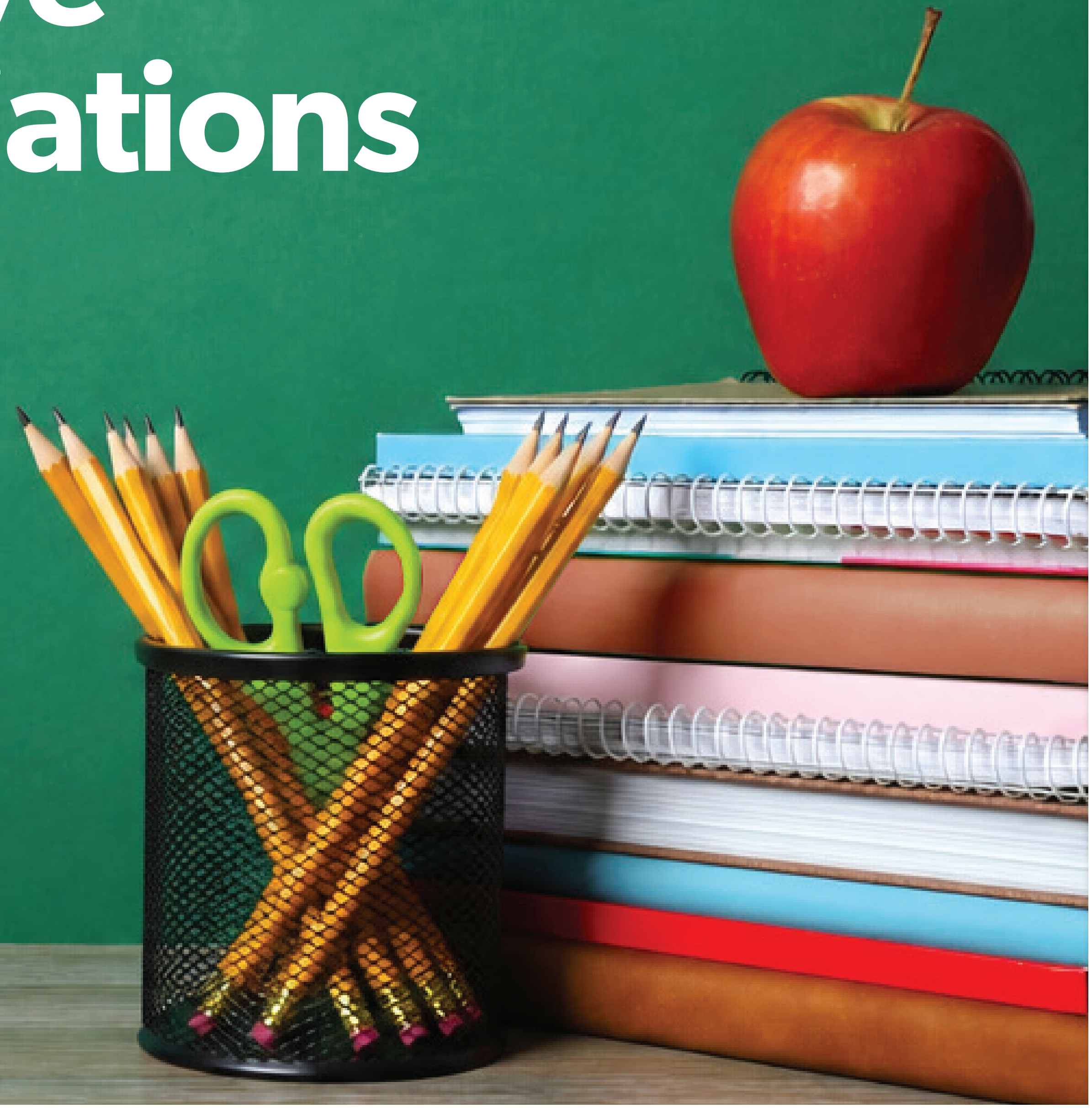
TEACHER RETIREMENT SYSTEM OF TEXAS

Legislative Appropriations Request

Fiscal Years 2028–2029



TRS
TEACHER RETIREMENT SYSTEM OF TEXAS

Legislative Appropriations Request

For Fiscal Years 2028 and 2029

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

by

Teacher Retirement System of Texas

August 14, 2026

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Nora Velasco, Deputy Director
Legislative Budget Board

Fisher Reynolds, Budget Director
Office of the Governor, Budget Division

Dear Ms. Velasco and Mr. Reynolds:

The Teacher Retirement System of Texas (TRS) is pleased to submit the legislative appropriations request (LAR) for the FY 2028-29 biennium. Last budget cycle, the Legislature provided $369.2 million for TRS-ActiveCare to help public education employees continue to have more affordable health coverage. This appropriation is part of a five-year plan to limit premium increases to an average of no more than 10% through FY 2028 for about 420,000 participants. The final estimated appropriation related to this plan is included in this request. This request also addresses funding needs for programs that receive contributions from the state: the TRS Pension Trust Fund and TRS-Care, the Texas Public School Retired Employees Group Benefits Program.

This LAR also includes a request for approval of TRS' administrative operations budget. Texas Government Code §825.312 provides that the retirement system shall pay all administrative expenses of the retirement system from the expense account of the retirement system. Previous legislatures have chosen to fund TRS administrative operations from the TRS Pension Trust Fund, and the accompanying request continues that practice.

The total requested general revenue and general revenue-related funding for the FY 2028-29 biennium is $8.4 billion. TRS will pay out in excess of $19 billion annually in retiree benefits to more than 500,000 annuitants and health care payments on behalf of over 628,000 participants. These payments are a significant source of economic stimulus across the state. An economic analysis conducted by The Perryman Group concluded that TRS annuity payments alone generated more than $2.6 billion in annual tax revenues for both the state and local governments and supported more than 175,000 permanent jobs in Texas during FY 2026.

Teacher Retirement System Pension Trust Fund

TRS is currently the sixth largest public pension fund in the U.S. and is actively managed by a team of investment professionals whose long-term, risk-adjusted returns have exceeded the benchmark over the past 10 years and have generated an estimated $26 billion more than benchmarks approved by the TRS Board of Trustees (Board). As of June 2026, the fund completed a one year return in excess of 16.4% and a market value of $252.4 billion, exceeding the 7% investment return assumption.

The phased-in contribution rates adopted by the 2019 Texas Legislature strengthened TRS' financial position and supported progress toward reducing the unfunded actuarial accrued liability (UAAL). The final increase took effect in September 2025. State law requires the Board to adopt a Funding Policy that details a plan for achieving a funded ratio equal to or greater than 100%. The Board's Funding Policy requires that TRS identify the contribution rate needed to reduce the UAAL within five years, using the most recent actuarial valuation. TRS will use the actuarial valuation as of August 31, 2026, when it becomes available in December 2026. Until then, the LAR uses the August 31, 2025 valuation.

Under the 2025 valuation, the UAAL is projected to be amortized over 35 years, exceeding the 31-year statutory funding benchmark. The UAAL increased from $60.6 billion as of August 31, 2024, to $64.9 billion as of August 31, 2025, primarily due to compensation increases for public education employees enacted by the 89th Texas Legislature.

Under current projections, the UAAL is not expected to decline until 2038. Although TRS anticipates fiscal year 2026 investment returns will exceed the assumed rate of 7.0%, those returns are not expected to be sufficient to cause the UAAL to decline within the required five-year period. Updating the August 31, 2025 valuation with the current investment return, the actuary estimates that beginning September 1, 2027, an adjustment of 1-1.5% will be needed for the UAAL to decline within that period. TRS will update this estimate when the 2026 valuation becomes available.

TRS-Care and TRS-ActiveCare

Under state law, TRS-Care receives state funding equal to 1.25% of active public school employee payroll per year. The request includes this appropriation, which is an additional $80.7 million in general revenue funding over current 2028-29 projected amounts to fund the 1.25% contribution, assuming annual covered payroll growth with a conservative estimate of 2.0%.

TRS-Care has a healthy and growing fund balance due to legislative changes that took effect in 2018 along with recent federal Medicare changes and TRS' diligent management, among other factors. Specifically, these changes have continued to generate savings for the TRS-Care Medicare Advantage plan, the plan for TRS retirees who are Medicare eligible. In April 2026, TRS received direction from Governor Abbott to use these savings to reduce TRS-Care Medicare Advantage premiums while maintaining the long-term stability of the plan. At its July 2026 meeting, the TRS Board of Trustees voted to lower premiums in 2027 plan year for Medicare retirees – reducing premiums by 33% per month for retirees. Retirees will experience a $25 reduction with spouses also seeing a $25 per month reduction – while protecting the long-term financial soundness of TRS-Care. For TRS-Care Standard, the health plan for TRS retirees who are not Medicare eligible, premiums will not increase and will remain the same as when initially set in 2018. TRS-Care Standard premiums remain competitive compared to other plans in the market and as health care costs rise, the plan becomes more valuable to members every year.

TRS will continue to actively manage TRS-Care and make incremental adjustments to premiums and benefits to respond to market trends and ensure the sustainability of TRS-Care. TRS projects that with incremental adjustments, the TRS-Care fund will have more than $4.5 billion at the end of the next decade.

TRS is also responsible for the administration of TRS-ActiveCare, which provides health care coverage for nearly 1,000 public education employers across Texas, representing about 420,000 lives. The TRS Board of Trustees sets the gross premiums for employers to ensure adequate funding for benefits. TRS' size, contracting strength, and effective management enable TRS to offer employers coverage at a cost below similar benefit plans in the market. Each participating employer uses a mix of local and state funds for an average contribution of $370 per employee per month toward the total premium, and employees contribute the remaining cost toward the premium. State law in 2001 set the total contribution from the state ($75) and employer (minimum $150) at $225 per person and required funding to flow through the districts' basic allotments to TRS. Funding contribution requirements haven't changed since inception of the program.

At this time, TRS estimates that $110 million will be needed for the 2028-29 biennium to maintain premium increases below 10% on average in fiscal year 2028. This request completes the legislatively directed five-year plan to smooth premium increases needed to cover annual claims costs following the premium reduction in FY 2023. Recent growth in the plan and the potential for adverse experience could lead to the need to increase the request. Since the implementation of SB 1444 (87R), which allows districts to opt-in and opt-out of TRS-ActiveCare, 131 employers have departed from the plan and 16 employers have joined, with 25 scheduled to join for FY 2027. Many of the employers who left TRS-ActiveCare have requested to return, and TRS anticipates receiving notice from a significant number of employers by

December 31, 2026. Should TRS see a large influx of employers at that time, the $110 million in additional funding may not be sufficient to maintain premium increases below 10% on average as planned.

While TRS-ActiveCare offers a competitive gross premium for employers participating in the program, plan affordability for employees and their families is an ongoing concern as employees bear a significant share of premium costs when compared to other employers. TRS will continue to seek ways to offer high-value coverage at the most competitive premiums possible while not compromising benefits.

Administrative Operations

To adequately serve members and prudently manage pension fund assets, TRS requests approval for funding for Administrative Operations of $292.2 million for FY 2028 and $303.5 million for FY 2029. TRS' administrative budget is funded through the TRS Pension Trust Fund rather than state general revenue. This request prioritizes key initiatives for emerging technologies related to data management systems, artificial intelligence, and cybersecurity capabilities that protect all categories of TRS data. As TRS continues to advance our service capabilities, our technical needs are also advancing to provide the high-quality customer service our members deserve.

