

Section 1

Teacher Retirement System
Summary of Recommendations - Senate

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Brian Guthrie, Executive Director

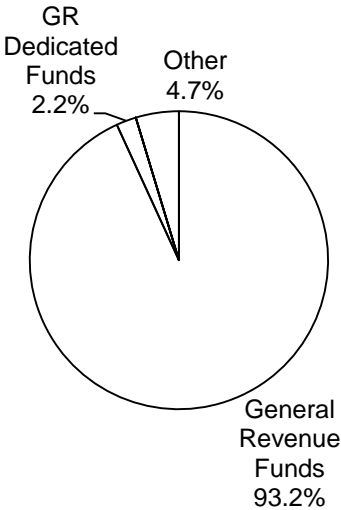
Pattie Featherston, LBB Analyst

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$3,882,858,559	\$4,049,383,824	\$166,525,265	4.3%
GR Dedicated Funds	\$87,095,427	\$94,202,414	\$7,106,987	8.2%
Total GR-Related Funds	\$3,969,953,986	\$4,143,586,238	\$173,632,252	4.4%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$196,128,884	\$203,176,251	\$7,047,367	3.6%
All Funds	\$4,166,082,870	\$4,346,762,489	\$180,679,619	4.3%

	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	503.3	503.3	0.0	0.0%

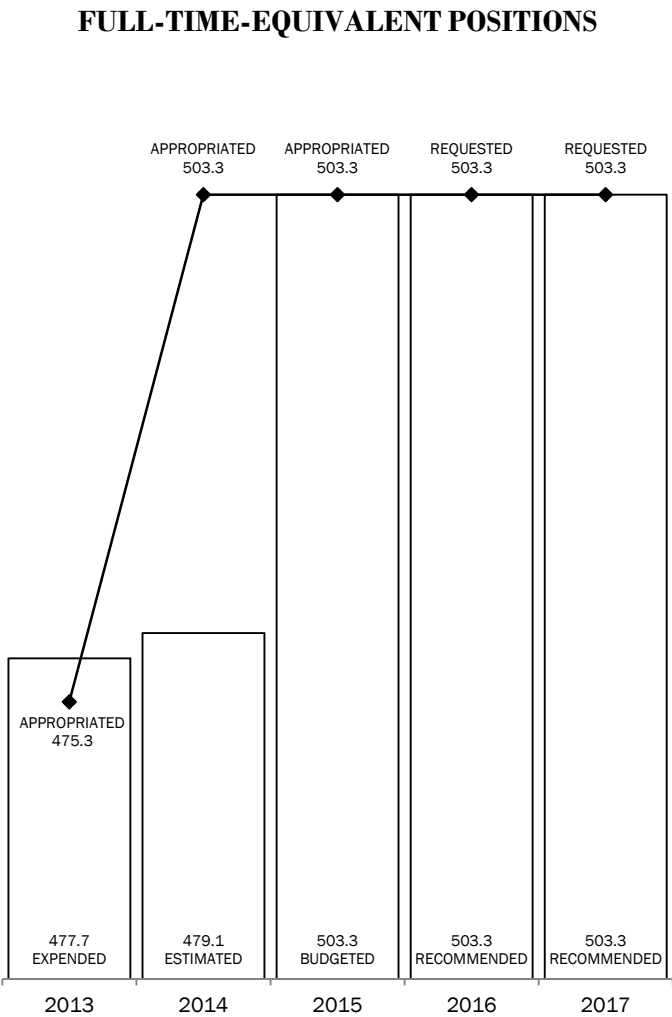
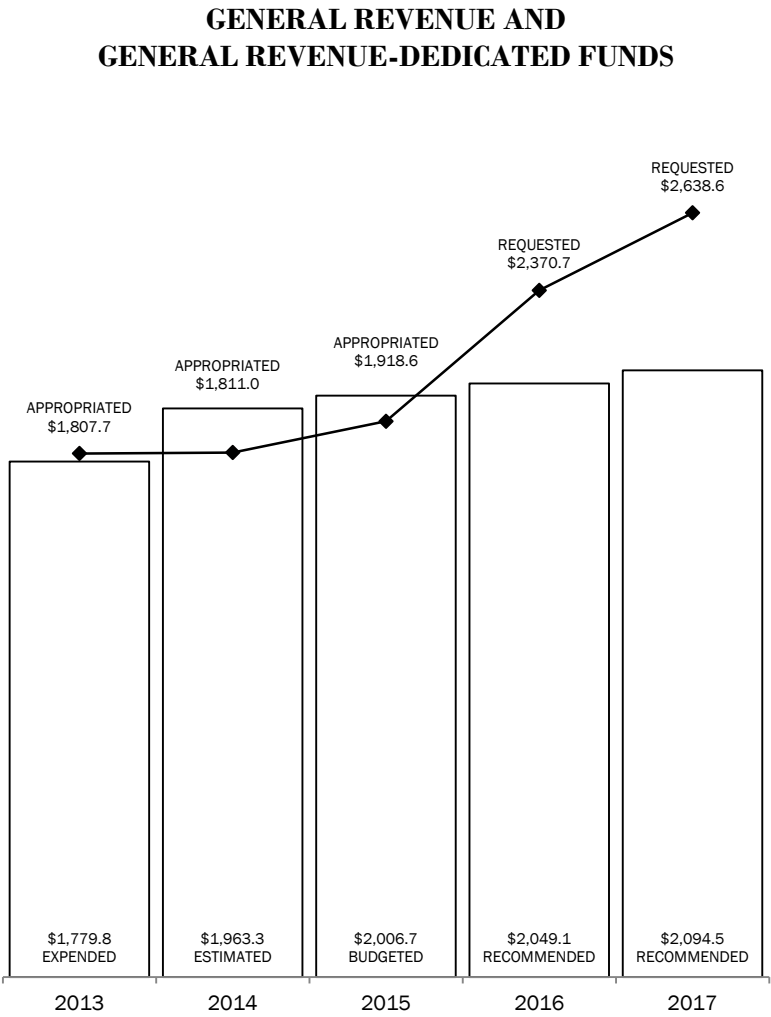
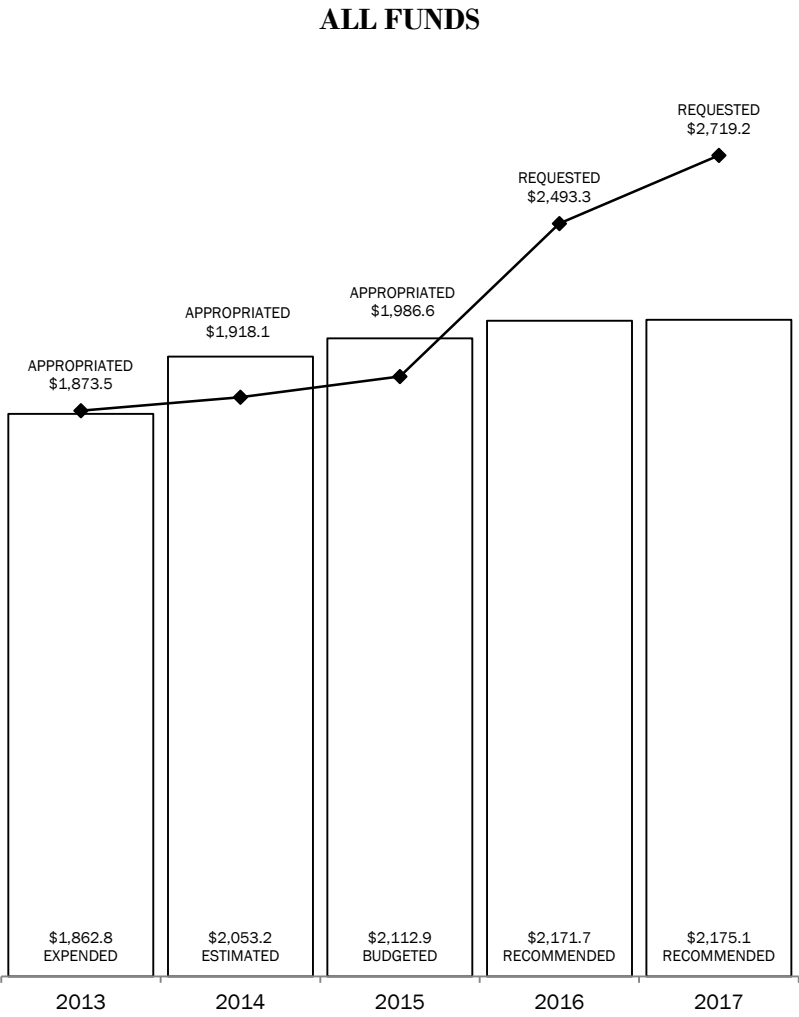
The bill pattern for this agency (2016-17 Recommended) represents an estimated 3.4% of the agency's estimated total available funds for the 2016-17 biennium.

