



*“I think the teaching profession contributes more to the future of our society than any other single profession.”*

– John Wooden

TEACHER RETIREMENT SYSTEM of TEXAS

# STRATEGIC PLAN

FISCAL YEARS 2023 to 2027



TEACHER RETIREMENT SYSTEM OF TEXAS

1000 RED RIVER STREET, AUSTIN, TEXAS 78701

[WWW.TRS.TEXAS.GOV](http://WWW.TRS.TEXAS.GOV)



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*\*A trustee whose term expires shall continue to perform the duties of the office, with few exceptions, until the successor is appointed.*

**Submitted to the  
Governor's Office of Budget and Policy  
and the Legislative Budget Board on June 1, 2022**

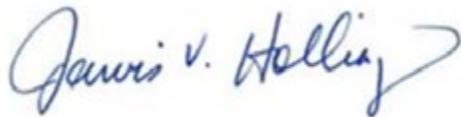
Signed:



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Brian Guthrie  
Executive Director

Approved:



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Jarvis V. Hollingsworth  
Chair, Board of Trustees



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# PART 1

# STRATEGIC PLAN

## TRS Vision, Mission, and Core Values

### VISION

Earning your trust every day.

### MISSION

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

### CORE VALUES

Our values represent a mutual understanding about responsibilities, expectations, and communication in the way we treat each other and those we serve. They include:

**MEMBER FOCUSED** We exist to serve our members.

**ETHICS** We act with integrity in everything we do.

**ACCOUNTABILITY** We take responsibility for our actions, behaviors, and outcomes.

**RESPECT** We act with respect, fairness, and kindness in constant pursuit of a trusting environment.

**DIVERSITY** We are stronger together because we embrace our differences.

**EFFICIENCY** We look for ways to streamline our processes to improve business outcomes.

**COLLABORATION** We work together to achieve our mission.

**EXCELLENCE** We strive for excellence through continuous improvement.

# Agency Operational Goals and Action Plan

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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. Action items within TRS' plan may be ongoing and will continue each fiscal year beyond the five-year time period unless noted otherwise.

## STATEWIDE OBJECTIVES

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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 and pension plan design.

- Maintain an effective investment governance structure.
- Enhance current competitive advantages and total returns.
- Manage cost structures to increase net alpha generated.
- Increase testing coverage of high-risk reporting employers.

## How Our Goal or Action Items Support Each Statewide Objective

### Statewide Objective 1: Accountability

TRS is accountable to Texas taxpayers. 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, TRS provides 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 *Annual Comprehensive Financial Report (ACFR)* how the trust fund performed on a one-, three-, five-, and ten-year basis. TRS also

measures itself against our peers via the Wilshire Trust Universe Comparison Service on a one-, three-, and five-year basis. 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. (Target Date: 8/2025)
- Execute on the Customer Service Improvement Initiative. (Target Date: 8/2025)
- Improve and enhance the reporting employer portal.

## **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 reengineer 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**

As part of TRS' customer service initiative, TRS continues to produce informational videos to enhance member education, the most recent being videos for Retirement Readiness. TRS recently updated the *TRS Benefits Handbook* and *Employment After Retirement* brochure using plain language. In fiscal year 2022, TRS developed a Life Event Resource Kit and provided it to employers to assist members in finding information related to different life events. TRS also placed the Life Event Resource Kit in the member section of the TRS website. The kit includes a retirement income and expense worksheet to help potential retirees determine what income they might need at retirement. Additionally, TRS is in the process of creating benefit presentations tailored to members in various life stages. TRS is committed to enhancing its channels of communication to meet the needs of all constituents.

In April 2022, TRS rolled out a new *MyTRS* online portal for members and annuitants that includes increased functionality such as filing for a

refund of contributions and service retirement. TRS expanded the Contact Center Call Distribution software to all Benefit Services staff to allow for better tracking of calls and cross-functional training and assistance during high call volume. TRS also contracted with a vendor to assist with handling overflow calls.

Benefit Services has gained approval to hire additional staff for back-office processing. The teams are in the process of recruiting, onboarding and training back-office staff. Training teams have been enhanced to provide classroom support for all departments under Benefit Services which will reduce the amount of time a new hire spends in training before contributing to the production workload. In addition to staffing, the team is also prioritizing system requirements that would improve efficiency in the day-to-day work.

When attracting and retaining contact center staff, Benefit Services has previously been limited to Austin area applicant pools. In fiscal year 2022, TRS began recruiting and hiring contact center staff outside of the Austin area. These new contact center positions are fully remote, and the jobs can be performed from any location within the state.

