TEACHER RETIREMENT SYSTEM OF TEXAS

STRATEGIC PLAN
FISCAL YEARS 2021 TO 2025

TRS
TEACHER RETIREMENT SYSTEM OF TEXAS

Strategic Plan

FISCAL YEARS 2021–25

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Submitted to the
Governor's Office of Budget and Policy
and the **Legislative Budget Board** on **June 1, 2020**

Signed: _____

Brian Guthrie
Executive Director

Approved: _____

Jarvis V. Hollingsworth
Chair, Board of Trustees

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PART 1.
STRATEGIC PLAN

TRS Vision, Mission, Philosophy and Core Values

Mission

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

Vision

Earning your trust every day.

Core Values

Our values represent a mutual understanding about responsibilities, expectations and communication in the way TRS employees treat each other and our members. They include:

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.

Agency Operational Goals and Action Plan

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

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

Statewide Objectives

1. Accountable to tax and fee payers of Texas.

2. Efficient by producing maximum results with no waste of taxpayer funds and by identifying any function or provision considered redundant or not cost-effective.

3. Effective by successfully fulfilling core functions, achieving performance measures, and implementing plans to continuously improve.

4. Attentive to providing excellent customer service.

5. Transparent such that agency actions can be understood by any Texan.

Goal 1: Sustain a financially sound pension system.

Action Items to Achieve Our Goal

- Serve as a trusted resource and engage with policymakers on pension funding.

- Increase testing coverage of high-risk reporting employers.

- Maintain an effective investment governance structure.

- Enhance current competitive advantages and total returns.

- Manage cost structures to increase net alpha generated.

- Serve as a trusted resource and engage with policymakers on pension plan design.

How Our Goal or Action Items Support Each Statewide Objective

Statewide Objective 1: Accountability

TRS is accountable to Texas taxpayers in that the pension trust fund is governed by a nine-member board of trustees that is appointed by the governor and represents our stakeholders. Trust fund performance is publicly presented at each quarterly board meeting and the pension fund's actuarial valuation is published and presented annually. Additionally, our goals call for regular communication on the trust fund's status with member and retiree associations and the Texas Legislature.

Statewide Objective 2: Efficiency

Our goals call for TRS to prudently invest trust fund dollars using an asset allocation designed to achieve an efficient risk-adjusted return. To effectuate our goals, TRS has developed deep strategic relationships with key external partners. As a result, TRS has been able to leverage the resources and intelligence of the external network to complement internal capabilities. Additionally, TRS uses external networks to optimize trading and execution.

Statewide Objective 3: Effectiveness

TRS' core function tied to this goal is to prudently invest trust assets. TRS measures success in this by publicly presenting investment returns quarterly and reporting in the *Comprehensive Annual Financial Report* (CAFR) how the trust fund performed on one, three, five, and ten-year bases. TRS also measures itself against our peers via the Wilshire Trust Universe Comparison Service on one, three, and five-year bases. TRS regularly performs asset allocation reviews and annually reviews and updates the Investment Policy Statement to help ensure continuous improvement in the core function of prudently investing trust assets.

Statewide Objective 4: Customer Service

TRS strives to improve the retirement security of our members by prudently investing and managing trust assets. Given that investment returns currently represent most of the trust's revenues, it stands that investment performance is a key mechanism to ensuring the long-term sustainability of the trust. TRS will continue to seek achievement of the long-term assumed actuarial rate of return within appropriate risk parameters as set by the TRS Board of Trustees.

Statewide Objective 5: Transparency

TRS places a high priority on timely, accurate and meaningful communications to share information, seek feedback, improve decision-making and build an ever-stronger commitment to achieving our mission. TRS communicates with stakeholders to enable them to make informed decisions related to TRS programs. This may include funding and benefit design decisions made by the legislature or retirement options selected by members. TRS also provides general educational information regarding pensions and health benefit matters and responds to media and other requests relating to the investments of the system. As part of its commitment toward open and transparent communication, TRS continues to webcast all board and committee meetings.

Other Considerations

Objectives and strategies for this goal are included in the Appendix.

Goal 2: Continuously improve our benefit delivery.

Action Items to Achieve Our Goal

- Increase capacity to serve members.

- Improve response time to reporting employers.

- Provide additional online functionality.

- Build and define operational support for Benefit Services.

- Consolidate customer service inquiries regarding health care and pension benefits into one call center (One Team One Mission).

- Improve and enhance the reporting employer portal.

- Begin using data analytics tools to review employer-reported data.

How Our Goal or Action Items Support Each Statewide Objective

Statewide Objective 1: Accountability

TRS is accountable to Texas taxpayers in the continuous improvement of benefit delivery in that TRS is governed by a nine-member board of trustees that is appointed by the governor and represents our stakeholders. Analytics on benefit delivery are publicly presented annually to the TRS Board of Trustees in an open meeting. Additionally, TRS reports performance measure metrics to the board's Benefits Committee on a quarterly basis. Finally, any rule changes governing benefit administration or TRS operations are adopted publicly

at open meetings only after publication in the *Texas Register* and public comment periods.

Statewide Objective 2: Efficiency

TRS continues to make progress on implementing the TRS Enterprise Application Modernization (TEAM) Program. TEAM is a cohesive collection of components designed to meet the business and technology objectives of TRS over the next 10-20 years. It focuses on addressing the changing expectations of a growing membership, providing for the collection and maintenance of accurate and reliable data, expanding the number of automated processes and incorporating modern technologies. TEAM will re-engineer business processes, reduce manual processes, revise policies and provide new ways of working together. It will also deliver tools and techniques that will position TRS to have flexibility in updating its systems in response to growing member demands and future technological and regulatory changes. Earlier this calendar year, TRS brought the remaining TEAM Program development in-house and took over implementation of the new system. This will extend the timeline for completion; however, TRS plans to have incremental releases where smaller parts of the planned functionality will become available more frequently.

Statewide Objective 3: Effectiveness

TRS' core function relative to this goal is prudent and efficient benefit delivery. TRS measures success in this goal by regularly utilizing an independent firm to conduct and report on customer satisfaction. Additionally, TRS annually participates in the CEM Pension Administration Benchmarking Study that measures TRS' success and efficiency in delivering benefits against peers.

Statewide Objective 4: Customer Service

TRS is dedicated to professional, accurate, timely and cost-effective delivery of services and benefits to members, annuitants and their beneficiaries. To further explain member benefits, TRS produced a series of informational videos to accompany the *TRS Benefits Hand-*

book and recently revised the *Employment After Retirement* brochure using plain language. TRS will enhance benefit delivery outside of the TEAM Program by identifying tools and programs that will allow TRS to better interact and educate stakeholders. This includes expanding TRS' Contact Center Call Distribution software to all of the Benefit Services division to allow for better tracking of calls and cross-functional training and assistance during high call volume, as well as contracting with a vendor to assist with handling overflow calls. TRS routinely conducts member satisfaction surveys and adjusts service delivery processes based on those survey findings. TRS is also in the process of tailoring its benefit presentations to members based on the lifecycle of a member. Finally, TRS continues to sharpen its communication focus on benefit delivery and fund management and is committed to enhancing its channels of communication to meet the needs of all constituents.

Statewide Objective 5: Transparency

TRS places a high priority on timely, accurate and meaningful communications to share information, seek feedback, improve decision-making and build an ever-stronger commitment to achieving our mission. TRS provides webcasts of all board and committee meetings and posts benefit-related materials on our website. Benefit Counseling staff regularly make group presentations to professional associations, as well as employee and retiree groups at regional education service centers. In addition, TRS staff communicates regularly with members through newsletters, email, social media, and town halls. The *TRS Benefits Handbook* reflects the latest member and retiree benefit information. The handbook was restructured to simplify use by members and retirees, featuring color-coded tiers and a tier placement map to help members identify retirement eligibility requirements that pertain to them.

Other Considerations

Objectives and strategies for this goal are included in the Appendix.

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

Action Items to Achieve Our Goal

- Serve as a trusted resource and engage with policymakers on health care funding.

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

- Re-engineer TRS-ActiveCare to better meet employer needs.

- Improve engagement of plan participants with an initial focus on populations with high impact conditions, such as diabetes.

- Optimize disease management for high-risk populations.

How Our Goal or Action Items Support Each Statewide Objective

Statewide Objective 1: Accountability

TRS is accountable to Texas taxpayers in the delivery of health care benefits in that we are governed by a nine-member board of trustees that is appointed by the governor and represents our stakeholders. Rates and plan design for the TRS health care plans are adopted publicly in an open meeting by the TRS Board of Trustees. Financial statistics related to TRS-Care and TRS-ActiveCare are regularly published in the CAFR. Additionally, our goals call for regular communication on matters relating to the health care funds with member and retiree associations and the legislature.

Statewide Objective 2: Efficiency

A major TRS initiative for the upcoming fiscal year is to serve as a resource for the legislature on matters involving TRS-Care and TRS-ActiveCare. This includes

carefully monitoring TRS-Care funding and educating stakeholders about options for sustaining TRS-Care and managing TRS-ActiveCare. As part of this work, TRS has enhanced health data analytics to drive key decision-making in support of cost management and resource maximization.

Statewide Objective 3: Effectiveness

TRS strives to deliver the highest quality health care services to members at the best possible price to ensure funds go as far as possible. To that end, TRS watches health care market trends closely, procuring medical and pharmacy contracts when it is most advantageous for members. Routine market checks and procurement ensure the best value from available funds.

Statewide Objective 4: Customer Service

TRS is dedicated to professional, accurate, timely and cost-effective delivery of services to plan participants. TRS routinely compares its health care plans with similar plans, including analysis of comparative costs and premiums. Additionally, TRS routinely conducts member satisfaction surveys to ensure continued high-quality service to plan participants and solicits public input. TRS is also developing health care informational videos to support efforts to increase health care literacy and consumer awareness. TRS continues to sharpen its communication focus on health care matters and is committed to enhancing its channels of communication to meet the needs of all constituents.

Statewide Objective 5: Transparency

TRS is responsible for providing accurate information about TRS programs and services to all interested parties, including active and retired members, legislative and governing bodies, school districts and institutions of higher education and the public so that informed health care decisions can be made. As part of its commitment toward open and transparent communication, TRS continues to webcast all board and committee meetings and post health care-related materials on our

website. In addition, TRS staff communicates regularly with members and member associations through newsletters, email, social media and town halls. Detailed and easy-to-understand health care information can also be found in the *TRS Benefits Handbook* as well as the *TRS Health Benefits Report*.

Other Considerations

Objectives and strategies for this goal are included in the Appendix.

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

Action Items to Achieve Our Goal

- Position TRS as a destination employer to meet the needs of our current and future workforce.

- Promote a strong workplace culture that is inclusive and fosters creativity and innovation.

- Improve diversity representation at all levels of the organization.

- Expand learning and development opportunities.

- Build, maintain and enhance a robust, highly available IT environment in support of applications and services.

- Expand and ease the ability to perform TRS work from anywhere, at any time, and across most any device.

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

- Implement modern information systems across all lines of business divisions with priority on modernization of legacy systems.

- Enhance the operating model for continuous business process improvement that enables transparent, data-driven decisions and rapid delivery of high-quality IT capabilities.

- Provide a secure computing environment that supports a data privacy and integrity framework.

- Develop an information security framework based on adaptive security architecture best practices to manage and mitigate cyber-security threats.

- Successful completion of generational solution for housing all of TRS.

- Obtain legislative approval and funding for regional offices.

- Embed/Integrate culture of ethics and compliance within the business process.

- Enhance visibility of, and accessibility to, Legal & Compliance throughout TRS.

- Implement significant program recommendations related to the Purchasing & Contracts Enhancement Plan.

- Implement source to pay software system.

- Increase the number of utilized Historically Underutilized Businesses (HUBs).

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

- Improve outreach activities to foster and strengthen relationships among HUB vendors, prime contractors, and purchasers.

- Leverage Diversity, Equity, & Inclusion (DE&I) outreach and partnerships to identify and work

with HUB-eligible businesses as a pipeline for HUB contracted services.

- Ensure that member-facing content is easily understandable and accessible to readers.

- Develop a communication and outreach plan to better help members and employers plan for retirement.

- Investigate best practices and feasibility of incorporating artificial intelligence into Legal & Compliance processes.

How Our Goal or Action Items Support Each Statewide Objective

Statewide Objective 1: Accountability

TRS is committed to maintaining an efficient and effective administration that is accountable and transparent to its stakeholders. TRS is governed by a nine-member board appointed by the governor and board meetings include public comment opportunities. TRS frequently testifies before the legislature when called upon. TRS' budget is submitted to and approved by both the TRS Board of Trustees and the legislature.

TRS is developing an agency contract management training program for all TRS contract managers. In addition, individuals that have significant contract management duties will be required to become a Certified Texas Contract Manager.

Statewide Objective 2: Efficiency

The TRS Board of Trustees adopts the annual operating budget from the appropriations process and authorizes funding to be provided from the pension trust fund; however, TRS does not receive funding from the state for administrative operations. TRS continues to maintain a relatively low administrative operations budget to

total membership ratio compared to other public pension funds.

Statewide Objective 3: Effectiveness

TRS conducts ongoing analysis of the workforce to determine current and future staffing needs. TRS also develops and promotes career opportunities through defined career paths for current employees, researches options to retain institutional knowledge and designs succession planning programs for critical staff. Additionally, TRS conducts ongoing analysis of processes and technology to ensure members' needs are met.

Statewide Objective 4: Customer Service

TRS' core functions are delivering retirement benefits, facilitating health care coverage, and managing investments. In our continued pursuit of providing excellent customer service, TRS ensures that the skills of our current and future workforce have the required expertise to serve our members. This is done through ongoing professional development and training that is tied to career enhancement and developing future leaders. TRS does this by monitoring business processes and full-time employee (FTE) levels and adjusting as necessary.

Statewide Objective 5: Transparency

As part of its commitment toward open and transparent communication, TRS continues to webcast all board and committee meetings and post budget-related materials including the biennial Legislative Appropriations Request (LAR) and Operating Budgets on the TRS website. Detailed and easy-to-understand financial information can be found in the CAFR. The CAFR outlines the TRS administrative budget and operating expenses.

Other Considerations

Objectives and strategies for this goal are included in the Appendix.

Redundancies and Impediments

Employment After Retirement (EAR)

<table>
<tr>
<td>Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)</td>
<td>Employment After Retirement (EAR) laws and rules are challenging for retirees and employers to navigate and for TRS to administer. After the implementation of full payroll reporting in October 2017, TRS has identified an increasing number of EAR violations as compared to previous years. Symptomatic of the larger issue, complex laws and rules leave retirees vulnerable to violations that result in the loss of annuity payments.</td>
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<tr>
<td>Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations</td>
<td>EAR laws and rules are revisited by the legislature during each session. In 2011, the legislature enacted changes to the law in an effort to balance the needs of all stake-holders. Employers, retirees and associations continue to express significant concerns involving EAR limits. Employers profess a need to hire recent retirees because hiring retirees is an effective way to address acute staffing shortages. Retirees often seek employment after retirement because they have a need to supplement their income and would prefer to work in a familiar setting. Additionally, retirees return to work in order to be responsive to the needs of their former employers.

Compounding the issue, retirees rely on employers to inform them on EAR limits because understanding the limits is difficult and requires a sophisticated understanding of the employment practices of reporting employers. TRS regularly provides training to school districts on all TRS laws and rules related to employer reporting and EAR. However, the payroll reporting positions at school districts have high turnover, which makes them often ill-equipped to advise retirees on EAR limitations. The definition of a substitute, which varies between TRS, the payroll department of a school district and the campus employing the retiree, increases confusion on this issue.

TRS is responsible for monitoring EAR payroll reports and taking appropriate action when a retiree exceeds the limits for EAR. Prior to the implementation of the new pension administration system (TRUST LOB), employers were only required to provide limited information based on employment type about the days or hours worked. Therefore, TRS was limited to only identifying retirees that exceeded the limits based on full-time employment status or multiple employment. Additionally, employers did not need to report retirees with a retirement date prior to Jan. 1, 2011. This created limitations on TRS' ability to verify that the employer applied EAR limits appropriately.

Full payroll reporting provided by the TRUST LOB system allows TRS to better hold employers and retirees accountable based on information submitted which includes hours, days worked and gross compensation for all employment types. This increased visibility has resulted in an uptick in violations identified and collections. As a result,</td>
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TRS has received increasingly vocal stakeholder concern regarding EAR. During the 86th legislative session, legislation was introduced that considered allowing TRS discretion when a retiree "accidentally" exceeded limits to forgo collection actions. Retirees that submitted administrative appeals have cited the proposed legislation when contesting the collection.

Provide Agency Recommendation for Modification or Elimination

Simplifying TRS EAR laws and rules may solve issues experienced by retirees and employers alike. It would also improve TRS' ability to manage compliance without adversely affecting the pension fund. Changing EAR limits to require all retirees to complete a break in service for a specific period of time prior to returning to work in Texas public education on a full-time basis in any capacity is a possible solution. For a retiree who has not completed the specified break in service in order to work in a full-time capacity, a dollar for dollar reduction in benefits instead of a full annuity payment forfeiture would create a clear, easy-to-understand limitation.

