

# Legislative Appropriations Request for Fiscal Years 2026-2027

Submitted to the Office of the Governor, Budget Division, and the Legislative Budget Board

By The Employees Retirement System of Texas – September, 2024



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## MISSION

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ERS offers competitive benefits to enhance the lives of its members.

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## PHILOSOPHY

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ERS prudently and professionally manages the trust funds and programs on behalf of its members. The benefits are an important part of the compensation of State of Texas employees, contributing to their financial security and well-being throughout their lives. We operate in an ethical, cost-effective manner, providing valuable and reliable service delivered by highly qualified staff.

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## FIDUCIARY DUTY

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The ERS is a constitutional trust fund administered by the ERS Board of Trustees. Article XVI, Section 67 of the Texas Constitution and Section 815.103 of the Texas Government Code provide that the ERS Board of Trustees is the trustee of all ERS assets. ERS' operations are held to a fiduciary duty standard to ensure that the actions and activities of the Board of Trustees, the agency and its employees are conducted in a manner consistent with the protections, preservation, and best interest of the trust and trust's beneficiaries.



# **Legislative Appropriations Request**

For Fiscal Years 2026 and 2027

Submitted to the  
Office of the Governor, Budget and Policy Division,  
and the Legislative Budget Board

by

Employees Retirement System of Texas

September 2024



EMPLOYEES RETIREMENT SYSTEM OF TEXAS LEGISLATIVE APPROPRIATIONS REQUEST  
FOR FISCAL YEARS 2026 AND 2027

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**Administrator's Statement**

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Automated Budget and Evaluation System of Texas (ABEST)

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**327 Employees Retirement System**

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Mr. Jerry McGinty, Director  
Legislative Budget Board

Ms. Tabatha Vasquez, Senior Advisor for Budget and Policy  
Mr. Brady Franks, State Budget Director  
Governor's Office

Thank you for your consideration of the Legislative Appropriations Request (LAR) for the Employees Retirement System of Texas (ERS). This request represents the funding necessary to provide retirement and insurance benefits to State of Texas employees, retirees and eligible family members. With more people and companies moving to Texas, the demands on the state workforce continue to grow. Retirement and insurance benefits support the state's goal of recruiting and retaining the high-quality workforce necessary to provide critical state government services, such as transportation infrastructure, protecting and supporting children, and law enforcement. The benefits ERS administers enhance the lives and livelihoods of countless Texans and bolster the state economy.

ERS is a constitutional trust fund administered by the ERS Board of Trustees (Board). ERS' operations are held to a fiduciary duty standard to ensure the actions and activities of the Board, the agency and its employees are consistent with the protection, preservation and best interest of the trust's beneficiaries. In line with that fiduciary duty and best practice the Board maintains funding policies for the pension plan and the group insurance benefit program. The agency's LAR is consistent with the policies set forth in those documents.

**Retirement Programs**

ERS administers three pre-funded pension plans – the Employees Retirement System Pension Plan (ERS plan) which serves state employees, elected state officials, and district attorneys; a supplemental retirement plan for Law Enforcement and Custodial Officers (LECO plan) and the Judicial Retirement Plan (JRS 2 plan) for judicial officers elected or appointed after September 1, 1985. Because of the leadership by the Governor and Texas Legislature, for the first time in more than 20 years all three plans are on sound financial footing and ERS does not have any exceptional item requests for pension plan funding. The Legacy Payment structure created in 2021 sets forth a path to address the ERS plan unfunded liabilities and reach full funding by at least 2054. In 2023, the 88th Legislature appropriated funds to ensure the contribution levels met basic benefit costs for both the LECO and JRS 2 plans and entirely eliminated those two plans' unfunded liabilities. These commitments have aligned the state employee pension program with pension funding best practice. In addition, the state modernized benefits for new employees and judges going forward so that future liabilities are less likely. On behalf of myself, the Board and the members we all serve, I want to express continued gratitude for your commitment to our dedicated state workforce – the people who work every day to implement the priorities of the State of Texas.

As a result of recent efforts, ERS anticipates meeting the requirements of Texas Government Code Section 814.604, which provides a cost-of living-adjustment (COLA) for certain retirees. This COLA was put into statute in 2013 by the 83rd Legislature, and will provide a 3% increase to gross monthly annuity payments (capped at \$100) for annuitants and beneficiaries who have been retired 20 or more years. Approximately 25% of ERS retirees will be eligible to receive this COLA with 90% of those eligible qualifying for the full 3%. This will be the first COLA for ERS retirees since January 2002.

The average monthly annuity check for ERS plan retirees is \$1,832 and the Board has heard from retirees about the difficulties in sustaining everyday costs such as housing, groceries, and gas. The ERS Board of Trustees anticipates we will continue to hear from retirees that the impact of inflation challenges their ability to maintain a secure retirement.

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Group Benefits Program (Health Insurance)

ERS administers the Group Benefits Program (GBP), the health insurance program for state employees and retirees of state agencies and certain public institutions of higher education. This program covers nearly 540,000 people – one of every 56 Texas. The \$3.5 billion in annual claim payments delivered to Texas doctors, hospitals, and pharmacies have a significant positive financial impact on the state's economy.

Contributions from the state, employers and enrolled members fund costs. The state currently pays:

- 100% of the contribution rate for eligible full-time state employees.
- From 50% to 100% of the contribution rate for retirees based on how long they worked before retiring.
- 50% of the contribution rate for eligible dependents.

State contributions are the same for HealthSelect of Texas, Consumer Directed HealthSelect, and HealthSelect Medicare Advantage.

To support recruitment and retention of state employees, and consistent with statutory requirements, ERS administers a health insurance benefit that is competitive with the private market. ERS has also committed to making the Texas state employee workforce the healthiest in the nation. To make progress in that goal, the state health plan benefits include programs specifically targeted at prevalent or costly major health conditions. During FY24, ERS launched Catapult Health VirtualCheckup to increase annual preventive exams through convenient at-home testing and a video consultation. Starting September 1, 2024 HealthSelect participants will have access to specific programs aimed at managing hypertension and musculoskeletal issues. These are in addition to existing programs that support management of diabetes. Better management of these conditions will improve health outcomes, promote a healthier and more present workforce, and help control plan costs.

Finally, to encourage participant engagement in addressing health conditions before they become costly to the plan and state, ERS will launch a well-being program called Buena Vida, in October 2024. Buena Vida is a program designed to make it easier for employees and their family to engage in activities to improve their health and wellness.

Exceptional Item Request for the Group Benefits Program: \$377.5 million GR/GRD (\$521 million All Funds)

Even with efforts to promote condition management, the health care market is constantly changing and not immune from inflationary cost pressures and increased utilization trends. The agency maintains low administrative costs and continues to put downward pressure on medical expenses through careful utilization management, prepayment claims auditing, and other tools, including rebidding third-party administrator contracts for medical care and prescription drugs. To that point, the recent rebidding of the pharmacy benefit manager administrator will result in \$1.4B guaranteed savings to the plan over the 6-year life of the contract.

With aggressive plan management and contract procurement initiatives, ERS has been able to maintain robust benefits and fulfill the statutory requirement of a 60-day claim contingency reserve without requesting additional funding from the state since the 2017 session. However, plan management and cost savings initiatives are only able to mitigate the impact of health care inflation and increased utilization for a limited period of time.

The current GBP premium rate is not enough to meet anticipated plan costs and without action, the contingency reserve is projected to be completely depleted in 2029. To avoid sharper premium increases – and appropriations requests – in the future, the exceptional item reflects an 8% increase in GBP premiums in each year of the biennium. This premium increase will smooth the impact of increased costs, maintain current benefit levels, and extend the ability for the contingency reserve to meet the statutory 60-day claims reserve until 2031. This funding will increase the member-only monthly rate approximately \$50 in FY 2026 and \$50 in FY 2027. The exceptional item request

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**327 Employees Retirement System**

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would cover the state's portion of the employee, eligible retiree, and dependent premiums.

Financial Assistant to Survivors of Certain Law Enforcement Officers and Fire Fighters: \$99 million GR/GRD

Chapter 615 line-of-duty death benefits are paid directly with GR/GR-D from estimated appropriations. The lump sum payment increases each year based on the CPI-U. For FY24, the lump sum amount was \$591,041. The change in CPI-U between calendar year 2023 and 2024 was 3.4% resulting in a lump sum amount for FY25 of \$ 611,136. The appropriated amounts for FY2024-25 were based on a significant increase in first responder line-of-duty deaths from COVID. ERS adjusted the projections for FY2026-27 to lower the number of payouts, but also reflect the higher benefit value amount.

**Agency Authority and Policy on Criminal Background Checks**

In accordance with Texas Government Code, Chapter 411.1401, ERS may obtain criminal history record information maintained by the Texas Department of Public Safety (DPS), the Federal Bureau of Investigation, or another law enforcement agency for all job applicants, consultants and contractors, and may use the information to evaluate an applicant for employment. All ERS job postings state that the agency conducts a criminal history check on the primary and secondary candidates(s) recommended for the position. Criminal history checks may also be conducted on current or former employees when circumstances necessitate such checks. Only the Executive Director or designee may approve a request for a criminal history check on current or former employees.

ERS will conduct an FBI fingerprint check on all applicants, including internal candidates, selected to fill "covered person" positions. Covered persons are defined in the ERS Investments Policy Statement as Executive Director, Deputy Executive Director and all ERS investment-related staff which can include staff from executive office, information systems, finance, general counsel, internal audit, investment compliance and record and information management divisions. A conviction is not an automatic cause for an adverse personnel action. However, failure to report a conviction may result in corrective action up and including termination of employment. ERS will review all criminal convictions individually and in relationship to the position being sought.

**Conclusion**

ERS is proud of its role in supporting state agencies and institutions of higher education employees, the dynamic Texas economic engine, and the core missions of the state. We look forward to working with the 89th Legislature to determine how the state's benefit programs can contribute to best meet the needs of the state, active employees, retirees, employers and Texas citizens.

Sincerely,

Porter Wilson,  
Executive Director

**Administrator's Statement**

9/1/2024 5:42:57PM

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**327 Employees Retirement System**

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ERS Board of Trustees

Board Members	Dates of Terms	Hometowns
Brian R. Barth	September 1, 2019 – August 31, 2025	Austin, Texas
Neika Clark, Vice-Chair	September 1, 2021 – August 31, 2027	Houston, Texas
Stuart Greenfield, Ph.D.	September 1, 2024 – August 31, 2030	Austin, Texas
I. Craig Hester, Chair	September 1, 2005 – August 31, 2028	Austin, Texas
James (Jim) Kee, Ph.D.	September 1, 2020 – August 31, 2026	Waco, Texas

Board of Trustees



**I. Craig Hester**  
*Chair*



**Neika Clark**  
*Vice-Chair*



**Brian Barth**



**Stuart Greenfield, Ph.D.**



**James Kee, Ph.D.**

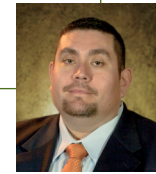
Consulting Actuary

Investment Advisory Committee

Group Benefits Advisory Committee

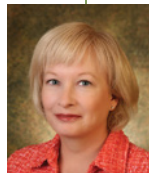


**Porter Wilson**  
*Executive Director*



**Anthony Chavez**  
*Director of Internal Audit*

Medical Board



**Cathy Terrell**  
*Deputy Executive Director*



**Cynthia Hamilton**  
*General Counsel*



**Jennifer Chambers**  
*Director of Government Relations*



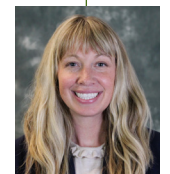
**Blaise Duran**  
*Director of Group Benefits*



**David Veal**  
*Chief Investments Officer*



**William S. Nail**  
*Special Advisor*



**Anne Allensworth**  
*Special Advisor*



**Kathryn Tesar**  
*Director of Benefits Communications*



**Robin Hardaway**  
*Director of Customer Benefits*



**Bernie Hajovsky**  
*Director of Enterprise Planning Office*



**Machele Pharr**  
*Chief Financial Officer*



**DeeDee Sterns**  
*Director of Human Resources*



**Chuck Turner**  
*Chief Information Officer*



**Wendy McAdams**  
*Director of Operations Support*



**Gabrielle Schreiber**  
*Director of Procurement & Contract Oversight*





C E R T I F I C A T E

Agency Name Employees 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 Office of the Governor, Budget and Policy Division, 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 PDF file submitted via the LBB Document Submission application are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the Office of the Governor will be notified in writing in accordance with House Bill 1, Article IX, Section 7.01, Eighty-eighth Legislature, Regular Session, 2023.

