



2020 Schedules of Employer Allocations and Collective OPEB Amounts

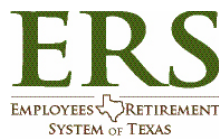
Employees Retirement System of Texas | A Component Unit of the State of Texas
Fiscal Year Ended August 31, 2020

ERS supports the state workforce by offering competitive benefits at a reasonable cost.

2020
Schedules of Employer Allocations and
Collective OPEB Amounts

Porter Wilson, Executive Director

Prepared by: Finance Division



A Component Unit of the State of Texas
Fiscal Year Ended August 31, 2020



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Introduction

The schedules and accompanying information presented in this document are provided to assist employers participating in the State Retiree Health Plan, which is a multi-employer, cost-sharing Other Postemployment Benefits (OPEB) plan. The schedules and information are prepared and presented in compliance with the requirements of the Governmental Accounting Standards Board (GASB). Additional information about the OPEB plan can be found in the System's 2020 Comprehensive Annual Financial Report, which is published on the website at

<https://www.ers.texas.gov/About-ERS/Reports-and-Studies>.

The Schedule of Employer Allocations, Schedule of Collective OPEB Amounts, as well as the accompanying notes have been prepared in conformity with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and audited by Clifton Larson Allen, LLP in conformance with generally accepted auditing standards.



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Employees Retirement System of Texas
Austin, Texas

Report on the Schedules

We have audited:

- the accompanying schedule of employer allocations of the State Retiree Health Plan of the Employees Retirement System of Texas (System), as of and for the year ended August 31, 2020,
- the rows titled net other post-employment benefit (OPEB) liability, total deferred outflows of resources excluding employer specific amounts, total deferred inflows of resources excluding employer specific amounts, and OPEB expense (specified row amounts) as of and for the year ended August 31, 2020, included in the accompanying schedule of collective OPEB amounts,
- and the respective related notes

(collectively referred to herein as the "GASB 75 Schedules").

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these GASB 75 Schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the GASB 75 Schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the schedule of employer allocations of the State Retiree Health Plan and the specified row amounts included in the schedule of collective OPEB amounts, based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the schedule of employer allocations and the specified row amounts included in the schedule of collective OPEB amounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the GASB 75 Schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the GASB 75 Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the GASB 75 Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the GASB 75 Schedules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the GASB 75 Schedules referred to above present fairly, in all material respects, the employer allocations of the State Retiree Health Plan as of and for the year ended August 31, 2020 and the rows titled net other post-employment benefit (OPEB) liability, total deferred outflows of resources excluding employer specific amounts, total deferred inflows of resources excluding employer specific amounts, and OPEB expense as of and for the year ended August 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the System as of and for the year ended August 31, 2020, and our report thereon, dated December 18, 2020, expressed an unmodified opinion on those statements.

Other Information

Our audits were conducted for the purpose of forming an opinion on the schedule of employer allocations of the State Retiree Health Plan and the specified row amounts included in the schedule of collective OPEB amounts. The GASB Reporting and Disclosure Information from Actuary, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the GASB 75 Schedules.

The GASB Reporting and Disclosure Information from Actuary, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the GASB 75 Schedules, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2021, on our consideration of the System’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System’s internal control over financial reporting.

Restriction on Use

Our report is intended solely for the information and use of the System, the Board of Trustees, the System’s employers as of and for the year ended August 31, 2020 and their auditors and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Baltimore, Maryland
May 27, 2021



Schedule of Employer Allocations
As of and for the year ended August 31, 2020

STATE OF TEXAS

State Matching funds:

¹ Non-Employer Contributing Entity (NECE)	\$184,094,737.00	6.12390225%
Employer Contributions - State Universities	176,968,642.00	5.88685306%
² Other Entities - State	77,382,055.84	2.57411023%
Employer Contributions - State Agencies	2,017,188,681.38	67.10168096%
Employees Retirement System of Texas - Plan Administrator	5,097,077.04	0.16955401%

Total - STATE OF TEXAS **\$2,460,731,193.26** **81.85610051%**

ALL OTHER EMPLOYERS

Other Entities - Universities	288,711,679.46	9.60397963%
Other Entities - Junior and Community Colleges	244,316,307.21	8.12716978%
Other Entities	12,407,957.03	0.41275007%

Total - ALL OTHER EMPLOYERS **\$545,435,943.70** **18.14389949%**

GRAND TOTAL **\$3,006,167,136.96** **100.00000000%**

Agency	Agency Name	For the Measurement Year Ended August 31, 2020 - Actual Employer Contributions ³	Employer Allocation Percentage
0902	⁴ State of Texas Non-Employer Contributing Entity (NECE)	\$184,094,737.00	6.12390225%
0902	State of Texas Employer for Universities	176,968,642.00	5.88685306%
0902	² Other Entities - State	77,382,055.84	2.57411023%
	Employer Contributions - State Agencies		
0101	Senate	6,795,385.85	0.22604817%
0102	House of Representatives	10,350,358.53	0.34430416%
0103	Texas Legislative Council	5,030,639.52	0.16734397%
0104	Legislative Budget Board	1,662,558.38	0.05530492%
0105	Legislative Reference Library	278,115.76	0.00925151%
0116	Sunset Advisory Commission	331,781.84	0.01103671%
0201	Supreme Court	910,702.04	0.03029446%
0202	State Bar of Texas	3,792,200.22	0.12614735%
0203	Board of Law Examiners	297,992.22	0.00991270%
0211	Court of Criminal Appeals	880,895.68	0.02930295%
0212	Office of Court Administration	3,021,489.80	0.10050971%
0213	State Prosecuting Attorney	90,417.36	0.00300773%
0215	Office of Capital and Forensic Writs	156,479.50	0.00520528%
0221	Court of Appeals - First Court of Appeals District	550,830.34	0.01832334%
0222	Court of Appeals - Second Court of Appeals District	486,674.14	0.01618919%
0223	Court of Appeals - Third Court of Appeals District	502,757.04	0.01672419%
0224	Court of Appeals - Fourth Court of Appeals District	405,929.86	0.01350324%
0225	Court of Appeals - Fifth Court of Appeals District	821,800.68	0.02733716%

Schedule of Employer Allocations (Continued)
As of and for the year ended August 31, 2020

Agency	Agency Name	For the Measurement Year Ended August 31, 2020 - Actual Employer Contributions ³	Employer Allocation Percentage
0226	Court of Appeals - Sixth Court of Appeals District	243,701.60	0.00810672%
0227	Court of Appeals - Seventh Court of Appeals District	301,293.44	0.01002251%
0228	Court of Appeals - Eighth Court of Appeals District	243,394.46	0.00809651%
0229	Court of Appeals - Ninth Court of Appeals District	273,566.38	0.00910017%
0230	Court of Appeals - Tenth Court of Appeals District	200,326.82	0.00666386%
0231	Court of Appeals - Eleventh Court of Appeals District	239,999.94	0.00798359%
0232	Court of Appeals - Twelfth Court of Appeals District	247,202.82	0.00822319%
0233	Court of Appeals - Thirteenth Court of Appeals District	432,124.10	0.01437459%
0234	Court of Appeals - Fourteenth Court of Appeals District	589,565.44	0.01961187%
0241	Comptroller - Judiciary Section	11,983,510.79	0.39863089%
0242	State Commission on Judicial Conduct	178,459.26	0.00593644%
0243	State Law Library	124,057.32	0.00412676%
0300	Governor - Fiscal	1,486,254.18	0.04944017%
0301	Governor - Executive	2,112,951.78	0.07028724%
0302	Attorney General	50,913,743.51	1.69364314%
0303	Texas Facilities Commission	5,585,658.82	0.18580666%
0304	Comptroller of Public Accounts	43,138,405.41	1.43499691%
0305	General Land Office	9,235,091.18	0.30720485%
0306	Texas State Library and Archives Commission	2,110,359.12	0.07020099%
0307	Secretary of State	2,728,353.82	0.09075855%
0308	State Auditor	2,603,523.08	0.08660607%
0312	State Securities Board	1,164,830.10	0.03874802%
0313	Department of Information Resources	3,040,497.91	0.10114201%
0320	Texas Workforce Commission	66,086,961.63	2.19837949%
0323	Teacher Retirement System of Texas	9,631,711.46	0.32039840%
0326	Texas Emergency Services Retirement System	72,420.50	0.00240906%
0329	Texas Real Estate Commission – Semi-Independent	1,726,505.34	0.05743211%
0332	Texas Department of Housing and Community Affairs	4,106,391.22	0.13659890%
0338	State Pension Review Board	180,788.22	0.00601391%
0347	Texas Public Finance Authority	165,398.88	0.00550199%
0352	Bond Review Board	137,401.24	0.00457065%
0356	Texas Ethics Commission	367,003.00	0.01220834%
0359	Office Of Public Insurance Counsel	129,953.04	0.00432288%
0360	State Office of Administrative Hearings	1,680,614.86	0.05590557%
0362	Texas Lottery Commission	4,110,241.16	0.13672697%
0364	Health Professions Council	67,669.42	0.00225102%
0401	Texas Military Department	6,091,542.06	0.20263484%
0403	Texas Veterans Commission	3,833,080.43	0.12750723%
0405	Department of Public Safety	139,727,070.40	4.64801403%