It has been noted that member association stakeholders do not favor a 12-month break in service, as it limits employers' ability to hire a retiree as a substitute or in a half-time position after the required one-month break in service. Conversely, analysis performed by TRS' actuary finds that allowing all retirees to return to work full time with anything less than a 12-month break in service could have a detrimental impact on the actuarial status of the pension fund.

Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change

There would still be situations when a retiree would exceed EAR monthly limits, but new legislation could minimize the impact on the retiree.

Disability Benefits

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)

TRS has identified three policy issues concerning eligibility and administration of disability benefits that could be improved.

The first issue is medical case management when a member applies for disability. While TRS administers disability retirement annuity payments, TRS lacks the level of knowledge and skill needed to efficiently oversee the medical case management processes. TRS would like the authority to contract with a third-party administrator for medical case management and determination in lieu of internal medical case management and medical board determination.

Second, individuals who become disabled after employment in Texas public education are eligible for a lifetime disability benefit, which may not be in the best interest

of the fund. An improvement would be requiring anyone who applies for disability after separating from TRS-covered employment to prove that they left public education due to the disability that is the basis of the application.

Finally, TRS experienced a small net loss due to the annual income verification requirements for disability annuitants. Statute provides earned income limitations for disability recipients. Therefore, TRS is required to annually confirm the amount of income from all sources earned by those receiving a disability annuity. The process is administratively inefficient given how little TRS has collected. TRS proposes to eliminate the earned income limitations for disability annuitants.

Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations

Issue 1: TRS provides disability retirement benefits under Texas Government Code 824 Subchapter D. Disability retirees account for less than 3% of the total number of annuitants. Under Texas Government Code Section 825.204, the board of trustees shall appoint a medical board composed of three physicians. The board is responsible for reviewing medical documentation submitted in support of disability retirement claims. The board reviews approximately 700 files per year. Texas Government Code Section 824.301 provides a broad definition of what meets the requirements for disability. This means applicants often must submit complex medical information from various doctors and sources as part of their application. At a minimum, TRS requires two things for a disability application: first, – a statement from the member regarding their disability and, second, – a statement from an attending physician attesting to the disability. Without medical backgrounds, however, it is difficult for TRS employees to know exactly what additional documentation the medical board needs or when a file is complete and ready for medical board review. Moreover, the back and forth with an applicant on the items needed for their medical file can be time-consuming and administratively challenging. Additionally, as a HIPAA-covered entity and, due to the sensitive nature of the documentation provided in relation to disability retirement, TRS must constantly evaluate and change security protocols used to interact with the TRS Medical Board as the medical board appointees turnover. TRS could outsource the medical file case management and utilize a third-party to both manage and make disability determinations. This would improve the administrative and security difficulties of TRS internal medical case management and determination.

Issue 2: Current statute allows members who are separated from TRS-covered employment to apply for and receive a disability annuity. Statue provides that members with 10 years of TRS service credit vest in disability benefits and are eligible for a disability annuity thereafter, even if the member becomes disabled in another position years after leaving TRS-covered employment. Currently, there is no time limit on when a member may apply for disability retirement. This is also true regardless

of the cause of the disability. The statute can result in former public education employees being approved for disability over a decade after leaving Texas public education employment. For example, a recent disability applicant had last worked in Texas public education in 2007 and was eligible for early-age retirement benefits. However, the individual applied and was approved for a disability annuity, which was higher than the early-age retirement benefit. Disability retirement is meant as income replacement and to lessen the financial hardships faced by a member who can no longer serve in public education. Therefore, it makes sense to position the benefit as such by adding requirements or limitations regarding when an applicant who is no longer in TRS-covered employment may receive a disability annuity.

Issue 3: TRS is required by statute to annually confirm that disability annuitants have not exceeded earned income limits. Texas Government Code Section 824.310 and TRS Rule 31.35 place limits on the amount of compensation certain disability retirees may earn while receiving disability benefits from TRS. TRS has an annual process, which involves contracting with the Texas Workforce Commission, to obtain compensation information from disability retirees; however, in recent years only two-to-three retirees were impacted by the limit. In fact, in calendar year 2019, 5,648 notification letters were mailed to disability retirees. TRS received responses from 1,584 retirees. Only two of the 1,584 exceeded the earnings limit.

Provide Agency Recommendation for Modification or Elimination

Issue 1: An emerging trend with other public pension systems is the outsourcing of disability determinations. However, TRS does not have this authority and is limited by the requirements of Texas Government Code Section 825.204. Outsourcing the review and determination process would allow TRS to use best-in-class processes that are established by the third-party vendor. When an application is submitted, TRS would alert the vendor who would then assign a case manager to the application. The case manager would contact the applicant and work with the applicant to fully develop the file. Case managers are not physicians, but they are medical professionals who would understand – better than TRS staff – the complex medical information necessary to complete a case file. Once complete, the case file would be forwarded to a physician working with the vendor. The physician would then make the determination about the applicant's disability status.

Issue 2: To address the issue of members applying for disability when they do not work for a TRS-covered employer, legislation could require that anyone who applies while in non-covered employment must prove that they left public education due to the disability that is the basis of the application. This is an approach taken by other pension systems and seems to better tie the purpose to the payment of disability annuities.

Issue 3: TRS proposes eliminating the earned income limitations for disability annuitants. As previously mentioned, TRS incurred a net loss to enforce the limitations in 2019. However, eliminating the limits would not eliminate all post-approval verification of disability. If disability status is approved, it is granted either permanently or with annual certification. TRS would continue to verify that disability status is appropriate for all disability annuitants who are certified with annual verification. So, TRS would continue to have annual contact with the disability annuitants most likely to return to full employment. If necessary, TRS would begin the process of returning some of the annuitants to active membership if they are no longer eligible for a disability annuity.

Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change

Issue 1: TRS expects that it will cost additional funds to use a third-party for disability case management. However, TRS would have access to specialists that have experience in the medical areas related to the member's specific medical diagnosis. Under current statute, TRS does have the authority to contract with specialists in addition to the three-member Medical Board. However, contracting with specialists on a case-by-case basis would not achieve the benefits of full outsourcing, such as enhanced medical case management, and due to contracting timeframes, costs, and recruitment efforts, would delay disability determinations for members.

Issue 2: A member with 10 years of service credit in TRS-covered employment will also have vested in the defined benefit plan (defined benefit vesting occurs at 5 years of service credit). So, if that member cannot establish that the disability occurred during their course of employment, the member does not lose their service retirement. The member can either take an early-age service retirement with a reduced benefit once eligible or wait to receive a full-service annuity upon normal-age retirement.

Issue 3: The number of disability retirees that actually earn more than their income limit is a very small number compared to the notifications TRS mails to disability retirees to confirm their income earned. Based on postage cost, staff time, and the contract with the Texas Workforce Commission, TRS spent approximately $10,000 on enforcing the disability earnings limit in calendar year 2019. TRS suspended the annuity payments of one member totaling $8,193. The cost-benefit analysis indicates that the program may not be advantageous. Eliminating the limits on earned income would allow staff to focus on other pressing needs and improve administration.

Real Estate Investing

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Pursuant to Section 825.301(a), Texas Government Code, TRS refers to securities law as the primary source to interpret what investments are eligible "securities." Because real estate is not itself a "security," TRS is prohibited from investing directly in real estate in its own name, unlike many other public pension funds and institutional investors. The legislature can define a share or equity interest issued to TRS by a closely held corporation, such as a real estate title holding company, to be a "security" for TRS purposes.
Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	Current law prohibits TRS from investing directly in real estate, unlike many of TRS' public pension peers. This has limited TRS' control of its real estate portfolio and incurs a high proportion of fees and carried interest paid to external private fund managers. TRS added real estate to its asset mix in 2004 and began investing in real estate through private investment funds (limited partnerships) in 2006. The real estate program was expanded in 2007 and currently the Trust has a 15 percent target allocation, which represented approximately $21.9 billion as of December 31, 2019. Since its inception, the real estate program has added over $14 billion to the Trust. TRS has the team and expertise required to manage real estate assets directly, currently employing approximately 17 investment professionals on the real estate team who invest in real estate through private investment funds managed by 57 private fund sponsors. Although net performance has been strong and real estate funds and co-investments have generated significant excess returns over benchmarks, the Trust paid approximately $237 million in management fees and carried interest to fund general partners and investment advisors in the year ended June 30, 2019. Carried interest alone represents 10-20% of real estate investment gains realized by private investment funds.
Provide Agency Recommendation for Modification or Elimination	Clarify TRS investment authority by defining securities for TRS purposes to include stock in wholly-owned real estate title-holding entities controlled by TRS. By having authority to make controlled investments in real estate through title-holding entities pursuant to the authority granted in Section 825.304, Texas Government Code, which permits the board to designate entities to hold investment assets, TRS believes that there is an opportunity to improve Trust net returns by reducing fees and carried interest paid to fund general partners and managers.
Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change	Direct real estate ownership through title-holding entities would eliminate profit-sharing intermediaries, provide TRS better control of its real estate portfolio through asset management, increase transparency (e.g., names of portfolio holdings), provide significant fee savings for stabilized core assets, and produce higher net returns. The use of title holding entities would enable TRS to reduce reliance on limited partnership investment vehicles sponsored by a general partner who charges fees and carried interest. By assuming the operating costs directly, eliminating profit-

Healthcare Affordability & Viability

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Section 22.004(i) of the Texas Education Code.
Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	Several school districts that are statutorily required to participate in TRS-ActiveCare have periodically sought legislation allowing them to opt-out of participation. In prior sessions, bills allowing districts to opt-out were not enacted. A small number of school districts are subsequently attempting to use the district of innovation waiver process through the Texas Education Agency to exempt themselves from the statutory participation requirements in Section 22.004(i) of the Texas Education Code. These districts are seeking to offer competing health coverage to their employees and, in one case of which TRS is aware, contributing significantly more funding only to the competing coverage to reduce the employee's share of costs. Some additional districts are considering using this process as well. TRS does not agree that offering competing coverage complies with statute or legislative intent. In some cases, school districts are receiving proposals for plans that exclude specialty drugs and/or plans that would have no in-network hospitals and result in substantial balance billing for any potential members. Additionally, some of these plans could not be offered as the only option for public education employees as they do not provide essential health benefits. These barebones plans would have to be offered alongside TRS-ActiveCare and would attract away healthier individuals. Members with greater health care needs would remain in TRS-ActiveCare plans, creating adverse selection and driving up the cost of the program, threatening its viability.
Provide Agency Recommendation for Modification or Elimination	The 2000 House Select Committee on Teacher Health Insurance Report identified the risk of adverse selection associated with voluntary participation. The committee realized that districts coming in and out of the program could destabilize the program and "recommend[ed] that the plan be structured in such a way to avoid adverse selection by the school districts." Legislative intent could be preserved and clarified by ensuring employers that participate in the TRS-ActiveCare program do not also offer competing coverage. This could be accomplished by repeating language in Section 22.004(i) of the Texas Education Code and adding similar language into Chapter 1579 of the Texas Insurance

Code and adding language similar to TRS-ActiveCare Rule 41.30(a)(4), located at Title 34, Part 3, Chapter 41, Subchapter C of the Texas Administrative Code, into Chapter 1579 of the Texas Insurance Code.

Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change

Much of the recent discussions regarding districts of innovation has been spurred by recent changes in the El Paso Independent School District. There has been an interest in understanding whether the El Paso competing plan, offered through a district of innovation waiver alongside TRS-ActiveCare, provides a better value than TRS plans. This interest was based on initial claims. As of March 12, 2020, however, El Paso ISD is expecting a 16% increase in their employer contribution, rising from $435 to $505, to protect employees from any rate increases.

By comparison, El Paso contributes only $378 for employee coverage in TRS-ActiveCare-1-HD. In total they expect needing to make an additional $5 million in contributions to pay claims at current benefit and employee contribution amounts. El Paso originally projected a $34 million contribution for their self-insured plan for the 2019-20 plan year. In contrast, rates across all TRS-ActiveCare plans will increase by less than 1% on Sept. 1, 2020. Additionally, TRS-ActiveCare rates are decreasing in many cases. The total premium for the new version of TRS-ActiveCare-Select, TRS-ActiveCare Primary+, for example, will decrease by $68 per month for each employee enrolled in the Employee & Children tier.

Smaller-sized school districts may face significant constraints in dealing with the type of volatility experienced by El Paso. The true cost of self-insuring will take several years for any district to understand and even large districts can experience considerable volatility in claims from year-to-year, requiring a long-term financing strategy that many districts may not be positioned to implement.

In general, when comparing TRS-ActiveCare to comparable coverage available in non-participating districts with more than a single year of experience, TRS found that TRS-ActiveCare offers employers a greater value. For example, the TRS-ActiveCare-HD plan that will be offered on Sept. 1, 2020, will be approximately 14% below the median total cost of similar plans offered by non-participating school districts in Texas. Minimizing adverse selection in TRS-ActiveCare will help ensure that the more than 1,000 school districts currently participating in TRS-ActiveCare can continue to obtain the best value for their investment.

In addition to the above, TRS regularly reviews its enabling legislation in advance of each legislative session to identify any statutory inefficiencies or redundancies. Any needed legislative fix is then identified as part of TRS' omnibus bill process.

Natural Disaster-Related Redundancies and Impediments (if applicable)

Not applicable to TRS.

PART 2.
SUPPLEMENTAL SCHEDULES

Schedule A: Budget Structure

TRS goals, objectives, measures, and strategies are listed in the order in which they appear in the agency's bill pattern in the General Appropriations Act.

Agency Goal:

To Administer the System as an Employee Benefit Trust.

Objective (1): (Operational Goals 1 and 2)

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

Strategies:

Provide services to members, manage investments, and administer TRS retirement fund.

Outcome Measures:

- Number of years to amortize the TRS retirement fund unfunded actuarial accrued liability.
- TRS retirement fund five-year average time-weighted rate of return on investment performance.
- TRS retirement fund 20-year average time-weighted rate of return on investment performance.
- Investment performance relative to board approved benchmark.

- TRS retirement fund benefit administration annual operating expense per member in dollars.
- TRS retirement fund investment expense as basis points of net assets.
- Service level percentage for calls answered in a specified time interval.

Output Measures:

- Number of TRS benefit applications processed.
- Number of TRS retirement fund member accounts serviced.
- Percent of TRS retirees whose first annuity is paid when it is first due.

Objective (2): (Operational Goal 3)

To administer a health care program for public education retirees funded by statute.

Strategies:

Administer group health care benefits to public education retirees through the TRS-Care program by monitoring the performance of contracted benefit providers, communicating health care plan features and resolving benefit disputes. Estimated.

Outcome Measures:

- Participation rate in Disease Management Program by non-Medicare enrollees.
- Generic substitution rate for TRS-Care prescription drug benefits.

Schedule B: List of Measure Definitions

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

Outcome Measure:

Number of years to amortize the TRS retirement fund unfunded actuarial accrued liability.

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

Outcome Measure:

TRS retirement fund five-year average time-weighted rate of return on investment performance.

Definition:	This measure shows investment returns calculated on a time-weighted basis for all retirement fund investments and reflects income and realized/unrealized price changes.
Purpose/Importance:	The investment rate of return is an important factor in determining the ability of the retirement fund to meet its funding obligations.
Source/Collection of Data:	Investment financial data is from the retirement fund fiscal year-end accounting records.
Method of Calculation:	Reported investment returns are calculated by the investment custodian based on data provided from the fiscal year-end retirement fund accounting records.
Data Limitations:	The data is dependent on investment market fluctuations, specifically at fiscal year-end.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:

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

Definition:	This measure shows investment returns calculated on a 20-year time-weighted basis for all retirement fund investments and reflects income and realized/un-realized price changes.
Purpose/Importance:	The investment rate of return is an important factor in determining the ability of the retirement fund to meet its funding obligations.
Source/Collection of Data:	Investment financial data is from the retirement fund fiscal year-end accounting records.

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

Outcome Measure:

Investment performance relative to board-approved benchmark.

Definition:	This measure would report actual investment performance, net of fees, compared to the annual board-adopted performance benchmark.
Purpose/Importance:	This measure reflects the value added by the Investment Management Division's investment strategy.
Source/Collection of Data:	Investment financial data collected from the retirement fund custodian for the period ended June 30.
Method of Calculation:	The total investment return of the Pension Trust Fund (as expressed by a percentage) divided by the Total Fund Index benchmark (as expressed by a percentage) and adopted by the TRS Board of Trustees and reported in the *Comprehensive Annual Financial Report* (CAFR).
Data Limitations:	The data is dependent on the timing of valuations and index availability.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:

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

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

Outcome Measure:

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

Definition:	This measure shows the annual retirement fund investment expenses as a percent of net assets.

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

Outcome Measure:

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

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

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

Outcome Measure:

Number of TRS retirement fund member accounts serviced.

