

Report on the Texas State Teachers Association's Financial Condition

by Executive Director Anezka Carmona

2024-25 Financial Condition of the Association

I'm happy to share that our financial situation remains stable and strong. Our stability is largely driven by ongoing membership growth, which continues to be a focus for us, even while we work to convert members to auto-pay. We've had a solid start to the year, with membership numbers holding steady. Additionally, as in past years, we've maintained careful oversight of our expenses, ensuring they stay within the budget approved by the Board.

TSTA has three dedicated Funds created by the Board to help maintain our financial stability. These are the Cash Management Reserve Fund (CMR), the Capital Improvement and Technology Fund (CIT) and the Building Maintenance and Real Estate Investment Fund (BMRE).

Board Policy requires an annual transfer of between 1% and 3% of dues revenue to the CMR, as outlined in the budget, with the Board having the flexibility to forgo the transfer if needed. The Board's goal is to increase the CMR to 16% of dues revenue (roughly one and a half months of operating expenses) and maintain that level. As of the end of 2025, the CMR Fund totaled \$1,510,674, or 17% of membership dues, and this balance remained steady through the end of 2025. Since the fund exceeded the 16% target, no transfers were made to the CMR in 2025.

At the end of the year, the CIT Fund had a balance of \$979,877. Board Policy for this fund stipulates that an amount equal to the depreciation expense for capital purchases made from the fund be transferred each year. As a result, the fund's balance will fluctuate annually based on capital expenditures.

The balances in these two funds enable us to avoid borrowing for cash flow during the two to three months each year when dues revenue is minimal. Additionally, the Permanent Fund continues to provide a solid financial foundation, with a balance at 2/28/2026 of \$2,712,826. The base fund saw a slight decrease from the previous year, due to a lower returned interest of \$3,738.

The BMRE Fund was established by the Board in April 2017 to reserve funds for future building maintenance and real estate acquisitions. An initial contribution of \$500,000 was made in 2018, with additional annual funding set at 1% of membership dues. In 2024, the contribution was \$87,893, and the balance of the BMRE Fund stands at \$1,233,961.

The staff pension plan remains a key financial focus for TSTA, largely due to the stricter funding requirements introduced by the Pension Reform Act passed a couple of years ago. While the plan continues to report a pension asset rather than a liability, the new regulations have added pressure on all defined benefit plans. Additionally, the current rise in interest rates and recent market fluctuations could present some challenges. Nonetheless, TSTA is proactively pre-funding the plan to help ensure its continued stability.

Here's a summary of audited revenue and expenses for the past two years.

	2025	2024
Revenues:		
Membership dues	\$ 9,316,635	\$ 9,052,220
NEA Unified Staff Services Program	1,406,614	1,399,610
NEA Unified Legal Services Program	212,559	136,484
NEA Projects	768,709	1,226,099
Rental income	22,917	25,000
Affiliate and other receipts	243,263	262,491
Member benefit programs	22,662	25,692
Other income	(6,411)	(3,627)
Conference registration	8,543	6,212
Investment return, net	262,063	350,434
Total revenues	12,257,554	12,480,615
Expenses:		
Center for Public Affairs	1,014,778	958,866
Center for Affiliate and Leadership Development	1,864,418	1,730,431
Center for Legal Services and Member Advocacy	1,643,381	1,627,486
NEA Projects	916,343	1,397,025
Total program services	5,438,920	5,713,808
Supporting services:		
Management and General	3,057,504	3,065,145
Member Development		
Center for Public Affairs	351,734	332,491
Center for Executive and Governance	158,210	152,504
Center for Affiliate and Leadership Development	2,439,597	2,264,403
Total supporting services	6,007,045	5,814,543
Total expenses	11,445,965	11,528,351
Total change in net assets without donor restrictions	811,589	952,264

2025-26: Good news at mid-point in the fiscal year!

We've successfully welcomed many new members, offsetting any losses. We are committed to ongoing recruitment and retention to continue to increase membership overall. While the financial markets have experienced some volatility, our investment advisors continue to guide us on optimizing our portfolio, ensuring that we maintain the required asset balance in line with Bylaws and TSTA Policies. Our investments are well-positioned to keep values steady and strong.

Looking ahead, we're optimistic about a significant increase in membership for 2025-26, which will contribute to further stabilizing the organization and boosting our budget.