**Chief Executive Office or Presiding Judge**

*Porter Wilson*  
Signature  
Porter Wilson  
Printed Name  
Executive Director  
Title  
9-5-24  
Date

**Board or Commission Chair**

*A. Craig Hester*  
Signature  
I. Craig Hester  
Printed Name  
Chair, Board of Trustees  
Title  
9-5-24  
Date

**Chief Financial Officer**

*Machelle Pharr*  
Signature  
Machelle Pharr  
Printed Name  
Chief Financial Officer  
Title  
September 5, 2024  
Date





**Budget Overview - Biennial Amounts**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

327 Employees Retirement System  
 Appropriation Years: 2026-27

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2024-25	2026-27	2024-25	2026-27	2024-25	2026-27	2024-25	2026-27	2024-25	2026-27	2026-27
	<b>Goal: 1. Administer Comprehensive and Actuarially Sound Retirement Programs</b>										
1.1.1. ERS Retirement Program	870,225,589	1,149,863,638	90,391,662	93,443,682	566,979,706	333,772,452	177,885,803	184,124,962	1,705,482,760	1,761,204,734	
1.1.2. LECOS Retirement Program	840,537,052	74,516,290	1,437,231	1,562,356	402,361	437,354			842,376,644	76,516,000	
1.1.3. Judicial Retirement System - Plan 2	125,249,003	26,270,514					10,307,229	10,278,420	135,556,232	36,548,934	
1.1.4. Judicial Retirement System - Plan 1	33,258,345	33,187,170							33,258,345	33,187,170	
1.1.5. Public Safety Death Benefits	82,905,640	99,301,664							82,905,640	99,301,664	
1.1.6. Retiree Death Benefits	26,271,518	27,500,000							26,271,518	27,500,000	
1.1.7. Legacy Payments	915,960,000	915,960,000					104,040,000	104,040,000	1,020,000,000	1,020,000,000	
<b>Total, Goal</b>	<b>2,894,407,147</b>	<b>2,326,599,276</b>	<b>91,828,893</b>	<b>95,006,038</b>	<b>567,382,067</b>	<b>334,209,806</b>	<b>292,233,032</b>	<b>298,443,382</b>	<b>3,845,851,139</b>	<b>3,054,258,502</b>	
<b>Goal: 2. Provide Employees and Retirees with Quality Group Benefits</b>											
2.1.1. Group Benefits Program	2,030,866,785	2,719,783,254	212,867,940	213,849,188	1,306,755,970	634,886,167	471,563,990	474,933,687	4,022,054,685	4,043,452,296	520,727,506
2.1.2. Probation Health Insurance	136,426,588	133,496,757							136,426,588	133,496,757	16,492,571
<b>Total, Goal</b>	<b>2,167,293,373</b>	<b>2,853,280,011</b>	<b>212,867,940</b>	<b>213,849,188</b>	<b>1,306,755,970</b>	<b>634,886,167</b>	<b>471,563,990</b>	<b>474,933,687</b>	<b>4,158,481,273</b>	<b>4,176,949,053</b>	<b>537,220,077</b>
<b>Total, Agency</b>	<b>5,061,700,520</b>	<b>5,179,879,287</b>	<b>304,696,833</b>	<b>308,855,226</b>	<b>1,874,138,037</b>	<b>969,095,973</b>	<b>763,797,022</b>	<b>773,377,069</b>	<b>8,004,332,412</b>	<b>7,231,207,555</b>	<b>537,220,077</b>
<b>Total FTEs</b>									<b>460.0</b>	<b>475.0</b>	<b>0.0</b>

2.A. Summary of Base Request by Strategy

89th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

327 Employees Retirement System

Goal / Objective / STRATEGY	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
<b>1</b> Administer Comprehensive and Actuarially Sound Retirement Programs					
<b>1</b> <i>Ensure Actuarially Sound Retirement Programs</i>					
<b>1 ERS RETIREMENT PROGRAM</b>	740,554,602	824,489,348	880,993,412	880,602,367	880,602,367
<b>2 LECOS RETIREMENT PROGRAM</b>	8,522,638	804,118,644	38,258,000	38,258,000	38,258,000
<b>3 JUDICIAL RETIREMENT SYSTEM - PLAN 2</b>	14,685,583	117,281,765	18,274,467	18,274,467	18,274,467
<b>4 JUDICIAL RETIREMENT SYSTEM - PLAN 1</b>	16,876,287	16,593,585	16,664,760	16,593,585	16,593,585
<b>5 PUBLIC SAFETY DEATH BENEFITS</b>	21,783,994	28,554,808	54,350,832	45,150,832	54,150,832
<b>6 RETIREE DEATH BENEFITS</b>	13,278,407	12,521,518	13,750,000	13,750,000	13,750,000
<b>7 LEGACY PAYMENTS</b>	1,393,971,224	510,000,000	510,000,000	510,000,000	510,000,000
<b>TOTAL, GOAL</b> <b>1</b>	<b>\$2,209,672,735</b>	<b>\$2,313,559,668</b>	<b>\$1,532,291,471</b>	<b>\$1,522,629,251</b>	<b>\$1,531,629,251</b>
<b>2</b> Provide Employees and Retirees with Quality Group Benefits					
<b>1</b> <i>Manage GBP for State and Higher Education Employees</i>					
<b>1 GROUP BENEFITS PROGRAM</b>	1,900,377,930	1,943,580,920	2,078,473,765	2,005,680,703	2,037,771,593

**2.A. Summary of Base Request by Strategy**

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89th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

**327 Employees Retirement System**

<b>Goal / Objective / STRATEGY</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b>2 PROBATION HEALTH INSURANCE</b>	59,608,741	64,168,372	72,258,216	66,218,629	67,278,128
<b>TOTAL, GOAL 2</b>	<b>\$1,959,986,671</b>	<b>\$2,007,749,292</b>	<b>\$2,150,731,981</b>	<b>\$2,071,899,332</b>	<b>\$2,105,049,721</b>
<b>TOTAL, AGENCY STRATEGY REQUEST</b>	<b>\$4,169,659,406</b>	<b>\$4,321,308,960</b>	<b>\$3,683,023,452</b>	<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>
<b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*</b>				<b>\$0</b>	<b>\$0</b>
<b>GRAND TOTAL, AGENCY REQUEST</b>	<b>\$4,169,659,406</b>	<b>\$4,321,308,960</b>	<b>\$3,683,023,452</b>	<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>

2.A. Summary of Base Request by Strategy

89th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

327 Employees Retirement System

Goal / Objective / STRATEGY	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
<u>METHOD OF FINANCING:</u>					
<b>General Revenue Funds:</b>					
1 General Revenue Fund	3,164,018,378	2,697,261,608	2,364,438,912	2,574,117,104	2,605,762,183
SUBTOTAL	<b>\$3,164,018,378</b>	<b>\$2,697,261,608</b>	<b>\$2,364,438,912</b>	<b>\$2,574,117,104</b>	<b>\$2,605,762,183</b>
<b>General Revenue Dedicated Funds:</b>					
994 GR Dedicated Accounts	184,502,640	147,296,658	157,400,175	153,579,005	155,276,221
SUBTOTAL	<b>\$184,502,640</b>	<b>\$147,296,658</b>	<b>\$157,400,175</b>	<b>\$153,579,005</b>	<b>\$155,276,221</b>
<b>Federal Funds:</b>					
555 Federal Funds	439,264,339	1,106,243,915	767,894,122	482,028,597	487,067,376
SUBTOTAL	<b>\$439,264,339</b>	<b>\$1,106,243,915</b>	<b>\$767,894,122</b>	<b>\$482,028,597</b>	<b>\$487,067,376</b>
<b>Other Funds:</b>					
6 State Highway Fund	337,876,693	332,900,299	352,032,958	344,443,711	347,814,560
573 Judicial Fund	4,311,687	4,205,023	4,181,582	4,181,582	4,181,582
998 Other Special State Funds	39,685,669	33,401,457	37,075,703	36,178,584	36,577,050
SUBTOTAL	<b>\$381,874,049</b>	<b>\$370,506,779</b>	<b>\$393,290,243</b>	<b>\$384,803,877</b>	<b>\$388,573,192</b>
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$4,169,659,406</b>	<b>\$4,321,308,960</b>	<b>\$3,683,023,452</b>	<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>

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

**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code: **327** Agency name: **Employees Retirement System**

METHOD OF FINANCING	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
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**GENERAL REVENUE**

**1** General Revenue Fund

*REGULAR APPROPRIATIONS*

Regular Appropriations from MOF Table (2022-23 GAA)

\$1,962,753,215	\$0	\$0	\$0	\$0
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Regular Appropriations from MOF Table (2024-25 GAA)

\$0	\$3,423,957,394	\$2,632,653,853	\$0	\$0
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Regular Appropriations

\$0	\$0	\$0	\$2,574,117,104	\$2,605,762,183
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*RIDER APPROPRIATION*

Article IX, Sec 18.28 contingency for SB3 (2022-23 GAA) weather emergencies resulting in an increase in FTE's for Railroad Commission

\$1,733,215	\$0	\$0	\$0	\$0
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Article IX, Sec 18.50 contingency for SB 1071 relating to disability retirement benefits for certain peace officers

\$552,605	\$0	\$0	\$0	\$0
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**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code: <b>327</b>	Agency name: <b>Employees Retirement System</b>				
<b>METHOD OF FINANCING</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b><u>GENERAL REVENUE</u></b>					
Article IX, Sec 18.04 Contingency HB 8	\$0	\$592,515	\$597,757	\$0	\$0
Article IX, Sec. 18.78 Continuing Public Education funding	\$0	\$1,731,479	\$1,746,632	\$0	\$0
Article IX, Sec. 18.07 Contingency for HB 90 (88R, 2023) related to benefits for certain military forces	\$0	\$2,364,159	\$2,484,732	\$0	\$0
Article IX, Sec 18.01 (b) (88R, 2023) contingency funding change for TDCJ's ARPA Federal Funds	\$0	\$(654,422,584)	\$(274,350,201)	\$0	\$0
Article IX Section 18.32 HB4015 TXDOT MOF Swap	\$0	\$(253,401)	\$(253,401)	\$0	\$0
Article IX, Section 18.39 SB24 HHSC	\$0	\$726,134	\$762,726	\$0	\$0
Article IX, Section 18.60 SB 445 Tx Commission on Law Enforcement					

**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code: <b>327</b>	Agency name: <b>Employees Retirement System</b>				
<b>METHOD OF FINANCING</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b><u>GENERAL REVENUE</u></b>					
	\$0	\$316,856	\$333,442	\$0	\$0
Article IV, Special Provisions Sec. 10 SB1045 15th Court of Appeals	\$0	\$0	\$463,372	\$0	\$0
<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>					
SB 30, 88th Leg, Regular Session section 2.01	\$165,600,000	\$0	\$0	\$0	\$0
SB 30, 88th Leg, Regular Session Section 2.02	\$900,000,000	\$0	\$0	\$0	\$0
HB 2, 87th Leg, Regular Session Sec. 46 Contingency for SB321 revision to Legacy Payment	\$339,150,000	\$0	\$0	\$0	\$0
Revision to Legacy Payment	\$(118,830,000)	\$0	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriations					

**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code: <b>327</b>		Agency name: <b>Employees Retirement System</b>				
<b>METHOD OF FINANCING</b>		<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b><u>GENERAL REVENUE</u></b>		\$ (120,776,560)	\$ (77,824,047)	\$ 0	\$ 0	\$ 0
<i>BASE ADJUSTMENT</i>						
	Estimated Appropriation Revision	\$ 33,835,903	\$ 73,103	\$ 0	\$ 0	\$ 0
<b>TOTAL,</b>	<b>General Revenue Fund</b>	<b>\$3,164,018,378</b>	<b>\$2,697,261,608</b>	<b>\$2,364,438,912</b>	<b>\$2,574,117,104</b>	<b>\$2,605,762,183</b>
<b>TOTAL, ALL</b>	<b>GENERAL REVENUE</b>	<b>\$3,164,018,378</b>	<b>\$2,697,261,608</b>	<b>\$2,364,438,912</b>	<b>\$2,574,117,104</b>	<b>\$2,605,762,183</b>
<b><u>GENERAL REVENUE FUND - DEDICATED</u></b>						
<b>994</b>	General Revenue Dedicated Accounts					
<i>REGULAR APPROPRIATIONS</i>						
	Regular Appropriations from MOF Table (2022-23 GAA)	\$ 151,085,646	\$ 0	\$ 0	\$ 0	\$ 0
	Regular Appropriations from MOF Table (2024-25 GAA)	\$ 0	\$ 151,232,215	\$ 157,400,175	\$ 0	\$ 0
	Regular Appropriations					



**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: <b>327</b>	Agency name: <b>Employees Retirement System</b>				
<b>METHOD OF FINANCING</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b><u>GENERAL REVENUE FUND - DEDICATED</u></b>					
	\$0	\$0	\$0	\$153,579,005	\$155,276,221
<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>					
HB2 Sec 46 Contingency for SB 321 relating to contributions to, benefits from, and the administration of ERS	\$26,010,000	\$0	\$0	\$0	\$0
Revision for Legacy Payment	\$11,172,071	\$0	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
LECOS Retirement Program	\$(13,413)	\$0	\$0	\$0	\$0
Group Benefits	\$(8,436,959)	\$0	\$0	\$0	\$0
Lapsed Appropriations	\$0	\$(4,018,263)	\$0	\$0	\$0
<i>BASE ADJUSTMENT</i>					

**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

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Agency code:	<b>327</b>	Agency name:	<b>Employees Retirement System</b>			
<b>METHOD OF FINANCING</b>		<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b><u>GENERAL REVENUE FUND - DEDICATED</u></b>						
	Estimated Appropriation Revision	\$4,685,295	\$82,706	\$0	\$0	\$0
<b>TOTAL,</b>	<b>General Revenue Dedicated Accounts</b>	<b>\$184,502,640</b>	<b>\$147,296,658</b>	<b>\$157,400,175</b>	<b>\$153,579,005</b>	<b>\$155,276,221</b>
<b>TOTAL, ALL</b>	<b>GENERAL REVENUE FUND - DEDICATED</b>	<b>\$184,502,640</b>	<b>\$147,296,658</b>	<b>\$157,400,175</b>	<b>\$153,579,005</b>	<b>\$155,276,221</b>
<b>TOTAL,</b>	<b>GR &amp; GR-DEDICATED FUNDS</b>	<b>\$3,348,521,018</b>	<b>\$2,844,558,266</b>	<b>\$2,521,839,087</b>	<b>\$2,727,696,109</b>	<b>\$2,761,038,404</b>
<b><u>FEDERAL FUNDS</u></b>						
<u>555</u>	Federal Funds					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$486,792,226	\$493,373,078	\$0	\$0
	Regular Appropriations from MOF Table (2022-23 GAA)	\$450,389,625	\$0	\$0	\$0	\$0
	Regular Appropriations	\$0	\$0	\$0	\$482,028,597	\$487,067,376

**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code: <b>327</b>	Agency name: <b>Employees Retirement System</b>				
<b>METHOD OF FINANCING</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b><u>FEDERAL FUNDS</u></b>					
<i>RIDER APPROPRIATION</i>					
Article IX, Sec 18.01 (b) (88R, 2023) contingency funding change for TDCJ's ARPA Federal Funds					
	\$0	\$654,422,584	\$274,350,201	\$0	\$0
Article IX Section 18.39 SB 24 HHSC					
	\$0	\$162,647	\$170,843	\$0	\$0
<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>					
Revision for Legacy Payment					
	\$(78,813,384)	\$0	\$0	\$0	\$0
HB 2, Sec. 46 Contingency for SB 321 relating to contributions to , benefits from, and the admin of the ERS (87R, 2021) Revision to Legacy Payment					
	\$85,680,000	\$0	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriations					
	\$(25,393,788)	\$(35,133,542)	\$0	\$0	\$0
<i>BASE ADJUSTMENT</i>					

**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code: <b>327</b>	Agency name: <b>Employees Retirement System</b>				
<b>METHOD OF FINANCING</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b><u>FEDERAL FUNDS</u></b>					
Estimated Appropriation Revision	\$7,401,886	\$0	\$0	\$0	\$0
<b>TOTAL, Federal Funds</b>	<b>\$439,264,339</b>	<b>\$1,106,243,915</b>	<b>\$767,894,122</b>	<b>\$482,028,597</b>	<b>\$487,067,376</b>
<b>TOTAL, ALL FEDERAL FUNDS</b>	<b>\$439,264,339</b>	<b>\$1,106,243,915</b>	<b>\$767,894,122</b>	<b>\$482,028,597</b>	<b>\$487,067,376</b>

