

Report on Customer Service

TEACHER RETIREMENT SYSTEM OF TEXAS | JUNE 2018



Teacher Retirement System of Texas

Board of Trustees

| | |
|--|-----------------------------------|
| Jarvis V. Hollingsworth, Chair Missouri City | Dr. Greg Gibson Schertz |
| Dolores Ramirez, Vice Chair San Benito | Christopher Moss Lufkin |
| Joe Colonna Dallas | James Dick Nance Hallettsville |
| David Corpus Humble | Nanette Sissney Whitesboro |
| John Elliott Austin | Brian Guthrie, Executive Director |
| | |

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. |

Contents

| | |
|---|----|
| Executive Summary | 1 |
| Overview | 2 |
| Current State | 2 |
| Customer Service Staffing | 3 |
| Other Factors Impacting Customer Service | 5 |
| Customer Service Initiatives | 6 |
| Staffing | 6 |
| Overflow Calls | 7 |
| Increased Communications – Benefit Services | 7 |
| Increased Communications - HIB | 7 |
| Employer Advisory Group | 8 |
| Compact with Texans | 8 |
| Benefits Committee | 8 |
| Call Center Modernization | 8 |
| Remote Counseling | 9 |
| Facilities Improvements | 9 |
| Service Delivery Expectations | 9 |
| Reporting Entity Expectations | 9 |
| Videos | 9 |
| Email Questions | 10 |
| Inventory of External Customers | 11 |
| Information-Gathering Methods | 12 |
| Member Satisfaction Survey | 12 |
| Point-of-Service Surveys | 16 |
| CEM | 16 |
| Survey Results | 17 |
| Member Satisfaction Survey | 17 |
| Point-of-Service Surveys | 22 |
| CEM | 25 |
| Analysis | 25 |
| Summary of Findings | 25 |
| Improving Customer Satisfaction | 27 |
| Improving Survey Process | 27 |
| Performance Measures | 28 |

List of Figures

| | |
|--|----|
| Figure 1: Call Volume History | 3 |
| Figure 2: Membership vs. Benefit Services Positions | 4 |
| Figure 3: Average Speed of Answer & Handle Time | 5 |
| Figure 4: Service Level | 6 |
| Figure 5: Overall Satisfaction with TRS' Services | 17 |
| Figure 6: Overall Satisfaction with TRS-ActiveCare and TRS-Care | 18 |
| Figure 7: Satisfaction with TRS as an Organization | 18 |
| Figure 8: Agreement that TRS Sends Communications Relevant to Member Needs | 19 |
| Figure 9: Agreement that Information Provided by TRS is Easy to Understand | 19 |
| Figure 10: Satisfaction with Information from the TRS Website* | 20 |
| Figure 11: Rating of TRS Website's Ease of Use* | 20 |
| Figure 12: Rating of TRS' Austin Office Parking* | 21 |
| Figure 13: Rating of Ease of Access to TRS' Austin Office Facilities* | 21 |
| Figure 14: Overall Satisfaction with TRS | 22 |
| Figure 15: Satisfaction with Hold Time | 22 |
| Figure 16: Additional Telephone Survey Results (FY 17 & FY 18 to date) | 23 |
| Figure 17: How Was Your Visit? Survey Results (FY 17 & FY 18 to date) | 23 |
| Figure 18: Satisfaction with the Content of Retirement Packet (FY 17) | 24 |
| Figure 19: Relative Service vs. Relative Cost | 25 |

List of Tables

| | |
|---|----|
| Table 1: External Customers by GAA Strategy | 11 |
| Table 2: Distribution of Demographic Characteristics in the TRS Population | 13 |
| Table 3: Distribution of Demographic Characteristics in the TRS Sample | 14 |
| Table 4: Distribution of Demographic Characteristics in the TRS Respondents | 15 |
| Table 5: 2018-19 Goals and Performance for TRS-Specific Measures | 29 |

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.

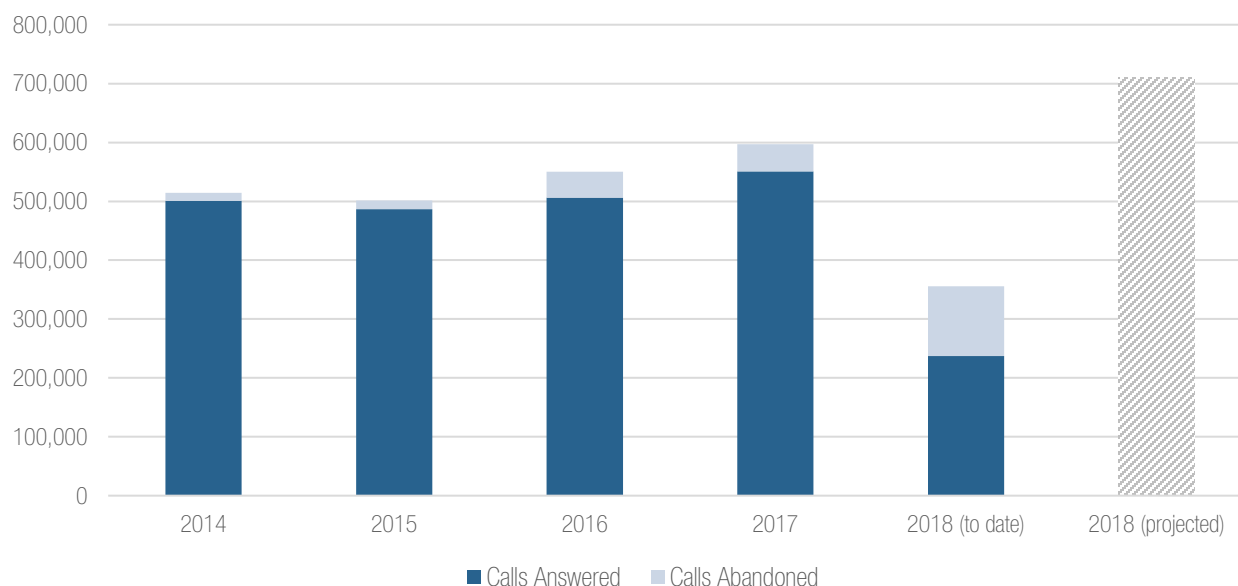
To address changing expectations of a growing membership, TRS is undertaking a multi-year initiative to modernize business processes and the major information technology systems that TRS uses to administer benefits. This entails updating legacy computer systems, improving business rules, and increasing 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



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.

