TRS STRATEGIC PLAN

FY 2017 – FY 2021

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SECTION I – STRATEGIC PLAN

TRS VISION, MISSION, PHILOSOPHY, AND CORE VALUES

Vision
Earning your trust every day.

Mission
Improving the retirement security of Texas educators by prudently investing and managing trust assets and delivering benefits that make a positive difference in members' lives.

Philosophy
Our core values form the basis for our dedication and professionalism.

Core Values*
Our values represent a mutual understanding about responsibilities, expectations and communication in the way we treat each other and those we serve.

*Customer Satisfaction
We focus on our customers, both external and internal, by ensuring that their needs are met and their expectations are exceeded.

*Collaboration/Teamwork
We work together to achieve common goals through a diverse, yet unified team.

*Accountability
We hold ourselves accountable and take responsibility for our actions, behavior and outcomes.

*Respect
We treat each other with respect, fairness and kindness in constant pursuit of a trusting environment.

*Ethics
We will be truthful and act with honesty and integrity in everything we do.

*Excellence
We commit to demonstrating excellence in our work and look for ways to continuously improve.

*Employee Fulfillment
We have a workplace where each employee has a strong sense of purpose, feels good about coming to work and is highly engaged.

AGENCY GOALS AND ACTION PLANS

The strategic objectives for the Teacher Retirement System of Texas (TRS), developed in accordance with the TRS Board of Trustees' fiduciary duties and presented in this document, support the following statewide objectives of the state of Texas.

TRS supports the statewide objectives by effectively serving our members, by operating efficiently and openly, and by focusing on our mission to provide benefits that make a positive difference in our members' lives.

Statewide Objectives:
1. Accountable to tax and fee payers of Texas.
2. Efficient by producing maximum results with no waste of taxpayer funds and by identifying any function or provision you consider redundant or not cost effective.
3. Effective by successfully fulfilling core functions, achieving performance measures and implementing plans to continuously improve.
4. Providing excellent customer service.
5. Transparent such that agency actions can be understood by any Texan.

AGENCY OPERATIONAL GOAL AND ACTION PLAN
GOAL 1: Sustain a financially sound pension trust fund.
SPECIFIC ACTION ITEMS TO ACHIEVE GOAL
- Monitor trust funding status.   - Foster and maintain an effective working relationship with legislative stakeholders on trust sustainability issues.   - Develop/improve the communication strategy for employer and participant stakeholders with respect to the sustainability of the trust.   - Establish and implement an effective investment governance structure.   - Establish a world-class investment policy statement.   - Establish the trust's asset allocation to meet the return and risk goals as determined by the Investment Policy.   - Where appropriate, pursue added investment returns through active management.   - Employ a dedicated investment risk management function to help maintain appropriate risk exposures.   - Ensure investment decisions are properly executed and tracked by maintaining an effective investment operations unit.   - Establish a repeatable certification process for the selection of external investment managers.   - Develop deep strategic relationships with key external partners.   - Leverage the resources and intelligence of the external network to complement internal capabilities.   - Use external network to optimize trading and execution.   - Become the preferred destination for high-quality investment opportunities.

Statewide Objectives	Describe How The Goal or Action Items Support Each Statewide Objective
1. Accountable to tax and fee payers of Texas.	TRS is accountable to Texas taxpayers in that the trust fund is governed by a nine-member board of trustees that is appointed by the governor and represents our stakeholders. Trust performance is publicly presented at each quarterly board meeting and the pension fund's actuarial valuation is published and presented annually. Additionally, our goals call for regular communication on the trust fund's status with member and retiree associations and the legislature.
2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.	Our goals call for TRS to prudently invest trust fund dollars using an asset allocation designed to achieve an efficient risk-adjusted return. To effectuate our goals, TRS has established and implemented an efficient investment governance structure and developed deep strategic relationships with key external partners. As a result, we have been able to leverage the resources and intelligence of the external network to complement internal capabilities. Additionally, TRS uses external networks to optimize trading and execution.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.	TRS' core function tied to this goal is to prudently invest trust assets. We measure success in this by publicly presenting investment returns quarterly and reporting in the comprehensive annual financial report how the trust fund performed on a one, three, five, and ten year bases. TRS also measures itself against our peers via the Wilshire Trust Universe Comparison Service on one, three, and five year bases. TRS regularly performs asset allocation reviews and annually reviews and updates the Investment Policy Statement to help ensure continuous improvement in the core function of prudently investing trust assets.
4. Providing excellent customer service.	TRS improves the retirement security of Texas educators by prudently investing and managing trust assets. In this goal, excellence in customer service is achieved by becoming the preferred destination for high-quality and low-fee investment opportunities. It also entails running an effective and efficient investment operations unit. Finally, it calls for communicating regularly and clearly with stakeholders on trust sustainability and investment matters.
5. Transparent such that agency actions can be understood by any Texan.	We communicate with stakeholders to educate them on trust sustainability matters and enable them to make informed decisions related to TRS programs. This may include funding and benefit design decisions made by the legislature or retirement options selected by members.

Statewide Objectives	Describe How The Goal or Action Items Support Each Statewide Objective
	TRS also provides general educational information regarding pensions and health benefit matters and responds to media and other requests relating to the investments of the system. As part of its commitment towards open and transparent communication, we continue to webcast all board meetings.

DESCRIBE ANY OTHER CONSIDERATIONS RELEVANT TO THE GOAL OR ACTION ITEM
Objectives, strategies and tactics for this goal are included in Appendix 2.

AGENCY OPERATIONAL GOAL AND ACTION PLAN

GOAL 2: Continuously improve our benefit delivery.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Prepare planning documents for pension line of business (LOB) implementation.
- Validate commitments in LOB Request for Offer (RFO) and define high-level requirements for phase 1.
- Define detailed requirements and use cases for the LOB phase 1.
- Design, build and test LOB system components for phase 1.
- Ensure that staff and users are properly trained on phase 1 functionality of the new LOB System.
- Go live with phase 1 of the pension LOB system.
- Validate commitments in LOB RFO and define high-level requirements for phase 2.
- Define detailed requirements and use cases for the LOB phase 2.
- Design, build and test LOB system components for phase 2.
- Ensure that staff and users are properly trained on phase 2 functionality of the new LOB system.
- Go live with phase 2 of the pension LOB system.
- Prepare TRS Data for Migration to the new pension LOB system.
- Develop detailed requirements and envision functionality for the new financial system.
- Design, build and test the new financial system.
- Update the TRS public website with a modern intuitive response design.
- Explore, review and consider relevant benchmarks that encourage service excellence.
- Provide and maintain accurate, timely and consistent information to participants, reporting entities and other stakeholders.
- Expand training and quality assurance programs.
- Improve website accessibility.
- Provide (TRS) mission-centric and broader communication to stakeholders.
- Continue to improve inquiry responsiveness to help participants make better financial, retirement and health care decisions.
- Leverage technological advances to assist with communication of information.

Statewide Objectives	Describe How The Goal or Action Items Support Each Statewide Objective
1. Accountable to tax and fee payers of Texas.	TRS is accountable to Texas taxpayers in the continuous improvement of benefit delivery in that we are governed by a nine-member board of trustees that is appointed by the governor and represents our stakeholders. Analytics on benefit delivery are publicly presented annually to the Board in open meeting. Additionally, any rule changes governing benefit administration or TRS operations are adopted publicly at open meeting only after publication in the *Texas Register* and a public comment period.
2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.	TRS is in progress of implementing the TRS Enterprise Application Modernization (TEAM) Program. TEAM is a cohesive collection of components designed to meet the business and technology objectives of TRS over the next 10-20 years. It focuses on addressing the changing expectations of a growing membership, providing for the collection and maintenance of accurate and reliable data, expanding the number of automated processes and incorporating modern technologies. TEAM will re-engineer business processes, reduce manual processes, revise policies and provide new ways of working together. It will also deliver tools and techniques that will position TRS to have flexibility in updating its systems in response to growing member demands and future technological and regulatory changes.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.	TRS's core function relative to this goal is prudent and efficient benefit delivery. TRS measures success in this goal by regularly utilizing an independent firm to conduct and report on a customer service satisfaction report. Additionally, TRS annually participates in the CEM Pension Administration Benchmarking Study that measures TRS's success and efficiency in delivering benefits against our peers.
4. Providing excellent customer service.	TRS is dedicated to professional, accurate, timely and cost-effective delivery of services and benefits to members, annuitants, and their beneficiaries. To further explain member benefits, TRS produced instructional videos to accompany brochures. We will enhance benefit delivery outside of the TEAM Program by identifying tools and programs that will allow us to better interact and educate stakeholders. This includes expanding TRS' Contact Center Call Distribution software to allow for better tracking of calls and cross-functional training and assistance during high call volume. We routinely conduct member satisfaction surveys and make

Statewide Objectives	Describe How The Goal or Action Items Support Each Statewide Objective
	adjustments to service delivery processes based on those survey findings. In addition, TRS continues to sharpen its communication focus on benefit delivery and fund management and is committed to enhancing its channels of communication to meet the needs of all constituents.
5. Transparent such that agency actions can be understood by any Texan.	TRS places a high priority on timely, accurate and meaningful communications to share information, seek feedback, improve decision-making and build an ever-stronger commitment to achieving our mission. TRS provides webcasts of all board meetings and posts benefit-related materials on our website. Benefit Counseling staff regularly makes group presentations to professional associations, employee and retiree groups at regional education service centers. In addition, TRS staff communicates regularly with members through newsletters, email, social media, and town halls. We recently updated the *TRS Benefits Handbook* to reflect the latest member and retiree benefit information. The handbook was restructured to simplify use by members and retirees, featuring color-coded tiers and a tier placement map to help members identify retirement eligibility requirements that pertain to them.
DESCRIBE ANY OTHER CONSIDERATIONS RELEVANT TO THE GOAL OR ACTION ITEM	
Objectives, strategies and tactics for this goal are included in Appendix 2.	

AGENCY OPERATIONAL GOAL AND ACTION PLAN

GOAL 3: Facilitate access to competitive, reliable health care benefits for our members.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Improve revenue to TRS-Care and TRS-ActiveCare.
- Manage the expenses of TRS-Care and TRS-ActiveCare.
- Communicate and update the TRS-Care and TRS-ActiveCare sustainability study.
- Develop and initiate a communication strategy that supports health care literacy and health care consumer awareness.
- Improve and implement the process for developing TRS legislative initiatives.
- Implement any legislative changes related to the access to health care.

Statewide Objectives	Describe How The Goal or Action Items Support Each Statewide Objective
1. Accountable to tax and fee payers of Texas.	TRS is accountable to Texas taxpayers in the delivery of health care benefits in that we are governed by a nine-member board of trustees that is appointed by the governor and represents our stakeholders. Rates and plan design for the TRS health care plans are adopted publicly in open meeting by the TRS Board. Financial

Statewide Objectives	Describe How The Goal or Action Items Support Each Statewide Objective
	statistics related to TRS-Care and TRS-ActiveCare are regularly published in the comprehensive annual financial report. Additionally, our goals call for regular communication on matters relating to the health care funds with member and retiree associations and the legislature.
2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.	A major TRS initiative for the upcoming fiscal year is to serve as a resource for the legislature on matters involving TRS-Care and TRS-ActiveCare. This includes carefully monitoring TRS-Care funding and educating stakeholders about options for sustaining TRS-Care and managing TRS-ActiveCare. As part of this work, TRS also plans to enhance health data analytics to drive key decision-making in support of cost management and resource maximization.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.	TRS executive leadership has identified goals and objectives for achieving our mission. A cross-functional team was established to develop the strategies and tactics to ensure proper execution of our goals and objectives. TRS' enterprise risk management function helps ensure that we successfully achieve and continuously improve upon our goals and objectives. We routinely compare the TRS health care plans with similar plans, including analysis of comparative costs and premiums.
4. Providing excellent customer service.	TRS is dedicated to professional, accurate, timely, and cost-effective delivery of services to plan participants. Additionally, we routinely conduct member satisfaction surveys to ensure continued high quality service to plan participants and solicit public input. TRS is also developing health care informational videos to support efforts to increase health care literacy and consumer awareness. TRS continues to sharpen its communication focus on health care matters and is committed to enhancing its channels of communication to meet the needs of all constituents.
5. Transparent such that agency actions can be understood by any Texan.	TRS is responsible for providing accurate information about TRS programs and services to all interested parties, including active and retired members, legislative and governing bodies, school districts and institutions of higher education and the public so that informed health care decisions can be made. As part of its commitment towards open and transparent communication, we continue to webcast all board meetings and posts health care-related materials on our website. In addition, TRS staff communicates regularly with members and member

Statewide Objectives	Describe How The Goal or Action Items Support Each Statewide Objective
	associations through newsletters, email, social media, and town halls. Detailed and easy to understand health care information can also be found in the *TRS Benefits Handbook*. TRS is in the process of developing and implementing a health care publication that can assist with maintaining ongoing stakeholder information and education.

DESCRIBE ANY OTHER CONSIDERATIONS RELEVANT TO THE GOAL OR ACTION ITEM
Objectives, strategies and tactics for this goal are included in Appendix 2.

AGENCY OPERATIONAL GOAL AND ACTION PLAN
GOAL 4: Attract, retain, and develop a highly competent staff.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL
- Promote a strong workplace culture that exemplifies TRS' core values and emphasizes TRS' mission.   - Provide a physical work environment that is safe and enhances productivity.   - Develop and execute workforce plan.   - Develop and implement training programs and other resources for managers.   - Review and assess recruiting and hiring.   - Expand recruitment efforts.   - Work with Communications to develop an employer branding strategy and materials for TRS.   - Identify and implement successful strategies to retain and promote top-performing employees and managers.   - Provide employee development opportunities.   - Review, update and enhance TRS' compensation and total rewards package.

Statewide Objectives	Describe How The Goal or Action Items Support Each Statewide Objective
1. Accountable to tax and fee payers of Texas.	TRS is committed to maintaining efficient and effective administration that is accountable and transparent to its stakeholders. TRS is governed by a nine-member board appointed by the governor and board meetings include public comment opportunities. TRS frequently testifies before the legislature when called upon. The State Auditor's Office conducts position classification reviews to ensure TRS employees are externally competitive and internally equitable. TRS budget is submitted to and approved by both the TRS Board of Trustees and through the legislative process.
2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the	TRS does not receive funding from the state for administrative operations. The TRS Board of Trustees adopts the annual operating budget based on the amount provided in the appropriations bill and authorizes funding to be provided from the pension trust fund.

Statewide Objectives	Describe How The Goal or Action Items Support Each Statewide Objective
elimination of redundant and non-core functions.	TRS continues to maintain a low administrative operations budget to total membership ratio compared to other public pension funds in the U.S.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.	TRS conducts ongoing analysis of the workforce to determine current and future staffing needs. This includes measuring and managing our FTE growth relative to our membership growth, measuring our FTE productivity relative to our peers, and measuring our cost per FTE relative to our peers. We also develop and promote career opportunities for current employees, research options to retain institutional knowledge and design succession planning programs for critical staff.
4. Providing excellent customer service.	TRS core functions are delivering retirement benefits, facilitating health care coverage, and managing investments. In our continued pursuit of providing excellent customer service, we ensure that the skills of our current and future workforce have the required expertise to serve our members. We do this by monitoring business processes and full time employee (FTE) levels and making adjustments as necessary.
5. Transparent such that agency actions can be understood by any Texan.	As part of its commitment towards open and transparent communication, we continue to webcast all board meetings and post budget-related materials on our website. Detailed and easy to understand financial information can be found in the *Comprehensive Annual Financial Report* (CAFR). The CAFR outlines the TRS administrative budget and operating expenses including FTE levels.
DESCRIBE ANY OTHER CONSIDERATIONS RELEVANT TO THE GOAL OR ACTION ITEM	
Objectives, strategies and tactics for this goal are included in Appendix 2.	

REDUNDANCIES AND IMPEDIMENTS

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	Provide Agency Recommendation for Modification or Elimination	Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change
None this reporting period.			

TRS regularly reviews its enabling legislation in advance of each legislative session to identify any statutory inefficiencies or redundancies. Any needed legislative fix is then identified as part of TRS' omnibus bill process. TRS is currently working through this process. Additionally, TRS recently conducted a major review and revision of its administrative rules as part of the TEAM Program and regularly reviews its administrative rules for inefficiencies or redundancies as part of the required four-year rule review.

SECTION II – SUPPLEMENTAL SCHEDULES AND APPENDICES

SCHEDULE A: BUDGET STRUCTURE

TRS goals, objectives, measures, and strategies as listed in the order in which they appear in the agency's bill pattern in the general appropriations bill.