**OTHER FUNDS**

6 State Highway Fund No. 006  
*REGULAR APPROPRIATIONS*

Regular Appropriations from MOF Table (2022-23 GAA)	\$298,513,381	\$0	\$0	\$0	\$0
Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$340,653,363	\$351,779,557	\$0	\$0
Regular Appropriations	\$0	\$0	\$0	\$344,443,711	\$347,814,560

*RIDER APPROPRIATION*

**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code: <b>327</b>		Agency name: <b>Employees Retirement System</b>				
<b>METHOD OF FINANCING</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>	
<b><u>OTHER FUNDS</u></b>						
Article IX Section 18.32 HB4015 TXDOT MOF Swap	\$0	\$253,401	\$253,401	\$0	\$0	
<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>						
HB 2 Sec. 46 Contingency for SB 321 relating to contributions to, benefits from, and the administration of ERS (87R 2021) Revision to Legacy payment	\$52,020,000	\$0	\$0	\$0	\$0	
<i>LAPSED APPROPRIATIONS</i>						
Lapsed Appropriations	\$(17,252,741)	\$(8,006,465)	\$0	\$0	\$0	
<i>BASE ADJUSTMENT</i>						
Estimated Appropriation Revision	\$4,596,053	\$0	\$0	\$0	\$0	
<b>TOTAL, State Highway Fund No. 006</b>	<b>\$337,876,693</b>	<b>\$332,900,299</b>	<b>\$352,032,958</b>	<b>\$344,443,711</b>	<b>\$347,814,560</b>	
<b><u>573</u> Judicial Fund No. 573</b>						
<i>REGULAR APPROPRIATIONS</i>						
Regular Appropriations from MOF Table (2022-23 GAA)	\$4,181,582	\$0	\$0	\$0	\$0	

**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code: <b>327</b>		Agency name: <b>Employees Retirement System</b>				
<b>METHOD OF FINANCING</b>		<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b><u>OTHER FUNDS</u></b>						
	Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$4,181,582	\$4,181,582	\$0	\$0
	Regular Appropriations	\$0	\$0	\$0	\$4,181,582	\$4,181,582
<i>BASE ADJUSTMENT</i>						
	Estimated Appropriation Revision	\$130,105	\$23,441	\$0	\$0	\$0
<b>TOTAL,</b>	<b>Judicial Fund No. 573</b>	<b>\$4,311,687</b>	<b>\$4,205,023</b>	<b>\$4,181,582</b>	<b>\$4,181,582</b>	<b>\$4,181,582</b>
<b>998</b>	<b>Other Special State Funds</b>					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2022-23 GAA)	\$28,521,927	\$0	\$0	\$0	\$0
	Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$35,381,942	\$37,014,930	\$0	\$0

**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code: <b>327</b>	Agency name: <b>Employees Retirement System</b>				
<b>METHOD OF FINANCING</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b><u>OTHER FUNDS</u></b>					
Regular Appropriations	\$0	\$0	\$0	\$36,178,584	\$36,577,050
<i>RIDER APPROPRIATION</i>					
Article IX Section 18.71 Funeral Commission	\$0	\$60,773	\$60,773	\$0	\$0
<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>					
HB 2, Sec 46 Contingency for SB 321 relating to contributions to, benefits from, and the administration of ERS 87th Leg, Regular Session	\$7,140,000	\$0	\$0	\$0	\$0
Revision for Legacy Payment	\$4,842,537	\$0	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriations	\$(1,430,444)	\$(2,046,626)	\$0	\$0	\$0
<i>BASE ADJUSTMENT</i>					
Estimated Appropriation Revisions					

**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code:	<b>327</b>	Agency name:	<b>Employees Retirement System</b>			
<b>METHOD OF FINANCING</b>		<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b><u>OTHER FUNDS</u></b>		\$611,649	\$5,368	\$0	\$0	\$0
<b>TOTAL, Other Special State Funds</b>		\$39,685,669	\$33,401,457	\$37,075,703	\$36,178,584	\$36,577,050
<b>TOTAL, ALL OTHER FUNDS</b>		\$381,874,049	\$370,506,779	\$393,290,243	\$384,803,877	\$388,573,192
<b>GRAND TOTAL</b>		\$4,169,659,406	\$4,321,308,960	\$3,683,023,452	\$3,594,528,583	\$3,636,678,972



**2.B. Summary of Base Request by Method of Finance**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

9/1/2024 4:24:29PM

Agency code: <b>327</b>	Agency name: <b>Employees Retirement System</b>				
<b>METHOD OF FINANCING</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b>FULL-TIME-EQUIVALENT POSITIONS</b>					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2022-23 GAA)	415.0	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2024-25 GAA)	0.0	436.0	436.0	436.0	436.0
Additional positions	0.0	14.0	24.0	0.0	0.0
<b>Comments:</b> Decrease in Vacancy Rates and increase in Contractors					
Additional positions	0.0	0.0	0.0	34.0	39.0
<b>Comments:</b> Reflects 2025 Board Approved FTE of 448 and contractors assisting with multi-year projects, e.g. RISE					
UNAUTHORIZED NUMBER OVER (BELOW) CAP					
Number under cap	(20.2)	0.0	0.0	0.0	0.0
<b>TOTAL, ADJUSTED FTES</b>	<b>394.8</b>	<b>450.0</b>	<b>460.0</b>	<b>470.0</b>	<b>475.0</b>

**NUMBER OF 100% FEDERALLY FUNDED FTEs**

2.C. Summary of Base Request by Object of Expense

9/1/2024 4:24:29PM

89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

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327 Employees Retirement System

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OBJECT OF EXPENSE	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
1002 OTHER PERSONNEL COSTS	\$4,147,875,412	\$4,292,754,152	\$3,628,672,620	\$3,549,377,751	\$3,582,528,140
3001 CLIENT SERVICES	\$21,783,994	\$28,554,808	\$54,350,832	\$45,150,832	\$54,150,832
<b>OOE Total (Excluding Riders)</b>	<b>\$4,169,659,406</b>	<b>\$4,321,308,960</b>	<b>\$3,683,023,452</b>	<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>
<b>OOE Total (Riders)</b>					
<b>Grand Total</b>	<b>\$4,169,659,406</b>	<b>\$4,321,308,960</b>	<b>\$3,683,023,452</b>	<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>

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**2.D. Summary of Base Request Objective Outcomes**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation system of Texas (ABEST)

9/1/2024 4:24:30PM

**327 Employees Retirement System**

Goal/ Objective / Outcome	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
1 Administer Comprehensive and Actuarially Sound Retirement Programs					
1 Ensure Actuarially Sound Retirement Programs					
<b>KEY</b> <b>1 % of ERS Retirees Expressing Satisfaction with Member Benefit Services</b>					
	85.42%	97.00%	97.00%	97.00%	97.00%
<b>2 # of Years to Amortize the ERS Unfunded Actuarial Accrued Liability</b>					
	31.00	30.00	29.00	28.00	27.00
<b>3 # Years to Amortize the LECOS Unfunded Actuarial Accrued Liability</b>					
	999,999,999.00	0.00	0.00	0.00	0.00
<b>4 # of Years to Amortize the JRS-2 Unfunded Actuarial Accrued Liability</b>					
	999,999,999.00	0.00	0.00	0.00	0.00
<b>5 ERS Time-weighted Rate of Return (5 Year Rolling Basis)</b>					
	7.75%	9.00%	7.00%	7.00%	7.00%
<b>6 ERS Annual Operating Expense Per Member</b>					
	88.00	84.53	85.00	85.00	85.00
<b>KEY</b> <b>7 Investment Expense as Basis Points of Net Position</b>					
	12.57	12.00	15.00	15.00	15.00
<b>8 Percent of Time the ERS On-line System is Available to Customers</b>					
	99.15%	99.29%	98.00%	98.00%	98.00%
2 Provide Employees and Retirees with Quality Group Benefits					
1 Manage GBP for State and Higher Education Employees					
<b>KEY</b> <b>1 Percent of HealthSelect Participants Satisfied with TPA Services</b>					
	86.70%	84.70%	85.00%	85.00%	85.00%

**2.E. Summary of Exceptional Items Request**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/1/2024  
 TIME : 4:24:30PM

Agency code: 327

Agency name: **Employees Retirement System**

Priority	Item	2026			2027			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	Group Benefits Program	\$121,351,657	\$167,260,094		\$256,450,031	\$353,467,412		\$377,801,688	\$520,727,506
2	CSCD	\$5,297,491	\$5,297,491		\$11,195,080	\$11,195,080		\$16,492,571	\$16,492,571
<b>Total, Exceptional Items Request</b>		<b>\$126,649,148</b>	<b>\$172,557,585</b>		<b>\$267,645,111</b>	<b>\$364,662,492</b>		<b>\$394,294,259</b>	<b>\$537,220,077</b>

**Method of Financing**

General Revenue	\$117,803,135	\$117,803,135		\$248,951,007	\$248,951,007		\$366,754,142	\$366,754,142
General Revenue - Dedicated	8,846,013	8,846,013		18,694,104	18,694,104		27,540,117	27,540,117
Federal Funds		26,262,489			55,499,992			81,762,481
Other Funds		19,645,948			41,517,389			61,163,337
	<b>\$126,649,148</b>	<b>\$172,557,585</b>		<b>\$267,645,111</b>	<b>\$364,662,492</b>		<b>\$394,294,259</b>	<b>\$537,220,077</b>

**Full Time Equivalent Positions**

**Number of 100% Federally Funded FTEs**

**2.F. Summary of Total Request by Strategy**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 9/1/2024  
 TIME : 4:24:31PM

Agency code: 327 Agency name: Employees Retirement System

<b>Goal/Objective/STRATEGY</b>	<b>Base 2026</b>	<b>Base 2027</b>	<b>Exceptional 2026</b>	<b>Exceptional 2027</b>	<b>Total Request 2026</b>	<b>Total Request 2027</b>
<b>1</b> Administer Comprehensive and Actuarially Sound Retirement Program						
<i>1 Ensure Actuarially Sound Retirement Programs</i>						
<b>1</b> ERS RETIREMENT PROGRAM	\$880,602,367	\$880,602,367	\$0	\$0	\$880,602,367	\$880,602,367
<b>2</b> LECOS RETIREMENT PROGRAM	38,258,000	38,258,000	0	0	38,258,000	38,258,000
<b>3</b> JUDICIAL RETIREMENT SYSTEM - PLAN 2	18,274,467	18,274,467	0	0	18,274,467	18,274,467
<b>4</b> JUDICIAL RETIREMENT SYSTEM - PLAN 1	16,593,585	16,593,585	0	0	16,593,585	16,593,585
<b>5</b> PUBLIC SAFETY DEATH BENEFITS	45,150,832	54,150,832	0	0	45,150,832	54,150,832
<b>6</b> RETIREE DEATH BENEFITS	13,750,000	13,750,000	0	0	13,750,000	13,750,000
<b>7</b> LEGACY PAYMENTS	510,000,000	510,000,000	0	0	510,000,000	510,000,000
<b>TOTAL, GOAL 1</b>	<b>\$1,522,629,251</b>	<b>\$1,531,629,251</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,522,629,251</b>	<b>\$1,531,629,251</b>

**2.F. Summary of Total Request by Strategy**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 9/1/2024  
 TIME : 4:24:31PM

Agency code: 327 Agency name: Employees Retirement System

<b>Goal/Objective/STRATEGY</b>	<b>Base 2026</b>	<b>Base 2027</b>	<b>Exceptional 2026</b>	<b>Exceptional 2027</b>	<b>Total Request 2026</b>	<b>Total Request 2027</b>
2 Provide Employees and Retirees with Quality Group Benefits						
1 <i>Manage GBP for State and Higher Education Employees</i>						
1 GROUP BENEFITS PROGRAM	\$2,005,680,703	\$2,037,771,593	\$167,260,094	\$353,467,412	\$2,172,940,797	\$2,391,239,005
2 PROBATION HEALTH INSURANCE	66,218,629	67,278,128	5,297,491	11,195,080	71,516,120	78,473,208
<b>TOTAL, GOAL 2</b>	<b>\$2,071,899,332</b>	<b>\$2,105,049,721</b>	<b>\$172,557,585</b>	<b>\$364,662,492</b>	<b>\$2,244,456,917</b>	<b>\$2,469,712,213</b>
<b>TOTAL, AGENCY STRATEGY REQUEST</b>	<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>	<b>\$172,557,585</b>	<b>\$364,662,492</b>	<b>\$3,767,086,168</b>	<b>\$4,001,341,464</b>
<b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST</b>						
<b>GRAND TOTAL, AGENCY REQUEST</b>	<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>	<b>\$172,557,585</b>	<b>\$364,662,492</b>	<b>\$3,767,086,168</b>	<b>\$4,001,341,464</b>

**2.F. Summary of Total Request by Strategy**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 9/1/2024  
 TIME : 4:24:31PM

Agency code: 327 Agency name: Employees Retirement System

<b>Goal/Objective/STRATEGY</b>	<b>Base 2026</b>	<b>Base 2027</b>	<b>Exceptional 2026</b>	<b>Exceptional 2027</b>	<b>Total Request 2026</b>	<b>Total Request 2027</b>
<b>General Revenue Funds:</b>						
1 General Revenue Fund	\$2,574,117,104	\$2,605,762,183	\$117,803,135	\$248,951,007	\$2,691,920,239	\$2,854,713,190
	<b>\$2,574,117,104</b>	<b>\$2,605,762,183</b>	<b>\$117,803,135</b>	<b>\$248,951,007</b>	<b>\$2,691,920,239</b>	<b>\$2,854,713,190</b>
<b>General Revenue Dedicated Funds:</b>						
994 GR Dedicated Accounts	153,579,005	155,276,221	8,846,013	18,694,104	162,425,018	173,970,325
	<b>\$153,579,005</b>	<b>\$155,276,221</b>	<b>\$8,846,013</b>	<b>\$18,694,104</b>	<b>\$162,425,018</b>	<b>\$173,970,325</b>
<b>Federal Funds:</b>						
555 Federal Funds	482,028,597	487,067,376	26,262,489	55,499,992	508,291,086	542,567,368
	<b>\$482,028,597</b>	<b>\$487,067,376</b>	<b>\$26,262,489</b>	<b>\$55,499,992</b>	<b>\$508,291,086</b>	<b>\$542,567,368</b>
<b>Other Funds:</b>						
6 State Highway Fund	344,443,711	347,814,560	17,569,117	37,128,464	362,012,828	384,943,024
573 Judicial Fund	4,181,582	4,181,582	0	0	4,181,582	4,181,582
998 Other Special State Funds	36,178,584	36,577,050	2,076,831	4,388,925	38,255,415	40,965,975
	<b>\$384,803,877</b>	<b>\$388,573,192</b>	<b>\$19,645,948</b>	<b>\$41,517,389</b>	<b>\$404,449,825</b>	<b>\$430,090,581</b>
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>	<b>\$172,557,585</b>	<b>\$364,662,492</b>	<b>\$3,767,086,168</b>	<b>\$4,001,341,464</b>
<b>FULL TIME EQUIVALENT POSITIONS</b>	<b>470.0</b>	<b>475.0</b>	<b>0.0</b>	<b>0.0</b>	<b>470.0</b>	<b>475.0</b>