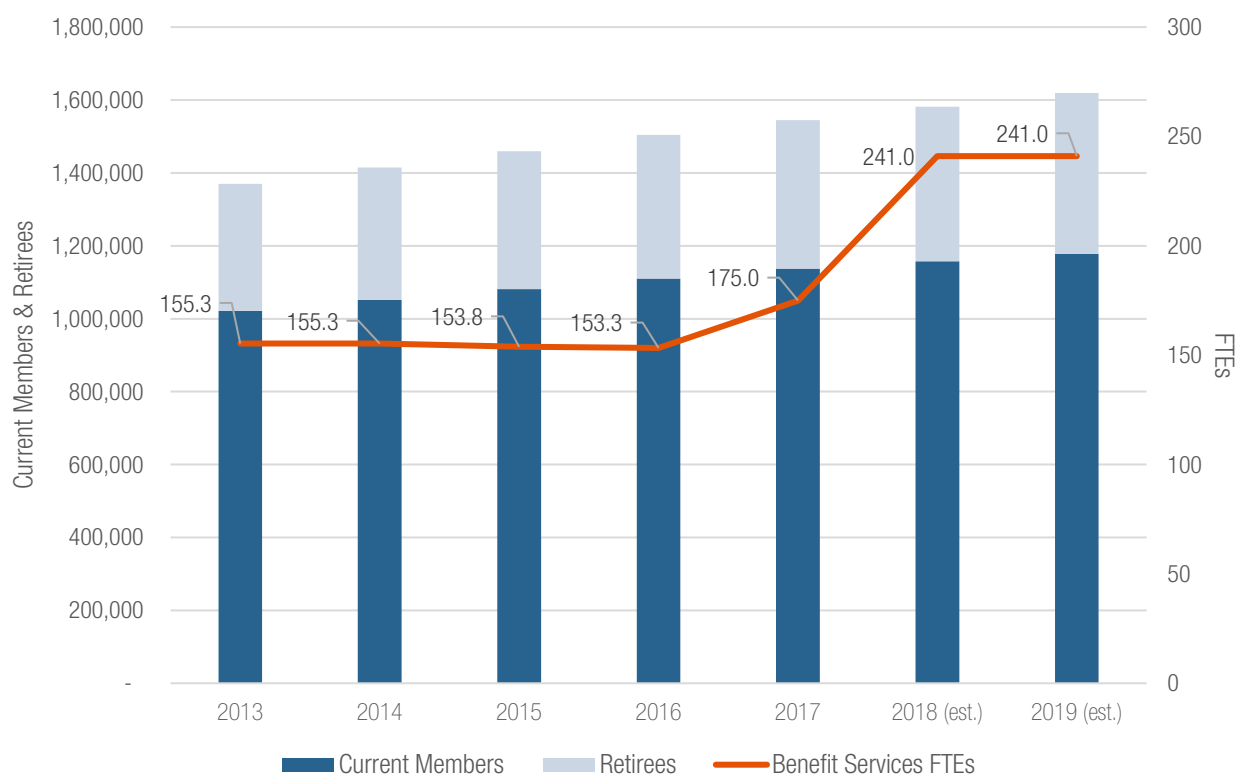
Benefit accounting works with over 1,300 public and higher education employers, also known as reporting entity partners (REPs), providing payroll-related assistance and training to comply with mandatory reporting requirements. In 2017, benefit accounting staff responded to over 13,000 calls and 179,000 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.

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 inquiries, 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.

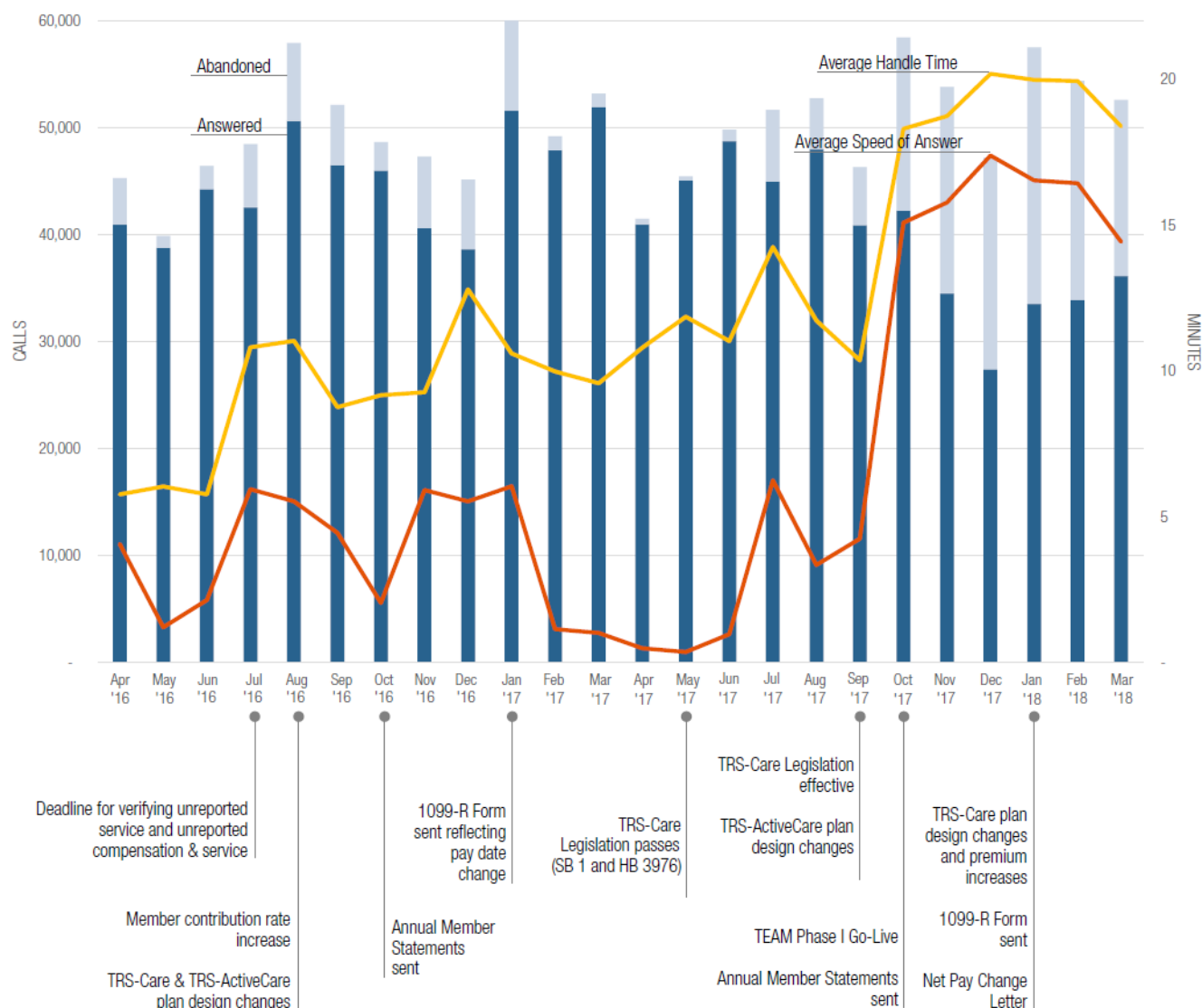
While TRS employs 12 health benefit counselors, the HIB department alone does not have the capacity to assist with all health care inquiries and relies on strong partnerships with TRS' health care vendors – Humana, Aetna, and CVS/Caremark – to assist with providing customer service. In addition, HIB 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.