Schedule of Employer Allocations (Continued)
As of and for the year ended August 31, 2020

Agency	Agency Name	For the Measurement Year Ended August 31, 2020 - Actual Employer Contributions ³	Employer Allocation Percentage
0407	Texas Commission on Law Enforcement	749,230.58	0.02492312%
0409	Commission on Jail Standards	267,311.46	0.00889210%
0411	Texas Commission on Fire Protection	583,325.56	0.01940430%
0448	Office of Injured Employee Counsel – Administered by 454	1,834,710.24	0.06103155%
0450	Department of Savings and Mortgage Lending – Semi-Independent	643,975.56	0.02142182%
0451	Texas Department of Banking – Semi-Independent	2,325,344.92	0.07735248%
0452	Texas Department of Licensing and Regulation	5,572,803.76	0.18537904%
0454	Texas Department of Insurance	21,571,024.42	0.71755905%
0455	Railroad Commission of Texas	12,629,476.87	0.42011892%
0456	Texas State Board of Plumbing Examiners	456,855.86	0.01519729%
0457	Texas State Board of Public Accountancy – Semi-Independent	501,649.26	0.01668734%
0458	Texas Alcoholic Beverage Commission	9,574,483.62	0.31849472%
0459	Texas Board of Architectural Examiners – Semi-Independent	278,950.08	0.00927926%
0460	Texas Board of Professional Engineers and Land Surveyors – Semi-Independent	459,714.48	0.01529238%
0464	Texas Board of Professional Land Surveying – Abolished	85,818.62	0.00285475%
0466	Office of Consumer Credit Commissioner – Semi-Independent	921,776.16	0.03066284%
0469	Credit Union Department – Semi-Independent	368,186.98	0.01224772%
0473	Public Utility Commission of Texas	2,676,287.50	0.08902657%
0475	Office of Public Utility Counsel	170,541.80	0.00567306%
0476	Texas Racing Commission	673,413.10	0.02240105%
0477	Commission on State Emergency Communications	273,139.18	0.00908596%
0479	State Office of Risk Management	1,311,519.42	0.04362763%
0481	Texas Board of Professional Geoscientists	34,371.82	0.00114338%
0503	Texas Medical Board	2,287,318.52	0.07608754%
0504	State Board of Dental Examiners	597,725.16	0.01988330%
0507	Texas Board of Nursing	1,176,854.64	0.03914801%
0508	Texas Board of Chiropractic Examiners	112,288.96	0.00373529%
0510	Behavioral Health Executive Co	7,335.12	0.00024400%
0513	Texas Funeral Service Commission	127,640.88	0.00424597%
0514	Texas Optometry Board	80,379.12	0.00267381%
0515	Texas State Board of Pharmacy	1,196,460.40	0.03980020%
0520	Texas State Board of Examiners of Psychologists	185,278.96	0.00616330%
0529	Health and Human Services Commission	479,604,979.22	15.95403573%
0530	Department of Family and Protective Services	133,046,384.33	4.42578134%
0533	Executive Council of Physical and Occupational Therapy Examiners	261,783.06	0.00870820%
0537	Department of State Health Services	64,452,339.95	2.14400388%
0542	Cancer Prevention and Research Institute of Texas	299,001.68	0.00994628%
0551	Department of Agriculture	9,576,111.97	0.31854889%

Schedule of Employer Allocations (Continued)
As of and for the year ended August 31, 2020

Agency	Agency Name	For the Measurement Year Ended August 31, 2020 - Actual Employer Contributions ³	Employer Allocation Percentage
0554	Texas Animal Health Commission	3,386,718.22	0.11265901%
0578	State Board of Veterinary Medical Examiners	205,317.86	0.00682989%
0580	Texas Water Development Board	5,065,226.16	0.16849450%
0582	Texas Commission on Environmental Quality	37,276,906.45	1.24001444%
0592	Soil and Water Conservation Board	841,398.54	0.02798908%
0601	Texas Department of Transportation	218,801,053.22	7.27840613%
0608	Texas Department of Motor Vehicles	8,127,255.89	0.27035276%
0644	Texas Juvenile Justice Department	30,526,535.88	1.01546370%
0696	Texas Department of Criminal Justice	460,235,059.59	15.30969632%
0701	Texas Education Agency	15,631,390.79	0.51997744%
0771	Texas School for the Blind and Visually Impaired	4,754,078.56	0.15814419%
0772	Texas School for the Deaf	6,005,491.51	0.19977238%
0781	Texas Higher Education Coordinating Board	3,679,535.04	0.12239955%
0802	Parks and Wildlife Department	45,824,291.36	1.52434277%
0808	Texas Historical Commission	3,088,458.74	0.10273743%
0809	State Preservation Board	1,929,464.23	0.06418353%
0813	Texas Commission on the Arts	168,519.86	0.00560581%
0907	Comptroller - State Energy Conservation Office	145,139.08	0.00482804%
0930	Texas Treasury Safekeeping Trust Company	862,414.28	0.02868817%
	Total of Employer Contributions - State Agencies	\$2,017,188,681.38	
	Other Entities - Universities		
0717	Texas Southern University	7,788,330.29	0.25907842%
0719	Texas State Technical College System	6,269,999.59	0.20857122%
0730	University of Houston	43,229,198.25	1.43801713%
0731	Texas Woman's University	10,273,643.10	0.34175223%
0733	Texas Tech University	39,312,864.57	1.30774048%
0734	Lamar University	8,610,239.39	0.28641918%
0735	Midwestern State University	4,992,014.77	0.16605912%
0737	Angelo State University	5,427,315.74	0.18053939%
0739	Texas Tech University Health Sciences Center	25,348,246.50	0.84320816%
0752	University of North Texas	31,569,606.60	1.05016139%
0753	Sam Houston State University	16,627,267.22	0.55310522%
0754	Texas State University	29,978,489.86	0.99723297%
0755	Stephen F. Austin State University	14,026,845.10	0.46660230%
0756	Sul Ross State University	2,265,094.27	0.07534825%
0758	Texas State University System	265,448.12	0.00883012%
0759	University of Houston - Clear Lake	6,213,164.81	0.20668062%

Schedule of Employer Allocations (Continued)
As of and for the year ended August 31, 2020