**2.G. Summary of Total Request Objective Outcomes**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 9/1/2024  
 Time: 4:24:31PM

Agency code: 327 Agency name: **Employees Retirement System**

Goal/ Objective / Outcome

	BL 2026	BL 2027	Excp 2026	Excp 2027	Total Request 2026	Total Request 2027
1	Administer Comprehensive and Actuarially Sound Retirement Programs					
1	1 Ensure Actuarially Sound Retirement Programs					
<b>KEY</b>	<b>1 % of ERS Retirees Expressing Satisfaction with Member Benefit Services</b>					
	97.00%	97.00%			97.00%	97.00%
	<b>2 # of Years to Amortize the ERS Unfunded Actuarial Accrued Liability</b>					
	28.00	27.00			28.00	27.00
	<b>3 # Years to Amortize the LECOS Unfunded Actuarial Accrued Liability</b>					
	0.00	0.00			0.00	0.00
	<b>4 # of Years to Amortize the JRS-2 Unfunded Actuarial Accrued Liability</b>					
	0.00	0.00			0.00	0.00
	<b>5 ERS Time-weighted Rate of Return (5 Year Rolling Basis)</b>					
	7.00%	7.00%			7.00%	7.00%
	<b>6 ERS Annual Operating Expense Per Member</b>					
	85.00	85.00			85.00	85.00
<b>KEY</b>	<b>7 Investment Expense as Basis Points of Net Position</b>					
	15.00	15.00			15.00	15.00
	<b>8 Percent of Time the ERS On-line System is Available to Customers</b>					
	98.00%	98.00%			98.00%	98.00%
2	Provide Employees and Retirees with Quality Group Benefits					



**2.G. Summary of Total Request Objective Outcomes**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 9/1/2024  
 Time: 4:24:31PM

Agency code: 327 Agency name: **Employees Retirement System**

Goal/ Objective / Outcome

	<b>BL 2026</b>	<b>BL 2027</b>	<b>Excp 2026</b>	<b>Excp 2027</b>	<b>Total Request 2026</b>	<b>Total Request 2027</b>
1 <i>Manage GBP for State and Higher Education Employees</i>						
<b>KEY</b> <b>1 Percent of HealthSelect Participants Satisfied with TPA Services</b>	85.00%	85.00%			85.00%	85.00%

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 1 Provide Retirement Program for Employees and Retirees. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Output Measures:</b>						
	1 Number of ERS Annuitants Added to Annuity Payroll	5,369.00	4,850.00	4,996.00	5,145.00	5,300.00
KEY	2 Number of ERS Accounts Maintained	304,328.00	312,000.00	321,360.00	331,000.00	340,930.00
<b>Explanatory/Input Measures:</b>						
	1 Number of ERS Annuitants	120,987.00	122,207.00	123,814.00	125,421.00	127,028.00
<b>Objects of Expense:</b>						
	1002 OTHER PERSONNEL COSTS	\$740,554,602	\$824,489,348	\$880,993,412	\$880,602,367	\$880,602,367
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$740,554,602</b>	<b>\$824,489,348</b>	<b>\$880,993,412</b>	<b>\$880,602,367</b>	<b>\$880,602,367</b>
<b>Method of Financing:</b>						
	1 General Revenue Fund	\$493,431,531	\$366,168,482	\$504,057,107	\$574,931,819	\$574,931,819
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$493,431,531</b>	<b>\$366,168,482</b>	<b>\$504,057,107</b>	<b>\$574,931,819</b>	<b>\$574,931,819</b>
<b>Method of Financing:</b>						
	994 GR Dedicated Accounts	\$37,694,229	\$43,669,821	\$46,721,841	\$46,721,841	\$46,721,841
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$37,694,229</b>	<b>\$43,669,821</b>	<b>\$46,721,841</b>	<b>\$46,721,841</b>	<b>\$46,721,841</b>
<b>Method of Financing:</b>						
	555 Federal Funds					

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 1 Provide Retirement Program for Employees and Retirees. Estimated. Service: 06    Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
	00.327.001 ERS Retirement	\$123,154,230	\$328,827,723	\$238,151,983	\$166,886,226	\$166,886,226
CFDA Subtotal, Fund	555	\$123,154,230	\$328,827,723	\$238,151,983	\$166,886,226	\$166,886,226
<b>SUBTOTAL, MOF (FEDERAL FUNDS)</b>		<b>\$123,154,230</b>	<b>\$328,827,723</b>	<b>\$238,151,983</b>	<b>\$166,886,226</b>	<b>\$166,886,226</b>
<b>Method of Financing:</b>						
	6 State Highway Fund	\$76,054,958	\$76,734,318	\$81,745,607	\$81,745,607	\$81,745,607
	998 Other Special State Funds	\$10,219,654	\$9,089,004	\$10,316,874	\$10,316,874	\$10,316,874
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$86,274,612</b>	<b>\$85,823,322</b>	<b>\$92,062,481</b>	<b>\$92,062,481</b>	<b>\$92,062,481</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$880,602,367</b>	<b>\$880,602,367</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$740,554,602</b>	<b>\$824,489,348</b>	<b>\$880,993,412</b>	<b>\$880,602,367</b>	<b>\$880,602,367</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>394.8</b>	<b>450.0</b>	<b>460.0</b>	<b>470.0</b>	<b>475.0</b>
<b>STRATEGY DESCRIPTION AND JUSTIFICATION:</b>						

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 1 Provide Retirement Program for Employees and Retirees. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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The Employees Retirement System of Texas (ERS) is the administrative body for the State Employees Retirement Plan; authorized by Article XVI, Section 67(b) 3, Texas Constitution, and governed by Title 8, Subtitle B, and Texas Government Code. The retirement program administered by the ERS is a defined benefit retirement plan and covers employees of most state agencies, statewide elected officials, and legislators. ERS member contribution rate is assumed at the current rate of 9.5% of salary for 2026 and 2027 for employees hired before September 1, 2022. The member contribution rate for employees who begin state service after September 1, 2022 is 6%. The state contributes 9.5% of gross payroll each year of the biennium. Employing state agencies contribute 0.5% of their gross payroll each year of the biennium. These contributions are held in the trust and combined with investment earning to fund retirement benefits.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

ERS is a pre-funded defined benefit retirement plan. An actuarial valuation is conducted each year which examines annual experience and projects future funding based on actuarial assumptions. Any significant deviation between future experience and actuarial assumptions can affect the outcome of these projections. The Legacy Payment is a critical component of the funding for the ERS Retirement Plan. Combined with on-going member, state and agency contributions, the legacy payment eliminates the current unfunded liability on or before 2054. SB321, 87th Regular Session created a new defined cash balance benefit for employees who begin service on or after September 1, 2022, reducing the risk of future significant unfunded liabilities.

The above funding request assumes state contributions of 9.5% of payroll in both years of the biennium. No growth in payroll is assumed. The appropriation is requested to be “estimated” since it is payroll driven. The above funding request does not include the agency contributions of 0.5% of payroll which are included in the individual agencies’ appropriations nor member contributions.

The method of finance reflects proportionality as provided by the LBB.

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 1 Provide Retirement Program for Employees and Retirees. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$1,705,482,760	\$1,761,204,734	\$55,721,974	\$55,721,974	FY 2025 projected contributions were used for each year of the 2026-27 biennium with no growth assumed.
			<b>\$55,721,974</b>	<b>Total of Explanation of Biennial Change</b>

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 2 Provide Retirement Program for Law Enf and Corr Officers. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Output Measures:</b>						
1	Number of LECOS Annuitants Added to Annuity Payroll	789.00	787.00	803.00	819.00	835.00
2	Number of LECOS Accounts Maintained	70,344.00	73,158.00	73,440.00	74,908.00	76,406.00
<b>Explanatory/Input Measures:</b>						
1	Number of LECOS Annuitants	17,028.00	17,652.00	18,192.00	18,732.00	19,272.00
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$8,522,638	\$804,118,644	\$38,258,000	\$38,258,000	\$38,258,000
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$8,522,638</b>	<b>\$804,118,644</b>	<b>\$38,258,000</b>	<b>\$38,258,000</b>	<b>\$38,258,000</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$8,285,709	\$803,278,907	\$37,258,145	\$37,258,145	\$37,258,145
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$8,285,709</b>	<b>\$803,278,907</b>	<b>\$37,258,145</b>	<b>\$37,258,145</b>	<b>\$37,258,145</b>
<b>Method of Financing:</b>						
994	GR Dedicated Accounts	\$184,941	\$656,053	\$781,178	\$781,178	\$781,178
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$184,941</b>	<b>\$656,053</b>	<b>\$781,178</b>	<b>\$781,178</b>	<b>\$781,178</b>
<b>Method of Financing:</b>						
555	Federal Funds					

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 2 Provide Retirement Program for Law Enf and Corr Officers. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
	00.327.003 LECOS Retirement	\$51,988	\$183,684	\$218,677	\$218,677	\$218,677
CFDA Subtotal, Fund	555	\$51,988	\$183,684	\$218,677	\$218,677	\$218,677
<b>SUBTOTAL, MOF (FEDERAL FUNDS)</b>		<b>\$51,988</b>	<b>\$183,684</b>	<b>\$218,677</b>	<b>\$218,677</b>	<b>\$218,677</b>

**TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)** **\$38,258,000** **\$38,258,000**

**TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)** **\$8,522,638** **\$804,118,644** **\$38,258,000** **\$38,258,000** **\$38,258,000**

**FULL TIME EQUIVALENT POSITIONS:**

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The ERS is the administrator of the Law Enforcement and Custodial Officer Supplemental Retirement Fund Plan(LECOSRF). The program provides supplemental retirement benefits to certain certified peace officers or custodial officers as specified in Texas Government Code, Title 8, Subtitle B. The LECOSRF provides an enhanced benefit to address physical hazards associated with eligible certified peace officer, custodial officer and correctional officer positions. The 88th Legislature increased state contributions to 1.75% of payroll, which combined with member contributions, covers normal cost of the plan. In addition, the 88th Legislature provided one-time funding of \$772 million to payoff the unfunded liability.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 2 Provide Retirement Program for Law Enf and Corr Officers. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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LECOSRF is a pre-funded defined benefit retirement plan. An actuarial valuation is conducted each year which examines annual experience and projects future funding based on actuarial assumptions. Any significant deviation between future experience and actuarial assumptions can affect the outcome of these projections. Among the many factors that can affect the program are: growth of the covered employee population, across the board pay raises that are above or below assumptions, significant turns in the investment markets and retirement rates that are different from the assumptions, such as accelerated retirements as a result of a retirement incentive program.

The above funding request assumes 1.75% state contribution, \$15 million in court fees and member contributions with no growth in payroll for Fiscal Years 2026 and 2027.

<b>EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):</b>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)			
\$842,376,644	\$76,516,000	\$(765,860,644)	\$(772,000,000)	In FY 2024 ERS received a one time appropriation of \$772 million for the purposes of addressing the unfunded liability of the LECOS retirement fund.
			\$6,139,356	FY 2025 projected contributions were used for each year of the 2026-27 biennium with no growth assumed
			<u>\$(765,860,644)</u>	<b>Total of Explanation of Biennial Change</b>



**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 3 Provide Retirement Program for State Judicial Officers. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Output Measures:</b>						
1	Number of JRS-2 Annuitants Added to Annuity Payroll	58.00	19.00	55.00	20.00	55.00
2	Number of JRS-2 Accounts Maintained	862.00	905.00	860.00	870.00	880.00
<b>Explanatory/Input Measures:</b>						
1	Number of JRS-2 Annuitants	601.00	608.00	652.00	659.00	703.00
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$14,685,583	\$117,281,765	\$18,274,467	\$18,274,467	\$18,274,467
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$14,685,583</b>	<b>\$117,281,765</b>	<b>\$18,274,467</b>	<b>\$18,274,467</b>	<b>\$18,274,467</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$10,373,896	\$112,113,746	\$13,135,257	\$13,135,257	\$13,135,257
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$10,373,896</b>	<b>\$112,113,746</b>	<b>\$13,135,257</b>	<b>\$13,135,257</b>	<b>\$13,135,257</b>
<b>Method of Financing:</b>						
573	Judicial Fund	\$4,311,687	\$4,205,023	\$4,181,582	\$4,181,582	\$4,181,582
998	Other Special State Funds	\$0	\$962,996	\$957,628	\$957,628	\$957,628
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$4,311,687</b>	<b>\$5,168,019</b>	<b>\$5,139,210</b>	<b>\$5,139,210</b>	<b>\$5,139,210</b>

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 3 Provide Retirement Program for State Judicial Officers. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$18,274,467</b>	<b>\$18,274,467</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$14,685,583</b>	<b>\$117,281,765</b>	<b>\$18,274,467</b>	<b>\$18,274,467</b>	<b>\$18,274,467</b>

**FULL TIME EQUIVALENT POSITIONS:**

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The ERS is the administrator of the Judicial Retirement System of Texas, Plan Two (JRS 2), created under Article XVI, Section 67 of the Texas Constitution and governed by Title 8, Subtitle E, Texas Government Code. This strategy is part of the ERS goal of administering comprehensive and actuarially sound retirement programs. JRS 2 is a prefunded defined benefit plan that covers state judicial officers who first took office on or after September 1, 1985. Under Sections 840.103 and 840.106, Texas Government Code, combined state and member contributions should be sufficient to finance any liability over a period that does not exceed 30 years by one or more years. The 88th Legislature increased state contributions to 19.25% of payroll, which combined with member contributions, covers the normal cost of the plan. In addition, the 88th Legislature provided one-time funding of \$99 million to payoff the unfunded liability.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 3 Provide Retirement Program for State Judicial Officers. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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The JRS 2 program is a defined benefit pension plan. The funding needs of a defined benefit program is calculated by making actuarial assumptions about the future demographics of the covered employee group and about trust fund investment earnings. Any significant deviation between experience and actuarial assumptions can affect the funding calculation. A few of the many factors which can affect the program include pay raises for judicial officers, significant turns in the investment markets, and legislation which increases the number of covered positions.

The above funding request assumes state contributions of 19.25% of payroll and member contributions of 9.5%. The appropriation is requested to be “estimated” since it is payroll driven.