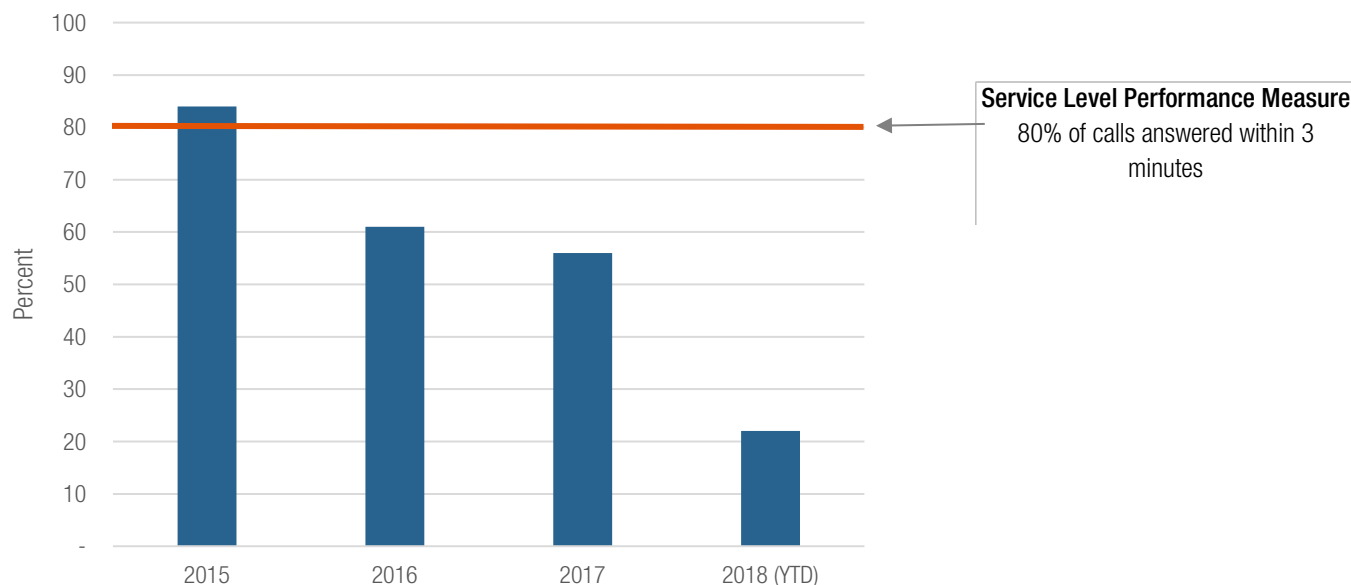
These factors not only had an impact on the number of calls received by the TCC, but also the complexity of the calls. As calls become more complex, handle times increase. Handle time is the time spent serving members on the telephone. Longer handle times make hold times longer.

Figure 3: Average Speed of Answer & Handle Time



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



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.

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 inquiries. 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.

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.

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.

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. |

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).

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 | | Total Counts |
|-----------------|------------------|--------|----------------|--------|--------------|
| | Male | Female | Male | Female | |
| 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.

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 | | Total Counts |
|-----------------|------------------|--------|----------------|--------|--------------|
| | Male | Female | Male | Female | |
| 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.

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.

