APRIL 2023

TARGETING

Strategic Planning Committee Meeting

TRS
TEACHER RETIREMENT SYSTEM OF TEXAS

Teacher Retirement System of Texas
1000 Red River Street
Austin, Texas
78701-2698

TEACHER RETIREMENT SYSTEM OF TEXAS MEETING
BOARD OF TRUSTEES
AND
STRATEGIC PLANNING COMMITTEE

(Committee Chair and Members: Brittny Allred., Chair; Michael Ball, David Corpus,
John Elliott, and Dick Nance)

All or part of the April 27, 2023, meeting of the TRS Strategic Planning Committee and
Board of Trustees may be held by telephone or video conference call as authorized under
Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have
a quorum and the presiding officer of the meeting physically present at the following
*location, which will be open to the public during the open portions of the m **1000 Red***
River, Austin, Texas 78701 in the TRS East Building, 5ᵗʰ Floor, Boardroom.

The open portions of the April 27, 2023, meeting are being broadcast over the Internet.
Access to the Internet broadcast and agenda materials of the meeting is provided at
www.trs.texas.gov. A recording of the meeting will be available at www.trs.texas.gov.

AGENDA
April 27, 2023 – 1:00 p.m.

1. Call roll of Committee members.

2. Consider the approval of the proposed minutes of the December 2022 committee
    meeting – Committee Chair.

3. Receive an overview of the Strategic Plan Committee's Calendar Year 2023 Work
    Plan – Don Green.

4. Consider adoption of the proposed Fiscal Year 2023 – 27 Strategic Plan Goals,
    Objectives and Strategies - Don Green and Michelle Pagan.

5. Receive an overview of the Enterprise Risk Management Program – Don Green
    and Michelle Pagan.

6. Discuss and review Results Forum for FY 2023 - 27 TRS Strategic Plan Objectives:
    Don Green, Amanda Jenami, Jase Auby and Barbie Pearson:
    A. Increase Identification of Underpayments and Collection of Future
        Contributions;
    B. Achieve the Investment Rate of Return;
    C. Improve the Customer Service Experience; and
    D. Improve Timeliness and Accuracy in Employer Reported Data.

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act
upon any item before the Strategic Planning Committee (Committee) at this meeting of the Committee. This
meeting is not a regular meeting of the Board. However, because the full Committee constitutes a quorum
of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance
of caution.

TAB
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Minutes of the Strategic Planning Committee
December 8, 2022

The Strategic Planning Committee of the Board of Trustees of the Teacher Retirement System of Texas met on December 8, 2022, in the boardroom located on the Fifth Floor in the East Building of TRS' offices located at 1000 Red River Street, Austin, Texas, 78701.

Committee Members Present:
Mr. Robert H. Walls, Chair
Mr. David Corpus
Mr. Jarvis V. Hollingsworth
Mr. Christopher Moss

Committee members attending via videoconference:
Mr. Michael Ball

Other TRS Board Members Present:
Mr. John Elliott
Mr. James D. Nance
Ms. Nanette Sissney

Others who participated:
Brian Guthrie, TRS   Dr. Rene Paulson, Elite Research
Andrew Roth, TRS
Heather Traeger, TRS
Jase Auby, TRS
Don Green, TRS
Caasi Lamb, TRS
Sunitha Downing, TRS
Kellie Sauls, TRS
Beth Hallmark, TRS
Katherine Farrell, TRS
Suzanne Dugan, Cohen Milstein

Strategic Planning Committee Chair, Mr. Walls, called the meeting to order at 9:30 a.m.

1. **Call roll of Committee members.**

Ms. Farrell called the roll. A quorum was present.

2. **Consider the approval of the proposed minutes of the September 2022 Committee meeting – Committee Chair Mr. Robert H. Walls.**

On a motion by Mr. Hollingsworth, seconded by Mr. Corpus, the proposed minutes for the September 2022 Strategic Planning Committee meeting were approved as presented.

3.   **Receive an update on 2022 Member Satisfaction Survey – Sunitha Downing and Dr. Rene Paulson, Elite Research.**

Ms. Sunitha Downing introduced the report on the results from members satisfaction survey. She reviewed the changes that were made to the survey based upon previous feedback that the survey was too long. She said this past July, Ms. Lamb presented to the Board the change in methodology to incorporate industry standard best practices. She reported based on the changes the average response time took 10 minutes less with over 6,000 responses, a 267 percent increase in participation.

Dr. Rene Paulson reviewed the results of the member satisfaction survey. She said the results were collected from 3,515 active members and 2,514 retired members with the majority of both groups completing the survey online via an email invitation. She reported the overall satisfaction with TRS over the last three years, almost 80 percent of retirees rate either very satisfied or satisfied in 2022. She noted the very satisfied ratings continue to improve over the past three years for the retiree group. She said for the active members their responses are more neutral with a slight decrease in very satisfied and satisfied and an increase in very unsatisfied and unsatisfied from 2021 to 2022. She commented that with the increase in sample size, there is more availability for people to complete a survey and responses tend to be more on the extreme end, in general. She said when viewing the open-ended comments there were a lot of responses from active members focused around cost of living adjustments and wanting to know about the health of the Fund.

