

Texas Emergency Services Retirement System
Summary of Budget Recommendations - House

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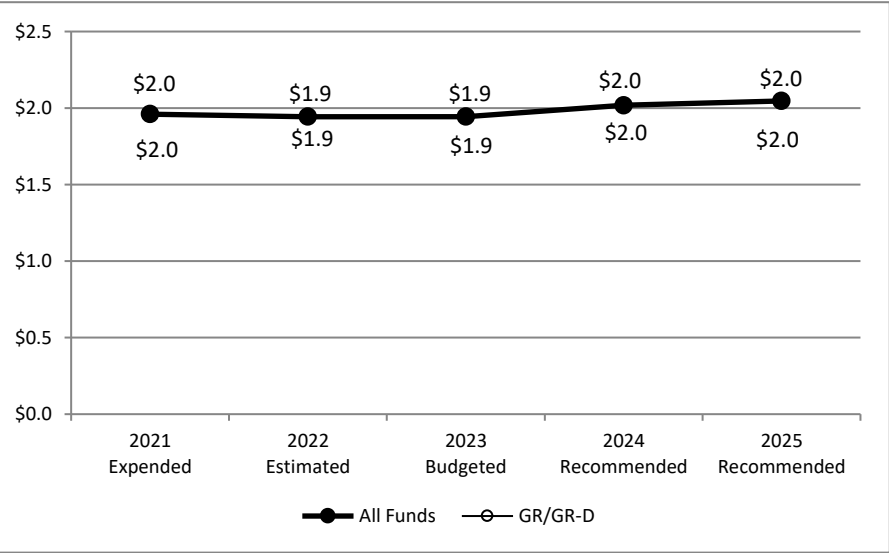
Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,361,323	\$1,479,053	\$117,730	8.6%
GR Dedicated Funds	\$2,525,526	\$2,585,526	\$60,000	2.4%
Total GR-Related Funds	\$3,886,849	\$4,064,579	\$177,730	4.6%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$3,886,849	\$4,064,579	\$177,730	4.6%

	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	9.0	10.0	1.0	11.1%

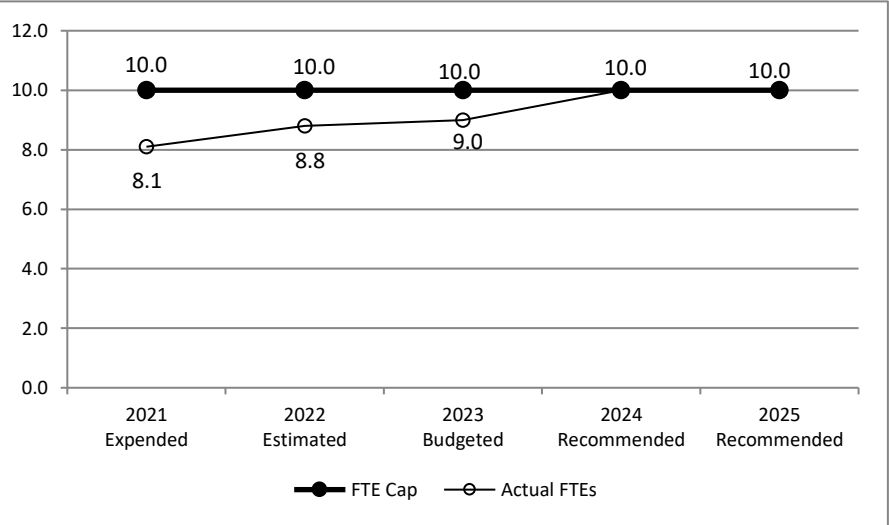
The Texas Emergency Services Retirement System provides retirement, survivor, and disability benefits for volunteer firefighters and EMS personnel in participating departments across the state. The state's contribution to the system is from General Revenue-Dedicated Volunteer Fire Department Assistance Account No. 5064.

