

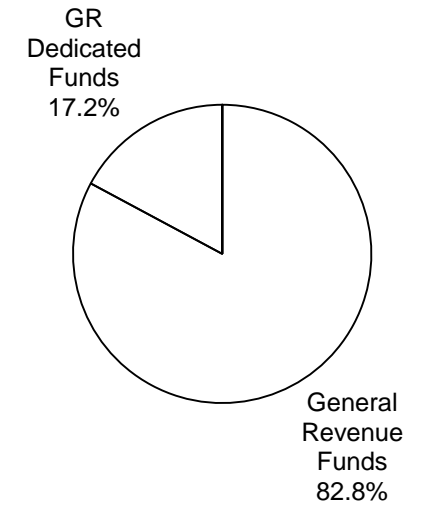
**Optional Retirement Program
Summary of Recommendations - Senate**

Jody Wright, LBB Analyst

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Method of Financing	2010-11 Appropriations	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
General Revenue Funds	\$251,377,146	\$249,841,016	\$205,341,297	(\$44,499,719)	(17.8%)
GR Dedicated Funds	\$43,275,560	\$44,328,505	\$42,564,678	(\$1,763,827)	(4.0%)
<i>Total GR-Related Funds</i>	<i>\$294,652,706</i>	<i>\$294,169,521</i>	<i>\$247,905,975</i>	<i>(\$46,263,546)</i>	<i>(15.7%)</i>
Federal Funds	\$0	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	\$0	0.0%
All Funds	\$294,652,706	\$294,169,521	\$247,905,975	(\$46,263,546)	(15.7%)

**RECOMMENDED FUNDING
BY METHOD OF FINANCING**



FTEs	FY 2011 Appropriations	FY 2011 Budgeted	FY 2013 Recommended	Biennial Change	% Change
				0.0	0.0%

The bill pattern for this agency (2012-13 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2012-13 biennium.

Optional Retirement Program

2012-2013 BIENNIUM

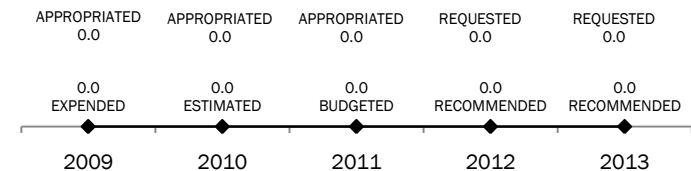
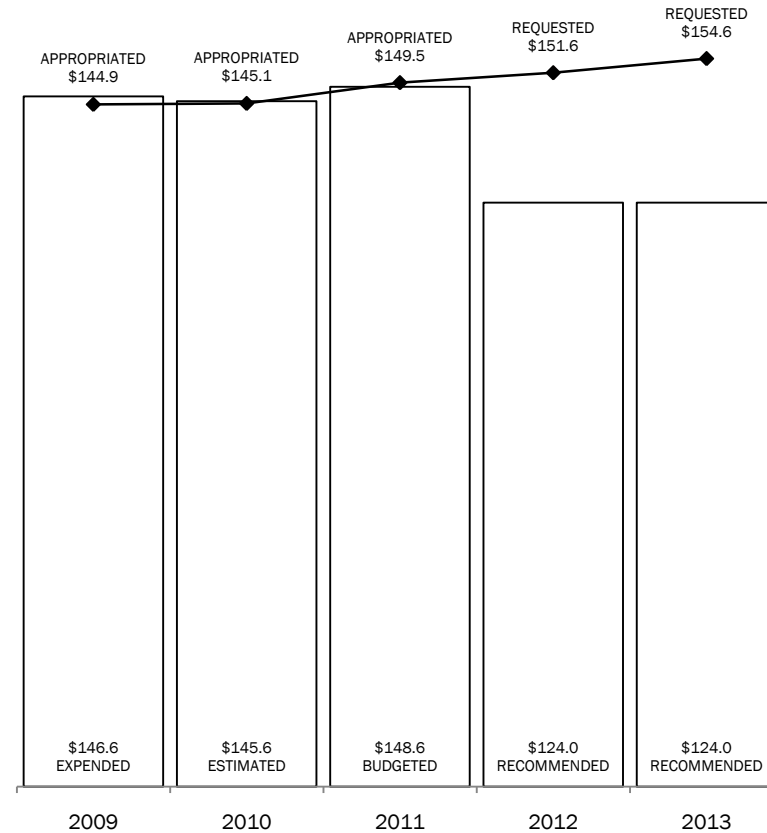
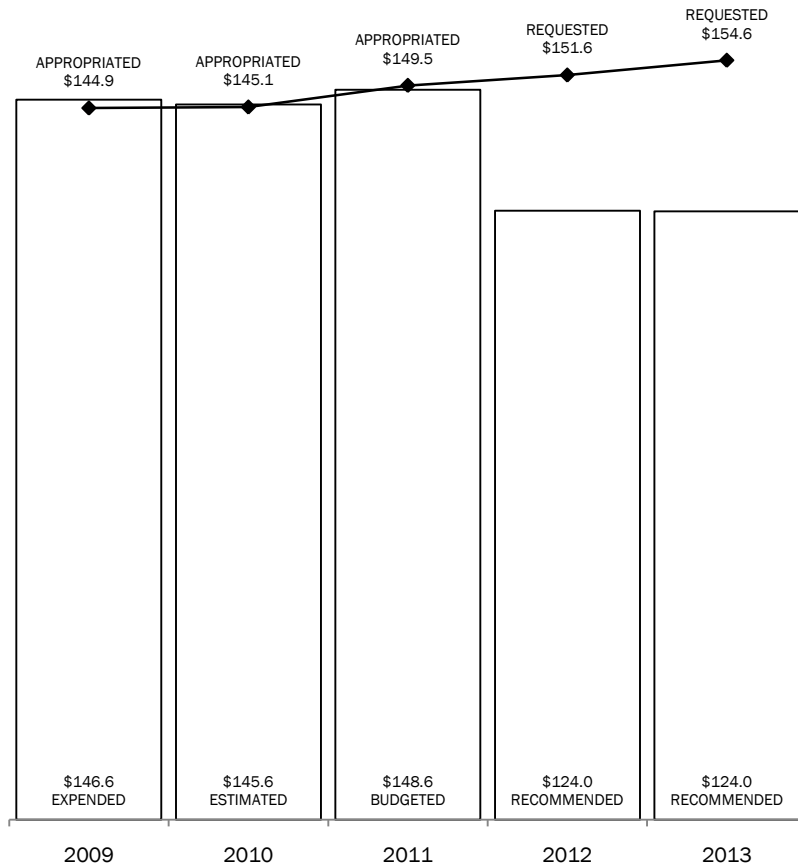
IN MILLIONS