Furthermore, through member surveys and current service data, TRS identified unfulfilled demand for in-person office visit appointments among members who live far from the Austin headquarters. In FY 2022, TRS opened its first regional office in El Paso, Texas to offer member services in an underserved part of the state. Since opening in November 2022, the El Paso Office has served over 27,000 members locally. TRS is actively working to open an additional regional office in the Rio Grande Valley area.

TRS' total pension administration cost of $75 per active member and annuitant remains well below the 2026 peer average of $139. Additionally, this request represents approximately 0.12% of the value of the TRS Pension Trust Fund, demonstrating how TRS continues to be one of the lowest cost systems of any major state public pension fund. TRS is dedicated to achieving the highest levels of customer satisfaction and continues to prioritize the delivery of services that align with our mission.

Criminal History Information

TRS contracts with the Department of Public Safety (DPS) to obtain criminal history information on candidates for FTE and contract positions, pursuant to Government Code §411.0971. Information is disclosed to only essential staff in the Organizational Excellence division - TRS' human resources function, and if necessary, essential legal and executive staff. In accordance with TRS policies, procedures, and the Federal Bureau of Investigation's Criminal Justice Information Services (CJIS) Security policy, TRS will destroy criminal history record information after the information is used for its authorized purposes.

Exempt Positions

Pursuant to Government Code §825.208, the Board of Trustees has the authority to determine the rate of pay of employees of the retirement system. TRS respectfully requests that current salaries for the following positions listed in the General Appropriations Act (GAA) be revised to reflect the current not to exceed rates for those positions adopted by the TRS Board of Trustees, as listed below.

Executive Director	$625,046
Chief Investment Officer	$850,006

323 Teacher Retirement System

TRS would like to express its deepest gratitude to state leadership and the legislature for the invaluable support provided for the TRS Pension Trust Fund and the TRS-Care and TRS-ActiveCare health insurance programs. This request prioritizes resources to meet the needs of over 2 million members and retirees while fulfilling our fiduciary obligation to prudently manage TRS trust funds. Your consideration of these funding requests on behalf of the members of the Teacher Retirement System of Texas is greatly appreciated.

Sincerely,

Brian K. Guthrie
Executive Director

Teacher Retirement System of Texas 2026 Executive Council

TRS Board of Trustees

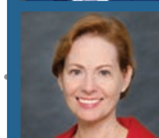
Brian K. Guthrie
Executive Director (8)

Amanda Jenami
Chief Audit Executive (18)

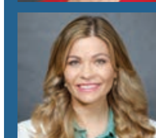
Caasi Lamb
Deputy Director (10)

Lori LaBrie
Ombuds

Jase Auby
Chief Investment Officer (259)



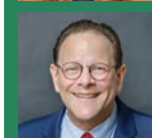
Heather Traeger
General Counsel & Chief Compliance Officer (50)



Merita Zoga
Chief Government Affairs Officer (1)

Barbie Pearson
Chief Benefit Officer (429)

Meaghan Bludau
Chief Health Care Officer (75)

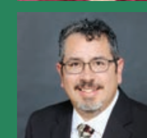


Don Green
Chief Financial Officer (50)

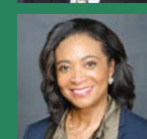
Chris Cutler
Chief Information Officer (240)

Martin Cano
Chief Administrative Services Officer (73.8)

Shannon Gosewehr
Chief Contract Services Officer (26)



Frank Williams
Chief Information Security Officer (20)



Shunne Powell
Chief Organizational Excellence Officer (45)

Beth Hallmark
Chief Communications Officer (11.5)

C E R T I F I C A T E

Agency Name: Teacher Retirement System

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 Senate Bill 1, Article IX, Section 7.01, Eighty-ninth Legislature, Regular Session, 2025.

Chief Executive

Signature

Brian K. Guthrie

Printed Name

Executive Director

8/14/26

Date

Board Chair

Signature

Robert H. Walls Jr.

Printed Name

Chair, Board of Trustees

8/14/26

Date

Chief Financial Officer

Signature

Don Green

Printed Name

Chief Financial Officer

8/14/26

Date

323 Teacher Retirement System

Appropriation Years: 2028-29

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2026-27	2028-29	2026-27	2028-29	2026-27	2028-29	2026-27	2028-29	2026-27	2028-29	2028-29
Goal: 1. To Administer the System as an Employee Benefit Trust											
1.1.1. Trs - Public Education Retirement	5,575,098,055	6,234,295,979							5,575,098,055	6,234,295,979	
1.1.2. Trs - Higher Education Retirement	769,270,900	826,756,418	89,441,621	88,600,772					858,712,521	915,357,190	
1.1.3. Administrative Operations							595,652,012	595,652,012	595,652,012	595,652,012	
1.2.1. Retiree Health - Statutory Funds	1,224,919,953	1,305,623,756							1,224,919,953	1,305,623,756	
Total, Goal	**7,569,288,908**	**8,366,676,153**	**89,441,621**	**88,600,772**			**595,652,012**	**595,652,012**	**8,254,382,541**	**9,050,928,937**	
Total, Agency	**7,569,288,908**	**8,366,676,153**	**89,441,621**	**88,600,772**			**595,652,012**	**595,652,012**	**8,254,382,541**	**9,050,928,937**	
Total FTEs									**1,158.3**	**1,158.3**	**0.0**

323 Teacher Retirement System

Goal / *Objective* / STRATEGY	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
1 To Administer the System as an Employee Benefit Trust					
1 *Sound Retirement System*					
1 TRS - PUBLIC EDUCATION RETIREMENT	2,564,554,383	2,762,739,282	2,812,358,773	3,072,595,357	3,161,700,622
2 TRS - HIGHER EDUCATION RETIREMENT	399,692,798	417,735,594	440,976,927	451,179,398	464,177,792
3 ADMINISTRATIVE OPERATIONS	285,011,296	310,124,012	285,528,000	292,193,000	303,459,012
2 *Health Care Program for Public Education Retirees Funded by Statute*					
1 RETIREE HEALTH - STATUTORY FUNDS	526,551,253	596,431,827	628,488,126	643,481,398	662,142,358
4 *Healthcare for Public Ed Active Employees*					
1 ACTIVE EMPLOYEE HEALTHCARE	369,224,574	0	0	0	0
TOTAL, GOAL 1	**$4,145,034,304**	**$4,087,030,715**	**$4,167,351,826**	**$4,459,449,153**	**$4,591,479,784**
TOTAL, AGENCY STRATEGY REQUEST	**$4,145,034,304**	**$4,087,030,715**	**$4,167,351,826**	**$4,459,449,153**	**$4,591,479,784**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				**$0**	**$0**
GRAND TOTAL, AGENCY REQUEST	**$4,145,034,304**	**$4,087,030,715**	**$4,167,351,826**	**$4,459,449,153**	**$4,591,479,784**

323 Teacher Retirement System

Goal / *Objective* / STRATEGY	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
METHOD OF FINANCING:					
General Revenue Funds:					
1 General Revenue Fund	3,810,516,330	3,729,226,381	3,840,062,527	4,123,824,402	4,242,851,751
SUBTOTAL	**$3,810,516,330**	**$3,729,226,381**	**$3,840,062,527**	**$4,123,824,402**	**$4,242,851,751**
General Revenue Dedicated Funds:					
770 Est. Other Educational & General	42,245,285	47,680,322	41,761,299	43,431,751	45,169,021
SUBTOTAL	**$42,245,285**	**$47,680,322**	**$41,761,299**	**$43,431,751**	**$45,169,021**
Other Funds:					
960 TRS Trust Account Fund	292,272,689	310,124,012	285,528,000	292,193,000	303,459,012
SUBTOTAL	**$292,272,689**	**$310,124,012**	**$285,528,000**	**$292,193,000**	**$303,459,012**
TOTAL, METHOD OF FINANCING	**$4,145,034,304**	**$4,087,030,715**	**$4,167,351,826**	**$4,459,449,153**	**$4,591,479,784**

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

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

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
GENERAL REVENUE					
1 General Revenue Fund					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2024-25 GAA)	$3,448,459,510	$0	$0	$0	$0
Comments: Conference Committee Report, House Bill 1, 88th Legislature Regular Session, 2023.					
Regular Appropriations from MOF Table (2026-27 GAA)	$0	$3,692,446,093	$3,799,036,860	$0	$0
Comments: Conference Committee Report, Senate Bill 1, 89th Legislature Regular Session, 2025.					
Regular Appropriations	$0	$0	$0	$4,123,824,402	$4,242,851,751
RIDER APPROPRIATION					
Article IX, Sec 18.86 Contingency for Public Education	$0	$36,780,288	$41,025,667	$0	$0
Comments: Additional contributions to TRS-Care and Public Education to implement the provisions of HB 2.					
SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS					

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

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
GENERAL REVENUE					
HB 500, 89th Legislature Regular Session	$369,224,574	$0	$0	$0	$0
Comments: Healthcare for Public Education Active Employees (TRS-ActiveCare).					
BASE ADJUSTMENT					
Adjustment per Section 1575.201, Insurance Code	$40,506,043	$0	$0	$0	$0
Comments: FY 2025 Settle-up for TRS-Care.					
Adjustment per Section 403.093, Government Code	$(47,673,797)	$0	$0	$0	$0
Comments: FY 2025 Settle-up for Higher Education $56,741,696 and Public Education ($104,415,493).					
TOTAL, General Revenue Fund	**$3,810,516,330**	**$3,729,226,381**	**$3,840,062,527**	**$4,123,824,402**	**$4,242,851,751**
TOTAL, ALL GENERAL REVENUE	**$3,810,516,330**	**$3,729,226,381**	**$3,840,062,527**	**$4,123,824,402**	**$4,242,851,751**

GENERAL REVENUE FUND - DEDICATED

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

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

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
GENERAL REVENUE FUND - DEDICATED					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2024-25 GAA)	$37,535,281	$0	$0	$0	$0
Comments: Conference Committee Report, House Bill 1, 88th Legislature Regular Session, 2023.					
Regular Appropriations from MOF Table (2026-27 GAA)	$0	$40,680,322	$41,761,299	$0	$0
Comments: Conference Committee Report, Senate Bill 1, 89th Legislature Regular Session, 2025.					
Regular Appropriations	$0	$0	$0	$43,431,751	$45,169,021
SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS					
Rider 7 - Transfer of Other Educ & Gen Income (2024-25 GAA)	$12,000,000	$0	$0	$0	$0
Comments: Transfer of authorized appropriations for TRS Higher-Education Retirement from Other Educational and General Income to institutions of higher education to meet their obligations and comply with the Benefits Paid Proportional by Method of Finance.					

