

**Texas Emergency Services Retirement System
Summary of Budget Recommendations - House**

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Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,602,883	\$1,651,912	\$49,029	3.1%
GR Dedicated Funds	\$2,585,526	\$2,585,526	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$4,188,409</i>	<i>\$4,237,438</i>	<i>\$49,029</i>	<i>1.2%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$4,188,409	\$4,237,438	\$49,029	1.2%

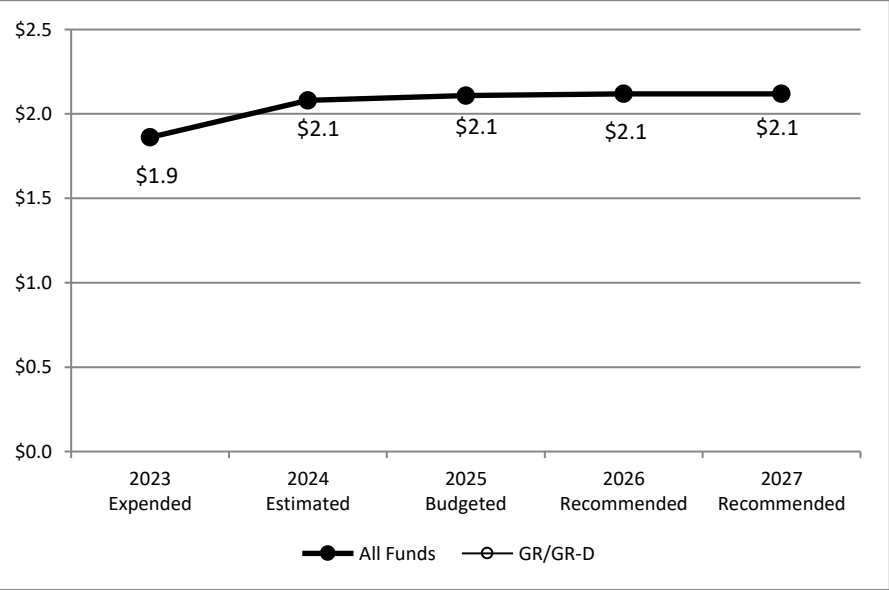
	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	10.0	11.0	1.0	10.0%

Agency Budget and Policy Issues and/or Highlights

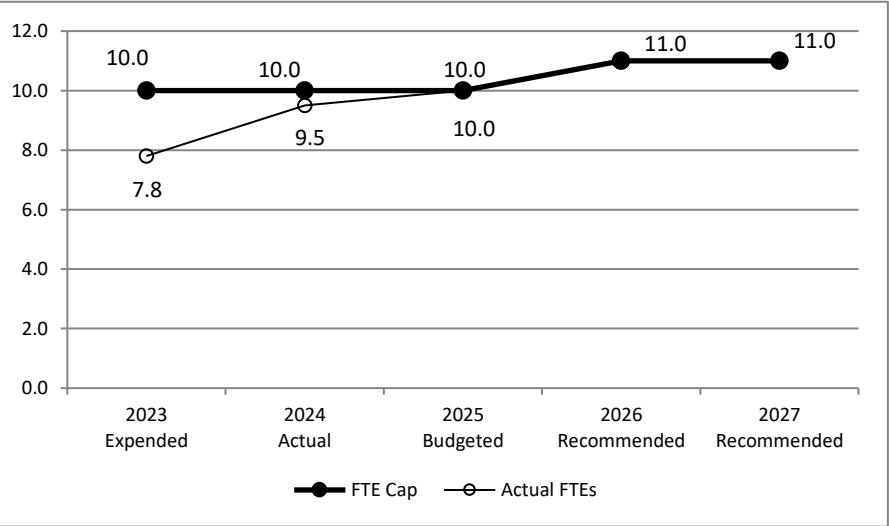
The Texas Emergency Services Retirement System provides retirement, survivor, and disability benefits for volunteer firefighters and EMS personnel in participating departments across the state. The state's contribution to the system is from General Revenue-Dedicated Volunteer Fire Department Assistance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

The bill pattern for this agency (2026-27 Recommended) represents an estimated 2.9% of the agency's estimated total available funds for the 2026-27 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



**Texas Emergency Services Retirement System
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
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>						
A) Increase of \$49,029 in General Revenue funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	A.1.1, A.2.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

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

1. **Investment and Funding Status.** Information from TESRS's August 31, 2024 Actuarial Valuation determined the following:
- The amortization of the period of the system is infinite. This is a significant change from the 2022 Actuarial Valuation, when the amortization period was 21 years.
 - The funding ratio at the end of fiscal year 2024 was 76.0%, down from 84.3% at the end of fiscal year 2022.
 - The unfunded actuarial accrued liability was \$45.6 million at the end of fiscal year 2024, which is an increase from \$25.9 million at the end of fiscal year 2022.
 - The 2024 Actuarial Valuation recommends the system lower its assumed rate of return from 7.5 percent to 7.25 percent.
 - The one year rate of return was 6.06 percent at the end of fiscal year 2023 and 12.19 percent at the end of fiscal year 2024.
 - The five year average rate of return was 4.10 percent at the end of fiscal year 2023 and 6.25 percent at the end of fiscal year 2024.
 - The ten year average rate of return was 5.75 percent at the end of fiscal year 2023 and 5.46 percent at the end of fiscal year 2024.
 - The market value of assets of the system was \$138.5 million at the end of fiscal year 2024.