Dr. Paulson reported on the qualitative interaction feedback in the survey, noting that active members wanted more video and recorded webinars, a mobile app and an updated website or portal. She said they also wanted staff availability to answer calls, texts, increased speed of processing for requests and increased email notifications. She reported retired members wanted more video and recorded webinars. She said they also wanted an updated website and portal and availability of staff to answer calls and that they liked physical mail notifications.

Dr. Paulson stated there was a higher percentage of active and retired members that visited *MyTRS* in 2021 and 2022 relative to 2020. She said the reasons provided for both active and retired members for not visiting *MyTRS* were they had no reason to register at the time or not aware of *MyTRS* or not sure how to register. She pointed out there was a large decrease in the percentage of both active and retired members who were not aware of *MyTRS* over the past three years.

Dr. Paulson stated health insurance benefits over the past three years have increased in satisfied for retired and active members and decreased in unsatisfied for active members. She reported both groups stated the most important ways to improve the health care programs were to lower employee premiums and to cover additional services and prescription drugs.

4.   **Discuss and review the Results Forum for FY 2021-25 Strategic Plan Objectives – Caasi Lamb, Shunne Powell, Kellie Sauls, Andrew Roth, and Beth Hallmark:**

      A.   **Attract, retain, and develop a diverse and highly competent staff;**

Ms. Shunne Powell reviewed the accomplishments of Organizational Excellence (OE) as it relates to Objective One under Goal Four of the strategic plan. She reported TRS won the Top Workplace designation for FY 2022 and 2023 and also named the National Top Workplace. She said another major initiative successfully implemented was the Classification Project. With the new system in place, she said TRS was more flexible and more competitive in sourcing for talent in the current market. Ms. Powell stated Strategy 2 was promoting a strong workforce culture that is also inclusive and fosters creativity and innovation. She said this was accomplished over the past fiscal year by partnering with employee resource groups (ERGs) such as the Veterans Committee, Culture Committee and Safety Committee.

Ms. Kellie Sauls spoke to developing a diverse talent pipeline which focused on the following: early career focus, brand awareness, and taking advantage of additional opportunities.

Ms. Powell reviewed Strategy Four. She reported OE has offered 82 training events to TRS employees interested in enhancing their skills to remain or move up in their career goals. She noted that 46 percent of the Executive Council was eligible for retirement. She said a goal is to work on bench strength. Mr. Brian Guthrie described the robust process of succession planning and skill development of candidates identified for those positions. He then announced that Ms. Powell herself is a product of that development process and that she will be taking over for Janet Bray as the new Chief Organizational Excellence Officer in January when Ms. Bray retires.

Ms. Powell concluded with reporting on Strategy Five and the need to be adaptable and pivot in the ever-changing work environment. She said the El Paso Office was staffed up, assisted with the return to work on site and expanded the Remote Work Program. She reported a major accomplishment was expanding the telephone counselors to 100 percent remote which has allowed hiring outside of the Austin area to support member services.

B.   **Identify appropriate solutions for TRS facilities and space requirements; and**

Mr. Andrew Roth reviewed the appropriate solutions for TRS facilities and space requirements objective. He reported the build-out activities for Alpha are well underway and that Bravo core and shell construction is as well. He said that the Red River campus was on the market and sold.

He noted the regional office approval and funding is now marked complete.

C.   **Improve strategic communications.**

Ms. Beth Hallmark reported that regarding Strategy One, the Plain Language Guide of Best Practices and the Web Accessibility Best Practices Guide were created and published. She said that they are also studying the keywords and terminology that members and retirees use to search TRS' website to see what information needs to be brought to the front to make it easily and quickly accessible. In response to Mr. Moss' inquiry, Ms. Hallmark reported that the plan for 2023 is to take a sharp eye to all of TRS web content and do a thorough review.

D.   **Evaluate automation and technology solutions to enhance existing processes.**

Ms. Lamb noted this strategy was in the previous five-year strategic plan and was very specific to Legal & Compliance. She said this strategy was made broader and applies to all processes in the most recent strategic plan adopted. Mr. Roth noted that based on the success of the bots that have been developed in Internal Audit to review health care claims, a similar role for the bots will be utilized to review employer data. He said the bots will also be developed to use in *MyTRS* to help identify fraudulent activities.

Ms. Lamb concluded with an overview of the Enterprise Stoplight Report noting four changes from the last quarter. The first being budget with a risk level decreased from guarded to low. The next was Communications & External Relations with an increase in risk level from guarded to caution. The next change was to Facilities Management & Planning with a decrease from caution to guarded. The final change was to the Sunset/Legislative Implementation category with the risk level changed to low due to the implementation of the statutory requirements.