Agency	Agency Name	For the Measurement Year Ended August 31, 2020 - Actual Employer Contributions ³	Employer Allocation Percentage
0763	University of North Texas Health Science Center at Fort Worth	7,899,650.10	0.26278147%
0765	University of Houston - Victoria	2,539,423.98	0.08447381%
0768	Texas Tech University System	1,127,384.97	0.03750241%
0769	University of North Texas System	3,372,977.02	0.11220191%
0773	University of North Texas at Dallas	1,663,891.43	0.05534927%
0774	Texas Tech University Health Sciences Center - El Paso	9,837,557.91	0.32724587%
0783	University of Houston System	487,142.60	0.01620477%
0784	University of Houston - Downtown	7,276,764.52	0.24206121%
0787	Lamar State College - Orange	657,651.86	0.02187676%
0788	Lamar State College - Port Arthur	807,862.70	0.02687351%
0789	Lamar Institute of Technology	843,604.19	0.02806245%
	Total of Other Entities - Universities	\$288,711,679.46	
	Other Entities - Junior and Community Colleges		
0948	South Texas Community College	12,292,434.48	0.40890722%
0949	Collin County Community College District	7,896,606.54	0.26268022%
0951	Alvin Community College	2,454,201.42	0.08163889%
0952	Amarillo College	5,425,305.68	0.18047252%
0953	Coastal Bend College	1,644,361.73	0.05469961%
0954	Blinn College	5,509,348.00	0.18326819%
0955	Central Texas College	4,972,927.30	0.16542418%
0956	Cisco Junior College	1,145,059.58	0.03809035%
0957	Clarendon College	692,486.06	0.02303551%
0958	Cooke County College	2,524,699.17	0.08398399%
0959	Dallas County Community College	24,403,863.96	0.81179332%
0960	Del Mar College	5,570,829.98	0.18531338%
0961	Frank Phillips College	778,207.08	0.02588702%
0962	Galveston College	1,070,595.26	0.03561330%
0963	Grayson County College	2,304,808.84	0.07666935%
0964	Trinity Valley Community College	2,601,758.60	0.08654737%
0965	Hill College	1,343,869.95	0.04470377%
0966	Howard College	2,175,317.46	0.07236183%
0967	Kilgore College	2,531,247.32	0.08420182%
0968	Laredo Junior College	3,911,680.98	0.13012187%
0969	Lee College	3,240,303.94	0.10778855%
0970	McLennan Community College	4,281,863.68	0.14243598%
0971	College Of The Mainland	2,725,964.94	0.09067909%
0972	Navarro College	2,530,085.32	0.08416316%
0973	Odessa College	2,539,991.08	0.08449268%

Schedule of Employer Allocations (Continued)
As of and for the year ended August 31, 2020

Agency	Agency Name	For the Measurement Year Ended August 31, 2020 - Actual Employer Contributions ³	Employer Allocation Percentage
0974	Panola College	1,222,081.02	0.04065246%
0975	Paris Junior College	1,893,348.14	0.06298213%
0976	Ranger Junior College	783,666.86	0.02606864%
0977	Alamo Community College	16,566,943.21	0.55109854%
0978	San Jacinto College	9,765,333.94	0.32484335%
0979	South Plains College	5,043,856.83	0.16778365%
0980	Southwest Texas Counties Junior College	2,309,691.84	0.07683178%
0981	Tarrant County College District	15,275,061.97	0.50812418%
0982	Temple College	2,021,778.09	0.06725435%
0983	Texarkana College	1,794,777.38	0.05970318%
0984	Texas Southmost College	1,389,677.16	0.04622754%
0985	Tyler Junior College	4,726,995.71	0.15724328%
0986	Victoria College	2,408,534.58	0.08011978%
0987	Weatherford College	2,040,953.43	0.06789221%
0988	Wharton County Junior College	2,696,861.88	0.08971098%
0989	Angelina College	1,981,449.28	0.06591281%
0990	Brazosport College	1,971,710.34	0.06558885%
0991	Vernon Regional Junior College	1,613,996.76	0.05368952%
0992	Western Texas College	993,319.18	0.03304271%
0993	El Paso Community College	7,963,375.92	0.26490130%
0994	Houston Community College	14,821,505.55	0.49303664%
0995	Midland College	3,089,633.00	0.10277649%
0996	Lone Star College	18,559,224.85	0.61737169%
0997	Austin Community College	15,146,141.17	0.50383563%
0998	Northeast Texas Community College	1,668,570.77	0.05550492%
	Total of Other Entities - Junior and Community Colleges	\$244,316,307.21	
	Other Entities		
0602	Turnpike Authority	352,088.34	0.01171220%
0851	Texas Cooperative Inspection Program	1,033,537.82	0.03438058%
0897	Texas County District Retirement System	1,313,087.41	0.04367979%
0898	Texas Municipal Retirement System	1,186,572.16	0.03947126%
8696	Windham School District	8,522,671.30	0.28350624%
	Total of Other Entities	\$12,407,957.03	
0327	Plan Administrator Employees Retirement System of Texas	5,097,077.04	0.16955401%
	GRAND TOTAL of Schedule of Employer Allocation	\$3,006,167,136.96	100.00000000%

Schedule of Employer Allocations (Concluded)
As of and for the year ended August 31, 2020

- 1 State of Texas Non Employer Contributing Entity (NECE) represents the Fund 0001 portion for Junior Colleges.
- 2 Other Entities - State
 University of Texas Medical Branch at Galveston
 Community Supervision & Corrections Departments (CSCD) - Department of Criminal Justice
 UT Mental Sciences Institute
- 3 Reconciliation of Employer Contributions Reported in the Schedule (See Note C in the *Notes to the Schedules of Employer Allocation and Collective OPEB Amounts* for the explanation of allocation method):
- | | |
|---|---------------------------|
| Employer Contributions to the Group Employees Life, Accident and Health Insurance and Benefits Fund reported in Exhibit VI of Comprehensive Annual Financial Report | \$2,219,781,557.86 |
| Employer Contributions to the State Retirees Health Plan reported in Exhibit IX of Comprehensive Annual Financial Report | 748,369,212.41 |
| Non-employer Contributing Entity Contributions to the State Retirees Health Plan reported in Exhibit IX of Comprehensive Annual Financial Report | 37,736,902.43 |
| Billing Adjustments | <u>279,464.26</u> |
| Total Contributions Reported in the schedule | <u>\$3,006,167,136.96</u> |
- 4 Howard College and Southwest Collegiate Institute for the Deaf are a part of the Howard County Junior College District

Schedule of Collective OPEB Amounts
As of and for the year ended August 31, 2020

Net OPEB Liability	\$33,044,631,697
<u>Deferred Outflows of Resources</u>	
Differences Between Expected and Actual Experience	0
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	9,862,027
Changes of Assumptions	1,913,054,482
Total Deferred Outflows of Resources Excluding Employer Specific Amounts	<u>\$1,922,916,509</u>
<u>Deferred Inflows of Resources</u>	
Differences Between Expected and Actual Experience	1,292,392,022
Changes of Assumptions	7,119,756,318
Total Deferred Inflows of Resources Excluding Employer Specific Amounts	<u>\$8,412,148,340</u>
OPEB Expense	(\$389,884,657)
Amortization Period for Recognition of Deferred Outflow and Deferred Inflow of Resources:	
Differences Between Expected and Actual Experience*	5.46 years
Changes of Assumptions*	5.46 Years
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments**	5.00 Years

* Per Paragraph No. 86.a. of GASB No. 75, amortized over a straight-line closed period equal to the average remaining service period for all employees (active and inactive) who are provided with benefits through the OPEB plan.

** Per Paragraph No. 86.b. of GASB No. 75, amortized over a straight-line closed 5-year period.

Notes to the Schedules of Employer Allocation and Collective OPEB Amounts

For Fiscal Year Ended August 31, 2020

Note A — General Plan Descriptions

The Employees Retirement System of Texas was created by the Texas Legislature in 1947 and is administered in accordance with the Texas Constitution. The System provides postemployment health care, life and dental insurance benefits through the Group Benefits Program in accordance with Chapter 1551, Texas Insurance Code.

The State Retiree Health Plan (SRHP) is a cost-sharing multiple-employer postemployment health care plan with a special funding situation. SRHP covers retired employees of the State, and other entities as specified by the State legislature. Participating Reporting Entities for the State Retiree Health Plan are State Agencies, Universities, Junior and Community Colleges and Other Entities. SRHP is a pay-as-you-go plan and has no reserves.

Note B — Employer Contributions

Employer Contributions reported in the Schedule of Employer Allocations were taken from the ERS PeopleSoft Financials (Financials) system using the OPEB Employer Contribution Premium due versus billed amounts related to active and retirees.