Definition:	This measure shows the number of member retirement deposits applied to individual member accounts each fiscal year.
Purpose/Importance:	This measure provides a year-to-year comparison of the growth in transaction activity.
Source/Collection of Data:	The source is the member records accounting system report. The transaction numbers are accumulated from the application of salary and contribution as submitted by the reporting entity on a monthly basis.
Method of Calculation:	Each posting to a member's account is considered a transaction in the month the contribution is applied to a member's account regardless of the received date.

Data Limitations:	Over 1,300 reporting employers must report each member's monthly payroll salary and retirement contribution. A member can have more than one posting per month if employed by multiple reporting employers.
Calculation Type:	Cumulative
New Measure:	No
Target Attainment:	Not applicable

Outcome Measure:

Percentage of TRS retirees whose first annuity is paid when it is first due.

Definition:	Annuitants paid timely means that an annuitant is considered to be paid when first due if the payment was issued: on the last working day of the month following the retirement date; on or before the last working day of the month following the final report month; within 31 days of when a special service purchase bill was paid; or within 31 days of when the final required retirement document was received.
Purpose/Importance:	This measure determines if TRS is delivering benefits in a timely manner based on all properly completed and required documentation and data elements for retirement.
Source/Collection of Data:	Information is taken from TRS systems referenced in procedures to generate reports that list, respectively, payments that met or did not meet the criteria in the definition.
Method of Calculation:	Review source data to determine whether payments were issued in a timely manner based on the criteria in the definition. To determine the percentage of payments issued in a timely manner, the denominator is the total number of payments issued during the month of interest. The numerator is the total number of payments issued minus the payments that are considered not issued in a timely manner.
Data Limitations:	Only files added to payroll during the month of interest that result in a payment being issued are considered to determine if paid in a timely manner.
Calculation Type:	Noncumulative
New Measure:	No

Target Attainment:	Higher than target

Outcome Measure:

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

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

Outcome Measure:

Generic substitution rate for TRS-Care prescription drug benefits.

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

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

Schedule C: Historically Underutilized Business Plan

Mission Statement

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

Policy

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

Definition

A HUB is defined by the Texas Government Code, Chapter 2161, and 34 TAC 20.282 as a business formed for the purpose of making a profit, provided the following criteria are met:

- The principal place of the business must be in Texas.
- The proprietor of the business must be a resident of the State of Texas.
- At least 51% of the assets and at least 51% of all classes of the shares of stock or other equitable securities in the business must be owned by one or more persons whose business enterprises have been historically underutilized (economically disadvantaged), because of their identification as members of at least one of the following groups: African American, Hispanic American, Asian Pacific American, Native American, American women, and service-disabled veterans.

- The individuals mentioned above must demonstrate active participation in the control, operation and management of the business.
- The business must be involved directly in the manufacture or distribution of the contracted supplies or materials, or otherwise warehouse and ship the supplies or materials.
- The business must be classified as a small business consistent with the U.S. Small Business Administration's size standards and based on the North American Industry Classification System code.

Utilization of HUBs

TRS actively seeks diversity among external business associates, recognizing that such good faith efforts lead to enhanced organizational effectiveness. To that end, TRS recognizes the importance of directing expenditures toward HUBs and continues to pursue initiatives designed to promote HUB opportunities. These initiatives included subcontracting efforts and attending HUB Economic Opportunity Forums throughout the state as well as hosting HUB forums at TRS facilities. TRS is committed to achieving its goals and continues to make a good faith effort in all areas.

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

HUB Program Performance, Goals, Objectives, and Strategies:

The charts below reflect:

- 2010–19 HUB utilization
- A comparison between state and TRS expenditures

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

HUB Utilization:

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

Figure 1. TRS HUB Utilization
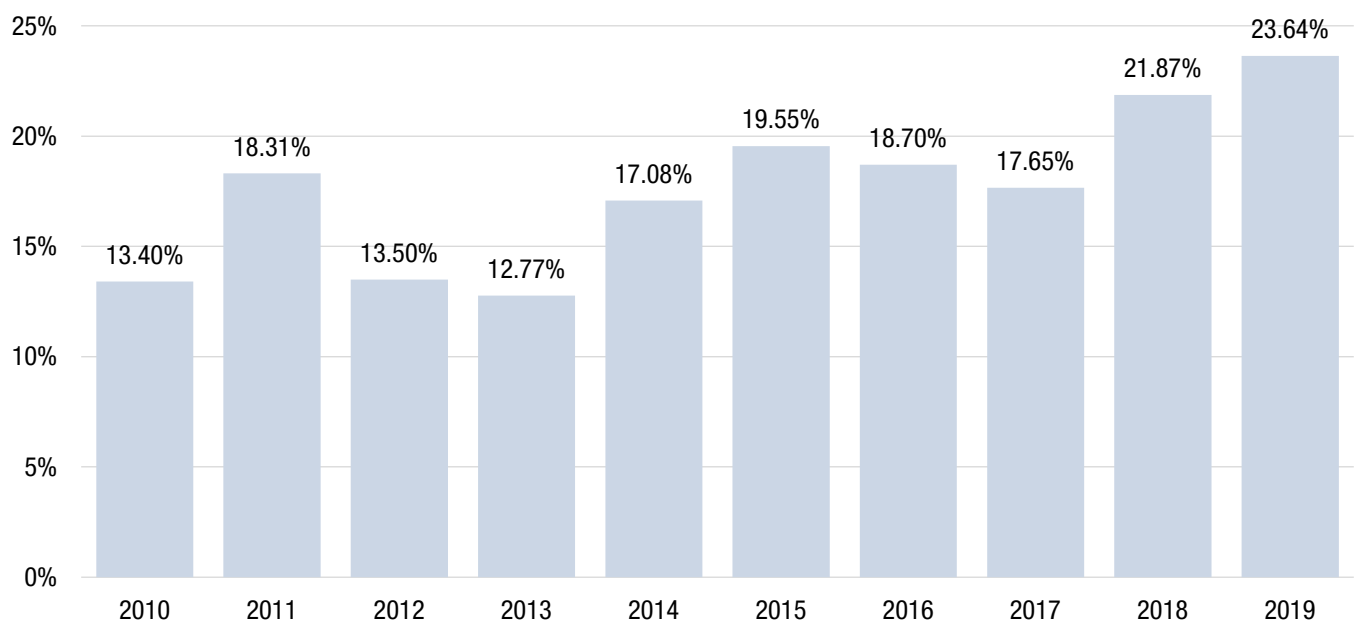
HUB Expenditures Compared to State's HUB Expenditures:

TRS expends funds in four of the state's purchasing categories:

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

TRS has no expenditures in two of the state's purchasing categories:

- Heavy construction other than building contracts
- All other building construction including general contractors and operative building contracts

Figure 2. TRS 2019 Comparison with State of Texas by HUB Category

Legend: ■ State HUB Goal ■ State HUB Actual ■ TRS HUB Goal ■ TRS HUB Actual
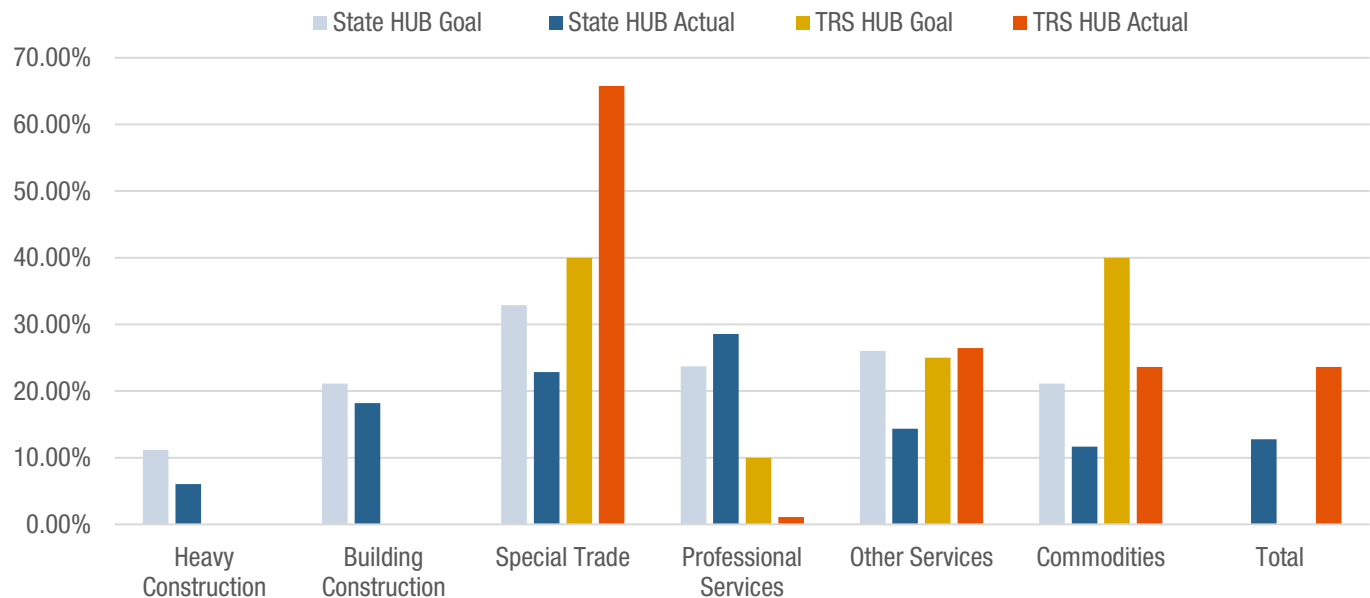
TRS Goal, Objective, Strategy and Key Performance Indicators

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

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

Strategies:

1. Increase the number of utilized HUBs
2. Promote purchasing selection practices that foster meaningful and substantive inclusion of HUBs
3. Improve outreach activities to foster and strengthen relationships among HUB vendors, prime contractors and purchasers
4. Leverage Diversity, Equity & Inclusion (DE&I) outreach and partnerships to identify and work with HUB-eligible businesses as a pipeline for HUB contracted services

Milestones:

1. Continuous training for TRS staff on HUB goals and program rules and regulations
2. Develop monthly HUB reporting on HUB spending by business unit for increased transparency and additional monitoring
3. Continuously attend HUB forums and expos throughout the state
4. Conduct quarterly HUB vendor meet-and-greet sessions to familiarize TRS with HUB community that provides desired goods and services
5. Establish DE&I Outreach and Partnership Program calendar of activities that features regular engagement with Procurement Team to highlight HUB Program
6. Work with local affinity group Chambers of Commerce to gain additional access to the HUB community and to provide potential HUB vendors information about HUB Program eligibility and certification benefits

Schedule D: Statewide Capital Plan

Not applicable to TRS.

Schedule E: Health and Human Services Strategic Plan

Not applicable to TRS.

Schedule F: Agency Workforce Plan

System Overview

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

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

The TRS pension plan had about 38,000 members in its first year of operation. Today, TRS is the largest public retirement system in Texas, in both membership and assets. For the fiscal year ending Aug. 31, 2019, which was the system's 82nd year of operation, TRS served 1,629,682 participants – 1,195,256 public and higher education members and 434,426 retirement recipients. As of Aug. 31, 2019, system net assets totaled approximately $158 billion. The TRS pension plan operates under Article XVI, Section 67 of the Constitution of Texas to provide retirement and related benefits for those employed by public schools, colleges and universities supported by the State of Texas. TRS is responsible for investing funds under its stewardship and for delivering benefits to members as authorized by the Texas Legislature. TRS is a defined benefit plan, with retirement benefits determined by a pre-established formula. The pension trust fund is sustained principally by three sources – contributions by members during their working careers, contributions by the state and investment revenues.

TRS operates in downtown Austin out of two adjoining buildings at 1000 Red River Street and a 47,034 square-foot leased space at 816 Congress Avenue that houses the TRS Investment Management Division. In 2015, TRS opened a small overseas office for London investment staff, which currently employs four staff members. The business of the system involves two broad functions: administering benefits (pension and health care) and managing investments. The financial, information technology and executive administration areas provide essential services to TRS' mission-critical divisions. Currently TRS has six major divisions: Benefit Services, Investment Management, Health and Insurance Benefits, Information Technology, Finance, and Executive. The following chart details the number of filled positions for each division as of fiscal year 2019.

Figure 3. TRS Divisions and Positions

Legend:
- Benefits
- Finance
- Executive
- Health Insurance
- Investment Management
- Information Technology
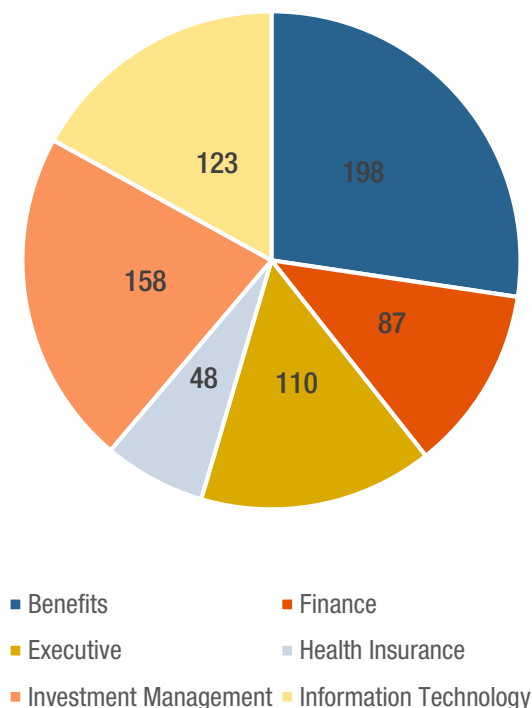
Mission, Strategic Goals and Objectives

The mission of TRS is:

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

TRS has the following four goals and objectives as part of the Strategic Plan for FY 2021-25. Certain strategies related to TRS' workforce plan have been identified in this section. A full listing of TRS' goals, objectives, and strategies can be found in the Appendix of the Strategic Plan.

Goal 1: Sustain a financially sound pension system. *(Texas Constitution, Article 16, Section 67)*

Objective 1: Improve communication regarding pension funding needs.

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

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

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

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

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

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

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

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

Objective 2: Increase the value of health care benefits.

Objective 3: Improve the health of our members.

Goal 4: Ensure that people, processes and technology align to achieve excellence in the delivery of service to members. *(Sections 825.208, 825.211, 825.212, and 825.213, Texas Government Code)*

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

Strategy 1: Position TRS as a destination employer 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.

Objective 2: Advance and enhance IT systems and services.

Objective 3: Enhance the information security program.

Objective 4: Identify appropriate solutions for TRS facilities and space requirements.

Objective 5: Foster a culture of fiduciary responsibility and ethical conduct.

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

Objective 7: Improve strategic communications.

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

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

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

In addition to the factors listed above, TRS successfully transitioned to working remotely as a result of COVID-19. In early March 2020, TRS established a COVID-19 Response Team and conducted a review of the agency's pandemic plan. Soon thereafter, TRS initiated work-from-home to reduce onsite workforce to essential staff only. By April 2020, 90–95% of TRS employees were working from home, depending on the day and time of month.

Member annuities continue to be paid on time, medical and pharmacy claims continue to be processed, and investment activities are ongoing. The transition to remote work was successful due in part to a remote work policy which has been in place since 2016 and information technology capabilities which allow employees to work from anywhere.

