# TRS STRATEGIC PLAN
## FY 2019 – FY 2023

Submitted on June 8, 2018

Signed: _____

Brian Guthrie
Executive Director

Approved: _____

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Chair, Board of Trustees

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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 our members by prudently investing and managing the Trust assets and delivering benefits that make a positive difference in their 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 make a positive difference in our members' lives.

### Statewide Objectives:
1. Accountable to tax and fee payers of Texas.
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.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures, and implementing plans to continuously improve.
4. Attentive to providing excellent customer service.
5. Transparent such that agency actions can be understood by any Texan.

| AGENCY OPERATIONAL GOAL AND ACTION PLAN |
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| **GOAL 1:** Sustain a financially sound pension system. |
| SPECIFIC ACTION ITEMS TO ACHIEVE GOAL |
| • Serve as a trusted resource and engage with policymakers on pension funding. (August 2021)<br>• Increase audit coverage of high risk reporting entities. (Ongoing)<br>• Maintain an effective investment governance structure. (Ongoing)<br>• Maintain current competitive advantages and total returns. (Ongoing)<br>• Manage cost structures to increase net alpha generated. (2023-2028) |

| 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 | 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 developed deep strategic relationships with key external partners. As a result, we have been able to |

| Statewide Objectives | Describe How The Goal or Action Items Support Each Statewide Objective |
|---|---|
| elimination of redundant and non-core functions. | 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. Attentive to providing excellent customer service. | TRS strives to improve the retirement security of our members by prudently investing and managing Trust assets. Given that investment returns currently represent the majority of the trust's revenues, it stands that investment performance is a key mechanism to ensure the long-term sustainability of the trust. We will continue to seek achievement of the long-term assumed actuarial rate of return within appropriate risk parameters as set by the TRS Board of Trustees. |
| 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. We communicate with stakeholders to 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. 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 and strategies for this goal are included in the Appendix. | |

| AGENCY OPERATIONAL GOAL AND ACTION PLAN |
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**GOAL 2:** Continuously improve our benefit delivery.

| SPECIFIC ACTION ITEMS TO ACHIEVE GOAL |
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- Gain a better understanding of our members' expectations. (June 2020)
- Increase capacity to serve more members. (December 2021)
- Improve response time to reporting entity partners. (December 2021)
- Provide additional online functionality. (December 2020)
- Improve the quality of benefit estimates and timeliness of disbursements. (Ongoing)
- Stabilize the reporting entity portal. (December 2019)
- Educate and provide training to the reporting entities. (Ongoing)
- Conduct employer audits and data analytics. (Ongoing)
- Build a new 403(b) Product Registration System. (October 2019)
- Develop certification and registration training for certified companies. (October 2020)
- Create new educational materials for members. (December 2021)

| 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 | TRS' 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. |

| Statewide Objectives | Describe How The Goal or Action Items Support Each Statewide Objective |
|---|---|
| implementing plans to continuously improve. | Additionally, TRS annually participates in the CEM Pension Administration Benchmarking Study that measures TRS' success and efficiency in delivering benefits against our peers. |
| 4. Attentive to 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 and to commemorate TRS events. 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 all of Benefit Services division, 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 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 and strategies for this goal are included in the Appendix. ||

| AGENCY OPERATIONAL GOAL AND ACTION PLAN |
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**GOAL 3:** Facilitate access to competitive, reliable health care benefits for our members.

| SPECIFIC ACTION ITEMS TO ACHIEVE GOAL |
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- Serve as a trusted resource and engage with policymakers on health care funding for TRS-ActiveCare and TRS-Care. (August 2021)
- Expand initiatives that improve value and quality of health care. (August 2021)
- Engage the most appropriate partners through competitive procurement to achieve value and quality. (August 2021)
- Improve engagement of plan participants with an initial focus on population with high impact conditions, such as diabetes. (August 2021)
- Optimize disease management for high risk populations. (August 2021)

| 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 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. |
| 4. Attentive to providing excellent customer service. | TRS is dedicated to professional, accurate, timely, and cost-effective delivery of services to plan participants. We routinely compare the TRS health care plans with similar plans, including analysis of comparative costs and |

| Statewide Objectives | Describe How The Goal or Action Items Support Each Statewide Objective |
|---|---|
| | premiums. 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 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 and strategies for this goal are included in the Appendix. ||

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| **AGENCY OPERATIONAL GOAL AND ACTION PLAN** |
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**GOAL 4:** Ensure that people, processes, and technology align to achieve excellence in the delivery of TRS goals.

| **SPECIFIC ACTION ITEMS TO ACHIEVE GOAL** |
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- Position TRS as a destination employer. (Ongoing)
- Promote a strong workplace culture. (Ongoing)
- Improve diversity representation at all levels of the organization. (Ongoing)
- Create an inclusive work environment that fosters creativity and innovation. (Ongoing)
- Increase developmental opportunities. (Ongoing)
- Design, build and test pension Line of Business (LOB) system components for Phase 2. (April 2019)
- Design, build and test Health Insurance Line of Business (HILOB) system components. (April 2019)
- Ensure that staff and users are properly trained on Pension Phase 2 LOB and HILOB functionality. (June 2019)

## AGENCY OPERATIONAL GOAL AND ACTION PLAN

**GOAL 4:** Ensure that people, processes, and technology align to achieve excellence in the delivery of TRS goals.

### SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Go live with Phase 2 of the pension LOB and HILOB system. (August 2019)
- Build, maintain and enhance a robust, highly available Information Technology environment in support of applications and services. (Ongoing)
- Expand and ease the ability to perform TRS work from anywhere, at any time, and across most any device. (August 2020)
- Provide advanced data analytics tools and data management practices to gain business intelligence and improve decision-making. (August 2020)
- Modernize legacy systems. (August 2020)
- Provide a secure computing environment that ensures data privacy and integrity. (Ongoing)
- Develop an information security framework based on adaptive security architecture best practices to manage and mitigate cyber-security threats. (August 2020)
- Remodel the Red River Campus. (August 2023)
- Enhance safety and security measures at the Red River Campus. (August 2020)
- Research space requirements/options for the future (including possible purchase, building, and rental options that allow for growth to meet member needs). (December 2022)
- Embed/Integrate culture of ethics and compliance within the business process. (Ongoing)
- Enhance visibility of, and accessibility to, Legal & Compliance throughout TRS. (Ongoing)
- Enhance automation and optimize technology solutions for ethics and compliance function. (December 2019)
- Become aware of and track emerging issues. (Ongoing)
- Disseminate information proactively to members and stakeholders in advance of significant events. (Ongoing)
- Develop a crisis communication plan. (August 2019)

| 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. |

| Statewide Objectives | Describe How The Goal or Action Items Support Each Statewide Objective |
|---|---|
| 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. | The TRS Board of Trustees adopts the annual operating budget from the appropriations process and authorizes funding to be provided from the pension trust fund; however, TRS does not receive funding from the state for administrative operations. TRS continues to maintain a relatively 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. We also develop and promote career opportunities for current employees, research options to retain institutional knowledge and design succession planning programs for critical staff. Additionally, we conduct ongoing analysis of our processes and technology to ensure we are meeting our members' needs. |
| 4. Attentive to 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 and strategies for this goal are included in the Appendix. ||

## *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 is currently conducting a review of its administrative rules as required under the four-year statutory rule review.

# SECTION II – SUPPLEMENTAL SCHEDULES AND APPENDIX

## *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): (Operational Goals 1 and 2)**
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): (Operational Goal 3)**
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 and Strategies 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. |

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| 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. |
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| 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. |
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| 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 |

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

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| 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. |

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| 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. |
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| 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. |
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|---|---|
| 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*

### Mission Statement:

The Historically Underutilized Business (HUB) program of the TRS encourages the use of HUBs in procurements and contracts for commodities and services by promoting full and equal business opportunities for all businesses in Texas.

### Policy:

Per Texas Government Code 825.514, TRS has adopted Texas Government Code 2161 and Title 34, Texas Administrative Code, Subchapter 20 (34 TAC 20.281 - 298.). Additional guidance is provided the TRS' Contract Administration Policy (CAP), and Historically Underutilized Business (HUB) Manual.

### Definition:

A HUB is defined by the Texas Government Code, Chapter 2161, and 34 TAC 20.282 as a business formed for the purpose of making a profit, provided the following criteria are met:
- The principal place of the business must be in Texas.
- The proprietor of the business must be a resident of the State of Texas.
- At least 51 percent of the assets and at least 51 percent of all classes of the shares of stock or other equitable securities in the business must be owned by one or more persons whose business enterprises have been historically underutilized (economically disadvantaged), because of their identification as members of at least one of the following groups: African American, Hispanic American, Asian Pacific American, Native American, American women, and service-disabled veterans.
- The individuals mentioned above must demonstrate active participation in the control, operation, and management of the business.
- The business must be involved directly in the manufacture or distribution of the contracted supplies or materials, or otherwise warehouse and ship the supplies or materials.
- The business must be classified as a small business consistent with the U.S. Small Business Administration's size standards and based on the North American Industry Classification System code.

### 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.

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 Program Performance, Goals, Objectives, and Strategies:**

The tables below reflect:
- 2009 - 2017 HUB utilization
- A comparison between State and TRS expenditures.

Following the tables are the operational goals, objectives, and strategies that the TRS employs to meet its HUB-related mission.

**HUB Utilization**:

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 higher dollar contract solicitations.



TRS HUB Utilization chart:

| Year | Utilization |
| --- | --- |
| 2008 | 15.74% |
| 2009 | 10.20% |
| 2010 | 13.40% |
| 2011 | 18.31% |
| 2012 | 13.50% |
| 2013 | 12.77% |
| 2014 | 17.08% |
| 2015 | 19.55% |
| 2016 | 18.70% |
| 2017 | 17.65% |
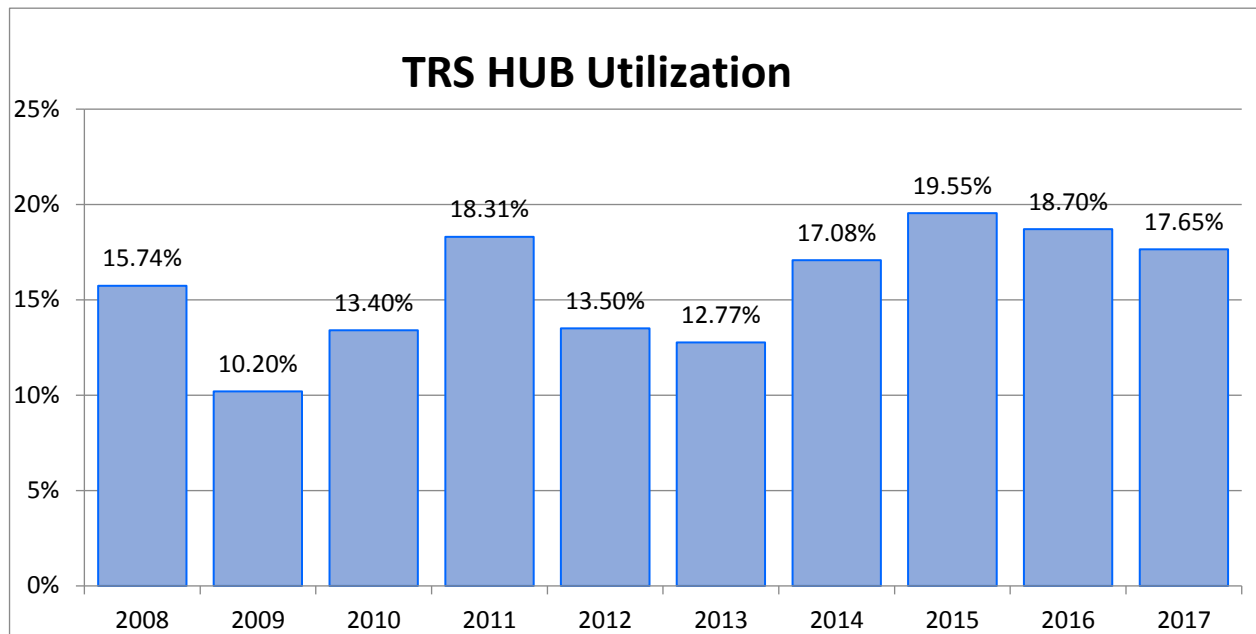
**HUB Expenditures Compared to State's HUB Expenditures**:

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 2017 Comparison with State of Texas by HUB Category
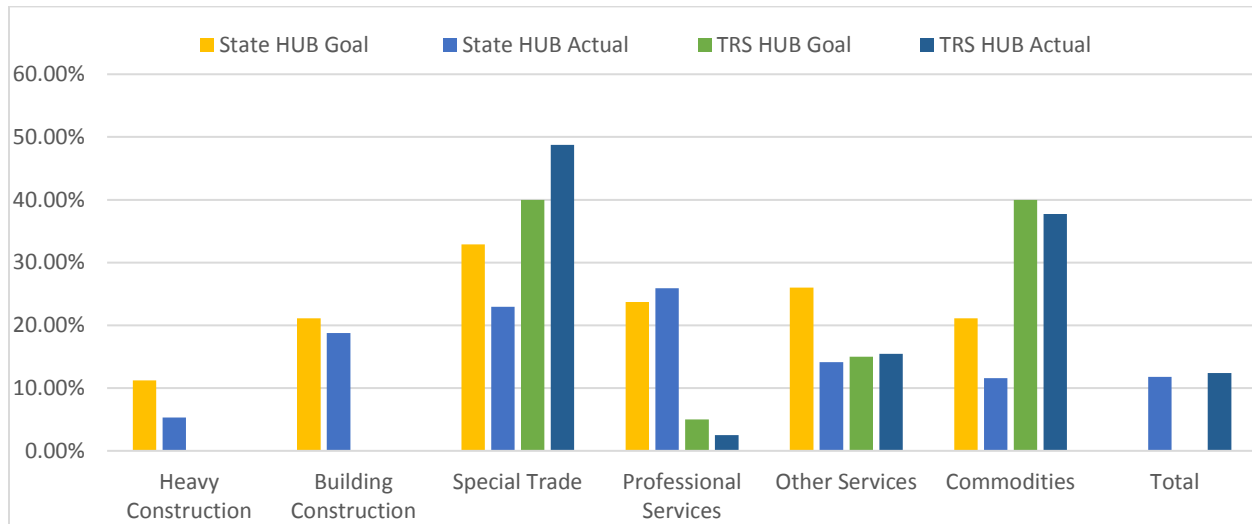


**TRS Goal, Object, Strategy and Key Performance Indicators:**

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

**Objective**: Increase the number of utilized Historically Underutilized Businesses (HUBs).

*Strategies:*

1. Develop internal agency training on HUB regulations and competitive procurement practices to encourage directors, purchasers, project managers, and other personnel responsible for procurement of goods and services to maximize the use of HUBs. (September 2019)

2. Meet with departments on regular basis to develop procurement plans to ensure TRS is using a competitive process as often as possible to provide opportunities for HUB utilization. (Ongoing)
3. Report HUB utilization data to the agency throughout the fiscal year so that each department can keep abreast of ongoing performance. (September 2019)
4. Conduct outreach activities that foster and improve relationships among HUB vendors, prime contractors, and TRS purchasers. (Ongoing)

### *Key Performance Indicators (KPIs):*

- 3% increase of HUBs that are solicited within the bi-annual and annual HUB reports.
- Increase outreach functions HUB coordinator attends. (Target: 4)
- Increase one-on-one meetings with HUB vendors. (Target: 4)
- Increase annual internal trainings on HUB regulations and competitive procurements. (Target: 2)

## *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. For the fiscal year ending August 31, 2017-which was the System's 80th year of operation, TRS serves 1,545,057 participants – 1,137,289 are public and higher education members, and 407,768 are retirement recipients. As of August 31, 2017, system net assets totaled approximately $147.4 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 and Insurance Benefits, Information Technology, Finance, and Executive. The following chart details the distribution of current employees in those divisions.