Agency Goal:
To administer the system as an Employee Benefit Trust.

Objective (1):
To manage to an actuarially sound retirement system that maintains an amortization period of less than 31 years and generates a 20-year average investment return equal to or exceeding the board approved actuarial rate of return.

> **Strategies:**
> Provide services to members, manage investments, and administer TRS retirement fund.
>
> **Outcome Measures:**
> - Number of years to amortize the TRS retirement fund unfunded actuarial accrued liability.
> - TRS retirement fund five-year average time-weighted rate of return on investment performance.
> - TRS retirement fund 20-year average time-weighted rate of return on investment performance.
> - Investment performance relative to board approved benchmark.
> - TRS retirement fund benefit administration annual operating expense per member in dollars.
> - TRS retirement fund investment expense as basis points of net assets.
> - Service level percentage for calls answered in a specified time interval.
>
> **Output Measures:**
> - Number of TRS benefit applications processed.
> - Number of TRS retirement fund member accounts serviced.
> - Percent of TRS retirees whose first annuity is paid when it is first due.

Objective (2):
To administer a health care program for public education retirees.

> **Strategy:**
> Administer group health care benefits to public education retirees through the TRS-Care program by monitoring the performance of contracted benefit providers, communicating health care plan features, and resolving benefit disputes. Estimated.
>
> **Outcome Measures:**
> - Participation rate in Disease Management Program by non-Medicare enrollees.
> - Generic substitution rate for TRS-Care prescription drug benefits.

SCHEDULE B: LIST OF MEASURE DEFINITIONS

The performance measure definitions presented below are those associated with the TRS legislative appropriations request and the General Appropriations Act. They are separate and distinct from the performance measures included in the Goals, Objectives, Strategies, and Tactics (GOST) section of this strategic plan document.

Outcome Measure:	Number of years to amortize the TRS retirement fund unfunded actuarial accrued liability.
Definition:	This measure reflects the number of future years required to pay off or eliminate the retirement fund unfunded actuarial accrued liability (UAAL) based on the actuarial assumptions and assuming no future actuarial gains or losses.
Purpose/Importance:	This measure is important because it determines when the UAAL can reasonably be expected to be funded or amortized over a determinable number of years. This funding or amortization can only be accomplished when there is excess of total contributions over the normal cost of expected benefits.
Source/Collection of Data:	The source is the actuarial valuation report issued by the consulting actuary after the end of the fiscal year. Data is collected from the retirement fund membership data records and the financial data at fiscal year-end.
Method of Calculation:	Required data is forwarded to the consulting actuary who conducts an actuarial valuation by performing an analysis of the data and subjecting it to TRS board approved actuarial assumptions.
Data Limitations:	The actuarial valuation is completed at the end of every fiscal year. Membership data is collected at fiscal year-end only. Financial data is calculated and audited at fiscal year-end only.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Lower than target

Outcome Measure:	TRS retirement fund five-year average time-weighted rate of return on investment performance.
Definition:	This measure shows investment returns calculated on a time-weighted basis for all retirement fund investments and reflects income and realized/unrealized price changes.
Purpose/Importance:	The investment rate of return is an important factor in determining the ability of the retirement fund to meet its funding obligations.

Source/Collection of Data:	Investment financial data is from the retirement fund fiscal year-end accounting records.
Method of Calculation:	Reported investment returns are calculated by the investment custodian based on data provided from the fiscal year-end retirement fund accounting records.
Data Limitations:	The data is dependent on investment market fluctuations, specifically at fiscal year-end.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:	TRS retirement fund 20-year average time-weighted rate of return on investment performance.

Definition:	This measure shows investment returns calculated on a 20-year time-weighted basis for all retirement fund investments and reflects income and realized/unrealized price changes.
Purpose/Importance:	The investment rate of return is an important factor in determining the ability of the retirement fund to meet its funding obligations.
Source/Collection of Data:	Investment financial data is from the retirement fund fiscal year-end accounting records.
Method of Calculation:	Reported investment returns are calculated by the investment custodian based on data provided from the fiscal year-end retirement fund accounting records.
Data Limitations:	The data is dependent on investment market fluctuations, specifically at fiscal year-end.
Calculation Type:	Noncumulative
New Measure:	Yes
Target Attainment:	Higher than target

Outcome Measure:	Investment performance relative to board approved benchmark.

Definition:	This measure would report actual investment performance, net of fees, compared to the annual board-adopted performance benchmark.
Purpose/Importance:	This measure reflects the value added by the Investment Management Division's investment strategy.
Source/Collection of Data:	Investment financial data collected from the retirement fund custodian for the period ended June 30.

Method of Calculation:	The total investment return of the Pension Trust Fund (as expressed by a percentage) divided by the Total Fund Index benchmark (as expressed by a percentage) and adopted by the TRS Board of Trustees and reported in the *Comprehensive Annual Financial Report* (CAFR).
Data Limitations:	The data is dependent on the timing of valuations and index availability.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:	TRS retirement fund benefit administration annual operating expense per member in dollars.

Definition:	This measure reflects the annual cost (excluding investment expenses) per active, non-contributing, and retired member to operate the retirement fund benefit administration.
Purpose/Importance:	This measure provides a method to compare operating efficiencies from year-to-year and comparison to other public retirement funds.
Source/Collection of Data:	The source is the fiscal year-end financial data, member data, and annuitant data. The retirement fund fiscal year-end accounting data for the operating expenses based on generally accepted accounting principles (GAAP), the GAAP investment expenses, and the total active, non-contributing, and retired members.
Method of Calculation:	This measure is calculated by dividing the retirement fund benefit administration generally accepted accounting principle basis operating expenses, excluding GAAP investment expenses, by the total active, non-contributing, and retired members.
Data Limitations:	The fiscal year-end financial and membership data required to calculate the final cost per member are not available in time to meet the deadline for submitting this measure. Preliminary data must be used and the final data provided by December following the close of the fiscal year.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Lower than target

Outcome Measure:	TRS retirement fund investment expense as basis points of net assets.

Definition:	This measure shows the annual retirement fund investment expenses as a percent of net assets.
Purpose/Importance:	This calculation provides a method to compare investment operating efficiencies from year-to-year and comparison to other public retirement funds.
Source/Collection of Data:	This measure uses the retirement fund fiscal year-end financial data.
Method of Calculation:	This measure is calculated by dividing retirement fund generally accepted accounting principle basis investment expenses as reported in the *TRS CAFR,* Schedule of Investing Activity Expenses, by the net assets held in trust for pension plan benefits. This ratio is expressed in basis points – 100 basis points equals 1 percent.
Data Limitations:	The financial data required to calculate the final basis points is not available in time to meet the deadline for submitting this measure. A preliminary basis point must be used and the final basis point provided by December following the close of the fiscal year.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Lower than target

Outcome Measure:	Service level percentage for calls answered in a specified time interval.

Definition:	This measure provides the percentage of telephone calls answered within the service level interval as defined in the Unify OpenScape Contact Center application. The current service level interval is set at three minutes. Therefore, TRS Benefit Counselors attempt to answer 80 percent of telephone calls received on the toll-free telephone line within three minutes of being released from the automated telephone system.
Purpose/Importance:	This measure provides an industry standard manner of measuring the performance of the TRS Telephone Counseling Center while taking into account the unpredictability of call volume fluctuations and day-to-day staffing levels.
Source/Collection of Data:	The source of the data is the Unify OpenScape Contact Center Application Suite, a real-time Contact Center Management System utilizing skills-based routing. The data is collected by this application from the Unify Hipath 4000 Telephone System utilizing CTI (Computer Telephone Integration) and ACD (Automatic Call Distribution) capabilities. The measure is obtained through the reporting capabilities of the Unify OpenScape Contact Center Manager application.

Method of Calculation:	The measure is displayed using the reporting capabilities of the Unify OpenScape Contact Center Manager application. The service level percentage is part of the Queue Summary report which is run each month and year-to-date throughout the fiscal year. On this report, the service level percentage is shown for all calls answered by the Telephone Counseling Center. The service level percentage is calculated by dividing the number of calls successfully answered within the service level interval by the total number of calls answered plus total abandoned calls.
Data Limitations:	The data is limited by the number of telephone calls that can be received on the toll-free line during the telephone center business operating hours.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Output Measure:	Number of TRS benefit applications processed.
Definition:	This measure provides the number of benefit claim applications for service and disability retirement, refunds and death claims processed by TRS.
Purpose/Importance:	This measure provides a year-to-year comparison of growth in applications processed by TRS.
Source/Collection of Data:	Information is collected through TRS computer applications and taken from various reports referenced in TRS procedures specific to this measure.
Method of Calculation:	To calculate the number of TRS benefit applications processed, the number of refunds processed, the number of death claims closed during the month and the number of files added to payroll during a month, all taken from reports referenced in procedures related to this measure, are added together to determine the total number of benefit applications processed.
Data Limitations:	Benefit applications received must have all required documentation properly executed prior to processing the benefit payment requested. Reporting entities must have remitted a member's final retirement contribution to TRS prior to processing the benefit payment.
Calculation Type:	Cumulative
New Measure:	No
Target Attainment:	Not applicable

Output Measure:	Number of TRS retirement fund member accounts serviced.

Definition:	This measure shows the number of member retirement deposits applied to individual member accounts each fiscal year.
Purpose/Importance:	This measure provides a year-to-year comparison of the growth in transaction activity.
Source/Collection of Data:	The source is the member records accounting system report. The transaction numbers are accumulated from the application of salary and contribution as submitted by the reporting entity on a monthly basis.
Method of Calculation:	Each posting to a member's account is considered a transaction in the month the contribution is applied to a member's account regardless of the received date.
Data Limitations:	Over 1,300 reporting entities must report each member's monthly payroll salary and retirement contribution. A member can have more than one posting per month if employed by multiple reporting entities.
Calculation Type:	Cumulative
New Measure:	No
Target Attainment:	Not applicable

Output Measure:	Percent of TRS retirees whose first annuity is paid when it is first due.

Definition:	Annuitants paid timely means that an annuitant is considered to be paid when first due if the payment was issued: on the last working day of the month following the retirement date; on or before the last working day of the month following the final report month; within 31 days of when a special service purchase bill was paid; or within 31 days of when the final required retirement document was received.
Purpose/Importance:	This measure determines if TRS is delivering benefits in a timely manner based on all properly completed and required documentation and data elements for retirement.
Source/Collection of Data:	Information is taken from TRS systems referenced in procedures to generate reports that list, respectively, payments that met or did not meet the criteria in the definition.
Method of Calculation:	Review source data to determine whether payments were issued in a timely manner based on the criteria in the definition. To determine the percentage of payments issued in a timely manner, the denominator is the total number of payments issued during the month of interest. The numerator is the total number of payments

issued minus the payments that are considered not issued in a timely manner.

Data Limitations:	Only files added to payroll during the month of interest that result in a payment being issued are considered to determine if paid in a timely manner.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:	Participation rate in Disease Management Program by non-Medicare enrollees.

Definition:	Percentage of TRS-Care Non-Medicare enrollees with identified chronic health conditions who are actively participating in the Disease Management Program.
Purpose/Importance:	Non-Medicare enrollees with chronic health conditions increase plan costs significantly when those conditions are not medically managed.
Source/Collection of Data:	At the end of each fiscal year, the Disease Management Program vendor identifies non-Medicare enrollees with chronic health conditions to derive a denominator. The numerator for the calculation is the number of enrollees with chronic health conditions who are meeting the vendor's criteria for active participation in disease management programs.
Method of Calculation:	The number of Disease Management Program enrollees divided by the number of eligible Disease Management Program enrollees equals the participation rate.
Data Limitations:	None
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:	Generic substitution rate for TRS-Care prescription drug benefits.

Definition:	Percentage of prescriptions filled with a generic equivalent to the brand name drug.
Purpose/Importance:	Generic prescription drugs are significantly less expensive than their brand name counterparts, so increased utilization of available equivalents lowers plan costs.

|	
Source/Collection of Data:	At the end of each fiscal year, the Pharmacy Benefit Manager for TRS-Care will provide the claims data that indicates the number of prescriptions filled with a generic equivalent and the total number of prescriptions filled for which a generic equivalent is approved by the U.S. Food and Drug Administration (FDA).
Method of Calculation:	The number of prescriptions filled with a generic equivalent is divided by the total number of prescriptions filled for which a generic equivalent is approved by the FDA.
Data Limitations:	None
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

SCHEDULE C: HISTORICALLY UNDERUTILIZED BUSINESS PLAN

Utilization of Historically Underutilized Businesses (HUBs)
TRS actively seeks diversity among external business associates, recognizing that such good-faith efforts lead to enhanced organizational effectiveness. To that end, TRS recognizes the importance of directing expenditures toward HUBs and continues to pursue initiatives designed to promote HUB opportunities. These initiatives included subcontracting efforts and attending HUB Economic Opportunity Forums throughout the state as well as hosting HUB forums at TRS facilities. TRS is committed to achieving its goals and continues to make a good faith effort in all areas. As a public entity headquartered in Austin, TRS' purchasing efforts are centralized. TRS' HUB coordinator travels to events and forums to encourage participation from HUB vendors throughout the state.

Recognizing that TRS has a limited number of business opportunities for the vast numbers of HUBs competing for those opportunities, TRS is committed to being a resource for HUBs not only in identifying potential opportunities with TRS, but with other state agencies as well. This commitment extends to assisting HUBs in understanding the State of Texas contracting process and navigating the HUB certification process. TRS is pleased to offer assistance to HUBs in any manner possible - even for opportunities not sponsored by TRS.

HUB 2015 Expenditures as Percentage of Total Expenditures - Due to TRS' unique needs as a pension fund and health insurance administrator, the agency expends the majority of its funds on highly specialized services. TRS has been greatly challenged in obtaining responses from HUBs on these highest dollar contract solicitations.
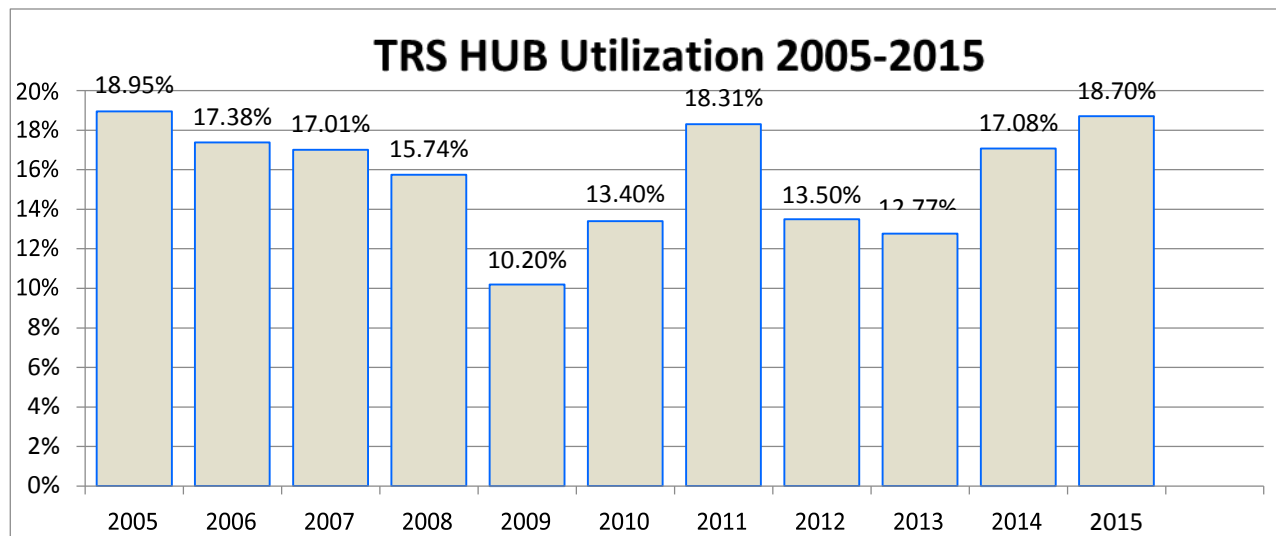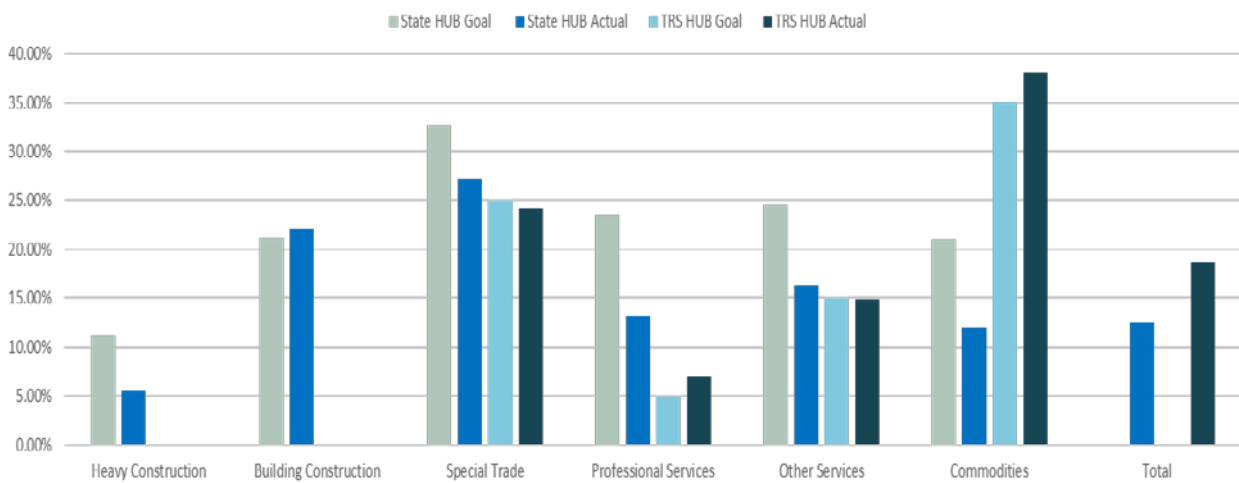

HUB Expenditures Compared to State's HUB Expenditures - TRS expends funds in four of the state's purchasing categories:

- All special trade construction contracts
- Professional services contracts
- All other service contracts
- Commodities contracts

TRS has no expenditures in two of the state's categories: "Heavy construction other than building contracts" and "All other building construction including general contractors and operative building contracts."