Current Workforce Profile (Supply Analysis)

TRS' core functions are delivering retirement benefits, facilitating health care coverage, managing investments, and managing the TRS infrastructure including

technology upgrades for the pension system and financial system. The skills that are most critical to support TRS' core functions include:

- pension administration;
- health benefit plan management;
- investment expertise, including diversified portfolio management skills and managing alternative asset classes;
- information technology, including telecommunications, web design, programming, information security and systems administration;
- developing and monitoring complex contracts; and
- specialized professional skills (including accounting, auditing, human resources, and legal).
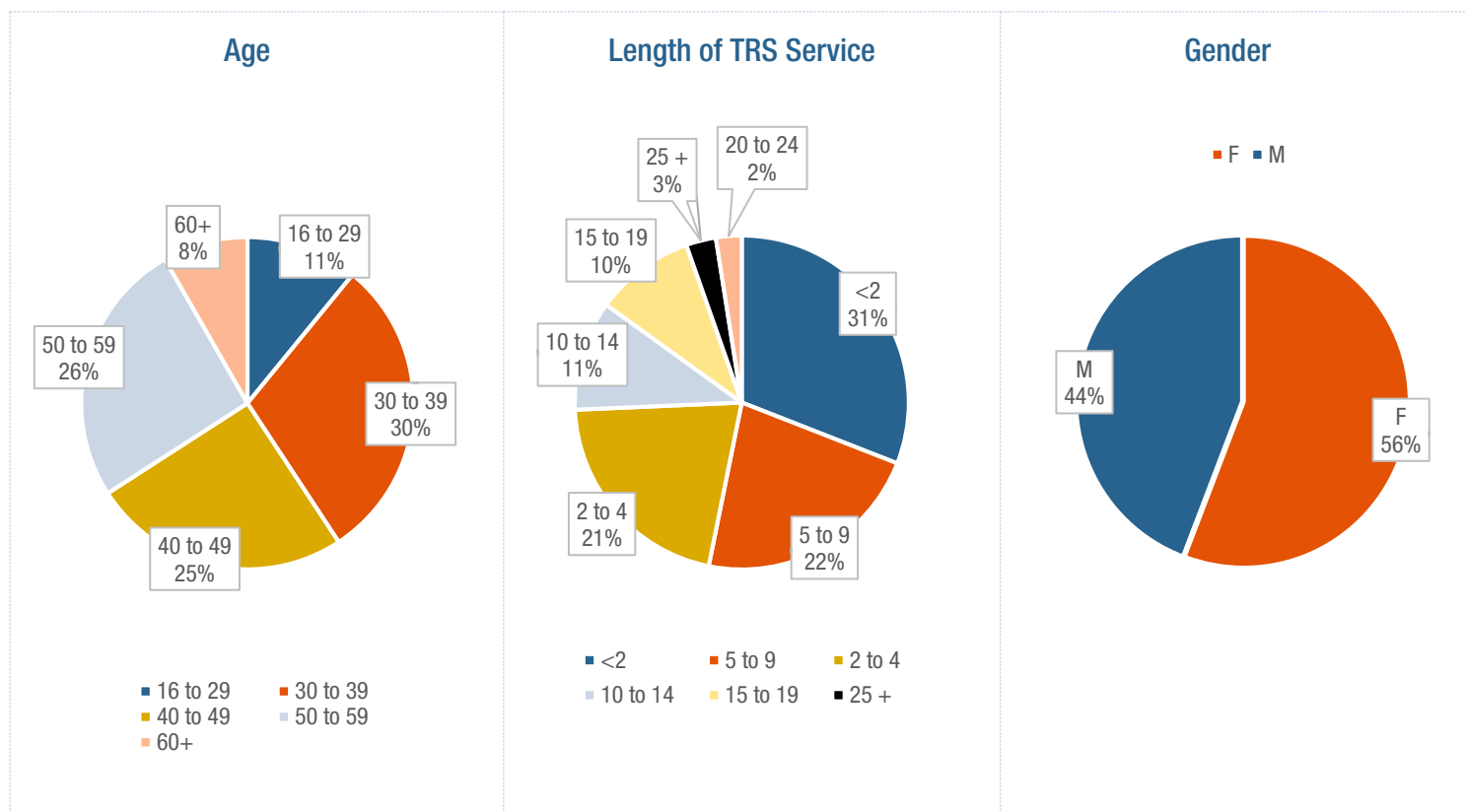
TRS has been successful attracting and developing staff with the following skills and competencies to meet critical business needs and are essential to successfully achieve TRS' mission and goals:

- accountability;
- business process analysis;
- critical thinking and problem solving;
- project management;
- strategic planning;
- leadership;
- adaptability;
- customer service; and
- communication and collaboration.

Workforce Demographics

The following charts profile the system's workforce as of Aug. 31, 2019. The TRS workforce is comprised of 55.8% females and 44.2% males. Approximately 52.8% of employees have been with TRS less than five years. Approximately 34.1% are 50 years of age or older.

Figure 4. Distribution of TRS Employees by Age, Length of TRS Service and Gender

Age

- 16 to 29: 11%
- 30 to 39: 30%
- 40 to 49: 25%
- 50 to 59: 26%
- 60+: 8%

Length of TRS Service

- <2: 31%
- 5 to 9: 22%
- 2 to 4: 21%
- 10 to 14: 11%
- 15 to 19: 10%
- 20 to 24: 2%
- 25 +: 3%

Gender

- M: 44%
- F: 56%

The following table compares the ethnic and gender composition of the TRS workforce (as of Aug. 31, 2018) to the statewide (Texas) civilian workforce as reported by the Texas Workforce Commission (TWC) – Civil Rights Division (CRD). TRS actively monitors this information and adjusts its recruitment strategies to address underrepresentation.

Table 1. Ethnic and Gender Composition of the TRS Workforce

Job Category	% African-American at TRS	% African-American in Statewide Workforce	% Hispanic at TRS	% Hispanic in Statewide Workforce	% Female at TRS	% Female in Statewide Workforce
Officials/Administration	6.0%	7.4%	16.0%	22.1%	44.0%	37.4%
Professional	7.06%	10.4%	16.3%	19.3%	46.96%	55.3%
Technical	0.0%	14.4%	40.0%	27.2%	60.0%	55.3%
Administrative Support	23.08%	14.8%	42.31%	34.8%	61.54%	72.1%
Service/Maintenance	11.76%	13.0%	35.29%	54.1%	0.0%	51.0%

*TWC combines data for paraprofessionals and service/maintenance for purposes of this report. TRS does not have any employees in the Skilled Craft Category.

To continue to offer our members excellence in the delivery of service, TRS embraces a strategy from the top down that encourages, supports, and is accountable for diversity at all levels and in all divisions of the organization. TRS is executing a multi-faceted approach to improve diversity representation at all levels of the organization and to create an inclusive work environment that fosters creativity and innovation. This approach includes the hiring of a dedicated Diversity, Equity & Inclusion (DE&I) Director, establishment of a DE&I Employee Council, and increased diversity recruiting and outreach. Some tactics include targeted advertising of vacancies, ongoing participation in diversity job fairs and diversity/cultural awareness training. The employment policies and practices of TRS have been certified as in compliance with CRD standards, in accordance with Chapter 21 of the Texas Labor Code (most recently in August 2018).

For the 2021-25 Strategic Plan, DE&I initiatives are included in Goal 4. Objectives and Tactics related to DE&I will revolve around talent acquisition efforts and increasing retention and engagement through enhanced DE&I efforts.

Employee Turnover

As reflected in the following chart, employee turnover at TRS has consistently been below the statewide average among state agencies, as reported by the State Auditor's Office. In fiscal year 2019, TRS turnover was 12.9%, well below the state average of 20.3% for the same period. TRS anticipates that its turnover rate may fluctuate with the Austin economy but expects overall turnover rates to remain below the state average.

Figure 5. Employee Turnover
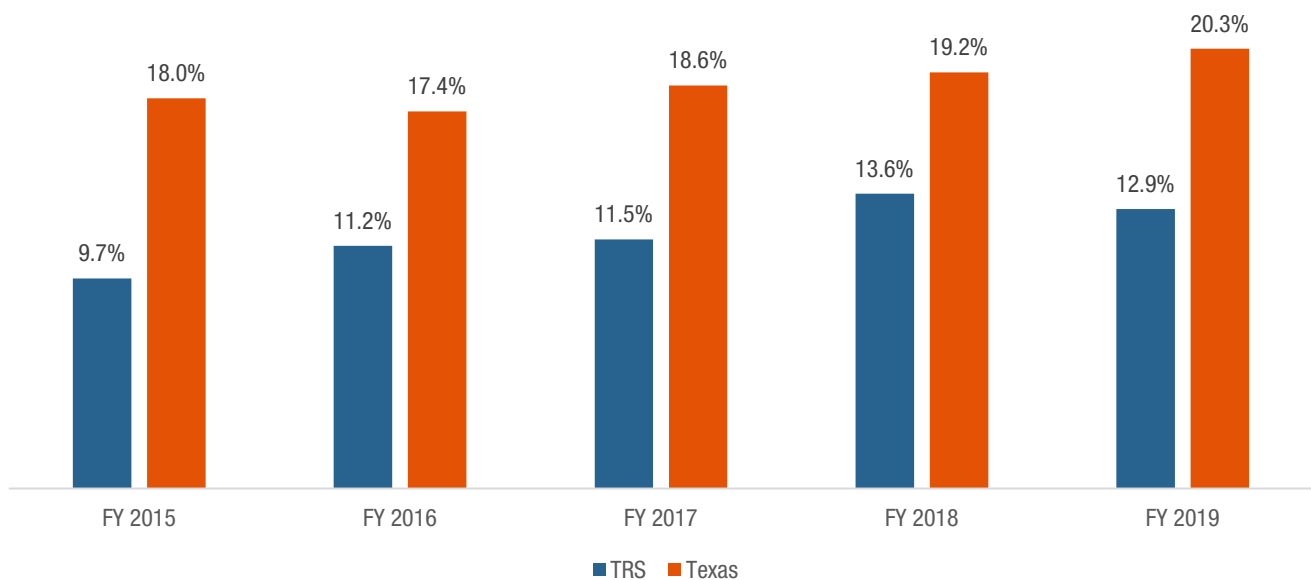
Retirement Eligibility Projections

The following chart provides estimates on the number of TRS employees who will be eligible to retire over the next five years. These estimates are based on the rule of 80 using total state service for employees as of Aug. 31, 2019.

Table 2. Retirement Eligibility Projections

	January 2020		January 2022		January 2024	
	Eligible Employees	Percent Eligible	Eligible Employees	Percent Eligible	Eligible Employees	Percent Eligible
Executive Division	16	16.0%	19	19%	23	23.0%
Investment Management	6	3.8%	9	5.7%	12	7.6%
Benefit Services	19	9.4%	27	13.4%	34	16.8%
Shared Services	39	17.7%	53	24.1%	63	28.6%
Health and Insurance Benefits	1	2.0%	1	2.0%	3	5.9%
Total	81	11.0%	109	14.9%	135	18.5%
Executive Council Members	5	38.5%	5	38.5%	7	53.8%

Future Workforce Profile (Demand Analysis)

The size of the population served by TRS and the need to provide them timely, professional customer service continues to expand. TRS monitors business processes and FTE employee levels and makes adjustments as necessary to efficiently provide excellence in customer service to members. TRS looks to continued business process improvement in addition to staffing levels to meet the needs of members.

The continued growth in the size and complexity of the TRS lines of business has required additional member services professionals, technology professionals, business analysts, investment professionals, and program managers to implement technology upgrades. The agency has major initiatives underway to review statu-

tory provisions, streamline benefit administration processes, and deploy enhanced technology solutions related to critical member needs.

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

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

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

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

Based on changes in the physical work environment due to COVID-19, TRS talent acquisition efforts should continue to evolve ensuring TRS is maximizing talent pools of highly qualified statewide candidates that will excel in both remote and office environments.

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

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

Strategy Development

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

Gap Analysis

Table 3. Potential Gaps in the Workforce Plan

Potential Gap	Strategy
Increased competition for experienced staff in certain fields	Maintain a work environment that allows TRS to attract, retain and develop highly competent staff that provides excellence in the delivery of service to members. Action steps include: • Promote a strong workplace culture that exemplifies TRS' core values and mission to serve members. • Provide employee development opportunities including career paths. • Refine TRS' talent management programs to attract, retain and motivate a highly competent workforce. • Maintain recognition programs and offer other engagement initiatives to support retention of staff. • Continue organizational development efforts aimed at enhancing ongoing communication and effective working relationships between management and staff. • Encourage staff involvement in organizational activities.

Changing roles and responsibilities for staff as a result of legislation or agencywide initiatives	Acquire necessary expertise to fulfill assigned responsibilities. Action steps include: • Conduct research to identify issues affecting other public pension funds or state agencies that may potentially affect TRS. • Maintain awareness of prospective legislative changes to allow adequate planning for new skill-set requirements. • Explore options for developing skills within the current workforce, attracting new staff with the required experience or outsourcing certain functions.
Loss of institutional knowledge and expertise due to turnover of critical staff	Ensure a smooth transition of duties, responsibilities and institutional expertise when critical staff leave the agency. Action steps include: • Conduct best practices for business process reviews and utilize existing knowledge management and transfer programs and techniques. • Utilize the Leadership Development Program to offer staff the opportunity to be prepared for leadership positions as they become vacant. • Continue to maximize opportunities for cross-training efforts and create framework for greater utilization. • Create career development opportunities including opportunities to experience and manage next level work. • Refine and evolve development of succession plans to ensure continuous service during any period of extended absence or turnover among critical staff. • Maintain effective talent acquisition practices and strategies (such as use of contingent staff, internships and employer branding) to attract, develop and retain qualified replacement staff.

TRS will also continue to manage (and expand, as needed) its effective programs and practices for attracting, retaining and developing highly competent and diverse staff. Such practices include:

- Recruitment programs that market TRS as an employer of choice and have potential to increase diversity among TRS staff.
- Internship programs to build relationships with universities and develop talent pools.
- Strategic workforce management to include the use of contingent staffing, redeployment of current staff, variable scheduling to meet business needs, and other appropriate best practices.
- Leadership development programs to build the skills of current and prospective leaders.
- Career development programs to provide professional growth opportunities for employees.
- Cross-training programs to advance skill levels, enhance productivity and provide back-up for critical functions.
- Continuity plans for critical staff.

Schedule G: Workforce Development System Strategic Planning

Not applicable to TRS.

Schedule H: Report on Customer Service

Executive Summary

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

Historically, TRS has provided benefits based on an efficiency and cost savings service delivery model. As past Member Satisfaction Surveys (MSS) demonstrate, TRS members have been highly satisfied with the overall level of service provided by TRS. Satisfaction with the services provided by TRS from 2016 to 2017 averaged 92.5% for retirees and 85.7% for active members. However, satisfaction levels for each subpopulation have consistently trended downward. In the 2019 MSS, 43.4% of active members and 76.6% of retirees reported satisfaction with TRS' services. It is worth noting, however, that the 2019 MSS survey sample changed significantly compared to previous MSS and the modal response for active members (38.7%) was the neutral category, indicating that these members were not familiar enough with TRS to form an overall evaluation of TRS services.

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% of calls within three minutes was in fiscal year 2015 when the call center was able to answer 84% of calls within three minutes. TRS is actively working to address service level delivery and staffing issues. TRS is incorporating improvements and staffing increases into the 2021-25 Strategic Plan and upcoming Legislative Appropriations Request.

Despite the challenges associated with achieving customer service delivery levels, members and retirees who interact directly with TRS are generally pleased with the services being provided. Among in-person visitors to TRS in fiscal year 2019, approximately 95% reported 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, 97.7% of callers to the telephone counseling center were pleased with the overall service they received and 97.5% agreed that they felt valued as a TRS member.

Overview

TRS was established in 1937, and since then has grown from 38,000 members to more than 1.6 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 $149 billion as of March 2020. In fiscal year 2019, TRS paid pension benefit payments totaling $11.4 billion to more than 434,000 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 employers (REs) to submit reports and to find information on topics such as eligibility, eligible 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).

As part of TEAM, TRS is implementing a new, modern pension administration system called Teacher Retirement Unified System for Technology (TRUST). The first phase of TRUST was implemented in October 2017 and consisted of employer reporting, active account management, refunds, retirement estimates, and customer relationship management (CRM). TRS continues to work toward implementing the remaining functions, which are related to retirement services, death claims, annuity payroll, and new online self-service. In addition, TRS will be implementing a new health insurance line-of-business system (HILOB) to support HIB.

Customer Service Staffing

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

Benefit accounting works with over 1,300 public and higher education employers, also known as reporting employers (REs), providing payroll-related assistance and training to comply with mandatory reporting requirements. Reporting coaches provide both telephone and email support to REs. Since 2017, the reporting team has experienced an increase of close to 50% in calls and emails, but these volumes appear to have stabilized. During 2019, reporting coaches have assisted employers by phone over 12,000 times and have responded to close to 300,000 emails.

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.

TRS was expecting historic call volumes in the Telephone Counseling Center (TCC) in fiscal year 2020; however, March, April, and May have been lower than previous years due to COVID-19. Since 2016, the contact center has experienced a 6.9% average increase in call volumes. Based on historical data, call volumes could reach in excess of 700,000 but at this time are unlikely.

## Figure 6: Call Volume History
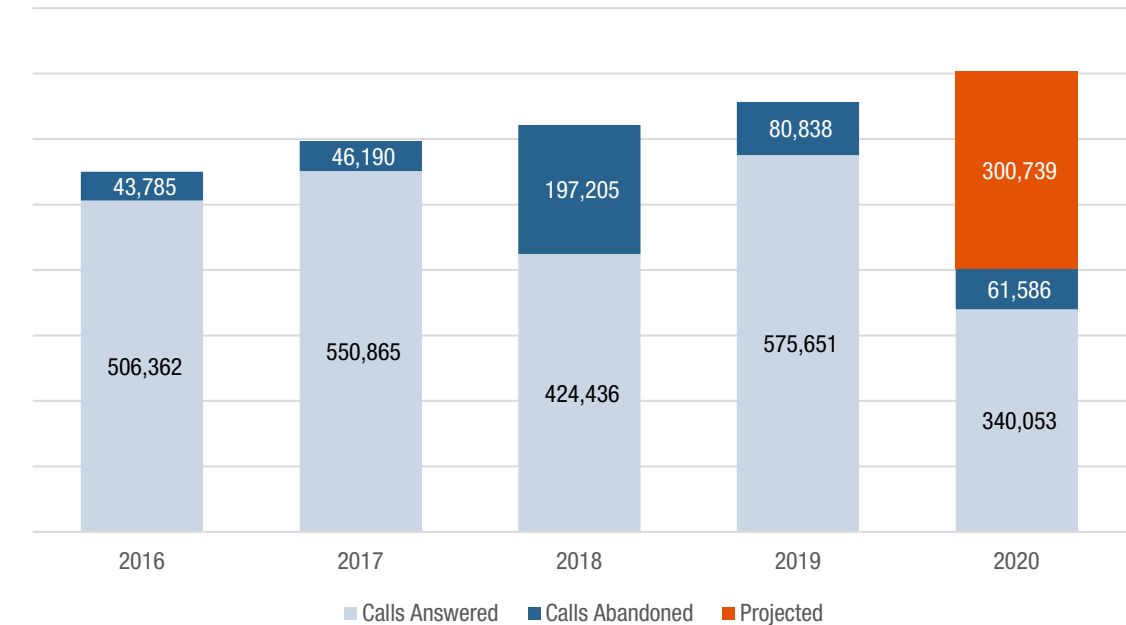
Benefit processing determines eligibility for benefits such as service retirement, disability retirement, in-service death benefits, retiree death benefits, and special service purchase. Benefit processing staff also issue refunds of member accounts. Between fiscal year 2016 and fiscal year 2019, TRS has experienced growth of approximately 28 percent in core business processes.