At 10:53 a.m., Chair Walls announced there being no further business before the Strategic Planning Committee, it was adjourned.

APPROVED BY THE STRATEGIC PLANNIING COMMITTEE OF THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE _____ DAY OF APRIL 2023.

_____   _____
Katherine H. Farrell   Date
Secretary to the Board of Trustees
Teacher Retirement Systems of Texas

**TAB
3**

Strategic Planning Committee

Overview of Calendar Year 2023 Work Plan

Don Green | **Chief Financial Officer**

April 27, 2023

TRS
TEACHER RETIREMENT SYSTEM OF TEXAS

Strategic Planning Committee – CY 2023

Committee Workplan

Informative (Receive) — Pre-Action (Review) — Action (Consider)
*Approved by committee only

February	April	May	July	September	December
Review Proposed Updates to Strategic Plan (Full Board)	**Consider Updates to Strategic Plan**	N/A	Receive Results Forum Report Out (Q2)	Receive Results Forum Report Out (Q3)	Receive Results Forum Report Out (Q4)
	Receive Results Forum Report Out (Q1)		Receive update on FY 23 Areas of Focus	**Consider FY 24 Areas of Focus** (Compensation Committee)	Receive FY 23 End of Year KPI Data
	Receive update on Enterprise Risk Management Program		Receive FY 23 Mid-Year KPI Data	Receive update on Member and Employer Outreach Plan	Review Proposed Updates to Mission Statement & Core Values
			Review Proposed FY 24 Areas of Focus		Receive results of Member Satisfaction Survey
			Receive results of Reporting Employer Satisfaction Survey		

Schedule as of March 2023. Note: all committee schedules are subject to change

Fiscal Year 2023 — Fiscal Year 2024

**TAB
4**

Agenda

- Summary of Proposed Updates

- Appendix A: 2023-27 Strategic Plan

Summary of Proposed Updates

Member Focused	G2.O1.S6	Provide a seamless member experience. *(NEW)*
	G4.O7	Improve strategic communications <u>with a customer-centric focus</u>. *(AMEND)*
	G4.O7.S1	Ensure that member-facing content is easily understandable, <u>findable</u> and accessible to readers, <u>and fully meets members' needs</u>. *(AMEND)*
	G4.O7.S2	Map and verify the information needs of members and employers and how they interconnect so informational content can be delivered more seamlessly. *(NEW)*
	G4.O7.S3	Implement and monitor the Member and Employer Outreach Plan to better help members and employers <u>fully know and utilize benefits, engage with TRS</u>, plan for retirement, <u>and remain informed post-retirement</u>. *(AMEND)*
Workforce Planning	G4.O1.S5	Develop and implement a workforce planning strategy that includes expanded remote work, <u>succession planning, and knowledge transfer</u>. *(AMEND)*
Clean-up	G1.O2	Increase identification of underpayments and collection of future contributions to TRS. *(DELETE)*
	G1.O2.S1	Increase testing coverage of high-risk reporting employers. *(DELETE)*
	G4.O4.S2	Identify best value to the pension trust fund for the disposition of existing headquarters. *(DELETE)*

Appendix A: 2023-27 Strategic Plan

TRS 2023-27 Strategic Plan

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 testing coverage of high-risk reporting employers.~~

Objective 2~~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: Enhance current competitive advantages and total returns.

    Strategy 3: Manage cost structures to increase net alpha generated.

Objective 3~~4~~: Improve communication regarding the impact of changing pension plan design.

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

GOAL 2 | Continuously improve our benefit delivery.

Objective 1: Improve the customer service experience for members and employers.

    Strategy 1: Increase capacity to serve members.

    Strategy 2: Improve response time to reporting employers.

    Strategy 3: Provide additional online functionality.

    Strategy 4: Build and define operational support for Benefit Services.

    Strategy 5: Execute on the Customer Service Improvement Initiative.

    Strategy 6: Provide a seamless member experience.

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

    Strategy 1: Improve and enhance the reporting employer portal.

TRS 2023-27 Strategic Plan

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.

Objective 2: Increase the value of health care benefits.

    Strategy 1: Engage the best health care vendors through competitive procurement to ensure our members have the highest value health care.

    Strategy 2: Re-engineer TRS-ActiveCare to better meet employer needs.

    Strategy 3: Use data analytics tools to provide assurance on health care claims compliance.

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 services to members.

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

Strategy 1: Position TRS as an employer of choice to meet the needs of our current and future workforce.

Strategy 2: Promote a strong workplace culture that is inclusive and fosters creativity and innovation.

Strategy 3: Improve diversity representation at all levels of the organization.

Strategy 4: Expand learning and development opportunities.

Strategy 5: Develop and implement a ~~comprehensive~~ workforce <u>planning</u> strategy that includes expanded remote work, ~~onsite facility needs, appropriate compensation and staffing levels~~ <u>succession planning</u>, and <u>knowledge transfer</u> ~~the technological tools necessary to support appropriate workforce strategies~~.