TRS 2015 Comparison with State of Texas by HUB Category

Legend: State HUB Goal, State HUB Actual, TRS HUB Goal, TRS HUB Actual

Categories: Heavy Construction, Building Construction, Special Trade, Professional Services, Other Services, Commodities, Total

HUB Goal, Objective, Strategy, and Tactics (GOST)

TRS is committed to reaching its goal for HUB utilization and will continue to make good-faith efforts to do so. The HUB GOST is part of the internal agency strategic plan as indicated below.

GOAL 5: Promote purchasing selection practices that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).

Objective G5.01: Provide contracting opportunities for HUBs that result in TRS' overall total value of purchasing contracts expended with HUBs exceeding the aggregate State of Texas HUB expenditure performance.

Strategy:

G5.O1.S1: Develop and implement a plan for increasing the use of HUBs through purchasing contracts and subcontracts.

Tactics:

G5.O1.S1.T1: Follow CPA guidelines on soliciting HUBs. (over $5,000 - contact at least one minority-owned and one woman-owned HUB and over $25,000 - contact all CMBL vendors [including HUBs] for class, item, and geographic region) (ongoing)

G5.O1.S1.T2: Require HUB subcontracting plans for purchases over $100,000 whenever possible. (ongoing)

G5.O1.S1.T3: Solicit HUBs from existing statewide contracts when possible. (ongoing)

G5.O1.S1.T4: Attend HUB forums. (ongoing)

G5.O1.S1.T5: Conduct an annual HUB forum. (ongoing)

G5.O1.S1.T6: Assist HUBs when inquiring on how to do business with TRS. (Provide *12 Tips and How to Do Business with the State* presentations.) (ongoing)

TRS Initiatives Completed for Increased HUB Utilization

- Attended Economic Opportunity Forums, mentored over 200 HUB vendors on business opportunities with TRS and finding opportunities with other state agencies and assisted HUBs with certifications and renewals and provided explanations on how to do business with TRS and the State of Texas;
- Participated in meetings hosted by the Texas Comptroller of Public Accounts to discuss efforts to increase opportunities for HUBs to provide financial services;
- Continued to staff the role of HUB coordinator who attends various forums and develops and distributes information internally and externally to facilitate and promote HUB participation;
- Conducted 57 onsite meetings with HUB vendors;
- Advised HUB vendors on possible business opportunities with TRS as well as other state agencies and how best to address those opportunities;
- TRS Board of Trustees approved and adopted HUB goals;
- HUB information was provided and maintained on the TRS website;
- Identified and assisted HUB vendors with completing certification and recertification documentation;
- Encouraged prime contractors to use HUB subcontractors;
- Paid more than $4.63 million to certified Texas HUBs;
- Continue to make opportunities available for contractors to participate in mentor-protégé agreements to assist HUB vendors in furthering their business development;
- Continued to encourage the use of HUB or minority-owned investment firms in various requests for proposal;
- Developed and distributed information to facilitate and promote HUB participation; and
- Hosted the 15th Annual Procurement and HUB Connection Networking Forum at TRS on February 18, 2016.

Future Initiatives to Increase HUB Utilization

- Support and implement responsibilities defined in Chapter 2161, Tex. Gov't. Code, that include:

- ‣ Supporting the responsibilities of the HUB Coordinator;
- ‣ Sponsoring HUB Forum programs;
- ‣ Implementing a mentor/protégé program; and
- ‣ Continuing the usage of HUB subcontracting plans and determining subcontracting opportunities for contracts of $100,000 or more.
- Encourage prime contractors to use HUB subcontractors.
- Participate in the Economic Opportunity Forums sponsored by the Texas Comptroller of Public Accounts and state senators and representatives, as well as other conferences or conventions that provide contract opportunities and training to HUBs and TRS purchasing staff.
- Identify non-certified HUB vendors and educate them on state purchasing rules and regulations.
- Assist non-certified HUB vendors in completing the documentation required to become certified.
- Host HUB forums with other state agencies.
- Conduct one-on-one meetings with HUB vendors, encourage HUB certification, and assist with identifying business opportunities with TRS and other state agencies.
- Encourage vendor participation in the mentor-protégé program.
- Support and enhance the emerging managers program initiated by TRS' Investment Management Division.

SCHEDULE D: STATEWIDE CAPITAL PLANNING

Not applicable

SCHEDULE E: HEALTH AND HUMAN SERVICES STRATEGIC PLAN

Not applicable

SCHEDULE F: AGENCY WORKFORCE PLAN

System Overview

The Teacher Retirement System of Texas (TRS) was formed by constitutional amendment and enabling legislation in 1937. The original responsibility of the system was to provide service and disability retirement benefits to teachers and administrators of the public school systems of Texas, including institutions of higher education. Over the years, legislation has:

- Expanded TRS pension plan membership eligibility to all public school employees (1949).
- Assigned TRS to administer a health benefit program for public school retirees (1985).
- Created the basis for TRS to provide long-term care insurance (1999).
- Assigned TRS to administer a health benefit program for active public school employees (2001).

The TRS pension plan had about 38,000 members in its first year of operation. Today, TRS is the largest public retirement system in Texas, in both membership and assets. The agency serves 1,459,243 participants – 1,081,505 are public and higher education members, and 377,738 are retirement recipients. As of August 31, 2015, system net assets totaled approximately $128.5 billion. The TRS pension plan operates under Article XVI, Section 67 of the Constitution of Texas to provide retirement and related benefits for those employed by public schools, colleges, and universities supported by the State of Texas. The system is responsible for investing funds under its stewardship and for delivering benefits to members as authorized by the Texas Legislature. TRS is a defined benefit plan, with retirement benefits determined by a pre-established formula. The trust fund is sustained principally by three sources—contributions by members during their working careers, contributions by the state, and investment revenues.

TRS operates in downtown Austin out of two adjoining buildings at 1000 Red River Street and a 47,034 square-foot leased space at 816 Congress Avenue that houses the TRS Investment Management Division. In 2015, TRS opened a small overseas office for London investment staff, which currently employees two staff members. The business of the system involves two broad functions: administering benefits and managing investments while the financial, information technology and executive administration areas provide essential services to the system's mission-critical divisions. Currently TRS has six major divisions: Benefit Services, Investment Management, Health Insurance and Benefits, Information Technology, Finance, and Executive. The following chart details the distribution of current employees in those divisions.

TRS Divisions and Filled Positions
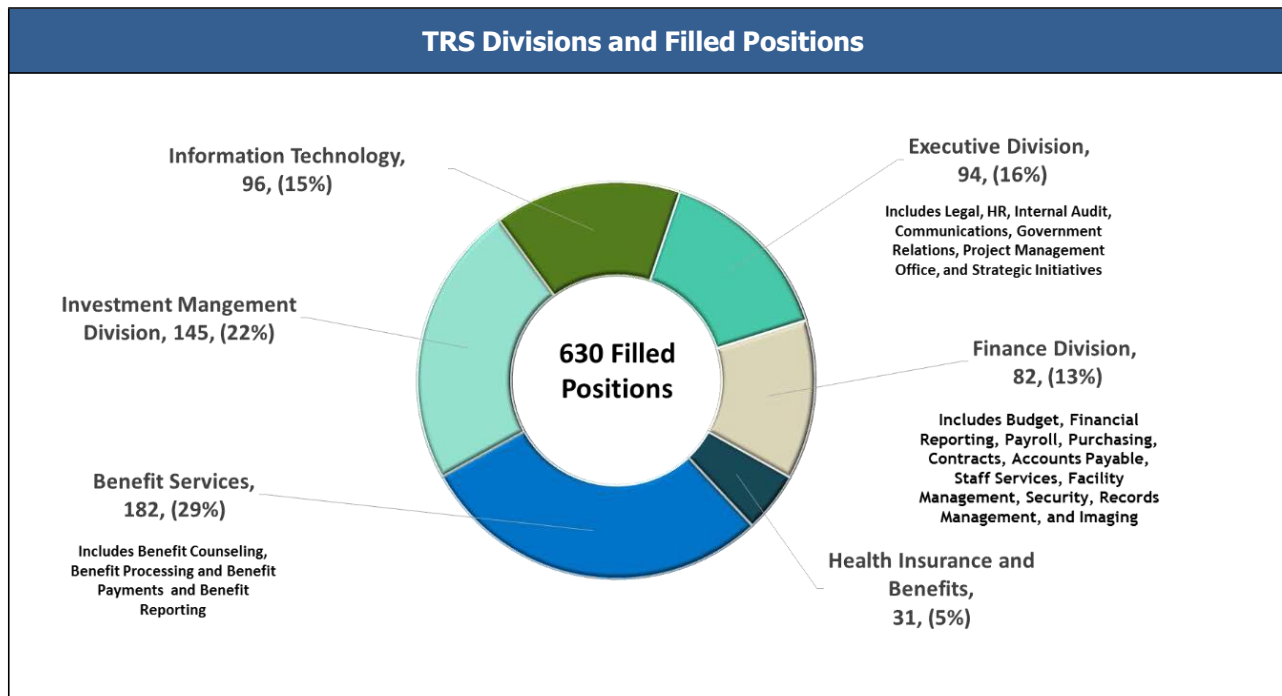
Organization Mission, Strategic Goals and Objectives

The mission of TRS is:

Improving the retirement security of Texas educators by prudently investing and managing trust assets and delivering benefits that make a positive difference in members' lives.

TRS has the following five goals and objectives as part of the Strategic Plan for FY 2017-2021. In addition to the overall goals and objectives, strategies and tactics related to workforce management in Goal 4 are included below. A full listing of TRS' goals, objectives, strategies and tactics can be found in Appendix 2 of the Strategic Plan.

GOAL 1: Sustain a financially sound pension trust fund. *(Texas Constitution, Article 16, Section 67)*	
Objective	To manage to an actuarially sound retirement system that maintains an amortization period of less than 31 years and achieves full funding over the long-term.
Objective	Maintain and implement an evolving investment policy capable of achieving the trust's actuarial assumed rate of return as measured on rolling 20-year periods.
Objective	Develop, maintain and implement a sound, professional and systematic risk management and capital allocation system.
Objective	Develop and maintain a highly capable and diversified external network of global investment, trading and consulting relationships.

GOAL 2: Continuously improve our benefit delivery. *(Section 825.113 (c), (f) and (g), Texas Government Code)*	
Objective	Implement modern pension and benefit information systems that allow TRS staff to serve our members and deliver accurate benefits effectively and timely by August 2018.
Objective	Continuously improve quality of work and customer service levels for our participants.
Objective	Develop and maintain ongoing stakeholder information and education to support the mission of TRS and provide excellence in our response.
GOAL 3: Facilitate access to competitive, reliable health care benefits for our members. *(Sections 1575.051 and 1575.052, Texas Insurance Code)*	
Objective	Manage the revenues and expenses of TRS-Care and TRS-ActiveCare.
Objective	Research and communicate the merits of varied solutions that contribute to the long-term sustainability of access to healthcare for our participants.
GOAL 4: Attract, retain, and develop a highly competent staff. *(Sections 825.208, 825.211, 825.212, and 825.213, Texas Government Code)*	
Objective	**Develop and maintain a desirable work environment.**
Strategy: Promote a strong workplace culture that exemplifies TRS' core values and emphasizes TRS' mission.	
	• Communicate and promote core values through the quarterly recognition program and annual Golden Apple Awards. • Perform annual reviews of performance evaluations and 360 assessments (where applicable) and take appropriate action to ensure alignment with core values and TRS mission and update job descriptions as necessary. (daily/weekly) • Solicit employee feedback to assess employee satisfaction/engagement, quality of internal customer service and quality of management at least annually. (by end of fiscal year) • Review feedback from employee surveys and identify opportunities for improvement at least annually. (by end of fiscal year)
Strategy: Provide a physical work environment that is safe and enhances productivity.	
	• Identify areas of opportunity to refresh and update TRS facilities to provide a safe, productive and desirable work environment. (monthly) • Determine and provide an optimal level of technology and resources that is reviewed annually to allow TRS to enhance productivity. (as needed and annually during budget cycle) • Research and decide on options regarding effective space utilization. (as needed) • Review and evaluate safety measures and implement additional measures as needed. (daily/weekly)

Objective	Develop an effective recruitment/retention strategy and a competitive total rewards package.
Strategy: Develop and execute workforce plan.	
	• Conduct gap analysis every two years. (by June; even calendar years) • Conduct ongoing review of job descriptions and postings to reflect needs identified in the workforce plan. (daily/weekly) • Develop targeted recruiting to address gaps as needed. (monthly) • Identify critical positions and high potential employees for succession planning program. (by August 2016)
Strategy: Develop and implement training programs and other resources for managers.	
	• Design and pilot a manager's tool kit by 12/31/16 (an online portal providing HR information and tools for managers).
Strategy: Review and assess recruiting and hiring.	
	• Map and update the hiring process, leverage technology where possible, and develop tools to assist managers. (by August 2016)
Strategy: Expand recruitment efforts	
	• Explore options for an employee referral process by the end of FY 2016. • Develop an employer branding strategy and materials for TRS. (by December 2016) • Expand and enhance the internship program to attract quality candidates annually. (by August 2016) • Explore the use of external search firms to enhance the ability to attract and retain high quality candidates. (by August 2016)
Strategy: Identify and implement successful strategies to retain and promote top-performing employees and managers.	
	• Research top employee rated retention strategies by the end of FY 2017. • Evaluate and implement retention strategies based on career stage by the end of FY 2017. • Accurately calculate investment performance incentive pay. (annually)
Strategy: Provide employee development opportunities.	
	• Enhance leadership development program on an ongoing basis. (biennially) • Design and implement a program that pairs newly hired employees with current employees to help familiarize them with the TRS culture and business structure. (by end of FY 2017) • Continue to provide education and/or training opportunities and resources and track annually (e.g., tuition reimbursement, certification courses, etc.). (by end of CY 2018)

Strategy: Review, update and enhance TRS' compensation and total rewards package.	
	• Conduct a gap analysis on TRS' total rewards package by the end of FY 2016 and review biennially thereafter. • Conduct ongoing reviews of positions to determine the market competiveness with similar positions in the private and public sector, using TRS' compensation strategy as a guideline and review as needed. (daily/weekly)
GOAL 5: Promote purchasing selection practices that foster meaningful and substantive inclusion of historically underutilized businesses. *(Section 825.514 and Chapter 2161, Texas Government Code)*	
Objective	Provide contracting opportunities for HUBs that result in TRS' overall total value of purchasing contracts expended with HUBs exceeding the aggregate State of Texas HUB expenditure performance.