**TRS Divisions and Positions**

- Health and Insurance Benefits, 5.5% — 39
- Benefit Services, 28.3% — 200
- Finance, 12.7% — 90
- Executive Division, 15.1% — 107
- Information Technology, 16.8% — 119
- Investment Management, 21.5% — 152

720 Positions
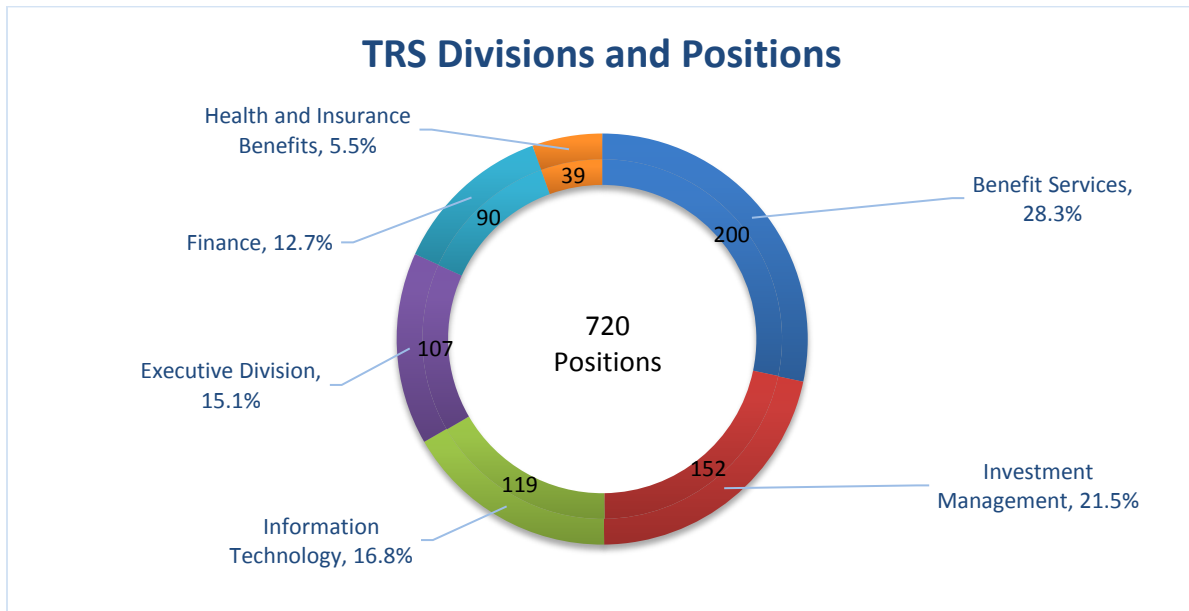
## Organization Mission, Strategic Goals and Objectives

The mission of TRS is:

*Improving the retirement security of our members by prudently investing and managing the Trust assets and delivering benefits that make a positive difference in their lives.*

TRS has the following five goals and objectives as part of the Strategic Plan for FY 2019-2023. A full listing of TRS' goals, objectives, and strategies can be found in the Appendix of the Strategic Plan.

| GOAL 1: Sustain a financially sound pension system. *(Texas Constitution, Article 16, Section 67)* | |
|---|---|
| **Objective 1** | Improve communication regarding pension funding needs. |
| **Objective 2** | Increase identification of underpayments and collection of future contributions to TRS. |
| **Objective 3** | Achieve the trust's actuarial assumed rate of return as measured on rolling 20-year periods. |
| **Objective 4** | Improve communication regarding the impact of changing pension plan design. |
| GOAL 2: Continuously improve our benefit delivery. *(Section 825.113 (c), (f) and (g), Texas Government Code)* | |

| Objective 1 | Improve the customer service experience. |
|---|---|
| Objective 2 | Improve timeliness and accuracy in employer reported data. |
| Objective 3 | Modernize and improve awareness of the 403(b) program. |
| **GOAL 3: Facilitate access to competitive, reliable health care benefits for our members.** *(Sections 1575.051 and 1575.052, Texas Insurance Code)* ||
| Objective 1 | Improve communication efforts regarding health care funding needs. |
| Objective 2 | Increase the value of health care benefits. |
| Objective 3 | Improve the health of our members. |
| **GOAL 4: Ensure that people, processes and technology align to achieve excellence in the delivery of TRS goals.** *(Sections 825.208, 825.211, 825.212, and 825.213, Texas Government Code)* ||
| Objective 1 | Attract, retain, and develop a highly competent staff. |
| Strategy 1 | Position TRS as a destination employer. |
| Strategy 2 | Promote a strong workplace culture. |
| Strategy 3 | Increase developmental opportunities. |
| Strategy 4 | Improve diversity representation at all levels of the organization. |
| Strategy 5 | Create an inclusive work environment that fosters creativity and innovation. |
| Objective 2 | Implement modern pension benefit and health information systems. |
| Objective 3 | Advance and enhance IT systems and services. |
| Objective 4 | Continue to enhance a strong information security program. |
| Objective 5 | Modernize TRS facilities and explore future space requirements/options. |
| Objective 6 | Foster a culture of fiduciary responsibility and ethical conduct. |
| Objective 7 | Improve strategic communications. |
| **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 1 | Increase the number of utilized Historically Underutilized Businesses (HUBs). |

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:
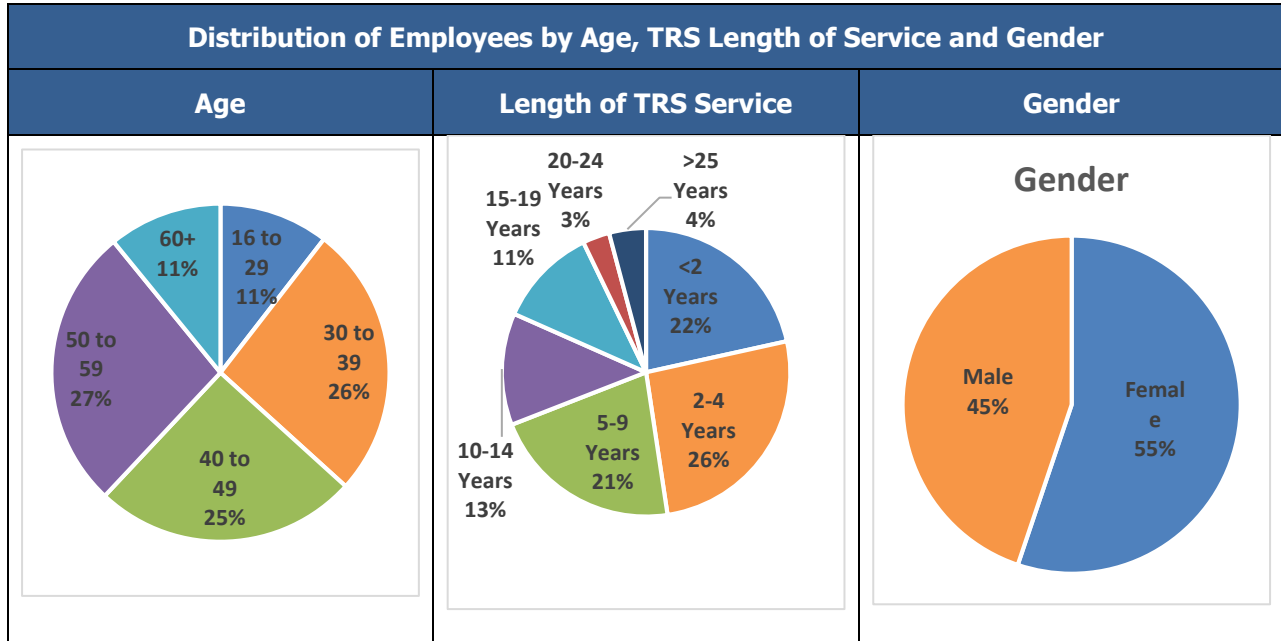
- Health benefit plan management;
- Pension administration;
- Investment expertise, including diversified portfolio management skills and managing alternative asset classes;
- Information technology, including telecommunications, Web design, programming and systems administration;
- Developing and monitoring 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 2018, Quarter 1. The TRS workforce is comprised of 55.0 percent females and 45.0 percent males. Approximately 48.0 percent of employees have been with TRS less than five years. Approximately 38.0 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** |



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 *2015-2016 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 | 7.30% | 7.40% | 17.10% | 22.10% | 36.60% | 37.40% |
| Professional | 5.10% | 10.40% | 16.80% | 19.30% | 46.70% | 55.30% |
| Technical | 15.40% | 14.40% | 38.50% | 27.20% | 53.80% | 55.30% |
| Administrative Support | 45.50% | 14.80% | 36.40% | 34.80% | 18.20% | 72.10% |
| Service/Maintenance/ Paraprofessional* | 11.10% | 13.00% | 33.30% | 54.10% | 0.00% | 51.00% |
| **Total** | **6.77%** | **11.80%** | **18.60%** | **36.80%** | **43.70%** | **45.10%** |

*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).

For the 2019-2023 Strategic Plan, Diversity and Inclusion initiatives are included in Goal 4. Objectives and Tactics related to Diversity and Inclusion will revolve around talent acquisition efforts and increasing retention and engagement through enhanced diversity and inclusion efforts.

*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 2017, TRS turnover was 11.4 percent, well below the state average of 18.6 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 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|---|---|---|---|---|---|
| State | 17.6% | 17.5% | 18.0% | 21.4% | 18.6% |
| TRS | 9.3% | 9.7% | 9.8% | 11.2% | 11.4% |
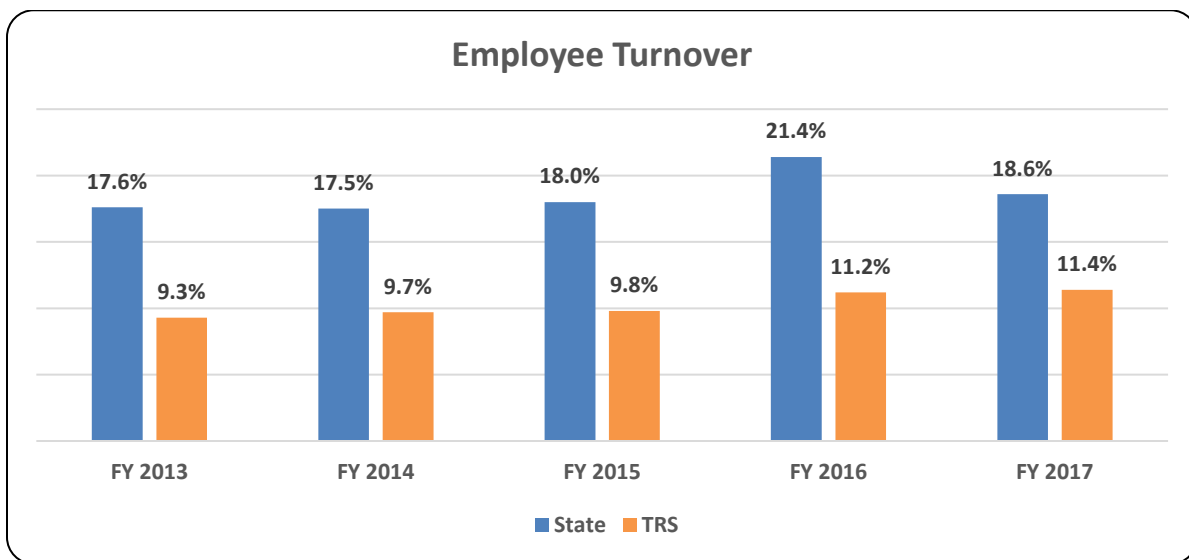
*Retirement Eligibility Projections*

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, 2017.