Objective 2: Advance and enhance IT systems and services.

Strategy 1: Develop, maintain, and enhance IT systems and infrastructure in support of TRS business needs.

Strategy 2: Expand and evolve from an office-centric design to a hybrid remote work environment that provides greater fluidity, flexibility, and security.

Strategy 3: Provide advanced data analytics tools and data management practices to gain business intelligence and improve decision-making.

Strategy 4: Implement modern information systems across all lines of business with priority on modernization of legacy systems and strategic digital transformation.

Strategy 5: Improve digital operating technology models to enhance continuous business process improvement and provide operational efficiencies.

GOAL 4 | Ensure that people, processes, and technology align to achieve excellence in the delivery of services to members.

Objective 3: Enhance the information security program to effectively counter current and emerging threats and risks facing TRS.

Strategy 1: Optimize security architecture and operational capabilities to thwart advanced threats and mitigate vulnerabilities.

Strategy 2: Develop a comprehensive governance, risk, and compliance program to include security and privacy management, risk/fraud forecasting, and education.

Objective 4: Execute on TRS facilities needs.

Strategy 1: Complete build-out and move-in activities for the new TRS headquarters buildings.

~~**Strategy 2:** Identify best value to the pension trust fund for the disposition of existing headquarters.~~

Strategy 2~~3~~: Identify resource needs and develop project plans associated with opening additional regional offices.

Objective 5: 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.

TRS 2023-27 Strategic Plan

GOAL 4 | Ensure that people, processes, and technology align to achieve excellence in the delivery of services to members.

Objective 6: Improve and maintain effective procurement and contract management practices.

Strategy 1: Implement significant program recommendations related to the Purchasing & Contracts Enhancement Plan.

Strategy 2: Increase the number of utilized Historically Underutilized Businesses (HUBs).

Strategy 3: Mature third-party risk management processes.

Objective 7: Improve strategic communications with a customer-centric focus.

Strategy 1: Ensure that member-facing content is easily understandable, findable and accessible to readers, and fully meets members' needs.

Strategy 2: Map and verify the information needs of members and employers and how they interconnect so informational content can be delivered more seamlessly.

Strategy 32: Implement and monitor the Member and Employer Outreach Plan to better help members and employers fully know and utilize benefits, engage with TRS, plan for retirement, and remain informed post-retirement.

GOAL 4 | Ensure that people, processes, and technology align to achieve excellence in the delivery of services to members.

Objective 8: Evaluate automation and technology solutions to enhance existing processes.

> **Strategy 1:** Investigate best practices and feasibility of incorporating artificial intelligence into organizational processes.

> **Strategy 2:** Identify opportunities for improved productivity, process efficiencies, and performance monitoring.

> **Strategy 3:** Enhance oversight of custodian bank's reporting on fair value of investment assets and investment-related activities.

Objective 9: Develop a centralized data management framework for digital and physical data.

> **Strategy 1:** Establish a cross-functional data governance body to develop methods, responsibilities, and processes to standardize, integrate, protect, and store organizational data.

> **Strategy 2:** Analyze the current state of data governance and operationalize the review and assessment of proposed projects in accordance with the data management framework.

TAB
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Strategic Planning Committee

ERM Program Overview

Don Green | **Chief Financial Officer**
Michelle Pagán | **Director of ERM, Strategy & Continuous Improvement**

April 27, 2023

Agenda

- Background

- History

- Process

Enterprise Risk Management (ERM)

Definition

A strategic business discipline that supports the achievement of an organization's objectives by addressing the full spectrum of its risks and managing the combined impact of those risks as an interrelated risk portfolio.

Source: The Risk Management Society

Alignment

Integral part of all TRS activities and seeks to align with existing processes such as strategic planning, budgeting, business continuity, and project governance.

Source: TRS Enterprise Risk Management Policy

History

Apr. 2007

TRS dedicates an FTE in Internal Audit to ERM

Aug. 2009

Stoplight Report was first presented to the Board of Trustees

Sept. 2011

Board Bylaws amended to include reporting on risk and control activities to the Risk Management Committee

Mar. 2020

ERM Program Maturity Assessment Report Issued

Sept. 2021

Board reporting modified to include Enterprise Stoplight Report and Enterprise Risk Event Profile Report

Executive Director authorizes the creation of the ERM Program and the Risk Oversight Committee (ROC)

Sept. 2008

Executive Director establishes the Office of Risk Management & Strategic Planning. Staff transfers out of Internal Audit

Sept. 2010

Board Bylaws amended to reconstitute Risk Management Committee to Strategic Planning Committee

Feb. 2018

Internal ERM Policy updated to include expanded roles and responsibilities; risk champions

Jul. 2021

Risk Oversight Committee (ROC)

Purpose
Oversee the process by which management and staff identify, assess, and manage enterprise risks and report on strategic plan execution