Note C — Other information

Basis of Accounting

The underlying financial information used to prepare the OPEB allocation schedules is based on the ERS financial statements. The ERS financial statements are prepared using the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.

Method of Allocation

Contributions from employers and non-employer contributing entities (NECE) to the Group Benefits Program are available to pay claims for both active and retired members. In addition, employer and NECE contributions are based on a blended rate. The allocation of the OPEB liability and related accounts should be based on the total of employers and NECE contributions for both active and retired members because this allocation method best reflects the relationship between the contributions and the collective net OPEB liability. Therefore, the employers and NECE contributions reported in the Schedule of Employer Allocations include the contributions from the

Employees Life, Accident and Health Insurance and Benefits Fund (for active members) and those from the State Retiree Health Plan (for retired members).

Comprehensive Annual Financial Report 2020

ERS issues a Comprehensive Annual Financial Report that includes financial statements, notes and required supplementary information for the OPEB plan. This report is also audited by Clifton Larson Allen, LLP and available online at <https://www.ers.texas.gov/About-ERS/Reports-and-Studies>. This report may also be obtained by writing to ERS at:

Employee Retirement System of Texas
200 East 18th Street, Austin Texas 78701

GASB Reporting and Disclosure Information

Rudd and Wisdom, Inc. has provided information required by the governmental employers participating in ERS in connection with GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The information needed by employers to implement GASB 75 from this report is presented immediately after these notes.

Please refer to the *Required Supplementary Information* section in the ERS Comprehensive Annual Financial Report referenced above for the Schedule of Contributions from Employers and Non-employer Contributing Entities.

The Schedule of Collective OPEB Amounts complements the actuarial valuation report as of August 31, 2020 and the GASB Reporting and Disclosure Information for the Fiscal year Ended August 31, 2020, which should be considered together as a complete report for the plan year ended August 31, 2020.

The Schedules of Employer Allocations and Collective OPEB Amounts are to be used for governmental employer reporting for Fiscal Years ending on or before August 31, 2021.

Please see the actuarial valuation report as of August 31, 2020 for additional discussion of the nature of calculations and more information related to participant data, economic and demographic assumptions and benefit provisions. Actuarial valuation reports for the OPEB plan are available online at <https://ers.texas.gov/about-ers/reports-and-studies/ers-actuarial-valuation-reports>.



**GASB STATEMENT NO. 75
ACTUARIAL VALUATION**

**AS OF AUGUST 31, 2020 FOR THE
MEASUREMENT YEAR ENDED AUGUST 31, 2020 AND
EMPLOYER REPORTING FOR FISCAL YEARS ENDING
ON OR BEFORE AUGUST 31, 2021**

**FOR THE
OTHER POST-EMPLOYMENT BENEFITS UNDER THE
TEXAS EMPLOYEES
GROUP BENEFITS PROGRAM**



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Section I - Certification of GASB No. 75 Actuarial Valuation

At the request of the Employees Retirement System of Texas (ERS), we have performed an actuarial valuation of the Other Post-Employment Benefits (OPEB) provided under the Texas Employees Group Benefits Program (GBP) for purposes of employer reporting requirements for fiscal years ending on or before August 31, 2021. The purpose of this report is to present the results of our valuation and provide the information necessary to determine financial statement entries consistent with the Governmental Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB No. 75).

Actuarial computations under GASB No. 75 are for purposes of fulfilling governmental employer financial accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of GASB No. 75 and the GBP. The information presented in this report is solely for purposes of compliance with GASB No. 75. This report does not provide any advice with respect to the manner in which the benefits are funded (i.e., pay-as-you go funding as opposed to prefunding the benefits). Actuarial valuations of OPEB are performed annually.

Paragraph No. 59 of GASB No. 75 permits a measurement date that is no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year. The measurement date of August 31, 2020 will be used to report information for fiscal years ending on or before August 31, 2021. The valuation date is August 31, 2020.

We have based our valuation on current and former employee data as of August 31, 2020 provided by ERS, former employee data as of August 31, 2020 provided by the Teachers Retirement System (TRS) and plan provisions provided by ERS. We have used the actuarial methods and assumptions described in Section VI of this report. The actuarial valuation has been performed on the basis of the plan benefits described in Section VII.

To the best of our knowledge, all current active and retired employees eligible to participate in the plan as of the valuation date and all other individuals who have a vested benefit under the plan have been included in the valuation. Furthermore, to the best of our knowledge and belief, all plan benefits have been considered in the development of costs.

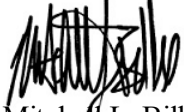
ERS and TRS remain solely responsible for the accuracy and comprehensiveness of the respective data provided. However, to the best of our knowledge, no material biases exist with respect to any imperfections in the data provided by these sources. To the extent that any imperfections exist in the data records, we have relied on best estimates provided by ERS and TRS. We have not audited the data provided, but have reviewed it for reasonableness and consistency relative to previously provided information.

To the best of our knowledge, the actuarial information supplied in this report is complete and accurate. In our opinion, each of the assumptions used is reasonably related to the experience of the plan and to reasonable expectations and represents our best estimate of anticipated experience under the plan solely with respect to that individual assumption. All of our work conforms to generally accepted actuarial principles and practices and to the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Rudd and Wisdom, Inc. prepared and presented in Sections II and III of this report the information that is required to be included in the notes to the Financial Statements and the Required Supplementary Information. ERS prepared the proportionate share allocation percentages shown in Section V of this report.

Rudd and Wisdom, Inc. prepared the following schedules in the Actuarial Section of the ERS CAFR for the State Retiree Health Plan: (a) Active Member Valuation Data, (b) Retirees and Nominees Added and Removed and (c) Schedule of Funding Progress.

The undersigned individuals are members of the American Academy of Actuaries who meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



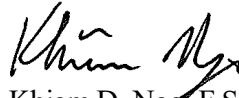
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Section II - Notes to the Financial Statements

Pursuant to Paragraphs No. 91 through 98 of GASB No. 75, the following information should be included in the Notes to the Financial Statements.

A. OPEB Plan Description

1. Plan Name

Other Post-Employment Benefits provided under the Texas Employees Group Benefits Program (GBP)

2. Plan Type

The GBP is a cost-sharing multiple-employer defined benefit OPEB plan. Employers participating in the GBP include:

- a. the State of Texas which is the employer for all state agency employees and employees of senior colleges and universities,
- b. 50 Texas junior and community colleges,
- c. the Texas Municipal Retirement System, Texas County and District Retirement System, the North Texas Tollway Authority, the Texas Cooperative Inspection Program, the University of Texas Medical Branch and the Windham School District,
- d. Community Supervision and Corrections Departments.

3. Employees Covered

- a. State agency and higher education employees must meet the following classification requirements in order to be eligible for OPEB provided they also meet certain age and service conditions.

- i. State Agency or Higher Education Employee

An individual must be an elected or appointed officer or employee who performs service (other than an independent contractor) for the State of Texas, including an institution of higher education, other than the University of Texas or Texas A&M University Systems, and who:

- a) receives compensation for the service performed pursuant to a payroll certified by a state agency or by an elected or appointed officer, or

- b) receives compensation for service performed for an institution of higher education pursuant to a payroll certified by an institution of higher education or by an elected or appointed officer of the State.
- ii. Employees of Certain Other Entities
 - a) Officers or employees of Texas Municipal Retirement System or Texas County and District Retirement System
 - b) Certain employees or officers of the North Texas Tollway Authority
 - c) Employees of the Community Supervision and Corrections Departments
- b. Number of Plan Members as of August 31, 2020

Member Category	Count
a. Inactive employees or beneficiaries currently receiving benefit payments	130,910 ¹
b. Inactive employees entitled to but not yet receiving benefit payments	12,317
c. Active employees	<u>232,367</u> ²
d. Total	375,594

¹ Includes 4,363 retirees not enrolled in a health plan and 309 retirees who receive the Opt-Out Credit in lieu of health benefits.

² Includes return-to-work retirees and employees who have not yet satisfied the waiting period.