TRS routinely conducts member satisfaction surveys and adjusts service delivery offerings based on those survey findings. Member survey results show that TRS members prefer meeting with a counselor in person when planning for retirement. Benefit Counselors who see members in person currently must do so in the Austin office. TRS is working diligently to attract and retain Office Visit Counselors. Due to work requirements for the Office Visit Counselor position, remote work opportunities are limited. This has impacted the Benefit Counselor applicant pool compared to previous years.

TRS plans to open its first regional counseling office in El Paso in fall 2022. El Paso has an underserved population of members due to the distance to TRS' main headquarters in Austin. The El Paso

office will be located within the Region 19 Education Service Center. Six staff members have been hired and will be fully trained when the office opens in the fall.

### **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 benefit information. The handbook was restructured to simplify use, 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.
- Reengineer TRS-ActiveCare to better meet employer needs.
- Use data analytics tools to provide assurance on health care claims compliance.

- 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 designs for 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 ACFR and annual TRS Health Benefits Report. 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 reoccurring TRS initiative for the upcoming fiscal year is to continue 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, including assuring that health care claims are paid in compliance with protocols.

### **Statewide Objective 3: Effectiveness**

TRS strives to deliver the highest quality health care services to members and employers 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.

To help defray Covid-19-related health care costs, TRS was appropriated \$286 million in 2021 from federal American Rescue Plan Act (ARPA) relief funds for TRS-Care and TRS-ActiveCare. In spring 2022, an additional \$435 million was allocated from federal Coronavirus Relief Funds, which allowed the TRS Board of Trustees to keep TRS-ActiveCare rates flat for the 2022-23 plan year. TRS intends to discuss with the legislature the need for additional funding in the 2024-25 biennium to mitigate the impact of future premium increases once federal funding has been fully utilized.

#### **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 and publishes outcomes of efforts and initiatives to contain health care costs and improve the health of members in its annual TRS Health Benefits Report. Additionally, TRS routinely conducts member satisfaction surveys to ensure continued high-quality service to plan participants and solicits public input. TRS has increased outreach to employers that participate in TRS-ActiveCare to design benefits that are tailored to the needs of their employees. In light of legislative changes affecting TRS-ActiveCare, TRS conducted significant outreach to inform employers of the changes and support them in making informed decisions. TRS develops health care communications including informational videos to increase knowledge of health care topics 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 edu-

cation 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. Consistent with the support TRS provides employers that participate in TRS-ActiveCare, TRS implemented a process to provide employers with health care claims data at no cost to assist them in evaluating options for employee health benefits. 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 an employer of choice 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.
- Develop and implement a comprehensive workforce strategy that includes expanded remote work, onsite facility needs, appropriate compensation and staffing levels, and the technological tools necessary to support appropriate workforce strategies. (Target Date: 12/2024)
- Develop, maintain, and enhance IT systems and infrastructure in support of TRS business needs.
- Expand and evolve from an office-centric design to a hybrid remote work environment that provides greater fluidity, flexibility, and security.
- 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 with priority on modernization of legacy systems and strategic digital transformation.
- Improve digital operating technology models to enhance continuous business process improvement and provide operational efficiencies.
- Optimize security architecture and operational capabilities to thwart advanced threats and mitigate vulnerabilities.
- Develop a comprehensive governance, risk and compliance program to include security and privacy management, risk/fraud forecasting and education.
- Complete build-out and move-in activities for the new TRS headquarters buildings. (Target Date: 9/2024)
- Identify best value to the pension trust fund for the disposition of existing headquarters. (Target Date: 8/2024)
- Identify resource needs and develop project plans associated with opening additional 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. (Target Date: 9/2025)
- Increase the number of utilized Historically Underutilized Businesses (HUBs).
- Mature third-party risk management processes. (Target Date: 9/2026)
- Ensure that member-facing content is easily understandable and accessible to readers.
- Implement and monitor the Member and Employer Outreach Plan to better help members and employers plan for retirement.
- Investigate best practices and feasibility of incorporating artificial intelligence into organizational processes.
- Identify opportunities for improved productivity, process efficiencies, and performance monitoring.

- Implement Investment Data Modernization Program to improve trust asset monitoring and fiduciary oversight. (Target Date: 9/2027)
- Establish a cross-functional data governance body to develop methods, responsibilities and processes to standardize, integrate, protect, and store organizational data. (Target Date: 1/2023)
- Analyze the current state of data governance and operationalize the review and assessment of proposed projects in accordance with the data management framework. (Target Date: 12/2024)

## 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 to provide information. TRS' budget is submitted to and approved by both the TRS Board of Trustees and the legislature.