Operations support is responsible for business training, quality assurance, and workforce management. Programs primarily support benefit counseling operations but are being expanded to support all three departments in Benefit Services.

While TRS has seen a steady increase in membership, the number of Benefit Services employees has remained relatively flat until recently. 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. During the last legislative session, TRS was authorized additional Benefit Services positions which the agency is in the process of filling. TRS has projected a need to increase the Benefit Services division to 365 employees by 2023 to provide member and employer services.

Figure 7: Membership vs. Benefit Services Positions
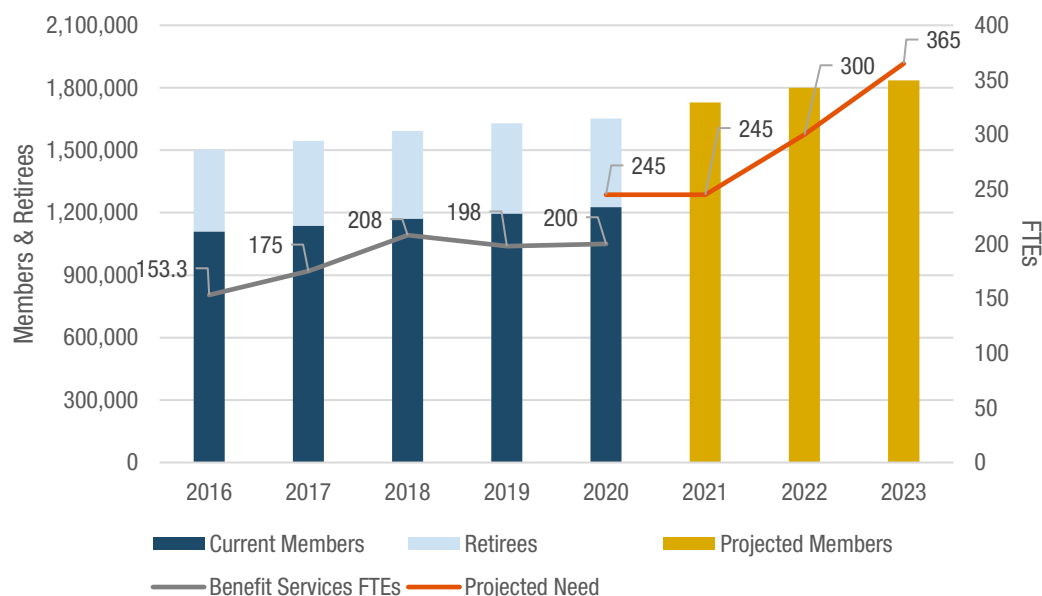
HIB employees help TRS retirees and their eligible dependents review health care benefits and options available. They also respond to written inquiries, process enrollment applications and changes to health care coverage, and attend to other health care processing requests. In addition to counseling 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.

Customer Service Initiatives

TRS has undertaken several initiatives to address customer service issues, including: adding benefit services staff; transferring training and quality assurance activities from Organizational Excellence back to Benefit Services; paying overtime; contracting with vendors to assist with overflow calls; enhancing communications with members and REs; regularly meeting with the Employer Advisory Group; modernizing the call center's software; utilizing remote counseling sessions; allowing members to email benefit questions; and updating service delivery time frames on a weekly basis to better manage member and RE expectations.

Inventory of External Customers

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

External customers by GAA strategy include the following.

Table 4: 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 Employers	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 Healthcare for Public Ed Retirees Funded by Statute.	Retired Public Education Employees	TRS-Care health benefit program; benefit services including response to written requests for information, TRS website, and print publications.
A.3.1 Strategy: RETIREE HEALTH – SUPPLEMENTAL FUNDS Healthcare for Public Ed Retirees Funded by Supplemental State Funds.	Retired Public Education Employees	TRS-Care health benefit program; benefit services including response to written requests for information, TRS website, and print publications.

TRS also considers REs as external customers. TRS' relationship with REs 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. In 2019, TRS began conducting satisfaction surveying of REs to formally gauge the level of service provided by TRS and to identify areas for improvement.

Information-Gathering Methods

TRS conducts satisfaction surveying through a Member Satisfaction Survey, a Reporting Employer 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 2019, TRS contracted with the Public Policy Research Institute (PPRI) of Texas A&M University to conduct a Member Satisfaction Survey (MSS). Member satisfaction ratings included in this report were taken directly from the findings of the MSS survey.

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. It was then further stratified by age, gender, and previous contact with TRS (see Table 5). Previous contact with TRS was determined using TRS' customer relationship management (CRM) database. This stratification is notably different from previous years when the sample was stratified by institution type (higher education, public schools) rather than by previous contact with TRS.

Table 5: Distribution of Characteristics in the TRS Population

	Has CRM		No CRM		
	Male	Female	Male	Female	Total
Active Members					
29 and under	728	1,876	34,414	99,794	136,812
30 to 39	2,023	5,489	64,100	186,678	258,290
40 to 49	2,639	7,145	61,477	195,955	267,216
50 to 59	4,351	13,350	52,066	159,073	228,840
60 and over	3,896	9,868	30,442	63,105	107,311
Total	13,637	37,728	242,499	704,605	998,469
% of Actives with CRM	5%				
Retired Members					
64 and under	6,774	23,666	11,415	38,834	80,689
65 to 74	12,457	44,556	29,489	88,419	174,921
75 and over	7,229	26,432	22,461	59,500	115,622
Total	26,460	94,654	63,365	186,753	371,232
% of Retirees with CRM	33%				

The survey instrument was constructed to provide strategic, actionable information that could be used to improve TRS services, and to provide active and retired member evaluations of TRS-ActiveCare and TRS-Care. Additional questions were added to measure engagement. Engagement is considered a member's emotional and rational attachment to an organization, whereas satisfaction is considered transactional.

To maximize survey responses, data were collected via an online web-based survey and telephone interviews. 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 April 16 and May 27, 2019. Data for the active members were collected between April 16 and June 2, 2019.

The sample for the MSS was stratified to allow for statistically meaningful comparisons by age, gender, and previous TRS contact. 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 6, were constructed to assure final samples of at least 800 active and 400 retired TRS members and adequate sample by age group, gender, and previous contact with TRS.

Table 6: Distribution of Demographic Characteristics in the TRS Sample

| | Has CRM | | No CRM | | |
	Male	Female	Male	Female	Total
Active Members					
29 and under	300	300	300	300	1,200
30 to 39	800	800	1,000	1,000	3,600
40 to 49	800	800	1,000	1,000	3,600
50 to 59	800	800	1,000	1,000	3,600
60 and over	800	800	1,000	1,000	3,600
Total	3,500	3,500	4,300	4,300	15,600
Retired Members					
64 and under	350	350	350	350	1,400
65 to 74	350	350	350	350	1,400
75 and over	350	350	350	350	1,400
Total	1,000	1,000	1,000	1,000	4,000

PPRI conducted a total of 1,271 interviews including 832 interviews with active members and 439 interviews with retired members. The distribution of interviews was controlled so that an adequate number from each demographic group could be included (see Table 7). Because of the relatively small number of respondents in the 29 and younger age group (N=33), these respondents were combined into a 39 and younger category.

Table 7: Distribution of Demographic Characteristics Among TRS Respondents

	Has CRM		No CRM		
	Male	Female	Male	Female	Total
Active Members					
39 and under	56	42	50	22	170
40 to 49	54	37	47	27	165
50 to 59	62	52	57	41	212
60 and over	71	70	85	59	285
Total	243	201	239	149	832
Retired Members					
64 and under	45	32	30	33	140
65 to 74	39	37	43	41	160
75 and over	28	41	34	36	139
Total	112	110	107	110	439

Regarding the survey methodology, it should be noted that in a purely random sample of TRS members, 832 completed interviews with active members would yield a margin of error of +/- 3.3 percentage points at the 95 percent confidence level, and 439 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 included in this report are based on weighted data which provide the best possible estimates of customer satisfaction levels while also allowing subgroup analyses.

Reporting Employers Satisfaction Survey

In 2020, TRS contracted with the Public Policy Research Institute (PPRI) of Texas A&M University to conduct a Reporting Employers Satisfaction Survey (RESS). Reporting employer (RE) satisfaction ratings included in this report were taken directly from the findings of the RESS survey.

The survey was designed to provide critical feedback to TRS on the services provided to REs. The initial sample for the survey was provided by TRS and included 1,215 unique email addresses representing 1,332 organizations, including

public schools, charter schools, colleges and universities. The survey methodology was designed to target payroll contacts who serve as the RE contacts for their organization. For organizations without a contact, a web administrator was substituted as the email contact. Before sending out an initial invitation email, research staff at the PPRI emailed or called 200 organizations to identify the payroll contacts for organizations with a web administrator listed as their payroll contact. When necessary, contact information was updated to reflect the current payroll contact.

Data collection efforts involved sending invitation emails to each of the unique email addresses asking respondents for help in completing the survey, assuring that their responses would remain strictly confidential, and that the results would only be used to improve TRS services provided to REs. Subsequent email reminders were sent every three to four days encouraging potential respondents to take the survey. If necessary, each potential respondent received at least four unique reminders requesting their participation in the survey. Concurrently, TRS alerted potential respondents in their monthly newsletter to look for the survey in their inboxes and spam filters.

After the initial wave of data collection, PPRI researchers began looking online for alternative contact information for non-respondents and calling those organizations for a best alternative contact when one was not found online. This was done to provide every opportunity for organizations to respond to the survey. In addition, because of survey information published in the *Update* newsletter, the PPRI also received emails and phone calls from individuals who indicated they should have received the survey as the organization's payroll contact but did not. Each time a potential respondent contacted the PPRI, they were sent an email response with an anonymous link to the online 2020 RESS survey. Ninety-two of these subsequent requests resulted in a survey response. As a final step in quality control, the data set was reviewed to determine the completeness of individual responses. Each response was reviewed to ensure that respondents took a reasonable amount of time to complete the survey, that they responded to enough of the items to provide meaningful content, and that their responses varied from one item to the next and were not subject to response bias. Respondents who completed the survey too quickly (less than a minute), who answered less than a third of the survey questions, or who answered the same way across all items were removed from the final data. Overall, the final data set includes 838 valid responses representing 909 organizations.

Table 8, below, provides insight into the representativeness of the 2020 RESS by comparing population parameters – based on the original sample data provided by TRS – to sample characteristics of survey respondents. Please note:

- Table 8 is based on the organizations represented and not on the number of respondents.
- The column labeled "Sample Respondents" includes REs who began the survey regardless of whether or not they completed the survey. Overall, 922 respondents began the survey representing 998 REs.
- The column labeled "Completed Interviews" only includes completed interviews. Overall, 838 respondents completed the survey representing 909 REs.
- Because some of the respondents took the survey anonymously, there is missing data for institutional type. Among the completed interviews, there is missing data for 20 REs and missing institutional type data for 23 REs.

As Table 8 reveals, the sample respondents and completed interviews are representative of RE type – meaning that there are only small differences between respondents and non-respondents on these key characteristics. This finding provides greater confidence that the final results reflect the larger population of REs.

Table 8: Comparison of Sample and Population by Reporting Employer Type

Reporting Employer Type	Population		Sample Respondents		Completed Interviews	
	Number	Percent	Number	Percent	Number	Percent
Public School	1,219	91.9	888	92.6	819	92.4
Higher Ed	107	8.1	71	7.4	67	7.6
Missing Type	6		39		23	
Total	1,332		998		909	

Satisfaction surveys of this type typically yield responses from participants who have the strongest feelings on the subject at hand and, subsequently, have something to say. As such, the analyses included in this report of the RESS should identify areas of concern and issues that need to be addressed.

Point-of-Service Surveys

TRS conducts two Point-of-Service Surveys – Telephone and *How Was Your Visit?*

The Telephone survey is conducted by phone immediately after a member or retiree calls into the TCC. TRS contracted with Customer Relationship Metrics to conduct this survey through December 2019. Beginning in January 2020, TRS transitioned to using Echo, a module on the inContact platform. Over 6,000 surveys were completed in fiscal year 2019, and over 11,000 in fiscal year 2020 to date.

Through December 2019, the *How Was Your Visit?* survey consisted of a comment card that was provided at the conclusion of all prescheduled or walk-in counseling sessions. Responses were compiled and analyzed by TRS. In January 2020, TRS began administering the survey via tablets, using SurveyMonkey as the delivery method. If the member prefers an email link or card, the survey is delivered using either of those methods. TRS is working on a Spanish translation of the tablet version of the survey as well. Over 2,200 surveys were completed in fiscal year 2019, and over 1,400 in fiscal year 2020 to date.

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 8: Overall Satisfaction with TRS' Services

Active Member (N=832)　Retired Member (N=439)
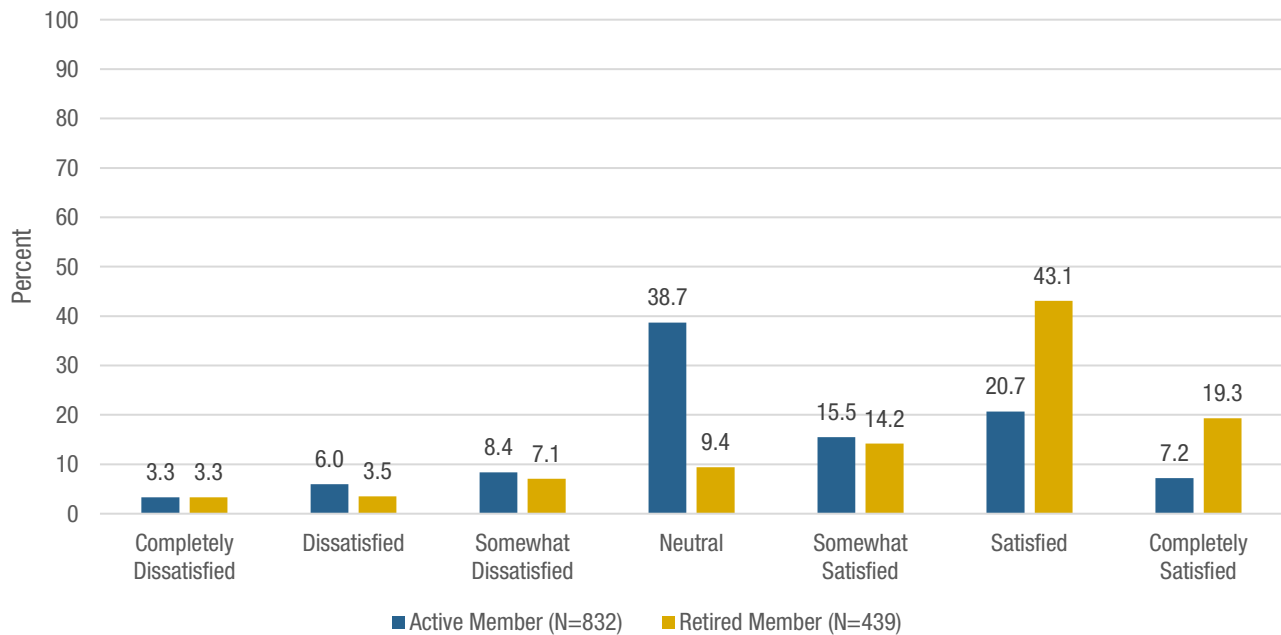
Figure 9: Overall Satisfaction with TRS-ActiveCare and TRS-Care