RECOMMENDED FUNDING
BY METHOD OF FINANCING



Section 1
Teacher Retirement System
2016-2017 BIENNIUM
IN MILLIONS

TOTAL= \$4,346.8 MILLION



Section 2

Section 2
Summary of Recommendations - Senate, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
TRS - PUBLIC EDUCATION RETIREMENT A.1.1	\$3,011,877,234	\$3,133,557,074	\$121,679,840	4.0%	Recommendations include a state contribution of 6.8 percent of active member payroll. Estimated appropriations reflect a payroll growth assumption of 4.3 percent in fiscal year 2014 (actual) and 2.0 percent in fiscal years 2015, 2016, and 2017. See Selected Fiscal and Policy Issues #1 and #2.
GENERAL REVENUE FUNDS	\$3,011,877,234	\$3,133,557,074	\$121,679,840	4.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
TRS - HIGHER EDUCATION RETIREMENT A.1.2	\$423,858,134	\$454,678,679	\$30,820,545	7.3%	Recommendations include a state contribution of 6.8 percent of active member payroll. Estimated appropriations reflect a payroll growth assumption of 5.4 percent in fiscal year 2014 (actual) and 4.0 percent in fiscal years 2015, 2016, and 2017. See Selected Fiscal and Policy Issues #1 and #2.
GENERAL REVENUE FUNDS	\$330,635,546	\$353,651,001	\$23,015,455	7.0%	Pursuant to Senate Bill 1812, Eighty-third Legislature, recommendations implement the 50.0 percent cap on General Revenue appropriations for contributions for Public Junior and Community College employees. The statute provides an additional limitation in that the number of employees eligible to receive state contributions may not be adjusted in a proportion greater than the change in student enrollment at each community college district. See Selected Fiscal and Policy Issue #1.
GR DEDICATED	\$87,095,427	\$94,202,414	\$7,106,987	8.2%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$6,127,161	\$6,825,264	\$698,103	11.4%	Recommendations reflect the employer retirement contribution for TRS employees, funded by Other Funds (Pension Trust Fund, Fund 960).

Section 2

Section 2
Summary of Recommendations - Senate, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
ADMINISTRATIVE OPERATIONS A.1.3	\$190,001,723	\$196,350,987	\$6,349,264	3.3%	Administrative Operations are funded by Other Funds (Pension Trust Fund, Fund 960). The increase is attributable to increased membership, changes in asset management, and the continued implementation of the TEAM technology initiative. See Selected Fiscal and Policy Issues #4 and #5.
GENERAL REVENUE FUNDS	\$0	\$0	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$190,001,723	\$196,350,987	\$6,349,264	3.3%	
RETIREE HEALTH - STATUTORY FUNDS A.2.1	\$540,345,779	\$562,175,749	\$21,829,970	4.0%	Recommendations fund the statutory state contribution of 1.0 percent of active member payroll. It is projected that there would be a remaining fund deficit for TRS-Care at the end of the 2016-17 biennium of approximately \$727.2 million. See Selected Fiscal and Policy Issue #3.
GENERAL REVENUE FUNDS	\$540,345,779	\$562,175,749	\$21,829,970	4.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal A, TEACHER RETIREMENT SYSTEM	\$4,166,082,870	\$4,346,762,489	\$180,679,619	4.3%	
GENERAL REVENUE FUNDS	\$3,882,858,559	\$4,049,383,824	\$166,525,265	4.3%	
GR DEDICATED	\$87,095,427	\$94,202,414	\$7,106,987	8.2%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$196,128,884	\$203,176,251	\$7,047,367	3.6%	
Grand Total, All Agency	\$4,166,082,870	\$4,346,762,489	\$180,679,619	4.3%	
GENERAL REVENUE FUNDS	\$3,882,858,559	\$4,049,383,824	\$166,525,265	4.3%	
GR DEDICATED	\$87,095,427	\$94,202,414	\$7,106,987	8.2%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$196,128,884	\$203,176,251	\$7,047,367	3.6%	