**Percent of TRS Employees Eligible to Retire as of:**

| Department | Retirement Eligibility Projections* Percent of TRS Employees Eligible to Retire as of: | | | | | |
|---|---|---|---|---|---|---|
| | January 2018 | | January 2020 | | January 2023 | |
| | Eligible Employees | Percent Eligible | Eligible Employees | Percent Eligible | Eligible Employees | Percent Eligible |
| Executive Division | 24 | 24.5% | 27 | 27.6% | 33 | 33.7% |
| Investment Management | 6 | 4.2% | 8 | 5.6% | 12 | 8.4% |
| Benefit Services | 20 | 10.6% | 26 | 13.8% | 39 | 20.7% |
| Finance | 14 | 16.7% | 20 | 23.8% | 31 | 36.9% |
| Information Technology | 21 | 19.6% | 29 | 27.1% | 39 | 36.5% |
| Health and Insurance Benefits | 4 | 11.4% | 5 | 14.3% | 5 | 14.3% |
| Total | 89 | 13.6% | 115 | 17.6% | 159 | 24.3% |
| Executive Council Members | 7 | 53.8% | 7 | 53.8% | 8 | 61.5% |

## 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, investment professionals, 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;
- 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:<br>• Identify best practices for business process reviews and knowledge transfer programs and techniques.<br>• Continue to utilize the Leadership Development Program to prepare staff to compete for leadership positions as they become vacant.<br>• Identify opportunities for cross-training efforts and career development.<br>• Develop and implement knowledge continuity and succession plans to ensure continuous service during any period of extended absence or turnover among critical staff.<br>• 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:<br>• Conduct research to identify issues affecting other public pension funds or state agencies that may potentially affect TRS.<br>• Maintain awareness of prospective legislative changes to allow adequate planning for new skill-set requirements.<br>• 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:<br>• Promote a strong workplace culture that exemplifies TRS' core values and emphasizes TRS' mission.<br>• Provide employee development opportunities.<br>• Review, update and enhance TRS' compensation and total rewards package.<br>• Enhance recognition programs and other initiatives to support retention of staff.<br>• Continue organizational development efforts aimed at enhancing ongoing communication and effective working relationships between management and staff.<br>• 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 and have potential to increase diversity among TRS staff.

- 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.

# Report on Customer Service

TEACHER RETIREMENT SYSTEM OF TEXAS | JUNE 2018

# Board of Trustees

## Mission Statement

Improving the retirement security of our members by prudently investing and managing the Trust assets and delivering benefits that make a positive difference in their lives.

## Vision Statement

Earning your trust every day.

## Core Values

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

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# SCHEDULE G: REPORT ON CUSTOMER SERVICE

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# SCHEDULE G: REPORT ON CUSTOMER SERVICE

## Executive Summary

The Teacher Retirement System of Texas (TRS) is committed to achieving the highest levels of customer satisfaction by delivering services consistent with our mission and in a manner that actively encourages honesty, integrity, and ethical behavior among employees. Pursuant to TRS' *Compact with Texans*, employees are committed to providing professional, accurate, timely, and cost-effective delivery of services and benefits to members and annuitants.

Texas Government Code, Chapter 2114, requires agencies and institutions of higher education to submit a Report on Customer Service to the Office of the Governor and the Legislative Budget Board no later than June 1st of each even-numbered year.

This report provides information on the current state of customer service, customer service staffing, factors impacting customer service levels, as well as agency initiatives to improve customer service. The report also covers the required elements as called for in the *Instructions for Preparing and Submitting Agency Strategic Plans for Fiscal Years 2019-2023* which include an inventory of external customers, information-gathering methods, survey results, analysis of findings, and performance measures.

Historically, TRS has provided benefits based on an efficiency and cost savings service delivery model. As past Member Satisfaction Surveys demonstrate, TRS members have been highly satisfied with the overall level of service provided by TRS. While satisfaction with the services provided by TRS from 2012 to 2017 averaged 95.5 percent for retirees and 91.5 percent for active members, satisfaction levels for each subpopulation have consistently trended downward. During this same time period, TRS membership grew at an average rate of 3.0 percent, while TRS' benefit services positions grew at an average rate of 2.6 percent. This percent change takes into account the recent increases in the number of benefit services positions that occurred in 2017 in order to respond to growing customer service challenges. However, if these increases were excluded, the average number of benefit services positions since 2012 actually declined by an average of -0.3 percent. Moreover, TRS' cost per member, excluding major projects, grew by an average of 2 percent over this same time period.

While TRS' efficiency and cost savings service delivery model has served TRS and its members well for many years, it has become increasingly difficult for TRS, with existing resources, to meet its service level performance measures. For example, the last time TRS met its service level of answering 80 percent of calls within three minutes was in fiscal year 2015 when the call center was able to answer 84 percent of calls within three minutes. This is due, in part, to a growing membership, stagnant staffing levels, and various internal and external factors identified in the report. TRS is working to address the service level delivery and staffing issues. As discussed later in this report, TRS is incorporating improvements and staffing increases into the 2019-2023 Strategic Plan and upcoming Legislative Appropriations Request.

Despite the challenges associated with achieving customer service delivery levels, members and retirees are generally pleased with the services being provided by TRS. According to the 2017 Member Satisfaction Survey, 82.5 percent of active members and 88.5 percent of retirees reported being either satisfied or very satisfied with TRS' services. Among in-person visitors to TRS in FY 2017, 99 percent report being satisfied or very satisfied with the courtesy of the employees they met and with their knowledge of TRS benefits. Furthermore, while frustrated with longer hold times, 98.6 percent

of callers to the telephone counseling center are pleased with the overall service they receive and 98 percent agree that they feel valued as a TRS member.

## Overview

TRS was established in 1937, and since then has grown from 38,000 members to more than 1.5 million public and higher education employees and retirees today. TRS is one of the largest retirement systems in the nation, with a pension trust fund balance of approximately $151 billion. In fiscal year 2017, TRS paid pension benefit payments totaling $9.9 billion to more than 407,000 retirees and their beneficiaries. These benefits were funded from a combination of cumulative investment income, member contributions, and state and employer contributions.

TRS has three core business functions – Pension Benefit Services, Health and Insurance Benefits, and Investment Management. The Pension Benefit Services Division (Benefit Services) assists members and retirees and their beneficiaries by providing accurate and timely processing of benefits and delivering comprehensive information to help participants make better financial, retirement and health care decisions. Benefit Services also coordinates and administers online resources for reporting entities to submit reports and to find information on topics such as eligibility, compensation, and legislative updates. The Health and Insurance Benefits Division (HIB) works with outside contracted vendors to administer the health care plans offered under TRS-Care and TRS-ActiveCare. HIB also supports the Long Term Care Insurance program for active members and retirees. Finally, the Investment Management Division prudently invests the assets of the pension trust fund in a highly diversified portfolio with the goal of achieving the assumed rate of return within the risk parameters established by the board.

To address changing expectations of a growing membership, TRS is undertaking a multi-year initiative to modernize business processes and the major information technology systems that TRS uses to administer benefits. This entails updating legacy computer systems, improving business rules, and increasing member self-service. This initiative is known as the TRS Enterprise Application Modernization Program (TEAM).

TEAM consists of 11 projects, including Line of Business (LOB Phase 1 and 2) and Centralized Accounting and Payroll/Personnel System (CAPPS). Once complete, members and retirees will be able to apply for benefits and receive notices and approvals online, as well as manage their TRS member accounts in a secure, web-based environment. TEAM Phase 1 LOB "Go Live" occurred in October 2017. Phase 2 LOB is in requirements gathering with "Go Live" expected in 2019. CAPPS goes live in September 2018.

## Current State

TRS is currently experiencing historic call volumes and handle times in the Telephone Counseling Center (TCC). Projected call volumes in 2018 are in excess of 710,000, an increase of 19 percent compared to 2017. As a result, TRS' service level performance measure of answering 80 percent of calls within three minutes will not be reached in 2018. Additionally, the number of abandoned calls in 2018 to date has already surpassed the combined number of abandoned calls over the last four years.

## Figure 1: Call Volume History



Figure 1: Call Volume History
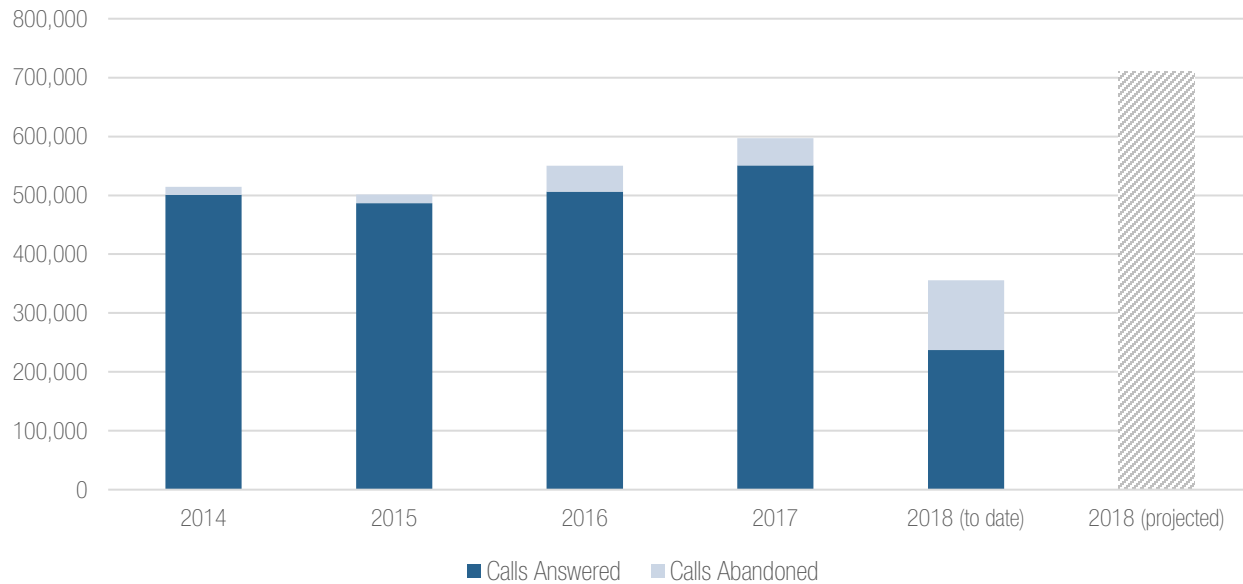
The impact of high call volumes is not isolated to the TCC, as other benefit services areas are affected. For example, TRS is not able to offer as many in-person counseling sessions each month because office visit counselors are spending part of their day answering TCC calls. As a result, the average wait time to meet with a benefit counselor is around 90 days. Telephone counselors are also relying on benefit processing staff to assist with member questions as TRS transitions to the new pension LOB.

## Customer Service Staffing

Benefit Services and Health and Insurance Benefits employees are on the front line working directly with members, retirees, and employers. Benefit Services employees work in three areas – benefit accounting, benefit processing, and benefit counseling.

Benefit accounting works with over 1,300 public and higher education employers, also known as reporting entity partners (REPs), providing payroll-related assistance and training to comply with mandatory reporting requirements. In 2017, benefit accounting staff responded to over 13,000 calls and 179,000 emails from REPs. TRS is projecting a 70 percent increase in the number of requests for assistance in 2018. Benefit accounting team members also ensure that retirees and beneficiaries receive their monthly payments on time.

Benefit processing determines eligibility for benefits such as service retirement, disability retirement, in-service death benefits, retiree death benefits, and special service purchase. Benefit processing staff also issue refunds of member accounts. Over the last four years, TRS has experienced growth of 47 percent in core business processes.

# SCHEDULE G: REPORT ON CUSTOMER SERVICE

Benefit counseling provides comprehensive customer service and technical assistance relating to TRS benefits. These employees interact with TRS members and other interested parties by telephone and in-person through individual office visits, lobby walk-ins, and group benefit presentations throughout the state.

While TRS has seen a steady increase in membership, the number of Benefit Services employees has remained relatively flat in recent years at around 150 positions. In 2017, TRS increased the number of Benefit Services positions to address call and workload volumes. This was the first increase in Benefit Services positions in several years. TRS plans to increase staffing levels again in 2018 by approximately 38 percent compared to 2017 levels.

## Figure 2: Membership vs. Benefit Services Positions
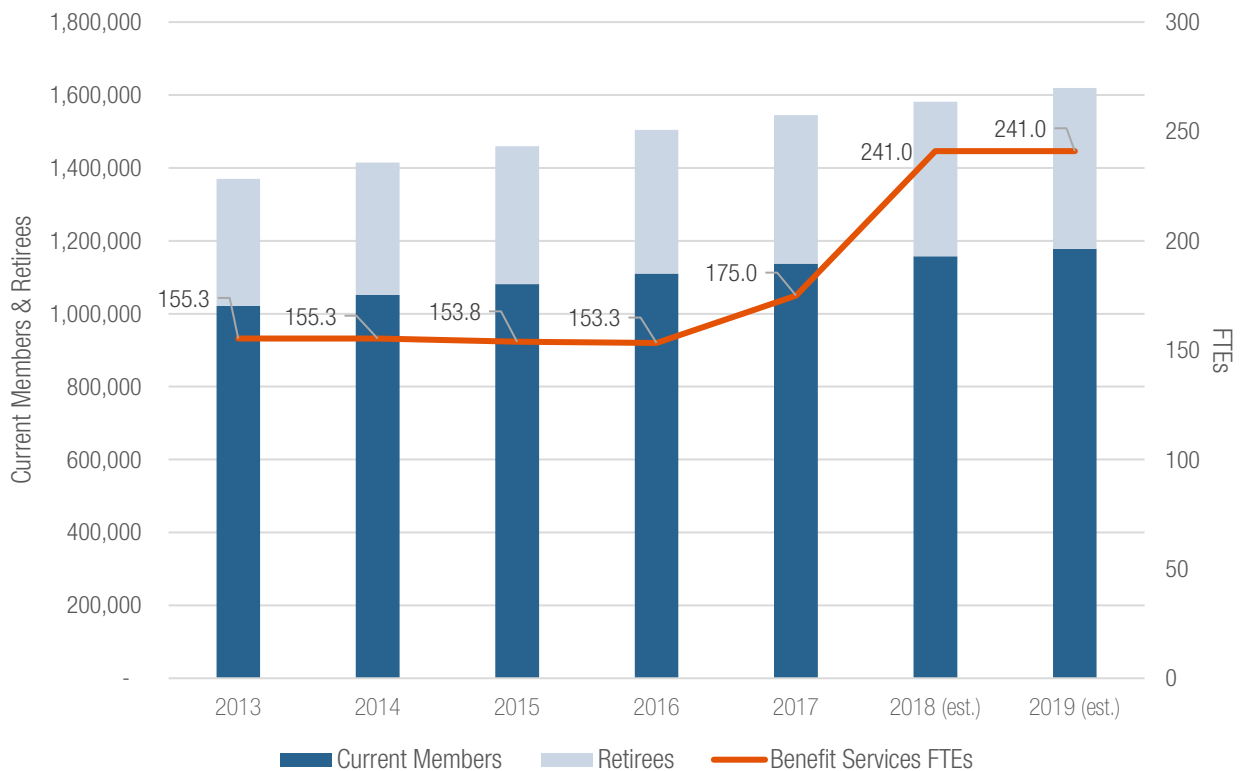


Health and Insurance Benefits (HIB) employees help TRS retirees and their eligible dependents review health care benefits and options available. They also respond to written inquires, process enrollment applications and changes to health care coverage, and attend to other health care processing requests. In addition to counseling over the phone, the HIB department offers in-person counseling and group benefit presentations held throughout the state. The complex nature of health care inquiries can result in lengthy phone counseling sessions where it is not uncommon for health benefit counselors to spend 30-45 minutes explaining benefits to a member.