TRS does not anticipate fundamental changes in the nature of its business. It does, however, recognize the need to adapt readily to any changes as a result of legislation or board directives. Environmental factors that are projected to affect TRS operations include:

- Increased growth in plan participants;
- Increased expectations by members and retirees for enhanced customer service;
- Potential loss of institutional knowledge due to turnover of critical employees;
- Effective management of complex, diversified investment portfolios; and
- Increased challenges implementing mandated changes to benefit plans.

Current Workforce Profile (Supply Analysis)

TRS' core functions are delivering retirement benefits, facilitating health care coverage, managing investments and managing the TRS infrastructure including technology upgrades for the pension system and financial system. The skills that are most critical to support TRS' core functions include:

- Health benefit plan management;
- Pension administration;
- Investment expertise, including diversified portfolio management skills and managing alternative asset classes;
- Information technology, including telecommunications, Web design, programming and systems administration;
- Developing and monitoring complex contracts; and
- Specialized professional skills (including accounting, auditing, human resources and legal).

TRS has been successful attracting and developing staff with the following skills and competencies to meet critical business needs and are essential to successfully achieve TRS' mission and goals:

- Accountability;
- Business process analysis;
- Critical thinking and problem solving;
- Project management;
- Strategic planning;
- Leadership;
- Adaptability;
- Customer service; and
- Communication and collaboration.

Workforce Demographics

The following charts profile the system's workforce as of FY 2016, Quarter 1. The TRS workforce is comprised of 55.0 percent females and 45.0 percent males. Approximately 47.4 percent of employees have been with TRS less than five years. Approximately 40.2 percent are 50 years of age or older.

Distribution of Employees by Age, TRS Length of Service and Gender

Age	Length of TRS Service	Gender

Age chart: 50-59 27.0%, 40-49 27.4%, 60+ 13.2%, 30-39 22.8%, 20-29 9.6%

Length of TRS Service chart: 2-4 years 24%, 5-9 years 20%, <2 years 23%, 10-14 years 15%, >25 years 4%, 15-24 years 14%

Gender chart: Female 55.0%, Male 45.0%
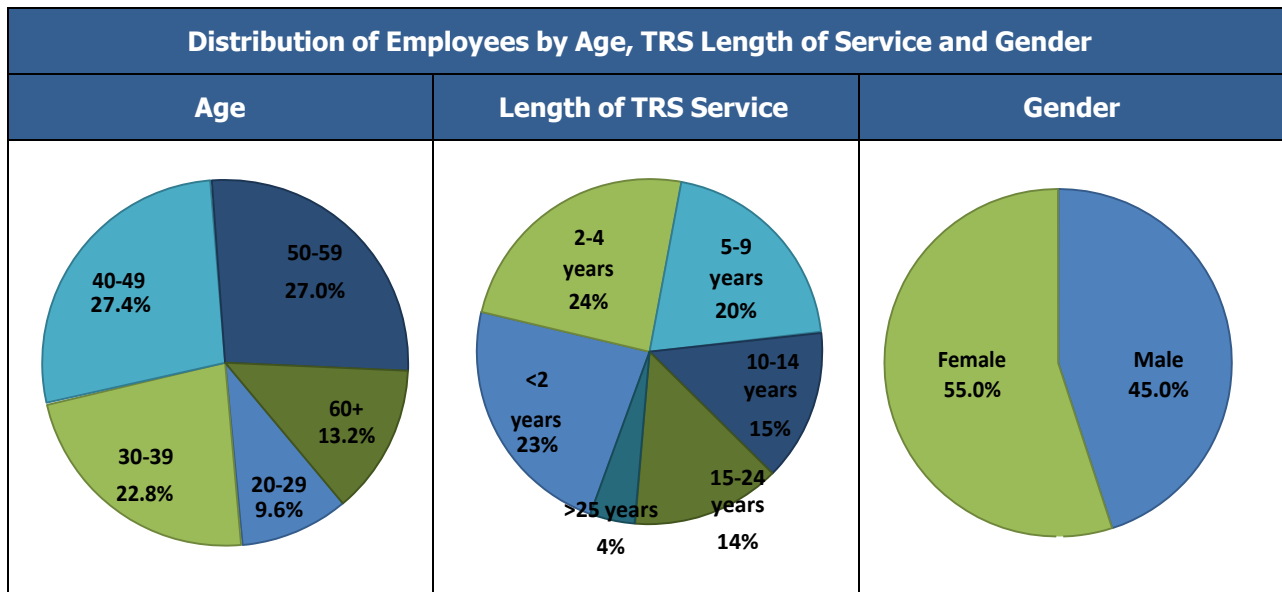
The following table compares the ethnic and gender composition of the TRS workforce (as of Aug. 31, 2015) to the statewide (Texas) civilian workforce as reported by the Texas Workforce Commission—Civil Rights Division (CRD) in the *2014-2015 Equal Employment Opportunity and Minority Hiring Practices Report*. TRS actively monitors this information and adjusts its recruitment strategies to target areas of under-representation.
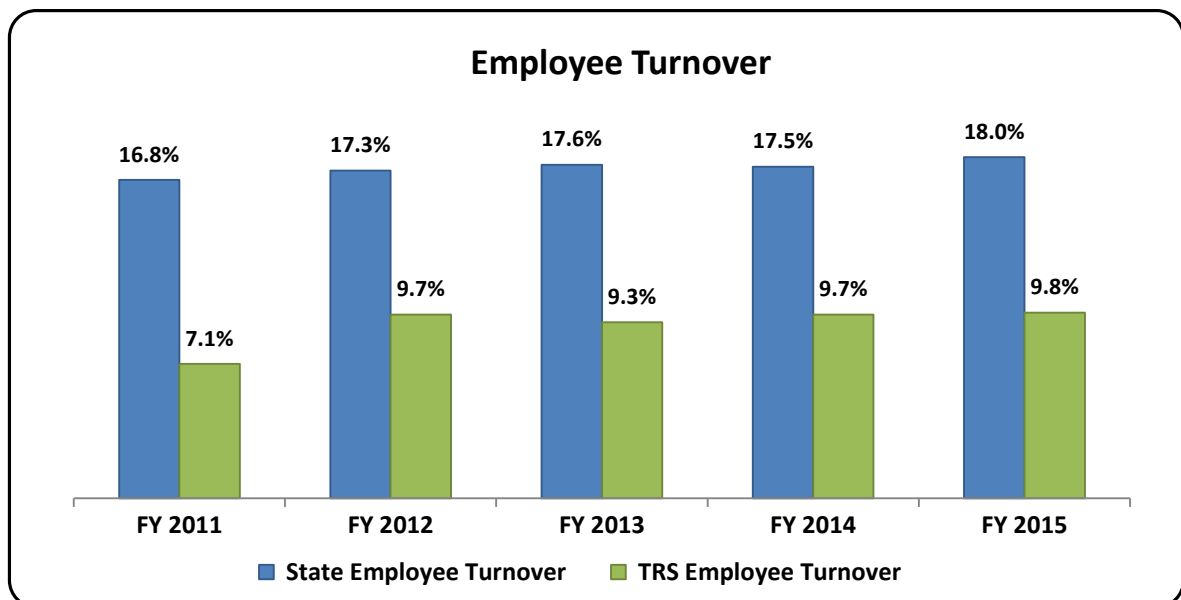
Job Category	African American		Hispanic American		Female	
	TRS %	Texas %	TRS %	Texas %	TRS %	Texas %
Official/Administrator	2.7%	7.1%	12.1%	20.9%	32.9%	37.5%
Professional	5.2%	11.0%	13.7%	18.6%	46.2%	54.9%
Technical	18.2%	13.8%	28.8%	28.8%	40.9%	51.3%
Administrative Support	21.9%	13.6%	28.6%	33.0%	59.0%	72.8%
Service/Maintenance/ Paraprofessional*	17.6%	12.2%	34.0%	53.7%	75.5%	51.4%
Total	**10.2%**	**11.4%**	**21.4%**	**32.4%**	**55.6%**	**55.0%**

*TWC combines data for paraprofessionals and service/maintenance for the purpose of this report.

The organization's strategies for improving the diversity of its workforce include targeted advertising of vacancies, ongoing participation in diversity job fairs, and diversity/cultural awareness training. The employment policies and practices of TRS have been certified as in compliance with CRD standards, in accordance with Chapter 21 of the Texas Labor Code (most recently in December 2013).

Employee Turnover

As reflected in the following chart, employee turnover at TRS has historically been below the statewide average among state agencies, as reported by the State Auditor's Office. In fiscal year 2015, TRS turnover was 9.8 percent, well below the state average of 18.0 percent for the same period. TRS anticipates that its turnover rate may fluctuate with the Austin economy but expects overall turnover rates to remain below the state average.

Employee Turnover

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
State Employee Turnover	16.8%	17.3%	17.6%	17.5%	18.0%
TRS Employee Turnover	7.1%	9.7%	9.3%	9.7%	9.8%

Retirement Eligibility Projections

The following chart provides estimates on the number of TRS employees who will be eligible to retire over the next five years. These estimates are based on the rule of 80 using total state service for employees as of Dec. 31, 2015.

Percent of TRS Employees Eligible to Retire as of:

Division	January 2016		January 2019		January 2022	
	Eligible Employees	Percent Eligible	Eligible Employees	Percent Eligible	Eligible Employees	Percent Eligible
Executive Division	27	26.5%	35	34.3%	41	40.2%
Investment Management	6	4.1%	8	5.4%	13	8.8%
Benefit Services	27	14.6%	39	21.1%	56	30.3%
Finance Division	20	24.1%	28	33.7%	39	47.0%
Information Technology	22	22.7%	33	34.0%	45	46.4%
Health and Insurance Benefits	3	9.7%	5	16.1%	6	19.4%
Total	**105**	**16.3%**	**148**	**22.9%**	**200**	**31.0%**

Future Workforce Profile (Demand Analysis)

The size of the population served by TRS and their customer service expectations continue to expand. Workloads are rising in response to changes in the membership, legislative changes, and budget cuts at the school district level. As a result, TRS is monitoring business processes and FTE employee levels and making adjustments as necessary to efficiently provide excellence in customer service.

The continued growth in the size and complexity of the TRS lines of business has required additional technology professionals, business analysts, and program managers to implement technology upgrades. The agency has major initiatives underway to review statutory provisions, streamline benefit administration processes, and deploy enhanced technology solutions related to critical needs.

TRS continues to develop the skills of its current workforce, recruit new staff with required expertise, and contract with outside parties, when feasible and cost-effective, to supplement the workforce in highly specialized areas.

To maintain and further the caliber of future workforce, staff with strong communication and interpersonal skills, a service focused mindset, and strong analytical and creative thinking skills will be sought. To meet the continuity of mission and business focus we will continue to need staff with specialized investment management skills including alternative asset management and portfolio risk management.

Our analysis of future needs indicates that in addition to the skills required above to maintain core functionality, the following areas of expertise will be of value:

- Contract negotiation and administration (for monitoring outsourced functions, such as health benefit programs);
- Information technology including telecommunications, full spectrum Web application support and lifecycle systems support including design, management and implementation;
- Business process research, analysis, design and project management skills;
- Leadership and management skills including collaborative leadership and development, creative problem solving and the ability to maintain agile, cohesive and productive work teams; and
- Continuity planning and knowledge management for executive leadership, portfolio management and health benefit plan management.

Gap Analysis

TRS addresses prospective gaps in skills and staffing by conducting regular reviews of the workforce plan, analyzing market trends, updating job descriptions, reviewing performance appraisal plans, identifying career development opportunities, reviewing talent management strategies, and conducting employee engagement surveys. Although TRS proactively reviews staffing needs, potential gaps in worker or skill needs may develop as a result of:

- Loss of institutional knowledge and expertise due to turnover of critical staff.
- Changing roles and responsibilities for staff as a result of legislation or agency-wide initiatives.
- Increased competition for experienced staff in certain fields.

Strategy Development

It is a priority for TRS to address potential gaps identified in the workforce plan. Implementing the following strategies and action steps will help ensure TRS remains an employer of choice and continue to meet our mission and goals.

Potential Gap	Strategy
Loss of institutional knowledge and expertise due to turnover of critical staff	Ensure a smooth transition of duties, responsibilities and institutional expertise when a critical staff member leaves the agency. Action steps include: • Identify best practices for business process reviews and knowledge transfer programs and techniques. • Continue to utilize the Leadership Development Program to prepare staff to compete for leadership positions as they become vacant. • Identify opportunities for cross-training efforts and career development. • Develop and implement succession plans to ensure continuity of service during any period of extended absence or turnover among critical staff. • Maintain effective recruitment practices and strategies (such as use of contingent staff, internships, and employer branding) to attract or develop qualified replacement staff.
Changing roles and responsibilities for staff as a result of legislation or agency-wide initiatives	Acquire necessary expertise to fulfill assigned responsibilities. Action steps include: • Conduct research to identify issues affecting other public pension funds or state agencies that may potentially affect TRS. • Maintain awareness of prospective legislative changes to allow adequate planning for new skill-set requirements. • Explore options for developing skills within the current workforce, attracting new staff with the required experience, or outsourcing certain functions.
Increased competition for experienced staff in certain fields	Maintain a work environment that allows TRS to attract, retain and develop highly competent staff. Action steps include: • Promote a strong workplace culture that exemplifies TRS' core values and emphasizes TRS' mission. • Provide employee development opportunities. • Review, update and enhance TRS' compensation and total rewards package. • Enhance recognition programs and other initiatives to support retention of staff. • Continue organizational development efforts aimed at enhancing ongoing communication and effective working relationships between management and staff. • Encourage staff involvement in organizational activities.

TRS will also continue to manage (and expand, as needed) its effective programs and practices for attracting, retaining and developing highly competent and diverse staff. Such practices include:
- Recruitment programs that market TRS as an employer of choice.
- Internship programs to build relationships with universities and develop talent pools.

- Strategic workforce management to include the use of contingent staffing, redeployment of current staff, variable scheduling to meet business needs, and other appropriate best practices.
- Leadership development programs to build the skills of current and prospective leaders.
- Career development programs to provide professional growth opportunities for employees.
- Cross-training programs to advance skill levels, enhance productivity and provide back-up for critical functions.
- Continuity plans for critical staff.

SCHEDULE G: REPORT ON CUSTOMER SERVICE

Report on Customer Service
Teacher Retirement System of Texas
June 2016

The following report on customer service has been prepared for the Governor's Office of Budget, Planning, and Policy and the Legislative Budget Board as called for in the *Instructions for Preparing and Submitting Agency Strategic Plans for Fiscal Years 2017–21*, issued jointly by the Governor's Office of Budget, Planning and Policy (GOBPP) and the Legislative Budget Board (LBB).

In the spring of 2016, TRS contracted with the Public Policy Research Institute of Texas A&M University to conduct a member satisfaction survey for the agency. Member satisfaction ratings included in this report were taken directly from the findings of that survey.

Listed below (in bold type) are the five items requested in the strategic plan instructions along with TRS' response to each request:

1. **An inventory of external customers served by each strategy listed in the 2016-17 General Appropriations Act and a brief description of the types of services provided to them.**

   - **Strategy A.1.1. – TRS-PUBLIC EDUCATION RETIREMENT -** Make retirement contributions to the TRS pension fund for *public education employees*.
     External Customers: Public Education Employees
     Types of Services Provided: Benefit counseling, Telephone Counseling Center assistance, automated telephone system, response to written requests for information, the TRS website, benefit payments (including estimates), special service purchases, long-term care insurance, print publications, annual statements of account (for active employees).

   - **Strategy A.1.2 - TRS-HIGHER EDUCATION RETIREMENT -** Make retirement contributions to the TRS pension fund for *higher education employees*.
     External Customers: Higher Education Employees
     Types of Services Provided: Benefit counseling, Telephone Counseling Center assistance, automated telephone system, response to written requests for information, the TRS website, benefit payments (including estimates), special service purchases, print publications, annual statements of account (for active employees).

- **Strategy A.1.3 –- ADMINISTRATIVE OPERATIONS -** Provide services to members, manage investments, and administer TRS retirement fund.
  External Customers: Higher Education Employees (active and retired), Public Education Employees (active and retired)
  Types of Services Provided: Benefit counseling, Telephone Counseling Center assistance, automated telephone system, response to written requests for information, the TRS website, benefit payments (including estimates), special service purchases, TRS-Care health benefit program, TRS-ActiveCare health benefit program, 403(b) certification, long-term care insurance, print publications, annual statements of account (for active employees), 1099 tax forms.