Section 3

Teacher Retirement System
Selected Fiscal and Policy Issues - Senate

1. **State Contribution for the Retirement Trust Fund and Payroll Growth Assumptions.** Recommendations include funding sufficient to provide a 6.8 percent state contribution rate to the retirement trust fund for public education and higher education employees in each year of the 2016-17 biennium, which is the same rate as the 2014-15 biennium. For purposes of estimating payroll-based state contributions to the retirement trust fund, recommendations assume payroll growth of 2.0 percent for public education employees and 4.0 percent for higher education employees in each year of the 2016-17 biennium. The historical trend data for public education reflects an annual salary growth of 1.83 percent based on a five-year average from fiscal year 2010 to 2014 and 3.98 percent based on a ten-year average from fiscal year 2005 to 2014. The historical data for higher education shows annual payroll growth of 4.95 percent on a five-year average and 6.93 percent based on a ten-year average for the same time periods.

Senate Bill 1458, Eighty-third Legislature, established stair step increases for member contributions. The employee contribution rate increased from 6.4 percent in fiscal year 2014 to 6.7 percent in fiscal year 2015, and will be 7.2 percent in 2016 and 7.7 percent in 2017. In addition, districts that do not participate in Social Security pay a new 1.5 percent contribution beginning with fiscal year 2015, the cost of which was covered in fiscal year 2015 by a one-time state allocation.

Contribution Rates (as percentage of active member payroll)	Fiscal Year 2015 (actual)	Fiscal Year 2016 (recommended)	Fiscal Year 2017 (recommended)
State*	6.8%	6.8%	6.8%
Employee**	6.7%	7.2%	7.7%
Districts not in Social Security***	1.5%	1.5%	1.5%

*State rate is actual in fiscal year 2015, and recommendations continue the same rate in 2016-17.

**Employee contribution rates shown are specified in statute. The employee contribution rate increased from 6.4% in fiscal year 2014.

***Employer contribution for districts not participating in Social Security was required by Senate Bill 1458, 83rd Legislature, and began in fiscal year 2015.

Payroll Growth	Public Education	Higher Education
Actual 2014	4.3%	5.4%
Assumptions in each year 2015-17	2.0%	4.0%
Historical Trend		
Five-year average	1.83%	3.98%
Ten-year average	4.95%	6.93%

Recommendations relating to retirement reflect an increase from 2014-15 to 2016-17 of \$152.5 million, which is 84.4 percent of the agency's All Funds biennial increase. The associated 2014-15 retirement base amount totals approximately \$3.4 billion in All Funds, which is \$196.1 million, or 6.1 percent, more than the 2014-15 appropriations, primarily due to payroll growth.

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The recommendation includes the limitations required by Senate Bill 1812, Eighty-third Legislature, for contributions to Public Junior and Community Colleges. These include a cap on state appropriations of 50 percent of the employer contribution for eligible Instructional and Administrative employees. In addition, the number of employees eligible to receive state contributions may not be adjusted in a proportion greater than the change in student enrollment at each community college district. Districts that experience a decline in enrollment may petition the Legislative Budget Board to maintain eligible employees up to 98 percent of the employee level of the previous biennium.