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$135,556,232	\$36,548,934	\$(99,007,298)	\$(99,000,000)	In FY 24, ERS received a one time appropriation of \$99 million, for the purposes of addressing the unfunded liability of the JRS 2 retirement fund.
			\$(7,298)	FY 2025 projected contributions were used for each year of the 2026-27 biennium with no growth assumed.
			<b>\$(99,007,298)</b>	<b>Total of Explanation of Biennial Change</b>

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 4 Provide Payment of JRS-1 Benefits as Required by Law. Estimated. Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Explanatory/Input Measures:</b>						
1	Number of JRS-1 Annuitants	253.00	242.00	227.00	212.00	197.00
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$16,876,287	\$16,593,585	\$16,664,760	\$16,593,585	\$16,593,585
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$16,876,287</b>	<b>\$16,593,585</b>	<b>\$16,664,760</b>	<b>\$16,593,585</b>	<b>\$16,593,585</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$16,876,287	\$16,593,585	\$16,664,760	\$16,593,585	\$16,593,585
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$16,876,287</b>	<b>\$16,593,585</b>	<b>\$16,664,760</b>	<b>\$16,593,585</b>	<b>\$16,593,585</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$16,593,585</b>	<b>\$16,593,585</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$16,876,287</b>	<b>\$16,593,585</b>	<b>\$16,664,760</b>	<b>\$16,593,585</b>	<b>\$16,593,585</b>

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 4 Provide Payment of JRS-1 Benefits as Required by Law. Estimated. Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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The ERS is the administrative body for the Judicial Retirement System of Texas Plan One (JRS 1), created under Article XVI, Section 67, Texas Constitution, and governed by Title B, Subtitle D, Texas Government Code. Benefits under JRS 1 are paid by direct appropriation from General Revenue. State Judicial officers who first held office before September 1, 1985 are eligible for membership in the JRS 1. This is a closed plan that has not had any new covered members since 1985. Judges who took office for the first time on or after September 1, 1985 are in the JRS 2 plan.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

External Factors affecting the JRS 1 program include pay raises for state judicial officers and the demographics of the Plan’s membership.

Funding for Fiscal Years 2026 and 2027 is requested at the projected FY25 level. The appropriation is requested to be “estimated” since it is a pay-as-you-go plan.

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$33,258,345	\$33,187,170	\$(71,175)	\$(71,175)	JRS 1 is a closed plan. Projections for FY 26 and FY 27 are based on actual 2024 expenditures.
			<u>\$(71,175)</u>	<b>Total of Explanation of Biennial Change</b>

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 5 Provide Benefits to Beneficiaries of Public Safety Workers. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Output Measures:</b>						
1	Number of Death Benefit Claims Processed	49.00	55.00	53.00	53.00	53.00
2	Number of Beneficiaries Receiving Benefits	174.00	171.00	174.00	177.00	180.00
<b>Objects of Expense:</b>						
3001	CLIENT SERVICES	\$21,783,994	\$28,554,808	\$54,350,832	\$45,150,832	\$54,150,832
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$21,783,994</b>	<b>\$28,554,808</b>	<b>\$54,350,832</b>	<b>\$45,150,832</b>	<b>\$54,150,832</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$15,152,946	\$28,554,808	\$54,350,832	\$45,150,832	\$54,150,832
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$15,152,946</b>	<b>\$28,554,808</b>	<b>\$54,350,832</b>	<b>\$45,150,832</b>	<b>\$54,150,832</b>
<b>Method of Financing:</b>						
994	GR Dedicated Accounts	\$6,631,048	\$0	\$0	\$0	\$0
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$6,631,048</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 5 Provide Benefits to Beneficiaries of Public Safety Workers. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027	
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>						<b>\$45,150,832</b>	<b>\$54,150,832</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$21,783,994</b>	<b>\$28,554,808</b>	<b>\$54,350,832</b>	<b>\$45,150,832</b>	<b>\$54,150,832</b>	

**FULL TIME EQUIVALENT POSITIONS:**

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Chapter 615 Texas Government Code provides for a lump sum payment by the state, plus monthly dependent benefits, to the survivors of public law enforcement or firefighting personnel who die in the line of duty. In addition, certain survivors qualify for the payment of funeral expenses. The ERS is the administrative body for this program.

House Bill 1278, 84th Legislative Session, doubled the one-time and monthly payment amounts for financial assistance paid to the survivors of certain law enforcement officers, firefighters and other public employees killed in the line of duty.

House Bill 1526, 85th Legislative Session, modified Government Code Section 615.003, increasing lump sum payments to survivors to \$500,000.

House Bill 3625, 86th Legislative Session, adjusted the lump sum payment in an amount equal to the percentage change in Consumer Price Index for all Urban Consumers, published by the Bureau of Labor Statistics (CPI) for the preceding year. After adjusting for CPI-U, the lump sum payment to survivors for an eligible death occurring on or after September 1, 2024 is \$611,136.

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 5 Provide Benefits to Beneficiaries of Public Safety Workers. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Payments under this Program are directly dependent on the number of public safety officers who die in the line of duty each year within the State. The benefits paid under Chapter 615 are available only when the qualified individual suffers a death resulting from a line-of-duty accident or illness caused by line-of-duty work under hazardous conditions.

Funding for Fiscal Year 2026 and 2027 is based on Fiscal Year 2025 appropriations. The appropriation is requested to be “estimated” since it is event driven. FY 25 projections assume an additional 30 deaths per year.

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$82,905,640	\$99,301,664	\$16,396,024	\$16,396,024	Request for FY26 and FY27 assumes approximately the same number of payments will be processed as FY 24 but with adjustments to the lump sum payments adjusted annually for the CPI-U.
			<b>\$16,396,024</b>	<b>Total of Explanation of Biennial Change</b>



**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 6 Provide Lump-sum Retiree Death Benefits. Estimated. Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Output Measures:</b>						
1	Number of Retiree Death Benefits Paid	3,408.00	3,121.00	2,930.00	2,930.00	2,930.00
<b>Efficiency Measures:</b>						
1	Average Number of Business Days to Process Retiree Death Benefits	23.00	7.00	7.00	7.00	7.00
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$13,278,407	\$12,521,518	\$13,750,000	\$13,750,000	\$13,750,000
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$13,278,407</b>	<b>\$12,521,518</b>	<b>\$13,750,000</b>	<b>\$13,750,000</b>	<b>\$13,750,000</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$13,278,407	\$12,521,518	\$13,750,000	\$13,750,000	\$13,750,000
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$13,278,407</b>	<b>\$12,521,518</b>	<b>\$13,750,000</b>	<b>\$13,750,000</b>	<b>\$13,750,000</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$13,750,000</b>	<b>\$13,750,000</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$13,278,407</b>	<b>\$12,521,518</b>	<b>\$13,750,000</b>	<b>\$13,750,000</b>	<b>\$13,750,000</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>						

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 6 Provide Lump-sum Retiree Death Benefits. Estimated. Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Section 814.501, Texas Government Code, provides that the State shall pay a lump sum death benefit of \$5,000 to the survivor or estate of a person retired under any of the retirement programs administered by the ERS Board of Trustees.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

This strategy is affected by the annual mortality rate of ERS retired members.

Funding for Fiscal Years 2026 and 2027 is based on FY25 appropriations. The appropriation is requested to be “estimated” since it is event driven.

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$26,271,518	\$27,500,000	\$1,228,482	\$1,228,482	FY 2025 projected contributions were used for each year of the 2026-27 biennium with no growth assumed.
			<b>\$1,228,482</b>	<b>Total of Explanation of Biennial Change</b>

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs  
 STRATEGY: 7 Legacy Payments

Service Categories:

Service: 06      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$1,393,971,224	\$510,000,000	\$510,000,000	\$510,000,000	\$510,000,000
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$1,393,971,224</b>	<b>\$510,000,000</b>	<b>\$510,000,000</b>	<b>\$510,000,000</b>	<b>\$510,000,000</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$1,285,920,000	\$457,980,000	\$457,980,000	\$457,980,000	\$457,980,000
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$1,285,920,000</b>	<b>\$457,980,000</b>	<b>\$457,980,000</b>	<b>\$457,980,000</b>	<b>\$457,980,000</b>
<b>Method of Financing:</b>						
994	GR Dedicated Accounts	\$37,182,071	\$0	\$0	\$0	\$0
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$37,182,071</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Method of Financing:</b>						
555	Federal Funds					
	00.327.001 ERS Retirement	\$6,866,616	\$0	\$0	\$0	\$0
CFDA Subtotal, Fund	555	\$6,866,616	\$0	\$0	\$0	\$0
<b>SUBTOTAL, MOF (FEDERAL FUNDS)</b>		<b>\$6,866,616</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Method of Financing:**

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 7 Legacy Payments Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
6	State Highway Fund	\$52,020,000	\$52,020,000	\$52,020,000	\$52,020,000	\$52,020,000
998	Other Special State Funds	\$11,982,537	\$0	\$0	\$0	\$0
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$64,002,537</b>	<b>\$52,020,000</b>	<b>\$52,020,000</b>	<b>\$52,020,000</b>	<b>\$52,020,000</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$510,000,000</b>	<b>\$510,000,000</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$1,393,971,224</b>	<b>\$510,000,000</b>	<b>\$510,000,000</b>	<b>\$510,000,000</b>	<b>\$510,000,000</b>

**FULL TIME EQUIVALENT POSITIONS:**

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The 87th Texas Legislature through the passage of Senate Bill 321 (which added Section 815.407 to Texas Government Code) set forth a plan to amortize the unfunded actuarial accrued liabilities no later than 2054 utilizing an annual payment structure referred to as a Legacy Payment. SB321 also created a new benefit structure for employees hired on or after September 1, 2022 to minimize future risk of unfunded liabilities.

The 87th Texas Legislature appropriated the first legacy payments in House Bill 2 equating to \$510 million per year for each year of the 2022-23 biennium. The 88th Texas Legislature continued the legacy payments at \$510 million per year for each year of the 2024-25 biennium, and provided a supplemental payment of \$900 million in FY23.

SB321 requires ERS to provide an update on the actuarial determined amount before each session to ensure the unfunded liability is paid no later than 2054.

**327 Employees Retirement System**

GOAL: 1 Administer Comprehensive and Actuarially Sound Retirement Programs  
 OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs Service Categories:  
 STRATEGY: 7 Legacy Payments Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Before each legislative session, ERS must provide the actuarial determined amount required to complete payoff of the unfunded liabilities by August 31, 2054. This amount is included in the annual actuarial funding valuation presented to the Board of Trustees each December.

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2024 + Bud 2025)</u>	<u>Baseline Request (BL 2026 + BL 2027)</u>	<u>CHANGE</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$1,020,000,000	\$1,020,000,000	\$0	\$0	<b>Total of Explanation of Biennial Change</b>

**327 Employees Retirement System**

GOAL: 2 Provide Employees and Retirees with Quality Group Benefits  
 OBJECTIVE: 1 Manage GBP for State and Higher Education Employees  
 STRATEGY: 1 Provide Basic Insurance Program to General State Employees. Estimated.

Service Categories:  
 Service: 06      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Output Measures:</b>						
	1 In-Network Services as a Percentage of Total Services	92.58 %	93.03 %	90.00 %	90.00 %	90.00 %
	2 In-Network Mental Health Services as % of Total Mental Health Services	95.22 %	95.68 %	90.00 %	90.00 %	90.00 %
	3 Prescription Drug Program Costs as Percent of Total HealthSelect Costs	20.53 %	19.70 %	20.00 %	20.00 %	20.00 %
<b>Efficiency Measures:</b>						
KEY 1	Percent of Medical Claims Processed within 22 Business Days	99.84 %	99.95 %	98.00 %	98.00 %	98.00 %
	2 % of Electrnc Retail Pharmacy Claims Processed within 15 Business Days	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
KEY 3	HealthSelect Admin Fees as Percent of Total HealthSelect Costs	2.31 %	2.35 %	3.00 %	3.00 %	3.00 %
<b>Explanatory/Input Measures:</b>						
	1 # Employees, Retirees & Dependents Covered by GBP Health Care Plans	534,626.00	545,150.00	553,327.00	561,627.00	570,051.00
	2 % of Eligible Retirees & Spouses Enrolled in Medicare Advantage Plan	82.33 %	82.68 %	80.00 %	80.00 %	80.00 %

**Objects of Expense:**

**327 Employees Retirement System**

GOAL: 2 Provide Employees and Retirees with Quality Group Benefits  
 OBJECTIVE: 1 Manage GBP for State and Higher Education Employees Service Categories:  
 STRATEGY: 1 Provide Basic Insurance Program to General State Employees. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
1002	OTHER PERSONNEL COSTS	\$1,900,377,930	\$1,943,580,920	\$2,078,473,765	\$2,005,680,703	\$2,037,771,593
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$1,900,377,930</b>	<b>\$1,943,580,920</b>	<b>\$2,078,473,765</b>	<b>\$2,005,680,703</b>	<b>\$2,037,771,593</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$1,261,090,861	\$835,882,190	\$1,194,984,595	\$1,349,098,837	\$1,370,684,417
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$1,261,090,861</b>	<b>\$835,882,190</b>	<b>\$1,194,984,595</b>	<b>\$1,349,098,837</b>	<b>\$1,370,684,417</b>
<b>Method of Financing:</b>						
994	GR Dedicated Accounts	\$102,810,351	\$102,970,784	\$109,897,156	\$106,075,986	\$107,773,202
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$102,810,351</b>	<b>\$102,970,784</b>	<b>\$109,897,156</b>	<b>\$106,075,986</b>	<b>\$107,773,202</b>
<b>Method of Financing:</b>						
555	Federal Funds					
	00.327.002 ERS Insurance	\$309,191,505	\$777,232,508	\$529,523,462	\$314,923,694	\$319,962,473
CFDA Subtotal, Fund	555	\$309,191,505	\$777,232,508	\$529,523,462	\$314,923,694	\$319,962,473
<b>SUBTOTAL, MOF (FEDERAL FUNDS)</b>		<b>\$309,191,505</b>	<b>\$777,232,508</b>	<b>\$529,523,462</b>	<b>\$314,923,694</b>	<b>\$319,962,473</b>
<b>Method of Financing:</b>						
6	State Highway Fund	\$209,801,735	\$204,145,981	\$218,267,351	\$210,678,104	\$214,048,953

**327 Employees Retirement System**

GOAL: 2 Provide Employees and Retirees with Quality Group Benefits  
 OBJECTIVE: 1 Manage GBP for State and Higher Education Employees Service Categories:  
 STRATEGY: 1 Provide Basic Insurance Program to General State Employees. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
998	Other Special State Funds	\$17,483,478	\$23,349,457	\$25,801,201	\$24,904,082	\$25,302,548
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$227,285,213</b>	<b>\$227,495,438</b>	<b>\$244,068,552</b>	<b>\$235,582,186</b>	<b>\$239,351,501</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$2,005,680,703</b>	<b>\$2,037,771,593</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$1,900,377,930</b>	<b>\$1,943,580,920</b>	<b>\$2,078,473,765</b>	<b>\$2,005,680,703</b>	<b>\$2,037,771,593</b>

**FULL TIME EQUIVALENT POSITIONS:**

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Chapter 1551, §1551.211 of the Texas Insurance Code, created the Texas Employees Group Benefits Program (GBP) and established the ERS as the administrative body for that program. Under this statute, the State will provide a program of health care insurance and other appropriated insurance coverage to be funded by employee and state funds. This strategy supports the ERS goal of providing a comprehensive health care program while effectively and efficiently managing the program.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**



**327 Employees Retirement System**

GOAL: 2 Provide Employees and Retirees with Quality Group Benefits  
 OBJECTIVE: 1 Manage GBP for State and Higher Education Employees Service Categories:  
 STRATEGY: 1 Provide Basic Insurance Program to General State Employees. Estimated. Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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National health care costs continue to rise faster than incomes levels and the overall rate of inflation. Major factors contributing to cost increases include general increase in the price and utilization of medical care services; the development of new technologies and medical procedures; a rise in chronic disease due in part to an aging population and the escalating obesity epidemic, and increase in both the cost and use of pharmaceuticals, particularly specialty drugs.