4. Brief Description of Benefit Provisions

- a. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan. An eligible retiree who has retired from full-time employment does not contribute toward the cost of coverage for himself/herself, but he/she pays a portion of the cost if he/she covers an eligible spouse or dependent child*. An eligible retiree who has retired from part-time employment contributes toward the cost of coverage for himself/herself, as well as paying a portion of the cost if he/she covers an eligible spouse or dependent child.
- b. The GBP also provides life insurance benefits to eligible retirees via a minimum premium funding arrangement.
 - * SB 1459 requires employees who have less than 5 years of eligible service credit on September 1, 2014 to pay a larger portion of the cost of insurance if they retire with less than 20 years of eligible service credit on or after September 1, 2014.
- 5. The authority under which the obligations of the plan members and Employer are established and/or may be amended is Chapter 1551, Texas Insurance Code.
- 6. The Employer and member contribution rates are determined annually by the ERS Board Trustees based on the recommendations of the ERS staff and consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the

funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

7. There are no long-term contracts for contributions to the plan.

B. Net OPEB Liability

The Employer's Net OPEB Liability reported for fiscal years ending on or before August 31, 2021 was measured as of August 31, 2020, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that same date.

The components of the Net OPEB Liability of the Employer at August 31, 2020 were as follows:

Total OPEB Liability	\$ 33,149,579,149
Plan Fiduciary Net Position	<u>104,947,452</u>
Net OPEB Liability	<u>\$ 33,044,631,697</u> ¹
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.32%

1. Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of August 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases	2.30% to 9.05% ²
Discount rate	2.20%
Healthcare cost trend rates	
Medical (HealthSelect)	8.80% for FY2022, 5.25% for FY2023, 5.00% for FY2024, 4.75% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years
Medical (HealthSelect Medicare Advantage)	-53.30% for FY2022, 0.00% for FY2023, 66.67% for FY2024, 24.00% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years
Pharmacy	10.00% for FY2022 and FY2023, decreasing 100 basis points per year to 5.00% for FY2028 and 4.30% for FY2029 and later years

¹ Comprised of a current portion of \$744,301,047 and a long-term portion of \$32,300,330,650.

² Includes inflation.

- Mortality
1. State Agency Members
 - a. Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes):
 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020.
 - b. Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes):
 2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.
 - c. Active Members:
 Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2010.
 2. Higher Education Members
 - a. Service Retirees, Survivors and other Inactive Members:
 Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
 - b. Disability Retirees:
 Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
 - c. Active Members:
 Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuary as of August 31, 2019 and the TRS retirement plan actuary as of August 31, 2017.

Several assumptions or other inputs have been updated since the prior valuation as shown in Section VI of this report.

2. Discount Rate

- a. Discount Rate: 2.20%; the discount rate used to measure the Total OPEB Liability was 2.20%. The change in the discount rate since the OPEB plan's prior fiscal year-end is a decrease of 0.77% (i.e., from 2.97% to 2.20%) in order to reflect the requirements of GASB No. 75.
- b. Projected Cash Flows: Projected cash flows into the plan are equal to projected benefit payments out of the plan.
- c. Long-Term Expected Rate of Return: N/A; the plan operates on a PAYGO basis and is not intended to accumulate assets.
- d. Municipal Bond Rate: 2.20%; the source of the municipal bond rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.
- e. Years of Projected Benefit Payments to which Long-Term Expected Rate of Return Applies: 0 years
- f. Assumed Asset Allocation, Long-Term Expected Real Rate of Return for Each Asset Class and Arithmetic vs. Geometric return: N/A; the plan operates on a PAYGO basis and is not intended to accumulate assets.

3. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability reported for fiscal years ending on or before August 31, 2021 and measured as of August 31, 2020, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.20%) or 1-percentage-point higher (3.20%) than the current discount rate:

	1% Decrease (1.20%)	Current Discount Rate (2.20%)	1% Increase (3.20%)
Net OPEB Liability/(Asset) (\$ thousands)	\$ 39,275,875	\$ 33,044,632	\$ 28,163,011

4. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Net OPEB Liability reported for fiscal years ending on or before August 31, 2021 and measured as of August 31, 2020, as well as what the Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease ¹	Current Healthcare Cost Trend Rates ¹	1% Increase ¹
Net OPEB Liability/(Asset) (\$ thousands)	\$ 27,656,183	\$ 33,044,632	\$ 40,108,325

¹ Healthcare Cost Trend Rates and -1%/+1% sensitivities are shown below. The -1%/+1% sensitivities also apply to the assumed trend rates for Retiree Contributions and Expenses. See items B.2.e. through B.2.g. in Section VI for more details of the trend assumptions.

Fiscal Year	Medical (HealthSelect)			Medical (HealthSelect Medicare Advantage)			Pharmacy		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase	1% Decrease	Healthcare Cost Trend Rates	1% Increase	1% Decrease	Healthcare Cost Trend Rates	1% Increase
2022	7.80%	8.80%	9.80%	-54.30%	-53.30%	-52.30%	9.00%	10.00%	11.00%
2023	4.25%	5.25%	6.25%	-1.00%	0.00%	1.00%	9.00%	10.00%	11.00%
2024	4.00%	5.00%	6.00%	65.67%	66.67%	67.67%	8.00%	9.00%	10.00%
2025	3.75%	4.75%	5.75%	23.00%	24.00%	25.00%	7.00%	8.00%	9.00%
2026	3.60%	4.60%	5.60%	3.60%	4.60%	5.60%	6.00%	7.00%	8.00%
2027	3.50%	4.50%	5.50%	3.50%	4.50%	5.50%	5.00%	6.00%	7.00%
2028	3.40%	4.40%	5.40%	3.40%	4.40%	5.40%	4.00%	5.00%	6.00%
2029 and beyond	3.30%	4.30%	5.30%	3.30%	4.30%	5.30%	3.30%	4.30%	5.30%

C. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balance at August 31, 2019 Measurement Date¹	\$ 34,622,611,079	\$ 59,936,464	\$34,562,674,615
Changes for the year:			
Service cost	\$ 1,539,978,468		\$ 1,539,978,468
Interest	1,063,158,517		1,063,158,517
Changes of benefit terms	0		0
Differences between expected and actual experience	(818,423,526)		(818,423,526)
Contributions – employer		\$ 748,369,212	(748,369,212)
Contributions – non-employer contributing entities		37,736,903	(37,736,903)
Contributions – employee		230,151,101	(230,151,101)
Contributions – Federal Revenues for Medicare Part D RDS		1,768,189	(1,768,189)
Other (Federal Revenues)		109,330,317	(109,330,317)
Other (Other Additions)		23,705	(23,705)
Net investment income		1,336,271	(1,336,271)
Benefit payments, including refunds of employee contributions	(737,408,414)	(737,408,414)	0
Benefit payments financed by employee contributions and Federal Revenues		(339,481,418)	339,481,418
Administrative expenses		(6,814,878)	6,814,878
Assumption changes ²	(2,520,336,975)	0	(2,520,336,975)
Other changes	0	0	0
Net changes	\$ (1,473,031,930)	\$ 45,010,988	\$ (1,518,042,918)
Balance at August 31, 2020 Measurement Date³	\$ 33,149,579,149	\$ 104,947,452	\$33,044,631,697

¹ Information for 2020 fiscal years ending on or before August 31, 2020 was taken as of the measurement date of August 31, 2019 as permitted by Paragraph No. 59 of GASB No. 75.

² Comprised of \$3,828,097,665 due to the change in discount rate and \$(6,348,434,640) due to other assumption changes.

³ Information for fiscal years ending on or before August 31, 2021 was taken as of the measurement date of August 31, 2020 as permitted by Paragraph No. 59 of GASB No. 75.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is shown in Section IV of the GBP OPEB GASB No. 74 actuarial valuation report dated November 30, 2020.

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For fiscal years ending on or before August 31, 2021, the Employer recognized OPEB expense of \$(389,884,657).