TRS-ActiveCare (N=249)　TRS-Care (N=290)
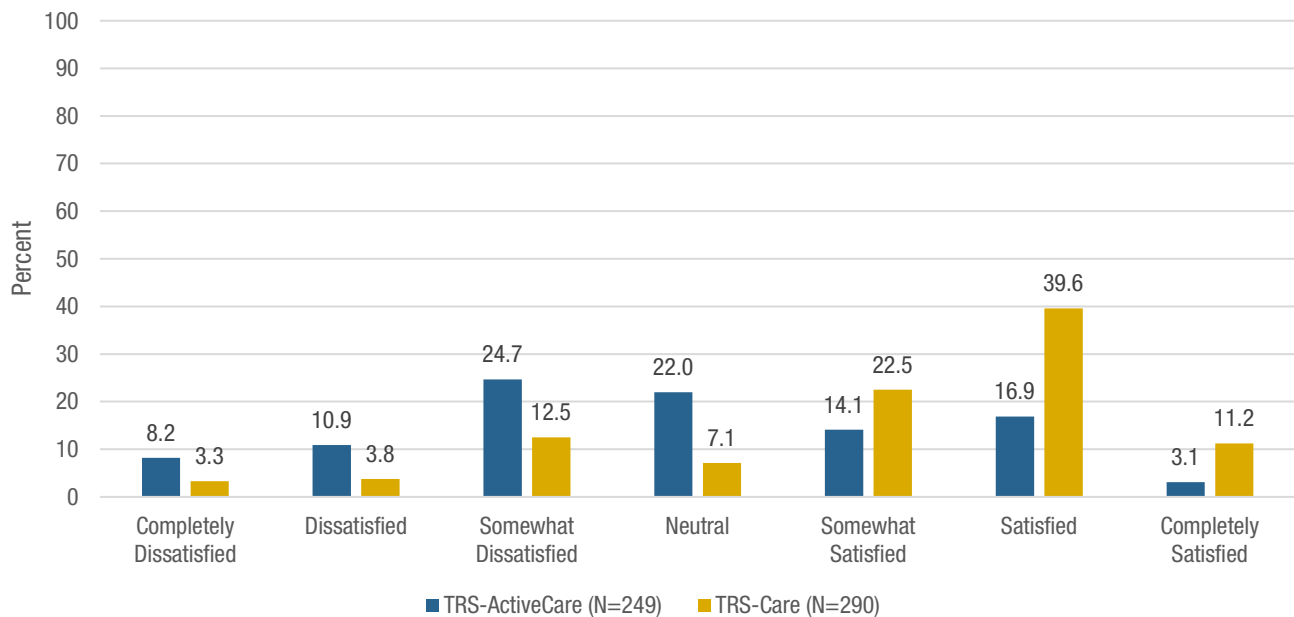
Figure 10: Willingness to Promote TRS as a Great Organization

Active Member (N=832) — Retired Member (N=439)
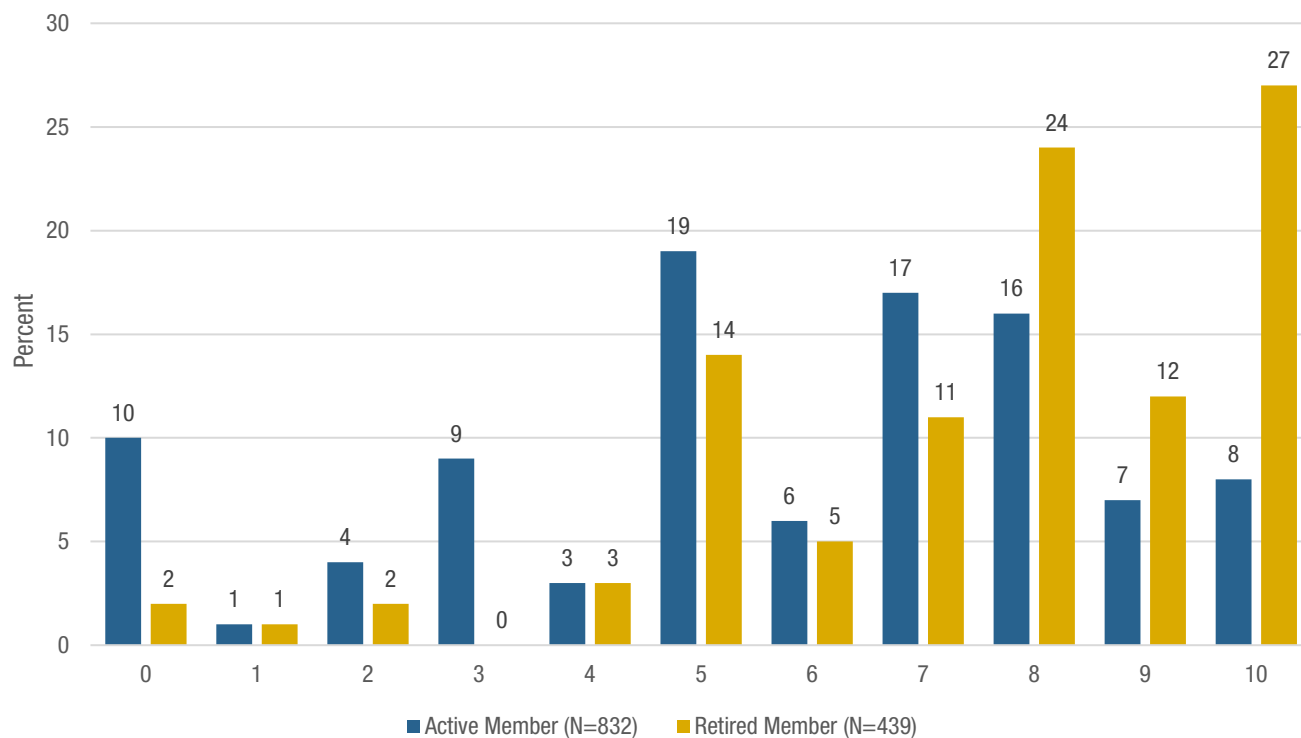
Figure 11: Agreement that TRS Sends Communications Relevant to Member Needs

Active Member (N=832) — Retired Member (N=439)
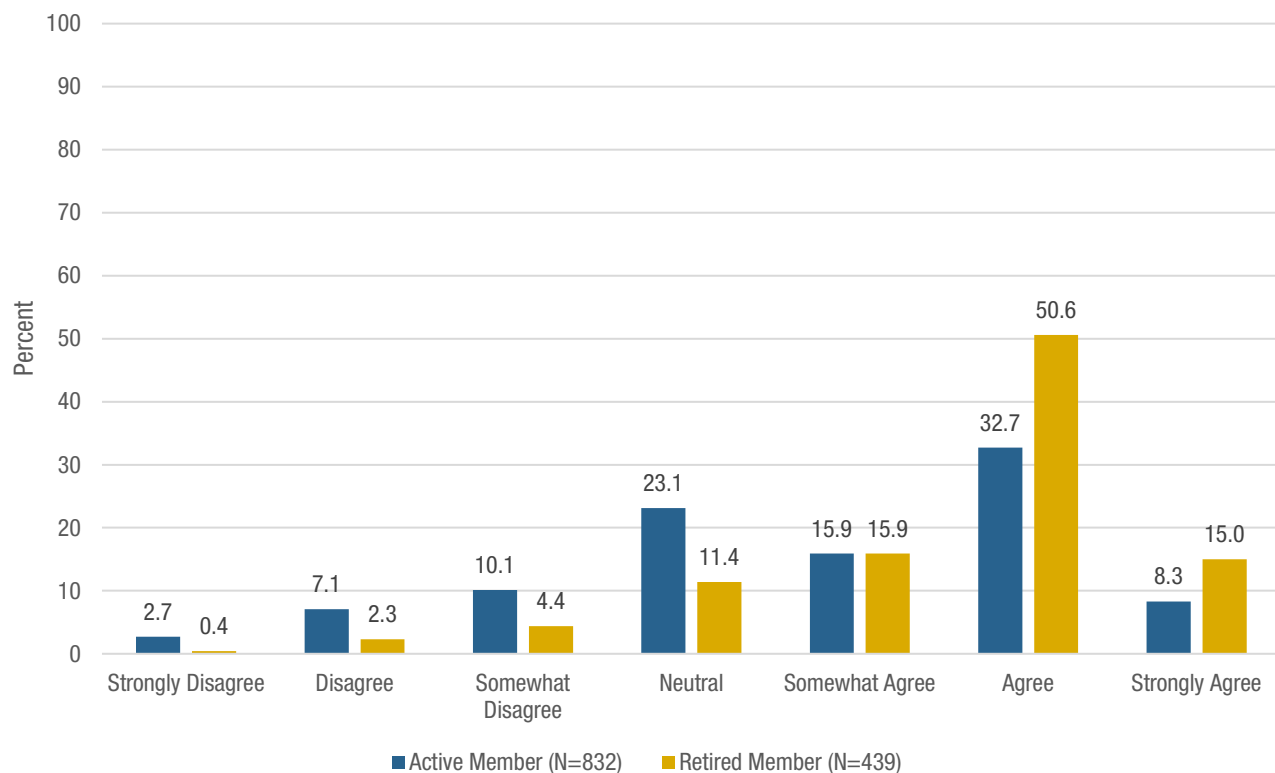
Figure 12: Agreement that Information Provided by TRS is Easy to Understand

Percent

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
Active Member (N=832)	3.4	9.0	10.5	21.7	16.8	32.4	6.3
Retired Member (N=439)	1.0	3.7	6.6	5.0	16.6	52.2	14.8

■ Active Member (N=832) ■ Retired Member (N=439)
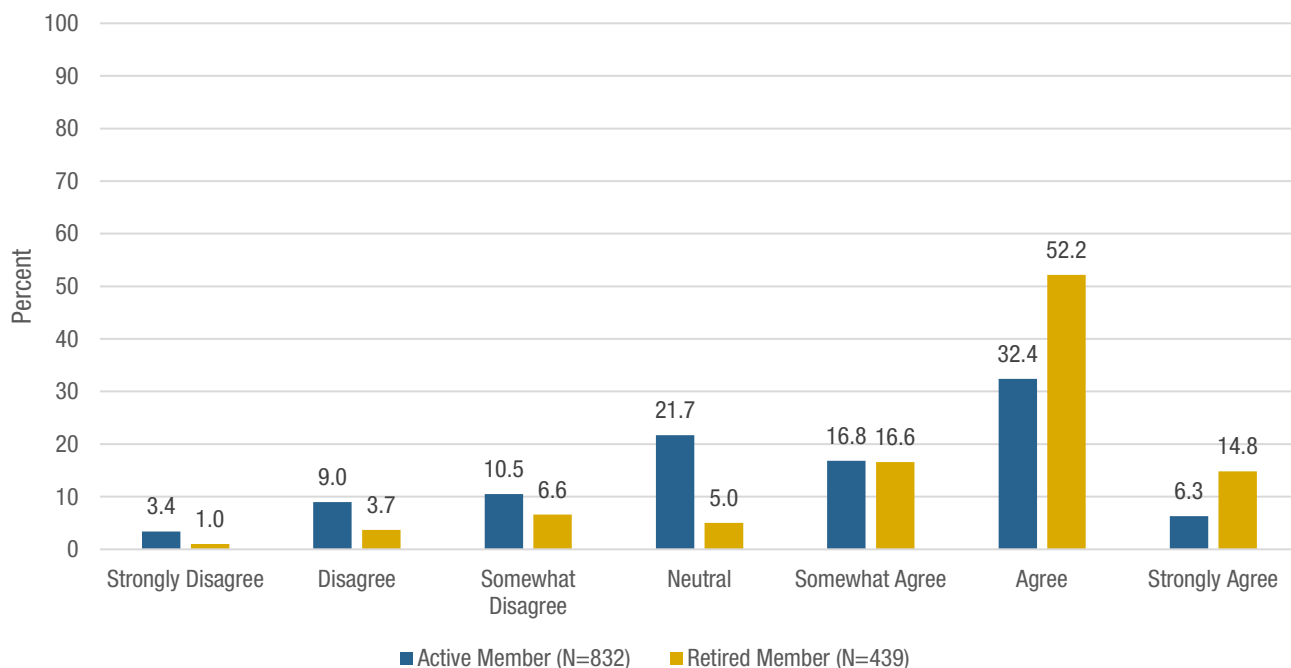
Figure 13: Satisfaction with TRS Interactions

(includes calling a counselor, meeting a counselor, requesting email, requesting mail, visiting the TRS website, using the automated phone system, and/or attending a group presentation)

Percent

	Completely Dissatisfied	Dissatisfied	Somewhat Dissatisfied	Neutral	Somewhat Satisfied	Satisfied	Completely Satisfied
Active Member (N=647)	4.4	4.1	7.9	27.2	13.2	32.6	10.6
Retired Member (N=291)	1.3	1.7	5.9	14.4	13.7	46.0	17.0

■ Active Member (N=647) ■ Retired Member (N=291)
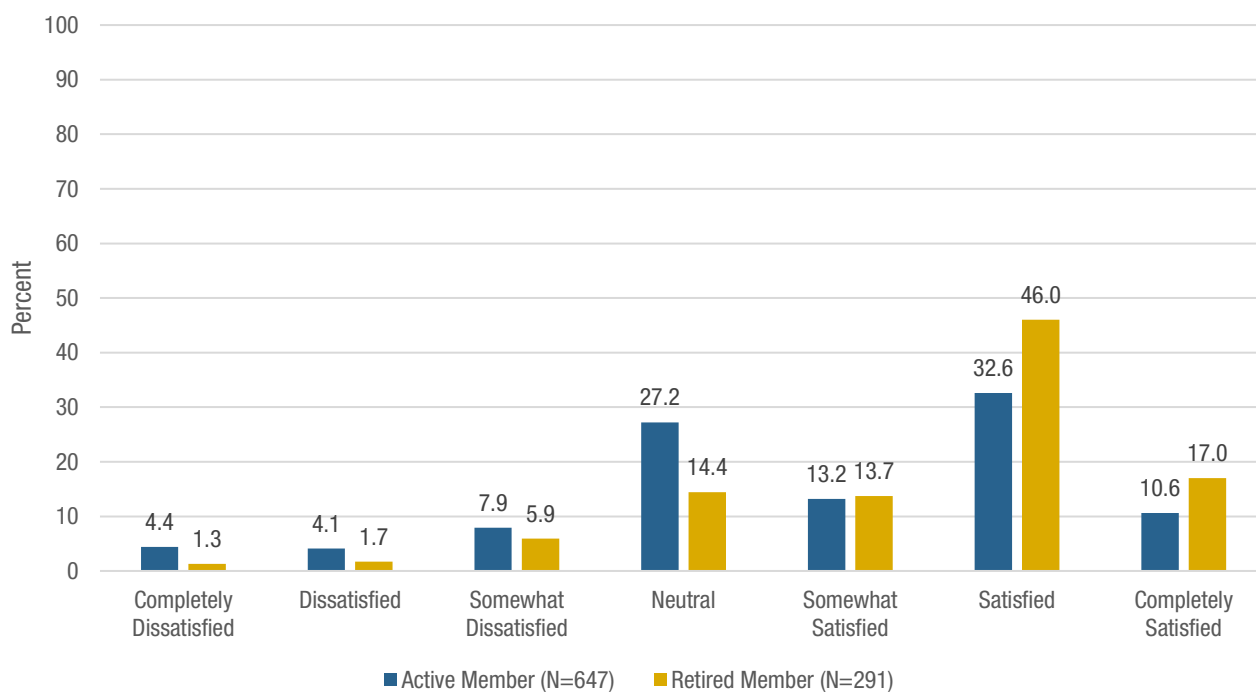
Figure 14: Rating of the Overall Quality of TRS Services