Membership
Executive Management Team

Roles & Responsibilities
Shared responsibility at every level of the organization

Approach
Meet monthly to discuss results of risk assessments, ensure that existing and emerging risks are identified and prioritized, discuss mitigations and identify any gaps, and review Strategic Plan progress

Environmental Scanning

- Risk Organizations
- Public Pension Fund Peer Group
- Strategic Plan Retreats
- Risk Oversight Committee (ROC) Meetings
- Other Lines of Defense Coordination

Risk Identification & Risk Analysis

- Risk Categories

- Risk Assessments

- Cross-Functional Participants

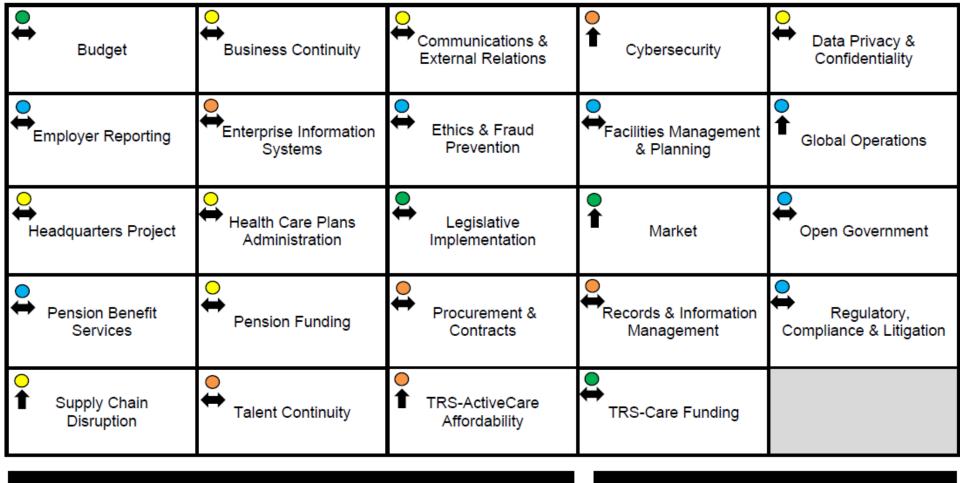- Risk Assessment Methodology

- Priority Monitoring Criteria

Risk Mitigation & Monitoring

- Mitigation Identification & Planning
- Risk Matrix Updates & Review
- Quarterly Risk Updates to ROC
- Risk Reporting to Board
- Other Lines of Defense Coordination

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ERM Process

▶ Risk Reporting – Enterprise Stoplight Report

🟢 ↔ Budget	🟡 ↔ Business Continuity	🟡 ↔ Communications & External Relations	🟠 ↑ Cybersecurity	🟡 ↔ Data Privacy & Confidentiality
🔵 ↔ Employer Reporting	🟠 ↔ Enterprise Information Systems	🔵 ↔ Ethics & Fraud Prevention	🔵 ↔ Facilities Management & Planning	🔵 ↑ Global Operations
🟡 ↔ Headquarters Project	🟡 ↔ Health Care Plans Administration	🟢 ↔ Legislative Implementation	🟢 ↑ Market	🔵 ↕ Open Government
🔵 ↔ Pension Benefit Services	🟡 ↔ Pension Funding	🟠 ↔ Procurement & Contracts	🟠 ↔ Records & Information Management	🔵 ↔ Regulatory, Compliance & Litigation
🟡 ↑ Supply Chain Disruption	🟠 ↔ Talent Continuity	🟠 ↑ TRS-ActiveCare Affordability	🟢 ↔ TRS-Care Funding	

RISK CATEGORY LEVEL - Threat to Achieving TRS Goals & Objectives

HIGH 🔴	ELEVATED 🟠	CAUTION 🟡	GUARDED 🔵	LOW 🟢

EXPECTED RISK CATEGORY TREND - NEXT 12-24 MONTHS

INCREASE ↑	DECREASE ↓	NO CHANGE ↔

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Appendix

RISK HEAT MAP

IMPACT (I) How bad will risk hurt?		1 Not Likely (~10%)	2 Slight (~30%)	3 Probable (~50%)	4 Highly Likely (~70%)	5 Expected (~90%)
5 Major		Guarded 5	Caution 10	Elevated 15	High 20	High 25
4 Significant		Low 4	Guarded 8	Caution 12	Elevated 16	High 20
3 Moderate		Low 3	Guarded 6	Caution 9	Caution 12	Elevated 15
2 Minor		Low 2	Low 4	Guarded 6	Guarded 8	Caution 10
1 Not Significant		Low 1	Low 2	Low 3	Low 4	Guarded 5

LIKELIHOOD (L) Chance of risk happening?

RISK EVENT FREQUENCY How often might it occur?