1. Components of OPEB Expense for the Measurement Year Ended August 31, 2020 and Employer Reporting for Fiscal Years Ending on or before August 31, 2021

Service Cost	\$ 1,539,978,468
Interest on the total OPEB liability	1,063,158,517
Amortization of differences between expected and actual experience ¹	(425,383,183)
Amortization of changes of assumptions ¹	(2,577,440,940)
Employee contributions	(230,151,101)
Other (Federal Revenues and Other Additions)	(109,354,022)
Benefit payments financed by Employee Contributions and Federal Revenues	339,481,418
Projected earnings on OPEB plan investments	(2,423,937)
Amortization of differences between projected and actual earnings on OPEB plan investments ²	5,435,245
OPEB plan administrative expense	6,814,878
Total OPEB expense	\$ (389,884,657)

At the end of FY21³, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources listed in the table below.

2. Balances of Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Year Ended August 31, 2020 for Employer Reporting for Fiscal Years Ending on or before August 31, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 1,292,392,022
Changes of assumptions	1,913,054,482	7,119,756,318
Net difference between projected and actual earnings on OPEB plan investments	9,862,027	0
Total excluding post-measurement date contributions	\$ 1,922,916,509 ⁴	\$ 8,412,148,340

¹ Per Paragraph No. 86.a. of GASB No. 75, amortized over a straight-line closed period equal to the average remaining service period for all employees (active and inactive) who are provided with benefits through the OPEB plan.

² Per Paragraph No. 86.b. of GASB No. 75, amortized over a straight-line closed 5-year period.

³ Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

⁴ Contributions made after the measurement date of August 31, 2020 and before the cost-sharing employer's Fiscal Year End need to be recognized as deferred outflows in accordance with Paragraph No. 68 of GASB No. 75. At the end of FY21, each reporting entity shall determine their contributions during this period and add this amount to their allocated portion of these deferred outflows.

3. Change in Deferred Outflows of Resources and Deferred Inflows of Resources

	Change in Deferred Outflows of Resources	Change in Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 393,040,343
Changes of assumptions	(546,586,995)	(603,690,960)
Net difference between projected and actual earnings on OPEB plan investments	<u>(4,347,579)</u>	<u>0</u>
Total	\$ (550,934,574)	\$ (210,650,617)

4. Change in Balance Sheet Items

Change in Net OPEB Liability	\$ (1,518,042,918)
Change in deferred outflows	550,934,574
Change in deferred inflows	(210,650,617)
Employer contributions	<u>787,874,304</u>
Total OPEB expense	\$ (389,884,657)

Contributions made after the measurement date of August 31, 2020 and before the end of FY21 are to be recognized as deferred outflows. Those amounts are not reflected in Sections D.3. or D.4. above, as Sections D.3. and D.4. illustrate changes between the two measurement dates, rather than contributions made subsequent to the measurement date.

5. Amounts reported as Deferred Outflows/(Inflows) of resources will be recognized in OPEB expense as follows:

Measurement Year Ending August 31	Amount
2021	\$ (2,997,388,877)
2022	(2,049,713,650)
2023	(814,766,504)
2024	(346,075,289)
2025	(281,287,511)
Thereafter	0

E. Payable to the OPEB Plan

At the end of FY21, the Employer reported a payable of \$TBD¹ for the outstanding amount of contributions to the OPEB plan required for fiscal years ending on or before August 31, 2021.

¹ Each cost-sharing employer shall determine this amount, if any, at the end of FY21.

F. Change in Proportionate Share

In accordance with Paragraph No. 96f of GASB No. 75, the Employer shall provide a brief description of the nature of changes between the measurement date of the collective net OPEB liability and the Employer's reporting date that are expected to have a significant effect on the Employer's proportionate share of the collective net OPEB liability, and the amount of the expected resultant change in the Employer's proportionate share of the collective net OPEB liability, if known.

Section III – Required Supplementary Information

A. Information to be Presented for Each Cost-Sharing Employer

Each employer shall include information in its Required Supplementary Information that comports with the requirements of Paragraph No. 97 of GASB No. 75.

See Section V of this report for each employer’s proportionate share.

B. Notes to the Required Schedules

Per Paragraph No. 98 of GASB No. 75, the employer should disclose factors that significantly affect trends in the amounts reported. For example, changes in benefit provisions, changes in the size or composition of the population covered by the benefit terms or changes in actuarial methods and assumptions should be identified.

1. Significant Methods and Assumptions

Valuation Date: August 31, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Amortization period	30 years
Asset valuation method	Not applicable
Inflation	2.30%
Healthcare cost trend rates	
Medical (HealthSelect)	8.80% for FY2022, 5.25% for FY2023, 5.00% for FY2024, 4.75% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years
Medical (HealthSelect Medicare Advantage)	-53.30% for FY2022, 0.00% for FY2023, 66.67% for FY2024, 24.00% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years
Pharmacy	10.00% for FY2022 and FY2023, decreasing 100 basis points per year to 5.00% for FY2028 and 4.30% for FY2029 and later years
Salary increases	2.30% to 9.05%, including inflation
Discount rate	2.20%
Aggregate payroll growth	2.70%
Retirement age	Experience-based tables of rates that are specific to the class of employee.

Mortality

1. State Agency Members
 - a. Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes):
2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020.
 - b. Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes):
2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.
 - c. Active Members:
Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2010.
2. Higher Education Members
 - a. Service Retirees, Survivors and other Inactive Members:
Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
 - b. Disability Retirees:
Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
 - c. Active Members:
Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

2. Factors that Significantly Affect Trends in Amounts Reported

- a. The following assumptions or other inputs have been updated since the previous valuation:

- i. Demographic Assumptions

Assumed rates of pre-retirement and post-disability mortality for all State Agency members, assumed rates of termination and retirement for certain CPO/CO members

and assumed salary and aggregate payroll increases have been updated to reflect assumptions adopted by the ERS Trustees since the last valuation date. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future female retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to cover dependent children.

ii. **Economic Assumptions**

- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The Patient-Centered Outcome Research Institute (PCORI) fees payable under the ACA have been updated since the previous valuation to reflect IRS Notice 2020-44 published June 8, 2020.
- Assumed inflation has been updated to reflect an assumption adopted by the ERS Trustees since the last valuation date. This new assumption was adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

Minor benefit changes described below have been reflected in the FY2021 Assumed Per Capita Health Benefits Costs.

iii. **Other Inputs**

The discount rate was changed from 2.97% to 2.20% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Please see our previous GASB No. 75 valuation report dated March 16, 2020 for a complete list of our previous assumptions and other inputs.

- b. Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2021, are provided for in the FY2021 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