2. **Actuarial Valuation.** As reflected in the below figure, the Eighty-third Legislature enacted changes that improved the amortization period and thus the actuarial condition of the TRS Pension Trust Fund. These included an increase in the minimum age from 60 to 62 for an unreduced annuity for members who were vested on or after September 1, 2014. As referenced above, changes also increased member contribution rates and established a new contribution for districts that do not participate in Social Security. Changes made by the Eighty-third Legislature also provided a three percent cost-of-living increase, capped at \$100 per month, for those retired by August 31, 2004.

Actuarial Valuation	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Amortization Period
As of August 31, 2012	81.9 percent	\$26.1 billion	Infinite
As of August 31, 2013	80.8 percent	\$28.9 billion	28.0 years
As of August 31, 2014	80.2 percent	\$31.6 billion	29.8 years

The 2014 actuarial valuation indicates the change from 2013 to 2014 is primarily due to the payment of the cost-of-living increase to retirees and the adoption of a new mortality schedule, which is necessary on a periodic basis. The 2014 valuation also provides a long-term projection. If all assumptions hold true, the pension fund will be 85.0 percent funded in fiscal year 2024 with a funding period of 20.2 years.

Investment earnings in fiscal year 2014 were 16.8 percent compared to a long-term return assumption of 8.0 percent. The actuary uses a common five-year smoothing of assets to guard against the volatility of the marketplace; thus, there are \$4.4 billion in deferred gains to be recognized over the next four years. The current funded status using the market value of assets is 83.0 percent.

3. **State Contribution for TRS-Care and Projected Insolvency.** Recommendations include funding sufficient to provide a state contribution of 1.0 percent of payroll in compliance with statute. The active member contribution rate is 0.65 percent, and the school district contribution rate is 0.55 percent. Recommendations reflect a biennial appropriations increase from 2014-15 to 2016-17 of \$21.8 million, a 4.0 percent increase.

The TRS-Care trust fund is projected to become insolvent in fiscal year 2016, leaving a total funding gap of \$727.2 billion by the end of the 2016-17 biennium. The agency's only Exceptional Item Request is for an appropriation of General Revenue to fund the shortfall, which was previously estimated at \$746.3 billion in the 2014 TRS-Care Sustainability Study and \$874.8 million in the LAR before year-end data was concluded. The following summarizes the options presented in the 2014 TRS-Care Sustainability Study.

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Options Presented in the November 2014 TRS-Care Sustainability Study		
1.	Pre-fund the long-term liability	Increase all contribution rates 2.7 times. Extends solvency indefinitely. Estimated additional General Revenue of \$990 million per biennium above the current 1.0 percent contribution rate.
2.	Biennial funding Contribution increases needed each biennium to continue solvency.	<p>(a) Increase the 1.0 percent state contribution sufficient to cover the projected shortfall, estimated increase to 2.23 percent in 2016-17 and to 3.19% in 2018-19.</p> <p>(b) Increase the state, active member, and district contribution rates proportionally to: 1.56 percent, 1.01 percent, and 0.86 percent, respectively, in 2016-17; and 1.99 percent, 1.30 percent, and 1.10 percent in 2018-19.</p> <p>(c) Increase all contribution rates proportionally and increase retiree premiums by 34.8 percent in 2016-17 and 20.2 percent in 2018-19. Reduces contribution rates from (b) to: 1.35 percent, 0.88 percent, and 0.74 percent in 2016-17; and 1.62 percent, 1.05 percent, and 0.89 percent in 2018-19.</p> <p>(d) Reduce benefits to offset part of the retiree premium increase in (c).</p>
3.	10-Year Funding	<p>(a) Increase the state contribution to 3.87 percent.</p> <p>(b) Increase the state, active member, and district contribution rates proportionally to: 2.31 percent, 1.50 percent, and 1.27 percent for the ten-year period from 2016-25.</p> <p>(c) Increase all contribution rates proportionally and increase retiree premiums by 14.9 percent each biennium. Reduces contribution rates from (b) to: 2.01 percent, 1.30 percent, and 1.10 percent.</p>
4.	Eliminate Subsidy	Require retirees to pay the full cost for optional coverage, which includes plans better than the basic catastrophic coverage and all dependent care coverage. Involves significant increases in premiums and benefit reductions.
5.	Mandatory Medicare	Require purchase of Medicare Part B and mandatory participation in Medicare Advantage and Medicare Part D plans. Current participation of eligible retirees is 68.0 percent in Medicare Advantage and 80.0 percent in Medicare Part D. This option would not mitigate the deficit but projections indicate a reduction of the deficit in the 2016-17 biennium by 21.2 percent.
6.	Defined Contribution Plan	Establish Health Reimbursement Account (HRA) for non-Medicare retirees, who must obtain coverage in the federal public exchange. Medicare Advantage and Part D plans available at age 65. This option would not mitigate the deficit but projections indicate a reduction of the deficit in the 2016-17 biennium by 63.6 percent.
7.	Consumer Directed Health Care Plan	Eliminate TRS-Care 2 and TRS-Care 3 and implement Accountable Care Organizations (ACOs) and high performance networks. This option would not mitigate the deficit but projections indicate a reduction of the deficit in the 2016-17 biennium by 26.4 percent.