- **Strategy A.2.1 - RETIREE HEALTH – STATUTORY FUNDS –** Administer group health care benefits for public education retirees through the TRS-Care program by monitoring the performance of contracted benefit providers, communicating health care plan features, and resolving benefit disputes.
  External Customers: Retired Public Education Employees
  Types of Services Provided: Services include: TRS-Care health benefit program, benefit counseling, Telephone Counseling Center assistance, automated telephone system, response to written requests for information, the TRS website, and print publications.

2. **A brief description of the information-gathering methods utilized in obtaining input from agency/institution customers.**

Methodology

Population
The survey was designed to represent the population of all active and retired TRS members. This represents approximately 90 percent of members with the remaining 10 percent of membership either joining/leaving the system or changing employers at any given point in time. The population was stratified first by active and retired members. The population was further stratified by age, gender, and type of employer (see Table 1).

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June 2016
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Table 1: Distribution of Demographic Characteristics in the TRS Population

	Higher Education		Public Schools		Total
	Male	Female	Male	Female	Counts
Active Members 36 and under	22,862	41,626	58,777	195,654	318,919
37 to 45	16,589	28,114	41,806	154,695	241,204
46 to 51	10,063	17,590	27,512	102,064	157,229
52 and over	20,892	35,797	57,316	178,981	292,986
Total	70,406	123,127	185,411	631,394	1,010,338
Retired Members 63 and under	3,090	6,557	13,772	50,687	74,106
64 to 69	4,518	9,366	19,781	68,331	101,996
70 to 74	3,078	5,954	13,812	42,236	65,080
75 and over	5,127	8,419	19,962	61,885	95,393
Total	15,813	30,296	67,327	223,139	336,575

Instrument
For purposes of comparison, the survey instrument was constructed using the 2014 Member Satisfaction survey. Additional questions were added or removed based on conservations between the Public Policy Research Institute (PPRI) and TRS staff with the goal of assuring coverage of key areas of concerns without adding to overall length of the survey. Final instruments for retired and active members were presented in Appendices A & B of the survey report.

Data Collection
To maximize survey response, data were collected via an online web-based survey and telephone interviews. For respondents with an email address in the sample records, initial contact attempts were made via email. All potential respondents received an initial invitation to participate in the survey and at least three additional email contacts. Respondents with email addresses who did not respond via email were added to the telephone sample and additional contact efforts were made to obtain completed interviews by phone.

Telephone interviews were conducted by trained interviewers at the Public Policy Research Institute. Interviewers completed both a general training session in survey research methodology as well as training specific to the TRS survey. The project specific training included an overview of the background and goals of the TRS Customer Satisfaction Survey, common challenges in eliciting survey response in this specific survey, and frequently asked questions. All telephone

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interviewers practiced administering the questionnaire prior to live data collection.

All interviewing was conducted within the facilities of the Public Policy Research Institute at Texas A&M University. Experienced telephone supervisors monitored the interviews to assure survey quality and to address any questions or problems in survey administration. Potential respondents who indicated resistance to taking the survey over the phone were asked for the email address and were encouraged to take the survey online. Data for the retired members were collected between March 24 and April 18, 2016. Data for the active members were collected between March 17 and May 2, 2016.

Sample
The sample for the TRS Customer Satisfaction Survey was stratified to allow for statistically meaningful comparisons by member type, age, gender, and institutional type. This means potential respondents were selected randomly not from the entire population of TRS members but from within each of these subgroups. This allows us to better evaluate whether levels of satisfaction with TRS services differ by any of these characteristics. The initial sampling targets, outlined in Table 2, were constructed to assure final samples of at least 800 active and 400 retired TRS members and adequate sample by age group, gender, and institutional type. Table 2: Distribution of Demographic Characteristics in the TRS Sample

	Higher Education		Public Schools		Total
	Male	Female	Male	Female	Counts
Active Members					
36 and under	1,500	1,500	800	800	4,600
37 to 45	800	800	800	800	3,200
46 to 51	1,500	1,500	800	800	4,600
52 and over	800	800	800	800	3,200
Total	4,600	4,600	3,200	3,200	15,600
Retired Members					
63 and under	250	250	250	250	1,000
64 to 69	250	250	250	250	1,000
70 to 74	250	250	250	250	1,000
75 and over	250	250	250	250	1,000
Total	1,000	1,000	1,000	1,000	4,000

Samples records included the names and addresses for all potential respondents, but were often missing contact information, include phone numbers or email addresses. Where contact information was missing, names and

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addresses were matched to existing databases to provide telephone numbers. This process is, at best, imperfect; meaning some records were not matched at all, while others matched only address or phone number but not both. The quality of the match often affects the likelihood of obtaining a completed interview. Of the 15,600 active member records sent to Marketing Systems Group, 12,179 were matched to a phone record. Of the 2,281 retired member records sent to Marketing Systems Group, 1,969 were matched to a phone record.

Overall, 2,262 records were entered into the calling sample for retired members. 1,768 records that contained an email address were first sent an email invitation to complete the survey via the internet. This number proved sufficient to complete 224 telephone interviews and 255 via the internet. For active members, a total of 9,607 records were entered into the calling sample and 5,218 records that contained an email address were sent an email invitation to complete the survey via the internet (see Table 2). This quantity yielded 190 completed telephone interviews and 638 via the internet.
PPRI conducted a total of 1,307 interviews including 828 interviews with active members and 479 interviews with retired members. Four of the retiree interviews and one of the active interviews were conducted in Spanish. The distribution of interviews was controlled so that an adequate number from each demographic group could be included (see Table 3).

Table 3: Distribution of Demographic Characteristics in the TRS Respondents

	Higher Education		Public Schools		Total
	Male	Female	Male	Female	Counts
Active Members 36 and under	23	27	32	31	113
37 to 45	49	45	20	24	138
46 to 51	61	59	92	75	287
52 and over	80	86	59	65	290
Total	213	217	203	195	828
Retired Members 63 and under	36	30	38	28	132
64 to 69	36	34	35	31	136
70 to 74	31	25	30	31	117
75 and over	30	22	22	20	94
Total	133	111	125	110	479

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In a purely random sample of TRS members, 828 completed interviews with active members would yield a margin of error of +/- 3.4 percentage points at the 95 percent confidence level, and 479 completed interviews with retired members would yield a margin of error of +/- 4.8 percentage. Since this is stratified sample, the margin of error for point estimates will be larger - approximately 5.1 percentage points for active members and 6.8 percent for retired members. This is a necessary tradeoff to assure adequate sample for statistically meaningful comparisons across subgroups.

Weighting Method
To assure the final data represent the population of active and retired members, final data are weighted to reflect population characteristics. The analyses that follow are based on weighted data which provide the best possible estimates of TRS customer satisfaction levels while also allowing subgroup analyses.

Analysis by Demographic Groups
Throughout the report, survey responses are examined across the following demographic categories: Age, Gender, and Institution type (higher education or public schools)

Tests of statistical significance are performed for each of these analyses. These tests indicate the probability that differences observed in the sample reflect real differences in the population. Unless otherwise noted, the results presented below are statistically significant, meaning that there is a relatively strong probability that the sample results reflect differences in the population.

Report Format
The remainder of the report is arranged in three sections. Section III provides the sample characteristics. Section IV presents the substantive findings for the questions tapping individual interactions and satisfaction with TRS services. Where active members and retired members are asked the same questions, findings are presented in the same format for easy comparison. Section V presents the conclusions of the study.

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Sample Characteristics

Table 4: Sample Characteristics of Retired Members (Weighted)

Demographics	Percentage Responding (n=479)
Age of the respondent 63 and under	19.5
64 to 69	26.0
70 to 74	19.3
75 and over	35.2
Type of institution Public Schools	86.7
Higher Education	13.3
Gender Male	21.9
Female	78.1

Table 5: Sample Characteristics for Active Members (Weighted)

Demographics	Percentage Responding (n=828)
Age of the respondent 36 and under	46.1
37 to 45	28.5
46 to 51	8.9
52 and over	16.5
Type of institution Public Schools	82.0
Higher Education	18.0
Gender Male	25.1
Female	74.9

Retired and active member demographic characteristics in the weighted sample
are presented in Tables 4 and 5, respectively. Since the characteristics were
weighted to reflect proportions in the population, female respondents and
respondents from public schools comprise a larger portion of each sample.

For the tables above and throughout the remainder of the report, frequencies
may not sum to 100%. Unless explicitly noted, "don't know" responses are not
included in the charts and tables but are also not excluded as missing data. The

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percent of "don't know" responses varies by question but is often between one and two percent. Even when "don't know" responses are included, totals may sum to 99.9 percent or 100.1 percent due to rounding.

3. **A chart detailing the levels of customer-determined service quality and other relevant information received for each customer group and each statutorily required customer service quality element (i.e., facilities, staff, communications, Internet sites, complaint-handling processes, service timeliness, and printed information).**

The following charts summarize customer satisfaction levels for key TRS customer service quality elements. Additional details may be found in the cross tabulations and in the *2016 Member Satisfaction Survey Report* according to subject areas noted in the report's index.

Ratings of Austin Office Attributes

	Excellent	Good	Fair	Poor
Parking – Retired Member (n=6)	84.7	15.3	0.0	0.0
Parking – Active Member (n=22)	15.4	34.7	3.6	45.9
Easy access to TRS facilities – Retired Member (n=6)	83.3	15.3	0.0	0.0
Easy access to TRS facilities – Active Member (n=22)	21.2	30.5	7.9	38.1

Overall Satisfaction with TRS Member Services

Satisfaction with Services	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
Retired Member (n=479)	51.7%	44.8%	1.8%	1.5%
Active Member (n= 828)	10.4%	78.4%	8.2%	1.0%

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Satisfaction with Service Received from Call Center Representatives

Toll-Free Telephone Number	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
Retired Member (n=72)	44.7%	34.7.%	9.5%	11.2%
Active Member (n=83)	22.2%	47.2%	30.3%	0.3%

Satisfaction with the Service Received through Written Responses

Written Information Requests	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
Retired Member (n=32)	25.5%	51.9%	20.0%	2.2%
Active Member (n=36)	14.5%	74.1%	8.7%	0.0%

Satisfaction with the Information from TRS Website

TRS Website	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
Retired Member (n=260)	33.0%	59.5%	5.8%	1.1%
Active Member (n=701)	8.9%	72.8%	11.7%	1.%

Satisfaction with Responses to Filed Complaints

Filed Complaints	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied/ Didn't Know
Retired Member (n= 5)	0.0%	77.2%	22.8%	0.0%
Active Member (n= 5)	0.0%	0.0%	3.4%	96.6%

Response to TRS Application for Retirement Timely

Timeliness of TRS Response to Retirement Application	Very Timely	Timely	Not Too Timely	Not at all Timely	Never Rec'd
Retired Member (n=84)	52.6%	36.7%	10.8%	0.0%	0.0%

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Satisfaction with the Timeliness of the Billing

Timeliness of Special Service Purchase Billing	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
Retired Member (n=78)	58.5%	31.3%	0.0%	4.0%
Active Member (n=63)	19.0%	74.5%	5.6%	0.9%

Information in the *TRS Benefits Handbook* Clear

TRS Benefits Handbook	Very Clear	Clear	Unclear	Very Unclear
Retired Member (n=217)	22.0%	71.2%	3.3%	1.2%
Active Member (n=276)	9.3%	73.2%	16.0%	0.4%

Information in the *TRS News* Clear

TRS News	Very Clear	Clear	Unclear	Very Unclear
Retired Member (n=314)	24.1%	71.9%	3.6%	0.2%
Active Member (n=599)	8.0%	76.2%	11.2%	1.2%

Clarity of Annual Statement Information

Annual Statements	Very Clear	Clear	Unclear	Very Unclear
Active Member (n=669) (retirees don't receive statements)	23.0%	69.8%	5.2%	1.4%

Usefulness of Brochure Information – Active Members

Other Publications	Very Useful	Clear	Unclear	Very unclear
TRS Brochures (n=726)	6.5%	69.3%	18.2%	0.7%

Clarity of the Brochure Information – Active Members

Other Publications	Very clear	Clear	Unclear	Very unclear
TRS Brochures (n=726)	6.4%	78.6%	8.6%	1.2%

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4. **An analysis of the findings identified from the customer satisfaction assessment. This analysis should include an identification of changes that would improve the survey process itself, as well as summary findings regarding the quality of service provided and improvements to be made in response to this assessment.**

Conclusions

The TRS Member Satisfaction Survey was designed to gauge levels of satisfaction with TRS services for active and retired members. Several patterns emerge from the findings. First, a fairly small number of active and retired members use most of the TRS services. Second, those that do report using a service are typically satisfied with the service received. Third, among active members, the use of services typically increases as members approach retirement age. Active members 52 and older generally use services more often and are more likely to read to TRS publications than younger members. Fourth, among retired members, use of services declines as members age. Retired members 63 and younger generally report using services most frequently and paying the greatest attention to TRS publications.

Overall, TRS active and retired members rate TRS services very positively. Ninety-seven percent of retired members and 89 percent of active members said they were satisfied or very satisfied with TRS services. Drilling down, satisfaction levels vary across specific services but, across the board, members mostly express satisfaction with services and rate TRS publications as useful, informative and easy to read.

Benefit Counselors: While relatively few members, active or retired, met with benefit counselors, they were overwhelmingly positive in their assessment of the services provided. Nearly 100 percent of retired members and 93 percent of active members indicated they were either satisfied or very satisfied with the services provided by benefit counselors. They were equally positive when asked to rate the knowledge and courtesy of the counselor they contacted.

Telephone Counseling Center: There is a similar story to be told about the telephone counseling center. Only six percent of active members and 14 percent of retired members reported having called the toll-free counseling center in the past 12 months. The members who did so, however, were mostly positive about the experience. Seventy-nine percent of retired members and 69 percent of active members said they were satisfied or very satisfied with the service received.

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Written Requests for Information: Among TRS members who had mailed written requests for information, most reported timely or very timely response (77 percent of retired members and 64 percent for active members) and satisfaction with response received (77 percent for retired members and 89 percent for active members.

Automated Telephone System: Retired members, relatively to active members, reported much greater awareness of the automated telephone system. Seventy-six percent of retired members compared to 44 percent of active members said they were aware of the system. Among active and retired members who were aware of the system, frequency of calling was roughly comparable. Approximately one in five members who were aware of the system reported calling at least once. Most of these members reported the system was easy to use (89 percent of retired members and 69 percent of active members), were satisfied or very satisfied with the service received (93 percent of retired members and 63 percent of active members), and found the information understandable (92 percent of retired members and 84 percent of active members).

Internet Services: For the most part, both active and retired members have some access to the internet, though notably there is nontrivial percentage of retired members (12 percent) who report no access. It is perhaps not surprising that members are using multiple devices for access, especially desktop or laptop computers and smartphones, or that younger members are more likely to report using smartphones. Internet access translates into high levels of awareness of the TRS website as well as visits to the website during the past year. Fifty-five percent of retired members and 68 percent of active members with internet access reported visiting the TRS website at least once during the past year. These members reported the website was easy to use (91 percent of retired members and 76 percent of active members) and satisfaction with the information provided on the website (93 percent for retired members and 82 percent for active members).

The growth of social media (Facebook, Twitter, LinkedIn, etc.) creates new possibilities for sharing information about TRS services. Most members, both active and retired, indicate that they would not be very likely to use these platforms for TRS-related information. There was also limited awareness of existing TRS social media. Members were most aware of Facebook: 28 percent of retired members and 11 percent of active members reported they were aware of the TRS Facebook page.

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Benefit Payments: Nearly 19 percent of active members and 17 percent of retired members reported having requested an estimate of retirement or death benefits. Among those members, both active and retired, who requested an estimate, an overwhelming majority reported they were satisfied with the timeliness and accuracy of the estimate they received. Nearly 100 percent of retired members and 86 percent of active members reported being very satisfied or satisfied with the timeliness of the estimate. Retired members were much more likely to report being very satisfied with the estimate. Similar percentages – 97.5 percent for retired members and 83 percent for active members – reported satisfaction with the accuracy of the estimate.

TRS-Care and TRS Active-Care: Overall satisfaction with TRS-Care and TRS-ActiveCare services remains quite strong. Ninety-three percent of retired members reported being with very satisfied or satisfied with TRS-Care. For active members, 79 percent reported being very satisfied with TRS-ActiveCare services. Looking across specific services, members report satisfaction with insurance company claims services, prescription services, and the service received when calling TRS staff.

Long-Term Care: Only three percent of active and four percent of retired members report being enrolled in long-term care program offered by TRS. One of the reasons may be that relatively few members (7 percent of active members and 23 percent of retired members) had reviewed the Genworth long-term care enrollment kit. Among those that had reviewed the kit, most cited costs as the reason for not enrolling though many also said the coverage was not needed or that they had coverage elsewhere.

