b> TRS-Care Public Education Employees Retiree Health Benefits Program Statutory contributions based on covered payroll.		
	<b>Item Priority:</b> 1		
	<b>Includes Funding for the Following Strategy or Strategies:</b> 01-02-01 Healthcare for Public Ed Retirees Funded by Statute. Estimated.		
 <b>OBJECTS OF EXPENSE:</b>			
1002	OTHER PERSONNEL COSTS	0	61,369,149
	<b>TOTAL, OBJECT OF EXPENSE</b>	<b>\$0</b>	<b>\$61,369,149</b>
 <b>METHOD OF FINANCING:</b>			
1	General Revenue Fund	0	61,369,149
	<b>TOTAL, METHOD OF FINANCING</b>	<b>\$0</b>	<b>\$61,369,149</b>

**DESCRIPTION / JUSTIFICATION:**

The state's statutory minimum contribution requirement is 1.0% of covered public education active employee payroll.

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 benefits 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 health benefits program.

**EXTERNAL/INTERNAL FACTORS:**

Baseline funding restrictions do not provide adequate funds to continue the current state contribution rate of 1% of active public school employees salaries due to anticipated growth in covered payroll. Available funds were first allocated to fiscal year 2010 and the remaining amount allocated to fiscal year 2011. A shortfall of \$61,369,149 is anticipated for FY 2011. Funding for this entire exceptional item will eliminate the need to either increase premiums and /or have a reduction in benefit plan design by September 1, 2010.

The funding request for the retiree health benefits program assumes that the state will continue to fund at the current level of 1.0% 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 the active public school employee salaries.

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

81st Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
TIME: 12:30:09PM

Agency code: 323

Agency name: **Teacher Retirement System**

Code Description	Excp 2010	Excp 2011
<b>Item Name:</b> TRS-Care Public Education Employees Retiree Health Benefits Program Statutory contributions based on covered payroll.		
<b>Allocation to Strategy:</b> 1-2-1 Healthcare for Public Ed Retirees Funded by Statute. Estimated.		
<b>STRATEGY IMPACT ON OUTCOME MEASURES:</b>		
<u>1</u> Percent of TRS-Care Participants Satisfied with Services	0.00%	85.00%
<b>OBJECTS OF EXPENSE:</b>		
1002 OTHER PERSONNEL COSTS	0	61,369,149
<b>TOTAL, OBJECT OF EXPENSE</b>	<b>\$0</b>	<b>\$61,369,149</b>
<b>METHOD OF FINANCING:</b>		
1 General Revenue Fund	0	61,369,149
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$0</b>	<b>\$61,369,149</b>

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE:** 8/13/2008  
**TIME:** 12:29:30PM

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

GOAL: 1 To Administer the System as an Employee Benefit Trust Statewide Goal/Benchmark: 1 - 0  
 OBJECTIVE: 2 Health Care Program for Public Education Retirees Funded by Statute Service Categories:  
 STRATEGY: 1 Healthcare for Public Ed Retirees Funded by Statute. Estimated. Service: 06 Income: A.2 Age: B.2

CODE DESCRIPTION	Excp 2010	Excp 2011
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**STRATEGY IMPACT ON OUTCOME MEASURES:**

1 Percent of TRS-Care Participants Satisfied with Services	0.00 %	85.00 %
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**OBJECTS OF EXPENSE:**

1002 OTHER PERSONNEL COSTS	0	61,369,149
<b>Total, Objects of Expense</b>	<b>\$0</b>	<b>\$61,369,149</b>

**METHOD OF FINANCING:**

1 General Revenue Fund	0	61,369,149
<b>Total, Method of Finance</b>	<b>\$0</b>	<b>\$61,369,149</b>

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

TRS-Care Public Education Employees Retiree Health Benefits Program Statutory contributions based on covered payroll.

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

**5003 Repair or Rehabilitation of Buildings and Facilities**

*1/1 Building Renovations, FY2010/FY2011*

**OBJECTS OF EXPENSE**

Capital

5000 CAPITAL EXPENDITURES

Capital Subtotal OOE, Project

1

Subtotal OOE, Project

1

\$0

\$0

\$125,000

\$125,000

\$0

\$0

\$125,000

\$125,000

**\$0**

**\$0**

**\$125,000**

**\$125,000**

**TYPE OF FINANCING**

Capital

CA 960 TRS Trust Account Fund

Capital Subtotal TOF, Project

1

Subtotal TOF, Project

1

\$0

\$0

\$125,000

\$125,000

\$0

\$0

\$125,000

\$125,000

**\$0**

**\$0**

**\$125,000**

**\$125,000**

*2/2 HVAC Components Retrofit FY2010/FY2011*

**OBJECTS OF EXPENSE**

Capital

2001 PROFESSIONAL FEES AND SERVICES

5000 CAPITAL EXPENDITURES

Capital Subtotal OOE, Project

2

Subtotal OOE, Project

2

\$0

\$0

\$235,463

\$0

\$0

\$0

\$769,756

\$0

\$0

\$0

\$1,005,219

\$0

**\$0**

**\$0**

**\$1,005,219**

**\$0**

**TYPE OF FINANCING**

Capital

CA 960 TRS Trust Account Fund

Capital Subtotal TOF, Project

2

Subtotal TOF, Project

2

\$0

\$0

\$1,005,219

\$0

\$0

\$0

\$1,005,219

\$0

**\$0**

**\$0**

**\$1,005,219**

**\$0**

*3/3 Landscape FY2010/FY2011*

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

**OBJECTS OF EXPENSE**

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$0	\$0	\$43,810	\$0
5000 CAPITAL EXPENDITURES		\$0	\$0	\$258,370	\$0
Capital Subtotal OOE, Project	3	\$0	\$0	\$302,180	\$0
Subtotal OOE, Project	3	<b>\$0</b>	<b>\$0</b>	<b>\$302,180</b>	<b>\$0</b>

**TYPE OF FINANCING**

Capital

CA 960 TRS Trust Account Fund		\$0	\$0	\$302,180	\$0
Capital Subtotal TOF, Project	3	\$0	\$0	\$302,180	\$0
Subtotal TOF, Project	3	<b>\$0</b>	<b>\$0</b>	<b>\$302,180</b>	<b>\$0</b>

*4/4 Repair/Replace East Entrance Patio  
 FY2010/FY2011*

**OBJECTS OF EXPENSE**

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$0	\$0	\$43,313	\$0
5000 CAPITAL EXPENDITURES		\$0	\$0	\$309,375	\$0
Capital Subtotal OOE, Project	4	\$0	\$0	\$352,688	\$0
Subtotal OOE, Project	4	<b>\$0</b>	<b>\$0</b>	<b>\$352,688</b>	<b>\$0</b>

**TYPE OF FINANCING**

Capital

CA 960 TRS Trust Account Fund		\$0	\$0	\$352,688	\$0
Capital Subtotal TOF, Project	4	\$0	\$0	\$352,688	\$0
Subtotal TOF, Project	4	<b>\$0</b>	<b>\$0</b>	<b>\$352,688</b>	<b>\$0</b>

*5/5 Upgrade Chilled Water System FY2010/FY2011*

**OBJECTS OF EXPENSE**

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$0	\$0	\$205,625	\$0
5000 CAPITAL EXPENDITURES		\$0	\$0	\$1,233,750	\$0
Capital Subtotal OOE, Project	5	\$0	\$0	\$1,439,375	\$0
Subtotal OOE, Project	5	\$0	\$0	\$1,439,375	\$0