	1	2	3	4	5
Risk Event Frequency	15+ years	10-15 years	5-10 years	2-5 years	0-2 years

RISK SCORE / ASSURANCE / VELOCITY*

RISK SCORE (I x L)	Level		ASSURANCE Mitigation Effectiveness		VELOCITY* Speed of Impact
17-25	High	1	Effective	5	< 1 Month
13-16	Elevated	2	Good	4	1-6 Months
09-12	Caution	3	Could Be Improved	3	6-12 Months
05-08	Guarded	4	Poor	2	1-3 Years
01-04	Low	5	Ineffective	1	3+ Years

EXPECTED RISK LEVEL TREND (Next 12-24 Months)

Increase	Decrease	No Change
↑	↓	↔

IMPACT STATEMENTS (I)

		Operational	Financial	Strategic	Legal/Compliance	Reputational
5 Major		Termination of TRS services for foreseeable future; Wide-spread data loss; Possible loss of life	Major impact on trust funding, cash flow, costs or revenue.	Failure to meet TRS goals and objectives.	Loss of tax qualified status; Monetary penalties or interest due to IRS.	Irreparable damage to TRS' reputation and credibility; Scrutiny by oversight entities increased.
4 Significant		Widespread disruption to service levels or TRS functions; Demands great attention/concern.	Significant impact on trust funding, cash flow, costs or revenue.	Significant delays or reductions in scope of TRS goals and objectives.	Significant penalties, fines, or violations; Fraud; Breach of confidential or HIPAA data.	Negative headlines in several media publications; Increased scrutiny by oversight entities.
3 Moderate		Impacts service levels or creates moderate TRS disruptions; Not excessive or extreme.	Moderate impact on trust funding, cash flow, costs or revenue.	Delays or requires modifications to TRS goals and objectives.	Moderate violations lead to increased scrutiny by oversight entities.	TRS is subject to criticism from several media sources.
2 Minor		Minor impact to service levels and TRS activities.	Minor impact on trust funding, cash flow, costs or revenue.	Minor delays/ modifications to TRS goals and objectives.	Minor legal/ compliance violations.	Minimal criticism from a few media sources.
1 Not Significant		No impact to service levels and TRS activities.	No impact on trust funding, cash flow, costs or revenue.	No impact to achievement of TRS goals and objectives.	No legal/ compliance violations.	No impact to TRS' reputation.

*Velocity – if the risk did occur, when might TRS experience the negative impact?
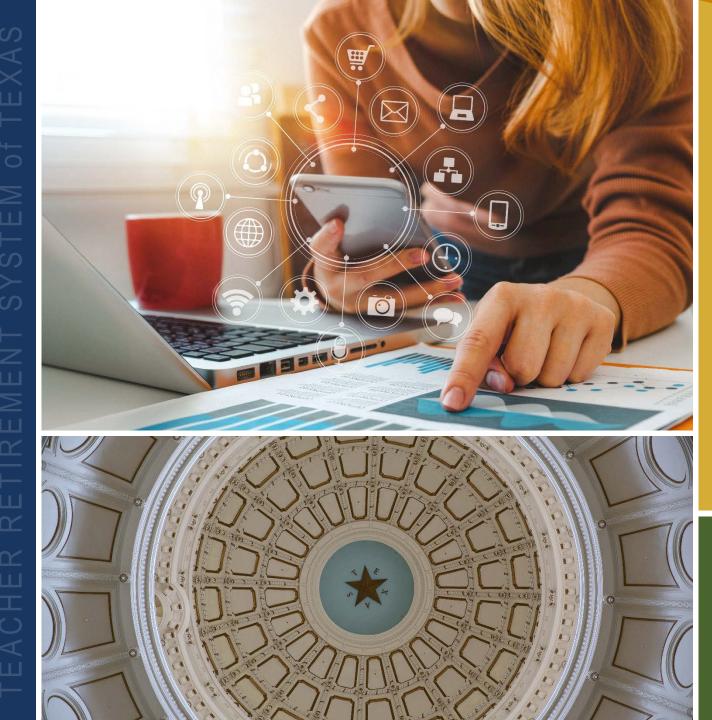
Enterprise Risks Priority 1 & 2

Priority 1

Risk Event	Risk Category
1 Decreased plan value or perceived plan value	TRS-ActiveCare Affordability
2 Destabilization of TRS-ActiveCare	TRS-ActiveCare Affordability
3 Digital data breach	Cybersecurity
4 Support for Enterprise IT systems is inadequate or unattainable (e.g., hardware, software, personnel resources)	Enterprise Information Systems
5 TRS not fulfilling its fiduciary obligation in complying with TRS procurement practices	Procurement & Contracts
6 TRS fails to achieve contract management best practices	Procurement & Contracts
7 Over/Under retention of information	Records & Information Management
8 Inability to obtain goods and services when needed	Supply Chain Disruption
9 Inability to meet business modernization goals	Enterprise Information Systems
10 External fraud	Ethics & Fraud Prevention
11 Delay in initial benefit payments	Pension Benefit Services
12 Service levels decline for participants	Supply Chain Disruption
13 Lack of information governance maturity	Records & Information Management
14 Inability to deliver health care benefits that are valued by Participants	Health Care Plans Administrations
15 Decreased plan value or perceived plan value	TRS-Care Funding
16 Fraud	Pension Benefit Services