**Texas Emergency Services Retirement System
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			

Agency Exceptional Items Not Included (in agency priority order)

1)	<p>Salary increases and maintain cost of living. The agency request includes funding to fill 1.0 FTE position within the current FTE cap and provide for staff salary increases. The request includes \$95,000 in each fiscal year in salary for an Accountant VII position; the agency has stated this position has been vacant since November 1, 2022.</p> <p>Additional funds are requested for the biennium for staff salary increases to mitigate turnover and address cost of living increases.</p>	\$447,201	\$447,201	0.0	Yes	No	\$394,201
2)	<p>Enhance Data Security and TXRAMP Compliance into the DIR Environment. The agency requests \$525,000 for the biennium in General Revenue to migrate two servers to the Texas Data Center Services program (DCS). The agency has budgeted \$40,000 to begin this project in fiscal year 2025. As no funds were appropriated from the 88th Legislative sessions for this purpose, the agency intends to use funds from salaries from vacant positions for this project for FY 2025.</p> <p>The agency requests an additional \$422,800 for the biennium in General Revenue, including one FTE, for software procurement, licensing, configuration, disaster recovery exercises, and ongoing maintenance on current systems. The FTE would be the liaison for this project and would oversee compliance related to Texas Administrative Code 202, Information Security Standards.</p>	\$947,800	\$947,800	1.0	Yes	Yes	\$627,732

**Texas Emergency Services Retirement System
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			
3)	<p>Recruit New Departments and Provide Technical Assistance to Existing Departments. The agency requests two additional FTEs: --One FTE is a benefits specialist for recruiting and technical assistance. According to the agency, the person would assist with on-site visits and expand member participation. -- The other FTE is a program specialist who would maintain a database on contracts, monitor performance, and conduct risk assessments of participating departments.</p>	\$315,480	\$315,480	2.0	No	No	\$305,900
4)	<p>Receptionist. The agency requests funding for a new receptionist position to answer and log incoming phone calls, process and distribute mail, and greet agency visitors.</p>	\$86,690	\$86,690	1.0	No	No	\$79,309
5)	<p>Executive Director Salary Increase. The agency requests an increase in the cap of the exempt Executive Director position to \$149,240, as well as General Revenue funding for that cap. The current cap for the executive director's salary is \$131,981, and the actual salary as of October 1, 2024 was \$110,000.</p>	\$41,518	\$41,518	0.0	No	No	\$41,518
6)	<p>Additional Funding for Unfunded Liability of the Pension System. The agency requests \$7.2 million in General Revenue funds for the biennium to increase the state contribution to the pension system. The funding would be used to address the unfunded liability of the system. According to the agency's August 31, 2024 Actuarial Valuation, the amortization period of the system is infinite.</p> <p>State contributions to the system in Senate Bill 1 are at the maximum allowed by Government Code Section 865.015, so adoption of this item would require a change in statute.</p>	\$7,200,000	\$7,200,000	0.0	No	No	\$7,200,000
TOTAL Items Not Included in Recommendations		\$9,038,689	\$9,038,689	4.0			\$8,648,660

**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	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
ADMINISTER PENSION FUND A.1.1	\$3,916,251	\$3,950,022	\$33,771	0.9%	Increase of \$33,771 in General Revenue to biennialize the statewide salary adjustments included in the 2024-25 appropriatons.
RECRUITING AND TECHNICAL ASSISTANCE A.2.1	\$272,158	\$287,416	\$15,258	5.6%	Increase of \$15,258 in General Revenue to biennialize the statewide salary adjustments included in the 2024-25 appropriatons.
Total, Goal A, SOUND PENSION FUND	\$4,188,409	\$4,237,438	\$49,029	1.2%	
Grand Total, All Strategies	\$4,188,409	\$4,237,438	\$49,029	1.2%	

**Texas Emergency Services Retirement System
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2023	Actual 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	10.0	10.0	10.0	11.0	11.0
Actual/Budgeted	7.8	9.5	10.0	NA	NA

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

Notes:

a) The State Auditor's Office is the source for the FY 2023 and FY 2024 annual average (actual) FTE levels.

b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 25-702) indicates a market average salary of \$128,775 for the Executive Director position at the Texas Emergency Services Retirement System. The agency is requesting to increase the salary cap for the Executive Director from \$131,981 to \$149,240.