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

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
GENERAL REVENUE FUND - DEDICATED					
Rider 7 - Transfer of Other Educ & Gen Income (2026-27 GAA)	$0	$7,000,000	$0	$0	$0
Comments: Transfer of authorized appropriations for TRS Higher-Education Retirement from Other Educational and General Income to institutions of higher education to meet their obligations and comply with the Benefits Paid Proportional by Method of Finance.					
BASE ADJUSTMENT					
Rider 7 - Transfer of Other Educ & Gen Income (2024-25 GAA)	$(7,289,996)	$0	$0	$0	$0
Comments: Base Adjustment to reflect actual expenditures by institutions, per data shared by CPA.					
TOTAL, GR Dedicated - Estimated Other Educational and General Income Account No. 770	**$42,245,285**	**$47,680,322**	**$41,761,299**	**$43,431,751**	**$45,169,021**
TOTAL GENERAL REVENUE FUND - DEDICATED - 704, 708 & 770	**$42,245,285**	**$47,680,322**	**$41,761,299**	**$43,431,751**	**$45,169,021**
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED	**$42,245,285**	**$47,680,322**	**$41,761,299**	**$43,431,751**	**$45,169,021**
TOTAL, GR & GR-DEDICATED FUNDS	**$3,852,761,615**	**$3,776,906,703**	**$3,881,823,826**	**$4,167,256,153**	**$4,288,020,772**
OTHER FUNDS					

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

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
OTHER FUNDS					
960 Teacher Retirement System Trust Account Fund No. 960					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2024-25 GAA)	$219,096,500	$0	$0	$0	$0
Comments: Conference Committee Report, House Bill 1, 88th Legislature Regular Session, 2023. Administrative Operations of the Pension Trust Fund.					
Regular Appropriations from MOF Table (2024-25 GAA)	$7,261,393	$0	$0	$0	$0
Comments: Conference Committee Report, House Bill 1, 88th Legislature Regular Session, 2023. Employer Contributions for TRS Employees.					
Regular Appropriations from MOF Table (2024-25 GAA)	$10,899,746	$0	$0	$0	$0
Comments: Conference Committee Report, House Bill 1, 88th Legislature Regular Session, 2023. 5% Salary Adjustment.					
Regular Appropriations from MOF Table (2026-27 GAA)	$0	$291,612,800	$256,873,800	$0	$0
Comments: Conference Committee Report, Senate Bill 1, 89th Legislature Regular Session, 2025. Administrative Operations of the Pension Trust Fund.					

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

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
OTHER FUNDS					
Regular Appropriations	$0	$0	$0	$292,193,000	$303,459,012
RIDER APPROPRIATION					
Rider 12, Performance Incentive Compensation (2024-25 GAA)	$39,742,057	$0	$0	$0	$0
Rider 12, Performance Incentive Compensation (2026-27 GAA)	$0	$40,133,412	$0	$0	$0
LAPSED APPROPRIATIONS					
Administrative Operations of the Pension Trust Fund	$(28,214,699)	$0	$0	$0	$0
UNEXPENDED BALANCES AUTHORITY					
Art IX, Sec 14.03(i), Capital Budget UB (2024-25 GAA)	$34,755,092	$0	$0	$0	$0

Comments: Capital Budget UB related to all other Capital Budget Appropriations.

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

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
OTHER FUNDS					
Art IX, Sec 14.03(l), Capital Budget UB (2026-27 GAA)	$0	$(26,683,200)	$26,683,200	$0	$0
Comments: Capital Budget UB related to all other Capital Budget Appropriations.					
BASE ADJUSTMENT					
Regular Appropriations from MOF Table (2024-25 GAA)	$8,732,600	$0	$0	$0	$0
Comments: Pursuant to Rider 19 Exception to FTE limitation per a fiduciary finding by the Board to add resources for customer service to keep pace with membership growth, the implementation of pension and investment data modernization systems, and cybersecurity/artificial intelligence.					
Rider 20, Contingent Appropriation for Teacher Retirement System (TRS) Additional Regional Office (2026-27 GAA)	$0	$1,971,000	$1,971,000	$0	$0
Comments: Pursuant to a fiduciary finding by the Board to add resources to existing administrative operations appropriations for an additional regional office in the Rio Grande Valley to effectively support the needs of TRS members.					
Rider 20, Contingent Appropriation for Teacher Retirement System (TRS) Additional Regional Office (2026-27 GAA)	$0	$3,090,000	$0	$0	$0

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

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
OTHER FUNDS					
Comments: Pursuant to a fiduciary finding by the Board to increase existing capital authority budget for an additional regional office in the Rio Grande Valley to effectively support the needs of TRS members.					
TOTAL, Teacher Retirement System Trust Account Fund No. 960	**$292,272,689**	**$310,124,012**	**$285,528,000**	**$292,193,000**	**$303,459,012**
TOTAL, ALL OTHER FUNDS	**$292,272,689**	**$310,124,012**	**$285,528,000**	**$292,193,000**	**$303,459,012**
GRAND TOTAL	**$4,145,034,304**	**$4,087,030,715**	**$4,167,351,826**	**$4,459,449,153**	**$4,591,479,784**

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

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2024-25 GAA)	1,047.3	0.0	0.0	0.0	0.0
Comments: Conference Committee Report, House Bill 1, 88th Legislature Regular Session, 2023. Administrative Operations of the Pension Trust Fund.					
Regular Appropriations from MOF Table (2026-27 GAA)	0.0	1,139.3	1,139.3	0.0	0.0
Comments: Conference Committee Report, Senate Bill 1, 89th Legislature Regular Session, 2025. Administrative Operations of the Pension Trust Fund.					
Regular Appropriations from MOF Table (2028-29 GAA)	0.0	0.0	0.0	1,158.3	1,158.3
RIDER APPROPRIATION					
Rider 10, Full-Time Equivalent Positions Intern Exemption (2024-25 GAA)	33.2	0.0	0.0	0.0	0.0
Comments: Rider 10 excludes interns from the FTE cap.					
Rider 10, Full-Time Equivalent Positions Intern Exemption (2024-25 GAA)	(33.2)	0.0	0.0	0.0	0.0
Comments: Rider 10 excludes interns from the FTE cap.					
Rider 19, Exception to FTE Limitation for Board Fiduciary Finding (GAA 2024-25 GAA)	92.0	0.0	0.0	0.0	0.0

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

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
Comments: Pursuant to Rider 19 Exception to FTE limitation per a fiduciary finding by the Board to add resources for customer service to keep pace with membership growth, the implementation of pension and investment data modernization systems, and cybersecurity/artificial intelligence.					
Rider 20, Contingent Appropriation for Teacher Retirement System (TRS) Additional Regional Office (2026-27 GAA)	0.0	19.0	19.0	0.0	0.0
Comments: Pursuant to a fiduciary finding by the Board to add resources to existing administrative operations appropriations for an additional regional office in the Rio Grande Valley to effectively support the needs of TRS members.					
LAPSED APPROPRIATIONS					
Administrative Operations of the Pension Trust Fund (2024-25 GAA)	(59.9)	0.0	0.0	0.0	0.0
TOTAL, ADJUSTED FTES	**1,079.4**	**1,158.3**	**1,158.3**	**1,158.3**	**1,158.3**

NUMBER OF 100% FEDERALLY FUNDED FTEs

323 Teacher Retirement System

OBJECT OF EXPENSE	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
1001 SALARIES AND WAGES	$184,520,060	$212,774,065	$178,058,800	$182,938,700	$191,498,700
1002 OTHER PERSONNEL COSTS	$3,863,718,908	$3,779,081,943	$3,883,461,326	$4,168,893,653	$4,289,658,284
2001 PROFESSIONAL FEES AND SERVICES	$50,725,832	$45,009,507	$49,486,600	$49,672,100	$49,671,500
2002 FUELS AND LUBRICANTS	$4,713	$4,000	$4,000	$4,000	$4,000
2003 CONSUMABLE SUPPLIES	$675,902	$643,000	$643,000	$643,000	$643,000
2004 UTILITIES	$1,299,969	$1,328,300	$1,328,300	$1,350,800	$1,350,800
2005 TRAVEL	$1,544,284	$2,542,600	$2,542,600	$2,542,600	$2,542,600
2006 RENT - BUILDING	$437,752	$758,200	$758,200	$883,400	$883,400
2007 RENT - MACHINE AND OTHER	$875,430	$1,003,600	$1,003,600	$1,003,600	$1,003,600
2009 OTHER OPERATING EXPENSE	$39,246,788	$43,085,500	$50,040,400	$51,492,300	$54,198,900
5000 CAPITAL EXPENDITURES	$1,984,666	$800,000	$25,000	$25,000	$25,000
OOE Total (Excluding Riders)	**$4,145,034,304**	**$4,087,030,715**	**$4,167,351,826**	**$4,459,449,153**	**$4,591,479,784**
OOE Total (Riders)					
Grand Total	**$4,145,034,304**	**$4,087,030,715**	**$4,167,351,826**	**$4,459,449,153**	**$4,591,479,784**

323 Teacher Retirement System

Goal/ *Objective* / **Outcome**		Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
1 To Administer the System as an Employee Benefit Trust						
1 Sound Retirement System						
	1 # of Years-Amortize TRS Retiremt. Fund Unfunded Actuarial Accrued Liab	35.00	36.00	30.00	30.00	30.00
	2 TRS Retiremt. Fund 5-yr Avg Time-weighted Rate of ROI Performance	8.44%	7.40%	7.00%	7.00%	7.00%
	3 TRS Retirement. Fund 20-yr Avg Time-weighted Rate of ROI Performance	7.23%	7.56%	7.00%	7.00%	7.00%
	4 Investment Performance Relative to Board Approved Benchmark	145.00	146.00	100.00	100.00	100.00
KEY	**5 TRS Retiremt. Fund Ann. Op. Exp. Per Member**	50.84	59.51	60.30	60.30	60.30
KEY	**6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets**	60.00	55.85	52.41	49.08	45.95
KEY	**7 Service Level Percentage of Calls Answered in Specified Time Interval**	97.00%	71.38%	90.00%	90.00%	90.00%
2 Health Care Program for Public Education Retirees Funded by Statute						
	1 Participation Rate in Disease Mgmt Program by Non-Medicare Enrollees	32.00%	23.00%	5.00%	5.00%	5.00%
	2 Generic Substitution Rate for TRS-Care Prescription Drug Benefits	99.80%	99.80%	98.00%	98.00%	98.00%

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

Goal/*Objective*/**STRATEGY**	**Base 2028**	**Base 2029**	**Exceptional 2028**	**Exceptional 2029**	**Total Request 2028**	**Total Request 2029**
1 To Administer the System as an Employee Benefit Trust						
1 *Sound Retirement System*						
1 TRS - PUBLIC EDUCATION RETIREMENT	$3,072,595,357	$3,161,700,622	$0	$0	$3,072,595,357	$3,161,700,622
2 TRS - HIGHER EDUCATION RETIREMENT	451,179,398	464,177,792	0	0	451,179,398	464,177,792
3 ADMINISTRATIVE OPERATIONS	292,193,000	303,459,012	0	0	292,193,000	303,459,012
2 *Health Care Program for Public Education Retirees Funded by Statu*						
1 RETIREE HEALTH - STATUTORY FUNDS	643,481,398	662,142,358	0	0	643,481,398	662,142,358
4 *Healthcare for Public Ed Active Employees*						
1 ACTIVE EMPLOYEE HEALTHCARE	0	0	0	0	0	0
TOTAL, GOAL 1	**$4,459,449,153**	**$4,591,479,784**	**$0**	**$0**	**$4,459,449,153**	**$4,591,479,784**
TOTAL, AGENCY STRATEGY REQUEST	**$4,459,449,153**	**$4,591,479,784**	**$0**	**$0**	**$4,459,449,153**	**$4,591,479,784**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	**$4,459,449,153**	**$4,591,479,784**	**$0**	**$0**	**$4,459,449,153**	**$4,591,479,784**