2020 (N=838) ■ **2019 (N=851)** ■

	Excellent	Good	Fair	Not So Good	Poor
2020	21.0	55.0	21.0	3.0	0.0
2019	13.0	49.0	30.0	5.0	3.0
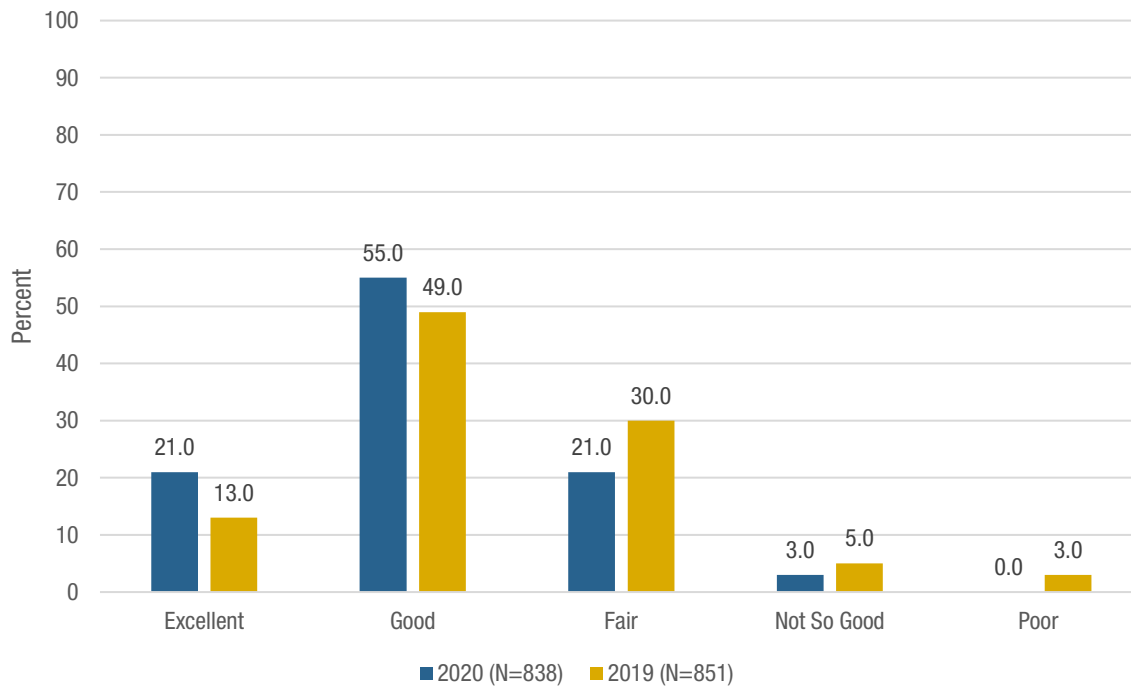
Figure 15: Rating of Service Received from Reporting Employer Coach
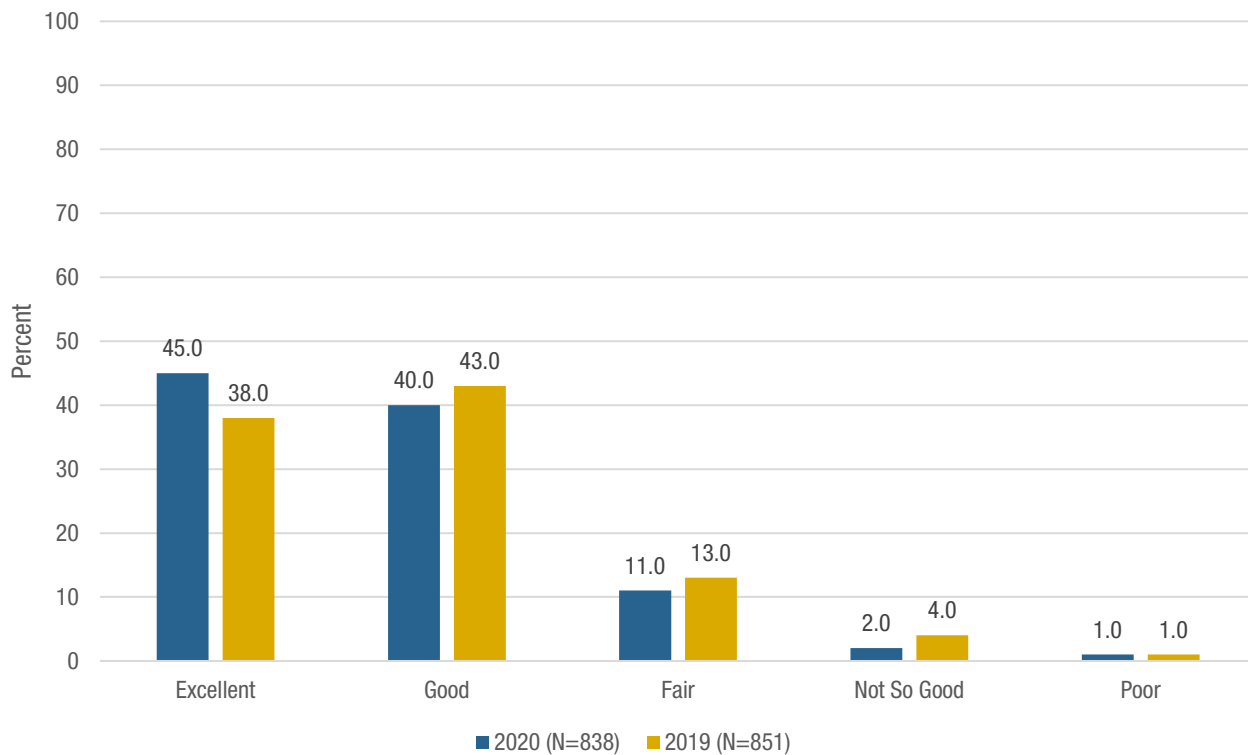
2020 (N=838) ■ **2019 (N=851)** ■

	Excellent	Good	Fair	Not So Good	Poor
2020	45.0	40.0	11.0	2.0	1.0
2019	38.0	43.0	13.0	4.0	1.0

Point-of-Service Surveys

Telephone

N=17,783

Figure 16: Overall Satisfaction with TRS

Figure 16: Overall Satisfaction with TRS

Month	Percent
Sep-18	68.7
Oct-18	71.7
Nov-18	68.8
Dec-18	72.7
Jan-19	75
Feb-19	75.8
Mar-19	76.3
Apr-19	74.9
May-19	74.4
Jun-19	73.9
Jul-19	75.7
Aug-19	78
Sep-19	75.8
Oct-19	73.8
Nov-19	76.5
Dec-19	80.7
Jan-20	76.2
Feb-20	79.3
Mar-20	80.1
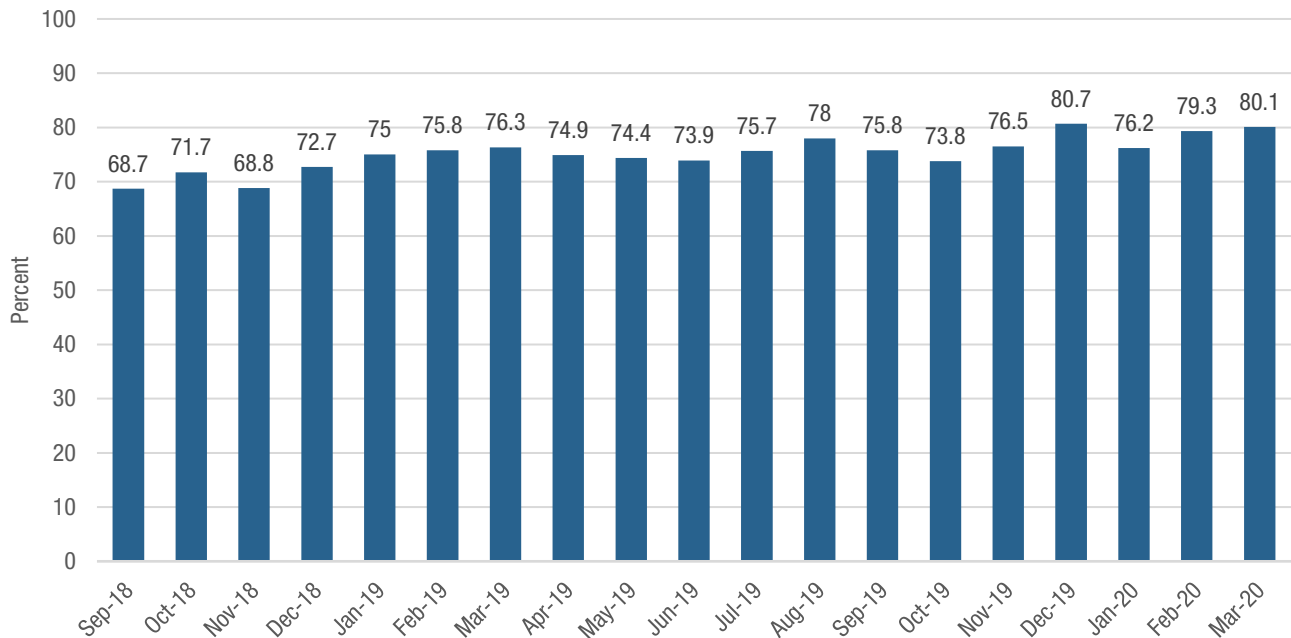
Figure 17: Satisfaction with Hold Time

Figure 17: Satisfaction with Hold Time

Month	Percent
Sep-18	59
Oct-18	77.3
Nov-18	82.3
Dec-18	87.1
Jan-19	85.8
Feb-19	88.5
Mar-19	97.7
Apr-19	88.1
May-19	94.6
Jun-19	80.9
Jul-19	69.5
Aug-19	69.1
Sep-19	68.7
Oct-19	72.4
Nov-19	83.9
Dec-19	89.1
Jan-20	63.8
Feb-20	86.5
Mar-20	93.4

Figure 18: Additional Telephone Survey Results (FY 19 & FY 20 to date)

	Percent
Satisfaction with Being Treated as a Valued Member of TRS	FY 2019: 97.5 / FYTD 2020: 96
Confidence in Information Provided by Counselor	FY 2019: 97.4 / FYTD 2020: 95.9
Overall Satisfaction with Service Provided by Counselor	FY 2019: 97.7 / FYTD 2020: 96.8
Satisfaction with Callback Feature	4.3

■ FY 2019   ■ FYTD 2020
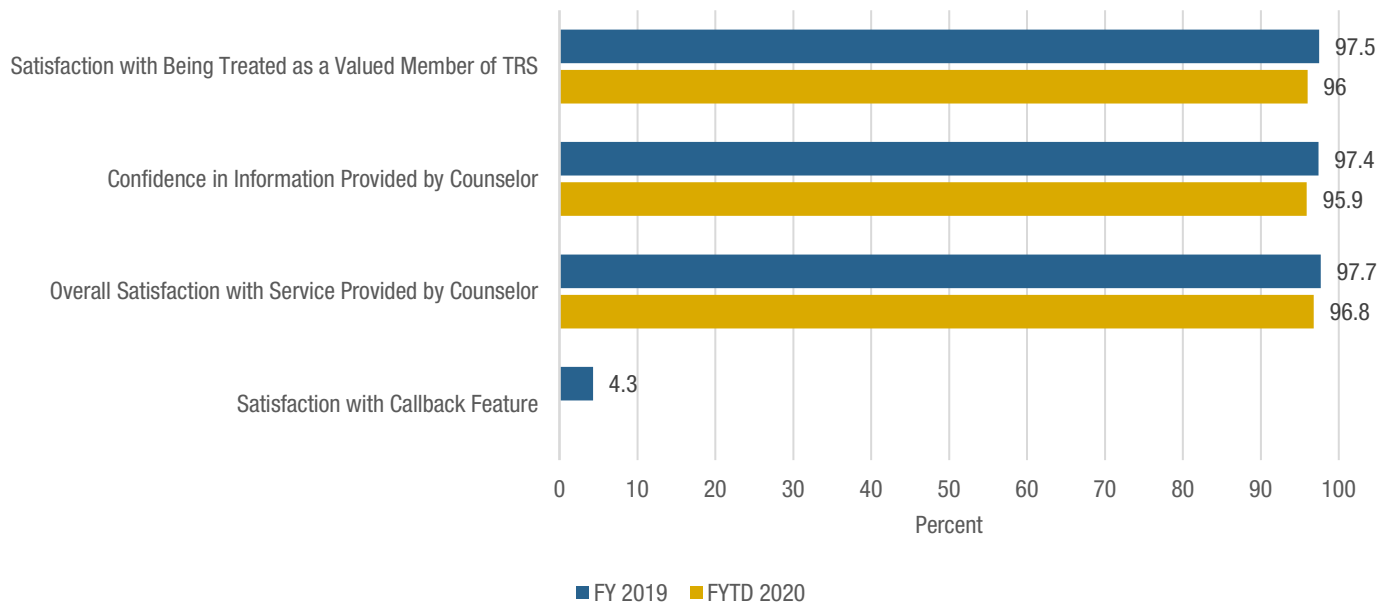
How Was Your Visit?

Figure 19: How Was Your Visit? Survey Results (FY 20 to date)

N=1,136

	Percent
Satisfaction with Courtesy of TRS Employees	95.3
Satisfaction with Counselor's Knowledge of TRS Benefits	94.4
Satisfaction with Information Received	94.2
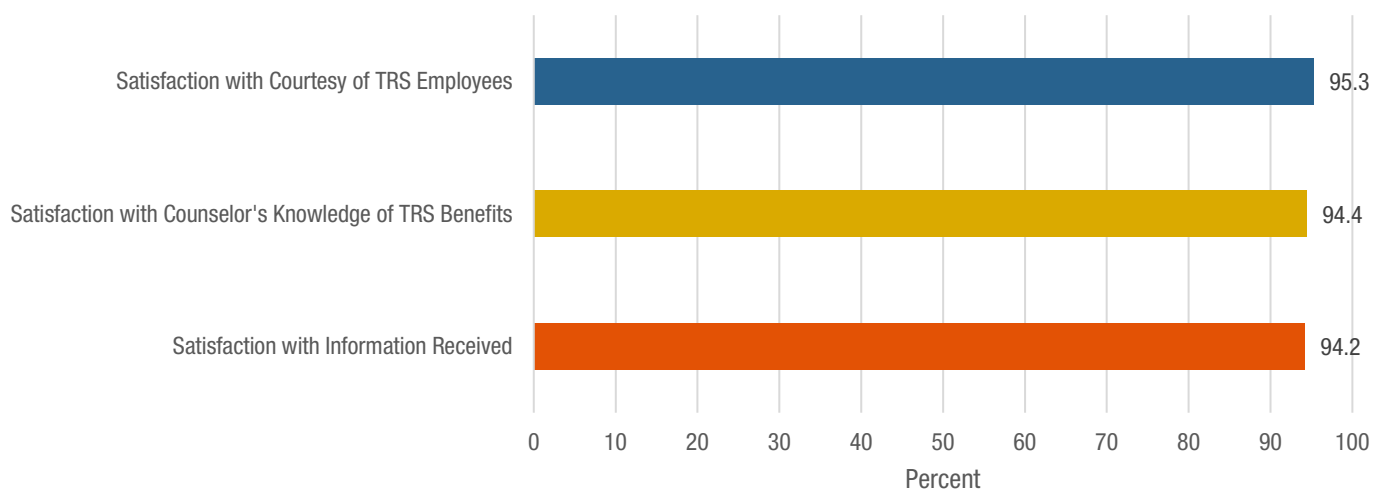
Figure 20: Satisfaction with the Content of Retirement Packet (FY 20 to date)
N=952

Legend: ■ Exceeded ■ Satisfied ■ Neither Satisfied or Dissatisfied ■ Dissatisfied ■ Not Applicable

	Retirement Estimate	Instructions for Retirement	Letter Content	Cost Statement for Service Purchase
Exceeded	49.4	57.2	53.1	41.0
Satisfied	46.9	40.9	43.6	34.1
Neither Satisfied or Dissatisfied	3.0	1.7	2.2	5.6
Dissatisfied	0.6	0.1	11.0	1.5
Not Applicable	0.1	0.1	1.0	17.8
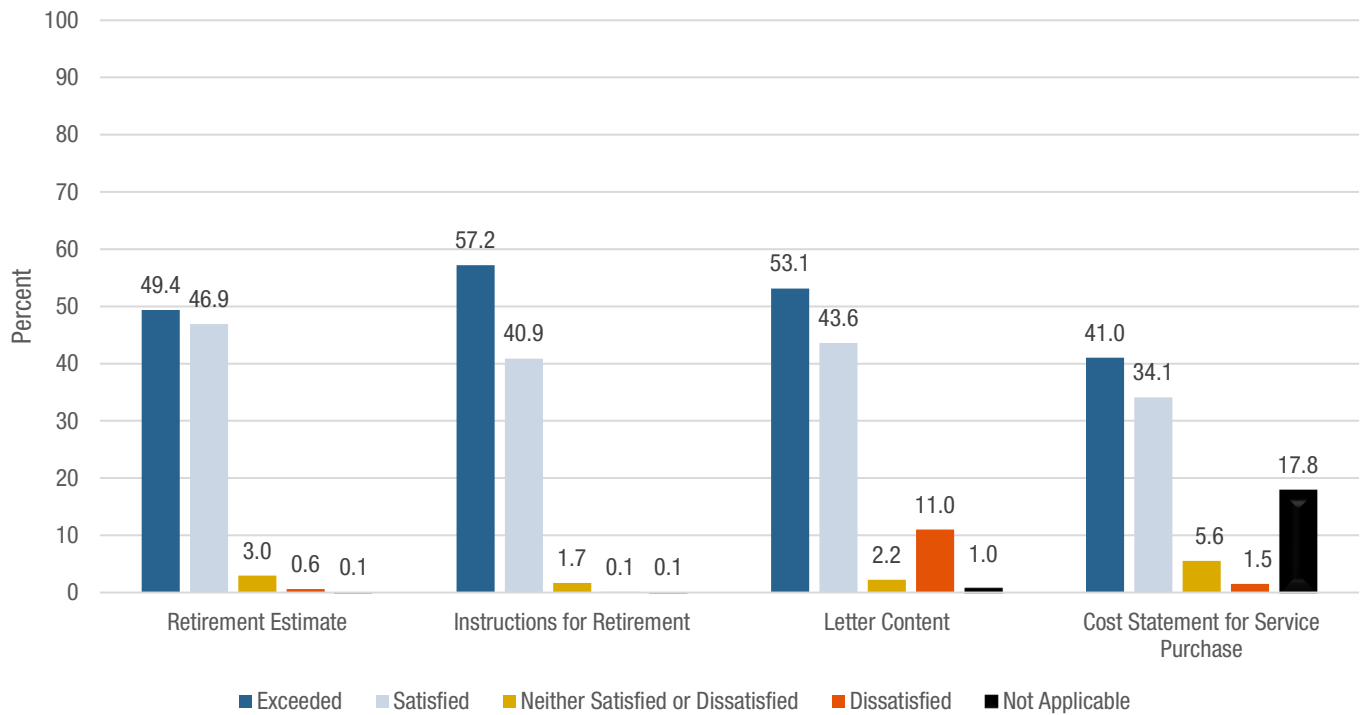
Figure 21: Satisfaction with Customer Service Experience (FY 20 to date)
N=1,132