LBB has provided research and recommendations separately in a Government Effectiveness and Efficiency (GEER) report for addressing the 2016-17 TRS-Care shortfall.

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4. **Administrative Operations.** Recommendations include funding for administrative operations associated with pension-related expenses and are funded entirely by Other Funds (Pension Trust Fund, Fund 960). Funding for administrative operations associated with other agency functions (TRS-Care and TRS ActiveCare) are not appropriated and are funded from the associated trust funds. Recommendations for the 2016-17 biennium reflect an increase of approximately 3.3 percent. The agency reports that increased administrative needs are driven substantially by the TRS Enterprise Application Modernization (TEAM) program, the growth in membership and the increased complexity of investment management. Funding includes an additional 11.0 FTEs for continued implementation of the TEAM project. See Selected Fiscal and Policy Issue #5.
5. **TRS Enterprise Application Modernization (TEAM).** Recommendations include \$40.3 million in Other Funds (Pension Trust Fund, Fund 960) for continuation of the TEAM technology initiative. The project will replace core technologies which manage member records and transactions along with replacing the financial systems used for accounting and reporting. The total project cost is estimated at approximately \$102.6 million, and the completion date is scheduled for the fall of 2017. The Eighty-second Legislature appropriated \$25 million for the 2012-13 biennium from the TRS Pension Trust Fund to begin the project. The Eighty-third Legislature appropriated \$34.6 million, which included \$9.6 million in estimated lapsed funds from the previous biennium. Initially, the project was estimated at \$25 million per biennium over three biennia, with completion in fiscal year 2017. Once launched and expertise was contracted for the early stages of the project, projections changed to the current estimate above.

The FTEs attributable to TEAM total 58.0 in fiscal year 2015, and 11.0 additional FTEs are requested for 2016-17. Of these, 7.0 FTEs are intended for the Information Technology Division in various roles, and 4.0 FTEs are intended for the Finance Division's employer outreach and reporting functions due to enhanced data requirements and will help reporting entities such as school districts navigate new requirements. An agency rider exempts the FTEs assigned to the TEAM initiative from the agency FTE cap during the implementation of TEAM.

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6. **Funding for TRS-ActiveCare.** In 2002, TRS implemented a health care benefits program for certain public school district employees as enacted by the Seventy-seventh Legislature in 2001. State law requires a minimum contribution by the state of \$75 per member per month, which is distributed as part of the Foundation School Program. The employing district must contribute a minimum of \$150 per member per month toward the premiums of participating members. Most districts still contribute at or near the minimum established in the beginning of the program. Smaller districts with fewer than 500 employees (as of 2001) were required to participate. Medium size (500-1,000 employees) and larger districts (over 1,000 employees) have a choice to opt in, and many have joined the program. In order to guard against adverse selection, state law does not allow districts to exit the program once they have joined.

**School Districts and Other Employers in TRS-ActiveCare,
as of December 2013**

<u>Employer Number of Employees</u>	<u>Employers Eligible</u>	<u>Employers Participating</u>	<u>Percentage Participating</u>
Less than 500	820	805	98.2%
500-1,000	111	97	87.4%
More than 1,000	98	49	50.0%
Charter schools	193	152	78.8%
Regional Service Centers	20	20	100.0%
Other	5	5	100.0%
TOTAL	1,247	1,128	90.5%

Source: Teacher Retirement System.