The bill pattern for this agency (2024-25 Recommended) represents an estimated 2.9% of the agency's estimated total available funds for the 2024-25 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Texas Emergency Services Retirement System
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Increase of \$60,000 from GR-Dedicated Volunteer Fire Department Assistance Account 5064 to increase the state contribution to the pension fund.	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	A.1.1
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
B)	Increase of \$83,730 in General Revenue due to exempt and non-exempt salary adjustments.	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	A.1.1, B.1.1
C)	Increase of \$34,000 to fully fund a benefits specialist position left vacant in fiscal years 2022 and 2023.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	A.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.1	\$0.1	\$0.0	\$0.0	\$0.2	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.1	\$0.1	\$0.0	\$0.0	\$0.2	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

**Texas Emergency Services Retirement System
Selected Fiscal and Policy Issues - House**

1. **Increase in State Contributions to the Pension System Provided by the Agency.** Recommendations include an increase of \$60,000 from GR-Dedicated Volunteer Fire Department Assistance Account 5064 to increase the state contribution to this pension system, which provides retirement, survivor, and disability benefits for volunteer firefighters and EMS personnel in participating departments across the state. Government Code Sec. 865.015 states that the state's contribution to this pension system may not exceed one-third of the total of all contributions by governing bodies in a particular year, and the additional funds bring the state to this maximum contribution allowed by law.
2. **State Auditor's Office Audit on Selected Financial Transactions and Financial Reporting (Report No. 22-009).** An SAO Audit published December 2021 indicated the agency should strengthen its processes for monitoring, documenting, and recording pension fund transactions, and for following up on late payments. More specifically the audit said the agency:
 - Did not establish adequate segregation of duties within its accounting function, permitting the chief financial officer to perform most activities with minimal oversight.
 - Did not document accounting staff responsibilities.
 - Did not establish adequate monitoring processes over certain pension fund financial activities.
 - Did not consistently maintain supporting documentation for all pension fund transactions processed.

The agency said they are addressing the audit's findings and looking for ways to reduce risk associated with financial transactions. Among other things they have done the following:

- Updated processes for the reconciliation for contributions during the Member Reconciliation Report which is done semiannually.
- Centralized the location of written policy and procedures. They agency indicated they are looking at written procedures as they exist for relevancy, appropriateness, and correctness.
- Eliminated the process of manual entries entered into the accounting system without oversight and approval.

Texas Emergency Services Retirement System
Items Not Included in Recommendations - House

	2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	Salary Adjustment Funding. The agency is requesting General Revenue funding of \$61,915 annually to increase base salaries for all staff other than the executive director to align with similar positions at other public agencies and private enterprises. According to the agency, during the 2022-23 biennium the agency experienced high staff turnover and a position vacancy rate of 40 percent. With current funding constraints, the agency indicates it has had difficulty filling positions and maintaining staff in key, critical positions.	\$123,830	\$123,830	0.0	No	No	\$123,830
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TOTAL Items Not Included in Recommendations		\$123,830	\$123,830	0.0			\$123,830
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Texas Emergency Services Retirement System
Appendices - House

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* Appendix is not included - no significant information to report

Texas Emergency Services Retirement System					
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS					
Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
ADMINISTER PENSION FUND A.1.1	\$3,654,927	\$3,768,660	\$113,733	3.1%	Recommendations include increases of \$34,000 in General Revenue to fully fund a benefits specialist position left vacant in fiscal years 2022 and 2023 and \$60,000 from GR-Dedicated Volunteer Fire Department Assistance Account 5064 to increase the state contribution to the pension fund. Finally, recommendations reflect an increase of \$19,733 in General Revenue to adjust the salary of the Executive Director from \$118,826 in fiscal year 2023 to \$125,404 in fiscal year 2024 and \$131,981 in fiscal year 2025.
RECRUITING AND TECHNICAL ASSISTANCE A.2.1	\$231,922	\$231,922	\$0	0.0%	
Total, Goal A, SOUND PENSION FUND	\$3,886,849	\$4,000,582	\$113,733	2.9%	
SALARY ADJUSTMENTS B.1.1	\$0	\$63,997	\$63,997	100.0%	Recommendations include an increase of \$63,997 in General Revenue for the statewide salary adjustments.
Total, Goal B, SALARY ADJUSTMENTS	\$0	\$63,997	\$63,997	100.0%	
Grand Total, All Strategies	\$3,886,849	\$4,064,579	\$177,730	4.6%	

Texas Emergency Services Retirement System
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2021	Actual 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	10.0	10.0	10.0	10.0	10.0
Actual/Budgeted	8.1	8.8	9.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 3	\$118,826	\$118,826	\$118,826	\$125,404	\$131,981

Notes:

- a) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 22-706, August 2022) indicates a market average salary of \$131,981 for the Executive Director Position at the Texas Emergency Services Retirement System.
- b) The State Auditor's Office is the source for the FY 2021 and FY 2022 annual average (actual) FTE levels.