**TYPE OF FINANCING**

Capital

CA 960 TRS Trust Account Fund		\$0	\$0	\$1,439,375	\$0
Capital Subtotal TOF, Project	5	\$0	\$0	\$1,439,375	\$0
Subtotal TOF, Project	5	\$0	\$0	\$1,439,375	\$0

6/6 Upgrade Heated Water System FY2010/FY2011

**OBJECTS OF EXPENSE**

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$0	\$0	\$131,075	\$0
5000 CAPITAL EXPENDITURES		\$0	\$0	\$861,450	\$0
Capital Subtotal OOE, Project	6	\$0	\$0	\$992,525	\$0
Subtotal OOE, Project	6	\$0	\$0	\$992,525	\$0

**TYPE OF FINANCING**

Capital

CA 960 TRS Trust Account Fund		\$0	\$0	\$992,525	\$0
Capital Subtotal TOF, Project	6	\$0	\$0	\$992,525	\$0
Subtotal TOF, Project	6	\$0	\$0	\$992,525	\$0

7/7 Computer Center HVAC FY2010/FY2011

**OBJECTS OF EXPENSE**

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$0	\$0	\$39,288	\$0
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Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name		Est 2008	Bud 2009	BL 2010	BL 2011
OOE / TOF / MOF CODE					
5000	CAPITAL EXPENDITURES	\$0	\$0	\$235,725	\$0
Capital Subtotal OOE, Project	7	\$0	\$0	\$275,013	\$0
Subtotal OOE, Project	7	\$0	\$0	\$275,013	\$0
<b>TYPE OF FINANCING</b>					
<u>Capital</u>					
CA 960	TRS Trust Account Fund	\$0	\$0	\$275,013	\$0
Capital Subtotal TOF, Project	7	\$0	\$0	\$275,013	\$0
Subtotal TOF, Project	7	\$0	\$0	\$275,013	\$0
<i>16/16 Building Renovations FY 2008/FY 2009</i>					
<b>OBJECTS OF EXPENSE</b>					
<u>Capital</u>					
5000	CAPITAL EXPENDITURES	\$0	\$1,021,000	\$0	\$0
Capital Subtotal OOE, Project	16	\$0	\$1,021,000	\$0	\$0
Subtotal OOE, Project	16	\$0	\$1,021,000	\$0	\$0
<b>TYPE OF FINANCING</b>					
<u>Capital</u>					
CA 960	TRS Trust Account Fund	\$0	\$1,021,000	\$0	\$0
Capital Subtotal TOF, Project	16	\$0	\$1,021,000	\$0	\$0
Subtotal TOF, Project	16	\$0	\$1,021,000	\$0	\$0
<i>17/17 Retrofit Elevators FY2008/FY2009</i>					
<b>OBJECTS OF EXPENSE</b>					
<u>Capital</u>					
5000	CAPITAL EXPENDITURES	\$0	\$1,125,000	\$0	\$0
Capital Subtotal OOE, Project	17	\$0	\$1,125,000	\$0	\$0
Subtotal OOE, Project	17	\$0	\$1,125,000	\$0	\$0



Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

TYPE OF FINANCING

Capital

CA 960 TRS Trust Account Fund		\$0	\$1,125,000	\$0	\$0
Capital Subtotal TOF, Project	17	\$0	\$1,125,000	\$0	\$0
Subtotal TOF, Project	17	\$0	\$1,125,000	\$0	\$0

18/18 Energy Efficiency Retrofit FY2008/FY2009

OBJECTS OF EXPENSE

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$25,000	\$0	\$0	\$0
5000 CAPITAL EXPENDITURES		\$244,000	\$0	\$0	\$0
Capital Subtotal OOE, Project	18	\$269,000	\$0	\$0	\$0
Subtotal OOE, Project	18	\$269,000	\$0	\$0	\$0

TYPE OF FINANCING

Capital

CA 960 TRS Trust Account Fund		\$269,000	\$0	\$0	\$0
Capital Subtotal TOF, Project	18	\$269,000	\$0	\$0	\$0
Subtotal TOF, Project	18	\$269,000	\$0	\$0	\$0

19/19 Security System/Back-up Power System  
 Upgrades FY2008/FY2009

OBJECTS OF EXPENSE

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$0	\$110,000	\$0	\$0
5000 CAPITAL EXPENDITURES		\$0	\$1,265,000	\$0	\$0
Capital Subtotal OOE, Project	19	\$0	\$1,375,000	\$0	\$0
Subtotal OOE, Project	19	\$0	\$1,375,000	\$0	\$0

TYPE OF FINANCING

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

*Project Sequence/Project Id/ Name*

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

Capital

CA 960 TRS Trust Account Fund

\$0

\$1,375,000

\$0

\$0

Capital Subtotal TOF, Project 19

\$0

\$1,375,000

\$0

\$0

Subtotal TOF, Project 19

\$0

\$1,375,000

\$0

\$0

Capital Subtotal, Category 5003

\$269,000

\$3,521,000

\$4,492,000

\$125,000

Informational Subtotal, Category 5003

**Total, Category 5003**

**\$269,000**

**\$3,521,000**

**\$4,492,000**

**\$125,000**

**5005 Acquisition of Information Resource Technologies**

*8/8 Mainframe and Peripheral Upgrades*

*FY2010/FY2011*

**OBJECTS OF EXPENSE**

Capital

5000 CAPITAL EXPENDITURES

\$0

\$0

\$200,000

\$200,000

Capital Subtotal OOE, Project 8

\$0

\$0

\$200,000

\$200,000

Subtotal OOE, Project 8

\$0

\$0

\$200,000

\$200,000

**TYPE OF FINANCING**

Capital

CA 960 TRS Trust Account Fund

\$0

\$0

\$200,000

\$200,000

Capital Subtotal TOF, Project 8

\$0

\$0

\$200,000

\$200,000

Subtotal TOF, Project 8

\$0

\$0

\$200,000

\$200,000

*9/9 Mainframe Software Upgrade FY2010/FY2011*

**OBJECTS OF EXPENSE**

Capital

5000 CAPITAL EXPENDITURES

\$0

\$0

\$400,000

\$95,000

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name		Est 2008	Bud 2009	BL 2010	BL 2011
OOE / TOF / MOF CODE					
Capital Subtotal OOE, Project	9	\$0	\$0	\$400,000	\$95,000
Subtotal OOE, Project	9	\$0	\$0	\$400,000	\$95,000
<b>TYPE OF FINANCING</b>					
<u>Capital</u>					
CA 960 TRS Trust Account Fund		\$0	\$0	\$400,000	\$95,000
Capital Subtotal TOF, Project	9	\$0	\$0	\$400,000	\$95,000
Subtotal TOF, Project	9	\$0	\$0	\$400,000	\$95,000
<i>10/10 PC Workstation Upgrades FY2010/FY2011</i>					
<b>OBJECTS OF EXPENSE</b>					
<u>Capital</u>					
5000 CAPITAL EXPENDITURES		\$0	\$0	\$250,000	\$325,000
Capital Subtotal OOE, Project	10	\$0	\$0	\$250,000	\$325,000
Subtotal OOE, Project	10	\$0	\$0	\$250,000	\$325,000
<b>TYPE OF FINANCING</b>					
<u>Capital</u>					
CA 960 TRS Trust Account Fund		\$0	\$0	\$250,000	\$325,000
Capital Subtotal TOF, Project	10	\$0	\$0	\$250,000	\$325,000
Subtotal TOF, Project	10	\$0	\$0	\$250,000	\$325,000
<i>11/11 Telecommunications Upgrade FY2010/FY2011</i>					
<b>OBJECTS OF EXPENSE</b>					
<u>Capital</u>					
5000 CAPITAL EXPENDITURES		\$0	\$0	\$410,000	\$410,000
Capital Subtotal OOE, Project	11	\$0	\$0	\$410,000	\$410,000
Subtotal OOE, Project	11	\$0	\$0	\$410,000	\$410,000