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

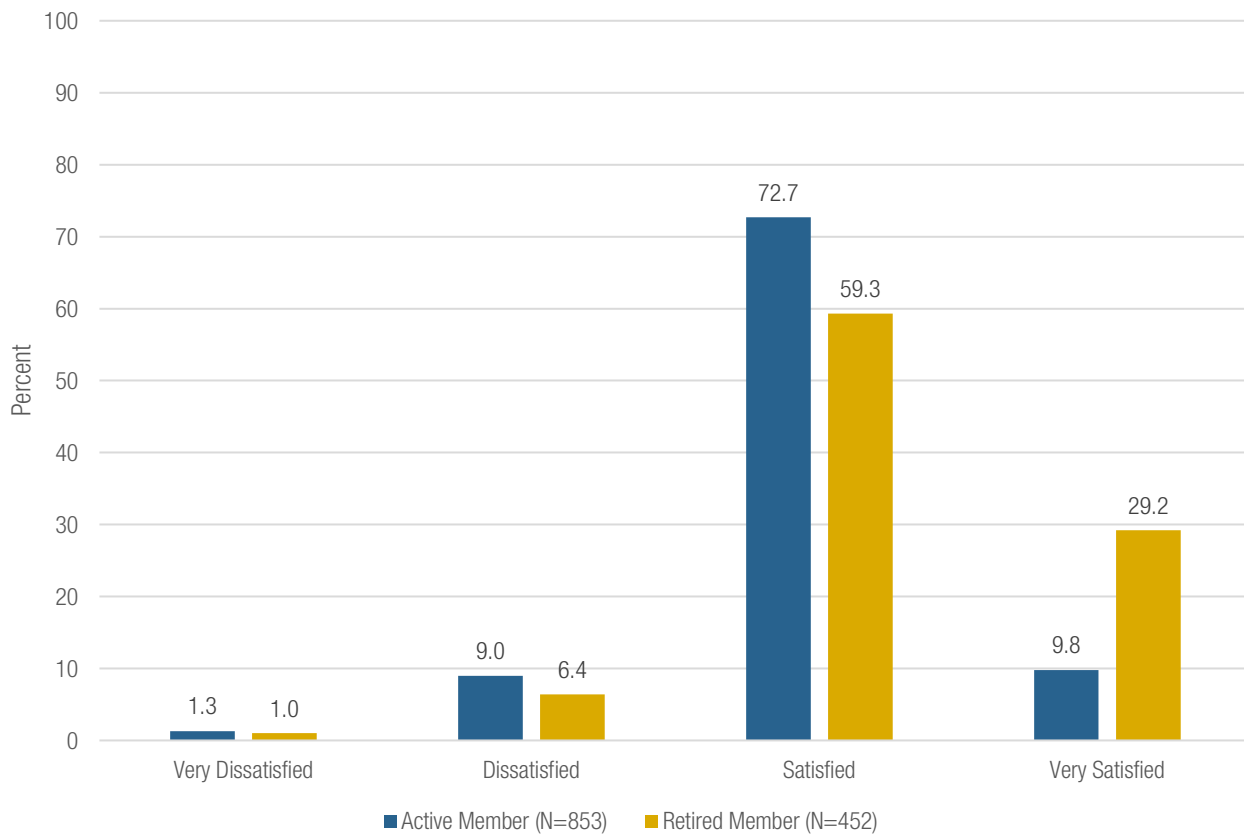


Figure 6: Overall Satisfaction with TRS-ActiveCare and TRS-Care

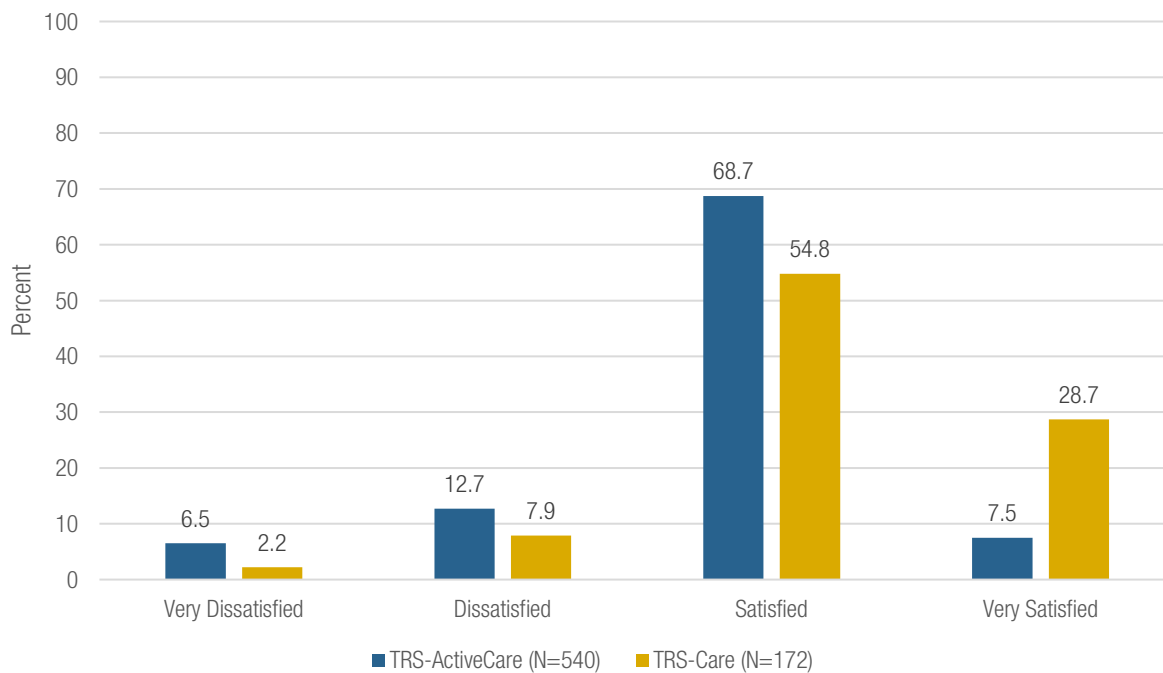


Figure 7: Satisfaction with TRS as an Organization

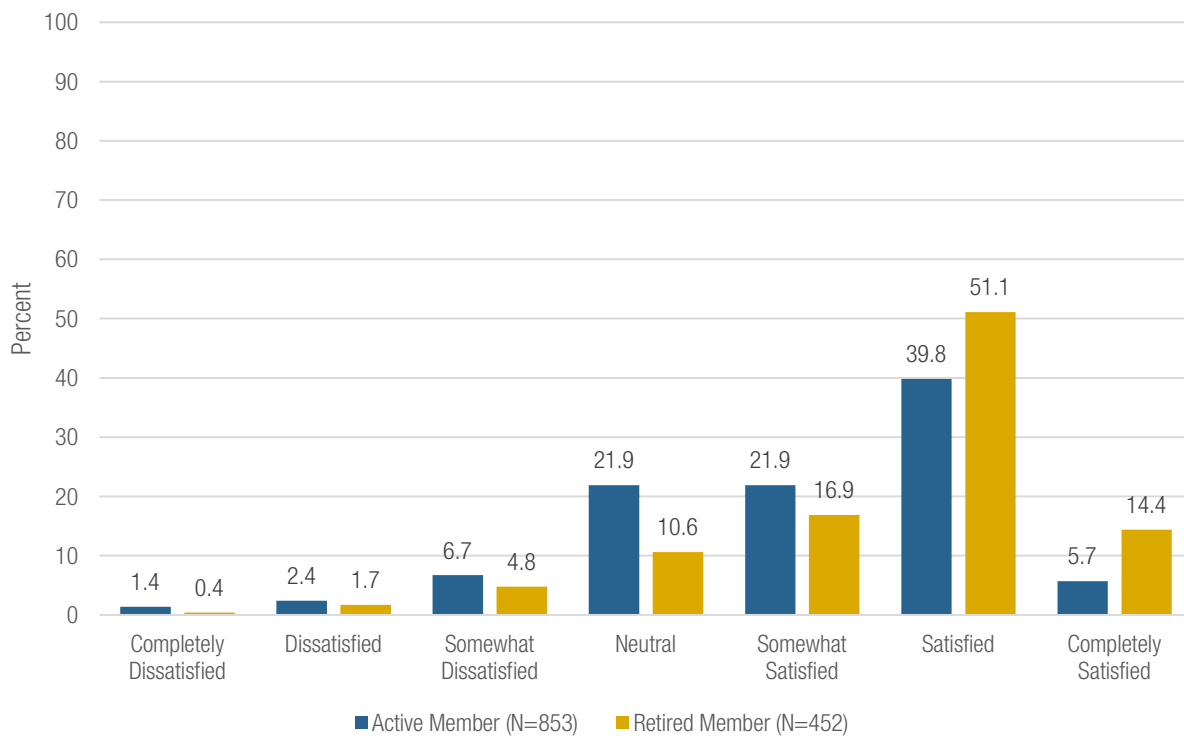


Figure 8: Agreement that TRS Sends Communications Relevant to Member Needs