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

Goal/*Objective*/**STRATEGY**	**Base 2028**	**Base 2029**	**Exceptional 2028**	**Exceptional 2029**	**Total Request 2028**	**Total Request 2029**
General Revenue Funds:						
1 General Revenue Fund	$4,123,824,402	$4,242,851,751	$0	$0	$4,123,824,402	$4,242,851,751
	$4,123,824,402	**$4,242,851,751**	**$0**	**$0**	**$4,123,824,402**	**$4,242,851,751**
General Revenue Dedicated Funds:						
770 Est. Other Educational & General	43,431,751	45,169,021	0	0	43,431,751	45,169,021
	$43,431,751	**$45,169,021**	**$0**	**$0**	**$43,431,751**	**$45,169,021**
Other Funds:						
960 TRS Trust Account Fund	292,193,000	303,459,012	0	0	292,193,000	303,459,012
	$292,193,000	**$303,459,012**	**$0**	**$0**	**$292,193,000**	**$303,459,012**
TOTAL, METHOD OF FINANCING	**$4,459,449,153**	**$4,591,479,784**	**$0**	**$0**	**$4,459,449,153**	**$4,591,479,784**
FULL TIME EQUIVALENT POSITIONS	**1,158.3**	**1,158.3**	**0.0**	**0.0**	**1,158.3**	**1,158.3**

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

Goal/ *Objective* / **Outcome**		**BL 2028**	**BL 2029**	**Excp 2028**	**Excp 2029**	**Total Request 2028**	**Total Request 2029**
1	To Administer the System as an Employee Benefit Trust						
1	*Sound Retirement System*						
	1 # of Years-Amortize TRS Retiremt. Fund Unfunded Actuarial Accrued Liab						
		30.00	30.00			30.00	30.00
	2 TRS Retiremt. Fund 5-yr Avg Time-weighted Rate of ROI Performance						
		7.00%	7.00%			7.00%	7.00%
	3 TRS Retirement. Fund 20-yr Avg Time-weighted Rate of ROI Performance						
		7.00%	7.00%			7.00%	7.00%
	4 Investment Performance Relative to Board Approved Benchmark						
		100.00	100.00			100.00	100.00
KEY	**5 TRS Retiremt. Fund Ann. Op. Exp. Per Member**						
		60.30	60.30			60.30	60.30
KEY	**6 TRS Retirement Fund Investment Expense as Basis Points of Net Assets**						
		49.08	45.95			49.08	45.95
KEY	**7 Service Level Percentage of Calls Answered in Specified Time Interval**						
		90.00%	90.00%			90.00%	90.00%
2	*Health Care Program for Public Education Retirees Funded by Statute*						
	1 Participation Rate in Disease Mgmt Program by Non-Medicare Enrollees						
		5.00%	5.00%			5.00%	5.00%

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

Goal/ *Objective* / **Outcome**

	BL 2028	BL 2029	Excp 2028	Excp 2029	Total Request 2028	Total Request 2029
2 Generic Substitution Rate for TRS-Care Prescription Drug Benefits						
	98.00%	98.00%			98.00%	98.00%

323 Teacher Retirement System

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

OBJECTIVE: 1 Sound Retirement System

Service Categories:

STRATEGY: 1 Retirement Contributions for Public Education Employees. Estimated

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

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	$2,564,554,383	$2,762,739,282	$2,812,358,773	$3,072,595,357	$3,161,700,622
TOTAL, OBJECT OF EXPENSE		**$2,564,554,383**	**$2,762,739,282**	**$2,812,358,773**	**$3,072,595,357**	**$3,161,700,622**
Method of Financing:						
1	General Revenue Fund	$2,564,554,383	$2,762,739,282	$2,812,358,773	$3,072,595,357	$3,161,700,622
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$2,564,554,383**	**$2,762,739,282**	**$2,812,358,773**	**$3,072,595,357**	**$3,161,700,622**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$3,072,595,357**	**$3,161,700,622**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$2,564,554,383**	**$2,762,739,282**	**$2,812,358,773**	**$3,072,595,357**	**$3,161,700,622**
FULL TIME EQUIVALENT POSITIONS:						

STRATEGY DESCRIPTION AND JUSTIFICATION:

323 Teacher Retirement System

GOAL:	1	To Administer the System as an Employee Benefit Trust			
OBJECTIVE:	1	Sound Retirement System	Service Categories:		
STRATEGY:	1	Retirement Contributions for Public Education Employees. Estimated	Service: 06	Income: A.2	Age: B.2

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029

Article 16, Section 67 of the Texas Constitution provides that the financing of benefits to the Teacher Retirement System must be based on sound actuarial principles. Section 821.006 of Title 8, Texas Government Code prohibits a reduction in member or state contributions to the retirement system or any change in benefits if, as a result of the particular action, the time required to amortize the unfunded actuarial accrued liabilities of the retirement system, as determined by an actuarial valuation, would be increased to a period that equals or exceeds 31 years. This strategy continues the agency's efforts to maintain an actuarially sound retirement system by providing funding for promised benefits and investing for future benefits. This strategy generates a 20-year average investment return equal to or exceeding the board approved actuarial rate of return.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Total membership in TRS is approximately 2.1 million members and is expected to increase by approximately 2% during the 2028-29 biennium. Based on current trends, we are assuming covered payroll growth in Public Education of 2.90% per year. This request assumes current law, which requires a state retirement contribution rate of 8.25% for FY28 and FY29.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2026 + Bud 2027)	Baseline Request (BL 2028 + BL 2029)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$5,575,098,055	$6,234,295,979	$659,197,924	$659,197,924	Increase to cover assumed payroll growth of 2.90% per year
			$659,197,924	**Total of Explanation of Biennial Change**

323 Teacher Retirement System

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

OBJECTIVE: 1 Sound Retirement System

Service Categories:

STRATEGY: 2 Retirement Contributions for Higher Education Employees. Estimated

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

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	$399,692,798	$417,735,594	$440,976,927	$451,179,398	$464,177,792
TOTAL, OBJECT OF EXPENSE		**$399,692,798**	**$417,735,594**	**$440,976,927**	**$451,179,398**	**$464,177,792**
Method of Financing:						
1	General Revenue Fund	$350,186,120	$370,055,272	$399,215,628	$407,747,647	$419,008,771
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$350,186,120**	**$370,055,272**	**$399,215,628**	**$407,747,647**	**$419,008,771**
Method of Financing:						
770	Est. Other Educational & General	$42,245,285	$47,680,322	$41,761,299	$43,431,751	$45,169,021
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$42,245,285**	**$47,680,322**	**$41,761,299**	**$43,431,751**	**$45,169,021**
Method of Financing:						
960	TRS Trust Account Fund	$7,261,393	$0	$0	$0	$0
SUBTOTAL, MOF (OTHER FUNDS)		**$7,261,393**	**$0**	**$0**	**$0**	**$0**

323 Teacher Retirement System

GOAL:	1	To Administer the System as an Employee Benefit Trust			
OBJECTIVE:	1	Sound Retirement System	Service Categories:		
STRATEGY:	2	Retirement Contributions for Higher Education Employees. Estimated	Service: 06	Income: A.2	Age: B.2

CODE DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$451,179,398**	**$464,177,792**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$399,692,798**	**$417,735,594**	**$440,976,927**	**$451,179,398**	**$464,177,792**

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Article 16, Section 67 of the Texas Constitution provides that the financing of benefits to the Teacher Retirement System must be based on sound actuarial principles. Section 821.006 of Title 8, Texas Government Code prohibits a reduction in member or state contributions to the retirement system or any change in benefits if, as a result of the particular action, the time required to amortize the unfunded actuarial accrued liabilities of the retirement system, as determined by an actuarial valuation, would be increased to a period that equals or exceeds 31 years. This strategy continues the agency's efforts to maintain an actuarially sound retirement system by providing funding for promised benefits and investing for future benefits. This strategy generates a 20-year average investment return equal to or exceeding the board approved actuarial rate of return.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Total membership in TRS is approximately 2.1 million members and is expected to increase by approximately 2% during the 2028-29 biennium. Based on current trends, we are assuming covered payroll growth in Public Education of 2.90% per year. This request assumes current law, which requires a state retirement contribution rate of 8.25% for FY28 and FY29.

323 Teacher Retirement System

GOAL:	1	To Administer the System as an Employee Benefit Trust		
OBJECTIVE:	1	Sound Retirement System	Service Categories:	
STRATEGY:	2	Retirement Contributions for Higher Education Employees. Estimated	Service: 06	Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2026 + Bud 2027)	Baseline Request (BL 2028 + BL 2029)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$858,712,521	$915,357,190	$56,644,669	$56,644,669	Increase to cover assumed payroll growth of 2.90% per year
			$56,644,669	**Total of Explanation of Biennial Change**

323 Teacher Retirement System

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

OBJECTIVE: 1 Sound Retirement System

STRATEGY: 3 Administrative Operations

Service Categories:

Service: 09 Income: A.2 Age: B.2

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
Output Measures:						
KEY 1	Number of TRS Benefit Applications Processed	113,333	115,000	100,000	100,000	100,000
2	Number of TRS Retirement Fund Member Accounts Serviced	15,491,320	15,400,000	15,649,520	15,649,520	15,649,520
3	Percent of Retirees Whose First Annuity is Paid When It is First Due	99%	98%	98%	98%	98%
Objects of Expense:						
1001	SALARIES AND WAGES	$184,520,060	$212,774,065	$178,058,800	$182,938,700	$191,498,700
1002	OTHER PERSONNEL COSTS	$3,695,900	$2,175,240	$1,637,500	$1,637,500	$1,637,512
2001	PROFESSIONAL FEES AND SERVICES	$50,725,832	$45,009,507	$49,486,600	$49,672,100	$49,671,500
2002	FUELS AND LUBRICANTS	$4,713	$4,000	$4,000	$4,000	$4,000
2003	CONSUMABLE SUPPLIES	$675,902	$643,000	$643,000	$643,000	$643,000
2004	UTILITIES	$1,299,969	$1,328,300	$1,328,300	$1,350,800	$1,350,800
2005	TRAVEL	$1,544,284	$2,542,600	$2,542,600	$2,542,600	$2,542,600
2006	RENT - BUILDING	$437,752	$758,200	$758,200	$883,400	$883,400
2007	RENT - MACHINE AND OTHER	$875,430	$1,003,600	$1,003,600	$1,003,600	$1,003,600
2009	OTHER OPERATING EXPENSE	$39,246,788	$43,085,500	$50,040,400	$51,492,300	$54,198,900
5000	CAPITAL EXPENDITURES	$1,984,666	$800,000	$25,000	$25,000	$25,000

323 Teacher Retirement System

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

Service Categories:

Service: 09 Income: A.2 Age: B.2

CODE DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
TOTAL, OBJECT OF EXPENSE	**$285,011,296**	**$310,124,012**	**$285,528,000**	**$292,193,000**	**$303,459,012**
Method of Financing:					
960 TRS Trust Account Fund	$285,011,296	$310,124,012	$285,528,000	$292,193,000	$303,459,012
SUBTOTAL, MOF (OTHER FUNDS)	**$285,011,296**	**$310,124,012**	**$285,528,000**	**$292,193,000**	**$303,459,012**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$292,193,000**	**$303,459,012**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$285,011,296**	**$310,124,012**	**$285,528,000**	**$292,193,000**	**$303,459,012**
FULL TIME EQUIVALENT POSITIONS:	**1,079.4**	**1,158.3**	**1,158.3**	**1,158.3**	**1,158.3**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Section 825.312 of the Texas Government Code provides that the retirement system shall pay from the expense account of the retirement system account for the Pension Trust Fund all administrative expenses of the retirement system. The method of finance established in the General Appropriations Act, Senate Bill 1, 89th Legislature, Regular Session provides funding for administrative operations primarily from the Pension Trust Fund. Section 825.313(d) provides that the board of trustees may authorize transferring from the interest account to the expense account of the retirement system an amount necessary to cover TRS' operating expenses for the fiscal year that are required to perform the fiduciary duties of the board.