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

TYPE OF FINANCING

Capital

CA 960 TRS Trust Account Fund	\$0	\$0	\$410,000	\$410,000
Capital Subtotal TOF, Project 11	\$0	\$0	\$410,000	\$410,000
Subtotal TOF, Project 11	\$0	\$0	\$410,000	\$410,000

12/12 Imaging System Upgrade FY2010/FY2011

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES	\$0	\$0	\$400,000	\$400,000
Capital Subtotal OOE, Project 12	\$0	\$0	\$400,000	\$400,000
Subtotal OOE, Project 12	\$0	\$0	\$400,000	\$400,000

TYPE OF FINANCING

Capital

CA 960 TRS Trust Account Fund	\$0	\$0	\$400,000	\$400,000
Capital Subtotal TOF, Project 12	\$0	\$0	\$400,000	\$400,000
Subtotal TOF, Project 12	\$0	\$0	\$400,000	\$400,000

13/13 Investment Systems Renovation FY2010

OBJECTS OF EXPENSE

Capital

2001 PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$350,000	\$0
5000 CAPITAL EXPENDITURES	\$0	\$0	\$550,000	\$0
Capital Subtotal OOE, Project 13	\$0	\$0	\$900,000	\$0
Subtotal OOE, Project 13	\$0	\$0	\$900,000	\$0

TYPE OF FINANCING

Capital

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

CA 960 TRS Trust Account Fund		\$0	\$0	\$900,000	\$0
Capital Subtotal TOF, Project	13	\$0	\$0	\$900,000	\$0
Subtotal TOF, Project	13	\$0	\$0	\$900,000	\$0

14/14 Enterprise Information Security System  
 FY2010

OBJECTS OF EXPENSE

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$0	\$0	\$200,000	\$0
5000 CAPITAL EXPENDITURES		\$0	\$0	\$200,000	\$0
Capital Subtotal OOE, Project	14	\$0	\$0	\$400,000	\$0
Subtotal OOE, Project	14	\$0	\$0	\$400,000	\$0

TYPE OF FINANCING

Capital

CA 960 TRS Trust Account Fund		\$0	\$0	\$400,000	\$0
Capital Subtotal TOF, Project	14	\$0	\$0	\$400,000	\$0
Subtotal TOF, Project	14	\$0	\$0	\$400,000	\$0

15/15 Pension Legislation FY2011

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES		\$0	\$0	\$0	\$200,000
Capital Subtotal OOE, Project	15	\$0	\$0	\$0	\$200,000
Subtotal OOE, Project	15	\$0	\$0	\$0	\$200,000

TYPE OF FINANCING

Capital

CA 960 TRS Trust Account Fund		\$0	\$0	\$0	\$200,000
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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 2008

Bud 2009

BL 2010

BL 2011

Capital Subtotal TOF, Project	15	\$0	\$0	\$0	\$200,000
Subtotal TOF, Project	15	\$0	\$0	\$0	\$200,000

20/20 Telecommunications Upgrade FY 2008/FY 2009

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES		\$255,000	\$967,500	\$0	\$0
Capital Subtotal OOE, Project	20	\$255,000	\$967,500	\$0	\$0
Subtotal OOE, Project	20	\$255,000	\$967,500	\$0	\$0

TYPE OF FINANCING

Capital

CA 960 TRS Trust Account Fund		\$255,000	\$967,500	\$0	\$0
Capital Subtotal TOF, Project	20	\$255,000	\$967,500	\$0	\$0
Subtotal TOF, Project	20	\$255,000	\$967,500	\$0	\$0

21/21 PC Workstation Upgrades FY 2008/FY 2009

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES		\$210,000	\$275,625	\$0	\$0
Capital Subtotal OOE, Project	21	\$210,000	\$275,625	\$0	\$0
Subtotal OOE, Project	21	\$210,000	\$275,625	\$0	\$0

TYPE OF FINANCING

Capital

CA 960 TRS Trust Account Fund		\$210,000	\$275,625	\$0	\$0
Capital Subtotal TOF, Project	21	\$210,000	\$275,625	\$0	\$0
Subtotal TOF, Project	21	\$210,000	\$275,625	\$0	\$0

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

<i>Project Sequence/Project Id/ Name</i>		Est 2008	Bud 2009	BL 2010	BL 2011
OOE / TOF / MOF CODE					
<i>22/22 Investment Accounting System Renovation FY 2008</i>					
<b>OBJECTS OF EXPENSE</b>					
<u>Capital</u>					
2001	PROFESSIONAL FEES AND SERVICES	\$200,000	\$150,000	\$0	\$0
5000	CAPITAL EXPENDITURES	\$400,000	\$150,000	\$0	\$0
Capital Subtotal OOE, Project	22	\$600,000	\$300,000	\$0	\$0
Subtotal OOE, Project	22	<b>\$600,000</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$0</b>
<b>TYPE OF FINANCING</b>					
<u>Capital</u>					
CA 960	TRS Trust Account Fund	\$600,000	\$300,000	\$0	\$0
Capital Subtotal TOF, Project	22	\$600,000	\$300,000	\$0	\$0
Subtotal TOF, Project	22	<b>\$600,000</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$0</b>
<i>23/23 Legislation-Related Pension System Modifications FY 2009</i>					
<b>OBJECTS OF EXPENSE</b>					
<u>Capital</u>					
5000	CAPITAL EXPENDITURES	\$0	\$200,000	\$0	\$0
Capital Subtotal OOE, Project	23	\$0	\$200,000	\$0	\$0
Subtotal OOE, Project	23	<b>\$0</b>	<b>\$200,000</b>	<b>\$0</b>	<b>\$0</b>
<b>TYPE OF FINANCING</b>					
<u>Capital</u>					
CA 960	TRS Trust Account Fund	\$0	\$200,000	\$0	\$0
Capital Subtotal TOF, Project	23	\$0	\$200,000	\$0	\$0
Subtotal TOF, Project	23	<b>\$0</b>	<b>\$200,000</b>	<b>\$0</b>	<b>\$0</b>