Publications: Members, both retired and active, are generally aware of TRS publications and rate them positively in terms of clarity, ease of use and usefulness of information provided. First, most members reported being aware of the *TRS Benefits Handbook* and reading it at least occasionally. Retired members reported reading more frequently than active members. Retired and active members read the *TRS Benefits Handbook* for very different reasons. Retired members read it to understand benefits in general and health care benefits specifically while active members read it to understand benefits in general and to help in retirement planning. Both active and retired members rate information in the *TRS Benefits Handbook* as clear, easy to use, and useful. There are similar patterns for the *TRS News.* Members report high awareness levels, indicate they read it at least on occasion, and give information presented high marks for clarity and usefulness.

Account Statements: More than three in four active members (78 percent) report that they are aware of their annual account statement and indicate that the statements are consistent with their own records (89 percent) and that the information provided is both clear (93 percent) and useful (85 percent).

Plans for Improving Customer Satisfaction
in Response to Survey Findings

TRS staff members are now being provided with results from the 2016 Member Satisfaction Survey. After closely analyzing survey findings and relevant margins of error, action plans, where appropriate, will be prepared for the purpose of improving member satisfaction. Priority will be given to those survey findings that meet one or more of the following criteria:

- Ratings that do not meet or exceed TRS performance goals
- Key satisfaction ratings from primary customer groups that have fallen significantly since the last survey
- Key satisfaction ratings from primary customer groups that indicate satisfaction levels of 80 percent or less

5. **Performance measure information related to customer service standards and customer satisfaction in addition to the standard measures listed below. Estimated performance for fiscal year 2014 should be included for both agency-specific and standard measures.**

   Outcome Measures
   - Percentage of Surveyed Respondents Expressing Overall Satisfaction with Services Received - 97% of retirees and 89% of active members
   - Percentage of Surveyed Customer Respondents Identifying Ways to Improve Service Delivery – Retired: 52.95%, Active: 54.2%.

   Output Measures
   - Number of Customers Surveyed – 1,307 completed surveys
   - Number of Customers Served – 1,346,913 members and annuitants

   Efficiency Measures
   - Cost Per Customer Surveyed - $48.00

   Explanatory Measures
   - Number of Customers Identified – 1, active and retired members
   - Number of Customer Groups – Two: active members and retirees

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2016-17 Goals and Performance for TRS-Specific Measures

2016-17 Goals	2016 Performance
TRS Retirement Fund Benefit Administration Annual Operating Expense per Member/Annuitant in Dollars (excluding investment expenses) – $28.00 (2016) $29.00 (2017)	$24.84*
TRS Retirement Fund Investment Expense as Basis Points (bp) of Net Assets – 23 (2016) and 23 (2017)	22.57
Number of TRS Benefit Applications Processed 72,000 (2016) and 72,000 (2017)	72,000*
Average Customer Hold Time for Calls Received on Toll-Free Number – 80% of calls answered within 3 minutes (2016 and 2017)	2 minutes*
Participation Rate in Disease Management Program by Non-Medicare Enrollees – 5% (2016) and 5% (2017)	5.3%*
Generic Substitution Rate for TRS-Care Prescription Drug Benefits – 98% (2016) and 98% (2017)	99%*

Additional TRS Annual Performance Standards

Goals	2016 Performance
Achieve or Exceed a Five-Year Annualized, Time-Weighted Rate of Return of Eight Percent	7.5%**
Investment Performance Relative to Board-Approved Benchmark Of One Percent	0.1%

*   Projected for FY 2016.
** Latest five Fiscal-Years-To-Date return – 9/01/2011 annualized through 3/31/16.
Return for the current Fiscal-Year-To-Date is 1.9%.

SCHEDULE H: ASSESSMENT OF ADVISORY COMMITTEES

To assist in the process required by Chapter 2110, Texas Government Code, state agencies should submit an assessment of advisory committees using the format provided. Please submit your assessment for each advisory committee under your agency's purview. Include responses for committees created through statute, administrative code or ad-hoc by your agency. Include responses for all committees, whether ongoing or inactive and regardless of whether you receive appropriations to support the committee. Committees already scheduled for abolishment within the 2016-17 biennium are omitted from the scope of this survey. When submitting information for multiple advisory committees, right-click the sheet "Cmte1", select Move or Copy, select Create a copy and move to end.

NOTE: Only the items in blue are required for inactive committees.

SECTION A: INFORMATION SUBMITTED THROUGH ADVISORY COMMITTEE SUPPORTING SCHEDULE IN LEGISLATIVE APPROPRIATIONS REQUEST

Committee Name: Retirees Advisory Committee

Number of Members: 9

Committee Status (Ongoing or Inactive): Ongoing

Note: An Inactive committee is a committee that was created prior to the 2014-15 biennium but did not meet or supply advice to an agency during that time period.

Date Created: 6/1/1999 **Date to Be Abolished:**

Budget Strategy (Strategies) (e.g. 1-2-4)

Strategy Title (e.g. Occupational Licensing) None

Budget Strategy (Strategies)   **Strategy Title**

State / Federal Authority	Select Type	Identify Specific Citation
State Authority	Statute	Texas Insurance Code, Sections 1575.402 through
State Authority	Admin Code	Title 34, Chapter 41, Subchapter A, Section 41.3
State Authority		
Federal Authority		
Federal Authority		
Federal Authority		

Advisory Committee Costs: This section includes reimbursements for committee member costs and costs attributable to agency staff support.

Committee Members' Direct Expenses

	Expended Exp 2015	Estimated Est 2016	Budgeted Bud 2017
Travel	$3,993	$3,200	$4,000
Personnel	$0	$0	$0
Number of FTEs	9.0	9.0	9.0
Other Operating Costs	$0	$0	$0
Total, Committee Expenditures	$3,993	$3,200	$4,000

Committee Members' Indirect Expenses

	Expended Exp 2015	Estimated Est 2016	Budgeted Bud 2017
Travel	$0	$0	$0
Personnel	$1,318	$1,336	$1,391
Number of FTEs	1.0	1.0	1.0
Other Operating Costs	$0	$0	$0
Total, Committee Expenditures	$1,318	$1,336	$1,391

Method of Financing

	Expended Exp 2015	Estimated Est 2016	Budgeted Bud 2017
Method of Finance			
997 - Other Funds	$5,311	$4,536	$5,391
	$0	$0	$0
	$0	$0	$0
	$0	$0	$0
	$0	$0	$0
Expenses / MOFs Difference:	$0	$0	$0

Meetings Per Fiscal Year

	2	2	2

Committee Description: The Retirees Advisory Committee advises the Board of Trustees of the Teacher Retirement System of Texas (TRS) on matters related to TRS-Care health benefits. The purpose of the commiteee is outlined in 34 Texas Administrative Code, Chapter 41, Subchapter A, Section 41.3(a).

SECTION B: ADDITIONAL COMMITTEE INFORMATION

Committee Bylaws: Please provide a copy of the committee's current bylaws and most recent meeting minutes as part of your submission.

1. When and where does this committee typically meet and is there any requirement as to the frequency of committee meetings?

The committee meets at the Teacher Retirement System of Texas main building at 1000 Red River Street, Austin, TX 78701. The committee is required by rule to meet at least twice a year. The meeting minutes for the most recent meeting held March 8, 2016 are included in this response along with the statutory and rule language pertaining to the committee. The committee does not have bylaws.

2. What kinds of deliverables or tangible output does the committee produce? If there are documents the committee is required to produce for your agency or the general public, please supply the most recent iterations of those.

The task and purpose of the Retirees Advisory Committee as defined by 34 Texas Administrative Code, Chapter 41, Subchapter A, Section 41.3(a) is to:
(1) hold public hearings on group insurance benefits;
(2) recommend to the Board of Trustees of TRS (Board) minimum standards and features of the plan or plans that it considers appropriate; and
(3) recommend to the Board desirable changes in rules and legislation affecting the program.
The committee has not produced any formal deliverables or documents in recent years.

3. What recommendations or advice has the committee most recently supplied to your agency? Of these, which were adopted by your agency and what was the rationale behind not adopting certain recommendations, if this occurred?

The committee has not provided any formal recommendations in recent years. Committee meetings have served primarily as a forum to update RAC members about developments affecting TRS-Care. At the most recent meeting in March 2015, TRS provided an overview the latest version of the TRS-Care Sustainability Study.

4a. Does your agency believe that the actions and scope of committee work is consistent with their authority as defined in its enabling statute and relevant to the ongoing mission of your agency ?   Yes

4b. Is committee scope and work conducted redundant with other functions of other state agencies or advisory committees?   No

5a. Approximately how much staff time (in hours) was used to support the committee in fiscal year 2015?   40.0

5b. Please supply a general overview of the tasks entailed in agency staff assistance provided to the committee.

TRS coordinates the RAC meetings, which invovles scheduling, managing the agenda, and providing materials and support for the meetings. TRS processes travel documents, disseminates notes from meetings, and serves as the point of contact with RAC members. In addition, TRS facilitates the nomination and appointment process.

6. Have there been instances where the committee was unable to meet because a quorum was not present?   Yes

Please provide committee member attendance records for their last three meetings, if not already captured in meeting minutes.

7a. What opportunities does the committee provide for public attendance, participation, and how is this information conveyed to the public (e.g. online calendar of events, notices posted in Texas Register, etc.)?

This committee provides ample opportunites for the public to attend these meetings. Ten days prior to the meeting, the agenda is posted on Secretary of State's website. It is also posted on the TRS website, and the TRS Communications department sends an email notice to all state teaching associations announcing the meeting.

7b. Do members of the public attend at least 50 percent of all committee meetings?   Yes

7c. Are there instances where no members of the public attended meetings?   No

8. Please list any external stakeholders you recommend we contact regarding this committee.

The various retiree and active teacher associations across the state are comprised of members who are stakeholders of TRS-Care health benefits. There are nearly 20 distinct statewide and regional associations for current and former school district employees in Texas.

9a. In the opinion of your agency, has the committee met its mission and made substantive progress in its mission and goals?   Yes

9b. Please describe the rationale for this opinion.

In the past three years, new members have been appointed to the committee, and TRS has worked to provide new members with training and educational materials. Worshops were set up to brief the committee on the formation and progress of the Joint Interim Committee that is evaluating options to fund TRS-Care. The committee is now at full capacity and will monitor developments related to TRS-Care, represent the retiree perspective, and provide input to the TRS Board of Directors as needed.

10. Given that state agencies are allowed the ability to create advisory committees at will, either on an ad-hoc basis or through amending agency rule in Texas Administrative Code:

10a. Is there any functional benefit for having this committee codified in statute?   No

10b. Does the scope and language found in statute for this committee prevent your agency from responding to evolving needs related to this policy area?   No

10c. If "Yes" for Question 2b, please describe the rationale for this opinion.

11a. Does your agency recommend this committee be retained, abolished or consolidated with another committee elsewhere (either at your agency or another in state government)?   Retain

11b. Please describe the rationale for this opinion.

The committee in its current state is now at full capacity and prepared to perform the functions described in 9b.

12a. Were this committee abolished, would this impede your agency's ability to fulfill its mission?   No

12b. If "Yes" for Question 4a, please describe the rationale for this opinion.

13. Please describe any other suggested modifications to the committee that would help the committee or agency better fulfill its mission.

APPENDIX 1: INFORMATION RESOURCES PLANNING

1. Initiative Name: **TRS Enterprise Application Modernization (TEAM) Program**

2. Initiative Description:

The TEAM Program is a cohesive collection of components designed to meet the business and technology objectives of TRS over the next 10-20 years. The TEAM Program also focuses on addressing the changing expectations of a growing membership, providing for the collection and maintenance of accurate and reliable data, expanding the number of automated processes, and incorporating modern technologies. The TEAM Program is not just about technology. The TEAM Program will demand re-engineered business processes, revised policies and new ways of working together. The TEAM Program will also deliver tools and techniques that will position TRS to have flexibility in updating our systems in response to growing member demands and future technological and regulatory changes.

3. Associated Project(s):

> *Note that the projects below are components of the overall TEAM Program, but we do not expect to include them as separate items in the Legislative Appropriations Request (LAR). Rather, they will be part of the overall TEAM Program that will be included in the agency's LAR.*

> *Name: Data Assessment and Conditioning*
> *Status: Completed*

> *Name: Pension Line of Business Implementation*
> *Status: Implemented Phase 1A and testing of Phase 1B with scheduled Go Live Fall, 2016*

> *Name: Website Redesign*
> *Status: Completed design phase is on schedule and currently in development. Project completion expected - September 2016*

> *Name: Financial System Replacement*
> *Status: Project is in final stages of procurement and awaiting final TRS decision to proceed.*

4. Agency Objective(s):

> G2: Build and maintain strong customer-focused relationships.

5. Anticipated benefit(s):

- Aging technology will be replaced and legacy systems and processes will be updated with a new architecture and applications.
- New architecture will better enable reuse of services and business rules.
- TRS risk due to reliance on legacy technologies will be reduced.
- New applications will also offer constituent self-service, reduce errors and manual circumventions and enable greater flexibility to address changing rules.
- When completed, this initiative will provide improved mobile support and improved analytical capabilities.

6. State Strategic Plan Goal Alignment:

Reliable and Secure Services
  ☒Security
  ☒Continuity of Operations
  ☒Connectivity

Cost-effective and Collaborative Solutions
  ☒Legacy Modernization
  ☒Cloud Services
  ☒Shared Services

Mature IT Resources Management
  ☐IT Funding
  ☒IT Planning & Governance
  ☒IT Workforce

Data Utility
  ☒Data Management & Governance
  ☐Open Data
  ☒Data Analytics

Mobile & Digital Services
  ☒Mobile Applications
  ☒Digital Services
  ☐Internet of Things

1. Initiative Name: **Investment Systems Modernization**

2. Initiative Description:

The TRS Investment Management Division requires a system to provide timely and reliable financial and historical investment information as well as provide daily data and information to investment managers and external analytical systems used by them. This initiative provides the technology and technical infrastructure to support the Investment Management Division's ability to achieve the TRS trust fund's actuarial rate of return strategy. This initiative includes enhanced Trading workflow, Data Warehouse and Business Intelligence capability, as well as the Security Infrastructure to ensure that our data is safe.

3. Associated Project(s):

  Name: Investment System Modernization Status: This project is on-going.

4. Agency Objective(s):

  G1: Sustain a financially sound pension trust fund.

  G2: Build and maintain strong, customer-focused relationships.

  G4: Attract, retain and develop a highly competent staff.

5. Anticipated benefit(s):

- Enhanced trade performance through high performing infrastructure.
- Improve departmental responsiveness to industry trends through IT innovation.
- Provide improved service delivery and productivity for internal employees through mobility initiatives.
- Improve external partnerships though collaboration and customer relationship improvements
- Enhance security.

6. State Strategic Plan Goal Alignment:

Reliable and Secure Services
  ☒ Security
  ☒ Continuity of Operations
  ☒ Connectivity

Mature IT Resources Management
  ☒ IT Funding

☒ IT Planning & Governance
☒ IT Workforce

Cost-effective and Collaborative Solutions
  ☒ Legacy Modernization
  ☒ Cloud Services
  ☒ Shared Services

Data Utility
        ☒Data Management & Governance
        ☒Open Data   Mobile & Digital Services
        ☒Data Analytics   ☒Mobile Applications
                                      ☒Digital Services
                                      ☐Internet of Things

1. Initiative Name: **Data Center Upgrade**

2. Initiative Description:

This initiative supports upgrading and expanding the Data Center infrastructure and peripherals to reduce capacity constraints and issues with compatibility and obsolescence. This initiative will provide a strategy for enterprise storage and backup modernization including replacing and upgrading aging equipment and technology. This initiative will include replacement of legacy storage systems utilizing cloud-based alternatives as appropriate.

3. Associated Project(s):

Name: Data Center Upgrade   *Status: This project will begin FY2017.*

4. Agency Objective(s):

> G1: Sustain a financially sound pension trust fund.
>
> G2: Build and maintain strong, customer-focused relationships.
>
> G4: Attract, retain and develop a highly competent staff.

5. Anticipated benefit(s):

- Improved service delivery by providing a modern, highly virtualized environment that reduces project implementation timelines and complexity.
- Better cost control by not having to maintain infrastructure that requires specialized resources.
- Reduce risk of outages by replacing aging and low performing infrastructure.