Very Positive	98%
Somewhat Positive	1.50%
Neutral	0.18%
Somewhat Negative	0.27%
Very Negative	0%
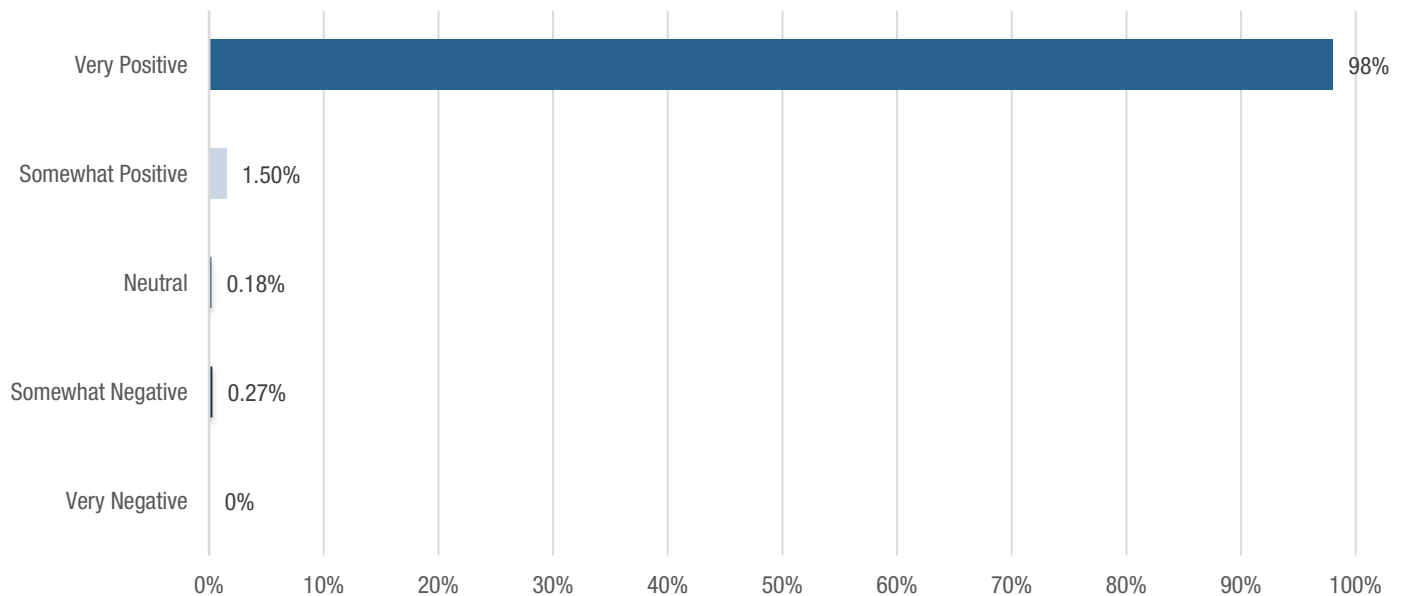
Figure 22: TRS Facility & Access Ratings (FY 20 to date)
N=1,175

	Building access from interstate	Ease of parking	Lobby comfort	Office comfort	If mobility issues, ease of access	Building cleanliness
■ Exceeded Expectations	33.62%	45.56%	46.28%	46.66%	17.34%	47.94%
■ Satisfactory	28.23%	17.01%	19.33%	18.78%	7.09%	17.41%
■ Neutral	3.08%	2.05%	1.03%	1.03%	3.93%	1.29%
■ Below Average	0.43%	0.68%	0.00%	0.00%	0.10%	0.00%
■ Unacceptable	0.17%	0.09%	0.09%	0.17%	0.77%	0.09%
■ N/A	34.47%	34.62%	33.28%	33.36%	70.79%	33.28%

■ Exceeded Expectations   ■ Satisfactory   ■ Neutral   ■ Below Average   ■ Unacceptable   ■ N/A

## Figure 23: Service Rating (FY 20 to date)
N=1,124

4.9 ★
average rating

★★★★★

CEM

In fiscal year 2019, TRS' cost per active member and annuitant was $46. This was $56 below the peer average of $102. TRS' service score was 67 out of 100. This was below the peer median of 73. Finally, TRS had a complexity score of 31 out of 100 which was below the peer median of 41.

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

Figure 24: Relative Service vs. Relative Cost
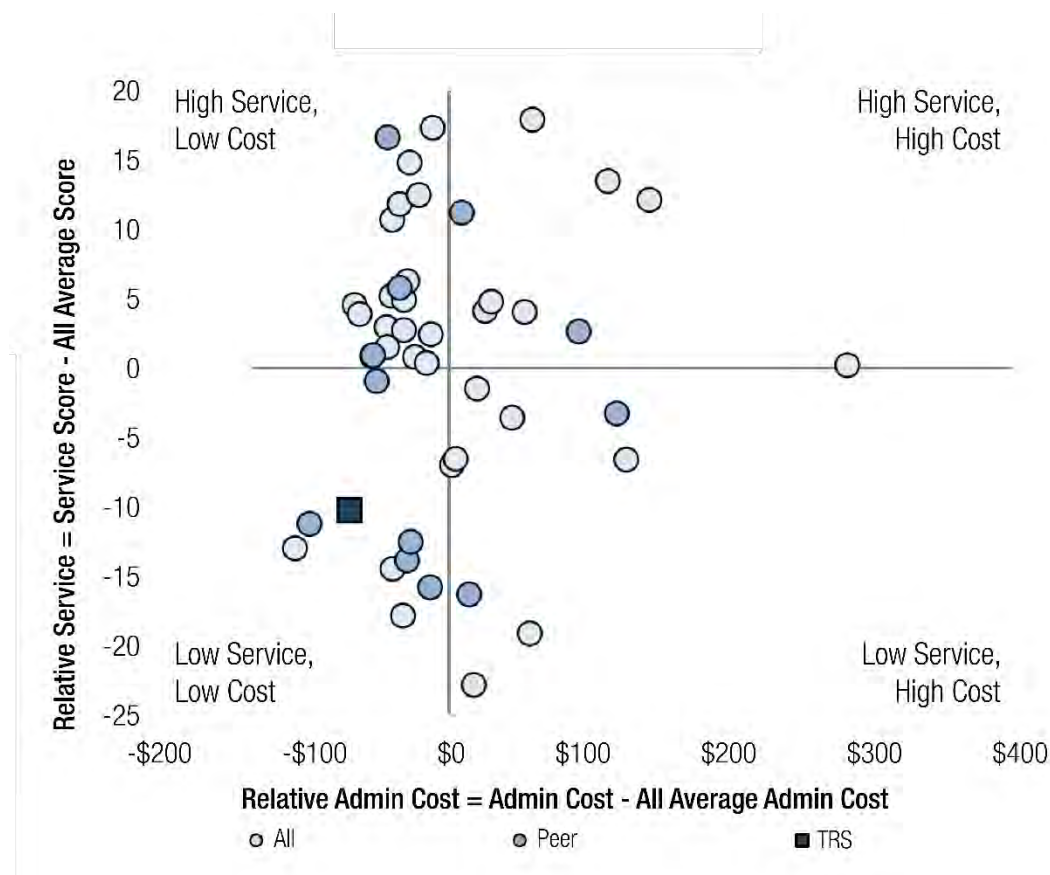
CEM 2019 Benchmarking Analysis for Teacher Retirement System of Texas

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.

TRS-Care and TRS Active-Care

In the 2019 MSS, 73.3 percent of retired members reported being somewhat satisfied, satisfied or completely satisfied with TRS-Care, and 34.1 percent of active members reported being somewhat satisfied, satisfied or completely satisfied with TRS-ActiveCare (see Figure 9). Satisfaction levels decreased sharply from the 2017 MSS, in which 83.5 percent of retired members reported being satisfied or completely satisfied with TRS-Care, and 76.2 percent of active members reported being satisfied or very satisfied with TRS-ActiveCare. 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. Retiree response to the 2019 MSS indicates that satisfaction with TRS-Care has decreased since April 2017. Due largely to the growing cost of health care driving up premiums in TRS-ActiveCare, active member satisfaction has decreased even more drastically.

Communications

Both active and retired members agree that TRS sends communications relevant to member needs (see Figure 11), 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 67 percent of retirees and 39 percent of active members agreed or strongly agreed that information provided by TRS is easy to understand (see Figure 12). Again, the second most common choice after "Agree" for active members was "Neutral". Satisfaction with TRS interactions (including calling a counselor, meeting a counselor, requesting email, requesting mail, visiting the TRS website, using the automated phone system, and/or attending a group presentation) was high for both active members and retirees (see Figure 13). However, once more, over a fourth of active members chose "Neutral" as their response.

Facilities

Visitors to TRS' Austin office are overwhelmingly satisfied with building access from the interstate highway, ease of parking, lobby comfort, office comfort, and building cleanliness (see Figure 22). In all of these areas, TRS has exceeded most members' expectations. Members who have mobility issues report that ease of access while in the building also exceeds their expectations (see Figure 22).

Telephone Counseling

Among callers to the TCC, satisfaction with hold time (see Figure 17) closely corresponds with the speed of answer. As the speed of answer increases, the satisfaction with hold time decreases. For example, during the months of July through September 2019, hold time spiked to 12 to 22 minutes, and satisfaction dropped below 70 percent. In January 2020, average hold time increased to 22 minutes nine seconds, and satisfaction decreased to 63.8 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 Figure 18).

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 19). 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 19).

Overall

The 2019 MSS responses regarding overall satisfaction with TRS were obtained after the passage and implementation of legislation that made significant changes to TRS-Care. According to the 2019 MSS, 43.4 percent of active members and 76.6 percent of retirees reported being satisfied or very satisfied with TRS' services, an average of 60 percent (see Figure 8). While not an exact comparison, this is 13.8 percent lower than the average reported overall satisfaction in the Telephone survey in fiscal year 2019, 73.8 percent (see Figure 16). In addition to being unsatisfied with 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 2020 to date, the average reported overall satisfaction in the Telephone survey is 77.5 percent. This slight increase in overall satisfaction could be due in part to shorter hold times during some months. Finally, 25 percent more retirees (79 percent) than active members (54 percent) rated their willingness to promote TRS as a great organization at a 6 or above, on a 10-point scale (see Figure 10).

Improving Customer Satisfaction

Customer service is top of mind for the board and staff. Several customer service initiatives were undertaken over the past two years to address call hold times, increase the number of in-person counseling appointments, address system implementation defects, and enhance communication efforts with members and REs.

While these initiatives were all beneficial to TRS' external customers, a major factor still impacting TRS' ability to improve customer service involves having enough benefit services employees. This includes not only increasing the number of office and telephone counselors to meet demand, but also being able to recruit and retain employees to fill vacant counseling positions.

Since 2016, Benefit Services has hired staff but continues to lose them to other departments within TRS. As a result, effective January 2020, Benefit Services implemented a policy that employees hired for a counseling position are not eligible for other agency positions for 18 months from their hire date.

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 plans to request additional benefit services employees in its 2022-23 Legislative Appropriations Request.

TRS is focused on improving benefit delivery for members and retirees. An objective in TRS' 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, obtaining approval and funding for regional offices in remote locations across the state, and developing presentations targeted for early- and mid-career members.

Another objective in TRS' Strategic Plan is to improve strategic communications. Work in this area will include ensuring that member-facing content is easily understandable and accessible to readers and developing a communication and outreach plan to better help members and employers plan for retirement.

Performance Measures

Outcome Measures

- Percentage of Surveyed Respondents Expressing Overall Satisfaction with Services Received – 76.6% of retirees and 43.4% of active members (2019 Member Satisfaction Survey); 73.8% (FY 2019 Telephone); 77.5% (FY 2020 Telephone to date)

Output Measures

- Total Customers Surveyed – 2019 Member Satisfaction Survey: 15,600; 2020 Reporting Employer Satisfaction Survey: 1,332; Point-of-Service Surveys: 907,927 (FY 2019 Telephone: 575,651; FY 2020 Telephone to date: 315,088; FY 2019 *How Was Your Visit?:* 11,757; FY 2020 *How Was Your Visit?* to date: 5,431)
- Response Rate – 2019 Member Satisfaction Survey: 8.5%; 2020 Reporting Employer Satisfaction Survey: 68.2%; FY 2019 Telephone: 1.2%; FY 2020 Telephone to date: 3.5%; FY 2019 *How Was Your Visit?:* 18.8%; FY 2020 *How Was Your Visit?* to date: 26.7%
- Total Customers Served – 1,629,682 current members and retirement recipients

Efficiency Measures

- Cost Per Customer Surveyed – $4.20 (2019 Member Satisfaction Survey); $24.82 (2020 Reporting Employer Satisfaction Survey); $2.10 (FY 2019 Telephone)

Explanatory Measures

- Total Customers Identified – 1,195,256 current members; 434,426 retirement recipients; 1,332 employers
- Total Customer Groups Inventories – Three (see above)

Table 9: 2020-21 Goals and Performance for TRS-Specific Measures

Performance Measures	2020	2021	Estimated 2020
TRS Retirement Fund Annual Operating Expense Per Total Member in Dollars (Excluding Investment Expenses)	$31	$30	$35
TRS Retirement Fund Investment Expense as Basis Points (bp) of Net Assets	17 bp	19 bp	15 bp
Service Level Percentage of Calls Answered in Specified Time Interval	79%	80%	59%
Number of TRS Benefit Applications Processed	71,000	71,000	82,507
TRS Retirement Fund 5-year Average, Time-Weighted Rate of Return on Investment Performance	7.25%	7.25%	7.52% based on returns through 12/31/20
Investment Performance Relative to Board Approved Benchmark	100%	100%	96.4%
Number of TRS Retirement Fund Member Accounts Serviced	10,243,666	10,346,102	14,313,993
Percent of TRS Retirees Whose First Annuity Is Paid When It Is First Due	98.0%	98.0%	99.0%
Participation Rate in Disease Management Program By Non-Medicare Enrollees	5.0%	5.0%	5.0%
Generic Substitution Rate for TRS-Care Prescription Drug Benefits	98.0%	98.0%	98.0%

PART 3. APPENDIX

TRS Goals, Objectives and Strategies

Goal 1: Sustain a financially sound pension system.

Objective 1: Improve communication regarding pension funding needs.

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

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

Strategy 1: Increase testing coverage of high-risk reporting entities.

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

Strategy 1: Maintain an effective investment governance structure.

Strategy 2: Enhance current competitive advantages and total returns.

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

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

Strategy 1: Serve as a trusted resource and engage with policymakers on pension 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: Consolidate customer service inquiries regarding health care and pension benefits into one call center (One Team One Mission).

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

Strategy 1: Improve and enhance the reporting employer portal.

Strategy 2: Begin using data analytics tools to review employer-reported data.

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 vendor through competitive procurement to ensure our members have the highest value health care.

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

Objective 3: Improve the health of our members.

Strategy 1: Improve engagement of plan participants with an initial focus on populations 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 a destination employer 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.

Objective 2: Advance and enhance IT systems and services.

    Strategy 1: Build, maintain and enhance a robust, highly available IT environment in support of applications and services.

    Strategy 2: Expand and ease the ability to perform TRS work from anywhere, at any time, and across most any device.

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

    Strategy 4: Implement modern information systems across all lines of business divisions with priority on modernization of legacy systems.

    Strategy 5: Enhance the operating model for continuous business process improvement that enables transparent, data-driven decisions and rapid delivery of high-quality IT capabilities.

Objective 3: Enhance the information security program.

    Strategy 1: Provide a secure computing environment that supports a data privacy and integrity framework.

    Strategy 2: Develop an information security framework based on adaptive security architecture best practices to manage and mitigate cyber-security threats.

Objective 4: Identify appropriate solutions for TRS facilities and space requirements.

    Strategy 1: Successful completion of generational solution for housing all of TRS.

    Strategy 2: Obtain legislative approval and funding for 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.

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: Implement source to pay software system.

    Strategy 3: Increase the number of utilized Historically Underutilized Businesses (HUBs).

Strategy 4: Promote purchasing selection practices that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).

Strategy 5: Improve outreach activities to foster and strengthen relationships among HUB vendors, prime contractors, and purchasers.

Strategy 6: Leverage Diversity, Equity, & Inclusion (DE&I) outreach and partnerships to identify and work with HUB-eligible businesses as a pipeline for HUB contracted services.

Objective 7: Improve strategic communications.

Strategy 1: Ensure that member-facing content is easily understandable and accessible to readers.

Strategy 2: Develop a communication and outreach plan to better help members and employers plan for retirement.

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

Strategy 1: Investigate best practices and feasibility of incorporating artificial intelligence into Legal & Compliance processes.