*24/24 Imaging System Upgrade FY 2008/FY 2009*

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

**OBJECTS OF EXPENSE**

Capital

5000 CAPITAL EXPENDITURES

\$0

\$120,000

\$0

\$0

Capital Subtotal OOE, Project 24

\$0

\$120,000

\$0

\$0

Subtotal OOE, Project 24

**\$0**

**\$120,000**

**\$0**

**\$0**

**TYPE OF FINANCING**

Capital

CA 960 TRS Trust Account Fund

\$0

\$120,000

\$0

\$0

Capital Subtotal TOF, Project 24

\$0

\$120,000

\$0

\$0

Subtotal TOF, Project 24

**\$0**

**\$120,000**

**\$0**

**\$0**

25/25 DASD Upgrade FY 2008/FY 2009

**OBJECTS OF EXPENSE**

Capital

5000 CAPITAL EXPENDITURES

\$231,000

\$231,000

\$0

\$0

Capital Subtotal OOE, Project 25

\$231,000

\$231,000

\$0

\$0

Subtotal OOE, Project 25

**\$231,000**

**\$231,000**

**\$0**

**\$0**

**TYPE OF FINANCING**

Capital

CA 960 TRS Trust Account Fund

\$231,000

\$231,000

\$0

\$0

Capital Subtotal TOF, Project 25

\$231,000

\$231,000

\$0

\$0

Subtotal TOF, Project 25

**\$231,000**

**\$231,000**

**\$0**

**\$0**

26/26 Mainframe/Peripheral Upgrades FY 2008/FY 2009

**OBJECTS OF EXPENSE**

Capital

5000 CAPITAL EXPENDITURES

\$60,000

\$60,000

\$0

\$0



Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

Capital Subtotal OOE, Project	26	\$60,000	\$60,000	\$0	\$0
Subtotal OOE, Project	26	<b>\$60,000</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$0</b>
<b>TYPE OF FINANCING</b>					
<u>Capital</u>					
CA 960 TRS Trust Account Fund		\$60,000	\$60,000	\$0	\$0
Capital Subtotal TOF, Project	26	\$60,000	\$60,000	\$0	\$0
Subtotal TOF, Project	26	<b>\$60,000</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$0</b>
Capital Subtotal, Category	5005	\$1,356,000	\$2,154,125	\$2,960,000	\$1,630,000
Informational Subtotal, Category	5005				
<b>Total, Category</b>	<b>5005</b>	<b>\$1,356,000</b>	<b>\$2,154,125</b>	<b>\$2,960,000</b>	<b>\$1,630,000</b>
<b>AGENCY TOTAL -CAPITAL</b>					
		<b>\$1,625,000</b>	<b>\$5,675,125</b>	<b>\$7,452,000</b>	<b>\$1,755,000</b>
<b>AGENCY TOTAL -INFORMATIONAL</b>					
<b>AGENCY TOTAL</b>					
		<b>\$1,625,000</b>	<b>\$5,675,125</b>	<b>\$7,452,000</b>	<b>\$1,755,000</b>
<b>METHOD OF FINANCING:</b>					
<u>Capital</u>					
960 TRS Trust Account Fund		\$1,625,000	\$5,675,125	\$7,452,000	\$1,755,000
Total, Method of Financing-Capital		\$1,625,000	\$5,675,125	\$7,452,000	\$1,755,000
<b>Total, Method of Financing</b>		<b>\$1,625,000</b>	<b>\$5,675,125</b>	<b>\$7,452,000</b>	<b>\$1,755,000</b>

Agency code: 323

Agency name: Teacher Retirement System

Category Code / Category Name

*Project Sequence/Project Id/ Name*

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

TYPE OF FINANCING:

Capital

CA CURRENT APPROPRIATIONS

\$1,625,000

\$5,675,125

\$7,452,000

\$1,755,000

Total, Type of Financing-Capital

\$1,625,000

\$5,675,125

\$7,452,000

\$1,755,000

**Total, Type of Financing**

**\$1,625,000**

**\$5,675,125**

**\$7,452,000**

**\$1,755,000**

**5.B. CAPITAL BUDGET PROJECT INFORMATION**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:30:56PM

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>8</b>	Project Name:	<b>Mainframe/Peripheral Upgrad 2010/11</b>

**PROJECT DESCRIPTION**

**General Information**

TRS anticipates the need for an enterprise server upgrade in this biennium as TRS increases its use of DB2 as the preferred database on the mainframe. The tools required to support DB2 in other database environments during this transition is a significant part of the processing overhead. Peripheral upgrades such as DASD and tape will be needed as TRS moves forward with DB2 on the mainframe. This mainframe and peripheral upgrade supports 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, 2011

<b>Additional Capital Expenditure Amounts Required</b>	<b>2012</b>	<b>2013</b>
	0	0

**Type of Financing** CA CURRENT APPROPRIATIONS  
**Projected Useful Life** 5 years  
**Estimated/Actual Project Cost** \$ 400,000  
**Length of Financing/ Lease Period** N/A

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

<b><u>REVENUE COST FLAG</u></b>	<b><u>MOF CODE</u></b>	<b><u>AVERAGE AMOUNT</u></b>
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**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**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:30:56PM

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>9</b>	Project Name:	<b>Mainframe Software Upgrd 2010/11</b>

**PROJECT DESCRIPTION**

**General Information**

This project supports upgrading and expanding the TRS enterprise server software to reduce issues with compatibility and obsolescence. This enterprise server software upgrade supports 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, 2011			
Additional Capital Expenditure Amounts Required		2012		2013
		0		0
Type of Financing	CA	CURRENT APPROPRIATIONS		
Projected Useful Life	5 years			
Estimated/Actual Project Cost	\$ 495,000			
Length of Financing/ Lease Period	N/A			

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	2010	2011	2012	2013	Total over project life
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

<b><u>REVENUE COST FLAG</u></b>	<b><u>MOF CODE</u></b>	<b><u>AVERAGE AMOUNT</u></b>
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**Explanation:** N/A  
**Project Location:** Austin, TX  
**Beneficiaries:** TRS Membership

**Frequency of Use and External Factors Affecting Use:**

The external factors affecting the use of this system are software obsolescence, membership growth and public and charter school growth.

**5.B. CAPITAL BUDGET PROJECT INFORMATION**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:30:56PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	10	Project Name:	PC Workstation Upgrades 2010/11

**PROJECT DESCRIPTION**

**General Information**

This project is an ongoing project focused on upgrading outdated hardware technology. TRS has a Desktop Technology Refresh policy that sets standards for replacing PC and laptop computer systems every two to four years depending on its placement and use requirements. As these workstations and laptops are replaced, the older hardware is surplus or redeployed into less resource intensive areas throughout the agency. This effort supports increased functionality, performance and reliability of the desktop computing environment. Technology upgrades support the agency's strategic plan in its investment responsibilities and in the timely delivery of benefit services to our membership.

**Number of Units / Average Unit Cost**                      PCs/Laptops - 125 @ \$2,000; Monitors - 27 @ \$700

**Estimated Completion Date**                                      August 31, 2011

<b>Additional Capital Expenditure Amounts Required</b>	<b>2012</b>	<b>2013</b>
	0	0

**Type of Financing**                                      CA    CURRENT APPROPRIATIONS

**Projected Useful Life**                                      3-4 years

**Estimated/Actual Project Cost**                              \$ 575,000

**Length of Financing/ Lease Period**                              N/A

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

<b><u>REVENUE COST FLAG</u></b>	<b><u>MOF CODE</u></b>	<b><u>AVERAGE AMOUNT</u></b>
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**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; public and charter school growth; and changes in the investment portfolio.

