



Legislative Appropriations Request

For Fiscal Years 2016 and 2017

**Submitted to the Governor's Office of Budget, Planning and Policy
And the Legislative Budget Board**

By

Texas Emergency Services Retirement System

**Date of Submission
August 11, 2014**



Texas Emergency Services Retirement System
Legislative Appropriations Request for Fiscal Years 2016-2017

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Administrator's Statement

8/8/2014 9:42:20AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

326 Texas Emergency Services Retirement System

The Texas Emergency Services Retirement System (TESRS) was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013. While the agency is new, the System has been in existence since 1977, where it was created in recognition of the enormous value that volunteer firefighters and emergency responders bring to this state. Operations of TESRS are led by an Executive Director, directed by a nine-member board of trustees, appointed by the Governor.

Authority for operation of the agency exists in Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code. Additionally, TESRS is subject to Title 8, Subtitle A of the Government Code which includes provisions generally applicable to public retirement systems. The agency is classified as a General Government agency within Article I of the General Appropriations Act.

TESRS provides death and disability benefits to active volunteer firefighters and first responders, a pension to members with vested service in the System, and survivor/beneficiary benefits to loved ones of members/retirees that perish in and outside of the line of duty. There are currently 224 departments statewide that are members of the System.

Over 75% of fire service in Texas is provided by volunteer departments. The savings that these departments bring to communities against loss of life and property numbers in the millions of dollars, according to the Federal Emergency Management Agency. Our program is a valuable retention tool in a field that is desperate to recruit and retain volunteers. For this reason, TESRS plays a vital supportive role in ensuring the continuing ability of volunteer departments to adequately respond to emergencies in communities statewide.

Stakeholders are dependent on the agency for distribution of monthly retirement payments to over 3,191 retirees and spouse beneficiaries, in addition to the processing of periodic death and disability benefits. There are 4,047 active volunteers in the system and over 2,000 inactive members that have vested service who will be eligible to retire when they reach the age of 55. The agency provides technical assistance and information to retirees, their beneficiaries, active members, and departments on a daily basis. We have a robust website that engages social media, in order to enhance communication with our customers.

The TESRS Board of Trustees took significant action in 2014 to strengthen the System by increasing local contributions. A mechanism was created by rule to provide that a separate part of the member contribution be actuarially determined every two years by an amount necessary to make the System actuarially sound. Among the assumptions used in that calculation are that the State of Texas continues to make its statutorily required contributions. This rule change will ensure a contribution rate adequate to cover the actuarially determined liabilities of the System. In the upcoming actuarial valuation to be complete in December of 2014, it is expected that the amortization period necessary to pay for the System's liabilities will be computed to be thirty years or less. This is a significant advance for the System that is expected to add assurance for its viability now and in the future.

Exceptional Item Request 1: Sec. 865.015 of the Government Code requires the state to contribute an amount necessary to make the pension system actuarially sound each year, equal or less than one-third of the total of all contributions by governing bodies in a particular year. The baseline appropriation for the agency already includes amounts appropriated in the previous biennium equal to one-third of member contributions for 2014 and 2015. The amounts included in this exceptional item are over and above baseline funding in the amount of \$298,301 for the biennium. The increase is due to additional contributions projected for 2016 and 2017.

Exceptional Item Request 2: This exceptional item is to request a new strategy, for the related functions of recruiting and technical assistance. The biennium total for this strategy totals \$252,000 for two FTE's and related operating expenses. Based on our estimates, positive revenue realized in the pension fund as a result of implementing this strategy will more than cover its costs, at a ratio of 2:1.

Administrator's Statement

8/8/2014 9:42:20AM

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Recruiting: volunteer firefighters and first responders put themselves in harm's way on a daily basis for the benefit of our state and we believe that they should all have the security of death and disability benefits, and a pension for their service. Aside from it being the right thing to do, the System's actuary has determined that every new member at the current contribution rate has a positive revenue impact on the System. The agency does not currently have the resources for outreach to the approximate 1,200 departments statewide that are not members of the System. We are requesting an FTE and associated operating expenses in order to increase member participation. This position will actively recruit new departments, develop marketing tools and materials, attend tradeshows and set up booths, and respond to interest in joining the System.

Technical Assistance: Our enabling legislation requires new specific contract administration and monitoring functions. As the number of member departments increases, the risk of noncompliance rises. We need to ensure that accurate rosters and training records are on file, that local pension boards meet according to statutory requirements, that all eligible volunteers are added into the System so that it is not deprived of required contributions and rate of return, etc. We would like to fulfil the requirements of our statute and follow recommendations by the SAO and Sunset Commission to add this important function to the agency and thus, are requesting an FTE and related operating expenses. This position will maintain a database on our contracts, develop contracts and amendments, monitor performance, and conduct risk assessments for non-compliance. Part of the duties of this position will be to conduct on-site monitoring visits to high-risk departments and provide technical assistance and training to bring those departments into compliance.

Exceptional Item Request 3: The agency is asking for an additional FTE at no cost to convert the current contract Accountant to a salaried CFO position for the agency. It is vital to the agency to have this important position be filled by an on-site fulltime employee. Funding for the position will come out of professional fees budget currently allocated for the consultant contract.

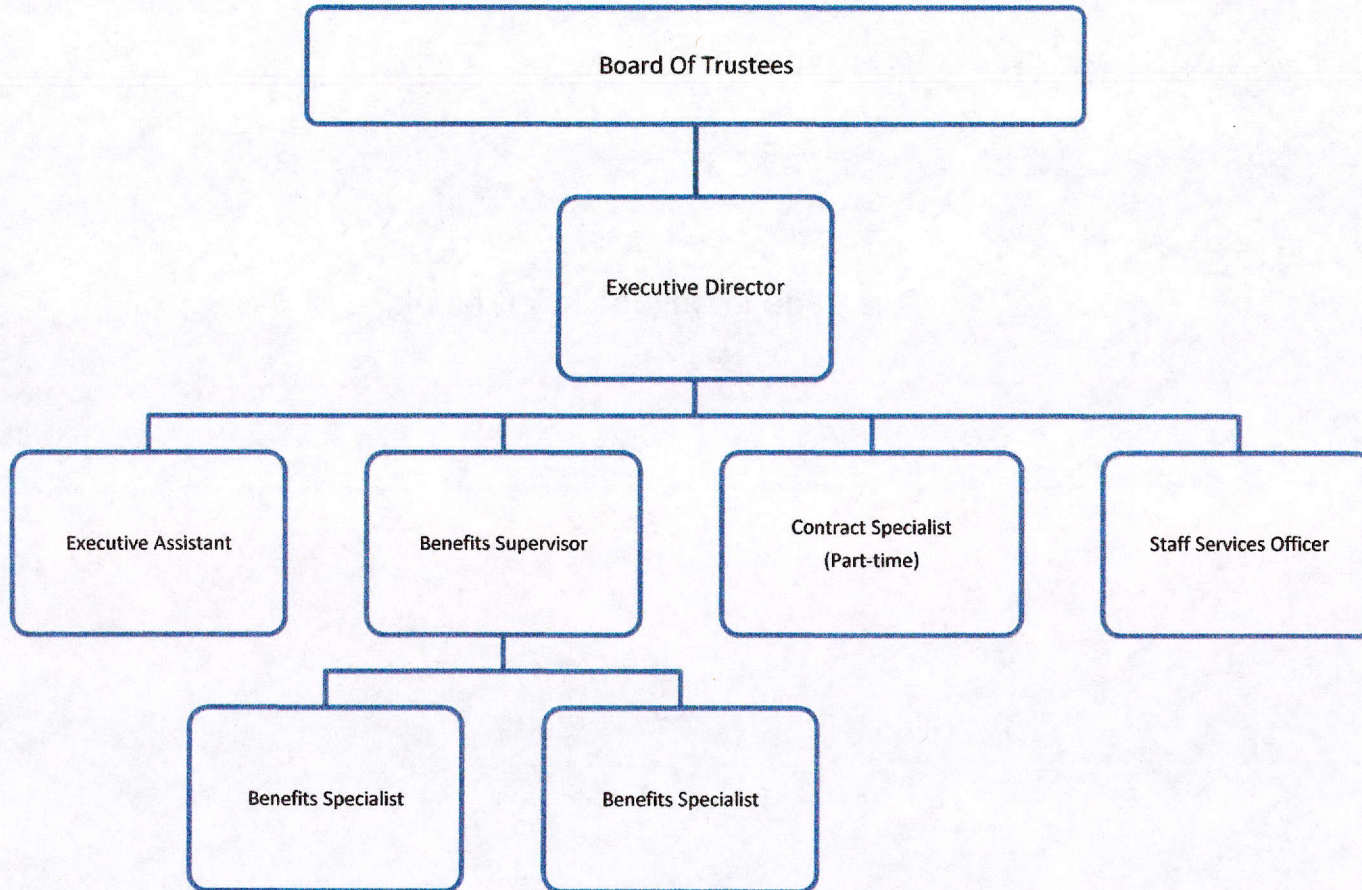
Exceptional Item Request 4: We are requesting an additional FTE at no cost to hire a fulltime Receptionist to answer the phones and greet visitors to the agency. Our agency has heavy customer contact and in order to provide efficient and professional service, this position is a necessity. We are currently utilizing temporary services to fill this need and would convert that expense to a salary expense.