323 Teacher Retirement System

GOAL:	1	To Administer the System as an Employee Benefit Trust		
OBJECTIVE:	1	Sound Retirement System	Service Categories:	
STRATEGY:	3	Administrative Operations	Service: 09	Income: A.2	Age: B.2

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Administrative needs are driven substantially by growth in membership and the prudent management of the investment portfolio. This request prioritizes key initiatives for emerging technologies, as it relates to data management systems and cybersecurity capabilities that protect all categories of TRS data.

Total membership in TRS is approximately 2.1 million members and is expected to increase by approximately 2% during the 2028-29 biennium. The amounts requested for investment management translate to an estimated cost of approximately 49 basis points per dollar invested for FY28 and approximately 45 basis points per dollar invested for FY29. A basis point is one one-hundredth of one percent, or 0.01 percent. The cost for benefit administration per member is estimated to be approximately $60 each fiscal year. Benefit administration costs continue to be one of the lowest of any major state public pension fund.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2026 + Bud 2027)	Baseline Request (BL 2028 + BL 2029)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$595,652,012	$595,652,012	$0		
			$0	**Total of Explanation of Biennial Change**

323 Teacher Retirement System

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

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	$526,551,253	$596,431,827	$628,488,126	$643,481,398	$662,142,358
TOTAL, OBJECT OF EXPENSE		**$526,551,253**	**$596,431,827**	**$628,488,126**	**$643,481,398**	**$662,142,358**
Method of Financing:						
1	General Revenue Fund	$526,551,253	$596,431,827	$628,488,126	$643,481,398	$662,142,358
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$526,551,253**	**$596,431,827**	**$628,488,126**	**$643,481,398**	**$662,142,358**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$643,481,398**	**$662,142,358**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$526,551,253**	**$596,431,827**	**$628,488,126**	**$643,481,398**	**$662,142,358**
FULL TIME EQUIVALENT POSITIONS:						

STRATEGY DESCRIPTION AND JUSTIFICATION:

Chapter 1575 of the Texas Insurance Code designates the Teacher Retirement System as trustee to administer the Texas Public School Employees Group Insurance Program (TRS-Care). The program is established to provide health care services for both retired public school employees and their eligible dependents. This strategy continues the agency’s efforts to provide group health care benefits to retired public school employees by monitoring the performance of contract benefit providers , communicating health care plan features to retired public school employees, and resolving benefit disputes. Funds requested for this strategy relate only to the retiree health care program.

323 Teacher Retirement System

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

OBJECTIVE: 2 Health Care Program for Public Education Retirees Funded by Statute

Service Categories:

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

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

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The funding request for the retiree health benefits program assumes that the state will fund at the current level of 1.25% of active public school employee salaries for the 2028-29 biennium, that active employees will continue to contribute 0.65% of their salaries, and that the public schools will continue to contribute 0.75% of active public school employee salaries.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2026 + Bud 2027)	Baseline Request (BL 2028 + BL 2029)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$1,224,919,953	$1,305,623,756	$80,703,803	$80,703,803	Increase to cover assumed payroll growth of 2.90% per year
			$80,703,803	**Total of Explanation of Biennial Change**

323 Teacher Retirement System

GOAL:	1	To Administer the System as an Employee Benefit Trust		
OBJECTIVE:	4	Healthcare for Public Ed Active Employees	Service Categories:	
STRATEGY:	1	Healthcare for Public Ed Active Employees	Service: 22	Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
Objects of Expense:						
1002	OTHER PERSONNEL COSTS	$369,224,574	$0	$0	$0	$0
TOTAL, OBJECT OF EXPENSE		**$369,224,574**	**$0**	**$0**	**$0**	**$0**
Method of Financing:						
1	General Revenue Fund	$369,224,574	$0	$0	$0	$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$369,224,574**	**$0**	**$0**	**$0**	**$0**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$0**	**$0**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$369,224,574**	**$0**	**$0**	**$0**	**$0**
FULL TIME EQUIVALENT POSITIONS:						

STRATEGY DESCRIPTION AND JUSTIFICATION:

Chapter 1579 of the Texas Insurance Code designates the Teacher Retirement System as trustee to administer the Texas School Employees Uniform Group Health Coverage Act (TRS-ActiveCare). The program is established to provide health care services for eligible public school employees and their eligible dependents. This strategy continues the agency’s efforts to provide group health care benefits to active public school employees by monitoring the performance of contract benefit providers , communicating health care plan features to active public school employees, and resolving benefit disputes. Funds requested for this strategy relate only to the Texas School Employees Uniform Group Health Coverage Act (TRS-ActiveCare).

323 Teacher Retirement System

GOAL:	1	To Administer the System as an Employee Benefit Trust		
OBJECTIVE:	4	Healthcare for Public Ed Active Employees	Service Categories:	
STRATEGY:	1	Healthcare for Public Ed Active Employees	Service: 22	Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

For the 2026-27 biennium, the state legislature provided a one-time contribution of $369.2 million to keep the average premium rate increase in TRS-ActiveCare below 10%. Estimates are based on medical trend indicators, current enrollment, and health costs are expected to grow 5.5% each year. Premiums/funding amounts may need to increase depending on actual costs and enrollment experience. As employer interest in TRS-ActiveCare continues to rise TRS anticipates a significant increase to enrollment during the 2028-29 biennium.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS: Base Spending (Est 2026 + Bud 2027)	STRATEGY BIENNIAL TOTAL - ALL FUNDS: Baseline Request (BL 2028 + BL 2029)	BIENNIAL CHANGE	EXPLANATION OF BIENNIAL CHANGE: $ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$0	$0	$0		
			$0	**Total of Explanation of Biennial Change**

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	**$4,145,034,304**	**$4,087,030,715**	**$4,167,351,826**	**$4,459,449,153**	**$4,591,479,784**
METHODS OF FINANCE (INCLUDING RIDERS):				**$4,459,449,153**	**$4,591,479,784**
METHODS OF FINANCE (EXCLUDING RIDERS):	**$4,145,034,304**	**$4,087,030,715**	**$4,167,351,826**	**$4,459,449,153**	**$4,591,479,784**
FULL TIME EQUIVALENT POSITIONS:	**1,079.4**	**1,158.3**	**1,158.3**	**1,158.3**	**1,158.3**

3.B. Rider Revisions and Additions Request

Agency Code:	Agency Name:	Prepared By:	Date:	Request Level:
323	Teacher Retirement System	Don Green	**8-14-2026**	Baseline

Current Rider Number	Page Number in 2026-27 GAA	Proposed Rider Language
1	III-50	**Performance Measure Targets.** The following is a listing of the key performance target levels for the Teacher Retirement System. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Teacher Retirement System. In order to achieve the objectives and service standards established by this Act, the Teacher Retirement System shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	~~2026~~	2028	~~2027~~	2029
A. Goal: TEACHER RETIREMENT SYSTEM				
Outcome (Results/Impact):				
TRS Retirement Fund Annual Operating Expense Per Member in Dollars (Excluding Investment Expenses)	~~74.41~~	60.30	~~74.68~~	60.30
TRS Retirement Fund Investment Expense as Basis Points of Net Assets	~~48.56~~	49.08	~~45.38~~	45.95
Service Level Percentage of Calls Answered in a Specified Time Interval	90%	90%	90%	90%
A.1.3. Strategy ADMINISTRATIVE OPERATIONS **Output (Volume)** Number of TRS Benefit Applications Processed	100,000	100,000	100,000	100,000

The rider has been revised to reflect fiscal years 2028 and 2029 projected performance measure targets.

3.B. Rider Revisions and Additions Request

<table>
<tr>
<td>2</td>
<td>III-50</td>
<td>
Capital Budget. None of the funds appropriated above for Strategy A.1.3, Administrative Operations, may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes.
<table>
<tr><th></th><th>~~2026~~</th><th>2028</th><th>~~2027~~</th><th>2029</th></tr>
<tr><td>a. Repair or Rehabilitation of Buildings and Facilities</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) Building Renovations</td><td>~~3,000,000~~</td><td>$1,800,000</td><td>~~UB~~</td><td>$1,800,000</td></tr>
<tr><td>b. Acquisition of Information Resource Technologies</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) IT Infrastructure Upgrades</td><td>~~7,300,000~~</td><td>$3,500,000</td><td>~~UB~~</td><td>$3,500,000</td></tr>
<tr><td>~~(2) Investment Data Modernization~~</td><td>~~32,100,000~~</td><td>~~$0~~</td><td>~~UB~~</td><td>~~UB~~</td></tr>
<tr><td>~~Total, Acquisition of Information Resource Technologies~~</td><td>~~39,400,000~~</td><td>~~$7,300,000~~</td><td>~~UB~~</td><td>~~UB~~</td></tr>
<tr><td>c. Data Center/Shared Technology Services</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) Data Center Services</td><td>~~2,180,000~~</td><td>$900,000</td><td>~~UB~~</td><td>$900,000</td></tr>
<tr><td>Total, Capital Budget</td><td>~~44,580,000~~</td><td>$6,200,000</td><td>~~UB~~</td><td>$6,200,000</td></tr>
<tr><td>Method of Financing (Capital Budget):</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Teacher Retirement System Trust Account Fund No. 960</td><td>~~44,580,000~~</td><td>$6,200,000</td><td>~~UB~~</td><td>$6,200,000</td></tr>
<tr><td>Total, Method of Financing</td><td>~~44,580,000~~</td><td>$6,200,000</td><td>~~UB~~</td><td>$6,200,000</td></tr>
</table>
The proposed revisions to the rider reflect the 2028-29 Capital Budget Request.
</td>
</tr>
<tr>
<td>3</td>
<td>III-50</td>
<td>
Updated Actuarial Valuation. The Teacher Retirement System shall contract with an actuary to perform a limited actuarial valuation of the assets and liabilities of the Teacher Retirement System as of February 28 in those years when the Legislature meets in regular session. The purpose of the valuation shall be to determine the effect of investment, salary, and payroll experience on the unfunded liability, the amortization period, and the state contribution rate which results in a 30- year amortization period of the retirement system.
No change to Rider 3 for the 2028-2029 biennium.
</td>
</tr>
</table>