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>11</b>	Project Name:	<b>Telecommunications Upgrade 2010/11</b>

**PROJECT DESCRIPTION**

**General Information**

The Telecommunications Upgrade-FY2010-2011 is composed of the following two parts:

Part A - Telecommunications Infrastructure Upgrade - supports the upgrade, development, and maintenance of the TRS Telecommunications Infrastructure including quality monitoring, enterprise trading turret enhancements, advanced skills - based routing and voicemail systems. This project supports the development and implementation of voice - over-IP to facilitate applications such as soft phone technology and new telephone devices to support member benefits functions. It supports the Investment department's relocation to a remote site. 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 it's 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; building a redundant network to eliminate single points of failure; expanding the use of ethernet switches for improved performance and stability; and improving the security, reliability and management of the network. It supports the Investment department's relocation to a remote site. 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.

<b>Number of Units / Average Unit Cost</b>	Servers - 4 @ \$31,280		
<b>Estimated Completion Date</b>	August 31, 2011		
<b>Additional Capital Expenditure Amounts Required</b>		<b>2012</b>	<b>2013</b>
		0	0
<b>Type of Financing</b>	CA	CURRENT APPROPRIATIONS	
<b>Projected Useful Life</b>	3-5 years		
<b>Estimated/Actual Project Cost</b>	\$ 820,000		
<b>Length of Financing/ Lease Period</b>			

<b><u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u></b>					<b>Total over project life</b>
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>		
0	0	0	0		0

**REVENUE GENERATION / COST SAVINGS**

<b><u>REVENUE COST FLAG</u></b>	<b><u>MOF CODE</u></b>	<b><u>AVERAGE AMOUNT</u></b>
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**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**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:30:56PM

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	12	Project Name:	Imaging System Upgrade 2010/2011

**PROJECT DESCRIPTION**

**General Information**

This project will expand on the implementation of the Filenet Enterprise Content Management (ECM) and Business Process Management (BPM) modules of Filenet P8. This will allow the conversion of existing images to the new format while using the Content Federated Services (CFS) engine to access them in their present state. Business processing will occur in both environments while the necessary information to perform process mapping in select business units is gathered. Select TRS business units will participate in identifying current manual business processes that will be automated. This upgrade supports the agency's strategic plan in its investment responsibilities and in the timely delivery of benefit services to our membership.

Number of Units / Average Unit Cost                      N/A  
 Estimated Completion Date                                      August 31, 2011

Additional Capital Expenditure Amounts Required	2012	2013
	0	0

Type of Financing    CA    CURRENT APPROPRIATIONS  
 Projected Useful Life                                        3-5 years  
 Estimated/Actual Project Cost                            \$ 800,000  
 Length of Financing/ Lease Period                      N/A

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

2010	2011	2012	2013	Total over project life
0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

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

**Frequency of Use and External Factors Affecting Use:**

These systems are used daily. The external factor affecting the use of this system is TRS membership growth.



Agency Code:	323	Agency name:	<b>Teacher Retirement System</b>
Category Number:	5005	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	13	Project Name:	<b>Investment Systems Renovation 2010</b>

**PROJECT DESCRIPTION**

**General Information**

This project supports the TRS Investment division's growth in staff and their move to a satellite office location. It includes the new server and network hardware to manage the Investment infrastructure. As part of the Investment Division relocation, TRS will be required to purchase, install and support network/telecom equipment; a trading turret; Universal Power Supply (UPS) equipment; telephone extensions and handset hardware. This project supports investment initiatives as they relate to external management, asset allocation, and investment strategies. It also supports the implementation and support of new 3rd party applications used by Investment portfolio managers and staff and the agency's strategy on Investments.

**Number of Units / Average Unit Cost** N/A  
**Estimated Completion Date** August 31, 2010

<b>Additional Capital Expenditure Amounts Required</b>	<b>2012</b>	<b>2013</b>
	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**

2010	2011	2012	2013	Total over project life
0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

**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 changes in the investment portfolio and external partners.

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>14</b>	Project Name:	<b>Enterprise Info. Security Sys. 2010</b>

**PROJECT DESCRIPTION**

**General Information**

This project establishes a role-based system that consolidates user provisioning across TRS systems and automates business processes by which owners of information resources certify that valid users have appropriate privileges to information resources.

**Number of Units / Average Unit Cost**

N/A

**Estimated Completion Date**

August 31, 2010

**Additional Capital Expenditure Amounts Required**

**2012**

**2013**

0

0

**Type of Financing**

CA CURRENT APPROPRIATIONS

**Projected Useful Life**

3-5 years

**Estimated/Actual Project Cost**

\$ 400,000

**Length of Financing/ Lease Period**

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

**2010**

**2011**

**2012**

**2013**

**Total over  
project life**

0

0

0

0

0

**REVENUE GENERATION / COST SAVINGS**

**REVENUE COST FLAG**

**MOF CODE**

**AVERAGE AMOUNT**

**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 an increase in supported applications.

**5.B. CAPITAL BUDGET PROJECT INFORMATION**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/13/2008  
 TIME: 12:30:56PM

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>15</b>	Project Name:	<b>Pension Legislation 2011</b>

**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 and our investment portfolio. 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 and to support our investment responsibilities.

**Number of Units / Average Unit Cost** N/A  
**Estimated Completion Date** August 31, 2011

<b>Additional Capital Expenditure Amounts Required</b>	<b>2012</b>	<b>2013</b>
	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**

2010	2011	2012	2013	Total over project life
0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

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

**Frequency of Use and External Factors Affecting Use:**

These systems are used daily. The external factor affecting this project is the legislative changes.

Agency Code:	323	Agency name:	<b>Teacher Retirement System</b>
Category Number:	5003	Category Name:	<b>REPAIR OR REHABILITATION</b>
Project number:	1	Project Name:	<b>Building Renovations 2010/2011</b>

**PROJECT DESCRIPTION**

**General Information**

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

**Number of Units / Average Unit Cost** N/A

**Estimated Completion Date** August 31, 2011

**Additional Capital Expenditure Amounts Required**

	<b>2012</b>	<b>2013</b>
	0	0

**Type of Financing** CA CURRENT APPROPRIATIONS

**Projected Useful Life** 20 years

**Estimated/Actual Project Cost** \$ 250,000

**Length of Financing/ Lease Period** N/A

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

<b><u>REVENUE COST FLAG</u></b>	<b><u>MOF CODE</u></b>	<b><u>AVERAGE AMOUNT</u></b>
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**Explanation:** N/A

**Project Location:** Austin, TX

**Beneficiaries:** TRS Membership

**Frequency of Use and External Factors Affecting Use:**

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

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	2	Project Name:	HVAC Components Retrofit 2010/2011

**PROJECT DESCRIPTION**

**General Information**

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

**Number of Units / Average Unit Cost**

N/A

**Estimated Completion Date**

August 31, 2011

**Additional Capital Expenditure Amounts Required**

2012

2013

0

0

**Type of Financing**

CA CURRENT APPROPRIATIONS

**Projected Useful Life**

20 Years

**Estimated/Actual Project Cost**

\$ 1,005,219

**Length of Financing/ Lease Period**

N/A

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

2010

2011

2012

2013

**Total over  
project life**

0

0

0

0

0

**REVENUE GENERATION / COST SAVINGS**

**REVENUE COST FLAG**

**MOF CODE**

**AVERAGE AMOUNT**

**Explanation:** N/A

**Project Location:** Austin, TX

**Beneficiaries:** TRS Membership

**Frequency of Use and External Factors Affecting Use:**

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

Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5003</b>	Category Name:	<b>REPAIR OR REHABILITATION</b>
Project number:	<b>3</b>	Project Name:	<b>Landscape 2010/2011</b>

**PROJECT DESCRIPTION**

**General Information**

This project will upgrade the existing landscape and irrigation system to address site safety issues and conserve water. Native and drought resistant plant species will be utilized and turf will be greatly reduced. The site will be modified to reduce runoff and the irrigation system will be designed to reduce evaporation to conserve water.