As an agency mindful of cost and efficiency, there is little that could be offered up as a 10 percent base reduction option, without a serious compromise in the agency's ability to operate. However, if required, a 10 percent reduction would come from base appropriations intended for the System's unfunded liabilities.

We are mindful of cost and committed to operating our new agency with an emphasis on transparency, customer service, and innovation. Allocations for staff resources and operating costs have been organized very carefully in order to optimize performance. This Legislative Appropriations Request was developed with those principals in mind and trust that decision-makers will consider the request fairly among other budgetary priorities. State leadership has consistently shown its support of volunteer fire and emergency services in Texas and we offer thanks in advance for thoughtful consideration of this request.

Texas Emergency Services Retirement System

Organizational Chart



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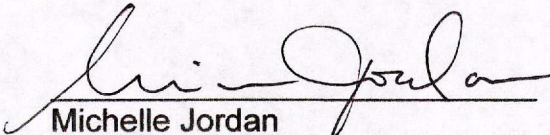
CERTIFICATE

Agency Name: **Texas Emergency Services Retirement System**

This is to certify that the information contained in the agency Legislative Appropriations Request filed with the Legislative Budget Board (LBB) and the Governor's Office of Budget, Planning and Policy (GOBPP) is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (AVBEST) and the PDF file submitted via the LBB Document Submission application are identical.

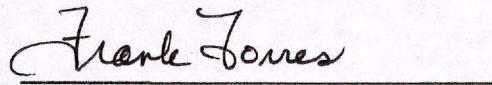
Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the GOBPP will be notified in writing in accordance with Article IX, Section 7.01 (2014-15 GAA).

Chief Executive Officer


Michelle Jordan
Executive Director

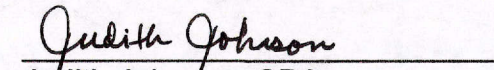
8-11-2014
Date

Board Chair


Frank Torres
Chairman

8/11/14
Date

Chief Financial Officer


Judith Johnson, CPA
Contract Accountant

8/11/14
Date

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| Goal / Objective / STRATEGY | Exp 2013 | Est 2014 | Bud 2015 | Req 2016 | Req 2017 |
|---|------------------|--------------------|--------------------|--------------------|--------------------|
| 1 Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel | | | | | |
| 1 Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund | | | | | |
| 1 ADMINISTER PENSION FUND | 616,038 | 2,150,754 | 2,262,156 | 2,208,494 | 2,208,853 |
| TOTAL, GOAL 1 | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| TOTAL, AGENCY STRATEGY REQUEST | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST* | | | | \$0 | \$0 |
| GRAND TOTAL, AGENCY REQUEST | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| <u>METHOD OF FINANCING:</u> | | | | | |
| General Revenue Funds: | | | | | |
| 1 General Revenue Fund | 616,038 | 2,150,754 | 2,262,156 | 2,208,494 | 2,208,853 |
| SUBTOTAL | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| TOTAL, METHOD OF FINANCING | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |

*Rider appropriations for the historical years are included in the strategy amounts.

2.B. Summary of Base Request by Method of Finance
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/8/2014 9:42:21AM

Agency code: 326

Agency name: Texas Emergency Services Retirement System

| METHOD OF FINANCING | Exp 2013 | Est 2014 | Bud 2015 | Req 2016 | Req 2017 |
|--|------------------|--------------------|--------------------|--------------------|--------------------|
| <u>GENERAL REVENUE</u> | | | | | |
| <u>1</u> General Revenue Fund | | | | | |
| <i>REGULAR APPROPRIATIONS</i> | | | | | |
| Regular Appropriations from MOF Table | \$0 | \$0 | \$0 | \$2,208,494 | \$2,208,853 |
| <i>TRANSFERS</i> | | | | | |
| Rider 3-Contingency for Appropriation to the Texas Emergency Services Retirement System of Reg | \$616,038 | \$2,147,688 | \$2,254,653 | \$0 | \$0 |
| Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA) | \$0 | \$3,066 | \$7,503 | \$0 | \$0 |
| TOTAL, General Revenue Fund | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| TOTAL, ALL GENERAL REVENUE | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| GRAND TOTAL | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |

2.B. Summary of Base Request by Method of Finance

8/8/2014 9:42:21AM

84th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **326**

Agency name: **Texas Emergency Services Retirement System**

| METHOD OF FINANCING | Exp 2013 | Est 2014 | Bud 2015 | Req 2016 | Req 2017 |
|--|------------|------------|------------|------------|------------|
| FULL-TIME-EQUIVALENT POSITIONS | | | | | |
| REGULAR APPROPRIATIONS | | | | | |
| Regular Appropriations from MOF Table | 0.0 | 0.0 | 0.0 | 6.0 | 6.0 |
| TRANSFERS | | | | | |
| Rider 3-Contingency for Appropriation to the Texas Emergency Services Retirement System of Regular Appropriations (2015-15) to follow function | 6.0 | 6.0 | 6.0 | 0.0 | 0.0 |
| UNAUTHORIZED NUMBER OVER (BELOW) CAP | | | | | |
| Art IX, Sec 6.10 (a)(2)(A) | 0.0 | 0.6 | 0.6 | 0.0 | 0.0 |
| Unauthorized number below cap | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL, ADJUSTED FTES | 5.9 | 6.6 | 6.6 | 6.0 | 6.0 |

NUMBER OF 100% FEDERALLY FUNDED FTEs

2.C. Summary of Base Request by Object of Expense

8/8/2014 9:42:22AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

326 Texas Emergency Services Retirement System

| OBJECT OF EXPENSE | Exp 2013 | Est 2014 | Bud 2015 | BL 2016 | BL 2017 |
|-------------------------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| 1001 SALARIES AND WAGES | \$219,520 | \$313,057 | \$327,995 | \$330,446 | \$330,446 |
| 1002 OTHER PERSONNEL COSTS | \$44,059 | \$16,385 | \$9,840 | \$10,920 | \$11,280 |
| 2001 PROFESSIONAL FEES AND SERVICES | \$314,788 | \$214,134 | \$216,681 | \$207,430 | \$207,430 |
| 2003 CONSUMABLE SUPPLIES | \$3,441 | \$6,241 | \$7,374 | \$7,500 | \$7,500 |
| 2004 UTILITIES | \$164 | \$0 | \$0 | \$0 | \$0 |
| 2005 TRAVEL | \$5,656 | \$5,997 | \$7,196 | \$7,250 | \$7,250 |
| 2006 RENT - BUILDING | \$1,124 | \$1,224 | \$1,224 | \$0 | \$0 |
| 2007 RENT - MACHINE AND OTHER | \$6,238 | \$7,396 | \$8,000 | \$8,500 | \$8,500 |
| 2009 OTHER OPERATING EXPENSE | \$21,048 | \$1,586,320 | \$1,683,846 | \$1,636,448 | \$1,636,447 |
| OOE Total (Excluding Riders) | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| OOE Total (Riders) | | | | | |
| Grand Total | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |

2.D. Summary of Base Request Objective Outcomes
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

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| <i>Goal/ Objective / Outcome</i> | Exp 2013 | Est 2014 | Bud 2015 | BL 2016 | BL 2017 |
|---|-----------------|-----------------|-----------------|----------------|----------------|
| 1 Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel | | | | | |
| <i>1 Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund</i> | | | | | |
| 1 Period to Amortize the Unfunded Actuarial Accrued Liability | | | | | |
| | 999,999.00 | 30.00 | 30.00 | 30.00 | 30.00 |
| 2 Annual Investment Return | | | | | |
| | 14.60% | 14.50% | 7.75% | 7.75% | 7.75% |
| 3 Actuarial Funding Percentage of Plan Assests to Liabilities | | | | | |
| | 66.70% | 80.00% | 80.00% | 80.00% | 80.00% |

2.E. Summary of Exceptional Items Request
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2014
 TIME : 9:42:22AM

Agency code: 326

Agency name: Texas Emergency Services Retirement System

| Priority | Item | 2016 | | | 2017 | | | Biennium | | |
|---|-----------------------------------|------------------------|------------------|------------|---------------------|------------------|------------|---------------------|------------------|--|
| | | GR and GR/GR Dedicated | All Funds | FTEs | GR and GR Dedicated | All Funds | FTEs | GR and GR Dedicated | All Funds | |
| 1 | Statutory pension plan funding | \$73,996 | \$73,996 | 0.0 | \$224,305 | \$224,305 | 0.0 | \$298,301 | \$298,301 | |
| 2 | Recruiting & Technical Assistance | \$126,000 | \$126,000 | 2.0 | \$126,000 | \$126,000 | 2.0 | \$252,000 | \$252,000 | |
| 3 | Salaried Chief Financial Officer | \$0 | \$0 | 1.0 | \$0 | \$0 | 1.0 | \$0 | \$0 | |
| 4 | Office Receptionist | | | 1.0 | | | 1.0 | | | |
| Total, Exceptional Items Request | | \$199,996 | \$199,996 | 4.0 | \$350,305 | \$350,305 | 4.0 | \$550,301 | \$550,301 | |
| Method of Financing | | | | | | | | | | |
| | General Revenue | \$199,996 | \$199,996 | | \$350,305 | \$350,305 | | \$550,301 | \$550,301 | |
| | General Revenue - Dedicated | | | | | | | | | |
| | Federal Funds | | | | | | | | | |
| | Other Funds | | | | | | | | | |
| | | \$199,996 | \$199,996 | | \$350,305 | \$350,305 | | \$550,301 | \$550,301 | |
| Full Time Equivalent Positions | | | | 4.0 | | | | 4.0 | | |
| Number of 100% Federally Funded FTEs | | | | | | | | | | |

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2.F. Summary of Total Request by Strategy
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/8/2014
 TIME : 9:42:23AM

Agency code: 326 Agency name: Texas Emergency Services Retirement System

| Goal/Objective/STRATEGY | Base 2016 | Base 2017 | Exceptional 2016 | Exceptional 2017 | Total Request 2016 | Total Request 2017 |
|---|--------------|--------------|---------------------|---------------------|-----------------------|-----------------------|
| 1 Ensure Actuarially Sound Pension Funds for Emergency Servs Person | | | | | | |
| 1 Maintain Actuarially Sound Pension Fund; Recruit New Depts into F | | | | | | |
| 1 ADMINISTER PENSION FUND | \$2,208,494 | \$2,208,853 | \$199,996 | \$350,305 | \$2,408,490 | \$2,559,158 |
| TOTAL, GOAL 1 | \$2,208,494 | \$2,208,853 | \$199,996 | \$350,305 | \$2,408,490 | \$2,559,158 |
| TOTAL, AGENCY STRATEGY REQUEST | \$2,208,494 | \$2,208,853 | \$199,996 | \$350,305 | \$2,408,490 | \$2,559,158 |
| TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST | | | | | | |
| GRAND TOTAL, AGENCY REQUEST | \$2,208,494 | \$2,208,853 | \$199,996 | \$350,305 | \$2,408,490 | \$2,559,158 |

2.F. Summary of Total Request by Strategy
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/8/2014
 TIME : 9:42:23AM

Agency code: 326 Agency name: Texas Emergency Services Retirement System

| Goal/Objective/STRATEGY | Base 2016 | Base 2017 | Exceptional 2016 | Exceptional 2017 | Total Request 2016 | Total Request 2017 |
|---------------------------------------|----------------------|----------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| General Revenue Funds: | | | | | | |
| 1 General Revenue Fund | \$2,208,494 | \$2,208,853 | \$199,996 | \$350,305 | \$2,408,490 | \$2,559,158 |
| | \$2,208,494 | \$2,208,853 | \$199,996 | \$350,305 | \$2,408,490 | \$2,559,158 |
| TOTAL, METHOD OF FINANCING | \$2,208,494 | \$2,208,853 | \$199,996 | \$350,305 | \$2,408,490 | \$2,559,158 |
| FULL TIME EQUIVALENT POSITIONS | 6.0 | 6.0 | 4.0 | 4.0 | 10.0 | 10.0 |

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326 Texas Emergency Services Retirement System

| | | | | | |
|------------|---|--|---------------------------|-------------|----------|
| GOAL: | 1 | Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel | Statewide Goal/Benchmark: | 8 | 0 |
| OBJECTIVE: | 1 | Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund | Service Categories: | | |
| STRATEGY: | 1 | Administer a Pension Fund for Emergency Services Personnel | Service: 06 | Income: A.2 | Age: B.3 |

| CODE | DESCRIPTION | Exp 2013 | Est 2014 | Bud 2015 | BL 2016 | BL 2017 |
|------------------------------------|--|-----------|-----------|-----------|-----------|-----------|
| Output Measures: | | | | | | |
| KEY 1 | Number of Benefit Payments Distributed | 33,762.00 | 41,415.00 | 45,142.00 | 45,142.00 | 45,142.00 |
| | 2 Number of Pension System Transactions Performed | 55,505.00 | 60,500.00 | 65,945.00 | 65,945.00 | 65,945.00 |
| | 3 # of Vested Terminated Member Service Records Maintained | 2,725.00 | 2,970.00 | 3,238.00 | 3,238.00 | 3,238.00 |
| | 4 # of Benefit Determinations for Emergency Personnel | 496.00 | 541.00 | 589.00 | 589.00 | 589.00 |
| Efficiency Measures: | | | | | | |
| KEY 1 | Average Annual Administrative Cost Per Pension Plan Member | 44.10 | 45.00 | 45.00 | 45.00 | 45.00 |
| | 2 Avg Days to Respond to Inquiries from TESRS Participants | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Explanatory/Input Measures: | | | | | | |
| | 1 Departments Participating in TX Emergency Services Retirement System | 216.00 | 225.00 | 233.00 | 240.00 | 245.00 |
| | 2 Number of Active Members | 4,119.00 | 4,200.00 | 4,300.00 | 4,350.00 | 4,350.00 |
| | 3 Number of Benefit Recipients | 2,834.00 | 3,205.00 | 3,300.00 | 3,350.00 | 3,400.00 |
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$219,520 | \$313,057 | \$327,995 | \$330,446 | \$330,446 |
| 1002 | OTHER PERSONNEL COSTS | \$44,059 | \$16,385 | \$9,840 | \$10,920 | \$11,280 |