TRS has developed an annual agency contract management training program for all TRS contract managers. In addition, individuals that have significant contract management duties are required to enroll in the Comptroller's Certified Texas Contract Manager training and may be required to earn a Certified Texas Contract Manager certification. TRS ensures that everyone with access to the TRS network has taken annual, state-approved cybersecurity training.

### 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 remains one of the lowest cost pension funds in the

nation in terms of the ratio of its administrative budget to the size of its membership.

TRS seeks to improve productivity by streamlining processes and systems to promote optimal work efficiencies. TRS maintains and improves disaster recovery strategies and processes in accordance with state and industry standard best practices. TRS Information Security maintains a comprehensive, risk-based cybersecurity program with a focus on continuous improvement that is able to pivot and respond to opportunities and threats.

### **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.

TRS is committed to improving systems and technical tools enabling staff to perform their roles effectively.

TRS continues to provide updates to application functionality, that members use when online, to enhance their user experience. TRS maintains a multidisciplinary expert staff and formalized organizational processes to proactively address current and future cybersecurity issues and challenges.

### **Statewide Objective 4: Customer Service**

TRS' core functions are delivering retirement benefits, providing health care coverage and managing a large investment portfolio. In our continued pursuit of providing excellent customer service, TRS is currently focused on aligning its workforce to meet the needs of its membership and to consistently meet service level targets. 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 levels and adjusting as necessary. To better serve our members in other areas of the state, TRS will open its first Regional Counseling office in El Paso in the fall of 2022.

Security enhancements such as Multifactor Authentication (MFA) and fraud prevention techniques provide an additional layer of protection for our members.

### **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 ACFR. TRS also communicates regularly with its membership and employer base through newsletters, email blasts, and appropriate usage of social media platforms.

TRS participates in multiple cybersecurity performance and maturity assessments annually and reports the results to executive leadership, the Board of Trustees, and the state (when applicable).

### **Other Considerations**

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

# Redundancies and Impediments

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## Disability Benefits

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

TRS has identified two policy issues relating to the administration of disability benefits that merit further review. See Texas Government Code 824 Subchapter D. Disability retirees account for less than 3% of the total number of annuitants.

### **Medical Case Management**

While TRS administers disability retirement annuity payments, TRS lacks the level of knowledge and skill needed internally to efficiently oversee the medical case management process when a member applies for disability benefits. TRS seeks 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.

### **Earned Income Limits**

TRS is required by law to annually confirm that disability annuitants have not exceeded earned income limits. The annual verification process is administratively inefficient compared to amounts collected. TRS proposes to eliminate the earned income limitations for disability annuitants.

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

### **Medical Case Management**

Pursuant to Texas Government Code Section 825.204, the board of trustees shall appoint a medical board composed of three physicians. The medical board is responsible for reviewing medical documentation submitted in support of disability retirement claims. Each year, the medical board reviews approximately 700 files. Texas Government Code Section 824.301 provides a broad definition of what meets the requirements for disability. This means applicants must often times submit complex medical information from various doctors and sources as part of their application.

At a minimum, TRS requires two necessary elements for a disability application - a statement from the member regarding their disability and a statement from an attending physician attesting to the disability. Because TRS employees do not have medical backgrounds, it is difficult for employees to know what additional documentation the medical board needs or when a

file is considered 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.

As a HIPAA-covered entity and due to the sensitive nature of the documentation associated with administering disability benefits, TRS must constantly evaluate and change security protocols used to interact with the medical board. This becomes even more challenging as medical board appointees turn over. Additionally, the number of applications received from qualified professionals to serve on the medical board have continued to decrease.

TRS could outsource medical case management and utilize a third-party to both manage and make disability determinations. This would improve the administrative and security challenges associated with performing this function internally.

### **Earned Income Limits**

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. In calendar year 2021, 6,360 notification letters were mailed to disability retirees. TRS received responses from 1,584 retirees. Only seven of the 1,584 respondents exceeded the earnings limit.

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### **Provide Agency Recommendation for Modification or Elimination**

#### **Medical Case Management**

An emerging trend with other public pension systems is the outsourcing of disability determinations. 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 a 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. While case managers are not physicians, they are medical professionals who would understand – better than TRS staff – the complex medical informa-

tion 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.

### **Earned Income Limits**

TRS proposes eliminating the earned income limitations for disability annuitants. 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. TRS would continue to have annual contact with 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.