While TRS employs 12 health benefit counselors, the HIB department alone does not have the capacity to assist with all health care inquires and relies on strong partnerships with TRS' health care vendors – Humana, Aetna, and CVS/Caremark – to assist with providing customer service. In addition, HIB contracts with a third-party call center, Advanced Call Center Technologies (ACT), to help with customer service-related calls.

## Other Factors Impacting Customer Service

Since the last Report on Customer Service in 2016, several other factors have contributed to the increase in call volumes including: a statutory deadline for verifying unreported service and compensation; a statutorily required increase in the member contribution rate; a temporary suspension of refund processing during implementation of TEAM; annual member statements and 1099s; implementation of legislation impacting TRS-Care including a letter regarding net pay change due to new health care premiums; and several different plan design changes and premium increases for TRS-Care and TRS-ActiveCare.

These factors not only had an impact on the number of calls received by the TCC, but also the complexity of the calls. As calls become more complex, handle times increase. Handle time is the time spent serving members on the telephone. Longer handle times make hold times longer.

## Figure 3: Average Speed of Answer & Handle Time
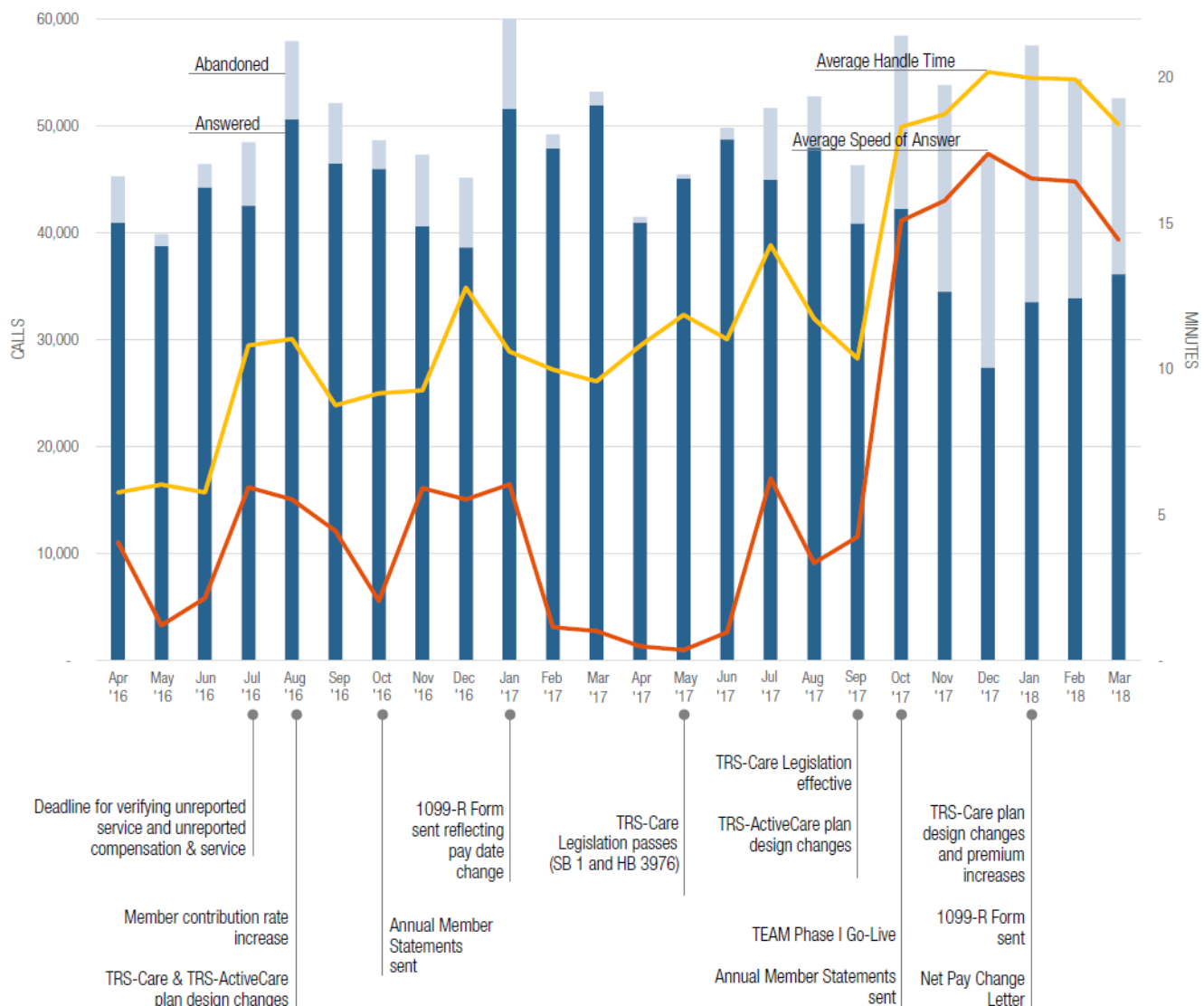
# *SCHEDULE G: REPORT ON CUSTOMER SERVICE*

Due to demographics, staffing patterns and various internal and external factors, TRS will not meet its service level performance measure of answering 80 percent of calls within three minutes in fiscal year 2018. The last time TRS met the service level performance measure was in fiscal year 2015 when the call center was able to answer 84 percent of calls within three minutes.

## Figure 4: Service Level



Service Level Performance Measure
80% of calls answered within 3 minutes
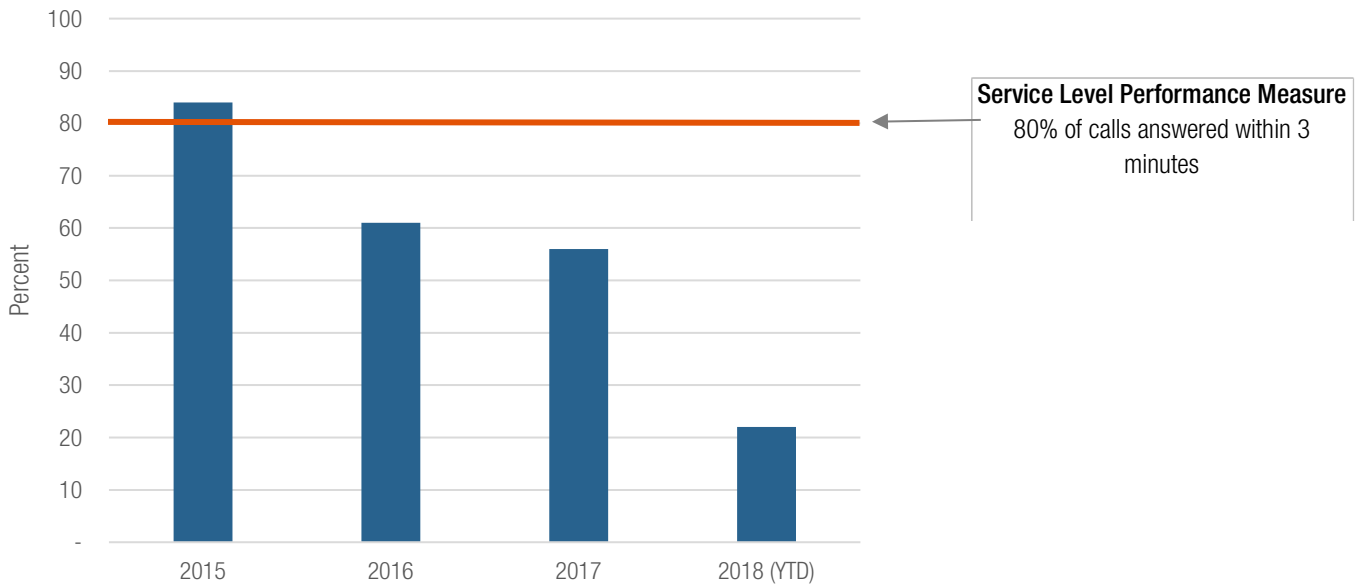
## Customer Service Initiatives

TRS has undertaken several initiatives to address customer service issues, including: adding benefit services staff, paying overtime to benefit services staff, contracting with a vendor to help answer TCC calls, enhancing communications with members and REPs, establishing an Employer Advisory Group, updating TRS' *Compact with Texans*, expanding the purview of the TRS Board's Benefits Committee, modernizing the call center's software, creating a new avenue for members to receive individual counseling, allowing members to email benefit questions, updating service delivery time frames, and managing expectations of REPs.

### *Staffing*

In 2016, TRS engaged International Customer Management Institute (ICMI) to assess benefit counseling's operations and develop a strategy to implement best practices. The study concluded that additional office and telephone counselors were needed to meet the service level performance measure of answering 80 percent of calls within three minutes and to handle additional phone calls. Additional counselors would also provide greater continuity in staffing as turnover in the TCC is around 30 percent per year. ICMI determined that to meet the service level performance measure, an additional 31 telephone counselors would be needed. This would free up office visit counselors who are working the phones and reduce the wait time of 90 days for a visit to approximately two weeks. In 2017, benefit services added 10 new positions and filled 11 vacancies.

TRS also requires benefit counselors to work overtime. This is necessary to address call volumes and workload.

# SCHEDULE G: REPORT ON CUSTOMER SERVICE

## Overflow Calls

In February 2017, HIB contracted with Advanced Call Center Technologies (ACT) for 15-20 agents to handle high call volumes associated with expected health care plan changes. The number of contracted agents was ramped up to 65 by October 2017. At inception of the contract, ACT responded to basic calls, while health benefit counselors, supported members in more complex health benefit related inquires. Due to the unprecedented call volume experienced in late 2017 and early 2018, HIB partnered with ACT to upskill a set of counselors to help field more complex health benefit inquiries. In November of 2017, HIB and its vendors received 127,000 calls as compared to half that number in May of 2017. To date, ACT has fielded over 207,000 HIB calls.

Additionally, from November 2017 through March 2018, Benefit Services contracted with ACT for 13-26 agents to support contact center operations. During this time, ACT answered calls regarding basic general information related to member statements and net pay change letters. ACT fielded approximately 10,000 Benefit Services calls during this time frame.

## Increased Communications – Benefit Services

To prepare for implementation of Phase 1 of the new pension LOB system, TRS notified members and REPs in summer 2017 that it would be unable to process certain requests such as refunds, retirement estimates, direct deposit banking changes, and updates to member accounts during the month of September. Notification of the planned downtime was communicated to members in the *TRS News* newsletter, to REPs in the *Update* newsletter, on the TRS website, and on-hold recordings for members calling into the TCC.

As part of Phase 1, REPs are required to submit their monthly reports to TRS in a new online portal. To prepare for the transition, benefit services began conducting certification training sessions with REPs in February 2016. TRS provided numerous online resources as well to assist REPs with the transition.

In January 2018, TRS began conducting another round of training sessions for REP personnel. In an effort to provide personalized assistance, TRS offered one-on-one appointments for REP personnel with TRS staff members.

## Increased Communications - HIB

Facing unsustainable cost increases for TRS-Care, the legislature and the TRS Board of Trustees made significant changes to TRS-Care in order to sustain the program. To retain and educate participants about the changes, TRS increased outreach and engagement efforts using direct mail, digital channels and in-person information sessions across the state. Overall, this proactive education campaign reached TRS-Care participants over 3.93 million times – an average of 16 per person, which exceeds the standard amount of seven times per person. The outreach has led to participants being better informed about the changes and value of their health plan.

Specifically, the fall 2017 outreach success included over 35,000 participants attending 90 information sessions in 40 different Texas cities; over 7,000 attendees attending 20 webinars; 1.6 million pieces of direct mail; and over 350,000 emails from *The Pulse* and *TRS News*. This outreach success lays a foundation for ensuring TRS-Care participants see TRS as an ally in their health care.

# *SCHEDULE G: REPORT ON CUSTOMER SERVICE*

Additionally, participant outreach via social media and e-newsletters significantly increased traffic to the Health Care Benefits section of the TRS website from over 16,000 in October 2016 to over 223,000 at its peak in June 2017. As of April 2018, the monthly traffic is still over four times the initial number. TRS created three health plan microsites within the TRS website for non-Medicare retirees, Medicare retirees and active employees. The retiree pages stayed in TRS' top ten visited pages through fall 2017, when the TRS-Care information campaign was ongoing.

In June 2016, TRS implemented a monthly electronic newsletter – *The Pulse* – which provides plan change announcements, health care consumer tips, plan highlights and wellness education. *The Pulse* gives TRS a way to instantly connect with health care participants who are interested in learning more about TRS health programs. Since its inception, it reaches an average of about 141,000 active public school employees and an average of about 43,000 retirees. The open rates of each edition exceed the industry standard for email marketing on insurance of 21 percent. Over half of the subscribers read the TRS-Care version for retirees – a high rate of engagement from a population typically hesitant to embrace digital outreach.

### *Employer Advisory Group*

In January 2016, TRS reached out to the REPs to form an Employer Advisory Group (EAG). The EAG is comprised of representatives from each reporting entity type including universities, medical schools, junior or community colleges, small public schools, large public schools, charter schools, and education service centers.

The purpose of the EAG is to advise TRS on issues dealing with employer payroll, benefit reporting, and TRS-ActiveCare for participating entities. The EAG provides a forum for TRS and employers to reach a common understanding of issues related to reporting requirements and provides a framework for TRS to work collaboratively with REPs to address concerns. TRS and the EAG are working together to identify practical ways to comply with new laws, rules and accounting requirements. TRS posts the agendas and minutes of EAG meetings on the employer section of the TRS website. Additionally, TRS staff provides regular updates to the board on the activities of the EAG.

### *Compact with Texans*

TRS recently updated its *Compact with Texans* webpage. Changes include designating a single TRS employee with broad purview of TRS activities as the customer relations representative; publishing an email address in addition to a mailing address and telephone number; including a Customer Communications Form where the customer can submit a complaint without having to navigate away from the web page; describing the process used to address complaints, including the process for elevating complaints; and reducing the time commitment to respond from 10 working days to acknowledging all communications within five business days of receipt.