326 Texas Emergency Services Retirement System

| | | | |
|------------|--|---------------------------|---------------------------|
| GOAL: | 1 Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel | Statewide Goal/Benchmark: | 8 0 |
| OBJECTIVE: | 1 Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund | Service Categories: | |
| STRATEGY: | 1 Administer a Pension Fund for Emergency Services Personnel | Service: 06 | Income: A.2 Age: B.3 |

| CODE | DESCRIPTION | Exp 2013 | Est 2014 | Bud 2015 | BL 2016 | BL 2017 |
|--|--------------------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| 2001 | PROFESSIONAL FEES AND SERVICES | \$314,788 | \$214,134 | \$216,681 | \$207,430 | \$207,430 |
| 2003 | CONSUMABLE SUPPLIES | \$3,441 | \$6,241 | \$7,374 | \$7,500 | \$7,500 |
| 2004 | UTILITIES | \$164 | \$0 | \$0 | \$0 | \$0 |
| 2005 | TRAVEL | \$5,656 | \$5,997 | \$7,196 | \$7,250 | \$7,250 |
| 2006 | RENT - BUILDING | \$1,124 | \$1,224 | \$1,224 | \$0 | \$0 |
| 2007 | RENT - MACHINE AND OTHER | \$6,238 | \$7,396 | \$8,000 | \$8,500 | \$8,500 |
| 2009 | OTHER OPERATING EXPENSE | \$21,048 | \$1,586,320 | \$1,683,846 | \$1,636,448 | \$1,636,447 |
| TOTAL, OBJECT OF EXPENSE | | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| Method of Financing: | | | | | | |
| 1 | General Revenue Fund | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS) | | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$2,208,494 | \$2,208,853 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| FULL TIME EQUIVALENT POSITIONS: | | 5.9 | 6.6 | 6.6 | 6.0 | 6.0 |

326 Texas Emergency Services Retirement System

| | | | | | |
|------------|---|--|---------------------------|-------------|----------|
| GOAL: | 1 | Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel | Statewide Goal/Benchmark: | 8 | 0 |
| OBJECTIVE: | 1 | Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund | Service Categories: | | |
| STRATEGY: | 1 | Administer a Pension Fund for Emergency Services Personnel | Service: 06 | Income: A.2 | Age: B.3 |

| CODE | DESCRIPTION | Exp 2013 | Est 2014 | Bud 2015 | BL 2016 | BL 2017 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

STRATEGY DESCRIPTION AND JUSTIFICATION:

The agency administers the System under the authority of Title 8, Government Code, Subtitle H. Texas Emergency Services Retirement System. The agency collects contributions of participating department members, calculates benefits, and issues payments to retirees and their beneficiaries.

The System provides a cost-effective means for small volunteer departments to belong to a professionally managed and administered fund for the benefit of their local volunteer fire and EMS personnel. The System serves 221 departments statewide. A nine-member State Board of Trustees that serves for six-year terms each are appointed by the Governor and establish policy for the benefits and administration of the Fund. The Board employs an actuary, investment consultant, and investment managers to provide for the professional management of the Fund. The Board also procures bank custodial services for the administration of the Fund. These professional and administrative services are currently paid from the investment earnings of the Fund.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The TESRS Board of Trustees took significant action in 2014 to strengthen the System by increasing local contributions. A mechanism was created by rule to provide that a separate part of the member contribution be actuarially determined every two years by an amount necessary to make the System actuarially sound. Among the assumptions used in that calculation are that the State of Texas continues to make its statutorily required contributions. This rule change will ensure a contribution rate adequate to cover the actuarially determined liabilities of the System. In the upcoming actuarial valuation to be complete in December of 2014, it is expected that the amortization period necessary to pay for the System's liabilities will be computed to be thirty years or less. This is a significant advance for the System that is expected to add assurance for its viability now and in the future.

3.A. Strategy Request
84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

8/8/2014 9:42:23AM

SUMMARY TOTALS:

| | | | | | |
|---|------------------|--------------------|--------------------|--------------------|--------------------|
| OBJECTS OF EXPENSE: | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| METHODS OF FINANCE (INCLUDING RIDERS): | | | | \$2,208,494 | \$2,208,853 |
| METHODS OF FINANCE (EXCLUDING RIDERS): | \$616,038 | \$2,150,754 | \$2,262,156 | \$2,208,494 | \$2,208,853 |
| FULL TIME EQUIVALENT POSITIONS: | 5.9 | 6.6 | 6.6 | 6.0 | 6.0 |

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2014
 TIME: 9:42:24AM

Agency code: 326

Agency name:

Texas Emergency Services Retirement System

| CODE | DESCRIPTION | Excp 2016 | Excp 2017 |
|------|-------------|-----------|-----------|
|------|-------------|-----------|-----------|

Item Name: Required state pension funding needed to make the Texas Emergency Services Retirement System Fund sound.

Item Priority: 1

Includes Funding for the Following Strategy or Strategies: 01-01-01 Administer a Pension Fund for Emergency Services Personnel

OBJECTS OF EXPENSE:

| | | | |
|---------------------------------|-------------------------|-----------------|------------------|
| 2009 | OTHER OPERATING EXPENSE | 73,996 | 224,305 |
| TOTAL, OBJECT OF EXPENSE | | \$73,996 | \$224,305 |

METHOD OF FINANCING:

| | | | |
|-----------------------------------|----------------------|-----------------|------------------|
| 1 | General Revenue Fund | 73,996 | 224,305 |
| TOTAL, METHOD OF FINANCING | | \$73,996 | \$224,305 |

DESCRIPTION / JUSTIFICATION:

TESRS Sec. 865.016 states, "The state shall contribute the amount necessary to make the pension system actuarially sound each year, except that the state's contribution may not exceed one-third of the total of all contributions by governing bodies in a particular year." As prescribed by law, the agency is asking for the full 1/3rd of the projected annual contributions from General Revenue.

On March 15, 2013, the TESRS board of Trustees received the August 31, 2012 actuarial valuation. According to the valuation, the funded ratio of the System was 66.7%, the amortization period was infinity, and the unfunded actuarial accrued liability (UAAL) was \$33,868,555. The System has an inadequate contribution arrangement, even assuming that the state will appropriate (1) the maximum annual contribution in accordance with the state law governing the System and (2) approximately \$617,000 each year to pay for part of the System's administrative expenses. The Board of Trustees will receive its next valuation in December 2014.

Requested exceptional item funding would be used to continue and augment an existing agency initiative begun in 1977 with the creation of the Texas Emergency Services Retirement System. The agency does not anticipate entering into a contract for service as a result of the funding request.

EXTERNAL/INTERNAL FACTORS:

Texas Emergency Services Retirement System and the State Board of Trustees are required by State law to certify the actuarial and financial soundness of the System every two years.

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2014
 TIME: 9:42:24AM

Agency code: 326

Agency name:

Texas Emergency Services Retirement System

| CODE | DESCRIPTION | Excp 2016 | Excp 2017 |
|--|---|------------------|------------------|
| | Item Name: Recruit New Departments and Provide Technical Assistance to Existing Departments | | |
| | Item Priority: 2 | | |
| | Includes Funding for the Following Strategy or Strategies: 01-01-01 Administer a Pension Fund for Emergency Services Personnel | | |
| OBJECTS OF EXPENSE: | | | |
| 1001 | SALARIES AND WAGES | 91,000 | 91,000 |
| 1002 | OTHER PERSONNEL COSTS | 500 | 500 |
| 2003 | CONSUMABLE SUPPLIES | 7,500 | 7,500 |
| 2005 | TRAVEL | 12,000 | 12,000 |
| 2009 | OTHER OPERATING EXPENSE | 15,000 | 15,000 |
| TOTAL, OBJECT OF EXPENSE | | \$126,000 | \$126,000 |
| METHOD OF FINANCING: | | | |
| 1 | General Revenue Fund | 126,000 | 126,000 |
| TOTAL, METHOD OF FINANCING | | \$126,000 | \$126,000 |
| FULL-TIME EQUIVALENT POSITIONS (FTE): | | 2.00 | 2.00 |

DESCRIPTION / JUSTIFICATION:

Currently indicated by the approved objective, along with Board desire to increase department participation (coupled with actuarial assertion that new departments are an actuarial gain), we believe it is vital to be able to put resources into this activity. There is also a need for program monitoring and technical assistance, per Sunset recommendations, SAO audits, SB 220 additions on contract monitoring in agency statute, and staff experience. We do not currently have staff resources for recruiting or technical assistance of this nature.