There are approximately 480,000 participants in TRS-ActiveCare. According to TRS, premium cost increases over time have been significant and largely borne by the participants, while the minimum state and district contributions have not been increased since the program's inception. According to a recent survey of districts conducted by TRS, 36.0 percent of districts contribute the minimum premium requirement (\$225-state and district), 23.0 percent contribute up to \$50 more than the minimum (\$275-state and district), and 24.0 percent contribute up to \$100 above the minimum (\$325-state and district). Districts paying in these ranges cover approximately 79 percent of the total employees participating in TRS-ActiveCare. Since employer contributions have remained relatively flat, TRS reports that the employee share of premium costs has doubled over the last twelve years since the inception of the plan.

7. **Capital Budget.** Recommendations include capital budget items which total \$4.3 million. Of this amount, \$2.7 million fund health and safety needs related to sump pump system components that exceed the expected useful life and an upgrade for the garage fire suppression system to replace unprotected steel piping with corrosion resistant fire suppression piping. The remaining \$1.6 million includes maintenance for building renovations and an upgraded data center generator to provide power to the data center during emergencies and power outages. All administrative expenses, including capital budget items, are funded by Other Funds (Pension Trust Fund).

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8. **Exempt Positions.** Recommendations include adoption of the agency request to reduce the list of exempt positions, deleting the Deputy Administrative Officer and two Investment Fund Director positions. TRS indicates it can manage salaries effectively within the State Classification Schedule for these positions.

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Teacher Retirement System
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap	475.3	503.3	503.3	503.3	503.3
Actual/Budgeted	477.7	479.1	503.3	NA	NA
Schedule of Exempt Positions (Cap)					
Executive Director*	\$290,000	\$270,000	\$311,850	\$311,850	\$311,850
Chief Investment Officer	\$480,000	\$480,000	\$480,000	\$480,000	\$480,000
Deputy Director Investment Officer*	\$294,000	\$294,000	\$340,000	\$340,000	\$340,000
Deputy Administrative Officer	\$231,276	\$231,276	\$231,276	N/A	N/A
Investment Fund Director	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000
Investment Fund Director	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000
Investment Fund Director	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Investment Fund Director	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000
Investment Fund Director	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Investment Fund Director	\$218,525	\$218,525	\$218,525	N/A	N/A
Investment Fund Director	\$200,000	\$200,000	\$200,000	N/A	N/A

*The fiscal year 2013 Executive Director (ED) salary cap is \$300,000 in the 2012-13 GAA based on the previous director's annual salary. The 2013 Expended amount reflects a partial year at \$300,000 and a partial year at the salary of the subsequent ED of \$270,000. The fiscal year 2015 salary for both the Executive Director and the Deputy Director Investment Officer reflects TRS Board action taken July 11, 2014 pursuant to Rider 8 of the TRS bill pattern, which authorizes the Board to set the salaries of exempt positions without limitation.

Section 3

Teacher Retirement System
Performance Measure Highlights - Senate

	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
<ul style="list-style-type: none">TRS Retirement Fund Benefit Administration Annual Operating Expense Per Total Member and Annuitant in Dollars (Excluding Investment Dollars) <p>Measure Explanation: This measure reflects the annual cost per member and annuitant to operate the retirement fund benefit administration. The recommended increase in fiscal year 2017 primarily reflects the projected concentration of expense in the 2016-17 biennium related to the final stages of implementing of the TEAM technology initiative.</p>	\$26.48	\$26.99	\$28.00	\$28.00	\$29.00
<ul style="list-style-type: none">TRS Retirement Fund Investment Expense as Basis Points of Net Assets <p>Measure Explanation: This measure provides a method to compare investment operating efficiencies from year-to-year and comparison to other public retirement funds.</p>	17.18	18.86	23.00	23.00	23.00

Section 4

Teacher Retirement System
Performance Review and Policy Report Highlights - Senate