3.B. Rider Revisions and Additions Request

4	III-51	**State Contribution to Teacher Retirement Program.** The amounts specified above in Strategy A.1.1, TRS-Public Education Retirement, ~~$2,762,739,282~~ $3,072,595,357 in fiscal year ~~2026~~ 2028 and ~~$2,812,358,773~~ $3,161,700,622 in fiscal year ~~2027~~ 2029, and A.1.2, TRS-Higher Education Retirement, ~~$410,735,594~~ $451,179,398 in fiscal year ~~2026~~ 2028 and ~~$440,976,927~~ $464,177,792 in fiscal year ~~2027~~ 2029 are based on a state contribution of 8.25 percent of payroll in year ~~2026~~ 2028 and 8.25 percent in year ~~2027~~ 2029 of the biennium, estimated. *The rider has been revised to reflect fiscal years 2028 and 2029 projected state matching contributions.*
5	III-51	**State Contribution to Texas Public School Retired Employees Group Insurance Program.** The amounts specified above in Strategy A.2.1, Retiree Health-Statutory Funds, ~~$596,431,827~~ $643,481,398 in fiscal year ~~2026~~ 2028 and ~~$628,488,126~~ $662,142,358 in fiscal year ~~2027~~ 2029 are based on a state contribution of 1.25 percent of payroll for each fiscal year, estimated. The retirement system shall notify the Legislative Budget Board, the Governor, and its membership prior to establishing premiums, regarding the impact such premiums will have on retiree costs for TRS-Care insurance. It is the intent of the Legislature that the Teacher Retirement System control the cost of the retiree insurance program by not providing rate increases to health care providers and pharmacy providers without providing 60 calendar days notice to the Legislative Budget Board. *The rider has been revised to reflect fiscal years 2028 and 2029 projected state matching contributions.*
6	III-51	**Excess Benefit Arrangement Account.** There is hereby appropriated to the Teacher Retirement System all funds transferred or deposited into the Excess Benefit Arrangement Account established in the General Revenue Fund for the purpose of paying benefits as authorized by Government Code, Section 825.517. *No change to Rider 6 for the 2028-2029 biennium.*
7	III-51	**Transfer of Other Educational and General Income.** The Comptroller of Public Accounts is hereby authorized to transfer the necessary appropriations made above in Strategy A.1.2, TRS-Higher Education Retirement from Other Educational and General Income to institutions of higher education to meet their obligations and comply with the proportionality policy as expressed in the Article IX provision entitled Benefits Paid Proportional by Method of Finance. *No change to Rider 7 for the 2028-2029 biennium*

3.B. Rider Revisions and Additions Request

8	III-51	**Exempt Positions.** Notwithstanding the limitations contained in the Article IX provision entitled Scheduled Exempt Positions, the TRS Board of Trustees may determine the salaries of the positions listed above in the Schedule of Exempt Positions without limitation. *No change to Rider 8 for the 2028-2029 biennium*
9	III-51	**Annual School District Contribution Rate to TRS-Care.** The annual contribution rate for school districts for fiscal years ~~2026~~ <u>2028</u> and ~~2027~~ <u>2029</u> shall be 0.75 percent of total payroll. *The rider has been revised to reflect fiscal years 2028 and 2029.*
10	III-51	**Full-Time Equivalent Positions Intern Exemption.** The number of Full-Time Equivalent (FTE) positions associated with the Teacher Retirement System's (TRS) Internship Program held by undergraduate students, trade school students, community college students, law school students, graduate school students, or post-graduate fellowship recipients in the Intern Program of the Teacher Retirement System (TRS) shall be exempt from Article IX, Sec. 6.10. Limitation on State Employment Levels. This provision will not change the cap on the Number of Full-Time Equivalents (FTE) for TRS listed elsewhere in this Act. TRS shall provide to the Legislative Budget Board, the Governor, the Comptroller of Public Accounts, and the State Auditor's Office a report of the number of FTEs associated with the Intern Program each fiscal year. *No change to Rider 10 for the 2028-2029 biennium*
11	III-51	**Limitation on Retirement Contributions to Public Community/Junior Colleges.** General Revenue related funds appropriated above in Strategy A.1.2, TRS - Higher Education Retirement, for retirement contributions for Public Community/Junior Colleges are limited to 50 percent of the state contribution of 8.25 percent in fiscal year ~~2026~~ <u>2028</u> and 8.25 percent in fiscal year ~~2027~~ <u>2029</u> of the total covered payroll for Public Community and Junior Colleges, in accordance with Government Code, Section 825.4071. *The rider has been revised to reflect fiscal years 2028 and 2029.*
12	III-51	**Performance Incentive Compensation Payments.** The Teacher Retirement System Board of Trustees may make performance incentive compensation payments to the staff of the Investment Management Division based on investment performance standards adopted by the Board prior to the beginning of the period for which any additional compensation is paid. Such amounts as may be necessary to make performance incentive payment under the plan approved by the Board are hereby appropriated from the Teacher Retirement System Pension Trust Fund Account Fund No. 960. The Teacher Retirement System Board of Trustees shall notify the Legislative Budget Board and the Governor at least 45 calendar days prior to the execution of any performance incentive payment based on the Retirement Trust Fund's investment performance. Funds shall be appropriated pursuant to this rider for performance incentive payments only in a fiscal year following a year in which the Retirement Trust Fund experiences a positive return. *No change to Rider 12 for the 2028-2029 biennium.*

13	III-52	**Settle-Up Dollars Directed to TRS-Care.** Any settle-up payments made in the fiscal year ending August 31, ~~2027~~ 2029, from the Teacher Retirement System of Texas pension fund or from the TRS-Care program are appropriated to the TRS-Care program. Settle-up funds are all estimated General Revenue appropriations for fiscal year ~~2026~~ 2028 in excess of the state's actual statutory obligations for retirement and retiree insurance contributions, and those funds are re-appropriated to the TRS-Care program, for deposit to the Texas Public School Retired Employees Group Insurance Trust Fund. For the purposes of this section, settle-up payments from the pension fund include any net payments made in excess of the state's total obligation to both Public Education Retirement and Higher Education Retirement. *The rider has been revised to reflect fiscal years 2028 and 2029.*
14	III-52	**Appropriation Transfers between Fiscal Years for TRS-Care.** In addition to the transfer authority provided elsewhere in this Act and in order to provide for benefits through the Texas Public School Retired Employees Group Benefits Program (TRS-Care), the Teacher Retirement System is authorized to transfer appropriation from the General Revenue Fund in Strategy A.2.1, Retiree Health - Statutory Funds, in fiscal year ~~2027~~ 2029 to fiscal year ~~2026~~ 2028 and such funds are appropriated for fiscal year ~~2026~~ 2028. Such transfers may only be made subject to the following: a. Transfers under this section may be requested only upon a finding by the TRS Board of Trustees that the fiscal year ~~2026~~ 2028 costs associated with providing retiree health benefits will exceed the funds appropriated for these services for fiscal year ~~2026~~ 2028. b. A transfer is not authorized by this section unless it receives the prior written approval of the Governor and the Legislative Budget Board. c. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section. *The rider has been revised to reflect fiscal years 2028 and 2029.*
15	III-52	**Contingent Appropriation of Pension Trust Funds for GASB Statement Implementation.** Upon a finding of fact by the Teacher Retirement System Board of Trustees that additional resources are necessary to implement accounting guidelines related to Governmental Accounting Standards Board statements and pronouncements, the Teacher Retirement System is appropriated such additional funds as approved by the Board from the Teacher Retirement System Pension Trust Fund Account No. 960 to communicate such guidelines to affected members and employers, and to acquire additional audit and actuarial services as needed for implementation. Within thirty business days of such a finding, the Teacher Retirement System Board of Trustees shall provide written notification to the Legislative Budget Board and the Governor of the amounts anticipated to be necessary to achieve these purposes. *No change to Rider 15 for the 2028-2029 biennium.*

3.B. Rider Revisions and Additions Request

16	III-52	**TRS-Care Shortfall.** It is the intent of the Legislature that resolving the long-term solvency of TRS-Care be a shared fiscal responsibility between the state, school districts, employees, and retirees. *No change to Rider 16 for the 2028-2029 biennium.*
17	III-52	**Medicare Enrollment for Eligible Members of TRS-Care.** Out of funds appropriated above, TRS shall identify members of TRS-Care who are eligible for Social Security Disability or Medicare benefits, and provide information and assistance necessary for eligible members to enroll in the programs to help ensure the solvency of the TRS-Care fund. *No change to Rider 17 for the 2028-2029 biennium.*
18	III-52	**Right to Shop Incentive.** It is the intent of the Legislature that the Teacher Retirement System incentivize members of TRS-Care and TRS-ActiveCare to shop for lower cost care within the health plans in order to achieve shared savings. Pursuant to the provisions of Insurance Code Sections 1575.109 and 1579.052, and Article IX, Section 7.11, Notification of Certain Purchases or Contract Awards, Amendments, and Extensions, the agency may contract with a third-party vendor for this purpose. *No change to Rider 18 for the 2028-2029 biennium.*
19	III-52	**Exception to FTE Limitation for Board Fiduciary Finding.** (a) In addition to the funding and "Number of Full-Time Equivalents (FTE)" appropriated above, the Teacher Retirement System (TRS) is authorized to employ additional FTEs and contract workers under a Fiduciary Finding of the TRS Board of Trustees (the Board) if the Board determines the additional staff are necessary to perform the fiduciary duties of the Board, pursuant to Government Code, Section 825.313. (b) It is the intent of the Legislature that the Board approve a statement of justifications and objectives for adopting the additional FTEs, contract workers, and any additional funding related to those staff. No later than 30 business days following the adoption of a Fiduciary Finding pursuant to subsection (a), TRS shall submit to the Legislative Budget Board (LBB) and the Governor: (1) A statement of the justifications and objectives for the additional funding and staff; (2) The current operating budget, as approved by the Board, for each fiscal year of the ~~2026~~2028 – ~~27~~29 biennium that is amended by the Fiduciary Finding described in subsection (a); (3) Performance metrics proposed by TRS to evaluate the impact of additional staff on the Board's objectives in approving the additional staff; and (4) Any additional information requested by the LBB or the Governor regarding the Fiduciary Finding described in subsection (a).

		(c) No later than October 31 following a fiscal year for which the TRS Board has adopted a Fiduciary Finding described in subsection (a), TRS shall provide a report to the LBB and the Governor on: (1) The actual number of additional FTEs and contract workers hired during the preceding fiscal year pursuant to subsection (a); (2) The actual total expenditures for the preceding fiscal year related to additional FTEs and contract workers described in subsection (c) (1); and (3) A report on the agency's actual performance on metrics described in subsection (b)(3) for the preceding fiscal year. *The rider has been revised to reflect fiscal years 2028 and 2029.*
20	III-53	**Contingent Appropriation for Teacher Retirement System (TRS) Additional Regional Office.** In addition to the amounts appropriated above and notwithstanding the provisions of Article IX, Section 6.10, Limitation on State Employment Levels, TRS is authorized to expend additional funds out of the TRS Pension Trust Fund and employ additional FTEs upon a finding of fact by the TRS Board of Trustees that additional resources are necessary to open an additional regional office. No later than 30 business days after such a finding, the TRS Board of Trustees shall notify the Legislative Budget Board (LBB) and the Governor of the amount of funding and number of FTEs anticipated to be necessary for these purposes. *No change to Rider 20 for the 2028-2029 biennium.*
21	III-53	~~**Pension Plan Design Study.** Out of funds appropriated elsewhere in this Act, the Teacher Retirement System (TRS) shall produce a report that compares TRS' current defined benefit plan with alternative benefit plan designs. The report shall consider workforce and demographic trends among TRS members and retirees and the actuarial and fiscal impacts of the alternative plan designs. The report shall be submitted to the Legislative Budget Board and the Governor no later than September 1, 2026.~~ *This rider is no longer applicable.*