EXTERNAL/INTERNAL FACTORS:

There are approximately 1,400 volunteer fire departments statewide and TESRS membership only currently includes 221 of those departments. Departments brought in at the new rate of \$36/member result in an actuarial gain against the System's unfunded liability, for which the State of Texas is liable. Therefore, any resources dedicated to recruiting new departments is an activity that reduces state expense in the long run. For the technical assistance piece of this strategy, this includes program monitoring. Staff experience and audits have shown there is a risk of contract non-compliance when departments have been members for many years and not had any contact with the agency. We will do a risk assessment every year based on factors like lack of interaction, late or missing reports, late payments, organizational changes, known problems, etc., and go visit departments that are at the highest risk of non-compliance. As part of our onsite visits, we will provide technical assistance to assist departments in coming into compliance. This will reduce financial risk for the state, ensuring that only eligible volunteers are members of the system and that contract requirements are met. Over time, this will ensure that a high number of our member departments remain in compliance.

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2014
 TIME: 9:42:24AM

Agency code: 326

Agency name:

Texas Emergency Services Retirement System

| CODE | DESCRIPTION | Excp 2016 | Excp 2017 |
|------|-------------|-----------|-----------|
|------|-------------|-----------|-----------|

Item Name: Salaried Chief Financial Officer

Item Priority: 3

Includes Funding for the Following Strategy or Strategies: 01-01-01 Administer a Pension Fund for Emergency Services Personnel

OBJECTS OF EXPENSE:

| | | | |
|---------------------------------|--------------------------------|------------|------------|
| 1001 | SALARIES AND WAGES | 65,000 | 65,000 |
| 2001 | PROFESSIONAL FEES AND SERVICES | -65,000 | -65,000 |
| TOTAL, OBJECT OF EXPENSE | | \$0 | \$0 |

METHOD OF FINANCING:

| | | | |
|-----------------------------------|----------------------|------------|------------|
| 1 | General Revenue Fund | 0 | 0 |
| TOTAL, METHOD OF FINANCING | | \$0 | \$0 |

FULL-TIME EQUIVALENT POSITIONS (FTE):

| | |
|------|------|
| 1.00 | 1.00 |
|------|------|

DESCRIPTION / JUSTIFICATION:

It is vital to the agency to have this important position be filled by an on-site fulltime employee.

EXTERNAL/INTERNAL FACTORS:

Funding will come out of professional fees budget currently allocated for the consultant contract.

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2014
 TIME: 9:42:24AM

Agency code: 326

Agency name:

Texas Emergency Services Retirement System

| CODE | DESCRIPTION | Excp 2016 | Excp 2017 |
|------|-------------|-----------|-----------|
|------|-------------|-----------|-----------|

Item Name: Office Receptionist

Item Priority: 4

Includes Funding for the Following Strategy or Strategies: 01-01-01 Administer a Pension Fund for Emergency Services Personnel

OBJECTS OF EXPENSE:

| | | | |
|---------------------------------|--------------------------------|------------|------------|
| 1001 | SALARIES AND WAGES | 25,000 | 25,000 |
| 2001 | PROFESSIONAL FEES AND SERVICES | -25,000 | -25,000 |
| TOTAL, OBJECT OF EXPENSE | | \$0 | \$0 |

FULL-TIME EQUIVALENT POSITIONS (FTE):

| | |
|------|------|
| 1.00 | 1.00 |
|------|------|

DESCRIPTION / JUSTIFICATION:

As a new agency with heavy customer contact, it is important to have a position to route calls efficiently in order to ensure we respond to customer needs in a reasonable manner. Because the need was great, it was necessary to obtain temporary services for this function. Due to turnover that is inherent in temporary service personnel and because this is not a temporary need, we are seeking an FTE for the position at no cost.

EXTERNAL/INTERNAL FACTORS:

We have improved communication with stakeholders which has increased call volume. We would be funding this position out of the temporary services line item at no additional cost to the General Revenue Fund.

Agency code: 326 Agency name: Texas Emergency Services Retirement System

| Code | Description | Excp 2016 | Excp 2017 |
|--|--|-----------------|------------------|
| Item Name: Required state pension funding needed to make the Texas Emergency Services Retirement System Fund sound. | | | |
| Allocation to Strategy: 1-1-1 Administer a Pension Fund for Emergency Services Personnel | | | |
| STRATEGY IMPACT ON OUTCOME MEASURES: | | | |
| <u>1</u> | Period to Amortize the Unfunded Actuarial Accrued Liability | 0.00 | 0.00 |
| <u>2</u> | Annual Investment Return | 0.00% | 0.00% |
| <u>3</u> | Actuarial Funding Percentage of Plan Assests to Liabilities | 0.00% | 0.00% |
| OUTPUT MEASURES: | | | |
| <u>1</u> | Number of Benefit Payments Distributed | 0.00 | 0.00 |
| <u>2</u> | Number of Pension System Transactions Performed | 0.00 | 0.00 |
| <u>3</u> | # of Vested Terminated Member Service Records Maintained | 0.00 | 0.00 |
| <u>4</u> | # of Benefit Determinations for Emergency Personnel | 0.00 | 0.00 |
| EFFICIENCY MEASURES: | | | |
| <u>1</u> | Average Annual Administrative Cost Per Pension Plan Member | 0.00 | 0.00 |
| <u>2</u> | Avg Days to Respond to Inquiries from TESRS Participants | 0.00 | 0.00 |
| EXPLANATORY/INPUT MEASURES: | | | |
| <u>1</u> | Departments Participating in TX Emergency Services Retirement System | 0.00 | 0.00 |
| <u>2</u> | Number of Active Members | 0.00 | 0.00 |
| <u>3</u> | Number of Benefit Recipients | 0.00 | 0.00 |
| OBJECTS OF EXPENSE: | | | |
| | 2009 OTHER OPERATING EXPENSE | 73,996 | 224,305 |
| TOTAL, OBJECT OF EXPENSE | | \$73,996 | \$224,305 |
| METHOD OF FINANCING: | | | |
| | 1 General Revenue Fund | 73,996 | 224,305 |
| TOTAL, METHOD OF FINANCING | | \$73,996 | \$224,305 |
| FULL-TIME EQUIVALENT POSITIONS (FTE): | | 0.0 | 0.0 |

Agency code: 326 Agency name: Texas Emergency Services Retirement System

| Code | Description | Excp 2016 | Excp 2017 |
|--|--|------------------|------------------|
| Item Name: Recruit New Departments and Provide Technical Assistance to Existing Departments | | | |
| Allocation to Strategy: 1-1-1 Administer a Pension Fund for Emergency Services Personnel | | | |
| STRATEGY IMPACT ON OUTCOME MEASURES: | | | |
| 1 | Period to Amortize the Unfunded Actuarial Accrued Liability | 0.00 | 0.00 |
| 2 | Annual Investment Return | 0.00% | 0.00% |
| 3 | Actuarial Funding Percentage of Plan Assests to Liabilities | 0.00% | 0.00% |
| OUTPUT MEASURES: | | | |
| 1 | Number of Benefit Payments Distributed | 0.00 | 0.00 |
| 2 | Number of Pension System Transactions Performed | 0.00 | 0.00 |
| 3 | # of Vested Terminated Member Service Records Maintained | 0.00 | 0.00 |
| 4 | # of Benefit Determinations for Emergency Personnel | 0.00 | 0.00 |
| EFFICIENCY MEASURES: | | | |
| 1 | Average Annual Administrative Cost Per Pension Plan Member | 0.00 | 0.00 |
| 2 | Avg Days to Respond to Inquiries from TESRS Participants | 0.00 | 0.00 |
| EXPLANATORY/INPUT MEASURES: | | | |
| 1 | Departments Participating in TX Emergency Services Retirement System | 20.00 | 20.00 |
| 2 | Number of Active Members | 200.00 | 200.00 |
| 3 | Number of Benefit Recipients | 0.00 | 0.00 |
| OBJECTS OF EXPENSE: | | | |
| 1001 | SALARIES AND WAGES | 91,000 | 91,000 |
| 1002 | OTHER PERSONNEL COSTS | 500 | 500 |
| 2003 | CONSUMABLE SUPPLIES | 7,500 | 7,500 |
| 2005 | TRAVEL | 12,000 | 12,000 |
| 2009 | OTHER OPERATING EXPENSE | 15,000 | 15,000 |
| TOTAL, OBJECT OF EXPENSE | | \$126,000 | \$126,000 |
| METHOD OF FINANCING: | | | |
| 1 General Revenue Fund | | 126,000 | 126,000 |
| TOTAL, METHOD OF FINANCING | | \$126,000 | \$126,000 |
| FULL-TIME EQUIVALENT POSITIONS (FTE): | | 2.0 | 2.0 |

