

**Pension Review Board  
Summary of Budget Recommendations - House**

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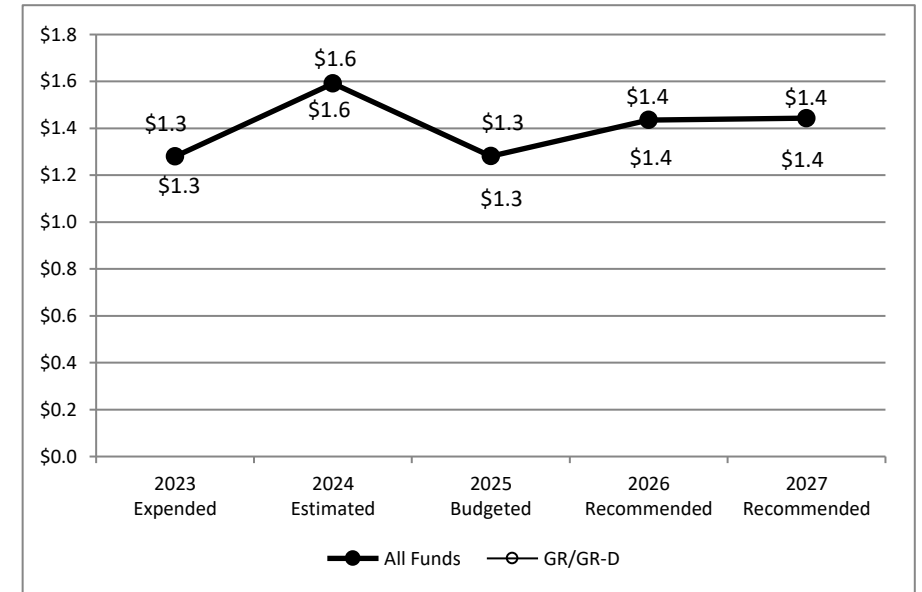
Amy Cardona, Executive Director

John Posey, LBB Analyst

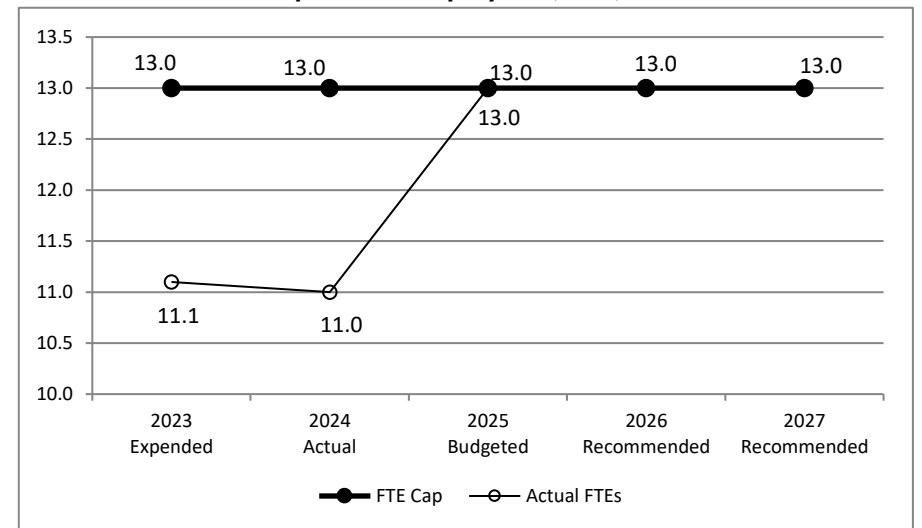
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$2,872,568	\$2,878,439	\$5,871	0.2%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$2,872,568</i>	<i>\$2,878,439</i>	<i>\$5,871</i>	<i>0.2%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
<b>All Funds</b>	<b>\$2,872,568</b>	<b>\$2,878,439</b>	<b>\$5,871</b>	<b>0.2%</b>

	FY 2025 Budgeted	FY 2027 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 (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 biennium.

**Pension Review Board**  
**Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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**SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):**

A)	Increase of \$80,000 in General Revenue for the support and maintenance of several new agency systems, including contract labor and licensing costs.	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	A.2.1
B)	Decrease of \$310,050 in General Revenue related to unexpended balances carried forward to the 2024-25 biennium pursuant to authority granted in the supplemental bill, SB 30, 88th Legislature, Regular Session, for information technology projects originally appropriated in HB 2, 87th Legislature, Regular Session.	(\$0.3)	\$0.0	\$0.0	\$0.0	(\$0.3)	A.2.1

**OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):**

C)	Increase of \$160,000 for the biennium in General Revenue to bring the staff actuary salary closer to market value, to bring other salaries up to government averages, and provide for other salary increases based on performance.	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2	A.1.1, A.2.1
D)	Increase of \$22,500 for the exempt position salary. The Executive Director salary cap is increased from \$149,240 to \$170,000, and the salary group is increased from 3 to 4.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	A.1.1, A.2.1
E)	Increase of \$53,421 in funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations.	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	A.1.1, A.2.1

<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	(\$0.3)	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.3)	As Listed

NOTE: Totals may not sum due to rounding.

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

1. **Completion of Pension Online Reporting Tool.** In August 2024, the agency completed a self-service portal called the Pension Online Reporting Tool. This tool was created using \$300,000 in supplemental GR funding from the 87th Legislature.

The portal allows local public retirement systems to submit information to the agency without the security risks that come from email attachments, increases the efficiency of reports submitted to the agency, and allows systems to more easily track the reports they have submitted.

Recommendations include the removal of \$310,050 in General Revenue funds in unexpended balances carried forward to the 2024-25 biennium pursuant to authority granted in the supplemental bill, Senate Bill 30, 88th Legislature, Regular Session. This funding was used to complete the Pension Online Reporting Tool.