**Number of Units / Average Unit Cost** N/A

**Estimated Completion Date** August 31, 2011

<b>Additional Capital Expenditure Amounts Required</b>	<b>2012</b>	<b>2013</b>
	0	0

**Type of Financing** CA CURRENT APPROPRIATIONS

**Projected Useful Life** 30 Years

**Estimated/Actual Project Cost** \$ 302,180

**Length of Financing/ Lease Period** N/A

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

**Explanation:** N/A

**Project Location:** Austin, TX

**Beneficiaries:** TRS Membership

**Frequency of Use and External Factors Affecting Use:**

The landscape is used daily to maintain a healthy environment for staff, members, and visitors. Weather is the primary external factor affecting the landscape. Extended periods of extreme weather conditions can place higher than normal demands on the landscape and irrigation system.

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	4	Project Name:	Repair/Repl East Entranc Patio 2010

**PROJECT DESCRIPTION**

**General Information**

This project will reset granite pavers at the main entrance to TRS. Over the years the pavers have settled, creating an uneven surface and standing water in wet weather that is a safety issue.

**Number of Units / Average Unit Cost** N/A

**Estimated Completion Date** August 31, 2011

**Additional Capital Expenditure Amounts Required**

	<b>2012</b>	<b>2013</b>
	0	0

**Type of Financing** CA CURRENT APPROPRIATIONS

**Projected Useful Life** 30 Years

**Estimated/Actual Project Cost** \$ 352,688

**Length of Financing/ Lease Period** N/A

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	2010	2011	2012	2013	Total over project life
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

**Explanation:** N/A

**Project Location:** Austin, TX

**Beneficiaries:** TRS Membership

**Frequency of Use and External Factors Affecting Use:**

This patio is at the main entrance of TRS where members, staff, and visitors enter daily. The uneven surface is a safety issue that places TRS at risk.

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	5	Project Name:	Upgrade Chilled Water Sys 2010/2011

**PROJECT DESCRIPTION**

**General Information**

This project will upgrade components of the chilled water system that have exceeded their useful life expectations with modern, highly efficient components. The chilled water system is a major subsystem of the Heating, Ventilating, and Air Conditioning System that is critical to both heating and cooling.

Number of Units / Average Unit Cost	N/A						
Estimated Completion Date	August 31, 2011						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td align="center">2012</td> <td align="center">2013</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2012	2013		0	0
	2012	2013					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	20 Years						
Estimated/Actual Project Cost	\$ 1,439,375						
Length of Financing/ Lease Period	N/A						

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	2010	2011	2012	2013	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>
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**Explanation:** N/A  
**Project Location:** Austin, TX  
**Beneficiaries:** TRS Membership

**Frequency of Use and External Factors Affecting Use:**

The chilled water system is used daily to maintain a healthy working environment. Weather is the primary external factor affecting the use of the chilled water system. Extended periods of extreme weather conditions place higher than normal demand on the system and can shorten the life expectancy of the equipment.



Agency Code:	<b>323</b>	Agency name:	<b>Teacher Retirement System</b>
Category Number:	<b>5003</b>	Category Name:	<b>REPAIR OR REHABILITATION</b>
Project number:	<b>6</b>	Project Name:	<b>Upgrade Heated Water Sys 2010/2011</b>

**PROJECT DESCRIPTION**

**General Information**

This project will upgrade components of the heated water system that have exceeded their useful life expectations with modern, highly efficient components. The heated water system is a major subsystem of the Heating, Ventilating, and Air Conditioning System that is critical to both heating and cooling.

Number of Units / Average Unit Cost	N/A						
Estimated Completion Date	August 31, 2011						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td><b>2012</b></td> <td><b>2013</b></td> </tr> <tr> <td></td> <td align="right">0</td> <td align="right">0</td> </tr> </table>		<b>2012</b>	<b>2013</b>		0	0
	<b>2012</b>	<b>2013</b>					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	20 Years						
Estimated/Actual Project Cost	\$ 992,525						
Length of Financing/ Lease Period	N/A						

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	2010	2011	2012	2013	Total over project life
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

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

**Frequency of Use and External Factors Affecting Use:**

The heated water system is used daily to maintain a healthy working environment. Weather is the primary external factor affecting the use of the heated water system. Extended periods of extreme weather conditions place higher than normal demand on the system and can shorten the life expectancy of the equipment.

Agency Code:	323	Agency name:	Teacher Retirement System
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	7	Project Name:	Computer Center HVAC 2010/2011

**PROJECT DESCRIPTION**

**General Information**

This project will upgrade components of the computer center heating, ventilating, and air conditioning system that have exceeded their useful life expectations with modern, highly efficient components.

**Number of Units / Average Unit Cost** N/A  
**Estimated Completion Date** August 31, 2011

<b>Additional Capital Expenditure Amounts Required</b>	<b>2012</b>	<b>2013</b>
	0	0

**Type of Financing** CA CURRENT APPROPRIATIONS  
**Projected Useful Life** 20 Years  
**Estimated/Actual Project Cost** \$ 275,013  
**Length of Financing/ Lease Period** N/A

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

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

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

**Frequency of Use and External Factors Affecting Use:**

The computer center heating, ventilating and air conditioning (HVAC) systems are used twenty fours a day, seven days a week to maintain the proper environment for the computer equipment that is critical to TRS operations. Weather is the primary external factor affecting the use of the HVAC systems. Extended periods of extreme weather conditions place higher than normal demand on HVAC systems and can shorten the life expectancy of the equipment.

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
<b>5003 Repair or Rehabilitation of Buildings and Facilities</b>					
1/1	<i>Building Renovations 2010/2011</i>				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	\$125,000	\$125,000
	TOTAL, PROJECT	\$0	\$0	\$125,000	\$125,000
2/2	<i>HVAC Components Retrofit 2010/2011</i>				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	1,005,219	0
	TOTAL, PROJECT	\$0	\$0	\$1,005,219	\$0
3/3	<i>Landscape 2010/2011</i>				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	302,180	0
	TOTAL, PROJECT	\$0	\$0	\$302,180	\$0
4/4	<i>Repair/Repl East Entranc Patio 2010</i>				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	352,688	0
	TOTAL, PROJECT	\$0	\$0	\$352,688	\$0
5/5	<i>Upgrade Chilled Water Sys 2010/2011</i>				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	1,439,375	0
	TOTAL, PROJECT	\$0	\$0	\$1,439,375	\$0