6. State Strategic Plan Goal Alignment

☐ IT Workforce

Reliable and Secure Services
> ☒ Security
> ☒ Continuity of Operations
> ☒ Connectivity

Cost-effective and Collaborative Solutions
> ☒ Legacy Modernization
> ☒ Cloud Services
> ☐ Shared Services

Mature IT Resources Management
> ☒ IT Funding
> ☒ IT Planning & Governance

Data Utility
> ☐ Data Management & Governance

☐ Open Data
☐ Data Analytics

Mobile & Digital Services
☐ Mobile Applications
☐ Digital Services
☐ Internet of Things

1. Initiative Name: **PC Workstation Refresh**

2. Initiative Description:

This initiative is an ongoing project focused on upgrading outdated hardware technology. TRS has a Desktop Technology Refresh policy that sets standards for replacing desktop and laptop computer systems every two to four years depending on departmental usage requirements. As these workstations and laptops are replaced, the older hardware is surplused or redeployed into less resource intensive areas throughout the agency. During this refresh cycle, the expansion of Virtual Desktop Infrastructure (VDI), workstation-class desktops, and Ultrabook laptops are being implemented.

3. Associated Project(s):

       Name: PC Workstation Refresh   *Status: This project is on-going.*

4. Agency Objective(s):

       G1: Sustain a financially sound pension trust fund.

       G2: Build and maintain strong, customer-focused relationships.

       G4: Attract, retain and develop a highly competent staff.

5. Anticipated benefit(s):

- Increased functionality, performance, and reliability of the desktop infrastructure services infrastructure environment.
- Provide mobile access for agency employees to critical systems.
- Provide improvement in Disaster Recover and Business Continuity for all departments.

6. State Strategic Plan Goal Alignment

Reliable and Secure Services
       ☒Security
       ☒Continuity of Operations
       ☒Connectivity

Mature IT Resources Management
       ☐IT Funding
       ☒IT Planning & Governance

☒IT Workforce
Cost-effective and Collaborative Solutions
       ☒Legacy Modernization
       ☐Cloud Services
       ☐Shared Services

Data Utility
       ☒Data Management & Governance

☐Open Data
☐Data Analytics

Mobile & Digital Services
       ☒Mobile Applications
       ☒Digital Services
       ☒Internet of Things

1. Initiative Name: **Telecommunication Upgrade**

2. Initiative Description:

The Telecommunications Upgrade initiative provides the development, design, implementation and maintenance of the IT infrastructure as relates to premise-based and cloud-based infrastructure application and security requirements. This initiative includes upgrading the existing virtual server environment for investment and benefit applications; expanding and improving enterprise messaging and collaboration tools; enhancing information security infrastructure access and incident monitoring capability; updating the core networking for both the switched infrastructure and the virtualized server environment. This update would introduce Software Defined Networking (SDN) and Identity and Access Management (IAM). SDN would allow each networked device (virtual or physical) to have its own security protections and assist with Disaster Recovery services. IAM will provide a path to modernizing TRS user provisioning and system access processes.

3. Associated Project(s):

> *Name: Identify & Access Management Implementation*
> *Status: Project is currently in the planning/research phase but is expected to begin FY 2017.*

> *Name: Security Infrastructure Upgrade*
> *Status: Project is currently in the planning/research phase but is expected to begin FY 2017.*

4. Agency Objective(s):

> G1: Sustain a financially sound pension trust fund.

> G2: Build and maintain strong, customer-focused relationships.

> G4: Attract, retain and develop a highly competent staff.

5. Anticipated benefit(s):

- Provide stable, modern computer infrastructure to support agency Benefit and Investment mission.
- Increase security around the virtual servers and physical network devices with each networked device configured to only allow access to its required needs.
- Gain operational efficiencies with automation of legacy workflows.

6. State Strategic Plan Goal Alignment:

Reliable and Secure Services
    ☒Security
    ☒Continuity of Operations
    ☒Connectivity

Mature IT Resources Management
    ☐IT Funding
    ☐IT Planning & Governance
    ☐IT Workforce

Cost-effective and Collaborative Solutions
    ☒Legacy Modernization
    ☒Cloud Services
    ☐Shared Services

Data Utility
    ☒Data Management & Governance
    ☐Open Data
    ☐Data Analytics

Mobile & Digital Services
    ☐Mobile Applications
    ☐Digital Services
    ☐Internet of Things

1.   Initiative Name: **Telephone Counseling Center System Upgrade**

2. Initiative Description:

The TRS Telephone Counseling Center (TCC) serves as the contact center for TRS member interaction with multiple agency departments. This initiative will upgrade the TCC's technology used to support the TRS member experience. These upgrades would include the ability for members to call, email, or chat with call center staff for benefit issues and questions. There are multiple projects that would be required to provide the infrastructure necessary to support TCC improvements including evaluation of cloud-based contact center infrastructure and upgrades of existing telephone systems and devices including the modernization of the TRS phone system, by replacing the current TDM (digital) phone system with a Voice over IP (VOIP) system. The current phone system has several limitations, especially related to disaster recovery and remote access. In addition, it would include improvements to both quality monitoring and workforce optimization and management.

3. Associated Project(s):

> *Name: Telephone Counseling Center Upgrade*
> *Status: Project will begin FY 2017 pending management approval*

> *Name: VoIP Modernization Upgrade*
> *Status: Project will begin FY 2017 pending management approval*

4. Agency Objective(s):

> G1: Sustain a financially sound pension trust fund.

> G2: Build and maintain strong, customer-focused relationships.

> G4: Attract, retain and develop a highly competent staff.

5. Anticipated benefit(s):

- Multiple member interaction channels and improved self-service options for IVR, voice, chat, and email.
- Unifying the member experience under one technology platform to support the Benefit Services division.
- Improved capability for staff to work from anywhere and still receive phone calls from members.
- More disaster recovery options for call center staff to work from anywhere.
- Better reporting and metrics through a single platform to support contact center functions.

6. State Strategic Plan Goal Alignment:

Reliable and Secure Services
    ☒Security
    ☒Continuity of Operations
    ☒Connectivity

Mature IT Resources Management
    ☐IT Funding
    ☐IT Planning & Governance
    ☒IT Workforce

Cost-effective and Collaborative Solutions
    ☒Legacy Modernization
    ☒Cloud Services
    ☐Shared Services

Data Utility
    ☐Data Management & Governance
    ☐Open Data
    ☒Data Analytics

Mobile & Digital Services
    ☒Mobile Applications
    ☒Digital Services
    ☐Internet of Things

APPENDIX 2: Goals, Objectives, Strategies, Tactics (GOST) Fiscal Year 2017-2021

The goals, objectives, strategies, and tactics (GOST) in this plan represent TRS' continuing effort to decouple its strategic initiatives stated within the strategic plan document from those included as part of the budgetary bill pattern. This decoupling allows TRS to develop a GOST that will help functional areas across the organization focus their energies even more effectively toward achievement of the TRS strategic vision and mission. The GOST has been crafted by the Division of Strategic Initiatives and the business units to complement, rather than replace, the measures currently captured in the appropriations request.

If a specific date is not included for an objective, it is assumed that the objective applies to the entire fiscal year 2015-2019 timeframe. When a target fiscal year is identified, unless otherwise indicated, it is assumed that the objective will be achieved no later than the end of the fiscal year. Statutory citations are not all-inclusive. Other statutes may have bearing on the authority for the stated goal.

GOAL 1: Sustain a financially sound pension trust fund. *(Texas Constitution, Article 16, Section 67)*

Objective G1:01: To manage to an actuarially sound retirement system that maintains an amortization period of less than 31 years and achieves full funding over the long-term.

Strategy:

G1.O1.S1: Monitor trust funding status.

Tactics:

G1.O1.S1.T1: Ensure all TRS Investments are properly and completely accounted for. (daily)

G1.O1.S1.T2: Ensure investments are valued correctly. (daily)

G1.O1.S1.T3: Ensure investment fees are accurately reported and disclosed. (annually)

G1.O1.S1.T4: Ensure cash flows into and out of the Fund are complete and properly controlled. (daily)

G1.O1.S1.T5: Ensure ongoing material accuracy of total member, reporting entity and state contributions and benefit distributions. (daily/weekly)

G1.O1.S1.T6: Monitor key actuarial assumptions to include trends in membership growth, salary growth, retirement age, years of service, life expectancy, etc. annually.

Strategy:

G1.O1.S2: Foster and maintain an effective working relationship with legislative stakeholders on trust sustainability issues.

Tactics:

G1.O1.S2.T1: Develop a comprehensive annual (unless dynamics of underlying assumptions dictate a higher frequency report) trust level report/dashboard designed to educate and inform legislative stakeholders on the following: actuarial evaluation, plan design and the rate of return assumptions with an assessment of the expected return near term relative to current market conditions.

G1.O1.S2.T2: Request Actuarial Required Contribution in Legislative Appropriations Request biennially and before each legislative session.

G1.O1.S2.T3: Improve and implement the process for developing TRS legislative initiatives by January 2017.

G1.O1.S2.T4: Collaboratively manage the process to have legislation developed for the session in a timely manner in advance of the legislative session.

G1.O1.S2.T5: Engage new legislators on TRS pension and health care issues by March 2017.

Strategy:

G1.O1.S3: Develop/improve the communication strategy for employer and participant stakeholders with respect to the sustainability of the trust.

Tactics:

G1.O1.S3.T1: Develop publications/materials/website content to educate employers and participants and update them annually. (beginning November/December of each fiscal year)

G1.O1.S3.T2: Conduct annual briefings/webcasts/town halls to discuss any plan changes and developments to include: legislative changes, actuarial changes, TRS organization and strategy, and investment performance impacts. (annually/as needed)

G1.O1.S3.T3: Develop a plan to more effectively and efficiently communicate TRS investment-related information to the news media, members, employees, and general public. (beginning of each fiscal year)

Objective G1:02: Maintain and implement an evolving investment policy capable of achieving the trust's actuarial assumed rate of return as measured on rolling 20-year periods.

Strategy:

G1.O2.S1: Establish and implement an effective investment governance structure.

Tactics:

G1.O2.S1.T1: Maintain a professional investment management division with clearly delineated roles and obligations on an ongoing basis. (daily)

G1.O2.S1.T2: Maintain on an ongoing basis board of trustees oversight and delegated authority. (daily)

G1.O2.S1.T3: Perform regular reporting, and review. (quarterly)

G1.O2.S1.T4: Perform regular audit, and compliance activities. (daily)

Strategy:

G1.O2.S2: Establish a world-class investment policy statement.

Tactics:

G1.O2.S2.T1: Collaborate with Board consultants and industry experts in developing investment policy that is reviewed and updated at least every two years, ensuring it is in line with current fiduciary standards.

G1.O2.S2.T2: Communicate policy with relevant stakeholders at least annually.

G1.O2.S2.T3: Maintain the largest potential universe of investable securities and asset classes that may enhance returns, add diversification value or lower costs at least every two years.

Objective G1:03: Develop, maintain and implement a sound, professional and systematic risk management and capital allocation system.

Strategy:

G1.O3.S1: Establish the trust's asset allocation to meet the return and risk goals as determined by the Investment Policy.

Tactics:

G1.O3.S1.T1: Implement and maintain on an ongoing basis long term neutral allocation exposures through the purchase of appropriate securities. (daily)

G1.O3.S1.T2: Conduct periodic strategic asset allocation studies to re-assess the appropriate asset class allocations at least every five years. (by September 2019)

G1.O3.S1.T3: Tactically adjust asset class exposures as dictated by current market conditions in order to create additional investment return or reduce the risk exposure(s) on an ongoing basis. (daily/weekly)

Strategy:

G1.O3.S2: Where appropriate, pursue added investment returns through active management.

Tactics:

G1.O3.S2.T1: Determine asset classes where individual security selection will be beneficial to Trust returns annually.

G1.O3.S2.T2: Continue to use and review on an ongoing basis quantitative and qualitative methods to construct portfolios with the goal of producing returns in excess of passive benchmarks. (daily/weekly)

Strategy:

G1.O3.S3: Employ a dedicated investment risk management function to help maintain appropriate risk exposures.

Tactics:

G1.O3.S3.T1: Maintain on an ongoing basis quantitative risk signals monitoring that alerts investment personnel when portfolio adjustments may be needed. (daily/weekly)

G1.O3.S3.T2: Monitor trust exposures to ensure compliance with risk metrics as set out in Investment Policy. (daily/weekly)

G1.O3.S3.T3: Review the risk profile of individual investments and investment management firms before any allocation of capital. (as needed)

Strategy:

G1.O3.S4: Ensure investment decisions are properly executed and tracked by maintaining an effective investment operations unit.

Tactics:

G1.O3.S4.T1: Conduct monthly performance tracking and reporting to maintain transparency around the pursuit of the investment objectives.

G1.O3.S4.T2: Maintain on an ongoing basis processes to execute transactions smoothly and in a cost-effective manner. (daily/weekly)

G1.O3.S4.T3: Identify and implement technology resources across the investment division to enhance productivity and decision making abilities. (weekly)

G1.O3.S4.T4: Review custodian bank relationship at least every six years and actively manage the roles and responsibilities between the trust and the custodian bank to maximize operational efficiencies on an ongoing basis. (by July 2020)

G1.O3.S4.T5: Ensure all TRS Investments are properly and completely accounted for. (daily)

G1.O3.S4.T6: Ensure investments are valued correctly. (daily)

Objective G1:04: Develop and maintain a highly capable and diversified external network of global investment, trading and consulting relationships.

Strategy:

G1.O4.S1: Establish a repeatable certification process for the selection of external investment managers.

Tactics:

G1.O4.S1.T1: Maintain a premier list of top tier investment management firms across various asset classes reviewed on a semi-annual basis.

G1.O4.S1.T2: Follow a comprehensive due diligence process using both quantitative and qualitative metrics and review process on an ongoing basis. (daily/weekly)

G1.O4.S1.T3: Build diversified alpha-seeking portfolios in multiple asset classes (including public equity, private equity, real assets, hedge funds, and energy and natural resources) with high quality managers, inclusive of emerging managers, in attractive investment strategies and opportunities. (daily/weekly)

Strategy:

G1.O4.S2: Develop deep strategic relationships with key external partners.

Tactics:

G1.O4.S2.T1: Leverage TRS' competitive advantages to gain preferential access, terms and the alignment of interests on an ongoing basis. (as needed)

G1.O4.S2.T2: Develop customized investment mandates, including those involving multiple products or asset classes. (as needed)

Strategy:

G1.O4.S3: Leverage the resources and intelligence of the external network to complement internal capabilities.

Tactics:

G1.O4.S3.T1: Gain access to proprietary research and investment knowledge. (daily/weekly)

G1.O4.S3.T2: Assign customized research projects and conduct surveys of external partners as necessary. (as needed)

G1.O4.S3.T3: Utilize investment consultants for market intelligence and collaboration on manager sourcing, due diligence and investment decisions on an ongoing basis. (daily/weekly)

Strategy:

G1.O4.S4: Use external network to optimize trading and execution.

Tactics:

G1.O4.S4.T1: Develop and maintain on an ongoing basis broker relationships to improve market access and optimize transaction costs and research capabilities. (daily/weekly)

G1.O4.S4.T2: Monitor broker trading performance and order implementation on an ongoing basis. (daily/weekly)

G1.O4.S4.T3: Monitor and manage counterparty risks on an ongoing basis. (daily/weekly)

Strategy:

G1.O4.S5: Become the preferred destination for high-quality investment opportunities.

Tactics:

G1.O4.S5.T1: Support principal investment program through implementation of global offices. (as needed)

G1.O4.S5.T2: Implement and maintain standardized valuation method for principal investments on an on-going basis. (daily/weekly)

GOAL 2: Continuously improve our benefit delivery. *(Section 825.113 (c), (f) and (g), Texas Government Code)*

Objective G2:01: Implement modern pension and benefit information systems that allow TRS staff to serve our members and deliver accurate benefits effectively and timely by Fiscal Year 2019. *As of publication date, all tactic completion dates are being reassessed.

Strategy:

G2.O1.S1: Design, build and test LOB system components for phase 1.

  Tactics:

    G2.O1.S1.T1: Design modules for active membership functionality. (Completed)

    G2.O1.S1.T2: Build modules for active membership functionality.

    G2.O1.S1.T3: Test modules active membership functionality.

Strategy:

G2.O1.S2: Ensure that staff and users are properly trained on phase 1 functionality of the new LOB System.

  Tactics:

    G2.O1.S2.T1: Train internal TRS technical staff on support of LOB application.

    G2.O1.S2.T2: Train internal TRS business staff on use of LOB application.

    G2.O1.S2.T3: Train external reporting entities on use of LOB application.