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

### **Medical Case Management**

While outsourcing would come with an additional cost, TRS would be providing better service to a subset of our members through medical case management to provide documentation needed to determine disability status. Under current statute, TRS has 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. Furthermore, contracting time frames, costs and recruitment efforts would delay disability determinations for members.

### **Earned Income Limits**

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 2021. TRS suspended the annuity payments of seven members totaling \$7,710 in monthly payments. On an annualized basis, this is \$92,520 or 0.00005% of the Aug. 31, 2021 Trust Fund Value of \$201 billion. 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.

# Redundancies and Impediments

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## 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 across the nation. 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% target allocation, which represented approximately \$26.5 billion as of Dec. 31, 2021. 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 over 15 investment professionals on the real estate team who invest in real estate through private investment funds managed by over 50 private fund sponsors. Although net performance has been strong and real estate funds and coinvestments have generated significant excess returns over benchmarks, the trust paid approximately \$312 million in management fees and carried interest to fund general partners and investment advisors in the year ended June 30, 2021. Carried interest alone represents 10-20% of real estate investment gains realized by private investment funds.

**Provide Agency Recommendation for Modification or Elimination**

TRS proposes to clarify its 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 there is an opportunity to improve trust net returns by reducing fees and carried interest paid to fund general partners and managers.

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**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-sharing by intermediaries and reducing or eliminating fees, TRS believes that positive net benefits will likely accrue directly to the pension trust fund.

*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 changes are then identified as part of TRS' omnibus bill process.*

## Natural Disaster-Related Redundancies and Impediments *(if applicable)*

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**Not applicable to TRS.**



# PART 2

# SUPPLEMENTAL SCHEDULES

## Schedule A: Budget Structure

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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 (GAA).

**GAA Goal:**

To administer the System as an Employee Benefit Trust.

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

To sustain a financially sound pension 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 and deliver pension benefits.

**STRATEGIES:**

Manage investments, administer retirement benefits, and provide services to members.

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

**OUTPUT MEASURES:**

- Number of TRS benefit applications processed.
- Number of TRS retirement fund member accounts serviced.
- Percentage of 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.

### **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.

### **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 associated with the Goals, Objectives, and Strategies in the Appendix.

**Outcome Measure:**

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

<b>Definition</b>	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.
<b>Purpose/Importance</b>	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.
<b>Source/Collection of Data</b>	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.
<b>Method of Calculation</b>	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.
<b>Data Limitations</b>	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.
<b>Calculation Type</b>	Noncumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Lower than target

**Outcome Measure:**

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

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

**Outcome Measure:**

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

<b>Definition</b>	This measure shows investment returns calculated on a 20-year time-weighted basis for all retirement fund investments and reflects income and realized/unrealized price changes.
<b>Purpose/Importance</b>	The investment rate of return is an important factor in determining the ability of the retirement fund to meet its funding obligations.
<b>Source/Collection of Data</b>	Investment financial data is from the retirement fund fiscal year-end accounting records.
<b>Method of Calculation</b>	Reported investment returns are calculated by the investment custodian based on data provided from the fiscal year-end retirement fund accounting records.
<b>Data Limitations</b>	The data is dependent on investment market fluctuations, specifically at fiscal year-end.
<b>Calculation Type</b>	Noncumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Higher than target

**Outcome Measure:**

Investment performance relative to board-approved benchmark.

<b>Definition</b>	This measure would report actual investment performance, net of fees, compared to the annual board-adopted performance benchmark.
<b>Purpose/Importance</b>	This measure reflects the value added by the Investment Management Division's investment strategy.
<b>Source/Collection of Data</b>	Investment financial data collected from the retirement fund custodian for the period ended June 30.
<b>Method of Calculation</b>	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 <i>Annual Comprehensive Financial Report (ACFR)</i> .
<b>Data Limitations</b>	The data is dependent on the timing of valuations and index availability.
<b>Calculation Type</b>	Noncumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Higher than target

**Outcome Measure:**

TRS retirement fund annual operating expense per member.