### *Benefits Committee*

In February 2018, the TRS Board of Trustees (Board) expanded board bylaws of the Benefits Committee to enhance its purpose, including responsibilities to address customer service and benefit delivery issues.

### *Call Center Modernization*

The Benefit Services Division is in the process of upgrading the software used by the TCC. This project involves upgrading the telephone switching capabilities and software platform used to manage over 500,000 calls received every year. A cloud-based service called inContact will assist in tracking and consolidating callers into the same queue. It will also add

omnichannel support, which will allow members to contact TRS via text message, email or call-in. The new system will be monitored from a single workforce management platform that can provide reports and analytics. The new system will also allow telephone counselors to work from home which will help with staff turnover issues. Implementation is scheduled for June 2018.

### Remote Counseling

TRS offers the option of meeting with a counselor in the convenience of a member's home or office through the internet. New technology enables counselors to meet with members online to present the same documents they would see in a face-to-face meeting. All that is needed is a personal computer or tablet with a camera, a reliable internet connection, and a private place for a meeting. TRS piloted remote counseling beginning in July 2016 and rolled the service out officially in November 2016. During the pilot, Benefit Services conducted 21 remote counseling sessions. In fiscal year 2017, the number of remote counseling sessions totaled 129. From September 2017 to April 2018, 47 remote counseling sessions have been held.

### Facilities Improvements

TRS continues to execute building improvement projects. TRS has engaged an architectural firm for a complete redesign of all the areas where customers are served. This project, to be completed in 2019, will include a modern new lobby where customers are greeted and have a short wait before being served in a beautifully updated counseling area with the most current technology. In addition, the agency continues to make safety and security enhancements. Recently, TRS installed a new visitor management system. It maintains an active log of visitors at the Red River complex and notifies appropriate TRS staff when their visitor has arrived and been logged in. Other enhancements include the creation of new identification badges specifically for members.

### Service Delivery Expectations

In an effort to provide members with realistic expectations of how long it will take to process certain benefit requests, TRS updated its internal service delivery expectations document. This resource document is updated on a weekly basis and is used by benefit counselors during meetings or calls with members.

### Reporting Entity Expectations

TRS provided REPs with estimates of how long it will take to respond to reports or to research errors. TRS also provides resources to the REPs related to common reporting questions and known issues and defects with the new reporting application. This information is updated as enhancements are made to the new system. TRS also provides reporting procedure manuals for the reporting entities along with other important information for employees. Benefit Services sends a monthly *TRS Update* newsletter to the REPs with the most current up-to-date information.

### Videos

Throughout 2016-2017, TRS released a series of Financial Awareness Videos. The series introduces members to three interrelated themes: what you have – your TRS defined benefit plan; what you need – to save more; and how to get it – by saving smart. The videos cover topics like Social Security, financial advisors, inflation, compound interest, and saving in a 403(b) plan.

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TRS will be releasing more videos this year that explain member benefits. The videos will answer members' and retirees' most common questions. The series will cover topics such as naming a beneficiary, employment after retirement, selecting a retirement benefit option, and purchasing service credit.

*Email Questions*

TRS began accepting benefit questions via email in November 2016.

# SCHEDULE G: REPORT ON CUSTOMER SERVICE

## Inventory of External Customers

In addition to the external customers identified below by General Appropriations Act (GAA) strategy, TRS has other external customers. These other external customers include public school employees enrolled in TRS-ActiveCare and certified companies participating in the 403(b) Program. These external customers are not associated with a particular strategy in the GAA because operational funding for these programs is not appropriated by the Legislature.

In addition to the external customers identified above, TRS considers REPs as external customers. TRS' relationship with REPs has evolved over recent years due in part to expanded data requirements for payroll reporting, enhanced reporting requirements associated with the implementation of TEAM, and complexities surrounding employment after retirement. Beginning in 2018, TRS will conduct satisfaction surveying of REPs to formally gauge the level of service provided by TRS and to identify areas for improvement.

External customers by GAA strategy include the following.

## Table 1: External Customers by GAA Strategy

| Strategy | External Customer | Services Provided |
|---|---|---|
| **A.1.1. Strategy: TRS-PUBLIC EDUCATION RETIREMENT** Retirement Contributions for Public Education Employees. | Retired Public Education Employees | Annuity benefit payments |
| **A.1.2. Strategy: TRS-HIGHER EDUCATION RETIREMENT** Retirement Contributions for Higher Education Employees. | Retired Higher Education Employees | Annuity benefit payments |
| **A.1.3. Strategy: ADMINISTRATIVE OPERATIONS** | Public and Higher Education Employees and Retirees; Reporting Entity Partners | Provide benefit services; investment management; agency support; and communications, including print publications, website, annual statements of account, and 1099-R tax forms. |
| **A.2.1 Strategy: 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. | Retired Public Education Employees | TRS-Care health benefit program; benefit services including response to written requests for information, TRS website, and print publications. |

# SCHEDULE G: REPORT ON CUSTOMER SERVICE

## Information-Gathering Methods

TRS conducts satisfaction surveying through a Member Satisfaction Survey and several routine Point-of-Service surveys. TRS also takes part in an external survey that benchmarks the agency's performance on pension administration against other public retirement systems. Each of these surveys are described in more detail below.

### Member Satisfaction Survey

In the spring of 2017, TRS contracted with the Public Policy Research Institute (PPRI) of Texas A&M University to conduct an abbreviated Member Satisfaction Survey (MSS). Sample records provided to PPRI included the names and addresses for all potential respondents; however, some records were missing contact information such as phone numbers or email addresses. For sample records that did not include phone numbers, PPRI worked with Marketing Systems Group to identify potential phone numbers. Member satisfaction ratings included in this report were taken directly from the findings of the MSS survey.

Additionally, a series of engagement questions were included for the first time in the MSS. Engagement is considered a member's emotional and rational attachment to an organization, whereas satisfaction is considered transactional.

The survey was designed to represent the population of all active and retired TRS members. This includes 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 2).

# SCHEDULE G: REPORT ON CUSTOMER SERVICE

## Table 2: Distribution of Demographic Characteristics in the TRS Population

| | Higher Education | | Public Schools | | |
| --- | --- | --- | --- | --- | --- |
| | Male | Female | Male | Female | Total Counts |
| **Active Members** | | | | | |
| 36 and under | 23,725 | 43,447 | 60,060 | 199,692 | 326,924 |
| 37 to 45 | 16,963 | 29,167 | 42,294 | 155,839 | 244,263 |
| 46 to 51 | 10,524 | 18,206 | 28,717 | 106,111 | 163,558 |
| 52 and over | 21,915 | 37,004 | 58,831 | 184,014 | 301,764 |
| **Total** | 73,127 | 127,824 | 189,902 | 645,656 | 1,036,509 |
| **Retired Members** 63 and under | 3,025 | 6,425 | 13,348 | 49,013 | 71,811 |
| 64 to 69 | 4,744 | 9,784 | 19,503 | 69,641 | 103,672 |
| 70 to 74 | 3,394 | 6,634 | 15,335 | 47,209 | 72,572 |
| 75 and over | 5,343 | 9,053 | 21,238 | 66,028 | 101,662 |
| **Total** | 16,506 | 31,896 | 69,424 | 231,891 | 349,717 |

The survey instrument was constructed to provide active and retired member evaluations of TRS-ActiveCare and TRS-Care as well as more general evaluations of TRS' services. Additional questions were added to measure engagement.

To maximize survey responses, 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 PPRI. Interviewers completed both a general training session in survey research methodology as well as training specific to the survey instrument. The project specific training included an overview of the background and goals of the MSS, common challenges in eliciting survey responses in this specific survey, and frequently asked questions. All telephone interviewers practiced administering the questionnaire prior to live data collection.

All interviewing was conducted within the facilities of the PPRI. 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 an email address and were

encouraged to take the survey online. Data for the retired members were collected between March 24 and April 18, 2017. Data for the active members were collected between March 23 and April 26, 2017.

The sample for the MSS was stratified to allow for statistically meaningful comparisons by member type, age, gender, and institution type. This means potential respondents were selected randomly not from the entire population of TRS members but from within each of these subgroups. The initial sampling targets, outlined in Table 3, were constructed to assure final samples of at least 800 active and 400 retired TRS members and adequate sample by age group, gender, and institution type.

## Table 3: Distribution of Demographic Characteristics in the TRS Sample

|  | Higher Education | | Public Schools | | |
|  | Male | Female | Male | Female | Total 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 |

Sample records included the names and addresses for all potential respondents, but were often missing contact information, including phone numbers or email addresses. Where contact information was missing, names and addresses were matched to existing databases to obtain 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 5,068 active member records sent to Marketing Systems Group, 3,086 were matched to a phone record. Of the 268 retired member records sent to Marketing Systems Group, 140 were matched to a phone record.

# SCHEDULE G: REPORT ON CUSTOMER SERVICE

Overall, 2,002 records were entered into the calling sample for retired members. Over 1,800 records that contained an email address were first sent an email invitation to complete the survey online. This number proved sufficient to complete 221 telephone interviews and 231 online. For active members, a total of 8,473 records were entered into the calling sample and 5,145 records that contained an email address were sent an email invitation to complete the survey online. This quantity yielded 377 completed telephone interviews and 476 online.

PPRI conducted a total of 1,305 interviews including 853 interviews with active members and 452 interviews with retired members. The distribution of interviews was controlled so that an adequate number from each demographic group could be included (see Table 4).

## Table 4: Distribution of Demographic Characteristics in the TRS Respondents

|  | Higher Education | | Public Schools | | |
|  | Male | Female | Male | Female | Total Counts |
| --- | --- | --- | --- | --- | --- |
| **Active Members** | | | | | |
| 36 and under | 18 | 16 | 22 | 34 | 90 |
| 37 to 45 | 42 | 54 | 30 | 34 | 160 |
| 46 to 51 | 70 | 66 | 86 | 74 | 296 |
| 52 and over | 96 | 87 | 65 | 59 | 307 |
| Total | 226 | 223 | 203 | 201 | 853 |
| **Retired Members** | | | | | |
| 63 and under | 20 | 24 | 23 | 37 | 104 |
| 64 to 69 | 33 | 28 | 31 | 25 | 117 |
| 70 to 74 | 25 | 27 | 36 | 33 | 121 |
| 75 and over | 25 | 28 | 25 | 32 | 110 |
| Total | 103 | 107 | 115 | 127 | 452 |

In a purely random sample of TRS members, 853 completed interviews with active members would yield a margin of error of +/- 3.3 percentage points at the 95 percent confidence level, and 452 completed interviews with retired members would yield a margin of error of +/- 4.6 percentage. Since this is a stratified sample, the margin of error for point estimates will be larger – approximately 5.1 percentage points for active members and 7.1 percentage points for retired members. This is a necessary trade-off to assure an adequate sample for statistically meaningful comparisons across subgroups.

# *SCHEDULE G: REPORT ON CUSTOMER SERVICE*

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

### *Point-of-Service Surveys*

TRS conducts three Point-of-Service Surveys – Telephone, How Was Your Visit?, and Remote Counseling.

The Telephone survey is conducted by phone immediately after a member or retiree calls into the TCC. TRS contracts with Customer Relationship Metrics to conduct this survey. Over 33,000 surveys were completed in fiscal year 2017, and over 10,000 in fiscal year 2018 to date.

The How Was Your Visit? survey consists of a comment card that is provided at the conclusion of all prescheduled or walk-in counseling sessions. Responses are compiled and analyzed by TRS. Over 2,400 comment cards were completed in fiscal year 2017, and over 700 in fiscal year 2018 to date.

New in 2017 is the Remote Counseling survey. This survey is conducted electronically after a member completes a remote counseling session. Responses are compiled and analyzed by TRS. In fiscal year 2017, 21 surveys were completed.

### *CEM*

TRS participates in an external pension administration benchmarking survey that provides peer comparison data on cost, service, and plan complexity. TRS' peer group consists of 13 public retirement systems.
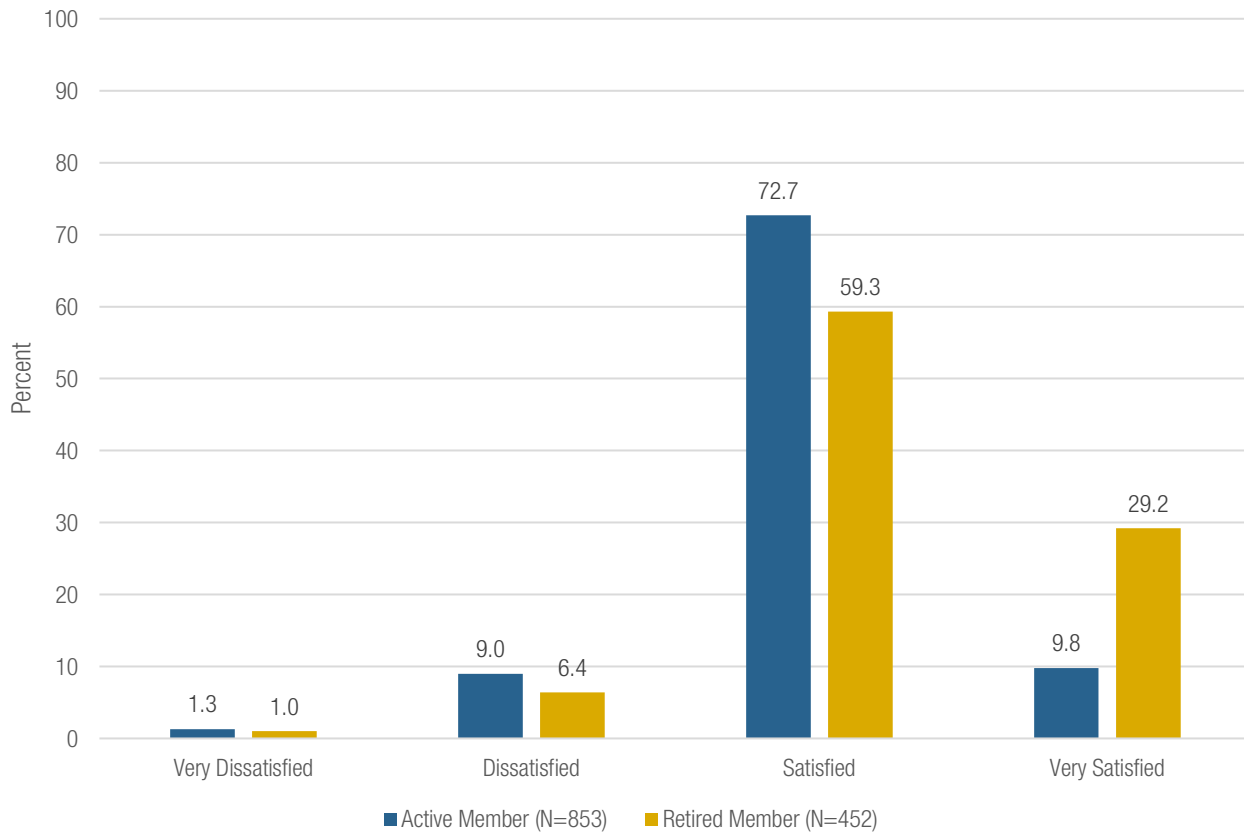
# SCHEDULE G: REPORT ON CUSTOMER SERVICE

## Survey Results

The following charts and tables summarize the feedback TRS has received from both active and retired members regarding their satisfaction with TRS services.