Recommendations also include \$80,000 in General Revenue funds for the support and maintenance of the Pension Online Reporting Tool and other agency systems including the agency's education website and the agency's online data center. Part of these funds also provide for software licenses and subscriptions.

2. **Completion of Guidelines and Tools for Investment Policy Statements.** In July 2024, the agency board adopted guidelines to help local public retirement systems develop and maintain effective investment policies to govern their investment programs and to assist them in meeting their long-term pension obligations. Those guidelines included the following:

- The funding of a pension plan should reflect all plan obligations and assets.
- Funding of the unfunded actuarial accrued liability should be level or declining as a percentage of payroll over the funding period.
- Actual contributions made to the plan should be sufficient to cover the normal cost and to amortize the unfunded actuarial accrued liability over as brief a period as possible, but not to exceed 30 years.
- Benefit decreases and contribution increases should not be adopted without studying whether members in each tier will receive a benefit that is worth more than their contributions.
- Public retirement systems should monitor, review, and report the impact of actual plan experience on actuarial assumptions at least once every five years.

3. **Dallas Police and Fire Pension System.** The Dallas Police and Fire Pension System (DPFP), one of the public retirement systems that reports to the Pension Review Board, is facing significant financial difficulties, and is the subject of an interim legislative hearing. Due to poor performance of the plan, DPFP is also subject to a Funding Soundness Restoration Plan that must be turned in to the Pension Review Board.

- As of calendar year 2023, the system has a funding ratio of 39%, has an unfunded liability over \$3 billion, and has a funding period of 82 years.
- As of calendar year 2023, members of the plan contribute 13.5% of payroll, while the city of Dallas contributes 37.31% of payroll.
- As of calendar year 2023, the ten year return on investments for the plan was 2.24% (as a comparison, ERS' ten year return as of fiscal year 2023 was 8.04%).

DPFP and the City of Dallas have not come to an agreement on how to address these difficulties, and DPFP filed a lawsuit in Travis County in the fall. Issues between the DPFP and the City of Dallas include the length of time for the city to phase in an actuarially determined contribution to the plan and the amount of a cost-of-living increase. The city would also like increased oversight over the plan.

**Pension Review Board  
Items Not Included in Recommendations - House**

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			
<b>Agency Exceptional Items Not Included (in agency priority order)</b>							
1)	<b>IT System Enhancements and Equipment Purchases.</b> The request would provide various one-time enhancements to the agency's three main IT systems: the internal database, the Texas Public Pension Data Center, and the Pension Online Reporting Tool. The request also includes replacement of IT equipment, such as staff laptops and equipment for board meeting presentations and livestreams.	\$700,000	\$700,000	0.0	Yes	Yes	\$0
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$700,000</b>	<b>\$700,000</b>	<b>0.0</b>			<b>\$0</b>

**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	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
RETIREMENT SYSTEM REVIEWS A.1.1	\$1,191,632	\$1,315,220	\$123,588	10.4%	<ul style="list-style-type: none"> <li>- Increase of \$32,338 in General Revenue funds to biennialize the statewide salary adjustments included in the 2024-25 appropriations.</li> <li>- Increase of \$80,000 in General Revenue funds to provide salary increases to bring the staff actuary salary closer to market value, to bring other salaries up to government averages, and to provide for other salary increases based on performance.</li> <li>- Increase of \$11,250 in General Revenue funds to increase the authorized salary cap of the Executive Director to \$170,000.</li> </ul>
TECHNICAL ASSISTANCE AND EDUCATION A.2.1	\$1,680,936	\$1,563,219	(\$117,717)	(7.0%)	<ul style="list-style-type: none"> <li>- Increase of \$21,083 in General Revenue funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations.</li> <li>- Increase of \$80,000 in General Revenue funding for the support and maintenance of several new agency systems, and it includes contract labor and licensing costs.</li> <li>- Increase of \$80,000 in General Revenue funds to provide salary increases to bring the staff actuary salary closer to market value, to bring other salaries up to government averages, and to provide for other salary increases based on performance.</li> <li>- Increase of \$11,250 in General Revenue funds to increase the authorized salary cap of the Executive Director to \$170,000.</li> <li>- Decrease of \$310,050 in General Revenue funding for unexpended balances carried forward to the 2024-25 biennium pursuant to authority granted in the supplemental bill, SB 30, 88th Legislature, Regular Session, for information technology projects originally appropriated in HB 2, 87th Legislature, Regular Session.</li> </ul>
<b>Total, Goal A, SOUND RETIREMENT SYSTEMS</b>	<b>\$2,872,568</b>	<b>\$2,878,439</b>	<b>\$5,871</b>	<b>0.2%</b>	
<b>Grand Total, All Strategies</b>	<b>\$2,872,568</b>	<b>\$2,878,439</b>	<b>\$5,871</b>	<b>0.2%</b>	

**Pension Review Board  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2023</b>	<b>Actual 2024</b>	<b>Budgeted 2025</b>	<b>Recommended 2026</b>	<b>Recommended 2027</b>
Cap	13.0	13.0	13.0	13.0	13.0
Actual/Budgeted	11.1	11.0	13.0	NA	NA

<b>Schedule of Exempt Positions (Cap)</b>					
Executive Director, Group 4	\$126,730	\$149,240	\$149,240	\$170,000	\$170,000

Notes:

- a) Recommendations increase the Executive Director's salary cap from \$149,240 to \$170,000 and the Group number from 3 to 4.
- b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 25-702, October 2024) indicates a market average salary of \$135,231 for the Executive Director position at the Pension Review Board. That same report recommends increasing the Group number from 3 to 4.