The current contribution strategy provides for full funding for the monthly premium contributions for full-time state employees and eligible retirees and a 50% contribution for eligible dependents of employees and retirees. The above funding request does not include the agency contribution of 1.0% of payroll which is included in the individual agencies' appropriations. The appropriation is requested to be "estimated" since it is FTE driven.

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$4,022,054,685	\$4,043,452,296	\$21,397,611	\$21,397,611	FY24 actual contributions and enrollment growth of 1.58% to 1.60% (1% active and 3.47% retirees) was used to determine the projected contributions using the current monthly premium
			<b>\$21,397,611</b>	<b>Total of Explanation of Biennial Change</b>

**327 Employees Retirement System**

GOAL: 2 Provide Employees and Retirees with Quality Group Benefits  
 OBJECTIVE: 1 Manage GBP for State and Higher Education Employees Service Categories:  
 STRATEGY: 2 Insurance Contributions for Local CSCD Employee Estimated Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Explanatory/Input Measures:</b>						
1	# CSCD Employees, Retirees, & Dependents Covered by GBP	12,662.00	13,000.00	13,100.00	13,200.00	13,300.00
<b>Objects of Expense:</b>						
1002	OTHER PERSONNEL COSTS	\$59,608,741	\$64,168,372	\$72,258,216	\$66,218,629	\$67,278,128
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$59,608,741</b>	<b>\$64,168,372</b>	<b>\$72,258,216</b>	<b>\$66,218,629</b>	<b>\$67,278,128</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$59,608,741	\$64,168,372	\$72,258,216	\$66,218,629	\$67,278,128
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$59,608,741</b>	<b>\$64,168,372</b>	<b>\$72,258,216</b>	<b>\$66,218,629</b>	<b>\$67,278,128</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$66,218,629</b>	<b>\$67,278,128</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$59,608,741</b>	<b>\$64,168,372</b>	<b>\$72,258,216</b>	<b>\$66,218,629</b>	<b>\$67,278,128</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>						
<b>STRATEGY DESCRIPTION AND JUSTIFICATION:</b>						

**327 Employees Retirement System**

GOAL: 2 Provide Employees and Retirees with Quality Group Benefits  
 OBJECTIVE: 1 Manage GBP for State and Higher Education Employees Service Categories:  
 STRATEGY: 2 Insurance Contributions for Local CSCD Employee Estimated Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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Chapter 1551, §1551.114.of the Texas Insurance Code, Participation by Community Supervision and Corrections Departments:  
 All contributions received from the state, active employees of community supervision and corrections departments, and retired employees of community supervision and corrections departments for basic, optional, and voluntary coverages under the group benefits program shall be paid into the employees life, accident, and health insurance and benefits fund.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

This strategy is affected by the number of participants and is limited to:

- (1) active employees of a community supervision and corrections department;
- (2) retired employees of a community supervision and corrections department who retire on or after September 1, 2004, and who:
  - (A) have been employed by one or more community supervision and corrections departments for a total of at least 10 years of creditable service; and
  - (B) meet all the requirements for retirement benefits prescribed by the Texas County and District Retirement System; and
- (3) eligible dependents of the active employees and retired employees

The current contribution strategy provides for funding for the monthly premium contributions for full-time state employees and eligible retirees and a 50% contribution for eligible dependents of employees and retirees.

**327 Employees Retirement System**

GOAL: 2 Provide Employees and Retirees with Quality Group Benefits  
 OBJECTIVE: 1 Manage GBP for State and Higher Education Employees Service Categories:  
 STRATEGY: 2 Insurance Contributions for Local CSCD Employee Estimated Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$136,426,588	\$133,496,757	\$(2,929,831)	\$(2,929,831)	FY24 actuals were projected at 1.58% to 1.6% enrollment growth (1% active and 3.47% retirees) at the current monthly state contribution rate for FY25 - FY27.
			<b>\$(2,929,831)</b>	<b>Total of Explanation of Biennial Change</b>

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**SUMMARY TOTALS:**

<b>OBJECTS OF EXPENSE:</b>	<b>\$4,169,659,406</b>	<b>\$4,321,308,960</b>	<b>\$3,683,023,452</b>	<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>
<b>METHODS OF FINANCE (INCLUDING RIDERS):</b>				<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>
<b>METHODS OF FINANCE (EXCLUDING RIDERS):</b>	<b>\$4,169,659,406</b>	<b>\$4,321,308,960</b>	<b>\$3,683,023,452</b>	<b>\$3,594,528,583</b>	<b>\$3,636,678,972</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>	<b>394.8</b>	<b>450.0</b>	<b>460.0</b>	<b>470.0</b>	<b>475.0</b>

### 3.B. Rider Revisions and Additions Request

<b>Agency Code:</b> 327	<b>Agency Name:</b> Employees Retirement System	<b>Prepared By:</b> Finance Division	<b>Date:</b> August 23, 2024	<b>Request Level:</b> Base																																													
<b>Current Rider Number</b>	<b>Page Number in 2024-25 GAA</b>	<b>Proposed Rider Language</b>																																															
1	I-39	<p><b>Performance Measure Targets.</b> The following is a listing of the key performance target levels for the Employees 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 Employees Retirement System. In order to achieve the objectives and service standards established by this Act, the Employees 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;"> <tr> <td></td> <td style="text-align: right;"><del>2024</del> <b>2026</b></td> <td style="text-align: right;"><del>2025</del> <b>2027</b></td> </tr> <tr> <td colspan="3"><b>A. Goal: ADMINISTER RETIREMENT PROGRAM</b></td> </tr> <tr> <td colspan="3"><b>Outcome (Results/Impact):</b></td> </tr> <tr> <td>% of ERS Retirees Expressing Satisfaction with Member Benefit Services</td> <td style="text-align: right;">97%</td> <td style="text-align: right;">97%</td> </tr> <tr> <td>Investment Expense as Basis Points of Net Position</td> <td style="text-align: right;">16</td> <td style="text-align: right;">16</td> </tr> <tr> <td colspan="3"><b>A.1.1. Strategy: ERS RETIREMENT PROGRAM</b></td> </tr> <tr> <td colspan="3"><b>Output (Volume):</b></td> </tr> <tr> <td>Number of ERS Accounts Maintained</td> <td style="text-align: right;"><del>295,000</del> <b>331,000</b></td> <td style="text-align: right;"><del>300,000</del> <b>340,930</b></td> </tr> <tr> <td colspan="3"><b>B. Goal: ADMINISTER GROUP BENEFITS PROGRAM</b></td> </tr> <tr> <td colspan="3"><b>Outcome (Results/Impact):</b></td> </tr> <tr> <td>Percent of HealthSelect Participants Satisfied with TPA Services</td> <td style="text-align: right;">85%</td> <td style="text-align: right;">85%</td> </tr> <tr> <td colspan="3"><b>B.1.1. Strategy: GROUP BENEFITS PROGRAM</b></td> </tr> <tr> <td colspan="3"><b>Efficiencies:</b></td> </tr> <tr> <td>Percent of Medical Claims Processed within 22 Business Days</td> <td style="text-align: right;">98%</td> <td style="text-align: right;">98%</td> </tr> <tr> <td>HealthSelect Admin Fees as Percent of Total HealthSelect Costs</td> <td style="text-align: right;">3%</td> <td style="text-align: right;">3%</td> </tr> </table>				<del>2024</del> <b>2026</b>	<del>2025</del> <b>2027</b>	<b>A. Goal: ADMINISTER RETIREMENT PROGRAM</b>			<b>Outcome (Results/Impact):</b>			% of ERS Retirees Expressing Satisfaction with Member Benefit Services	97%	97%	Investment Expense as Basis Points of Net Position	16	16	<b>A.1.1. Strategy: ERS RETIREMENT PROGRAM</b>			<b>Output (Volume):</b>			Number of ERS Accounts Maintained	<del>295,000</del> <b>331,000</b>	<del>300,000</del> <b>340,930</b>	<b>B. Goal: ADMINISTER GROUP BENEFITS PROGRAM</b>			<b>Outcome (Results/Impact):</b>			Percent of HealthSelect Participants Satisfied with TPA Services	85%	85%	<b>B.1.1. Strategy: GROUP BENEFITS PROGRAM</b>			<b>Efficiencies:</b>			Percent of Medical Claims Processed within 22 Business Days	98%	98%	HealthSelect Admin Fees as Percent of Total HealthSelect Costs	3%	3%
	<del>2024</del> <b>2026</b>	<del>2025</del> <b>2027</b>																																															
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Percent of Medical Claims Processed within 22 Business Days	98%	98%																																															
HealthSelect Admin Fees as Percent of Total HealthSelect Costs	3%	3%																																															
4	I-40	<p><b>State Contribution to Employees Retirement Program.</b> The amount specified above in A.1.1, ERS Retirement Program, is based on a state contribution of 9.5 percent of payroll for each fiscal year of the <del>2024-25</del> <b>2026-27</b> biennium, including annual membership fees of \$3 for contributing members for each fiscal year. Included in appropriations made in this Act is a total of <del>\$826,389,389</del> <b>\$880,602,367</b> in fiscal year <del>2024-2026</del> and <del>\$879,012,185</del> <b>\$880,602,367</b> in fiscal year <del>2025-2027</del> for the ERS Retirement Program.</p> <p>Justification for change: Update Years</p>																																															
5	I-41	<p><b>State Contribution to the Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOS).</b> The amount specified above in A.1.2, LECOS Retirement Program, is based on 1.75 percent of covered payroll each fiscal year of the <del>2024-25</del> <b>2026-27</b> biennium for LECOS members.</p> <p>Justification for change: Update Years</p>																																															

### 3.B. Rider Revisions and Additions Request (continued)

Current Rider Number	Page Number in 2024-25 GAA	Proposed Rider Language
6	I-41	<p><b>State Contribution to the Judicial Retirement Program (JRS-2)</b> The amount specified above in A.1.3 Judicial Retirement System – Plan 2, is based on 19.25 percent of covered payroll each fiscal year of the <del>2024-25</del> <u>2026-27</u> biennium for LECOS members.</p> <p>Justification for change: Update Years</p>
7	I-41	<p><b>State Contribution to Group Insurance for General State Employees.</b> Funds identified above for group insurance are intended to fund:</p> <ul style="list-style-type: none"> <li>a. the total cost of the basic life and health coverage for all active and retired employees;</li> <li>b. fifty percent of the total cost of health coverage for the spouses and dependent children of all active and retired employees who enroll in coverage categories which include a spouse and/or dependent children; and</li> <li>c. the incentive program to waive participation in the Group Benefits Plan (Opt-Out).</li> </ul> <p>In no event shall the total amount of state contributions allocated to fund coverage in an optional health plan exceed the actuarially determined total amount of state contributions that would be required to fund basic health coverage for those active employees and retirees who have elected to participate in that optional health plan.</p> <p>During each fiscal year, the state's monthly contribution shall be determined by multiplying (1) the per capita monthly contribution as certified herein by (2) the total number of full-time active and retired employees, subject to any adjustment required by statute, enrolled for coverage during that month.</p> <p>For each employee or retiree that waives participation in the Group Benefit Program and enrolls in allowable optional coverage, the Employees Retirement System shall receive \$60 per month in lieu of the "employee-only" state contribution amount, and such amounts are included above in Strategy B.1.1, Group Benefits Program. The waived participant may apply up to \$60 per month towards the cost of the optional coverage.</p> <p>Each year, upon adoption of group insurance rates by the Board of Trustees, the Employees Retirement System must notify the Comptroller, the Legislative Budget Board, and the Governor of the per capita monthly contribution required in accordance with this rider for each full-time active and retired employee enrolled for coverage during the fiscal year.</p> <p>It is the intent of the Legislature that the Employees Retirement System control the cost of the group insurance program by not providing rate increases to health care providers participating in HealthSelect during the <del>2024-25</del> <u>2026-27</u> biennium.</p> <p>Justification for change: Update years</p>
11	I-42	<p><b>Appropriations for the Deferred Compensation Trust Fund and the TexaSaver Trust Fund.</b> All money deposited into the Deferred Compensation Trust Fund, Employees Retirement System No. 0945 and the TexaSaver Trust Fund No. 0946 pursuant to Government Code, §609.512 are hereby appropriated to the system for the <del>2024-25</del> <u>2026-27</u> biennium for the purposes authorized by law.</p> <p>Justification for change: Update Years</p>