Priority 2

Risk Event	Risk Category
1 Insufficient staffing levels	Talent Continuity
2 Permanent digital data loss	Cybersecurity
3 Digital data inaccessible	Cybersecurity
4 TRS confidential information is accidentally or intentionally exposed or disclosed to unauthorized parties	Data Privacy & Confidentiality
5 Inaccurate, insufficient, or misleading information is released (external or internal)	Communications & External Relations
6 Due to unanticipated problems, TRS is unable to timely execute on the new headquarters project	Headquarters Project
7 Health care cost growth exceeds revenue growth	TRS-ActiveCare Affordability
8 TRS cannot recover critical information systems	Business Continuity
9 TRS cannot resume critical business operations	Business Continuity
10 Pension trust fund is not financially sound	Pension Funding
11 Integrity and availability of critical information maintained by TRS is compromised	Data Privacy & Confidentiality

TAB
6

Strategic Planning Committee

Quarter 1
Results Forum Report

Don Green | **Chief Financial Officer**
Amanda Jenami | **Chief Audit Executive**
Jase Auby | **Chief Investment Officer**
Barbie Pearson | **Chief Benefits Officer**

April 27, 2023

Agenda

- Results Forum Schedule
- Q1 Strategic Plan Results Forum
  - Increase identification of underpayments and collection of future contributions
  - Achieve the Investment Rate of Return
  - Improve the Customer Service Experience
  - Improve Timeliness and Accuracy in Employer Reported Data
- Enterprise Stoplight Report

Results Forum Schedule

- Attract, retain and develop a highly competent staff
- Identify solutions for TRS facilities and space requirements
- Improve strategic communications

- Improve pension funding communication
- Improve communication regarding the impact of changing plan design
- Improve health care funding communication
- Increase the value of health care benefits
- Improve the health of our members

CONTINUOUS Improvement

MEMBER Focused

LEADERSHIP Effectiveness

- Increase identification of underpayments and collection of future contributions
- Achieve the investment rate of return
- Improve the customer service experience
- Improve timeliness and accuracy in employer-reported data

December
Q4 Update
End of Year KPI Data

April
Q1 Update

September
Q3 Update

July
Q2 Update
Mid-Year KPI Data

- Advance and enhance IT systems and services
- Enhance the information security program
- Foster a culture of fiduciary responsibility and ethical conduct
- Improve and maintain effective procurement and contract management
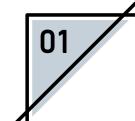- Evaluate automation and technology solutions

GOAL 1

Sustain a financially sound pension system.

OBJECTIVE 2

Increase identification of underpayments and collection of future contributions to TRS.
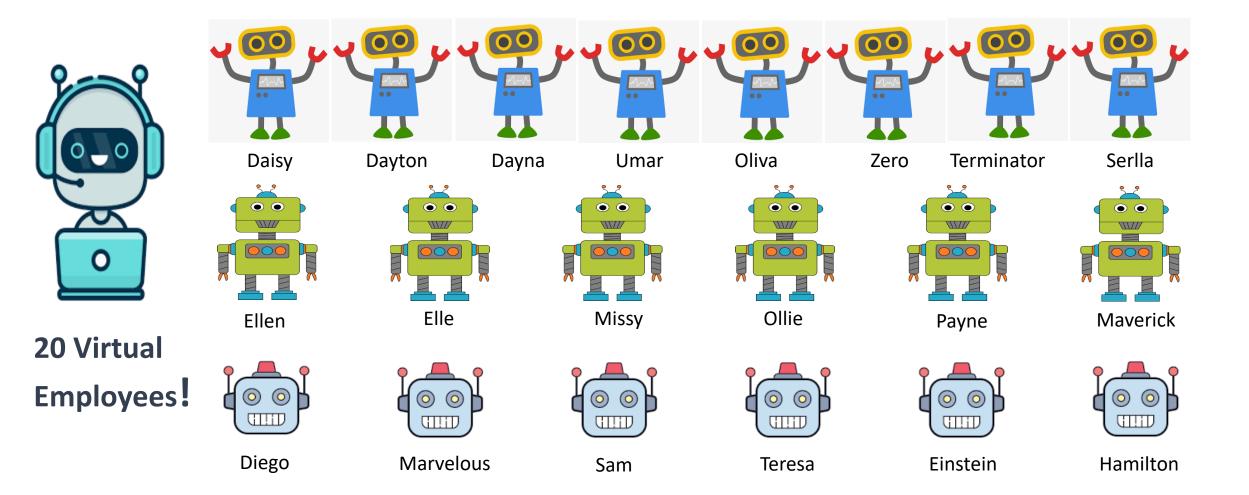
STRATEGIES