*Member Satisfaction Survey*

## Figure 5: Overall Satisfaction with TRS' Services

## Figure 6: Overall Satisfaction with TRS-ActiveCare and TRS-Care



Figure 6: Overall Satisfaction with TRS-ActiveCare and TRS-Care

| | Very Dissatisfied | Dissatisfied | Satisfied | Very Satisfied |
|---|---|---|---|---|
| TRS-ActiveCare (N=540) | 6.5 | 12.7 | 68.7 | 7.5 |
| TRS-Care (N=172) | 2.2 | 7.9 | 54.8 | 28.7 |

## Figure 7: Satisfaction with TRS as an Organization



Figure 7: Satisfaction with TRS as an Organization

| | Completely Dissatisfied | Dissatisfied | Somewhat Dissatisfied | Neutral | Somewhat Satisfied | Satisfied | Completely Satisfied |
|---|---|---|---|---|---|---|---|
| Active Member (N=853) | 1.4 | 2.4 | 6.7 | 21.9 | 21.9 | 39.8 | 5.7 |
| Retired Member (N=452) | 0.4 | 1.7 | 4.8 | 10.6 | 16.9 | 51.1 | 14.4 |

## Figure 8: Agreement that TRS Sends Communications Relevant to Member Needs



| | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|---|---|---|---|---|---|---|---|
| Active Member (N=853) | 2.4 | 2.9 | 6.5 | 22.5 | 15.2 | 43.0 | 7.1 |
| Retired Member (N=452) | 0.5 | 1.9 | 3.8 | 14.8 | 11.8 | 50.0 | 16.0 |
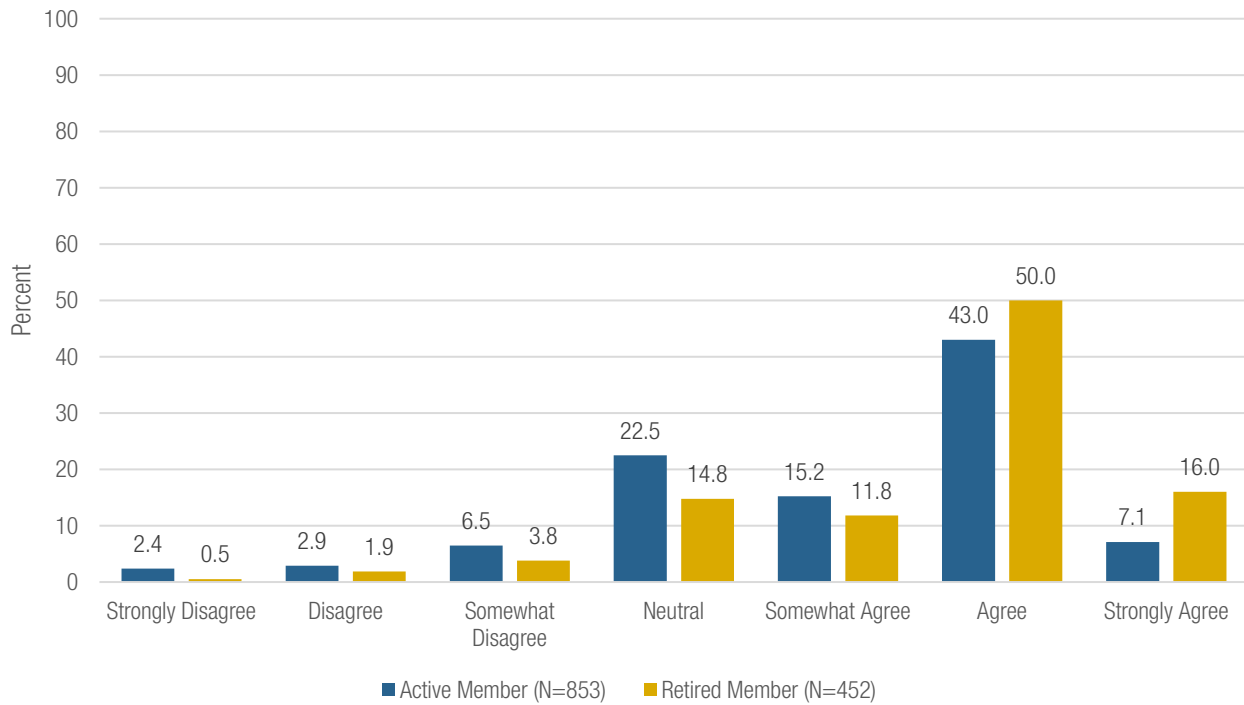
## Figure 9: Agreement that Information Provided by TRS is Easy to Understand



| | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|---|---|---|---|---|---|---|---|
| Active Member (N=853) | 3.4 | 6.0 | 12.7 | 11.3 | 18.0 | 39.8 | 8.6 |
| Retired Member (N=452) | 0.6 | 3.9 | 3.7 | 7.2 | 22.2 | 46.8 | 15.3 |

## Figure 10: Satisfaction with Information from the TRS Website*



Legend: ■ Active Member N=701  ■ Retired Member N=260
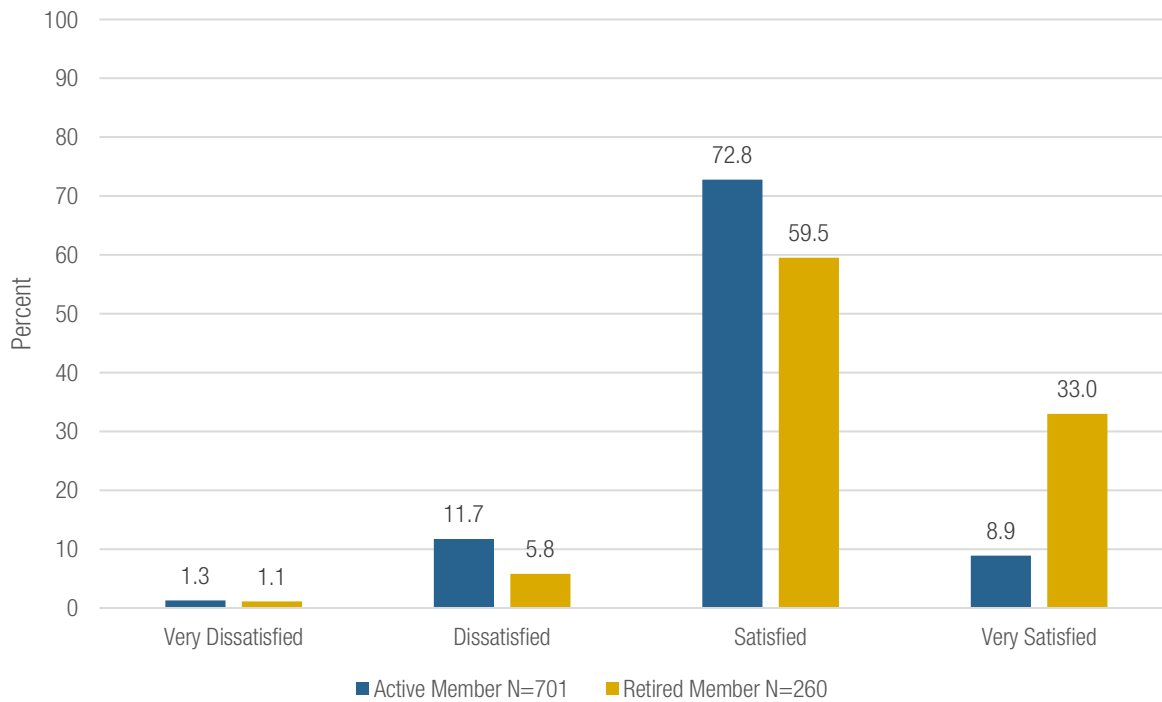
## Figure 11: Rating of TRS Website's Ease of Use*



Legend: ■ Active Member N=701  ■ Retired Member N=260

\* From 2016 Member Satisfaction Survey

## Figure 12: Rating of TRS' Austin Office Parking*



Figure 12: Rating of TRS' Austin Office Parking*
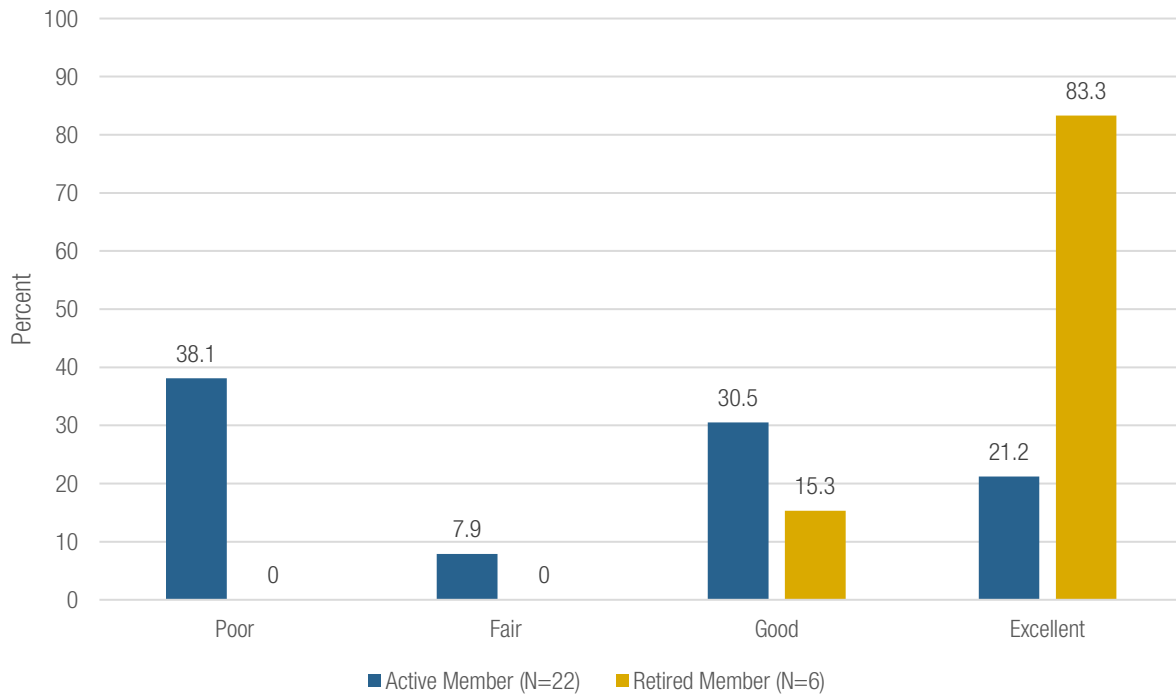
- Active Member (N=22)
- Retired Member (N=6)

| | Poor | Fair | Good | Excellent |
|---|---|---|---|---|
| Active Member (N=22) | 45.9 | 3.6 | 34.7 | 15.4 |
| Retired Member (N=6) | 0 | 0 | 15.3 | 84.7 |

## Figure 13: Rating of Ease of Access to TRS' Austin Office Facilities*



Figure 13: Rating of Ease of Access to TRS' Austin Office Facilities*

- Active Member (N=22)
- Retired Member (N=6)

| | Poor | Fair | Good | Excellent |
|---|---|---|---|---|
| Active Member (N=22) | 38.1 | 7.9 | 30.5 | 21.2 |
| Retired Member (N=6) | 0 | 0 | 15.3 | 83.3 |