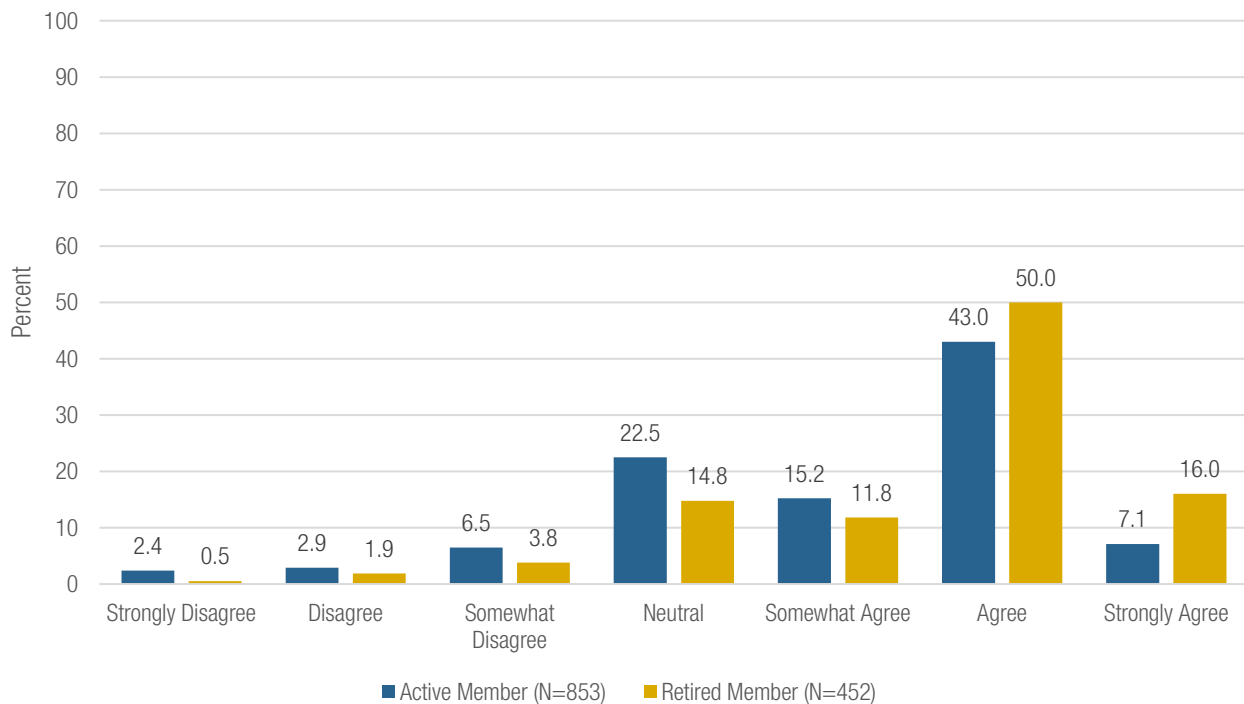


Figure 9: Agreement that Information Provided by TRS is Easy to Understand

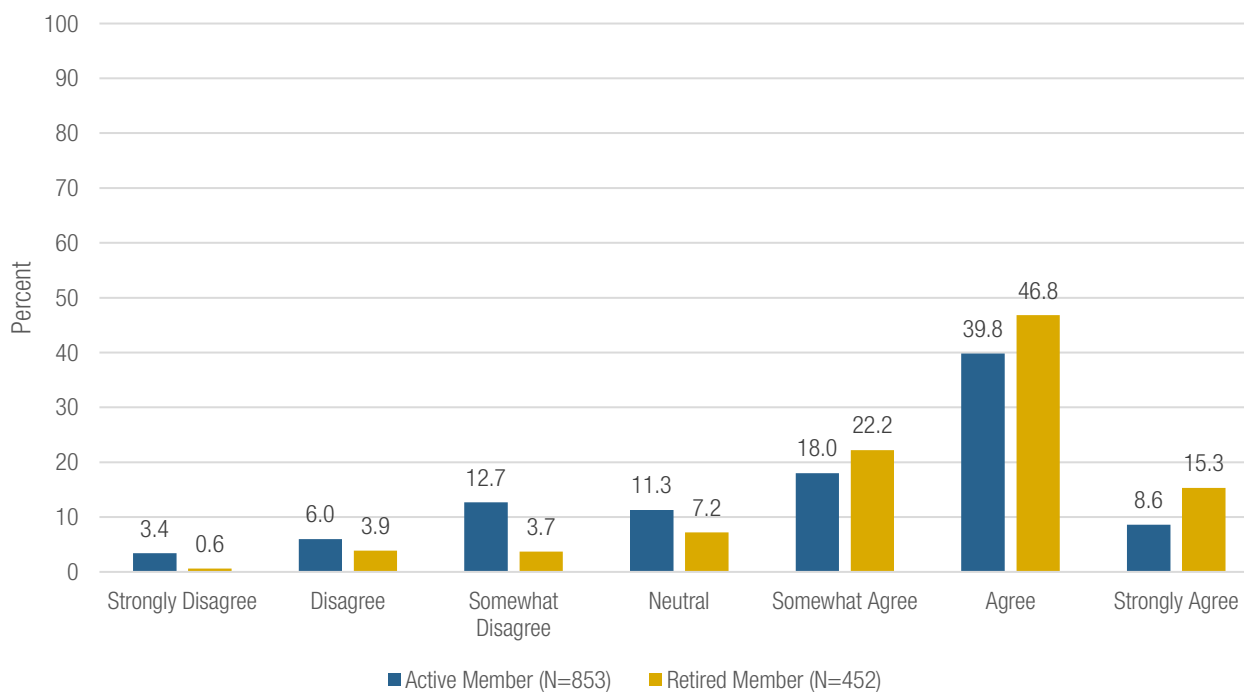


Figure 10: Satisfaction with Information from the TRS Website*

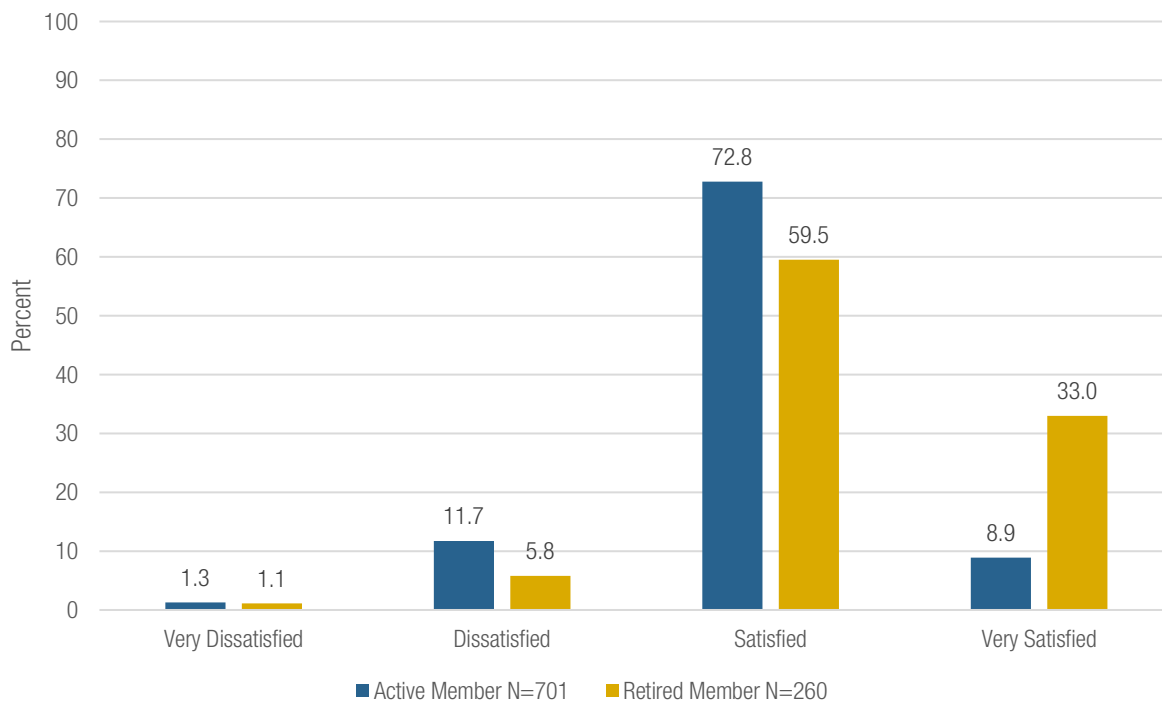
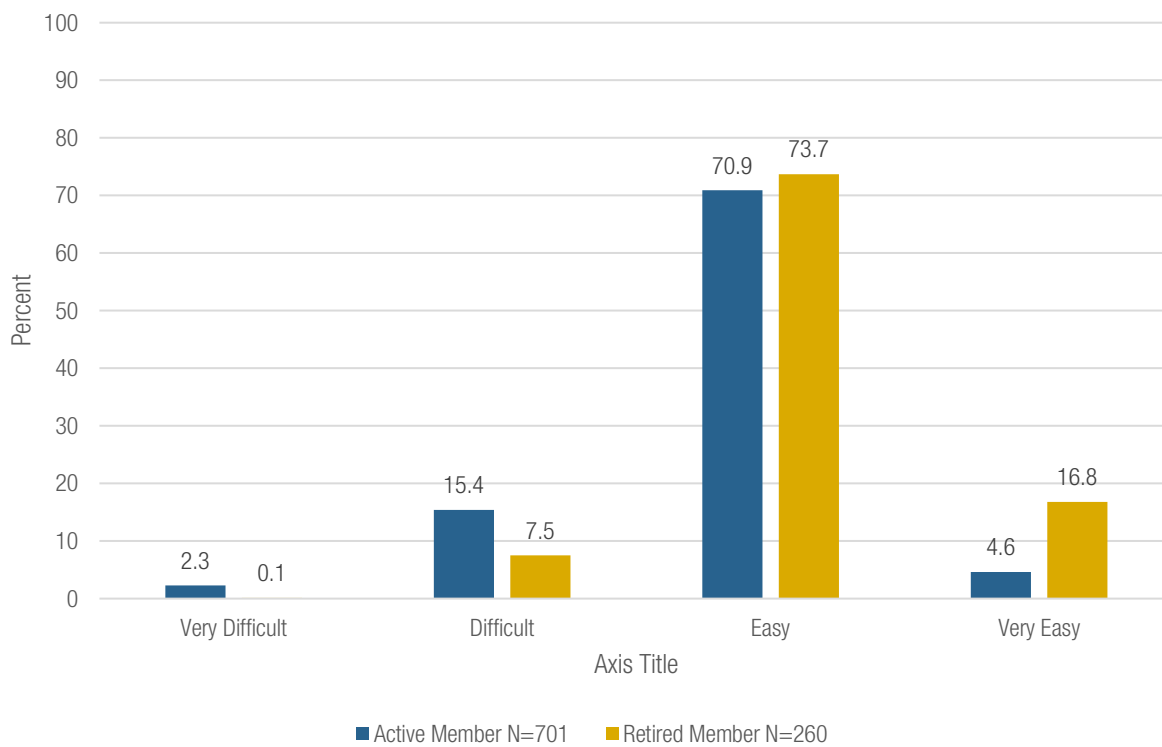