Agency code: 326 Agency name: Texas Emergency Services Retirement System

| Code | Description | Excp 2016 | Excp 2017 |
|---|--|------------|------------|
| Item Name: Salaried Chief Financial Officer | | | |
| Allocation to Strategy: 1-1-1 Administer a Pension Fund for Emergency Services Personnel | | | |
| STRATEGY IMPACT ON OUTCOME MEASURES: | | | |
| 1 | Period to Amortize the Unfunded Actuarial Accrued Liability | 0.00 | 0.00 |
| 2 | Annual Investment Return | 0.00% | 0.00% |
| 3 | Actuarial Funding Percentage of Plan Assests to Liabilities | 0.00% | 0.00% |
| OUTPUT MEASURES: | | | |
| 1 | Number of Benefit Payments Distributed | 0.00 | 0.00 |
| 2 | Number of Pension System Transactions Performed | 0.00 | 0.00 |
| 3 | # of Vested Terminated Member Service Records Maintained | 0.00 | 0.00 |
| 4 | # of Benefit Determinations for Emergency Personnel | 0.00 | 0.00 |
| EFFICIENCY MEASURES: | | | |
| 1 | Average Annual Administrative Cost Per Pension Plan Member | 0.00 | 0.00 |
| 2 | Avg Days to Respond to Inquiries from TESRS Participants | 0.00 | 0.00 |
| EXPLANATORY/INPUT MEASURES: | | | |
| 1 | Departments Participating in TX Emergency Services Retirement System | 0.00 | 0.00 |
| 2 | Number of Active Members | 0.00 | 0.00 |
| 3 | Number of Benefit Recipients | 0.00 | 0.00 |
| OBJECTS OF EXPENSE: | | | |
| 1001 | SALARIES AND WAGES | 65,000 | 65,000 |
| 2001 | PROFESSIONAL FEES AND SERVICES | -65,000 | -65,000 |
| TOTAL, OBJECT OF EXPENSE | | \$0 | \$0 |
| METHOD OF FINANCING: | | | |
| 1 | General Revenue Fund | 0 | 0 |
| TOTAL, METHOD OF FINANCING | | \$0 | \$0 |
| FULL-TIME EQUIVALENT POSITIONS (FTE): | | 1.0 | 1.0 |

4.B. Exceptional Items Strategy Allocation Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2014
 TIME: 9:42:24AM

Agency code: 326 Agency name: Texas Emergency Services Retirement System

| Code | Description | Excp 2016 | Excp 2017 |
|---|--------------------------------|------------|------------|
| Item Name: Office Receptionist | | | |
| Allocation to Strategy: 1-1-1 Administer a Pension Fund for Emergency Services Personnel | | | |
| OBJECTS OF EXPENSE: | | | |
| 1001 | SALARIES AND WAGES | 25,000 | 25,000 |
| 2001 | PROFESSIONAL FEES AND SERVICES | -25,000 | -25,000 |
| TOTAL, OBJECT OF EXPENSE | | \$0 | \$0 |
| FULL-TIME EQUIVALENT POSITIONS (FTE): | | 1.0 | 1.0 |

4.C. Exceptional Items Strategy Request
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2014
TIME: 9:42:24AM

Agency Code: **326** Agency name: **Texas Emergency Services Retirement System**

GOAL: 1 Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel Statewide Goal/Benchmark: 8 - 0

OBJECTIVE: 1 Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund Service Categories:

STRATEGY: 1 Administer a Pension Fund for Emergency Services Personnel Service: 06 Income: A.2 Age: B.3

| CODE DESCRIPTION | Excp 2016 | Excp 2017 |
|-------------------------|------------------|------------------|
|-------------------------|------------------|------------------|

STRATEGY IMPACT ON OUTCOME MEASURES:

| | | |
|--|---------|---------|
| <u>1</u> Period to Amortize the Unfunded Actuarial Accrued Liability | 30.00 | 30.00 |
| <u>3</u> Actuarial Funding Percentage of Plan Assests to Liabilities | 80.00 % | 80.00 % |

EXPLANATORY/INPUT MEASURES:

| | | |
|---|--------|--------|
| <u>1</u> Departments Participating in TX Emergency Services Retirement System | 20.00 | 20.00 |
| <u>2</u> Number of Active Members | 200.00 | 200.00 |

OBJECTS OF EXPENSE:

| | | |
|-------------------------------------|------------------|------------------|
| 1001 SALARIES AND WAGES | 181,000 | 181,000 |
| 1002 OTHER PERSONNEL COSTS | 500 | 500 |
| 2001 PROFESSIONAL FEES AND SERVICES | (90,000) | (90,000) |
| 2003 CONSUMABLE SUPPLIES | 7,500 | 7,500 |
| 2005 TRAVEL | 12,000 | 12,000 |
| 2009 OTHER OPERATING EXPENSE | 88,996 | 239,305 |
| Total, Objects of Expense | \$199,996 | \$350,305 |

METHOD OF FINANCING:

| | | |
|---------------------------------|------------------|------------------|
| 1 General Revenue Fund | 199,996 | 350,305 |
| Total, Method of Finance | \$199,996 | \$350,305 |

FULL-TIME EQUIVALENT POSITIONS (FTE):

| | |
|-----|-----|
| 4.0 | 4.0 |
|-----|-----|

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Required state pension funding needed to make the Texas Emergency Services Retirement System Fund sound.

Recruit New Departments and Provide Technical Assistance to Existing Departments

4.C. Exceptional Items Strategy Request
84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/8/2014
TIME: 9:42:24AM

Agency Code: 326 Agency name: Texas Emergency Services Retirement System

GOAL: 1 Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel Statewide Goal/Benchmark: 8 - 0
OBJECTIVE: 1 Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund Service Categories:
STRATEGY: 1 Administer a Pension Fund for Emergency Services Personnel Service: 06 Income: A.2 Age: B.3

CODE DESCRIPTION **Excp 2016** **Excp 2017**

Salaried Chief Financial Officer
Office Receptionist

General Revenue (GR) & General Revenue Dedicated (GR-D) Baseline

DATE: 8/8/2014

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

TIME: 9:42:24AM

agency code:

Agency name: **Texas Emergency Services Retirement System**

GR Baseline Request Limit = \$4,417,347

GR-D Baseline Request Limit = \$0

| Strategy/Strategy Option/Rider | | | | 2016 Funds | | | | 2017 Funds | | | | Biennial Cumulative GR | Biennial Cumulative Ded | Page # |
|--|--------------------|--------------------|------------|------------|--------------------|--------------------|----------|--|---|--|--|------------------------|-------------------------|--------|
| FTEs | Total | GR | Ded | FTEs | Total | GR | Ded | | | | | | | |
| Strategy: 1 - 1 - 1 Administer a Pension Fund for Emergency Services Personnel | | | | | | | | | | | | | | |
| 6.0 | 2,208,494 | 2,208,494 | 0 | 6.0 | 2,208,853 | 2,208,853 | 0 | 4,417,347 | 0 | | | | | |
| 6.0 | | | | 6.0 | | | | *****GR Baseline Request Limit=\$4,417,347***** | | | | | | |
| Excp Item: 1 Required state pension funding needed to make the Texas Emergency Services Retirement System Fund sound. | | | | | | | | | | | | | | |
| 0.0 | 73,996 | 73,996 | 0 | 0.0 | 224,305 | 224,305 | 0 | 4,715,648 | 0 | | | | | |
| Strategy Detail for Excp Item: 1 | | | | | | | | | | | | | | |
| Strategy: 1 - 1 - 1 Administer a Pension Fund for Emergency Services Personnel | | | | | | | | | | | | | | |
| 0.0 | 73,996 | 73,996 | 0 | 0.0 | 224,305 | 224,305 | 0 | | | | | | | |
| Excp Item: 2 Recruit New Departments and Provide Technical Assistance to Existing Departments | | | | | | | | | | | | | | |
| 2.0 | 126,000 | 126,000 | 0 | 2.0 | 126,000 | 126,000 | 0 | 4,967,648 | 0 | | | | | |
| Strategy Detail for Excp Item: 2 | | | | | | | | | | | | | | |
| Strategy: 1 - 1 - 1 Administer a Pension Fund for Emergency Services Personnel | | | | | | | | | | | | | | |
| 2.0 | 126,000 | 126,000 | 0 | 2.0 | 126,000 | 126,000 | 0 | | | | | | | |
| Excp Item: 3 Salaried Chief Financial Officer | | | | | | | | | | | | | | |
| 1.0 | 0 | 0 | 0 | 1.0 | 0 | 0 | 0 | 4,967,648 | 0 | | | | | |
| Strategy Detail for Excp Item: 3 | | | | | | | | | | | | | | |
| Strategy: 1 - 1 - 1 Administer a Pension Fund for Emergency Services Personnel | | | | | | | | | | | | | | |
| 1.0 | 0 | 0 | 0 | 1.0 | 0 | 0 | 0 | | | | | | | |
| 9.0 | \$2,408,490 | \$2,408,490 | \$0 | 9.0 | \$2,559,158 | \$2,559,158 | 0 | | | | | | | |

6.A. Historically Underutilized Business Supporting Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/8/2014
 Time: 9:42:26AM

Agency Code: 326 Agency: Texas Emergency Services Retirement System

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2012 - 2013 HUB Expenditure Information

| Statewide HUB Goals | Procurement Category | % Goal | HUB Expenditures FY 2012 | | | Total Expenditures FY 2012 | | HUB Expenditures FY 2013 | | | Total Expenditures FY 2013 | |
|------------------------|---------------------------|--------|--------------------------|--------|-----------------|----------------------------------|----------|--------------------------|-----------|------------------|----------------------------------|--|
| | | | % Actual | Diff | Actual \$ | % Goal | % Actual | Diff | Actual \$ | FY 2013 | | |
| 23.6% | Professional Services | 23.6 % | 0.0% | -23.6% | \$0 | \$138,654 | 23.6 % | 0.0% | -23.6% | \$0 | \$205,116 | |
| 24.6% | Other Services | 24.6 % | 10.9% | -13.7% | \$46,418 | \$424,522 | 24.6 % | 24.6% | 0.0% | \$138,652 | \$564,181 | |
| 21.0% | Commodities | 21.0 % | 42.0% | 21.0% | \$2,747 | \$6,542 | 21.0 % | 28.9% | 7.9% | \$11,498 | \$39,756 | |
| | Total Expenditures | | 8.6% | | \$49,165 | \$569,718 | | 18.6% | | \$150,150 | \$809,053 | |

B. Assessment of Fiscal Year 2012 - 2013 Efforts to Meet HUB Procurement Goals

Attainment:

TESRS will establish and implement policies governing purchasing and contracting that foster meaningful and substantive inclusion of qualified historically underutilized businesses and other qualified businesses that are majority owned by an economically disadvantaged group that may not yet be registered with the State of Texas as a HUB.

Applicability:

TESRS has ongoing expenses in the professional services and other services line items that represent opportunities for HUB's. We will make a concerted effort to identify qualified HUB owned businesses in our procurement process.

Factors Affecting Attainment:

In the categories of Professional Services and Other Services, the agency posts opportunities on the Texas Marketplace and respondents do not always include HUB's. Going forward, we will work to identify HUB's qualified for our offerings, develop a mailing list, and invite them directly to participate in the process.

"Good-Faith" Efforts:

TESRS will make a good faith effort to utilize HUBs in the procurement process for all goods and services and strive to achieve or exceed the statewide HUB goals.

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern
Texas Emergency Services Retirement System

| | |
|---|-----------------------|
| ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2016-17 GAA BILL PATTERN | \$ 109,152,156 |
|---|-----------------------|

| Fund Name | |
|---|-----------------------|
| Estimated Beginning Balance in FY 2014 | \$ 78,401,636 |
| Estimated Revenues FY 2014 | \$ 11,510,879 |
| Estimated Revenues FY 2015 | \$ 5,988,220 |
| FY 2014-15 Total | \$ 95,900,735 |
| | |
| Estimated Beginning Balance in FY 2016 | \$ 95,900,735 |
| Estimated Revenues FY 2016 | \$ 1,403,307 |
| Estimated Revenues FY 2017 | \$ 11,848,114 |
| FY 2016-17 Total | \$ 109,152,156 |
| | |
| Constitutional or Statutory Creation and Use of Funds: | |
| <p>The Texas Emergency Service Retirement System was created as a trust fund under Title 8, Government Code, Subtitle H, Chapters 861-865. This Trust holds funds collected from contributions of participating department members, invests the proceeds, calculates benefits, and issues payments to retirees and their beneficiaries.</p> | |
| | |
| Method of Calculation and Revenue Assumptions: | |
| <p>Return on investment for 2014 is based on year to date experience. Returns for years 2015-2017 was assumed to be the actuarial rate of 7.75%. Contributions were derived from projections of both active members and contribution rates. Values reported are at market.</p> | |

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/8/2014
Time: 9:42:44AM

Agency code: 326 Agency name: Texas Emergency Services Retirement System

| Item Priority and Name/ Method of Financing | REVENUE LOSS | | | REDUCTION AMOUNT | | | TARGET |
|---|--------------|------------|----------------|------------------|------------------|------------------|------------------|
| | 2016 | 2017 | Biennial Total | 2016 | 2017 | Biennial Total | |
| 1 Statutory pension plan funding | | | | | | | |
| Category: Programs - Service Reductions (Contracted) | | | | | | | |
| Item Comment: As an agency mindful of cost and efficiency, there is little that could be offered up as a 10 percent base reduction option, without a serious compromise in the agency's ability to operate. However, if required, a 10 percent reduction would come from base appropriations intended for the System's unfunded liabilities. | | | | | | | |
| Strategy: 1-1-1 Administer a Pension Fund for Emergency Services Personnel | | | | | | | |
| <u>General Revenue Funds</u> | | | | | | | |
| 1 General Revenue Fund | \$0 | \$0 | \$0 | \$220,117 | \$220,117 | \$440,234 | |
| General Revenue Funds Total | \$0 | \$0 | \$0 | \$220,117 | \$220,117 | \$440,234 | |
| Item Total | \$0 | \$0 | \$0 | \$220,117 | \$220,117 | \$440,234 | |
| FTE Reductions (From FY 2016 and FY 2017 Base Request) | | | | | | | |
| AGENCY TOTALS | | | | | | | |
| General Revenue Total | | | | \$220,117 | \$220,117 | \$440,234 | \$440,234 |
| Agency Grand Total | \$0 | \$0 | \$0 | \$220,117 | \$220,117 | \$440,234 | |
| Difference, Options Total Less Target | | | | | | | |
| Agency FTE Reductions (From FY 2016 and FY 2017 Base Request) | | | | | | | |

7.A. Indirect Administrative and Support Costs

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Automated Budget and Evaluation System of Texas (ABEST)