Strategy:

G2.O1.S3: Go live with phase 1 of the pension LOB System.

  Tactics:

    G2.O1.S3.T1: Deploy the LOB code to production.

    G2.O1.S3.T2: Support the LOB application. (ongoing)

Strategy:

G2.O1.S4: Validate commitments in LOB RFO and define high-level requirements for phase 2.

  Tactics:

    G2.O1.S4.T1: Conduct internal TRS commitment review sessions.

    G2.O1.S4.T2: Conduct high-level requirements sessions.

    G2.O1.S4.T3: Develop high-level use cases. (functional organization documents)

Strategy:

G2.O1.S5: Define detailed requirements and use cases for the LOB phase 2.

  Tactics:

    G2.O1.S5.T1: Conduct detail requirement sessions.

    G2.O1.S5.T2: Develop business rule specifications.

    G2.O1.S5.T3: Develop detailed use cases.

Strategy:

G2.O1.S6: Design, build and test LOB system components for phase 2.

Tactics:

G2.O1.S6.T1: Design the benefits module of the LOB.

G2.O1.S6.T2: Build the benefits module of the LOB.

G2.O1.S6.T3: Test the benefits module of the LOB.

G2.O1.S6.T4: Design the member self-service modules of the LOB.

G2.O1.S6.T5: Build the member self-service modules of the LOB.

G2.O1.S6.T6: Test the member self-service modules of the LOB.

Strategy:

G2.O1.S7: Ensure that staff and users are properly trained on phase 2 functionality of the new LOB system.

Tactics:

G2.O1.S7.T1: Train internal TRS technical staff on support of LOB application phase 2.

G2.O1.S7.T2: Train internal TRS business staff on use of LOB application phase 2.

G2.O1.S7.T3: Provide documentation, videos and help for members on LOB web-self-service functionality.

Strategy:

G2.O1.S8: Go live with phase 2 of the pension LOB system.

Tactics:

G2.O1.S8.T1: Deploy phase 2 code to production.

G2.O1.S8.T2: Support the LOB application. (ongoing)

Strategy:

G2.O1.S9: Prepare TRS Data for Migration to the new pension LOB system.

Tactics:

G2.O1.S9.T1: Assess data (ongoing) to determine readiness for migration.

G2.O1.S9.T2: Condition data (ongoing) prior to migration.

Strategy:

G2.O1.S10: Design, build and test the new financial system.

Tactics:

G2.O1.S10.T1: Issue RFO for new financial system implementation services.

G2.O1.S10.T2: Select and procure implementation services for new financial system services.

G2.O1.S10.T3: Design system.

G2.O1.S10.T4: Build system.

G2.O1.S10.T5: Test system.

G2.O1.S10.T6: Training on new system.

G2.O1.S10.T7: Implement new system.

Strategy:

G2.O1.S11: Update the TRS public website with a modern intuitive response design.

  Tactics:

  G2.O1.S11.T1: Develop approved website design.

  G2.O1.S11.T2: Test redesigned website.

  G2.O1.S11.T3: Launch redesign website.

Objective G2:02: Continuously improve quality of work and customer service levels for our participants.

Strategy:

G2.O2.S1: Explore, review and consider relevant benchmarks that encourage service excellence.

  Tactics:

  G2.O2.S1.T1: Research and develop draft report on potential customer service metrics and benchmarks, including metrics captured as part of the TEAM Program goals, by the end of FY 2017.

  G2.O2.S1.T2: Gather divisional management responses to identified metrics within eight weeks from delivery of draft report. (ongoing)

  G2.O2.S1.T3: Present final report to Executive Council for determination of next steps as appropriate. (ongoing)

  G2.O2.S1.T4: Participate annually in CEM pension benefit administration survey.

  G2.O2.S1.T5: Conduct the annual TRS member satisfaction survey. (by May 2016)

  G2.O2.S1.T6: Develop and implement a revised organizational structure within the HIB area that supports higher customer service bookmarks. (by December 2017)

  G2.O2.S1.T7: Implement a new process for enrollment in TRS-Care that is controlled by Medicare eligibility, so that communication and information can be more tailored to participant needs. (by June 2016)

Strategy:

G2.O2.S2: Provide and maintain accurate, timely and consistent information to participants, reporting entities and other stakeholders.

  Tactics:

  G2.O2.S2.T1: Annual review to validate and update performance measures.

  G2.O2.S2.T2: Provide quality resources and tools, e.g., enhance payroll reporting procedures for reporting entities. (by August 2017)

  G2.O2.S2.T3: Partner with HR to ensure training programs meet the needs of the business. (monthly/as needed)

  G2.O2.S2.T4: Provide targeted communications on a regular basis. (as needed)

  G2.O2.S2.T5: Conduct and publish independent review and audits in accordance with best practices. (consistent with the annual audit plan)

G2.O2.S2.T6: Continue to expand options for customer service, e.g., email and remote counseling. (by August 2016)

Strategy:

G2.O2.S3: Expand training and quality assurance programs.

  Tactics:

G2.O2.S3.T1: Implement refreshed training materials for business units. (by December 2016)

G2.O2.S3.T2: Implement revised or new quality assurance standards. (by December 2016)

G2.O2.S3.T3: Develop curriculum to include customer service and other soft skills. (by December 2016)

Strategy:

G2.O2.S4: Improve website accessibility.

  Tactics:

G2.O2.S4.T1: Develop a Website Accessibility Compliance Strategy Development Plan. (by April 2016)

G2.O2.S4.T2: Launch an employee website accessibility awareness and training program in response to our members' needs and legal requirements. (by August 2016)

Objective G2:03: Develop and maintain ongoing stakeholder information and education to support the mission of TRS and provide excellence in our response.

Strategy:

G2.O3.S1: Provide (TRS) mission-centric and broader communication to stakeholders.

  Tactics:

G2.O3.S1.T1: Document and update an agency wide-communication plan annually. (by June 2016)

G2.O3.S1.T2: Establish a cross section of relevant departments to develop and implement a strategy to improve stakeholder communication, including personal financial education. (by FY 2018)

G2.O3.S1.T3: Present before all 20 TRTA District meetings and additional local chapter meetings prior to the legislative session. (annual)

G2.O3.S1.T4: Develop effective communications to explain TRS asset allocation strategies for TRS stakeholders. (ongoing)

Strategy:

G2.O3.S2: Continue to improve inquiry responsiveness to help participants make better financial, retirement and healthcare decisions.

Tactics:

G2.O3.S2.T1: Authorize and train employees to expand their responsiveness to address broader or unasked questions from participants. (monthly/as needed)

G2.O3.S2.T2: Identify and review FAQs on at least a semi-annual basis and develop responsive informational/educational materials as needed.

G2.O3.S2.T3: Expand Contact Center Call Distribution Software (OpenScape) to all of Benefit Services Division, to allow for a better tracking of calls and cross functional training and assistance during high call volume. (by August 2016)

G2.O3.S2.T4: Implement a healthcare publication that can assist with maintaining ongoing stakeholder information and education to support the mission of TRS. (by December 2016)

G2.O3.S2.T5: Develop at least three healthcare informational videos that support our efforts to increase healthcare literacy and consumer awareness. (by December 2016)

Strategy:

G2.O3.S3: Leverage technological advances to assist with providing accurate, secure and timely information.

Tactics:

G2.O3.S3.T1: Offer web links to supplemental information updated at least quarterly. (as needed)

G2.O3.S3.T2: Review the use of social media every two years to improve communications.

G2.O3.S3.T3: Review, at least annually, web-based educational programs and update as needed.

G2.O3.S3.T4: Conduct an assessment of emerging technology. (at least annually)

G2.O3.S3.T5: Identify and implement technology resources across the benefits division to enhance productivity and decision making abilities. (by September 2018) (TEAM Objective 1)

GOAL 3: Facilitate access to competitive, reliable health care benefits for our members. *(Sections 1575.051 and 1575.052, Texas Insurance Code)*

Objective G3:01: Manage the revenues and expenses of TRS-Care and TRS-ActiveCare.

Strategy:

G3.O1.S1: Improve revenue to TRS-Care and TRS-ActiveCare.

Tactics:

G3.O1.S1.T1: Develop and deliver education to the Legislature prior to the start of each legislative session. (by January 1, 2017)

G3.O1.S1.T2: Monitor and pursue available revenue streams on an ongoing basis. (daily/weekly)

G3.O1.S1.T3: Request funding through an exceptional item in the Legislative Appropriations Request biennially, prior to the start of each legislative session.

Strategy:

G3.O1.S2: Manage the expenses of TRS-Care and TRS-ActiveCare.

Tactics:

G3.O1.S2.T1: Work actively with GRS to closely monitor TRS-Care fund and cash balance and to report deviations from the projections on a timely manner. (monthly)

G3.O1.S2.T2: Implement 100% claim audits for TRS-Care and TRS-ActiveCare with the 3rd party claim auditor to achieve higher claim billing accuracy. (annual)

G3.O1.S2.T3: Identify and deliver proactive healthcare approaches which will help lower expenses on an ongoing basis. (daily/weekly)

G3.O1.S2.T4: Enhance HIB data analytics to drive key decision-making to support cost management and resource maximization. (by December 2016)

G3.O1.S2.T5: Solicit, evaluate and apply new health care delivery methodologies through the medical plan administration service RFP as statutorily allowed. (by March 2017)

Objective G3:02: Research and communicate the merits of varied solutions that contribute to the long-term sustainability of access to healthcare for our participants.

Strategy:

G3.O2.S1: Communicate and update the TRS-Care and TRS-ActiveCare sustainability study.

Tactics:

G3.O2.S1.T1: Engage with our stakeholders (e.g., Legislature, relevant entities, participants and Retiree Advisory Committee). (prior to January 1, 2017)

G3.O2.S1.T2: Prepare legislative materials prior to the start of each legislative session. (biennially prior to January 1, 2017)

G3.O2.S1.T3: Engage new legislators on TRS pension and health care issues. (by March 2017)

G3.O2.S1.T4: Provide effective background materials for the Joint Interim Committee on TRS health care. (as needed)

G3.O2.S1.T5: Successfully support the information requests from the interim committee created by SB 194. (by June 2017)

Strategy:

G3.O2.S2: Develop and initiate a communication strategy that supports healthcare literacy and healthcare consumer awareness.

Tactics:

G3.O2.S2.T1: Develop routine communication strategies, e.g., newsletter. (by December 2016)

G3.O2.S2.T2: Improve web content. (by December 2016)

G3.O2.S2.T3: Develop targeted communication strategies based on data trends. (by December 2016)

Strategy:

G3.O2.S3: Improve and implement the process for developing TRS legislative initiatives.

Tactics:

G3.O2.S3.T1: Collaboratively manage the process to have legislation developed for the session in a timely manner in advance of the legislative session. (every two years)

Strategy:

G3.O2.S4: Implement any legislative changes related to the access to healthcare.

Tactics:

G3.O2.S4.T1: Adopt necessary agency rules after each legislative session. (as needed)

G3.O2.S4.T2: Provide notice and informational materials to participants and interested parties regarding legislative changes in advance of the effective date. (as needed)

GOAL 4: Attract, retain, and develop a highly competent staff. *(Sections 825.208, 825.211, 825.212, and 825.213, Texas Government Code)*

Objective G4:01: Develop and maintain a desirable work environment.

Strategy:

G4.O1.S1: Promote a strong workplace culture that exemplifies TRS' core values and emphasizes TRS' mission.

Tactics:

G4.O1.S1.T1: Communicate and promote core values through the quarterly recognition program and annual Golden Apple Awards.

G4.O1.S1.T2: Perform annual reviews of performance evaluations and 360 assessments (where applicable) and take appropriate action to ensure alignment with core values and TRS mission and update job descriptions as necessary. (daily/weekly)

G4.O1.S1.T3: Solicit employee feedback to assess employee satisfaction/engagement, quality of internal customer service and quality of management at least annually. (by end of fiscal year)

G4.O1.S1.T4: Review feedback from employee surveys and identify opportunities for improvement at least annually. (by end of fiscal year)

Strategy:

G4.O1.S2: Provide a physical work environment that is safe and enhances productivity.

Tactics:

G4.O1.S2.T1: Identify areas of opportunity to refresh and update TRS facilities to provide a safe, productive and desirable work environment. (monthly)

G4.O1.S2.T2: Determine and provide an optimal level of technology and resources that is reviewed annually to allow TRS to enhance productivity. (as needed and annually during budget cycle)

G4.O1.S2.T3: Research and decide on options regarding effective space utilization. (as needed)

G4.O1.S2.T4: Review and evaluate safety measures and implement additional measures as needed. (daily/weekly)

Objective G4:02: Develop an effective recruitment/retention strategy and a competitive total rewards package.

Strategy:

G4.O2.S1: Develop and execute workforce plan.

Tactics:

G4.O2.S1.T1: Conduct gap analysis every two years. (by June; even calendar years)

G4.O2.S1.T2: Conduct ongoing review of job descriptions and postings to reflect needs identified in the workforce plan. (daily/weekly)

G4.O2.S1.T3: Develop targeted recruiting to address gaps as needed. (monthly)

G4.O2.S1.T4: Identify critical positions and high potential employees for succession planning program. (by August 2016)

Strategy:

G4.O2.S2: Develop and implement training programs and other resources for managers.

Tactics:

G4.O2.S2.T1: Design and pilot a manager's tool kit by 12/31/16 (an online portal providing HR information and tools for managers).

Strategy:

G4.O2.S3: Review and assess recruiting and hiring.

Tactics:

G4.O2.S3.T1: Map and update the hiring process, leverage technology where possible, and develop tools to assist managers. (by August 2016)

Strategy:

G4.O2.S4: Expand recruitment efforts.

Tactics:

G4.O2.S4.T1: Explore options for an employee referral process by the end of FY 2016.

G4.O2.S4.T2: Develop an employer branding strategy and materials for TRS. (by December 2016)

G4.O2.S4.T3: Expand and enhance the internship program to attract quality candidates annually. (by August 2016)

G4.O2.S4.T4: Explore the use of external search firms to enhance the ability to attract and retain high quality candidates. (by August 2016)

Strategy:

G4.O2.S5: Identify and implement successful strategies to retain and promote top-performing employees and managers.

Tactics:

G4.O2.S5.T1: Research top employee rated retention strategies by the end of FY 2017.

G4.O2.S5.T2: Evaluate and implement retention strategies based on career stage by the end of FY 2017.

G4.O2.S5.T3: Accurately calculate investment performance incentive pay. (annually)

Strategy:

G4.O2.S6: Provide employee development opportunities.

Tactics:

G4.O2.S6.T1: Enhance leadership development program on an ongoing basis. (biennially)

G4.O2.S6.T2: Design and implement a program that pairs newly hired employees with current employees to help familiarize them with the TRS culture and business structure. (by end of FY 2017)

G4.O2.S6.T3: Continue to provide education and/or training opportunities and resources and track annually (e.g., tuition reimbursement, certification courses, etc.). (by end of CY 2018)

Strategy:

G4.O2.S7: Review, update and enhance TRS' compensation and total rewards package.

Tactics:

G4.O2.S7.T1: Conduct a gap analysis on TRS' total rewards package by the end of FY 2016 and review biennially thereafter.

G4.O2.S7.T2: Conduct ongoing reviews of positions to determine the market competiveness with similar positions in the private and public sector, using TRS' compensation strategy as a guideline and review as needed. (daily/weekly)

GOAL 5: Promote purchasing selection practices that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs). *(Section 825.514 and Chapter 2161, Texas Government Code)*

Objective G5:01: Provide contracting opportunities for HUBs that result in TRS' overall total value of purchasing contracts expended with HUBs exceeding the aggregate State of Texas HUB expenditure performance.

Strategy:

G5.O1.S1: Develop and implement a plan for increasing the use of HUBs through purchasing contracts and subcontracts.

Tactics:

G5.O1.S1.T1: Follow CPA guidelines on soliciting HUBs. (over $5,000 - contact at least one minority-owned and one woman-owned HUB and over $25,000 - contact all CMBL vendors [including HUBs] for class, item, and geographic region). (ongoing)

G5.O1.S1.T2: Require HUB subcontracting plans for purchases over $100,000 whenever possible. (ongoing)

G5.O1.S1.T3: Solicit HUBs from existing statewide contracts when possible. (ongoing)

G5.O1.S1.T4: Attend HUB forums. (ongoing)

G5.O1.S1.T5: Conduct an annual HUB forum. (ongoing)

G5.O1.S1.T6: Assist HUBs when inquiring on how to do business with TRS. (Provide 12 Tips and How to Do Business with the State presentations.) (ongoing)