Figure 11: Rating of TRS Website's Ease of Use*



* From 2016 Member Satisfaction Survey

Figure 12: Rating of TRS' Austin Office Parking*

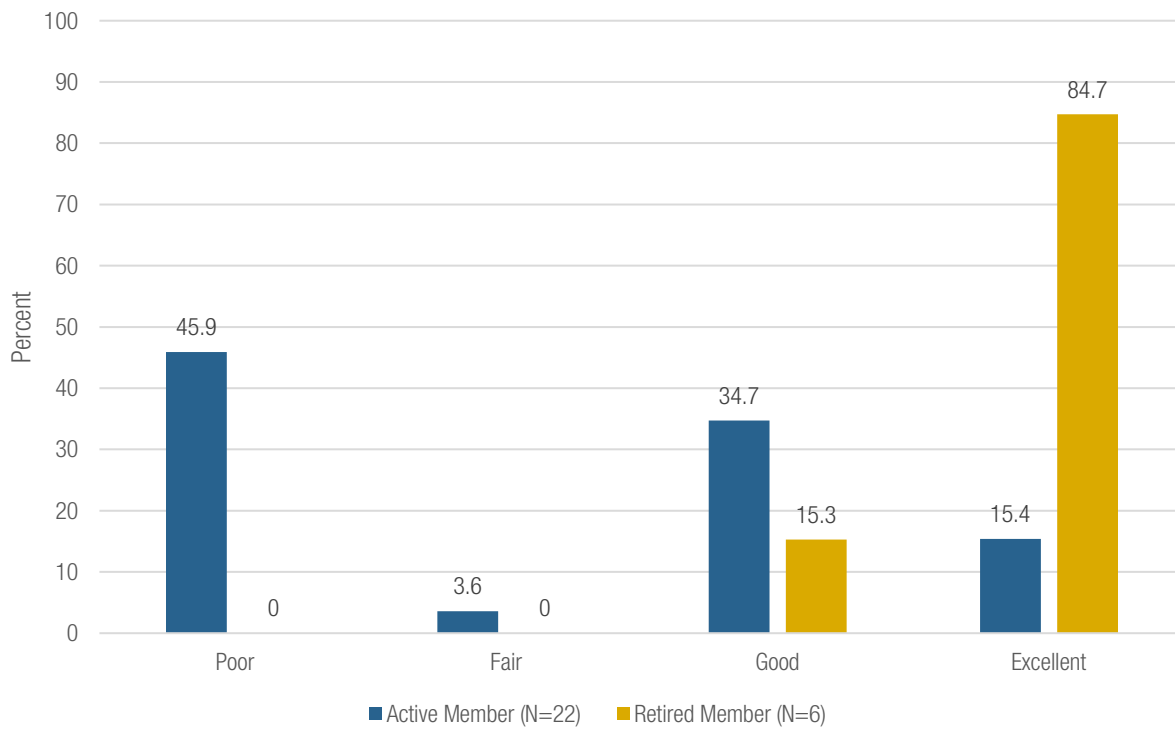
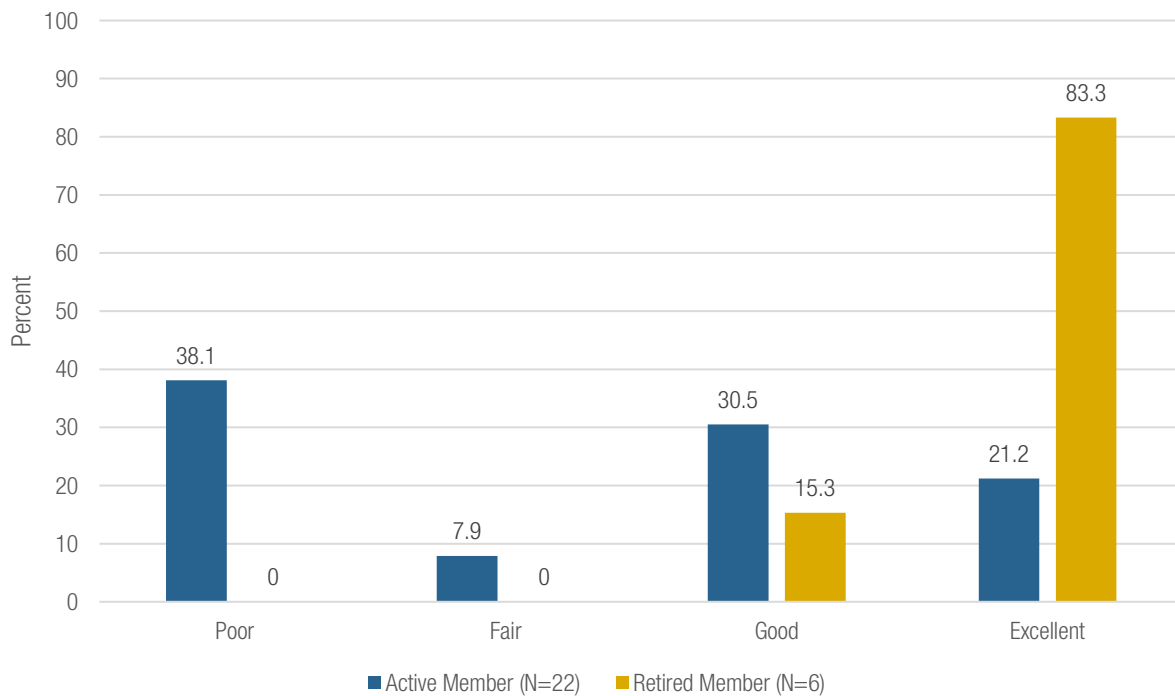