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

Category Code / Category Name *Project Sequence/Project Id/ Name* OOE / TOF / MOF CODE	Est 2026	Bud 2027	BL 2028	BL 2029
5003 Repair or Rehabilitation of Buildings and Facilities				
1/1 Building Renovations				
OBJECTS OF EXPENSE				
Capital				
General 2001 PROFESSIONAL FEES AND SERVICES	$1,000,000	$0	$0	$0
General 2009 OTHER OPERATING EXPENSE	$4,090,000	$1,750,000	$1,800,000	$1,800,000
Capital Subtotal OOE, Project 1	$5,090,000	$1,750,000	$1,800,000	$1,800,000
Subtotal OOE, Project 1	**$5,090,000**	**$1,750,000**	**$1,800,000**	**$1,800,000**
TYPE OF FINANCING				
Capital				
General CA 960 TRS Trust Account Fund	$5,090,000	$1,750,000	$1,800,000	$1,800,000
Capital Subtotal TOF, Project 1	$5,090,000	$1,750,000	$1,800,000	$1,800,000
Subtotal TOF, Project 1	**$5,090,000**	**$1,750,000**	**$1,800,000**	**$1,800,000**
Capital Subtotal, Category 5003	$5,090,000	$1,750,000	$1,800,000	$1,800,000
Informational Subtotal, Category 5003				
Total, Category 5003	**$5,090,000**	**$1,750,000**	**$1,800,000**	**$1,800,000**
5005 Acquisition of Information Resource Technologies				
2/2 IT Infrastructure Upgrades				
OBJECTS OF EXPENSE				
Capital				
General 2001 PROFESSIONAL FEES AND SERVICES	$0	$3,750,000	$2,950,000	$2,950,000
General 2004 UTILITIES	$44,534	$0	$0	$0
General 2009 OTHER OPERATING EXPENSE	$981,146	$550,000	$550,000	$550,000

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

Category Code / Category Name *Project Sequence/Project Id/ Name* **OOE / TOF / MOF CODE**		**Est 2026**	**Bud 2027**	**BL 2028**	**BL 2029**
General	5000 CAPITAL EXPENDITURES	$62,819	$0	$0	$0
	Capital Subtotal OOE, Project 2	$1,088,499	$4,300,000	$3,500,000	$3,500,000
	Subtotal OOE, Project 2	**$1,088,499**	**$4,300,000**	**$3,500,000**	**$3,500,000**
	TYPE OF FINANCING				
	Capital				
General	CA 960 TRS Trust Account Fund	$1,088,499	$4,300,000	$3,500,000	$3,500,000
	Capital Subtotal TOF, Project 2	$1,088,499	$4,300,000	$3,500,000	$3,500,000
	Subtotal TOF, Project 2	**$1,088,499**	**$4,300,000**	**$3,500,000**	**$3,500,000**
	3/3 Investment Data Modernization				
	OBJECTS OF EXPENSE				
	Capital				
General	2001 PROFESSIONAL FEES AND SERVICES	$12,023,321	$13,592,100	$0	$0
General	2009 OTHER OPERATING EXPENSE	$510,679	$5,954,100	$0	$0
	Capital Subtotal OOE, Project 3	$12,534,000	$19,546,200	$0	$0
	Subtotal OOE, Project 3	**$12,534,000**	**$19,546,200**	**$0**	**$0**
	TYPE OF FINANCING				
	Capital				
General	CA 960 TRS Trust Account Fund	$12,534,000	$19,546,200	$0	$0
	Capital Subtotal TOF, Project 3	$12,534,000	$19,546,200	$0	$0
	Subtotal TOF, Project 3	**$12,534,000**	**$19,546,200**	**$0**	**$0**

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

Category Code / Category Name *Project Sequence/Project Id/ Name* **OOE / TOF / MOF CODE**	**Est 2026**	**Bud 2027**	**BL 2028**	**BL 2029**
Capital Subtotal, Category 5005	$13,622,499	$23,846,200	$3,500,000	$3,500,000
Informational Subtotal, Category 5005				
Total, Category 5005	**$13,622,499**	**$23,846,200**	**$3,500,000**	**$3,500,000**
7000 Data Center/Shared Technology Services				
4/4 Data Center Services				
OBJECTS OF EXPENSE				
Capital				
General 2001 PROFESSIONAL FEES AND SERVICES	$1,093,000	$1,087,000	$900,000	$900,000
Capital Subtotal OOE, Project 4	$1,093,000	$1,087,000	$900,000	$900,000
Subtotal OOE, Project 4	**$1,093,000**	**$1,087,000**	**$900,000**	**$900,000**
TYPE OF FINANCING				
Capital				
General CA 960 TRS Trust Account Fund	$1,093,000	$1,087,000	$900,000	$900,000
Capital Subtotal TOF, Project 4	$1,093,000	$1,087,000	$900,000	$900,000
Subtotal TOF, Project 4	**$1,093,000**	**$1,087,000**	**$900,000**	**$900,000**
Capital Subtotal, Category 7000	$1,093,000	$1,087,000	$900,000	$900,000
Informational Subtotal, Category 7000				
Total, Category 7000	**$1,093,000**	**$1,087,000**	**$900,000**	**$900,000**
AGENCY TOTAL -CAPITAL	**$19,805,499**	**$26,683,200**	**$6,200,000**	**$6,200,000**
AGENCY TOTAL -INFORMATIONAL				
AGENCY TOTAL	**$19,805,499**	**$26,683,200**	**$6,200,000**	**$6,200,000**

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

Category Code / Category Name *Project Sequence/Project Id/ Name* OOE / TOF / MOF CODE	Est 2026	Bud 2027	BL 2028	BL 2029
METHOD OF FINANCING:				
Capital				
General 960 TRS Trust Account Fund	$19,805,499	$26,683,200	$6,200,000	$6,200,000
Total, Method of Financing-Capital	$19,805,499	$26,683,200	$6,200,000	$6,200,000
Total, Method of Financing	**$19,805,499**	**$26,683,200**	**$6,200,000**	**$6,200,000**
TYPE OF FINANCING:				
Capital				
General CA CURRENT APPROPRIATIONS	$19,805,499	$26,683,200	$6,200,000	$6,200,000
Total, Type of Financing-Capital	$19,805,499	$26,683,200	$6,200,000	$6,200,000
Total,Type of Financing	**$19,805,499**	**$26,683,200**	**$6,200,000**	**$6,200,000**

Agency Code:	**323**	Agency name:	**Teacher Retirement System**
Category Number:	**5003**	Category Name:	**REPAIR OR REHABILITATION**
Project number:	**1**	Project Name:	**Building Renovations**

PROJECT DESCRIPTION

General Information

TRS owns, operates, and maintains its facilities. This project provides funds for maintaining facilities to provide a physical work environment that is safe and enhances productivity and to achieve more effective utilization of space.

PLCS Tracking Key	N/A
Number of Units / Average Unit Cost	N/A
Estimated Completion Date	Ongoing

Additional Capital Expenditure Amounts Required	**2030**	**2031**
	0	0

Type of Financing	CA CURRENT APPROPRIATIONS
Projected Useful Life	Ongoing
Estimated/Actual Project Cost	$0
Length of Financing/ Lease Period	N/A

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2028	**2029**	**2030**	**2031**	**Total over project life**
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	**MOF_CODE**	**AVERAGE_AMOUNT**

Explanation: This project provides funds for maintaining facilities to provide a physical work environment that is safe and enhances productivity and to achieve a more effective utilization of space.

Project Location: Texas

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

Frequency of Use and External Factors Affecting Use:

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

Agency Code:	**323**	Agency name:	**Teacher Retirement System**
Category Number:	**5005**	Category Name:	**ACQUISITN INFO RES TECH.**
Project number:	**2**	Project Name:	**IT Infrastructure Upgrades**

PROJECT DESCRIPTION

General Information

This project provides for the modernization, maintenance, and enhancement of TRS enterprise technology infrastructure to ensure the secure, reliable, and efficient delivery of agency services. Funding supports mission-critical technology platforms, including on-premises, cloud-based, and hybrid infrastructure; cybersecurity, fraud prevention, and artificial intelligence; disaster recovery and business continuity capabilities; enterprise data services; and the replacement of aging infrastructure and end-user technologies.

PLCS Tracking Key	N/A		
Number of Units / Average Unit Cost	N/A		
Estimated Completion Date	Ongoing		
Additional Capital Expenditure Amounts Required		**2030**	**2031**
		0	0
Type of Financing	CA CURRENT APPROPRIATIONS		
Projected Useful Life	Ongoing		
Estimated/Actual Project Cost	$0		
Length of Financing/ Lease Period	N/A		

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2028	**2029**	**2030**	**2031**	**Total over project life**
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	**MOF_CODE**	**AVERAGE_AMOUNT**

Explanation: These investments strengthen the agency's security posture, improve system reliability and recoverability, reduce risks associated with technology obsolescence, and enhance the agency's ability to identify and mitigate fraud, abuse, and other threats to agency operations and member benefits.

Project Location: Texas

Beneficiaries: Internal operations at TRS and its members.

Frequency of Use and External Factors Affecting Use:

Technology is a central pillar within TRS and is used in daily operations.

Agency Code:	**323**	Agency name:	**Teacher Retirement System**
Category Number:	**5005**	Category Name:	**ACQUISITN INFO RES TECH.**
Project number:	**3**	Project Name:	**Investment Data Modernization**

PROJECT DESCRIPTION

General Information

The strategic goal of this project is to modernize TRS' data management systems with industry standard solutions that provide reliable data in support of investment decision making. The project will enhance the ability to reliably perform fiduciary oversight of the Trust asset valuation and performance. By closing key functional and technical gaps in the current architecture, the project will achieve the goal of advancing the organization’s data management capabilities.

PLCS Tracking Key	N/A
Number of Units / Average Unit Cost	N/A
Estimated Completion Date	2027

Additional Capital Expenditure Amounts Required	**2030**	**2031**
	0	0

Type of Financing	CA	CURRENT APPROPRIATIONS
Projected Useful Life	N/A	
Estimated/Actual Project Cost	$0	
Length of Financing/ Lease Period	N/A	

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2028	**2029**	**2030**	**2031**	**Total over project life**
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	**MOF_CODE**	**AVERAGE_AMOUNT**

Explanation: The project is focused on five key capabilities that include data management, an investment book of record, a parallel accounting book, intelligent document processing, and centralized secure access to investment data.

Project Location: Texas

Beneficiaries: Internal operations at TRS and its members.

Frequency of Use and External Factors Affecting Use:

NA

Agency Code:	**323**	Agency name:	**Teacher Retirement System**
Category Number:	**7000**	Category Name:	**Data Center/Shared Technology Svcs**
Project number:	**4**	Project Name:	**Data Center Services**

PROJECT DESCRIPTION

General Information

Texas Government Code §2054.375, Subchapter L. Statewide Technology Centers requires DIR to manage consolidated statewide data centers and identify agencies for participation. The Data Center Services program funds the consumption of print/mail services and continued managed security vulnerability services through the Texas Department of Information Resources (DIR) Shared Technology Services (STS) program.

PLCS Tracking Key	N/A		
Number of Units / Average Unit Cost	N/A		
Estimated Completion Date	Ongoing		
Additional Capital Expenditure Amounts Required		**2030**	**2031**
		0	0
Type of Financing	CA CURRENT APPROPRIATIONS		
Projected Useful Life	Ongoing		
Estimated/Actual Project Cost	$1,800,000		
Length of Financing/ Lease Period	N/A		

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2028	2029	2030	2031	Total over project life
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	MOF_CODE	AVERAGE_AMOUNT

Explanation: TRS is required to use the DIR-managed Data Center Services.

