

Pension Review Board
Summary of Budget Recommendations - House

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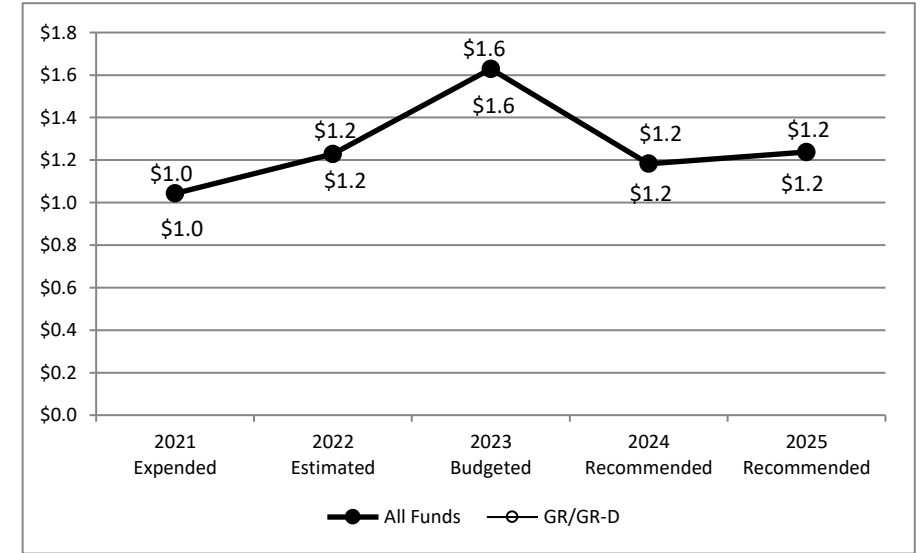
Amy Cardona, Executive Director

John Posey, LBB Analyst

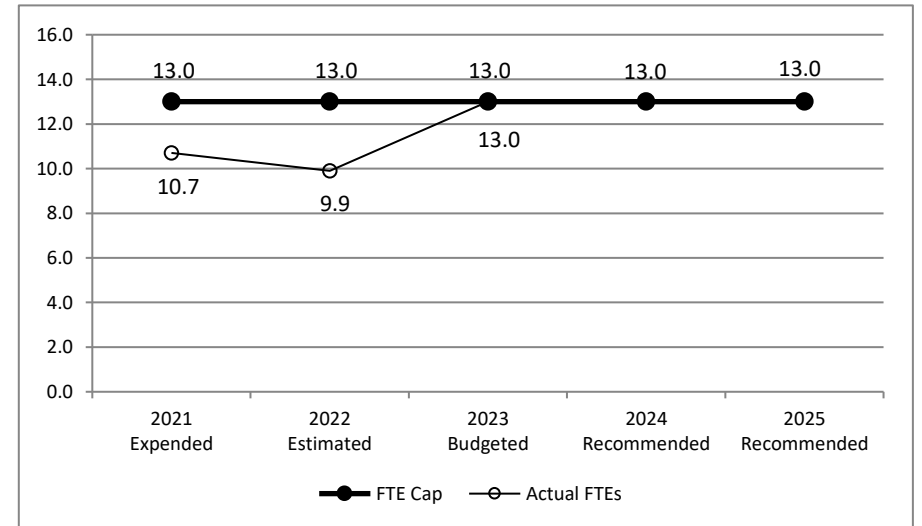
Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$2,857,498	\$2,420,106	(\$437,392)	(15.3%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$2,857,498</i>	<i>\$2,420,106</i>	<i>(\$437,392)</i>	<i>(15.3%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$2,857,498	\$2,420,106	(\$437,392)	(15.3%)

	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	13.0	13.0	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

Pension Review Board
Summary of Funding Changes and Recommendations - House

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) One-time funding of \$600,000 in General Revenue provided in HB 2, 87th Legislature, Regular Session, for two IT projects. These two projects include database migration and upgrades, and a self-service reporting portal.	(\$0.6)	\$0.0	\$0.0	\$0.0	(\$0.6)	A.2.1
<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 \$162,608 in General Revenue due to exempt and non-exempt salary adjustments.	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2	A.1.1, B.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	(\$0.4)	\$0.0	\$0.0	\$0.0	(\$0.4)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$0.6)	\$0.0	\$0.0	\$0.0	(\$0.6)	As Listed

NOTE: Totals may not sum due to rounding.