* From 2016 Member Satisfaction Survey

*Point-of-Service Surveys*

**Telephone**

N=44,261

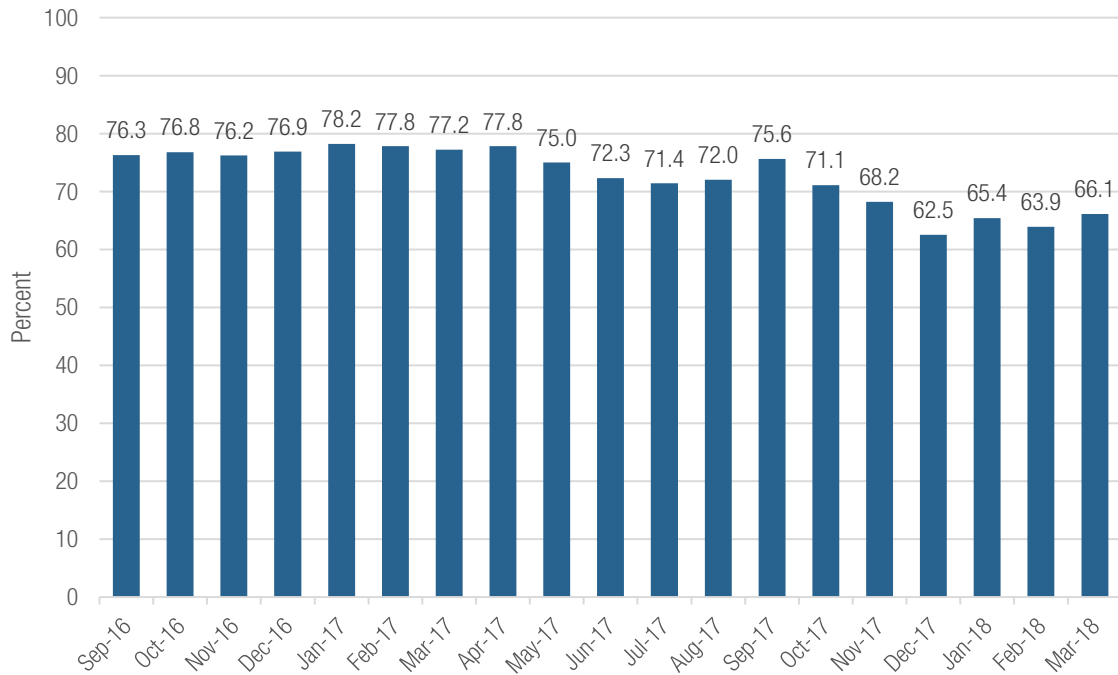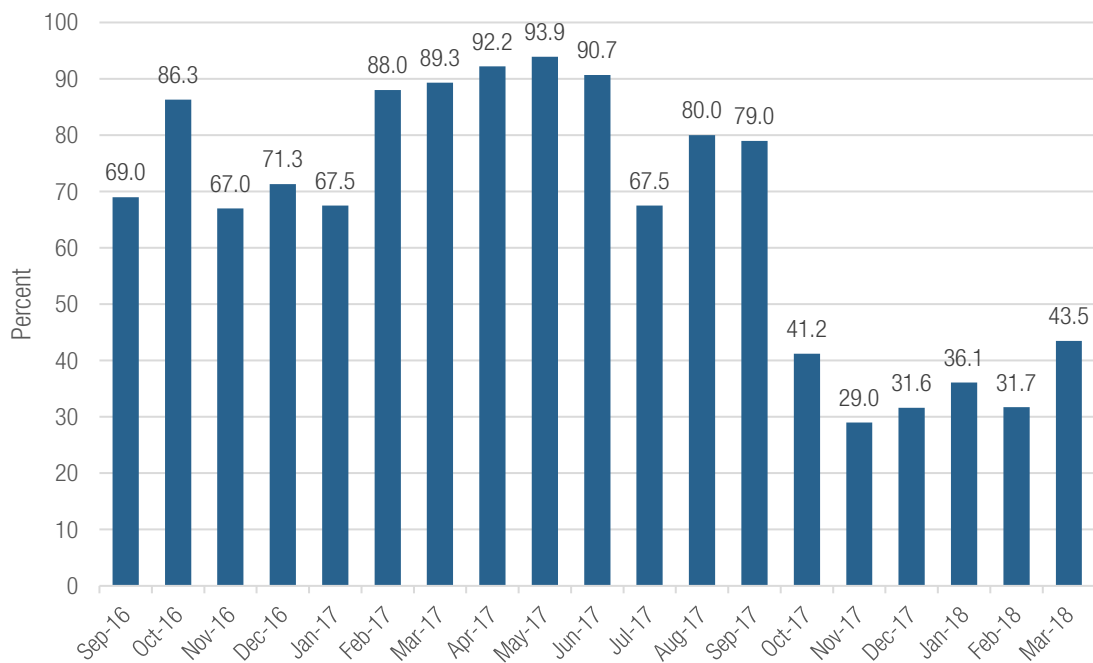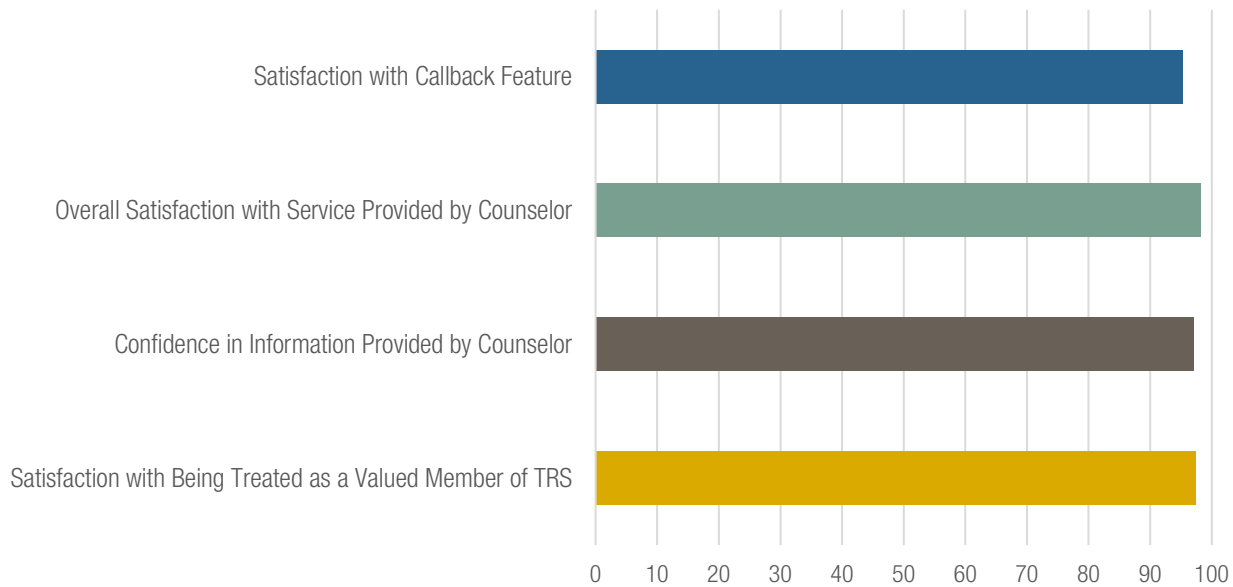## Figure 14: Overall Satisfaction with TRS



## Figure 15: Satisfaction with Hold Time
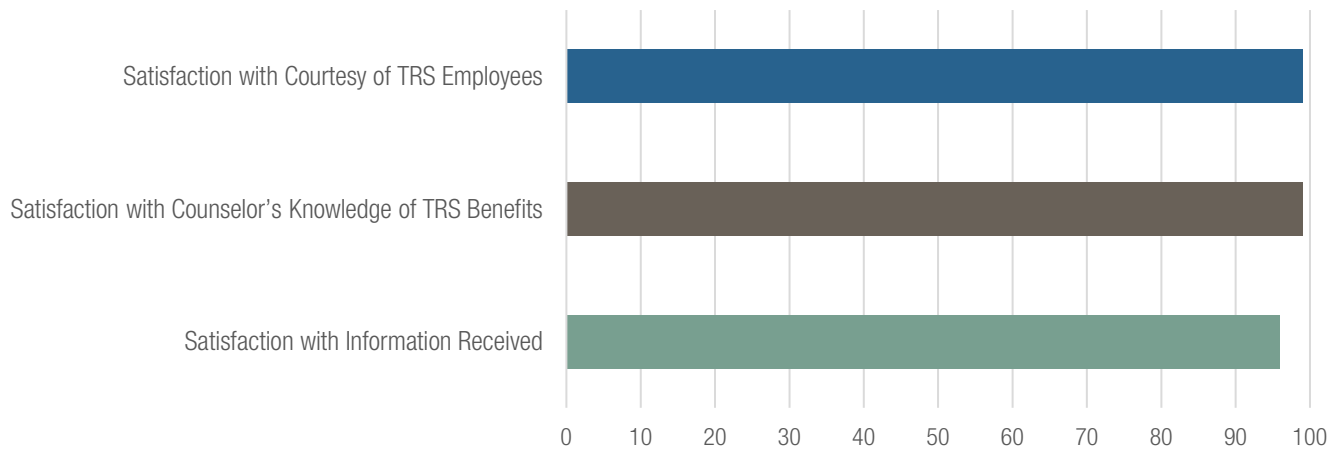
# SCHEDULE G: REPORT ON CUSTOMER SERVICE

## Figure 16: Additional Telephone Survey Results (FY 17 & FY 18 to date)



**How Was Your Visit?**
N=3,116

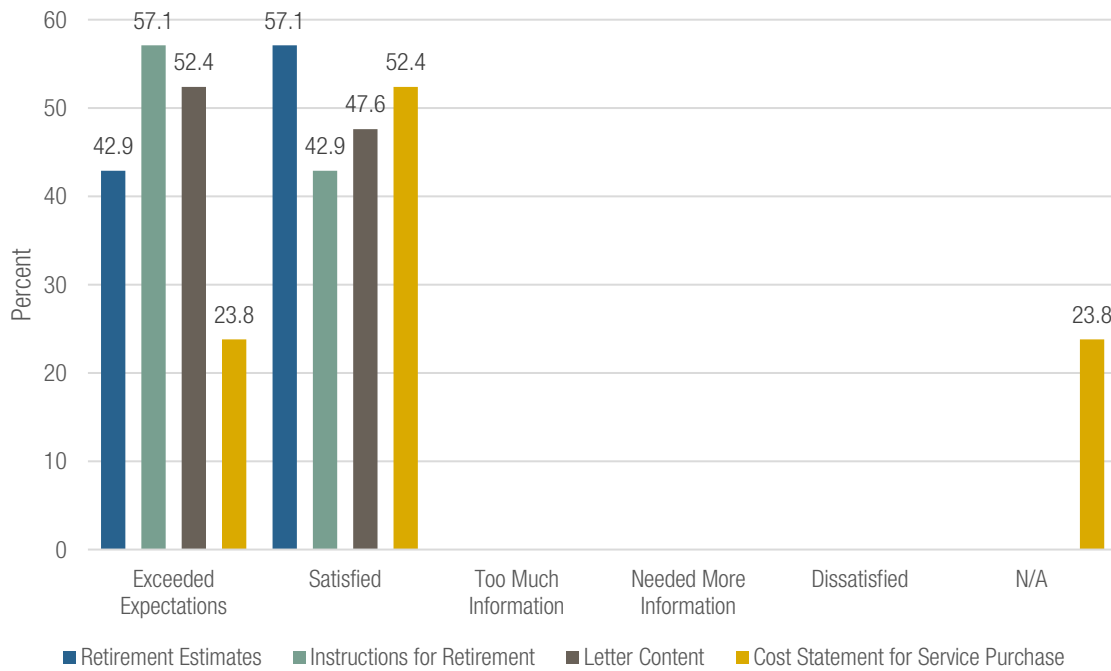## Figure 17: How Was Your Visit? Survey Results (FY 17 & FY 18 to date)

**Remote Counseling**

N=21

## Figure 18: Satisfaction with the Content of Retirement Packet (FY 17)



Figure 18: Satisfaction with the Content of Retirement Packet (FY 17)

Legend: Retirement Estimates · Instructions for Retirement · Letter Content · Cost Statement for Service Purchase

*CEM*

In fiscal year 2017, TRS' cost per active member and annuitant was $35. This was $61 below the peer average of $96. TRS' service score was 73 out of 100. This was below the peer median of 75. Finally, TRS had a complexity score of 40 out of 100 which was below the peer median of 74.

Based on TRS' cost and service level, TRS is considered a low service, low cost system.

## Figure 19: Relative Service vs. Relative Cost
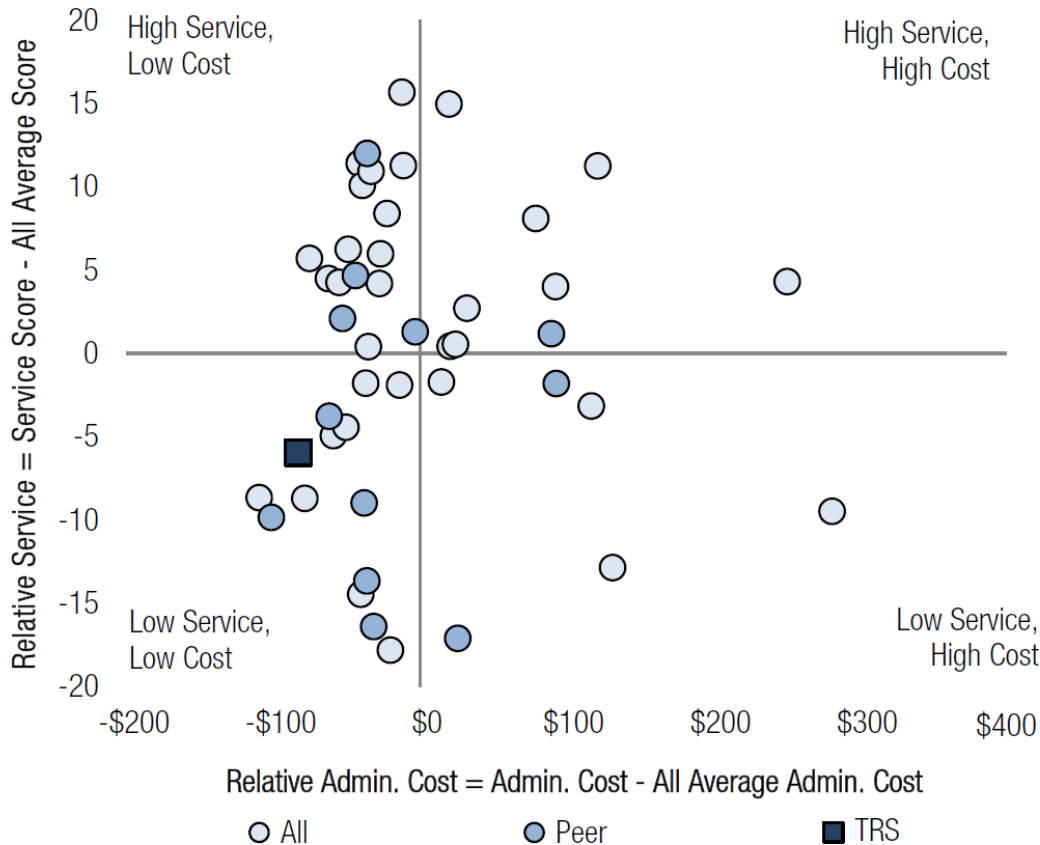


## Analysis

### Summary of Findings

The various surveys administered by TRS were designed to gauge levels of satisfaction with TRS services among active members and retirees. While retirees rated TRS very positively in the 2017 Member Satisfaction Survey (MSS) (see Figures 5 and 7), TRS has already started to see satisfaction decrease via the Telephone survey (see Figure 14). Surveys also indicate that TRS may need to improve communication efforts with active members (see Figures 8 and 9).