<b>Definition</b>	This measure reflects the annual cost (excluding investment expenses) per active, non-contributing, and retired member to operate the retirement fund benefit administration.
<b>Purpose/Importance</b>	This measure provides a method to compare operating efficiencies from year-to-year and comparison to other public retirement funds.
<b>Source/Collection of Data</b>	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, noncontributing, and retired members.
<b>Method of Calculation</b>	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, noncontributing, and retired members.
<b>Data Limitations</b>	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.
<b>Calculation Type</b>	Noncumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Lower than target

**Outcome Measure:**

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

<b>Definition</b>	This measure shows the annual retirement fund investment expenses as a percent of net assets.
<b>Purpose/Importance</b>	This calculation provides a method to compare investment operating efficiencies from year-to-year and comparison to other public retirement funds.
<b>Source/Collection of Data</b>	This measure uses the retirement fund fiscal year-end financial data.
<b>Method of Calculation</b>	This measure is calculated by dividing the retirement fund generally accepted accounting principle basis investment expenses as reported in the <i>TRS ACFR</i> , 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%.
<b>Data Limitations</b>	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.
<b>Calculation Type</b>	Noncumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Lower than target

**Outcome Measure:**

Service level percentage of calls answered in specified time interval.

<b>Definition</b>	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.
<b>Purpose/Importance</b>	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.
<b>Source/Collection of Data</b>	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.
<b>Method of Calculation</b>	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.
<b>Data Limitations</b>	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.
<b>Calculation Type</b>	Noncumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Higher than target

**Output Measure:**

Number of TRS benefit applications processed.

<b>Definition</b>	This measure provides the number of benefit claim applications for service and disability retirement, refunds and death claims processed by TRS.
<b>Purpose/Importance</b>	This measure provides a year-to-year comparison of growth in applications processed by TRS.
<b>Source/Collection of Data</b>	Information is collected through TRS computer applications and taken from various reports referenced in TRS procedures specific to this measure.
<b>Method of Calculation</b>	To calculate the number of TRS benefit applications processed, refunds processed, death claims closed during the month, and files added to payroll during a month, all taken from reports referenced in procedures related to this measure, are added together to determine the total number of benefit applications processed.
<b>Data Limitations</b>	Benefit applications received must have all required documentation properly executed prior to processing the benefit payment requested. Reporting entities must have remitted a member's final retirement contribution to TRS prior to processing the benefit payment.
<b>Calculation Type</b>	Cumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Higher than target

**Output Measure:**

Number of TRS retirement fund member accounts serviced.

<b>Definition</b>	This measure shows the number of member retirement deposits applied to individual member accounts each fiscal year.
<b>Purpose/Importance</b>	This measure provides a year-to-year comparison of the growth in transaction activity.
<b>Source/Collection of Data</b>	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.
<b>Method of Calculation</b>	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.
<b>Data Limitations</b>	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.
<b>Calculation Type</b>	Cumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Not applicable

**Output Measure:**

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

<b>Definition</b>	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.
<b>Purpose/Importance</b>	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.
<b>Source/Collection of Data</b>	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.
<b>Method of Calculation</b>	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.
<b>Data Limitations</b>	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.
<b>Calculation Type</b>	Noncumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Higher than target

**Outcome Measure:**

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

<b>Definition</b>	Percentage of TRS-Care Non-Medicare enrollees with identified chronic health conditions who are actively participating in the Disease Management Program.
<b>Purpose/Importance</b>	Non-Medicare enrollees with chronic health conditions increase plan costs significantly when those conditions are not medically managed.
<b>Source/Collection of Data</b>	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.
<b>Method of Calculation</b>	The number of Disease Management Program enrollees divided by the number of eligible Disease Management Program enrollees equals the participation rate.
<b>Data Limitations</b>	None
<b>Calculation Type</b>	Noncumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Higher than target

**Outcome Measure:**

Generic substitution rate for TRS-Care prescription drug benefits.

<b>Definition</b>	Percentage of prescriptions filled with a generic equivalent to the brand name drug.
<b>Purpose/Importance</b>	Generic prescription drugs are significantly less expensive than their brand name counterparts, so increased utilization of available equivalents lowers plan costs.
<b>Source/Collection of Data</b>	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).
<b>Method of Calculation</b>	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.
<b>Data Limitations</b>	None
<b>Calculation Type</b>	Noncumulative
<b>New Measure</b>	No
<b>Target Attainment</b>	Higher than target

# Schedule C: Historically Underutilized Business Plan

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## 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' Historically Underutilized Business (HUB) Manual and HUB policy.