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

	Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
6/6		<i>Upgrade Heated Water Sys 2010/2011</i>				
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	0	\$992,525	\$0
		TOTAL, PROJECT	\$0	\$0	\$992,525	\$0
7/7		<i>Computer Center HVAC 2010/2011</i>				
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	0	275,013	0
		TOTAL, PROJECT	\$0	\$0	\$275,013	\$0
16/16		<i>Building Renovations 2008/2009</i>				
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	1,021,000	0	0
		TOTAL, PROJECT	\$0	\$1,021,000	\$0	\$0
17/17		<i>Retrofit Elevators 2008/2009</i>				
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	1,125,000	0	0
		TOTAL, PROJECT	\$0	\$1,125,000	\$0	\$0
18/18		<i>Energy Efficiency Retrofit 2008/09</i>				
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	269,000	0	0	0
		TOTAL, PROJECT	\$269,000	\$0	\$0	\$0

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
19/19	Security/Power System Upgrades 2008				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	1,375,000	\$0	\$0
	TOTAL, PROJECT	\$0	\$1,375,000	\$0	\$0
<b>5005 Acquisition of Information Resource Technologies</b>					
8/8	Mainframe/Peripheral Upgrad 2010/11				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	200,000	200,000
	TOTAL, PROJECT	\$0	\$0	\$200,000	\$200,000
9/9	Mainframe Software Upgrd 2010/11				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	400,000	95,000
	TOTAL, PROJECT	\$0	\$0	\$400,000	\$95,000
10/10	PC Workstation Upgrades 2010/11				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	250,000	325,000
	TOTAL, PROJECT	\$0	\$0	\$250,000	\$325,000
11/11	Telecommunications Upgrade 2010/11				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	0	0	410,000	410,000
	TOTAL, PROJECT	\$0	\$0	\$410,000	\$410,000

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name			Est 2008	Bud 2009	BL 2010	BL 2011
<i>Project Sequence/Project Id/Name</i>						
Goal/Obj/Str	Strategy Name					
12/12	<i>Imaging System Upgrade 2010/2011</i>					
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	0	\$400,000	\$400,000
		TOTAL, PROJECT	\$0	\$0	\$400,000	\$400,000
13/13	<i>Investment Systems Renovation 2010</i>					
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	0	900,000	0
		TOTAL, PROJECT	\$0	\$0	\$900,000	\$0
14/14	<i>Enterprise Info. Security Sys. 2010</i>					
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	0	400,000	0
		TOTAL, PROJECT	\$0	\$0	\$400,000	\$0
15/15	<i>Pension Legislation 2011</i>					
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	0	0	200,000
		TOTAL, PROJECT	\$0	\$0	\$0	\$200,000
20/20	<i>Telecommunications Upgrade 2008/09</i>					
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	255,000	967,500	0	0
		TOTAL, PROJECT	\$255,000	\$967,500	\$0	\$0

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name			Est 2008	Bud 2009	BL 2010	BL 2011
<i>Project Sequence/Project Id/Name</i>						
Goal/Obj/Str	Strategy Name					
21/21	<i>PC Workstation Upgrades 2008/2009</i>					
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	210,000	275,625	\$0	\$0
		TOTAL, PROJECT	\$210,000	\$275,625	\$0	\$0
22/22	<i>Invest Acct Syst Renovation 2008</i>					
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	600,000	300,000	0	0
		TOTAL, PROJECT	\$600,000	\$300,000	\$0	\$0
23/23	<i>Pension Legislation 2009</i>					
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	200,000	0	0
		TOTAL, PROJECT	\$0	\$200,000	\$0	\$0
24/24	<i>Imaging System Upgrade 2008/2009</i>					
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	0	120,000	0	0
		TOTAL, PROJECT	\$0	\$120,000	\$0	\$0
25/25	<i>DASD Upgrade 2008/2009</i>					
Capital	1-1-3	ADMINISTRATIVE OPERATIONS	231,000	231,000	0	0
		TOTAL, PROJECT	\$231,000	\$231,000	\$0	\$0

Agency code: 323 Agency name: Teacher Retirement System

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
26/26	Mainframe/Peripheral Upgr 2008/09				
Capital	1-1-3 ADMINISTRATIVE OPERATIONS	60,000	60,000	\$0	\$0
	TOTAL, PROJECT	\$60,000	\$60,000	\$0	\$0
	TOTAL CAPITAL, ALL PROJECTS	\$1,625,000	\$5,675,125	\$7,452,000	\$1,755,000
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	\$1,625,000	\$5,675,125	\$7,452,000	\$1,755,000



**6.A. HISTORICALLY UNDERUTILIZED BUSINESS SUPPORTING SCHEDULE**

81st Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/13/2008

Time: 12:31:43PM

Agency Code: 323      Agency: Teacher Retirement System

**COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS**

**A. Fiscal Year 2006 - 2007 HUB Expenditure Information**

Statewide HUB Goals	Procurement Category	<u>HUB Expenditures FY 2006</u>			Total Expenditures FY 2006	<u>HUB Expenditures FY 2007</u>			Total Expenditures FY 2007
		% Goal	% Actual	Actual \$		% Goal	% Actual	Actual \$	
57.2%	Special Trade Construction	25.0 %	32.8%	\$759,455	\$2,313,999	25.0 %	52.8%	\$589,884	\$1,116,991
20.0%	Professional Services	5.0 %	1.5%	\$41,911	\$2,761,211	5.0 %	2.0%	\$36,060	\$1,802,286
33.0%	Other Services	20.0 %	9.8%	\$732,216	\$7,440,076	20.0 %	8.8%	\$639,104	\$7,300,472
12.6%	Commodities	50.0 %	66.5%	\$868,276	\$1,305,469	50.0 %	35.5%	\$909,711	\$2,562,392
	<b>Total Expenditures</b>		<b>17.4%</b>	<b>\$2,401,858</b>	<b>\$13,820,755</b>		<b>17.0%</b>	<b>\$2,174,759</b>	<b>\$12,782,141</b>

**B. Assessment of Fiscal Year 2006 - 2007 Efforts to Meet HUB Procurement Goals**

**Attainment:**

The agency attained or exceeded one of four, or 25%, of the applicable statewide HUB procurement goals for FY 2006. The agency attained or exceeded one of four, or 25%, of the applicable statewide HUB procurement goals for FY 2007.

**Applicability:**

The "Heavy Construction" and "Building Construction" categories are not applicable to agency operations in either FY 2006 or FY 2007.

**Factors Affecting Attainment:**

Under the "Professional Services" category, a major expense is for actuarial services. These services require a specialized skill and experience working with large public pension funds in order to meet the constitutional requirement to maintain a sound retirement system. TRS continues making progress in the "Other Services" category; however, achieving the goal in this category is challenging due to the unique skills and experience required to supplement the internal management of investments.

**"Good-Faith" Efforts:**

TRS is committed to achieving state goals and continues to make a good faith effort in all areas. TRS issued the HUB Program Annual Status Report to the TRS Board of Trustees at the December 2006 and 2007 board meetings, and also included HUB goals in the TRS Strategic Plan for 2009-2013. TRS attended various economic forums statewide and developed and distributed information internally and externally to promote HUB participation. The TRS HUB Coordinator identified and assisted HUB vendors with certification. The TRS HUB Committee continued to meet to discuss the progress of the program and new HUB initiatives. TRS encourages 20% use of HUBs on State Auditor's Office audits and encourages prime contractors to use HUB subcontractors. TRS supports and has implemented responsibilities assigned by CPA such as sponsoring HUB forum programs and creating a mentor protege program. Since 2001 TRS has hosted an economic development forum with another state agency. TRS continues to participate in local area HUB events, CPA forums, and state senator and representative conferences.