*TRS-Care and TRS Active-Care*: In the 2017 MSS, 83.5 percent of retired members reported being satisfied or very satisfied with TRS-Care, and 76.2 percent of active members reported being satisfied or very satisfied with TRS-ActiveCare (see Figure 6). It would appear that overall, both groups were satisfied with their health care plans, and that

retirees were slightly more satisfied than active members. It is important to note, however, that the 2017 MSS was administered from March to April of 2017. In May of 2017, the Texas Legislature passed legislation that made significant changes to TRS-Care. This legislation went into effect in September 2017 and January 2018. Member response to these changes has indicated that retiree satisfaction with TRS-Care has decreased since April 2017.

*Communications:* Both active and retired members agree that TRS sends communications relevant to member needs (see Figure 8), however, the second most popular choice after "Agree" for active members is "Neutral." The fact that almost a fourth of active members do not have an opinion on TRS communications could mean that TRS is not fully engaging them. Around 62 percent of retirees and just less than half of active members agreed or strongly agreed that information provided by TRS is easy to understand (see Figure 9). The retirement packet, which is provided to all prospective retirees, was highly rated by a small group of remote counseling participants (see Figure 18). The four components of the packet (instructions for retirement, retirement estimate, letter content, and cost statement for service purchase) were all reported to satisfy or exceed expectations.

*Facilities:* Retired members overwhelmingly rated the ease of access to TRS' Austin office and the parking provided there as "Excellent" (see Figures 12 and 13). Almost half (45.9 percent) of active members, on the other hand, rated parking as "Poor" and over a third (38.1 percent) rated ease of access as "Poor". These services are non-benefit related, so the opposite experiences cannot be attributed to TRS treating either group differently. The differences in opinion between active members and retirees could be generational.

*Telephone Counseling:* Among callers to the TCC, satisfaction with hold time (see Figure 15) perfectly corresponds with the speed of answer and handle time shown in Figure 3. As the speed of answer and handle time went up, the satisfaction with hold time went down. For example, in October 2016, hold time was two minutes and three seconds, and satisfaction was 86.3 percent. In November 2016, hold time increased to five minutes 55 seconds, and satisfaction decreased to 67.0 percent. Once callers are on the line with a counselor, however, almost all report having a positive experience, in which they feel confident about the information they received and valued as a member (see Figures 17, 18 and 19). The callback feature of TRS' telephone system also receives high marks (see Figure 16).

*In-Person Counseling:* Members who meet with TRS' in-person counselors almost unanimously report that they are satisfied or very satisfied with the counselor's courtesy and knowledge of TRS benefits (see Figure 17). Counselors and other TRS support staff receive many positive written comments each month via the *How Was Your Visit?* survey. Ratings for satisfaction with information received are slightly lower than ratings for satisfaction with counselor's knowledge of TRS benefits, which likely indicates that members did not like something they learned about their benefits while meeting with a benefit counselor (see Figure 17).

*Overall:* The 2017 MSS responses regarding overall satisfaction with TRS were obtained prior to the passage and implementation of legislation that made significant changes to TRS-Care. According to the 2017 MSS, 82.5 percent of active members and 88.5 percent of retirees reported being satisfied or very satisfied with TRS' services, an average of 85.5 percent (see Figure 5). While not an exact comparison, this is 10 percent higher than the average reported overall satisfaction in the Telephone survey in 2017, 75.7 percent. The Telephone survey shows member satisfaction with TRS beginning to drop in May 2017, when the TRS-Care legislation was passed (see Figure 14). In addition to being unsatisfied with upcoming changes to TRS-Care, members may have been less than satisfied with hold times in the TCC

or wait times to meet with a benefit counselor. In FY 2018 to date, the average reported overall satisfaction in the Telephone survey is 67.5 percent. The continued decline in overall satisfaction is almost certainly due to the same reasons as described above, as the changes to TRS-Care are now a reality and hold times are significantly longer. In regard to TRS as an organization, 15 percent more retirees (82.4 percent) than active members (67.4 percent) reported being satisfied with TRS to some degree (see Figure 7). Twice as many active members (21.9 percent) than retirees (10.6 percent) were neutral on the subject, indicating that a larger number of active members than retired members are not engaged.

### *Improving Customer Satisfaction*

Customer service is top of mind for the board and staff. Earlier this year, the board amended its bylaws of the Benefits Committee to enhance its purpose to explicitly include customer service and benefit delivery issues. Several customer service initiatives were undertaken over the past two years to address hold times, prepare for the implementation of TEAM Phase 1, and enhance communication efforts related to policy changes impacting members' benefits. While these initiatives were all beneficial to TRS' external customers, a major factor impacting TRS' customer service issues remains – the number of benefit services employees. Without more human resources to handle the sheer volume of incoming calls, requests for counseling sessions, and increases in core benefit processing, TRS will be unable to provide the level of services members and retirees deserve. To this end, TRS will be requesting additional benefit services employees in its 2020-21 Legislative Appropriations Request.

TRS is focused on improving benefit delivery for members and retirees. One of the objectives in the agency's Strategic Plan is to improve the customer experience. TRS has identified several key performance indicators to measure progress toward meeting this objective. These include achieving the service level performance measure of answering 80 percent of calls within three minutes, decreasing the call abandonment rate, reducing the wait time for an office visit, and increasing the number of benefit counselors that are cross-trained with HIB.

Pursuant to an agency reorganization in 2017, the Communications department now reports to the Strategy Office. The purpose of this realignment was to ensure that agency communications align with TRS' goals and objectives. To execute on this idea, the Communications department is in the process of developing a Strategic Communications Plan that will map to the agency's Strategic Plan. TRS is also working to improve the readability and communications style of its publications. Communications is focused on developing publications that are easier to read and understand.

### *Improving Survey Process*

Due to internal realignment, responsibility for conducting the MSS was transferred from the Communications Department to the Strategy Office. The Strategy Office is currently reviewing the MSS to determine ways in which it can be improved, including the questions that are asked, how survey participants are determined, and the mode of survey administration. Going forward, TRS plans to conduct a comprehensive MSS every year rather than every other year. Additionally, TRS plans to survey REPs for the first time in 2018.

Regarding the Telephone survey, the new TCC software includes after-call survey functionality. TRS anticipates using this functionality beginning in 2019 in lieu of the current after-call survey.

# SCHEDULE G: REPORT ON CUSTOMER SERVICE

## Performance Measures

Outcome Measures

- Percentage of Surveyed Respondents Expressing Overall Satisfaction with Services Received – 88.5% of retirees and 82.5% of active members (2017 Member Satisfaction Survey); 75.7% (FY 2017 Telephone); 67.5% (FY 2018 Telephone to date)
- Percentage of Surveyed Customer Respondents Identifying Ways to Improve Service Delivery – 7% (n=2,407 – FY 2017 *How Was Your Visit?* Survey)

Output Measures

- Total Customers Surveyed – 1,305 completed Member Satisfaction Surveys; 47,398 completed Point-of-Service Surveys (33,462 Telephone in FY 2017 and 10,799 Telephone in FY 2018 to date; 2,407 *How Was Your Visit?* in FY 2017 and 709 in FY 2018 to date, 21 Remote Counseling Surveys in FY 2017)
- Total Customers Served – 1,545,057 current members and retirement recipients

Efficiency Measures

- Cost Per Customer Surveyed - $15.74 (2017 Member Satisfaction Survey); $2.41 (FY 2017 Telephone)

Explanatory Measures

- Total Customers Identified - 1,545,057 current members and retirement recipients; 1,325 employers, 75 certified 403(b) companies
- Total Customer Groups Inventories – Four (see above)

# SCHEDULE G: REPORT ON CUSTOMER SERVICE

## Table 5: 2018-19 Goals and Performance for TRS-Specific Measures

| Performance Measures | 2018 | 2019 | Estimated 2018 |
|---|---|---|---|
| TRS Retirement Fund Annual Operating Expense Per Total Member in Dollars (Excluding Investment Expenses) | $29 | $30 | $26.15 |
| TRS Retirement Fund Investment Expense as Basis Points (bp) of Net Assets | 24 bp | 25 bp | 23.84 bp |
| Service Level Percentage of Calls Answered in Specified Time Interval | 78% | 80% | 10.8% |
| Number of TRS Benefit Applications Processed | 72,000 | 72,000 | 70,955 |
| TRS Retirement Fund 5-year Average, Time-Weighted Rate of Return on Investment Performance | 8.0% | 8.0% | 9.35% 9/13-12/17 |
| Investment Performance Relative to Board Approved Benchmark | 100% | 100% | 101.4% 9/15-12/17 |
| Number of TRS Retirement Fund Member Accounts Serviced | 11,129,312 | 11,351,898 | 11,129,312 |
| Percent of TRS Retirees Whose First Annuity Is Paid When It Is First Due | 98.0% | 98.0% | 99.5% |
| Participation Rate in Disease Management Program By Non-Medicare Enrollees | 10.0% | 10.0% | 5.5% |
| Generic Substitution Rate for TRS-Care Prescription Drug Benefits | 98.0% | 98.0% | 98.0% |

# SCHEDULE G: REPORT ON CUSTOMER SERVICE

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## *APPENDIX: TRS GOALS, OBJECTIVES AND STRATEGIES*

**GOAL 1: Sustain a financially sound pension system.**

**Objective 1:** Improve communication regarding pension funding needs.

Strategy 1: Serve as a trusted resource and engage with policymakers on pension funding.

**Objective 2:** Increase identification of underpayments and collection of future contributions to TRS.

Strategy 1: Increase audit coverage of high risk reporting entities.

**Objective 3:** Achieve the trust's actuarial assumed rate of return as measured on rolling 20-year periods.

Strategy 1: Maintain an effective investment governance structure.
Strategy 2: Maintain current competitive advantages and total returns.
Strategy 3: Manage cost structures to increase net alpha generated.

**Objective 4:** Improve communication regarding the impact of changing pension plan design.

Strategy 1: Serve as a trusted resource and engage with policymakers on pension funding.

**GOAL 2: Continuously improve our benefit delivery.**

**Objective 1:** Improve the customer service experience.

Strategy 1: Gain a better understanding of our members' expectations.
Strategy 2: Increase capacity to serve more members.
Strategy 3: Improve response time to reporting entity partners.
Strategy 4: Provide additional online functionality.
Strategy 5: Improve the quality of benefit estimates and timeliness of disbursements.

**Objective 2:** Improve timeliness and accuracy in employer reported data.

Strategy 1: Stabilize the reporting entity portal.
Strategy 2: Educate and provide training to the reporting entities.
Strategy 3: Conduct employer audits and data analytics.

**Objective 3**: Modernize and improve awareness of the 403(b) program.

Strategy 1: Build a new 403(b) Product Registration System.

Strategy 2: Develop certification and registration training for certified companies.
Strategy 3: Create new educational materials for members.


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

**Objective 1:** Improve communication efforts regarding health care funding needs.

Strategy 1: Serve as a trusted resource and engage with policymakers on health care funding for TRS-ActiveCare and TRS-Care.

**Objective 2:** Increase the value of health care benefits.

Strategy 1: Expand initiatives that improve value and quality of health care.
Strategy 2: Engage the most appropriate partners through competitive procurement to achieve value and quality.

**Objective 3:** Improve the health of our members.

Strategy 1: Improve engagement of plan participants with an initial focus on population with high impact conditions, such as diabetes.
Strategy 2: Optimize disease management for high risk populations.


**GOAL 4: Ensure that people, processes, and technology align to achieve excellence in the delivery of TRS goals.**

**Objective 1:** Attract, retain, and develop a highly competent staff.

Strategy 1: Position TRS as a destination employer.
Strategy 2: Promote a strong workplace culture.
Strategy 3: Improve diversity representation at all levels of the organization.
Strategy 4: Create an inclusive work environment that fosters creativity and innovation.
Strategy 5: Increase developmental opportunities.

**Objective 2**: Implement modern pension benefit and health information systems.

Strategy 1: Design, build and test pension LOB system components for Phase 2.
Strategy 2: Design, build and test HILOB system components.
Strategy 3: Ensure that staff and users are properly trained on Pension Phase 2 LOB and HILOB functionality.
Strategy 4: Go live with Phase 2 of the pension LOB and HILOB system.

**Objective 3:** Advance and enhance IT systems and services.

Strategy 1: Build, maintain and enhance a robust, highly available IT environment in support of applications and services.
Strategy 2: Expand and ease the ability to perform TRS work from anywhere, at any time, and across most any device.
Strategy 3: Provide advanced data analytics tools and data management practices to gain business intelligence and improve decision-making.
Strategy 4: Modernize legacy systems.

**Objective 4:** Continue to enhance a strong information security program.

Strategy 1: Provide a secure computing environment that ensures data privacy and integrity.
Strategy 2: Develop an information security framework based on adaptive security architecture best practices to manage and mitigate cyber-security threats.

**Objective 5:** Modernize TRS facilities and explore future space requirements/options.

Strategy 1: Remodel the Red River Campus.
Strategy 2: Enhance safety and security measures at the Red River Campus.
Strategy 3: Research space requirements/options for the future (including possible purchase, building, and rental options that allow for growth to meet member needs).

**Objective 6:** Foster a culture of fiduciary responsibility and ethical conduct.

Strategy 1: Embed/Integrate culture of ethics and compliance within the business process.
Strategy 2: Enhance visibility of, and accessibility to, Legal & Compliance throughout TRS.
Strategy 3: Enhance automation and optimize technology solutions for ethics and compliance function.

**Objective 7:** Improve strategic communications.

Strategy 1: Become aware of and track emerging issues.
Strategy 2: Disseminate information proactively to members and stakeholders in advance of significant events.
Strategy 3: Develop a crisis communication plan.


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

**Objective 1:** Increase the number of utilized Historically Underutilized Businesses (HUBs).

Strategy 1: Develop internal agency training on HUB regulations and competitive procurements to encourage directors, purchasers, project managers, and other personnel responsible for procurement of goods and services to maximize the use of HUBs.

Strategy 2: Meet with departments on regular basis to develop procurement plans to ensure TRS is using a competitive process as often as possible to provide opportunities for HUB utilization.

Strategy 3: Report HUB utilization data to the agency throughout the fiscal year so that each department can keep abreast of ongoing performance.

Strategy 4: Conduct outreach activities that foster and improve relationships among HUB vendors, prime contractors, and purchasers.