Section IV – Additional Information

A. Schedule of Changes in the Employer’s Net OPEB Liability and Related Ratios

Last 10 Fiscal Years^{1,2}

	Measurement Year Ended August 31			
	2020	2019	2018	2017
1. Total OPEB Liability				
a. Service cost	\$ 1,539,978,468	\$ 1,206,105,801	\$ 1,495,979,208	\$ 2,303,978,626
b. Interest	1,063,158,517	1,221,955,155	1,261,854,477	1,225,588,297
c. Changes of benefit terms	0	0	0	0
d. Differences between expected and actual experience	(818,423,526)	(89,008,957)	(935,688,538)	(501,666,343)
e. Changes of assumptions	(2,520,336,975) ³	3,006,228,472 ⁴	(5,924,044,741) ⁵	(8,728,820,673) ⁶
f. Benefit payments, including refunds of employee contributions ⁷	(737,408,414)	(740,841,378)	(662,722,913)	(728,548,091)
g. Net Change in Total OPEB Liability	\$ (1,473,031,930)	\$ 4,604,439,093	\$ (4,764,622,507)	\$ (6,429,468,184)
h. Total OPEB Liability – Beginning	<u>34,622,611,079</u>	<u>30,018,171,986</u>	<u>34,782,794,493</u>	<u>41,212,262,677</u>
i. Total OPEB Liability – Ending	\$ 33,149,579,149	\$ 34,622,611,079	\$ 30,018,171,986	\$ 34,782,794,493
2. Plan Fiduciary Net Position				
a. Contributions – employer	\$ 748,369,212	\$ 401,284,833	\$ 307,028,461	\$ 892,204,840
b. Contributions – non-employer contributing entities	37,736,903	20,182,872	16,585,270	45,035,437
c. Contributions – employee	230,151,101	209,836,664	203,123,120	195,806,162
d. Contributions – Federal Revenues for Medicare Part D Retiree Drug Subsidies	1,768,189	1,479,713	1,417,806	1,658,573
e. Contributions – adjustments	0	0	0	(2,071,361)
f. Net investment income	1,336,271	3,323,499	10,906,797	4,516,817
g. Benefit payments, including refunds of employee contributions	(737,408,414)	(740,841,378)	(662,722,913)	(728,548,091)
h. Benefit payments financed by employee contributions and Federal Revenues	(339,481,418)	(297,746,318)	(276,198,100)	(267,267,712)
i. Administrative expense	(6,814,878)	(6,008,207)	(5,817,620)	(5,628,689)
j. Other – Federal Revenues ⁸	109,330,317	87,909,654	73,074,980	71,461,550
k. Other additions	23,705	85,470	3,249,101	356,575
l. Net Change in Plan Fiduciary Net Position	\$ 45,010,988	\$ (320,493,198)	\$ (329,353,098)	\$ 207,524,101
m. Plan Fiduciary Net Position – Beginning	<u>59,936,464</u>	<u>380,429,662</u>	<u>709,782,760</u>	<u>502,258,659</u>
n. Plan Fiduciary Net Position – Ending	\$ 104,947,452	\$ 59,936,464	\$ 380,429,662	\$ 709,782,760
3. Employer’s Net OPEB Liability – Ending [Item 1(i) – 2(n)]	\$ 33,044,631,697	\$ 34,562,674,615	\$ 29,637,742,324	\$ 34,073,011,733
4. Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.32%	0.17%	1.27%	2.04%
5. Covered-Employee Payroll	\$ 12,655,246,687	\$ 12,320,028,164	\$ 12,047,166,658	\$ 11,745,310,057
6. Employer’s Net OPEB Liability as a Percentage of Covered-Employee Payroll	261.11%	280.54%	246.01%	290.10%

See Notes to Schedule on following page.



Notes to Schedule:

- ¹ Until a full 10-year trend is compiled, governments should present information for those years for which information is available.
- ² Information is presented using a measurement date on the last day of the preceding fiscal year (e.g., a measurement date of August 31, 2020 was used for FY21).
- ³ Changes in assumptions and other inputs for measurement year ended August 31, 2020 include (a) demographic assumptions (including rates of retirement, termination and mortality and assumed salary increases for select classes of State Agency members), (b) assumed aggregate payroll increases and rate of general inflation, (c) discount rate decreased from 2.97% to 2.20%, (d) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (e) percentage of female members assumed to be married and electing coverage for their spouse, (f) proportion of future retirees assumed to cover dependent children, (g) assumed PCORI fees and (h) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.
- ⁴ Changes in assumptions and other inputs for measurement year ended August 31, 2019 include (a) discount rate decreased from 3.96% to 2.97%, (b) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (c) percentage of male members assumed to be married and electing coverage for their spouse, (d) percentage of future retirees and future retiree spouses assumed to use tobacco and (e) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.
- ⁵ Changes in assumptions and other inputs for measurement year ended August 31, 2018 include (a) demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members, (b) discount rate increased from 3.51% to 3.96%, (c) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (d) percentage of members assumed to be married and electing coverage for their spouse, and (e) assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost Retiree Contribution, and Expense trends.
- ⁶ Changes in assumptions and other inputs for measurement year ended August 31, 2017 include (a) demographic assumptions (including rates of retirement, disability, termination, and mortality, assumed salary increases and assumed age difference for future retirees and their spouses for select classes of State Agency members), (b) assumed aggregate payroll increases and rate of general inflation, (c) discount rate increased from 2.84% to 3.51%, (d) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (e) proportion of future retirees covering dependent children, (f) percentage of members assumed to be married and electing coverage for their spouse, and (g) assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost Retiree Contribution, and Expense trends.
- ⁷ Benefit payments include expenses directly related to the payment of benefits and are net of member contributions and Federal Revenues.
- ⁸ Excludes Federal Revenues for Medicare Part D Retiree Drug Subsidies.

Appendix A

Amortization Schedules of Outflows and Inflows of Resources



A. Schedule of Differences between Expected and Actual Experience

In accordance with Paragraph No. 86a of GASB No. 75, the effects of differences between expected and actual experience should be included in OPEB expense, beginning in the current measurement period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period. The following table illustrates the application of this requirement.

Measurement Period Ended 8/31	Differences Between Expected and Actual Experience ¹	Average Expected Remaining Service Lives (Years)	Increase (Decrease) in OPEB Expense Arising from the Effects of Differences between Expected and Actual Experience (Measurement Period Ended 8/31)									
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2017	\$ (501,666,343)	5.44	\$ (92,218,078)	\$ (92,218,078)	\$ (92,218,078)	\$ (92,218,078)	\$ (92,218,078)	\$ (40,575,953)	\$ 0	\$ 0	\$ 0	\$ 0
2018	\$ (935,688,538)	5.60		(167,087,239)	(167,087,239)	(167,087,239)	(167,087,239)	(167,087,239)	(100,252,343)	0	0	0
2019	\$ (89,008,957)	5.50			(16,183,447)	(16,183,447)	(16,183,447)	(16,183,447)	(16,183,447)	(8,091,722)	0	0
2020	\$ (818,423,526)	5.46				(149,894,419)	(149,894,419)	(149,894,419)	(149,894,419)	(149,894,419)	(68,951,431)	0
Net increase (decrease) in OPEB expense			<u>\$ (92,218,078)</u>	<u>\$ (259,305,317)</u>	<u>\$ (275,488,764)</u>	<u>\$ (425,383,183)</u> ²	<u>\$ (425,383,183)</u>	<u>\$ (373,741,058)</u>	<u>\$ (266,330,202)</u>	<u>\$ (157,986,141)</u>	<u>\$ (68,951,431)</u>	<u>\$ 0</u>

¹ See the Schedule of Changes in the Net OPEB Liability in Section IV.A. Positive amounts represent actual experience that increases the total OPEB liability greater than projected or decreases the total OPEB liability less than projected (experience losses) and result in increases in OPEB expense and deferred outflows of resources. Negative amounts represent actual experience that increases the total OPEB liability less than projected or decreases the total OPEB liability greater than projected (experience gains) and result in decreases in OPEB expense and increases in deferred inflows of resources.
² Amount included in OPEB expense for measurement period ended August 31, 2020. See differences between expected and actual experience in Section I.D.1.

B. Schedule of Changes of Assumptions

In accordance with Paragraph No. 86a of GASB No. 75, the effects of changes of assumptions should be included in OPEB expense, beginning in the current measurement period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period. The following table illustrates the application of this requirement.

Measurement Period Ended 8/31	Changes of Assumptions ¹	Average Expected Remaining Service Lives (Years)	Increase (Decrease) in OPEB Expense Arising from the Effects of Changes of Assumptions (Measurement Period Ended 8/31)									
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2017	\$(8,728,820,673)	5.44	\$(1,604,562,624)	\$(1,604,562,624)	\$(1,604,562,624)	\$(1,604,562,624)	\$(1,604,562,624)	\$(706,007,553)	\$ 0	\$ 0	\$ 0	\$ 0
2018	\$(5,924,044,741)	5.60		(1,057,865,132)	(1,057,865,132)	(1,057,865,132)	(1,057,865,132)	(1,057,865,132)	(634,719,081)	0	0	0
2019	\$ 3,006,228,472	5.50			546,586,995	546,586,995	546,586,995	546,586,995	546,586,995	273,293,497	0	0
2020	\$(2,520,336,975)	5.46				(461,600,179)	(461,600,179)	(461,600,179)	(461,600,179)	(461,600,179)	(212,336,080)	0
Net increase (decrease) in OPEB expense			<u>\$(1,604,562,624)</u>	<u>\$(2,662,427,756)</u>	<u>\$(2,115,840,761)</u>	<u>\$(2,577,440,940)²</u>	<u>\$(2,577,440,940)</u>	<u>\$(1,678,885,869)</u>	<u>\$(549,732,265)</u>	<u>\$(188,306,682)</u>	<u>\$(212,336,080)</u>	<u>\$ 0</u>

¹ See the Schedule of Changes in the Net OPEB Liability in Section IV.A. Positive amounts represent increases in the total OPEB liability from assumption changes and result in increases in OPEB expense and deferred outflows of resources. Negative amounts represent decreases in the total OPEB liability from assumption changes and result in decreases in OPEB expense and increases in deferred inflows of resources.
² Amount included in OPEB expense for measurement period ended August 31, 2020. See changes of assumptions in Section II.D.1.



C. Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments

In accordance with Paragraph No. 86b of GASB No. 75, the effects of differences between projected and actual earnings on OPEB plan investments should be included in OPEB expense using a systematic and rational method over a closed five-year period, beginning in the current measurement period. The following table illustrates the application of this requirement.

Measurement Period Ended 8/31	Differences between Projected and Actual Earnings on OPEB Plan Investments ¹	Closed Five-Year Period	Increase (Decrease) in OPEB Expense Arising from the Differences between Projected and Actual Earnings on OPEB Plan Investments (Measurement Period Ended 8/31)									
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2017	\$ 12,609,851	5.00	\$ 2,521,970	\$ 2,521,970	\$ 2,521,970	\$ 2,521,970	\$ 2,521,971	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2018	\$ 8,086,517	5.00		1,617,303	1,617,303	1,617,303	1,617,303	1,617,305	0	0	0	0
2019	\$ 5,392,193	5.00			1,078,439	1,078,439	1,078,439	1,078,439	1,078,437	0	0	0
2020	\$ 1,087,666	5.00				217,533	217,533	217,533	217,533	217,534	0	0
Net increase (decrease) in OPEB expense			<u>\$ 2,521,970</u>	<u>\$ 4,139,273</u>	<u>\$ 5,217,712</u>	<u>\$ 5,435,245</u> ²	<u>\$ 5,435,246</u>	<u>\$ 2,913,277</u>	<u>\$ 1,295,970</u>	<u>\$ 217,534</u>	<u>\$ 0</u>	<u>\$ 0</u>

¹ Amounts are equal to net investment income (see the Schedule of Changes in the Net OPEB Liability in Section IV.A.) less projected earnings (see the projected earnings on OPEB plan investments in Section II.D.1.). Positive amounts represent investment returns that are less than projected and, therefore, increase OPEB expense. Negative amounts represent investment returns that are greater than projected and, therefore, decrease OPEB expense.
² Amount included in OPEB expense for measurement period ended August 31, 2020. See differences between projected and actual earnings on OPEB plan investments in Section II.D.1.

Appendix B

Determination of Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB For the Measurement Year Ending August 31, 2020

A. Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Expected and Actual Experience

Measurement Period Ended 8/31	Experience Losses ¹ (a)	Experience Gains ¹ (b)	Amounts Included in OPEB Expense through 8/31/2019 ² (c)	Balances at 8/31/2019 ³		Amounts Included in OPEB Expense through 8/31/2020 ⁴ (d)	Balances at 8/31/2020 ³	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)		Deferred Outflows of Resources (a) – (d)	Deferred Inflows of Resources (b) – (d)
2017	N/A	\$ (501,666,343)	\$ (276,654,234)	N/A	\$ (225,012,109)	\$ (368,872,312)	N/A	\$ (132,794,031)
2018	N/A	(935,688,538)	(334,174,478)	N/A	(601,514,060)	(501,261,717)	N/A	(434,426,821)
2019	N/A	(89,008,957)	(16,183,447)	N/A	(72,825,510)	(32,366,894)	N/A	(56,642,063)
2020	N/A	(818,423,526)	N/A	N/A	N/A	(149,894,419)	N/A	(668,529,107)
			\$ (627,012,159)	\$ 0	\$ (899,351,679)	\$ (1,052,395,342)	\$ 0	\$ (1,292,392,022)

¹ See the Schedule of Changes in the Net OPEB Liability in Section IV.A. or the Schedule of Differences between Expected and Actual Experience in Appendix A. Experience losses are presented as positive amounts. Experience gains are presented as negative amounts.
² Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2019 due to the differences between expected and actual experience in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.
³ Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts.
⁴ Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2020 due to the differences between expected and actual experience in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.

B. Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Changes of Assumptions

Measurement Period Ended 8/31	Increases in the Total OPEB Liability ¹ (a)	Decreases in the Total OPEB Liability ¹ (b)	Amounts Included in OPEB Expense through 8/31/2019 ² (c)	Balances at 8/31/2019 ³		Amounts Included in OPEB Expense through 8/31/2020 ⁴ (d)	Balances at 8/31/2020 ³	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)		Deferred Outflows of Resources (a) – (d)	Deferred Inflows of Resources (b) – (d)
2017	N/A	\$ (8,728,820,673)	\$ (4,813,687,872)	N/A	\$ (3,915,132,801)	\$ (6,418,250,496)	N/A	\$ (2,310,570,177)
2018	N/A	(5,924,044,741)	(2,115,730,264)	N/A	(3,808,314,477)	(3,173,595,396)	N/A	(2,750,449,345)
2019	\$ 3,006,228,472	N/A	546,586,995	\$ 2,459,641,477	N/A	1,093,173,990	\$ 1,913,054,482	N/A
2020	N/A	(2,520,336,975)	N/A	N/A	N/A	(461,600,179)	N/A	(2,058,736,796)
			\$ (6,382,831,141)	\$ 2,459,641,477	\$ (7,723,447,278)	\$ (8,960,272,081)	\$ 1,913,054,482	\$ (7,119,756,318)

¹ See the Schedule of Changes in the Net OPEB Liability in Section IV.A. or the Schedule of Changes of Assumptions in Appendix A.
² Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2019 due to the changes of assumptions in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.
³ Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts.
⁴ Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2020 due to the changes of assumptions in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.

C. Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Projected and Actual Earnings on OPEB Plan Investments

Measurement Period Ended 8/31	Investment Earnings Less Than Projected ¹ (a)	Investment Earnings Greater Than Projected ¹ (b)	Amounts Included in OPEB Expense through 8/31/2019 ² (c)	Balances at 8/31/2019 ³		Amounts Included in OPEB Expense through 8/31/2020 ⁴ (d)	Balances at 8/31/2020 ³	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)		Deferred Outflows of Resources (a) – (d)	Deferred Inflows of Resources (b) – (d)
2017	\$ 12,609,851	N/A	\$ 7,565,910	\$5,043,941	N/A	\$ 10,087,880	\$ 2,521,971	N/A
2018	8,086,517	N/A	3,234,606	4,851,911	N/A	4,851,909	3,234,608	N/A
2019	5,392,193	N/A	1,078,439	4,313,754	N/A	2,156,878	3,235,315	N/A
2020	1,087,666	N/A	N/A	N/A	N/A	217,533	870,133	N/A
			<u>\$ 11,878,955</u>	<u>\$14,209,606</u>	<u>\$ 0</u>	<u>\$ 17,314,200</u>	<u>\$ 9,862,027</u>	<u>\$ 0</u>

¹ Amounts equal to net investment income (see the Schedule of Changes in the Net OPEB Liability in Section IV.A.) less projected earnings (see the projected earnings on OPEB plan investments in Section II.D.1.). See the Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments in Appendix A. Investment earnings less than projected are presented as positive amounts. Investment earnings greater than projected are presented as negative amounts.

² Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2019 due to the differences between projected and actual earnings on OPEB plan investments in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.

³ Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts. In conformity with Paragraph No. 86b of GASB No. 75, deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual earnings on OPEB plan investments in different measurement periods are aggregated and reported as a net deferred outflow of resources or a net deferred inflow of resources. Therefore, at August 31, 2019, there is a net deferred outflow of resources arising from differences between projected and actual earnings on OPEB plan investments of \$14,209,606, calculated as the deferred outflow balance of \$14,209,606 net of the deferred inflow balance of \$0. At August 31, 2020, there is a net deferred outflow of resources arising from differences between projected and actual earnings on OPEB plan investments of \$9,862,027, calculated as the deferred outflow balance of \$9,862,027 net of the deferred inflow balance of \$0.

⁴ Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2020 due to the differences between projected and actual earnings on OPEB plan investments in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.

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