## 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 include encouraging subcontracting efforts with HUB vendors 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 number 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 following charts reflect:

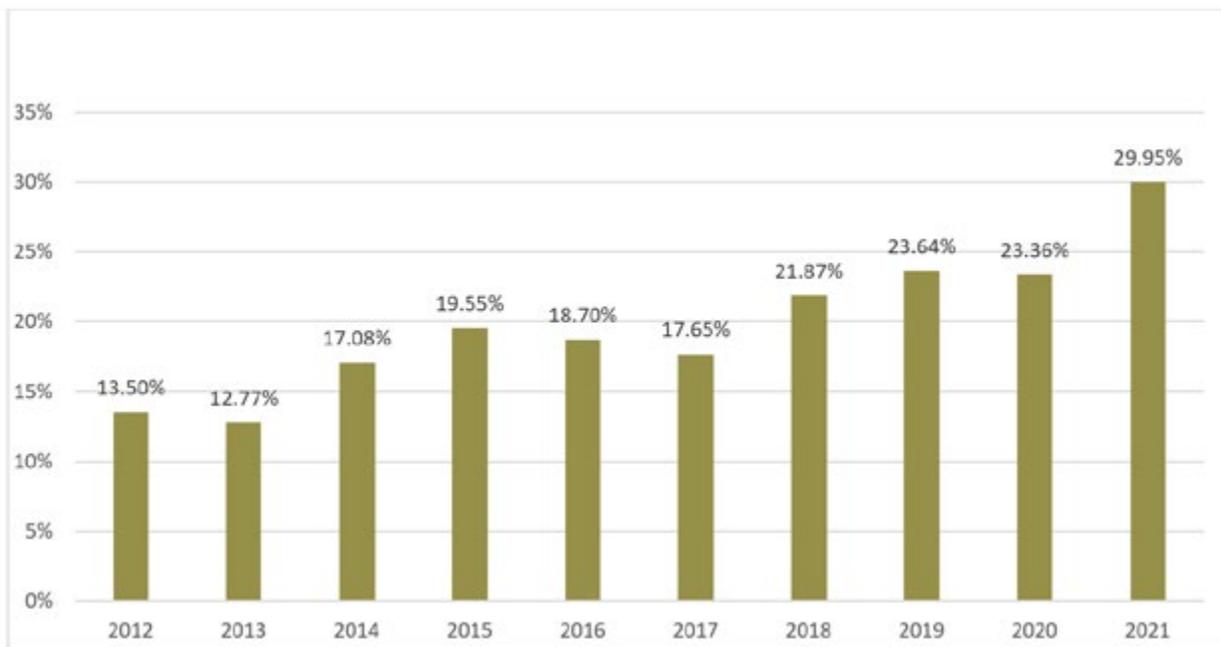
- 2012–21 HUB utilization
- A comparison between state and TRS expenditures

Following the charts are the HUB 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:

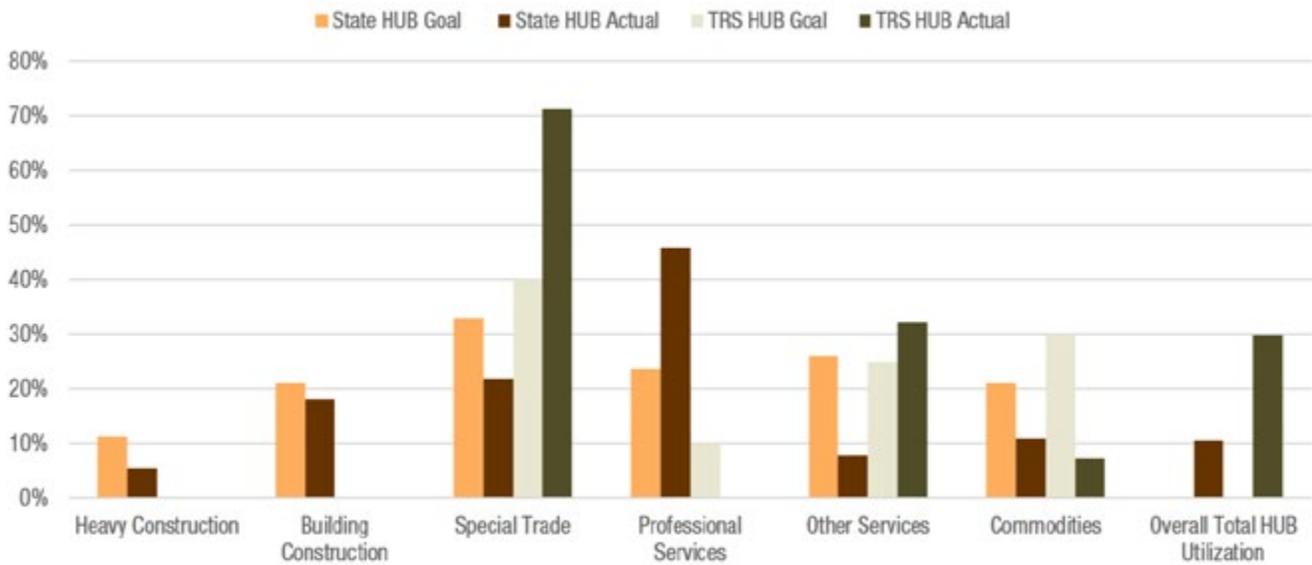
TRS expends funds in four of the state's purchasing categories:

- 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 2021 COMPARISON WITH STATE OF TEXAS BY HUB CATEGORY**



**TRS HUB GOAL, OBJECTIVES, AND STRATEGIES**

**GOAL:** Increase the number of utilized Historically Underutilized Businesses.

Note: The HUB goal maps back to Goal 4, Objective 6, Strategy 2 of TRS' 2023-27 Strategic Plan.

**OBJECTIVE 1:** Promote purchasing selection practices that foster meaningful and substantive inclusion of HUBs.

**OBJECTIVE 2:** Improve outreach activities to foster and strengthen relationships among HUB vendors, prime contractors and purchasers.

**OBJECTIVE 3:** Leverage Diversity, Equity & Inclusion (DE&I) outreach and partnerships to identify and work with HUB-eligible businesses as a pipeline for HUB contracted services.

**STRATEGIES:**

- Meet with departments quarterly to develop individual HUB goals to ensure TRS is using a competitive process as often as possible to provide opportunities for HUB utilization.
- Provide business units quarterly HUB spending for business unit oversight and monitoring.
- Provide annual training and guidance to promote an understanding of Texas HUB program and role of contract managers.
- Increase TRS outreach to the HUB community by attending additional HUB expos throughout the state of Texas.
- Conduct an annual TRS HUB Forum.
- Develop quarterly HUB vendor meet-and-greets to familiarize TRS with HUB community provided goods and services.
- Establish DE&I outreach and partnership program calendar of activities that features regular engagement with Procurement Team to highlight the HUB program.
- Establish annual information sessions with local affinity group Chambers of Commerce and track member engagement.
- 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

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**Not applicable to TRS.**

# Schedule E: Health and Human Services Strategic Plan

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Not applicable to TRS.

# Schedule F: Agency Workforce Plan

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## 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, 2021, which was the system's 83<sup>rd</sup> year of operation, TRS served 1,877,919 participants – 1,419,786 public and higher education members and 458,133 retirement recipients. As of Aug. 31, 2021, system net assets totaled approximately \$201 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 2021.

**FIGURE 3. TRS DIVISIONS AND POSITIONS**



## MISSION, STRATEGIC GOALS, AND OBJECTIVES

### TRS 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.*

TRS has four goals as part of the Strategic Plan for FY 2023-27. Certain strategies related to TRS' workforce plan have been identified in Goal 4, Objective 1.

**GOAL 4:** Ensure that people, processes and technology align to achieve excellence in the delivery of services to members. (Sections 825.208, 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 an employer of choice to meet the needs of our current and future workforce.

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

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

**Strategy 4:** Expand learning and development opportunities.

**Strategy 5:** Develop and implement a comprehensive workforce strategy that includes ex-

panded remote work, onsite facility needs, appropriate compensation and staffing levels, and the technological tools necessary to support appropriate workforce strategies.

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;
- changes suggested from external reviews;
- 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 maintained a remote work environment throughout much of calendar year 2020. In calendar year 2021, TRS transitioned to a hybrid work environment with onsite workforce of typically 25%. Analyses have been conducted based on position responsibilities and member needs to determine which positions are best suited for fully remote versus hybrid versus fully onsite work environments. TRS is currently working in a hybrid work environment and anticipates continuing this benefit to staff. TRS' COVID response team expanded its work to include Return to Office initiatives, which have been key in supporting staff and leadership.

The transition from remote work to hybrid has been positive, due in part to a remote work policy which has been in place since 2016, strong support and Organizational Change Management efforts, and information technology capabilities which allow employees to work from anywhere.

Member annuities continue to be paid, medical and pharmacy claims continue to be processed, and

investment activities are ongoing. TRS successfully completed the largest procurement in agency history, saving \$745 million across TRS-Care and TRS-ActiveCare over the next three to five years.

TRS has implemented the management actions and statutory changes resulting from the Sunset Advisory Commission review. Major provisions of the bill include comprehensive changes to Employment After Retirement (EAR); hiring an Ombuds to assist members and retirees by performing protection and advocacy functions; developing an Outreach Plan to assist members and employers with effectively planning for member's retirement; and requiring TRS to make all reasonable efforts to locate and notify members of entitlements to a return of accumulated contributions for inactive accounts.