326 Texas Emergency Services Retirement System

| Strategy | Exp 2013 | Est 2014 | Bud 2015 | BL 2016 | BL 2017 |
|---|------------------|------------------|------------------|------------------|------------------|
| 1-1-1 Administer a Pension Fund for Emergency Services Personnel | | | | | |
| OBJECTS OF EXPENSE: | | | | | |
| 1001 SALARIES AND WAGES | \$83,417 | \$ 118,962 | \$ 132,345 | \$ 130,445 | \$ 130,445 |
| 1002 OTHER PERSONNEL COSTS | 16,743 | 6,226 | 3,739 | 4,150 | 4,286 |
| 2001 PROFESSIONAL FEES AND SERVICES | 119,620 | 81,371 | 74,632 | 73,948 | 73,948 |
| 2003 CONSUMABLE SUPPLIES | 1,308 | 2,372 | 2,802 | 2,850 | 2,850 |
| 2004 UTILITIES | 62 | 0 | 0 | 0 | 0 |
| 2005 TRAVEL | 2,149 | 2,279 | 2,735 | 2,755 | 2,755 |
| 2006 RENT - BUILDING | 427 | 465 | 465 | 0 | 0 |
| 2007 RENT - MACHINE AND OTHER | 2,371 | 2,810 | 3,040 | 3,230 | 3,230 |
| 2009 OTHER OPERATING EXPENSE | 7,997 | 21,271 | 17,684 | 19,996 | 19,996 |
| Total, Objects of Expense | \$234,094 | \$235,756 | \$237,442 | \$237,374 | \$237,510 |
| METHOD OF FINANCING: | | | | | |
| 1 General Revenue Fund | 234,094 | 235,756 | 237,442 | 237,374 | 237,510 |
| Total, Method of Financing | \$234,094 | \$235,756 | \$237,442 | \$237,374 | \$237,510 |
| FULL TIME EQUIVALENT POSITIONS | 2.3 | 2.5 | 2.5 | 2.5 | 2.5 |

Method of Allocation

7.A. Indirect Administrative and Support Costs

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Automated Budget and Evaluation System of Texas (ABEST)

326 Texas Emergency Services Retirement System

Exp 2013

Est 2014

Bud 2015

BL 2016

BL 2017

FTE functions were analyzed with regards to direct and indirect type activities. A combination of the resulting percentages and identification of specific direct/indirect costs was used.

7.A. Indirect Administrative and Support Costs

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Automated Budget and Evaluation System of Texas (ABEST)

326 Texas Emergency Services Retirement System

| | Exp 2013 | Est 2014 | Bud 2015 | BL 2016 | BL 2017 |
|---|------------------|------------------|------------------|------------------|------------------|
| GRAND TOTALS | | | | | |
| Objects of Expense | | | | | |
| 1001 SALARIES AND WAGES | \$83,417 | \$118,962 | \$132,345 | \$130,445 | \$130,445 |
| 1002 OTHER PERSONNEL COSTS | \$16,743 | \$6,226 | \$3,739 | \$4,150 | \$4,286 |
| 2001 PROFESSIONAL FEES AND SERVICES | \$119,620 | \$81,371 | \$74,632 | \$73,948 | \$73,948 |
| 2003 CONSUMABLE SUPPLIES | \$1,308 | \$2,372 | \$2,802 | \$2,850 | \$2,850 |
| 2004 UTILITIES | \$62 | \$0 | \$0 | \$0 | \$0 |
| 2005 TRAVEL | \$2,149 | \$2,279 | \$2,735 | \$2,755 | \$2,755 |
| 2006 RENT - BUILDING | \$427 | \$465 | \$465 | \$0 | \$0 |
| 2007 RENT - MACHINE AND OTHER | \$2,371 | \$2,810 | \$3,040 | \$3,230 | \$3,230 |
| 2009 OTHER OPERATING EXPENSE | \$7,997 | \$21,271 | \$17,684 | \$19,996 | \$19,996 |
| Total, Objects of Expense | \$234,094 | \$235,756 | \$237,442 | \$237,374 | \$237,510 |
| Method of Financing | | | | | |
| 1 General Revenue Fund | \$234,094 | \$235,756 | \$237,442 | \$237,374 | \$237,510 |
| Total, Method of Financing | \$234,094 | \$235,756 | \$237,442 | \$237,374 | \$237,510 |
| Full-Time-Equivalent Positions (FTE) | 2.3 | 2.5 | 2.5 | 2.5 | 2.5 |

Agency code: 326

Agency name: Texas Emergency Services Retirement System

| Strategy | Exp 2013 | Est 2014 | Bud 2015 | BL 2016 | BL 2017 |
|--|---|--------------------|--------------------|--------------------|--------------------|
| 1-1-1 | Administer a Pension Fund for Emergency Services Personnel | | | | |
| OBJECTS OF EXPENSE: | | | | | |
| 1001 SALARIES AND WAGES | \$136,102 | \$194,095 | \$215,931 | \$212,831 | \$212,831 |
| 1002 OTHER PERSONNEL COSTS | 27,317 | 10,158 | 6,101 | 6,770 | 6,994 |
| 2001 PROFESSIONAL FEES AND SERVICES | 195,169 | 132,763 | 121,768 | 120,652 | 120,652 |
| 2003 CONSUMABLE SUPPLIES | 2,133 | 3,870 | 4,572 | 4,650 | 4,650 |
| 2004 UTILITIES | 102 | 0 | 0 | 0 | 0 |
| 2005 TRAVEL | 3,507 | 3,718 | 4,462 | 4,495 | 4,495 |
| 2006 RENT - BUILDING | 697 | 759 | 759 | 0 | 0 |
| 2007 RENT - MACHINE AND OTHER | 3,867 | 4,585 | 4,960 | 5,270 | 5,270 |
| 2009 OTHER OPERATING EXPENSE | 13,050 | 1,565,050 | 1,666,161 | 1,616,452 | 1,616,451 |
| Total, Objects of Expense | \$381,944 | \$1,914,998 | \$2,024,714 | \$1,971,120 | \$1,971,343 |
| METHOD OF FINANCING: | | | | | |
| 1 General Revenue Fund | 381,944 | 1,914,998 | 2,024,714 | 1,971,120 | 1,971,343 |
| Total, Method of Financing | \$381,944 | \$1,914,998 | \$2,024,714 | \$1,971,120 | \$1,971,343 |
| FULL-TIME-EQUIVALENT POSITIONS (FTE): | 3.6 | 4.0 | 4.0 | 4.0 | 4.0 |

DESCRIPTION

FTE functions were analyzed with regards to direct and indirect type activities. A combination of the resulting percentages and identification of specific direct/indirect costs was used.

Agency code: 326

Agency name: Texas Emergency Services Retirement System

| | Exp 2013 | Est 2014 | Bud 2015 | BL 2016 | BL 2017 |
|---|------------------|--------------------|--------------------|--------------------|--------------------|
| GRAND TOTALS | | | | | |
| Objects of Expense | | | | | |
| 1001 SALARIES AND WAGES | \$136,102 | \$194,095 | \$215,931 | \$212,831 | \$212,831 |
| 1002 OTHER PERSONNEL COSTS | \$27,317 | \$10,158 | \$6,101 | \$6,770 | \$6,994 |
| 2001 PROFESSIONAL FEES AND SERVICES | \$195,169 | \$132,763 | \$121,768 | \$120,652 | \$120,652 |
| 2003 CONSUMABLE SUPPLIES | \$2,133 | \$3,870 | \$4,572 | \$4,650 | \$4,650 |
| 2004 UTILITIES | \$102 | \$0 | \$0 | \$0 | \$0 |
| 2005 TRAVEL | \$3,507 | \$3,718 | \$4,462 | \$4,495 | \$4,495 |
| 2006 RENT - BUILDING | \$697 | \$759 | \$759 | \$0 | \$0 |
| 2007 RENT - MACHINE AND OTHER | \$3,867 | \$4,585 | \$4,960 | \$5,270 | \$5,270 |
| 2009 OTHER OPERATING EXPENSE | \$13,050 | \$1,565,050 | \$1,666,161 | \$1,616,452 | \$1,616,451 |
| Total, Objects of Expense | \$381,944 | \$1,914,998 | \$2,024,714 | \$1,971,120 | \$1,971,343 |
| Method of Financing | | | | | |
| 1 General Revenue Fund | \$381,944 | \$1,914,998 | \$2,024,714 | \$1,971,120 | \$1,971,343 |
| Total, Method of Financing | \$381,944 | \$1,914,998 | \$2,024,714 | \$1,971,120 | \$1,971,343 |
| Full-Time-Equivalent Positions (FTE) | 3.6 | 4.0 | 4.0 | 4.0 | 4.0 |