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
Ensure TRS-Care Solvency and Accountability, page 367					
<i>These recommendations would have a cost of \$366.7 million in General Revenue Funds for the 2016-17 biennium as a result of increasing the state contribution rate for TRS-Care. This action, combined with recommendations related to retiree plan costs, school district and member contribution rates would ensure solvency of the TRS-Care health insurance fund in the 2016-17 biennium. Also, new TRS reports would indicate actions taken regarding fund solvency and cost containment.</i>					
1. Amend statute to adjust contribution rates and include a contingency rider appropriating General Revenue to TRS for the increase in the state contribution rate that provides 50 percent of the TRS-Care projected solvency cost and to delete reference to the school district contribution rate in the General Appropriations Bill.	(\$366,658,000)		GR		Amend Statute and Adopt Rider
2. Delete a rider in the 2016-17 General Appropriations Bill expressing legislative intent that TRS not increase retiree premiums.					Delete Rider 15, p. III-37
3. Amend statute and include a contingency rider requiring TRS to take appropriate actions to offset 25 percent of the TRS-Care fund's projected solvency cost for the 2016-17 biennium. TRS shall also submit a report to the Governor and the Legislative Budget Board prior to implementing premium and/or plan design changes.					Amend Statute and Adopt Rider

Section 5

**Teacher Retirement System
Rider Highlights - Senate**

- #4. State Contribution to Teacher Retirement Program.** Recommendation revises the rider to update amounts and contribution rates for each year of the 2016-17 biennium and to delete references to Senate Bill 1458. See Selected Fiscal and Policy Issue #1.

- #5. State Contribution to Texas Public School Retired Employees Group Insurance Program.** Recommendation revises the rider to update contribution amounts for each year of the 2016-17 biennium. See Selected Fiscal and Policy Issue #1.

- #12. Limitation on Retirement Contributions to Public Community/Junior Colleges.** Recommendation modifies the rider due to the passage of SB 1812 by the Eighty-third Legislature.

- #15. Contingency for Senate Bill 1458.** Recommendation deletes the rider due to the passage of SB 1458, making the rider unnecessary.

- (New) Appropriation Transfers between Fiscal Years for TRS-Care.** Upon prior written LBB and Governor's Office approval, this rider authorizes TRS to transfer General Revenue appropriated for TRS-Care in fiscal year 2017 to fiscal year 2016. The rider requires a finding by the Board of Trustees that TRS-Care costs exceed the funds appropriated in fiscal year 2016 before such a request may be made.

Section 6

Teacher Retirement System
Items not Included in Recommendations - Senate

Agency Exceptional Items - In Agency Priority Order	2016-17 Biennial Total	
	GR & GR-Dedicated	All Funds
1. Retiree Health Solvency Funding -- TRS-Care TRS requests General Revenue to fund the TRS-Care deficit in the 2016-17 biennium, currently projected to be \$727.2 million at the end of fiscal year 2017. This is a reduction from the LAR estimate of \$874.8 million, and the November 2014 Sustainability Study estimate of \$746.3.	\$ 727,229,892	\$ 727,229,892
Total, Items Not Included in the Recommendations	\$ 727,229,892	\$ 727,229,892

Non-Funding Items Not Included in the Recommendations

1. Add new rider to allow Unexpended Balance (UB) authority for fiscal year 2015 TRS Enterprise Application Modernization (TEAM) program balances to carry over to fiscal year 2016.
2. Add new rider to allow Unexpended Balance (UB) authority for unexpended Pension Trust Funds in Strategy A.1.3, Administrative Operations. The agency requests UB authority within the biennium and from one biennium to the next.
3. Add new rider appropriating additional Pension Trust Funds as found necessary and approved by the Board to implement Governmental Accounting Standards Board (GASB) modifications.

Section 7

Teacher Retirement System Summary of 10 Percent Biennial Base Reduction Options - Senate

Not applicable. The June 23, 2014 Legislative Budget Board and Governor's Office letter directing Legislative Appropriation Requests exempted contributions necessary for state pension systems and employee group benefits.