Figure 13: Rating of Ease of Access to TRS' Austin Office Facilities*



* From 2016 Member Satisfaction Survey

Point-of-Service Surveys

Telephone

N=44,261

Figure 14: Overall Satisfaction with TRS

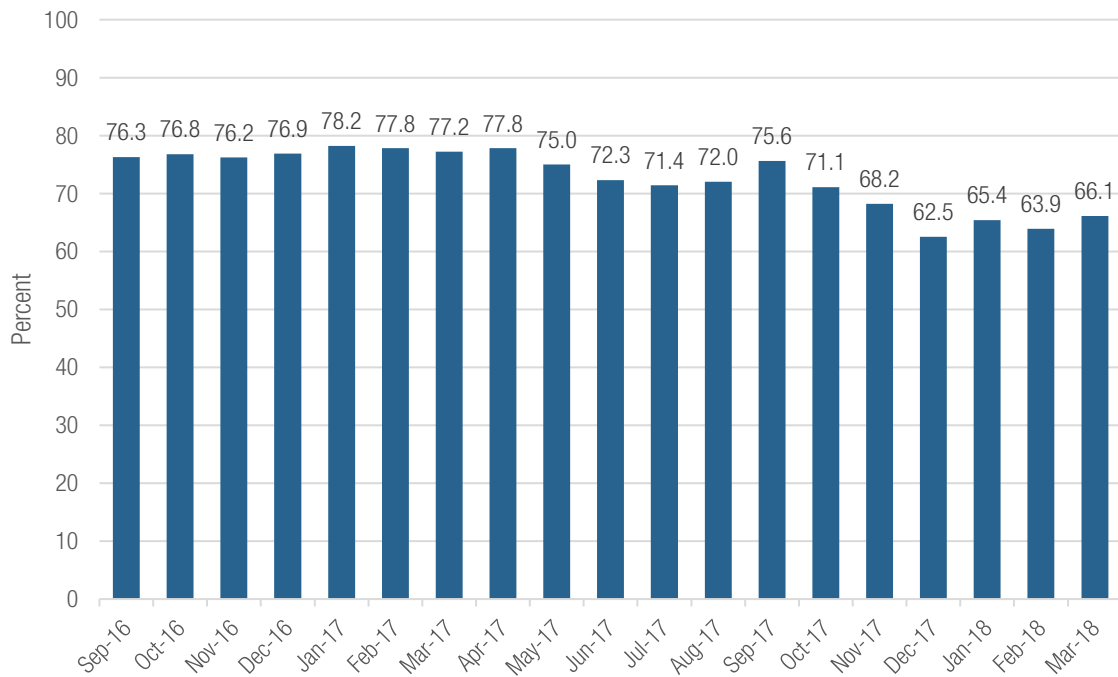


Figure 15: Satisfaction with Hold Time

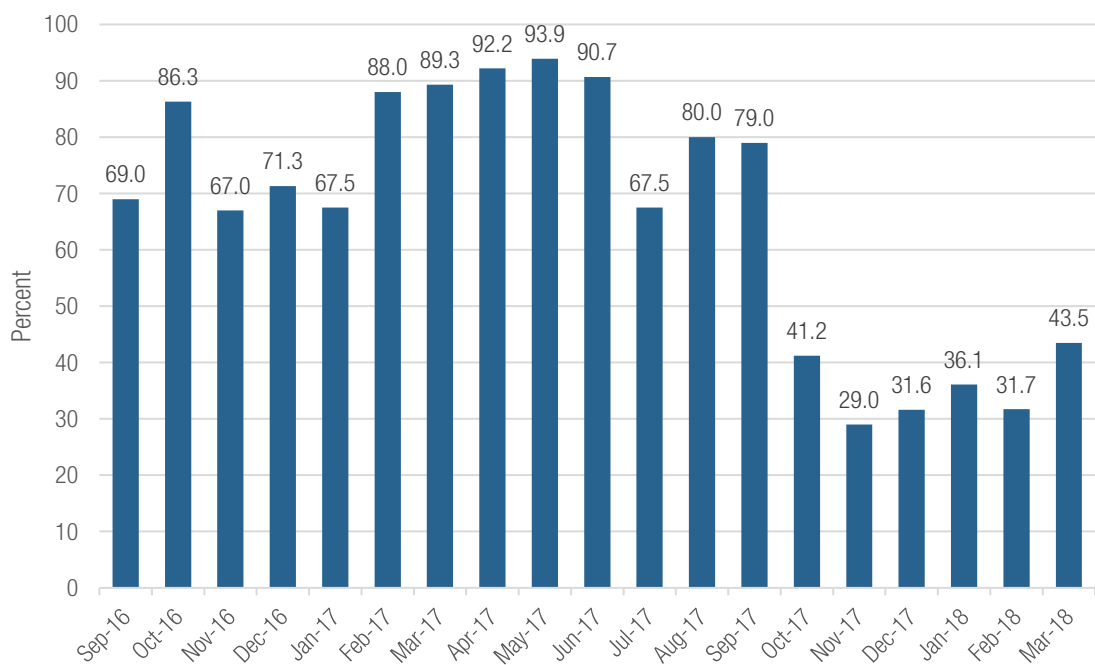
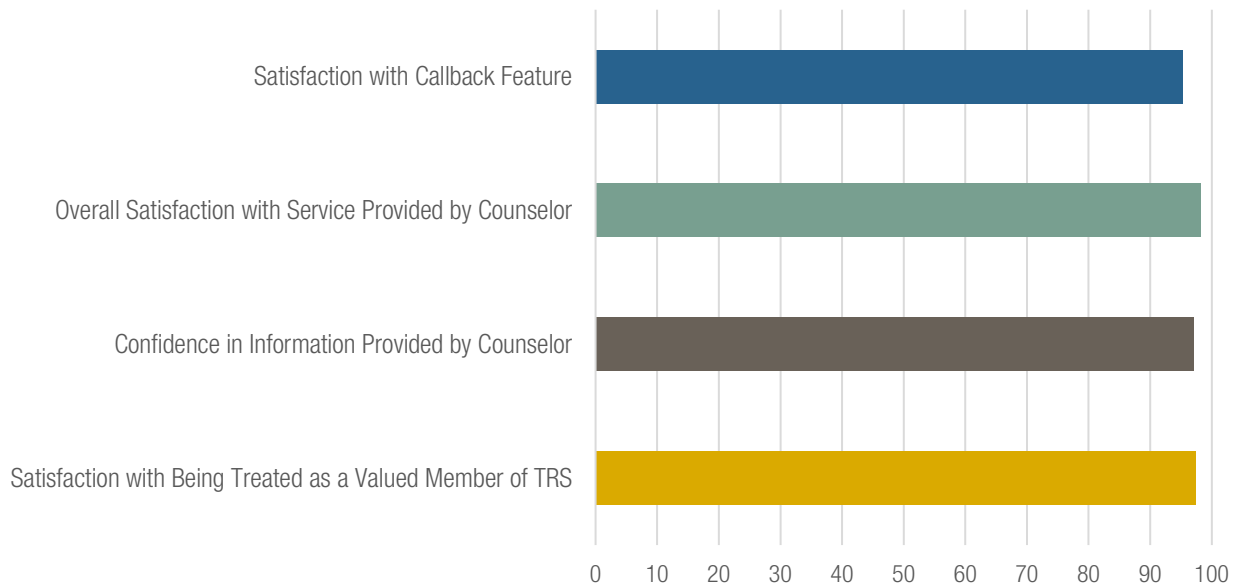