TOTAL= \$247.9 MILLION

ALL FUNDS

**GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS**

FULL-TIME-EQUIVALENT POSITIONS



Optional Retirement Program
Summary of Recommendations - Senate, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
OPTIONAL RETIREMENT PROGRAM A.1.1	\$294,169,521	\$247,905,975	(\$46,263,546)	(15.7%)	
GENERAL REVENUE FUNDS	\$249,841,016	\$205,341,297	(\$44,499,719)	(17.8%)	Includes a \$44.5 million reduction in General Revenue below the 2010-11 estimated funding levels. Includes limiting the General Revenue appropriations for retirement contributions to 6.0 percent of the unrestricted General Revenue appropriated to each community college district. The decrease is primarily attributed to limiting the community colleges' unrestricted General Revenue, as well as lowering the contribution rate from 6.4 percent to 6.0 percent, coupled with a lower than anticipated payroll growth during the previous biennium (see Fiscal Issue #1 and #2).
GR DEDICATED	\$44,328,505	\$42,564,678	(\$1,763,827)	(4.0%)	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal A, OPTIONAL RETIREMENT PROGRAM	\$294,169,521	\$247,905,975	(\$46,263,546)	(15.7%)	

Section 3

Optional Retirement Program Selected Fiscal and Policy Issues

1. **State Contribution for the Optional Retirement Program and Payroll Growth Assumptions.** Recommendations include funding sufficient to provide for a 6.0 percent state contribution rate for the Optional Retirement Program (ORP) for higher education employees. Retirement contributions for the 2010-11 biennium assumed a 6.4 percent state contribution rate. Higher education payroll growth is assumed at 5 percent in fiscal year 2011 and no payroll growth in fiscal years 2012 and 2013. Reducing the ORP state contribution rate from 6.4 percent to 6.0 percent assumes a savings of \$49.3 million in the 2012-13 biennium.
2. **Limitation of General Revenue Fund Retirement Contributions to Public Community/Junior Colleges.** The recommendations limit the General Revenue appropriations for retirement contributions to 6.0 percent of the unrestricted General Revenue appropriated to each community college district in each year of the 2012 and 2013 biennium. Community colleges currently draw down state retirement contributions for staff employed in job functions that could legally be paid with General Revenue, if such funding were available. This means a significant portion of community college staff paid from funds other than General Revenue are receiving state General Revenue retirement contributions. The limitation assumes an estimated savings of \$30.7 million in the 2012-13 biennium.

Section 3

**Optional Retirement Program
Performance Measure Highlights**

	Expended 2009	Estimated 2010	Estimated 2011	Recommended 2012	Recommended 2013
• <i>Number of ORP Participants</i>	39,626	39,608	40,422	40,422	40,422
<i>Measure Explanation: Recommendations reflect no annual growth in participation for fiscal years 2012 and 2013.</i>					

Section 4

Optional Retirement Program
Performance Review and Policy Report Highlights

Reports & Recommendations	GEER Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

Optional Retirement Program Rider Highlights

5. (new) **Limitation on General Revenue Fund Retirement Contributions to Public Community/Junior Colleges.** For each public community/junior college district, the combined annual General Revenue Fund contributions to the Optional Retirement Program shall not exceed 6.0 percent of each district's unrestricted General Revenue appropriation in fiscal year 2012 and fiscal year 2013.

Section 6

**OPTIONAL RETIREMENT PROGRAM
Items not Included in the Recommendations - Senate**

	2012-13 Biennial Total	
	GR & GR- Dedicated	All Funds
1. Pension Trust Fund Higher Education state matching retirement contributions sufficient to increase rate from 6.0 percent to 6.4 percent, assuming LBB payroll growth assumptions.	\$ 49,320,230	\$ 49,320,230
2. Pension Trust Fund Higher Education state retirement contributions limiting General Revenue to 6.0 percent of unrestricted General Revenue for public community/junior colleges.	\$ 30,743,591	\$ 30,743,591
Total, Items Not Included in the Recommendations	\$ 80,063,821	\$ 80,063,821