

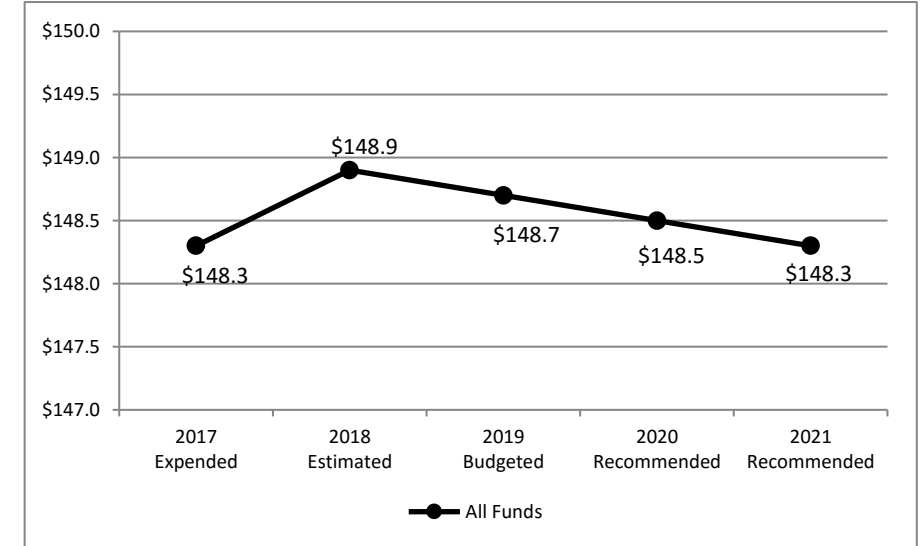
**Optional Retirement Program  
Summary of Recommendations - House**

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<b>Method of Financing</b>	<b>2018-19 Base</b>	<b>2020-21 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$246,530,981	\$243,228,738	(\$3,302,243)	(1.3%)
GR Dedicated Funds	\$51,094,536	\$53,576,505	\$2,481,969	4.9%
<i>Total GR-Related Funds</i>	<i>\$297,625,517</i>	<i>\$296,805,243</i>	<i>(\$820,274)</i>	<i>(0.3%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
<b>All Funds</b>	<b>\$297,625,517</b>	<b>\$296,805,243</b>	<b>(\$820,274)</b>	<b>(0.3%)</b>

**Historical Funding Levels (Millions)**



**Agency Budget and Policy Issues and/or Highlights**

- The Optional Retirement Program is a defined contribution retirement program offered as an alternative to TRS retirement for certain higher education faculty and professionals who require interstate mobility during their careers.

The bill pattern for this agency (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 biennium.

**Optional Retirement Program  
Summary of Funding Changes and Recommendations - House**

<b>Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)</b>		<b>General Revenue</b>	<b>GR-Dedicated</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>All Funds</b>	<b>Strategy in Appendix A</b>
<i><b>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</b></i>							
A)	Decreased funding due to the decline of payroll covered by GR.	(\$3.3)	\$0.0	\$0.0	\$0.0	(\$3.3)	A.1.1
B)	Increased funding due to the growth of payroll covered by GR-D.	\$0.0	\$2.5	\$0.0	\$0.0	\$2.5	A.1.1
<b>TOTAL SIGNIFICANT Funding Changes and Recommendations (in millions)</b>		<b>(\$3.3)</b>	<b>\$2.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$0.8)</b>	As Listed
<i>SIGNIFICANT Funding Increases</i>		\$0.0	\$2.5	\$0.0	\$0.0	\$2.5	As Listed
<i>SIGNIFICANT Funding Decreases</i>		(\$3.3)	\$0.0	\$0.0	\$0.0	(\$3.3)	As Listed

NOTE: Totals may not sum due to rounding.

**Optional Retirement Program  
Selected Fiscal and Policy Issues - House**

1. **State Contributions to the Optional Retirement Program.** Recommendations for the 2020-21 biennium total an estimated \$296.8 million in All Funds, a decrease of \$0.8 million or 0.3 percent from the 2018-19 base. The biennial decrease is due to a projected decline in the institutional use of GR to fund ORP participant payroll, partially offset by projected increases in payroll covered by GR-D. Recommendations provide a 6.6 percent state contribution rate for ORP participants in the 2020-21 biennium, the same rate as the 2018-19 biennium.

Recommendations assume an annual 0.1 percent net decrease in appropriations to ORP. This decrease is due to the projected 0.7 percent annual decline of GR covered payroll, partially offset by the projected 2.4 percent annual growth of GR-D covered payroll. The 2018-19 General Appropriations Act budgeted a 1.0 percent annual decrease in GR and a 3.0 percent annual growth of GR-D.

These assumptions are based on five and ten-year annual growth trends of 2.4 percent and 2.3 percent, respectively, for all ORP payroll and on institutions' increasing use of GR-D, designated tuition, and other local funds to pay employee salaries rather than GR. This method of finance change reduces the amount of GR required to fund the state ORP contribution under current law.

**Optional Retirement Program  
Appendices - House**

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\* Appendix is not included - no significant information to report

**Optional Retirement Program  
Funding Changes and Recommendations - House, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
OPTIONAL RETIREMENT PROGRAM A.1.1	\$297,625,517	\$296,805,243	(\$820,274)	(0.3%)	Recommendations include a state contribution rate of 6.6 percent of active member payroll.
GENERAL REVENUE FUNDS	\$246,530,981	\$243,228,738	(\$3,302,243)	(1.3%)	Estimated appropriations assume an annual (0.7) percent decrease in GR-covered payroll from FY 2018 to FY 2021 due to institutions' increasing use of other funding sources to pay ORP participant salaries. The 2018-19 base has been adjusted to reflect actual 2018 expenditures and updated projections for 2019.
GR DEDICATED	\$51,094,536	\$53,576,505	\$2,481,969	4.9%	Estimated appropriations assume an annual 2.4 percent increase in GR-D covered payroll from FY 2018 to FY 2021 based on recent trends. The 2018-19 base has been adjusted to reflect actual 2018 expenditures and updated projections for 2019.
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
<b>Total, Goal A, OPTIONAL RETIREMENT PROGRAM</b>	<b>\$297,625,517</b>	<b>\$296,805,243</b>	<b>(\$820,274)</b>	<b>(0.3%)</b>	
GENERAL REVENUE FUNDS	\$246,530,981	\$243,228,738	(\$3,302,243)	(1.3%)	
GR DEDICATED	\$51,094,536	\$53,576,505	\$2,481,969	4.9%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
<b>Grand Total, All Agency</b>	<b>\$297,625,517</b>	<b>\$296,805,243</b>	<b>(\$820,274)</b>	<b>(0.3%)</b>	
GENERAL REVENUE FUNDS	\$246,530,981	\$243,228,738	(\$3,302,243)	(1.3%)	
GR DEDICATED	\$51,094,536	\$53,576,505	\$2,481,969	4.9%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

**Optional Retirement Program  
Performance Measure Highlights - House**

	<b>Expended 2017</b>	<b>Estimated 2018</b>	<b>Budgeted 2019</b>	<b>Recommended 2020</b>	<b>Recommended 2021</b>
• <i>Number of Participants in the Optional Retirement Program</i>	37,615	37,419	37,419	37,419	37,419
<i>Measure Explanation: Fiscal years 2017 and 2018 are actual participation totals as reported by the Texas Higher Education Coordinating Board. Estimates for 2019-21 are based on 2018 participation remaining constant. The average annual change in participation since 2009 is -0.6 percent.</i>					