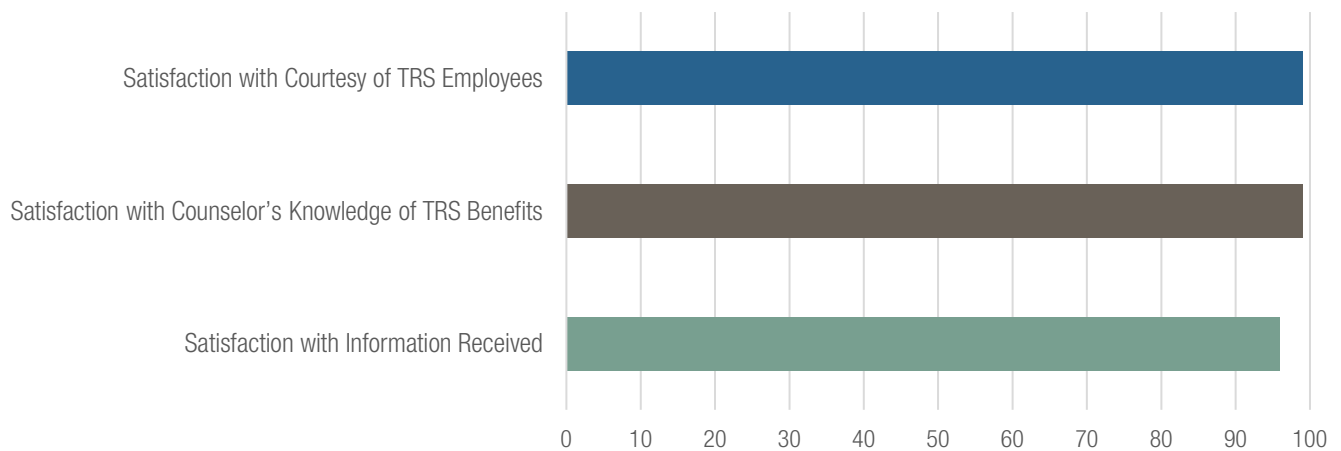
Figure 16: Additional Telephone Survey Results (FY 17 & FY 18 to date)



How Was Your Visit?

N=3,116

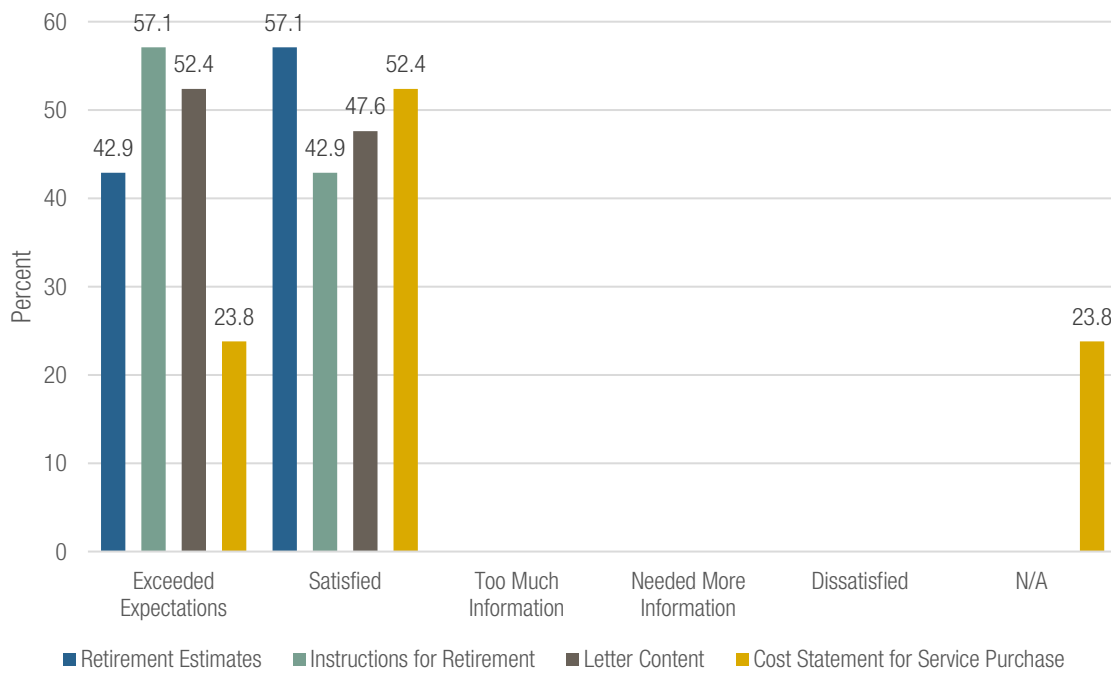
Figure 17: How Was Your Visit? Survey Results (FY 17 & FY 18 to date)



Remote Counseling

N=21

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

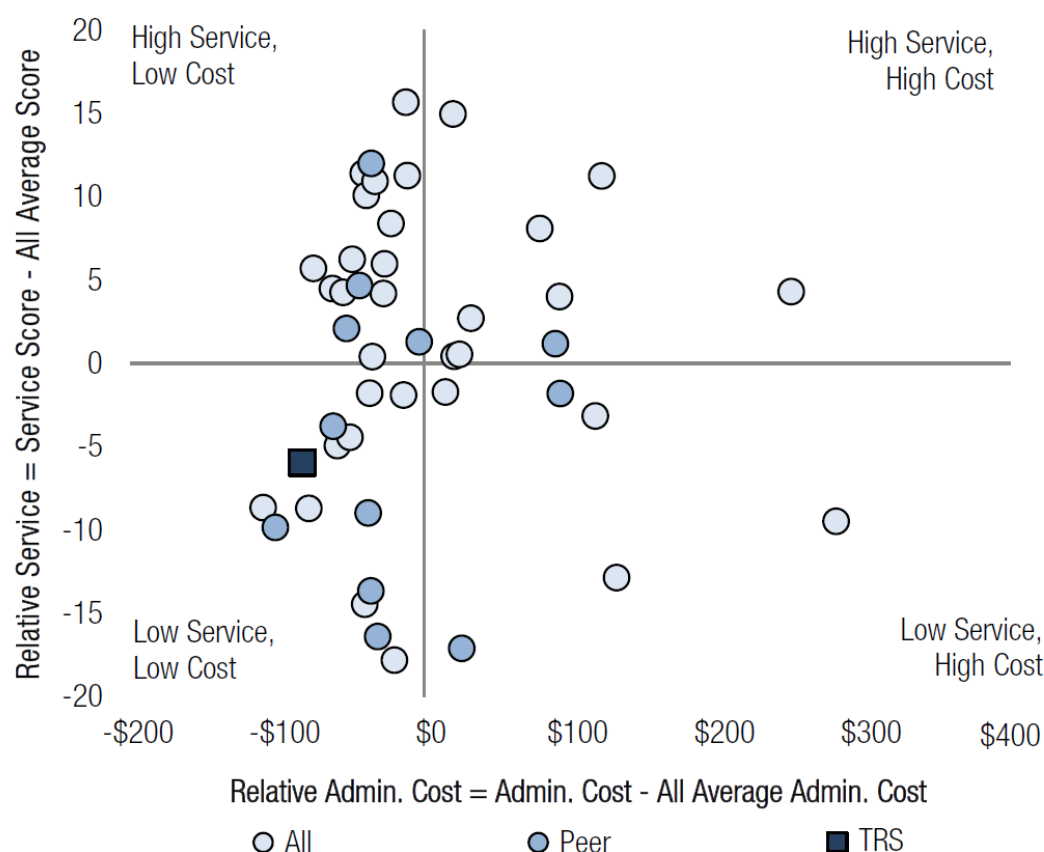


CEM

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.

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)

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% |

1000 Red River Street
Austin, TX 78701-2698
1-800-223-8778
www.trs.texas.gov