01 Increase testing coverage of high-risk reporting employers.

COMPLETE

- Reporting Employer (RE) Testing report
- Identified eligible employees
- Followed up with Benefit Services Team

CONTINUOUS Improvement

Identification of Underpayment & Collection of Future Contributions

CONTINUOUS Improvement

| Daisy | Dayton | Dayna | Umar | Oliva | Zero | Terminator | Serlla |

| Ellen | Elle | Missy | Ollie | Payne | Maverick |

20 Virtual Employees!

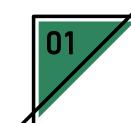| Diego | Marvelous | Sam | Teresa | Einstein | Hamilton |

LEADERSHIP Effectiveness

GOAL 1

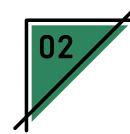Sustain a financially sound pension system.

OBJECTIVE 3

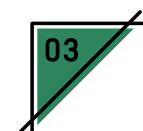Achieve the trust's actuarial assumed rate of return as measured on rolling 20-year periods.

STRATEGIES

01 Maintain an effective investment governance structure.

IN PROGRESS
- Legislative approval for IMD proposals
- Comprehensive reviews
- Investment team level committees

02 Enhance current competitive advantages and total returns.

IN PROGRESS
- Finished Building the Fleet
- Modified Performance Pay Plan
- Changed Emerging Markets benchmark

03 Manage cost structures to increase net alpha generated.

IN PROGRESS
- In CY22, IMD produced 0.6% alpha relative to total fund benchmark
- Build the Fleet saved $1.2B
- Achieved 39% in CY22 metric target of total percent of portfolio capital plan in principal investments approved

MEMBER
Focused

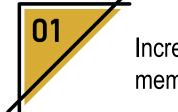# GOAL 2

Continuously improve our benefit delivery.

OBJECTIVE 1

Improve the customer service experience for members and employers.

STRATEGIES

01 Increase capacity to serve members.

02 Improve response time to reporting employers.

03 Provide additional online functionality.

IN PROGRESS
- Statewide hiring efforts
- Revised job postings
- Service level met in January 2023

IN PROGRESS
- RE Coach positions filled
- Built and defined new team dedicated to resolving reporting exceptions allowing RE Coaches to focus on employer response
- 1,765 employers attended 29 training sessions and presentation in FY22

IN PROGRESS
- New MyTRS launched in April 2022
- Additional features added in December 2022 and February 2023

MEMBER
Focused

GOAL 2

Continuously improve our benefit delivery.

OBJECTIVE 1

Improve the customer service experience for members and employers.

STRATEGIES

04 Build and define operational support for Benefit Services.

05 Execute on the Customer Service Improvement Initiative.

IN PROGRESS

- Improved foundational training material
- Developed eLearning courses
- Increased Benefit Operations staff

IN PROGRESS

- RE Portal comprehensive review
- Statewide hiring efforts
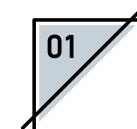- Benefit Processing met service level for all five metrics in January 2023

GOAL 2

Continuously improve our benefit delivery.

OBJECTIVE 2

Improve timeliness and accuracy in employer-reported data.

STRATEGIES

01 Improve and enhance the reporting employer portal.

IN PROGRESS

- Reviewed RE Portal validations
- Completed 2,210 reporting-related defects and enhancement items

CONTINUOUS Improvement

Enterprise Stoplight Report – April 2023

🟢 ↔ Budget	🟡 ↔ Business Continuity	🟡 ↔ Communications & External Relations	🟠 ↑ Cybersecurity	🟡 ↔ Data Privacy & Confidentiality
🔵 ↔ Employer Reporting	🟠 ↗ Enterprise Information Systems	🔵 ↔ Ethics & Fraud Prevention	🔵 ↔ Facilities Management & Planning	🔵 ↑ Global Operations
🟡 ↔ Headquarters Project	🟡 ↔ Health Care Plans Administration	🟢 ↔ Legislative Implementation	🟢 ↑ Market	🔵 ↔ Open Government
🔵 ↔ Pension Benefit Services	🟡 ↔ Pension Funding	🟠 ↔ Procurement & Contracts	🟠 ↔ Records & Information Management	🔵 ↔ Regulatory, Compliance & Litigation
🟡 ↑ Supply Chain Disruption	🟠 ↔ Talent Continuity	🟠 ↑ TRS-ActiveCare Affordability	🟢 ↔ TRS-Care Funding	

RISK CATEGORY LEVEL - Threat to Achieving TRS Goals & Objectives

HIGH 🔴   ELEVATED 🟠   CAUTION 🟡   GUARDED 🔵   LOW 🟢

EXPECTED RISK CATEGORY TREND - NEXT 12-24 MONTHS

INCREASE ↑   DECREASE ↓   NO CHANGE ↔

*Risk category ratings are based on a point in time and independent of other risk categories.

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