### 3.B. Rider Revisions and Additions Request (continued)

12	I-42	<p><b>Tobacco User Monthly Premium Fee.</b> The Employees Retirement System, pursuant to the provisions of Insurance Code, §1551.3075, shall automatically apply a \$30 monthly tobacco user fee to any individual aged 18 or older covered under the state health plan unless the individual, during the individual's enrollment period, certifies that the individual does not use tobacco products. The Comptroller of Public Accounts shall deposit revenue from the fee (estimated to be <del>\$10,917,405</del> <b>\$11,000,000</b> in each year of the <del>2024-25</del> <b>2026-27</b> biennium) into the Employees Life, Accident, Health Insurance and Benefits Trust Account.</p> <p>Justification for change: Update Years</p>
Sec. 17.03	IX-80/81	<p><b>Payroll Contribution for Group Health Insurance.</b></p> <p>(a) Notwithstanding any other provision of this Act, out of appropriations made elsewhere in this Act to state agencies and institutions of higher education for the state fiscal biennium beginning September 1, <del>2023</del> <b>2025</b>, each agency and institution of higher education shall contribute to the Employees Retirement System's Group Benefits Program in an amount equal to 1.0 percent of the total base wages and salaries for each benefits eligible employee of a state agency or institution of higher education during the state fiscal biennium beginning September 1, <del>2023</del> <b>2025</b>.</p> <p>(b) For purposes of this section "state agencies and institutions of higher education" does not include components within the University of Texas and Texas A&amp;M Systems.</p> <p>(c) State agencies and institutions of higher education shall contribute pursuant to this section to the Employees Retirement System to increase state funding for group health coverage by the value of the 1.0 percent contribution, estimated to be <del>\$154,704,446</del> <b>\$154,823,576</b> in All Funds for state agencies and <del>\$89,542,883</del> <b>\$91,900,579</b> in All Funds for institutions of higher education for the <del>2024-25</del> <b>2026-27</b> biennium.</p> <p>(d) The calculation of base salary for purposes of the reductions made under this section excludes longevity pay, hazardous duty pay, benefit replacement pay, overtime pay, and other payments that are not part of the base salary of the employee.</p> <p>(e) Transfers made under this section shall be consistent with provisions requiring salaries and benefits to be proportional to the source of monies.</p> <p>(f) The Texas Higher Education Coordinating Board shall administer the requirements of this section for public community/junior colleges.</p> <p>(g) The Comptroller of Public Accounts shall promulgate rules and regulations as necessary to administer this section.</p> <p>Justification for change: Update projected contributions and years</p>



### 3.B. Rider Revisions and Additions Request (continued)

Current Rider Number	Page Number in 2024-25 GAA	Proposed Rider Language
Sec. 17.06	IX-81/82	<p><b>Additional Payroll Contribution for Retirement Contribution.</b></p> <p>(a) Notwithstanding any other provision of this Act, out of appropriations made elsewhere in this Act to state agencies for the state fiscal biennium beginning September 1, <del>2023</del> <b>2025</b>, each agency shall contribute to the Employees Retirement System's Retirement Program in an amount equal to 0.5 percent of the total base wages and salaries for each eligible employee of a state agency during the state fiscal biennium beginning September 1, <del>2023</del> <b>2025</b>.</p> <p>(b) State agencies shall contribute pursuant to this section to the Employees Retirement System to increase the state contribution for retirement by the value of the 0.5 percent contribution, estimated to be <del>\$92,216,223</del> <b>\$92,409,253</b> for state agencies for the <del>2024-25</del> <b>2026-27</b> biennium.</p> <p>(c) The calculation of base salary for purposes of the reductions made under this section excludes longevity pay, hazardous duty pay, benefit replacement pay, overtime pay, and other payments that are not part of the base salary of the employee.</p> <p>(d) Transfers made under this section shall be consistent with provisions requiring salaries and benefits to be proportional to the source of monies.</p> <p>(e) The Comptroller of Public Accounts shall promulgate rules and regulations as necessary to administer this section.</p> <p>Justification for change: Update projected contributions and years</p>

**4.A. Exceptional Item Request Schedule**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/1/2024  
 TIME: 4:25:08PM

Agency code: 327 Agency name: **Employees Retirement System**

CODE	DESCRIPTION	Excp 2026	Excp 2027
	<b>Item Name:</b> Group Benefits Program (Health Coverage) <b>Item Priority:</b> 1 <b>IT Component:</b> No <b>Anticipated Out-year Costs:</b> Yes <b>Involve Contracts &gt; \$50,000:</b> No <b>Includes Funding for the Following Strategy or Strategies:</b> 02-01-01 Provide Basic Insurance Program to General State Employees. Estimated.		

**OBJECTS OF EXPENSE:**

1002	OTHER PERSONNEL COSTS	167,260,094	353,467,412
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$167,260,094</b>	<b>\$353,467,412</b>

**METHOD OF FINANCING:**

1	General Revenue Fund	112,505,644	237,755,927
6	State Highway Fund	17,569,117	37,128,464
555	Federal Funds		
00.327.002	ERS Insurance	26,262,489	55,499,992
994	GR Dedicated Accounts	8,846,013	18,694,104
998	Other Special State Funds	2,076,831	4,388,925
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$167,260,094</b>	<b>\$353,467,412</b>

**DESCRIPTION / JUSTIFICATION:**

Health care costs continue to rise. The GBP is a pay as you go program. The last increase in state contribution was less than one percent (1%) and was for the 2018-19 biennium. ERS anticipates a net loss (expenditure exceeding all revenue sources which consist of state and member contributions, federal rebates and subsidies) in FY25 and fully depleting the contingency reserve accumulated through cost saving measures by FY29. ERS proposes an 8% increase to guide the decline in contingency reserve to the statutory minimum of 60 days for each year of the 2026-27 biennium. This would increase the per capita monthly state contribution for each full-time active and retired state agency employee from the FY25 rate of \$738.61 to \$797.70 for FY26 and \$861.52 for FY27.

**EXTERNAL/INTERNAL FACTORS:**

ERS has achieved significant cost savings in the GBP program through aggressive cost management; however, health care costs continue to rise.

**PCLS TRACKING KEY:**

**4.A. Exceptional Item Request Schedule**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/1/2024  
 TIME: 4:25:08PM

Agency code: 327

Agency name: Employees Retirement System

CODE	DESCRIPTION	Excp 2026	Excp 2027
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**DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :**

Increases requested for FY27 would be expected to be continued in the out years.

**ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:**

	2028	2029	2030
	\$242,574,399	\$242,574,399	\$242,574,399

**4.A. Exceptional Item Request Schedule**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/1/2024  
 TIME: 4:25:08PM

Agency code: 327 Agency name: **Employees Retirement System**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Excp 2026</b>	<b>Excp 2027</b>
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**Item Name:** CSCD - Cover GBP Monthly Rate Increase  
**Item Priority:** 2  
**IT Component:** No  
**Anticipated Out-year Costs:** Yes  
**Involve Contracts > \$50,000:** No  
**Includes Funding for the Following Strategy or Strategies:** 02-01-02 Insurance Contributions for Local CSCD Employee Estimated

**OBJECTS OF EXPENSE:**

1002	OTHER PERSONNEL COSTS	5,297,491	11,195,080
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$5,297,491</b>	<b>\$11,195,080</b>

**METHOD OF FINANCING:**

1	General Revenue Fund	5,297,491	11,195,080
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$5,297,491</b>	<b>\$11,195,080</b>

**DESCRIPTION / JUSTIFICATION:**

If the increase in the monthly rate is approved for GBP, the monthly rate for all participating entities will increase. The state provide coverage for eligible CSCD individuals

**EXTERNAL/INTERNAL FACTORS:**

ERS has proposed a monthly rate increase in 2026-27 for GBP

**PCLS TRACKING KEY:**

**DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :**

Associated with proposed monthly rate increase for GBP. The higher rate for 2027 would be reflected in subsequent years

**4.A. Exceptional Item Request Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/1/2024  
TIME: 4:25:08PM

Agency code: 327

Agency name: Employees Retirement System

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CODE	DESCRIPTION	Excp 2026	Excp 2027
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**ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:**

2028	2029	2030
\$3,768,196	\$3,768,196	\$3,768,196

Agency code: 327 Agency name: Employees Retirement System

Code	Description	Excp 2026	Excp 2027
<b>Item Name:</b> Group Benefits Program (Health Coverage)			
<b>Allocation to Strategy:</b> 2-1-1		Provide Basic Insurance Program to General State Employees. Estimated.	
<b>OBJECTS OF EXPENSE:</b>			
1002	OTHER PERSONNEL COSTS	167,260,094	353,467,412
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$167,260,094</b>	<b>\$353,467,412</b>
<b>METHOD OF FINANCING:</b>			
1	General Revenue Fund	112,505,644	237,755,927
6	State Highway Fund	17,569,117	37,128,464
555	Federal Funds		
	00.327.002 ERS Insurance	26,262,489	55,499,992
994	GR Dedicated Accounts	8,846,013	18,694,104
998	Other Special State Funds	2,076,831	4,388,925
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$167,260,094</b>	<b>\$353,467,412</b>

Agency code: 327 Agency name: Employees Retirement System

Code	Description	Excp 2026	Excp 2027
<b>Item Name:</b> CSCD - Cover GBP Monthly Rate Increase			
<b>Allocation to Strategy:</b> 2-1-2 Insurance Contributions for Local CSCD Employee Estimated			
<b>OBJECTS OF EXPENSE:</b>			
1002	OTHER PERSONNEL COSTS	5,297,491	11,195,080
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$5,297,491</b>	<b>\$11,195,080</b>
<b>METHOD OF FINANCING:</b>			
1	General Revenue Fund	5,297,491	11,195,080
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$5,297,491</b>	<b>\$11,195,080</b>

**4.C. Exceptional Items Strategy Request**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE:** 9/1/2024  
**TIME:** 4:25:09PM

Agency Code: **327** Agency name: **Employees Retirement System**

GOAL: 2 Provide Employees and Retirees with Quality Group Benefits

OBJECTIVE: 1 Manage GBP for State and Higher Education Employees

Service Categories:

STRATEGY: 1 Provide Basic Insurance Program to General State Employees. Estimated.

Service: 06 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2026</b>	<b>Excp 2027</b>
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**OBJECTS OF EXPENSE:**

1002 OTHER PERSONNEL COSTS	167,260,094	353,467,412
<b>Total, Objects of Expense</b>	<b>\$167,260,094</b>	<b>\$353,467,412</b>

**METHOD OF FINANCING:**

1 General Revenue Fund	112,505,644	237,755,927
6 State Highway Fund	17,569,117	37,128,464
555 Federal Funds		
00.327.002 ERS Insurance	26,262,489	55,499,992
994 GR Dedicated Accounts	8,846,013	18,694,104
998 Other Special State Funds	2,076,831	4,388,925
<b>Total, Method of Finance</b>	<b>\$167,260,094</b>	<b>\$353,467,412</b>

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

Group Benefits Program (Health Coverage)



**4.C. Exceptional Items Strategy Request**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE:** 9/1/2024  
**TIME:** 4:25:09PM

Agency Code: **327** Agency name: **Employees Retirement System**

GOAL: 2 Provide Employees and Retirees with Quality Group Benefits

OBJECTIVE: 1 Manage GBP for State and Higher Education Employees

Service Categories:

STRATEGY: 2 Insurance Contributions for Local CSCD Employee Estimated

Service: 06 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Exp 2026</b>	<b>Exp 2027</b>
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**OBJECTS OF EXPENSE:**

1002 OTHER PERSONNEL COSTS	5,297,491	11,195,080
<b>Total, Objects of Expense</b>	<b>\$5,297,491</b>	<b>\$11,195,080</b>

**METHOD OF FINANCING:**

1 General Revenue Fund	5,297,491	11,195,080
<b>Total, Method of Finance</b>	<b>\$5,297,491</b>	<b>\$11,195,080</b>

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

CSCD - Cover GBP Monthly Rate Increase

**6.A. Historically Underutilized Business Supporting Schedule**  
 89th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 9/1/2024  
 Time: 4:25:09PM

Agency Code: 327 Agency: Employees Retirement System

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

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

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2022			Total Expenditures FY 2022		HUB Expenditures FY 2023			Total Expenditures FY 2023	
			% Actual	Diff	Actual \$	% Goal	% Actual	Diff	Actual \$	FY 2023		
11.2%	Heavy Construction	0.0 %	0.0%	0.0%	\$0	\$0	0.0 %	0.0%	0.0%	\$0	\$0	
21.1%	Building Construction	21.1 %	3.9%	-17.2%	\$267,164	\$6,905,978	21.1 %	45.9%	24.8%	\$481,681	\$1,049,698	
32.9%	Special Trade	32.9 %	40.4%	7.5%	\$62,261	\$154,177	32.9 %	24.7%	-8.2%	\$34,442	\$139,266	
23.7%	Professional Services	23.7 %	25.1%	1.4%	\$239,305	\$955,159	23.7 %	0.0%	-23.7%	\$0	\$2,756,765	
26.0%	Other Services	26.0 %	29.7%	3.7%	\$6,888,177	\$23,157,243	26.0 %	31.3%	5.3%	\$8,525,446	\$27,280,325	
21.1%	Commodities	21.1 %	44.5%	23.4%	\$1,094,608	\$2,460,013	21.1 %	18.7%	-2.4%	\$537,922	\$2,875,295	
	<b>Total Expenditures</b>		<b>25.4%</b>		<b>\$8,551,515</b>	<b>\$33,632,570</b>		<b>28.1%</b>		<b>\$9,579,491</b>	<b>\$34,101,349</b>	

**B. Assessment of Attainment of HUB Procurement Goals**

**Attainment:**

- For Fiscal Year 2022, the agency exceeded the HUB procurement goal for Special Trade by 7.5%, Professional Services by 1.35%, Other Services by 3.75%, and Commodities by 23.40%.
- For Fiscal Year 2023, the agency exceeded the HUB procurement goal for Building Construction by 24.79%, Other Services by 5.25%.

**Applicability:**

The Heavy Construction category is not applicable to agency operations in either fiscal year 2022 or 2023.

**Factors Affecting Attainment:**

- For Fiscal Year 2022, the goal for Building Construction was not met, however, ERS effectively utilized HUB vendors as specified above in goal performance.
- For Fiscal Year 2023, The goal for Special Trade was not met, however, ERS effectively utilized HUB vendors as specified above in goal performance. The goal of Professional Services category was not met due to results of competitive bidding process where contracts were awarded to non-HUB vendors and subcontracting opportunities were not identified. The goal for Commodities was not met, however, ERS effectively utilized HUB vendors and HUB subcontractors as specified above in goal performance.

**C. Good-Faith Efforts to Increase HUB Participation**

**Outreach Efforts and Mentor-Protégé Programs:**

- Outreach Efforts and Mentor Protégé Program for the 2022-23 Biennium:
  - o ERS attended 5 economic opportunity forms/conferences.

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Agency Code: 327 Agency: Employees Retirement System

- o Participated in HUB-related meetings, trainings, and Economic Opportunity Forums (EOF) (e.g. vendor fair, spot bid fairs, conferences).
- o No mentor-protégé partnerships were requested or sponsored

**HUB Program Staffing:**

Below is the data detailing the weekly staffing levels dedicated to increasing participation of HUBs .

- Staff 1 - 50%
- Staff 2 - 15%
- Staff 3 - 15%
- Staff 4 - 15%
- Staff 5 - 10%
- Staff 6 - 10%

- o Attended HUB conferences and provided HUB vendors with information on how to contract with ERS in order to encourage and increase participation .
- o Participated in HUB-related meetings and forums as well as Economic Opportunity Forums (EOF) (e.g. vendor fair, spot bid fairs, conferences).
- o Met with certified HUB vendors to discuss the products and/or services that vendors provide and the potential opportunities available at ERS when requested.
- o Directed HUB vendors to other state agencies that may also be interested in the vendors' products and /or services when applicable.
- o When feasible, solicited more certified HUBs than required on all applicable bid opportunities.
- o Contacted HUBs directly for procurements that are under the competitive procurement threshold for bidding.
- o Worked with non-HUB vendors who are interested in becoming HUB-certified; this included directing potential HUB vendors to the Comptroller of Public Accounts' (CPA's) website.

