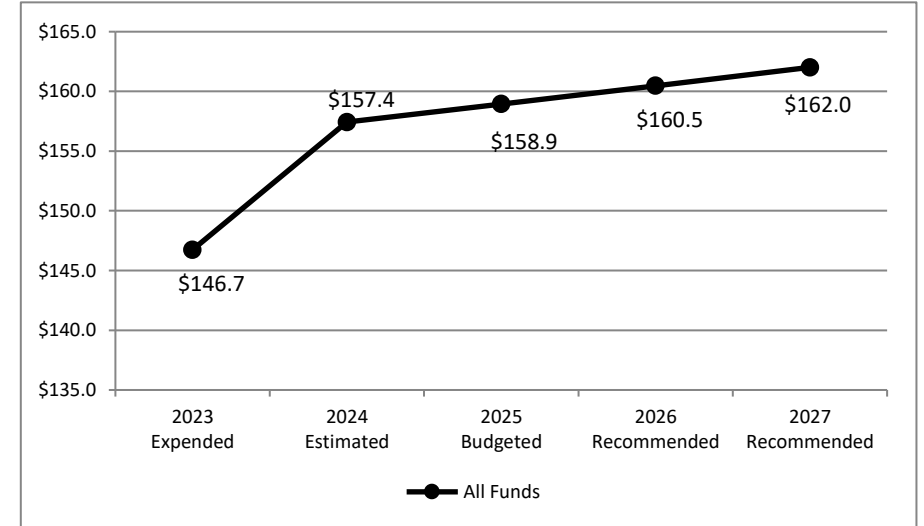


**Optional Retirement Program
Summary of Budget Recommendations - House**

Page III-56
Emily Navarrette, LBB Analyst

Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$267,255,590	\$273,596,179	\$6,340,589	2.4%
GR Dedicated Funds	\$49,105,591	\$48,883,094	(\$222,497)	(0.5%)
<i>Total GR-Related Funds</i>	<i>\$316,361,181</i>	<i>\$322,479,273</i>	<i>\$6,118,092</i>	<i>1.9%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$316,361,181	\$322,479,273	\$6,118,092	1.9%

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 Teacher Retirement System retirement for certain higher education faculty and professionals who require interstate mobility during their careers.

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.

**Optional Retirement Program
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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<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>

A)	Increased funding due to the growth of payroll covered by GR.	\$6.3	\$0.0	\$0.0	\$0.0	\$6.3	A.1.1
B)	Decreased funding due to the decline of payroll covered by GR-D.	\$0.0	(\$0.2)	\$0.0	\$0.0	(\$0.2)	A.1.1

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$6.3	(\$0.2)	\$0.0	\$0.0	\$6.1	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$6.3	\$0.0	\$0.0	\$0.0	\$6.3	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	(\$0.2)	\$0.0	\$0.0	(\$0.2)	As Listed

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

1. **State Contributions to the Optional Retirement Program (ORP).** Recommendations for the 2026–27 biennium total an estimated \$322.5 million in All Funds, an increase of \$6.1 million from the 2024–25 base. Recommendations provide a 6.6 percent state contribution rate for ORP participants in the 2026–27 biennium, the same rate as the 2024–25 biennium.

Recommendations assume 3.05 percent annual payroll growth. Due to a historical decline in the institutional use of GR to fund ORP participant payroll, recommendations assume an annual negative growth rate of 1.82 percent for GR-covered contributions. Recommendations also assume an annual negative growth rate of 3.18 percent for GR–D covered contributions. These assumptions are based on the five-year compound annual growth rates from fiscal years 2019–24 for payroll and GR and GR–D trends.

**Optional Retirement Program
Appendices - House**

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C	FTE Highlights	*

* Appendix is not included - no significant information to report

**Optional Retirement Program
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
OPTIONAL RETIREMENT PROGRAM A.1.1	\$316,361,181	\$322,479,273	\$6,118,092	1.9%	Recommendations for the 2026–27 biennium include a state contribution rate of 6.6 percent of active member payroll and total an estimated \$322.5 million in All Funds, an increase of \$6.1 million or 1.9 percent from the previous biennium. The 2024–25 base has been adjusted to reflect actual 2024 expenditures and updated projections for 2025.
Total, Goal A, OPTIONAL RETIREMENT PROGRAM	\$316,361,181	\$322,479,273	\$6,118,092	1.9%	
Grand Total, All Strategies	\$316,361,181	\$322,479,273	\$6,118,092	1.9%	