Project Location: Austin, TX

Beneficiaries: TRS Staff

Frequency of Use and External Factors Affecting Use:

Used daily.

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

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year - HUB Expenditure Information

Statewide HUB Goals	Procurement Category	HUB Expenditures FY 2024 % Goal	% Actual	Diff	Actual $	Total Expenditures FY 2024	HUB Expenditures FY 2025 % Goal	% Actual	Diff	Actual $	Total Expenditures FY 2025
32.9%	Special Trade	50.0 %	75.8%	25.8%	$855,214	$1,128,474	50.0 %	44.0%	-6.0%	$1,082,427	$2,458,400
23.7%	Professional Services	10.0 %	0.0%	-10.0%	$0	$4,437,862	10.0 %	0.0%	-10.0%	$0	$4,926,981
26.0%	Other Services	25.0 %	36.8%	11.8%	$16,093,085	$43,728,259	25.0 %	26.7%	1.7%	$14,497,929	$54,227,336
21.1%	Commodities	35.0 %	34.8%	-0.2%	$2,005,346	$5,757,042	35.0 %	16.1%	-18.9%	$1,751,746	$10,883,865
	Total Expenditures		**34.4%**		**$18,953,645**	**$55,051,637**		**23.9%**		**$17,332,102**	**$72,496,582**

B. Assessment of Attainment of HUB Procurement Goals

Attainment:

The agency exceeded two of four categories, or 50%, of the applicable agency HUB procurement goals in fiscal year 2024; and exceeded one of four categories, or 25%, of the applicable agency HUB procurement goals in fiscal year 2025. HUB participation exceeded the agency goal in the Special Trade and Other Services category in FY 2024 and in Other Services in FY 2025; however, attainment in other categories was affected by factors such as limited availability of qualified HUB vendors, specialized procurement requirements, and limited opportunities for direct HUB participation.

Applicability:

The "Heavy Construction" and "Building Construction" categories are not applicable to agency operations in FY 2024 and FY 2025.

Factors Affecting Attainment:

TRS did not achieve all applicable HUB procurement goals in FY 2024 and FY 2025 due to several factors affecting vendor availability and procurement requirements within certain procurement categories. Many Professional Services contracts require highly specialized expertise, licensure, actuarial services, investment-related services, legal services, or other technical qualifications for which there is a limited pool of available HUB vendors. In addition, certain procurement decisions are driven by statutory, fiduciary, regulatory, or business requirements that limit the agency's ability to select from a broader vendor population. The Commodities category was also impacted by purchases made through statewide contracts, cooperative purchasing programs, manufacturer-authorized distributors, and other procurement areas where HUB participation opportunities may be limited or outside the agency's direct control. While TRS continues to conduct outreach and identify qualified HUB vendors, the availability of HUB vendors that can meet the agency's specific operational, technical, and performance requirements varies by procurement category.

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

C. Good-Faith Efforts to Increase HUB Participation

Outreach Efforts and Mentor-Protégé Programs:

TRS is committed to achieving applicable HUB procurement goals and continues to make a good-faith effort to increase HUB participation in all areas of procurement. The agency continues to expand its outreach efforts and remains committed to maximizing HUB participation through vendor engagement, subcontracting opportunities, and the inclusion of HUB vendors in solicitation opportunities whenever practicable. During FY 2024 and FY 2025, TRS conducted outreach activities including participation in small business forums, procurement expos, business outreach events, pre-proposal meetings, and vendor training sessions. These efforts were designed to educate businesses on how to do business with the agency, promote contracting and subcontracting opportunities, and encourage participation in agency solicitations. In addition, TRS's VetHUB Coordinator leads the HUB Discussion Work Group's (HDWG) outreach efforts by collaborating with VetHUB Coordinators and procurement professionals across state government to identify opportunities to engage HUB and veteran-owned businesses, share best practices, coordinate outreach activities, and promote awareness of state contracting opportunities.

HUB Program Staffing:

The TRS HUB/VetHUB Program is supported by a dedicated VetHUB Coordinator who serves as the agency's primary resource for the HUB/VetHUB program and its compliance, outreach, vendor engagement, subcontracting plan administration, reporting, and program development efforts. During FY 2024 and FY 2025, the team expanded outreach efforts through participation in small business forums, procurement events, training sessions, and collaborative initiatives with HUB Coordinators throughout Texas. These efforts support TRS's commitment to increasing awareness of contracting opportunities and fostering participation by HUB and veteran-owned businesses in state procurement.

Current and Future Good-Faith Efforts:

TRS remains committed to continuous improvement in VetHUB utilization through proactive outreach, vendor engagement and strategic partnership designed to expand opportunities for VetHUBs to participate in state contracting by 1) Continuing to expand outreach; 2) Strengthening engagement with VetHUBs and Veteran focused business organizations; 3) Collaborating and sharing best practices with VetHUB Coordinators, business organizations and procurement professionals 4) Evaluating procurement trends and exploring participation in the State of Texas Mentor-Protege program.

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

TRS MEDICAL BOARD

Statutory Authorization: Texas Government Code 825.204
Number of Members: 3
Committee Status: Ongoing
Date Created: 07/01/1937
Date to Be Abolished:

Strategy (Strategies): 1-1-3 ADMINISTRATIVE OPERATIONS

Advisory Committee Costs	**Expended Exp 2025**	**Estimated Est 2026**	**Budgeted Bud 2027**	**Requested BL 2028**	**Requested BL 2029**
Committee Members Direct Expenses					
Contracted Fee for Service	$154,500	$159,000	$163,500	$167,600	$171,803
Other Expenditures in Support of Committee Activities					
Personnel (1.0 FTE)	73,341	77,008	80,860	83,430	86,083
Total, Committee Expenditures	**$227,841**	**$236,008**	**$244,360**	**$251,030**	**$257,886**
Method of Financing					
TRS Trust Account Fund	$227,841	$236,008	$244,360	$251,030	$257,886
Total, Method of Financing	**$227,841**	**$236,008**	**$244,360**	**$251,030**	**$257,886**
Meetings Per Fiscal Year	6	6	6	6	6

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

Description and Justification for Continuation/Consequences of Abolishing

Section 824.301 of the Texas Government Code contains a provision for disability retirement benefits. Members who apply for disability retirement must file with the Board of Trustees the results of a medical examination of the member. Based on medical information submitted by the member, the Medical Board rules on the application for disability retirement. The Medical Board, authorized under section 825.204 of the Texas Government Code and comprised of three physicians, receives information throughout the year on applications for disability retirement and may request additional medical information on specific cases. The Medical Board meets with staff on a bi-monthly basis to review disability retirement applications. TRS Law requires that members of the Medical Board be physicians licensed to practice medicine in this state and be of good standing in the medical profession. Their expertise is invaluable to the integrity of the disability retirement process. Abolishing the Medical Board would result in the staff and/or Board of Trustees having to rule on disability applications without benefit of the medical expertise provided by this board. This very likely would result in increased appeals of decisions made by laypersons with ultimate increased costs and risk to the system. The Medical Board is composed of three members/physicians who are licensed to practice medicine in Texas and are in good standing with the Texas Medical Board and who are not eligible to participate in the retirement system. Members are appointed by the Board of Trustees.The medical board: (1) reviews all medical examinations required by the TRS Government Code Subtitle; (2) investigates essential statements and certificates made by or on behalf of a member of the retirement system in connection with an application for disability retirement; and (3) reports in writing to the Board of Trustees its conclusions and recommendations on all matters referred to it.

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern
323 - Teacher Retirement System

ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2028-29 GAA BILL PATTERN	**$**	**327,745,860,310**

Pension Trust Fund - 960

Estimated Beginning Balance in FY 2026		$	226,328,300,601
Estimated Revenues FY 2026		$	27,318,476,577
Estimated Revenues FY 2027		$	28,437,458,895
	FY 2026-27 Total	$	282,084,236,073
Estimated Beginning Balance in FY 2028		$	249,105,581,114
Estimated Revenues FY 2028		$	29,588,115,846
Estimated Revenues FY 2029		$	30,770,129,279
	FY 2028-29 Total	$	309,463,826,239

Constitutional or Statutory Creation and Use of Funds:

Article XVI, Section 67 of the Texas Constitution establishes the Teacher Retirement System. Texas Government Code, Title 8, Sections 825.402 through 825.410 specify contributions to the fund.

Method of Calculation and Revenue Assumptions:

Calculations are based on historical data, TRS Board assumptions, and statutorily required contribution rates. Calculations assume a 7.0% annual investment return, 4% annual payroll growth for FY 2026, and 2.9% annual payroll growth for FY 2027-2029, as adopted by the TRS Board of Trustees. Expenditures are projected to grow 5.0% annually, based on historical trends.

Retired Health Benefits - 989

Estimated Beginning Balance in FY 2026		$	5,569,790,466
Estimated Revenues FY 2026		$	2,409,282,653
Estimated Revenues FY 2027		$	2,481,126,108
	FY 2026-27 Total	$	10,460,199,227
Estimated Beginning Balance in FY 2028		$	6,819,916,736
Estimated Revenues FY 2028		$	2,500,821,686
Estimated Revenues FY 2029		$	2,555,828,116
	FY 2028-29 Total	$	11,876,566,537

Constitutional or Statutory Creation and Use of Funds:

Texas Insurance Code Title 8, Subtitle H, Section 1575.001. Section 1575.201 through 1575.210 for contributions.

Method of Calculation and Revenue Assumptions:

Revenue and expenditure assumptions are based on historical trends and Medicare changes. Assumes medical cost trend of 7.0% through FY 2025; reduced by 0.25% each year thereafter. Assumes pharmacy cost trends of 9.0% through calendar year 2026; reduced by 0.25% each year thereafter for non-Medicare enrollees. For Medicare enrollees, assumes 1.4% cost reduction in calendar year 2026 and 6.0% trend each year thereafter. Assumes an average of 2% growth of total revenue per year.

TRS-ActiveCare - 855

Estimated Beginning Balance in FY 2026		$	818,756,260
Estimated Revenues FY 2026		$	2,238,367,082
Estimated Revenues FY 2027		$	2,555,014,974
	FY 2026-27 Total	$	5,612,138,316
Estimated Beginning Balance in FY 2028		$	446,328,212
Estimated Revenues FY 2028		$	2,847,508,924
Estimated Revenues FY 2029		$	3,111,630,398
	FY 2028-29 Total	$	6,405,467,534

Constitutional or Statutory Creation and Use of Funds:

Texas Insurance Code Title 8, Subtitle H, Chapter 1579. Section 1579.251 through 1575.210 for contributions.

Method of Calculation and Revenue Assumptions:

Revenue and expenditure assumptions are based on historical trends. Revenues are calculated assuming current enrollment and premium increases of less than 10% for FY 2028 and FY 2029. Medical cost trend of 5.5% in FY 2026, 6.2% trend in FY 2027 to account for new districts, and 5.5% trend in FY 2028 and FY 2029. Pharmacy cost trend 9.0% in FY 2026, 9.7% trend in FY 2027 to account for new districts, and 9.0% trend in FY 2028 and FY 2029. At this time, TRS estimates that it would need an additional $110M for the FY 2028-2029 biennium to maintain premium increases below 10% annually through FY 2028.