**6.F.a. ADVISORY COMMITTEE SUPPORTING SCHEDULE ~ PART A**  
 81st Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/13/2008  
 Time: 12:40:57PM

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

<b>Advisory Committee Costs</b>	<b>Expended 2007</b>	<b>Estimated 2008</b>	<b>Budgeted 2009</b>	<b>Requested 2010</b>	<b>Requested 2011</b>
Committee Members Direct Expenses					
Contracted Fee for Services	\$100,100	\$99,900	\$100,500	\$120,000	\$120,000
Other Expenditures in Support of Committee Activities					
Personnel (2.0 fte)	83,243	86,823	89,428	92,111	94,874
Medical Examinations	1,055	2,000	2,000	2,000	2,000
<b>Total, Committee Expenditures</b>	<b>\$184,398</b>	<b>\$188,723</b>	<b>\$191,928</b>	<b>\$214,111</b>	<b>\$216,874</b>
Method of Financing					
TRS Trust Account Fund	\$184,398	\$188,723	\$191,928	\$214,111	\$216,874
<b>Total, Method of Financing</b>	<b>\$184,398</b>	<b>\$188,723</b>	<b>\$191,928</b>	<b>\$214,111</b>	<b>\$216,874</b>
<b>Meetings Per Fiscal Year</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

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

**Description and Justification for Continuation/Consequences of Abolishing**

Section 824.301 of the Texas Government Code contains a provision for disability retirement benefits. Members who apply for disability retirement must file with the Board of Trustees the results of a medical examination of the member. Based on medical information submitted by the member, the Medical Board rules on the application for disability retirement. The Medical Board, authorized under section 825.204 of the Texas Government Code and comprised of three physicians, receives information throughout the year on applications for disability retirement and may request additional medical information on specific cases. The Medical Board meets with staff on a bi-monthly basis to review disability retirement applications. TRS Law requires that members of the Medical Board be physicians licensed to practice medicine in this state and be of good standing in the medical profession. Their expertise is invaluable to the integrity of the disability retirement process. Abolishing the Medical Board would result in the staff and/or Board of Trustees having to rule on disability applications without benefit of the medical expertise provided by this board. This very likely would result in increased appeals of decisions made by laypersons with ultimate increased costs and risk to the system.

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

**Teacher Retirement System of Texas (323)**

**Pension Trust Fund -960**

Estimated Beginning Balance in FY 2008	\$ 112,128,799,849
Estimated Revenues FY 2008	\$ 4,019,909,847
Estimated Revenues FY 2009	\$ 12,757,469,398
<b>FY 2008-09 Total</b>	<u><u>\$ 128,906,179,094</u></u>
Estimated Beginning Balance in FY 2010	\$ 112,677,233,849
Estimated Revenues FY 2010	\$ 13,420,229,298
Estimated Revenues FY 2011	\$ 14,188,949,068
<b>FY 2010-11 Total</b>	<u><u>\$ 140,286,412,216</u></u>

**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:**

Public Education covered payroll and Statutory Minimum state contributions growth for FY 2008, FY 2009, FY 2010 and FY 2010 at 5%; Higher Education covered payroll and General Income state contributions growth for FY 2008, FY 2009, FY 2010, and FY 2011 at 7%; Investment Income assumed growth at 0.0% for FY 2008 and 8.0% for FY 2009, FY 2010 and FY 2011.

**Retired Health Benefits - 989**

Estimated Beginning Balance in FY 2008	\$ 622,796,928
Estimated Revenues FY 2008	\$ 965,454,796
Estimated Revenues FY 2009	\$ 1,010,062,880
<b>FY 2008-09 Total</b>	<u><u>\$ 2,598,314,604</u></u>
Estimated Beginning Balance in FY 2010	\$ 775,551,113
Estimated Revenues FY 2010	\$ 1,057,904,735
Estimated Revenues FY 2011	\$ 1,106,582,322
<b>FY 2010-11 Total</b>	<u><u>\$ 2,940,038,170</u></u>

**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 covered payroll growth for state contributions, member contributions and reporting entity contributions for 2008 at 3%, and 2009, 2010, and 2011 at 5%;

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

**Teacher Retirement System of Texas (323)**

**Active Health Benefits - 855**

Estimated Beginning Balance in FY 2008	\$ 435,295,063
Estimated Revenues FY 2008	\$ 1,114,000,000
Estimated Revenues FY 2009	\$ 1,125,140,000
<b>FY 2008-09 Total</b>	<b>\$ 2,674,435,063</b>
Estimated Beginning Balance in FY 2010	\$ 578,753,147
Estimated Revenues FY 2010	\$ 1,136,391,400
Estimated Revenues FY 2011	\$ 1,147,755,314
<b>FY 2010-11 Total</b>	<b>\$ 2,862,899,861</b>

**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 1% for FY 2008, 2009, 2010, & 2011.



**403(b) Certification - 864**

Estimated Beginning Balance in FY 2008	\$ 382,365
Estimated Revenues FY 2008	\$ 230,000
Estimated Revenues FY 2009	\$ 74,000
<b>FY 2008-09 Total</b>	<b>\$ 686,365</b>
Estimated Beginning Balance in FY 2010	\$ 406,365
Estimated Revenues FY 2010	\$ 72,000
Estimated Revenues FY 2011	\$ 70,000
<b>FY 2010-11 Total</b>	<b>\$ 548,365</b>

**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 and as new firms choose to participate. FY 2008 is the first year for the Product Registration Fees and a decline in revenue until the next renewal period is anticipated. FY 2007 was the renewal period for Certification Fees and a decline in revenue is also anticipated until the next renewal period.

### 10 Percent Biennial Base Reduction Options Schedule

Approved Reduction Amount

**\$49,250,000**

Agency Code: 323			Agency Name: Teacher Retirement System of Texas								Revenue Impact? Y/N	Cumulative GR-related reduction as a % of Approved Base
Rank	Reduction Item		Biennial Application of 10% Percent Reduction					FTE Reductions (FY 2010-11 Base Request Compared to Budgeted 2009)				
	Strat	Name	GR	GR-Dedicated	Federal	Other	All Funds	FY 08	FY 09			
1	B.1.1.	School Employee CHIP	26,313,017				\$ 26,313,017			N	5.3%	
2	A.2.1.	Retiree Health - Statutory Funds	22,936,983				\$ 22,936,983			N	10.0%	
3							\$ -				10.0%	
4							\$ -				10.0%	
5							\$ -				10.0%	
6							\$ -				10.0%	
7							\$ -				10.0%	
8							\$ -				10.0%	
9							\$ -				10.0%	
10							\$ -				10.0%	
11							\$ -				10.0%	
12							\$ -				10.0%	
<b>Agency Biennial Total</b>			<b>\$ 49,250,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,250,000</b>	<b>-</b>	<b>-</b>		<b>10.0%</b>	
<b>Agency Biennial Total (GR + GR-D)</b>			<b>\$ 49,250,000</b>									

**Rank / Name**

**Explanation of Impact to Programs and Revenue Collections**

1 School Employee CHIP

This will eliminate the funding for School Employee CHIP program.

2 Retiree Health - Statutory Funds

The impact of significantly reduced funding for this strategy potentially could require either an increase in premiums and/or a reduction in benefit plan design by September 1, 2010.

3 0

4 0