**Pension Review Board
Selected Fiscal and Policy Issues - House**

1. **Extension of IT funds appropriated through HB 2, 87th Legislature, Regular Session.** The agency has requested a two-year extension of the one-time appropriations of \$600,000 in General Revenue for information technology projects the agency received in HB 2. The projects would do the following:
 - Migrate the agency's data from multiple servers to the cloud and create a new web-based interface for the current internal databases; and
 - Create a self-service reporting portal to allow retirement systems to access and upload their reports and to complete and submit required forms online.

The agency states that they experienced a delay of several months due to the difficulty in finding an available programmer with the necessary skills to complete these projects.

2. **Update on Implementation of HB 3898, 87th Legislature, Regular Session.** HB 3898, passed by the 87th Legislature, Regular Session, updated requirements to Funding Soundness Restoration Plans and Investment Practices and Performance Evaluations of local systems. Funding Soundness Restoration Plans are developed by Texas public retirement systems and their sponsors to improve the funding status of financially distressed plans. The updated requirements bring them closer in alignment with best practices established by the Actuarial Standards Board. Investment Practices and Performance Evaluations require Texas public retirement systems with assets of at least \$30 million to select an independent firm with substantial experience to evaluate the appropriateness, adequacy, and effectiveness of the system's investment practices and performance and to make recommendations for improving its investment policies, procedures, and practices. The updated requirements include additional disclosure requirements about experience of evaluators, conflicts of interest, and reasons for not including recommendations. The requirements also added a formal review and comment process and permitted the sponsor of a system to help pay the cost of the evaluation. Administrative rules to implement the legislation were adopted in October 2022.

**Pension Review Board
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)	Staff Consumer Price Index and Merit Salary Increase. The agency requests \$87,623 in General Revenue for fiscal year 2024 and \$43,534 in General Revenue for fiscal year 2025 for a total of \$131,157 for the 2024-2025 biennium. The funding would provide for both cost of living and merit increases.	\$131,157	\$131,157	0.0	No	No	\$87,068
2)	Authority and Funding for Executive Director Salary Increase. The agency is requesting an increase in authority and General Revenue funding for the Executive Director from \$137,985 to \$149,240 in fiscal year 2024. The exceptional item would bring the funding and authority to the amount in fiscal year 2025.	\$11,255	\$11,255	0.0	No	No	\$11,255

TOTAL Items Not Included in Recommendations	\$142,412	\$142,412	0.0			\$98,323
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**Pension Review Board
Appendices - House**

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* Appendix is not included - no significant information to report

**Pension Review Board
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
RETIREMENT SYSTEM REVIEWS A.1.1	\$1,022,240	\$1,056,005	\$33,765	3.3%	The change is due to an increase in the Executive Director's salary from \$126,730 in fiscal years 2022 and 2023 to \$137,985 in fiscal year 2024 and \$149,240 in fiscal year 2025.
TECHNICAL ASSISTANCE AND EDUCATION A.2.1	\$1,835,258	\$1,235,258	(\$600,000)	(32.7%)	The reduction is due to the removal of one-time funding of \$600,000 in General Revenue provided in HB2, 87R, Section 35 for two IT projects related to database migration and upgrades, and a self-service reporting portal.
Total, Goal A, SOUND RETIREMENT SYSTEMS	\$2,857,498	\$2,291,263	(\$566,235)	(19.8%)	
SALARY ADJUSTMENTS B.1.1	\$0	\$128,843	\$128,843	100.0%	Recommendations include an increase of \$128,843 in General Revenue for the statewide salary adjustments.
Total, Goal B, SALARY ADJUSTMENTS	\$0	\$128,843	\$128,843	100.0%	
Grand Total, All Strategies	\$2,857,498	\$2,420,106	(\$437,392)	(15.3%)	

**Pension Review Board
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2021	Actual 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	13.0	13.0	13.0	13.0	13.0
Actual/Budgeted	10.7	9.9	13.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 3	\$126,730	\$126,730	\$126,730	\$137,985	\$149,240

Notes:

- a) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 22-706, August 2022) indicates a market average salary of \$127,335 for the Executive Director position at the Pension Review Board.
- b) The State Auditor's Office is the source for the FY 2021 and FY 2022 annual average (actual) FTE levels.