**Current and Future Good-Faith Efforts:**

ERS's offerings do not generally lend themselves to subcontracting opportunities as a large percentage of ERS's contracts are performed directly by primary vendors, who in some cases rely on established contracted business partners not independent subcontractors. ERS will continue to make good faith efforts to meet its HUB goals in FYs 2024 and 2025. ERS continues to have more opportunities in these years given the ongoing construction and design on its new and established buildings. ERS' HUB program staffing includes: Director of Procurement and Contract Oversight, Assistant Director of Procurement and Contract Oversight, and HUB Manager, and three additional purchasers. ERS' purchasers will continue to participate in HUB-related meetings and forums as well as Economic Opportunity Forums (EOF) (e.g. vendor fair, spot bid fairs, conferences). ERS is also willing to meet one on-one with HUB vendors as is allowable under law. ERS will also continue to work with non-HUB vendors who are interested in becoming HUB-certified; this will include directing potential HUB vendors to the CPA's website and the relevant information contained therein .

		<b>327 Employees Retirement System</b>				
CFDA/ALN NUMBER/ STRATEGY		Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>00.327.001</b>	ERS Retirement					
1 - 1 - 1	ERS RETIREMENT PROGRAM	123,154,230	328,827,723	238,151,983	166,886,226	166,886,226
1 - 1 - 7	LEGACY PAYMENTS	6,866,616	0	0	0	0
	<b>TOTAL, ALL STRATEGIES</b>	<b>\$130,020,846</b>	<b>\$328,827,723</b>	<b>\$238,151,983</b>	<b>\$166,886,226</b>	<b>\$166,886,226</b>
	<b>ADDL FED FNDS FOR EMPL BENEFITS</b>	0	0	0	0	0
	<b>TOTAL, FEDERAL FUNDS</b>	<b>\$130,020,846</b>	<b>\$328,827,723</b>	<b>\$238,151,983</b>	<b>\$166,886,226</b>	<b>\$166,886,226</b>
	<b>ADDL GR FOR EMPL BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>00.327.002</b>	ERS Insurance					
2 - 1 - 1	GROUP BENEFITS PROGRAM	309,191,505	777,232,508	529,523,462	314,923,694	319,962,473
	<b>TOTAL, ALL STRATEGIES</b>	<b>\$309,191,505</b>	<b>\$777,232,508</b>	<b>\$529,523,462</b>	<b>\$314,923,694</b>	<b>\$319,962,473</b>
	<b>ADDL FED FNDS FOR EMPL BENEFITS</b>	0	0	0	0	0
	<b>TOTAL, FEDERAL FUNDS</b>	<b>\$309,191,505</b>	<b>\$777,232,508</b>	<b>\$529,523,462</b>	<b>\$314,923,694</b>	<b>\$319,962,473</b>
	<b>ADDL GR FOR EMPL BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>00.327.003</b>	LECOS Retirement					
1 - 1 - 2	LECOS RETIREMENT PROGRAM	51,988	183,684	218,677	218,677	218,677
	<b>TOTAL, ALL STRATEGIES</b>	<b>\$51,988</b>	<b>\$183,684</b>	<b>\$218,677</b>	<b>\$218,677</b>	<b>\$218,677</b>
	<b>ADDL FED FNDS FOR EMPL BENEFITS</b>	0	0	0	0	0
	<b>TOTAL, FEDERAL FUNDS</b>	<b>\$51,988</b>	<b>\$183,684</b>	<b>\$218,677</b>	<b>\$218,677</b>	<b>\$218,677</b>
	<b>ADDL GR FOR EMPL BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

		<b>327 Employees Retirement System</b>				
<b>CFDA/ALN NUMBER/ STRATEGY</b>		<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>BL 2026</b>	<b>BL 2027</b>
 <b><u>SUMMARY LISTING OF FEDERAL PROGRAM AMOUNTS</u></b>						
00.327.001	ERS Retirement	130,020,846	328,827,723	238,151,983	166,886,226	166,886,226
00.327.002	ERS Insurance	309,191,505	777,232,508	529,523,462	314,923,694	319,962,473
00.327.003	LECOS Retirement	51,988	183,684	218,677	218,677	218,677
<b>TOTAL, ALL STRATEGIES</b>		<b>\$439,264,339</b>	<b>\$1,106,243,915</b>	<b>\$767,894,122</b>	<b>\$482,028,597</b>	<b>\$487,067,376</b>
<b>TOTAL, ADDL FED FUNDS FOR EMPL BENEFITS</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL, FEDERAL FUNDS</b>		<b>\$439,264,339</b>	<b>\$1,106,243,915</b>	<b>\$767,894,122</b>	<b>\$482,028,597</b>	<b>\$487,067,376</b>
<b>TOTAL, ADDL GR FOR EMPL BENEFITS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**SUMMARY OF SPECIAL CONCERNS/ISSUES**

**Assumptions and Methodology:**

The method of finance reflects proportionality as provided by the LBB.

**Potential Loss:**

**6.F.a. Advisory Committee Supporting Schedule ~ Part A**

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Automated Budget and Evaluation System of Texas (ABEST)

Date: 9/1/2024  
Time: 4:25:14PM

Agency Code: **327**      Agency: **Employees Retirement System**

**INVESTMENT ADVISORY COMMITTEE**

Statutory Authorization: Tx Govt Code Section 815.509  
 Number of Members: 9  
 Committee Status: Ongoing  
 Date Created: 8/5/1966  
 Date to Be Abolished:  
 Strategy (Strategies): 1-1-1      ERS RETIREMENT PROGRAM  
                                   1-1-2      LECOS RETIREMENT PROGRAM  
                                   1-1-3      JUDICIAL RETIREMENT SYSTEM - PLAN 2

<b>Advisory Committee Costs</b>	<b>Expended Exp 2023</b>	<b>Estimated Est 2024</b>	<b>Budgeted Bud 2025</b>	<b>Requested BL 2026</b>	<b>Requested BL 2027</b>
Committee Members Direct Expenses					
TRAVEL	\$15,367	\$13,847	\$17,500	\$17,500	\$17,500
OTHER OPERATING COSTS	33,000	84,000	107,500	107,500	107,500
Other Expenditures in Support of Committee Activities					
AGENCY SUPPORT PERSONNEL	15,000	18,750	18,750	18,750	18,750
<b>Total, Committee Expenditures</b>	<b>\$63,367</b>	<b>\$116,597</b>	<b>\$143,750</b>	<b>\$143,750</b>	<b>\$143,750</b>
Method of Financing					
S.E.R.S. Trust Account	\$63,367	\$116,597	\$143,750	\$143,750	\$143,750
<b>Total, Method of Financing</b>	<b>\$63,367</b>	<b>\$116,597</b>	<b>\$143,750</b>	<b>\$143,750</b>	<b>\$143,750</b>
<b>Meetings Per Fiscal Year</b>	4	4	4	4	4

**6.F.a. Advisory Committee Supporting Schedule ~ Part A**

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Date: 9/1/2024  
Time: 4:25:14PM

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Agency Code: **327** Agency: **Employees Retirement System**

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

Established at the discretion of the Board of Trustees as authorized in the TAC subsection 63.17(b). Composed of 6 members. The members are selected by the Board of Trustees on the basis of experience in the management of financial institution or other business in which investment decisions are made or as a prominent educator in the fields of economics, finance or other investment-related area. In addition to the quarterly joint meetings with the Board, the IAC members participate in other investment related meetings at the request of ERS staff.

6.F.a. Advisory Committee Supporting Schedule ~ Part A

89th Regular Session, Agency Submission, Version 1  
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Date: 9/1/2024  
 Time: 4:25:14PM

Agency Code: **327** Agency: **Employees Retirement System**

**GROUP BENEFITS ADVISORY COMMITTEE**

Statutory Authorization: Tx Govt Code Section 815.509  
 Number of Members: 11  
 Committee Status: Ongoing  
 Date Created: 12/31/2017  
 Date to Be Abolished:  
 Strategy (Strategies): 2-1-1 GROUP BENEFITS PROGRAM

<b>Advisory Committee Costs</b>	<b>Expended Exp 2023</b>	<b>Estimated Est 2024</b>	<b>Budgeted Bud 2025</b>	<b>Requested BL 2026</b>	<b>Requested BL 2027</b>
Committee Members Direct Expenses					
TRAVEL	\$1,159	\$4,750	\$4,750	\$5,938	\$5,938
Other Expenditures in Support of Committee Activities					
AGENCY SUPPORT PERSONNEL	21,000	26,250	26,250	32,813	32,813
<b>Total, Committee Expenditures</b>	<b>\$22,159</b>	<b>\$31,000</b>	<b>\$31,000</b>	<b>\$38,751</b>	<b>\$38,751</b>
Method of Financing					
General Revenue Fund	\$22,159	\$31,000	\$31,000	\$38,751	\$38,751
<b>Total, Method of Financing</b>	<b>\$22,159</b>	<b>\$31,000</b>	<b>\$31,000</b>	<b>\$38,751</b>	<b>\$38,751</b>
<b>Meetings Per Fiscal Year</b>	2	2	2	2	2



**6.F.a. Advisory Committee Supporting Schedule ~ Part A**

89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Date: 9/1/2024  
Time: 4:25:14PM

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Agency Code: **327**      Agency: **Employees Retirement System**

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

The Group Benefit Advisory Committee (GBAC) is a part of the agency's ongoing efforts to incorporate a full spectrum of stakeholder and expert input and opinions in the planning and development of employee benefit program offered under the Texas Employees Group Benefits Program (GBP).

**6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern  
Employees Retirement System of Texas**

<b>ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2026-27 GAA BILL PATTERN</b>	<b>\$</b>	<b>64,702,636,589</b>
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**Retirement Trust Fund (0955)**

Beginning Balance in FY 2024		\$ 34,051,958,734	
Estimated Revenues FY 2024		\$ 6,563,746,769	
Estimated Revenues FY 2025		\$ 5,057,927,682	
	<b>FY 2024-25 Total</b>	\$ 45,673,633,185	
Beginning Balance in FY 2026		\$ 39,844,528,614	
Estimated Revenues FY 2026		\$ 5,372,102,647	
Estimated Revenues FY 2027		\$ 5,708,269,860	
	<b>FY 2026-27 Total</b>	\$ 50,924,901,120	

**Constitutional or Statutory Creation and Use of Funds:**

The ERS Retirement Trust Fund is created by Government Code, Section 815.310. Funds in the account are used to pay retirement annuities and to operate the retirement system.

**Method of Calculation and Revenue Assumptions:**

Revenues to the trust fund include member contributions, state contributions including the legacy payment, investment income, and other revenues. Investment income can vary widely from year to year. State contributions are dependent upon legislative action. For this document, other revenue is assumed to remain constant at the FY 2024 level for FY 2026-27. Investment Income is calculated using the 7.00% assumption approved by the Board as of May, 2020. State contributions are estimated at the LAR Base Level of 9.50% of payroll .

**6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern**  
**Employees Retirement System of Texas**

**LECOS Trust Fund (0977)**

Beginning Balance in FY 2024	\$	1,040,702,271
Estimated Revenues FY 2024	\$	1,121,958,020
Estimated Revenues FY 2025	\$	190,595,151
<b>FY 2024-25 Total</b>	\$	<u>2,353,255,443</u>
Beginning Balance in FY 2026	\$	2,138,068,075
Estimated Revenues FY 2026	\$	200,504,051
Estimated Revenues FY 2027	\$	211,106,575
<b>FY 2026-27 Total</b>	\$	<u>2,549,678,702</u>

**Constitutional or Statutory Creation and Use of Funds:**

The LECOS Trust Fund is created by Government Code, Section 815.317. Funds in the account are used to pay law enforcement and custodial officer supplemental retirement and death benefits to law enforcement and custodial officers and to pay for the administration of the fund.

**Method of Calculation and Revenue Assumptions:**

Revenues to the trust fund include member contributions, state contributions, investment income, and other revenues. Investment income can vary widely from year to year. It is assumed that contributions for each year of the 2026-27 biennium will be established at the current level of 1.75%. Investment income is calculated using the 7.00 % assumption approved by the Board as of May, 2020.

**6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern**  
**Employees Retirement System of Texas**

**JRS II Trust Fund (0993)**

Beginning Balance in FY 2024	\$	585,550,741
Estimated Revenues FY 2024	\$	221,016,297
Estimated Revenues FY 2025	\$	50,175,491
<b>FY 2024-25 Total</b>	\$	<u>856,742,529</u>
Beginning Balance in FY 2026	\$	773,081,334
Estimated Revenues FY 2026	\$	52,663,095
Estimated Revenues FY 2027	\$	55,324,831
<b>FY 2026-27 Total</b>	\$	<u>881,069,259</u>

**Constitutional or Statutory Creation and Use of Funds:**

The JRS II Trust Fund is created by Government Code, Section 840.305. Funds in the account are used to pay judicial retirement benefits and administrative expenses.

**Method of Calculation and Revenue Assumptions:**

Revenues to the trust fund include member contributions, state contributions, investment income, and other revenues. Investment income can vary widely from year to year. State contributions are dependent upon legislative action. Investment income is calculated using the 7.00 % assumption approved by the Board as of May, 2020. State contributions are estimated at the LAR baseline request level of 19.25%.

**6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern**  
**Employees Retirement System of Texas**

**Insurance Fund (0973)/(3973)**

Beginning Balance in FY 2024	\$	3,601,545,465
Estimated Revenues FY 2024	\$	3,610,624,715
Estimated Revenues FY 2025	\$	3,610,624,715
<b>FY 2024-25 Total</b>	\$	<u>10,822,794,895</u>
Beginning Balance in FY 2026	\$	3,125,738,077
Estimated Revenues FY 2026	\$	3,610,624,715
Estimated Revenues FY 2027	\$	3,610,624,715
<b>FY 2026-27 Total</b>	\$	<u>10,346,987,508</u>

**Constitutional or Statutory Creation and Use of Funds:**

The Insurance Fund is created by Insurance Code, Section 1551.401. Funds in the account are used for all payments of any coverages provided for under the Group Benefits Program and for payment of expenses of administering the program.

**Method of Calculation and Revenue Assumptions:**

Revenues to the trust fund include member contributions, state contributions, investment income, and other revenues. It is assumed that contributions from the state and the members for FY 2025 will be at the FY 2024 levels with no increase in enrollment.







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