### **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 and financial systems. 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).

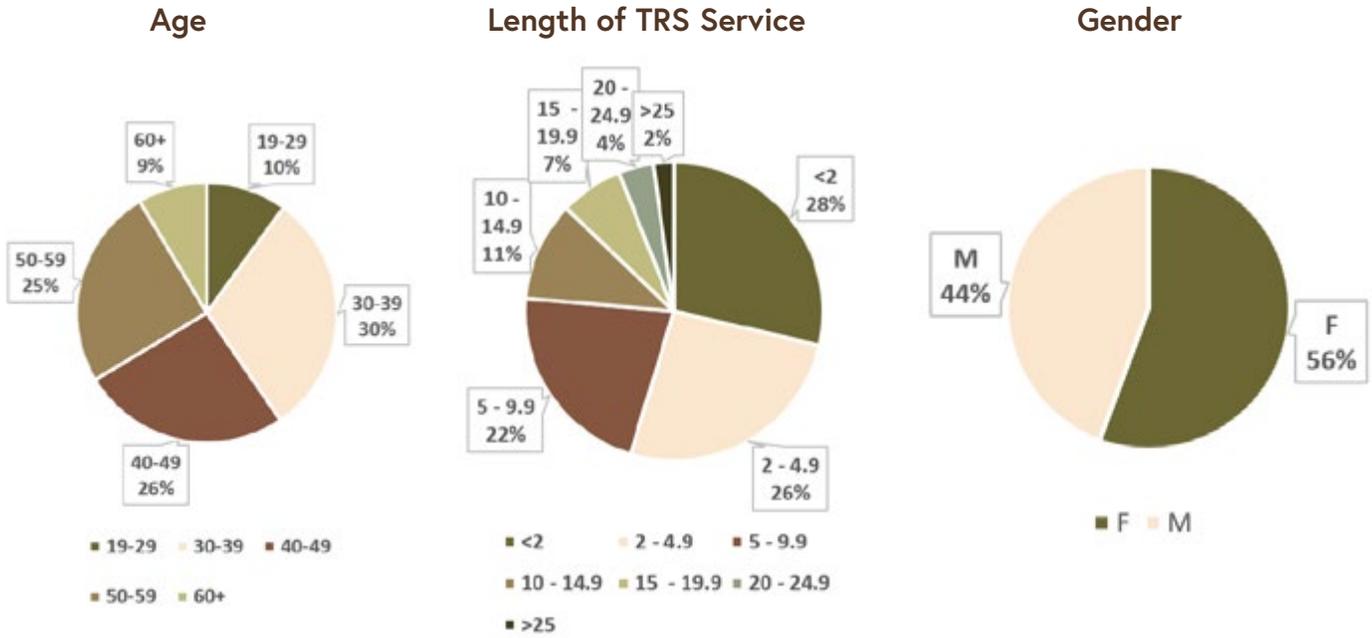
TRS has been successful attracting and developing staff with the following skills and competencies to meet critical business needs and are essential to successfully achieve TRS' mission and goals:

- 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, 2021. The TRS workforce is comprised of 56% females and 44% males. Approximately 54% of employees have been with TRS less than five years. Approximately 34% are 50 years of age or older.

**FIGURE 4. DISTRIBUTION OF TRS EMPLOYEES BY AGE, LENGTH OF TRS SERVICE, AND GENDER**



The following table compares the ethnic and gender composition of the TRS workforce (as of Aug. 31, 2020) 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	6.54%	8.54%	11.29%	24.74%	51.61%	41.71%
Professional	8.92%	10.90%	18.98%	21.77%	47.63%	54.13%
Technical	30.77%	15.05%	23.08%	29.75%	69.23%	56.85%
Administrative Support	21.05%	14.60%	42.11%	36.53%	68.42%	74.74%
Service/Maintenance	7.69%	13.33%	46.15%	52.96%	7.69%	54.02%

\*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 a collaborative partnership between divisions and our Diversity, Equity & Inclusion (DE&I) Director. TRS has established a DE&I Employee Council and six employee resource groups. TRS has maintained diversity recruiting and outreach during the pandemic and return to office. Some tactics include targeted advertising of vacancies, ongoing participation in diversity job fairs, cultural awareness learning opportunities and developing cultural intelligence/ managing bias 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 2020).

For the 2023-27 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 collaborations with Organizational Excellence.

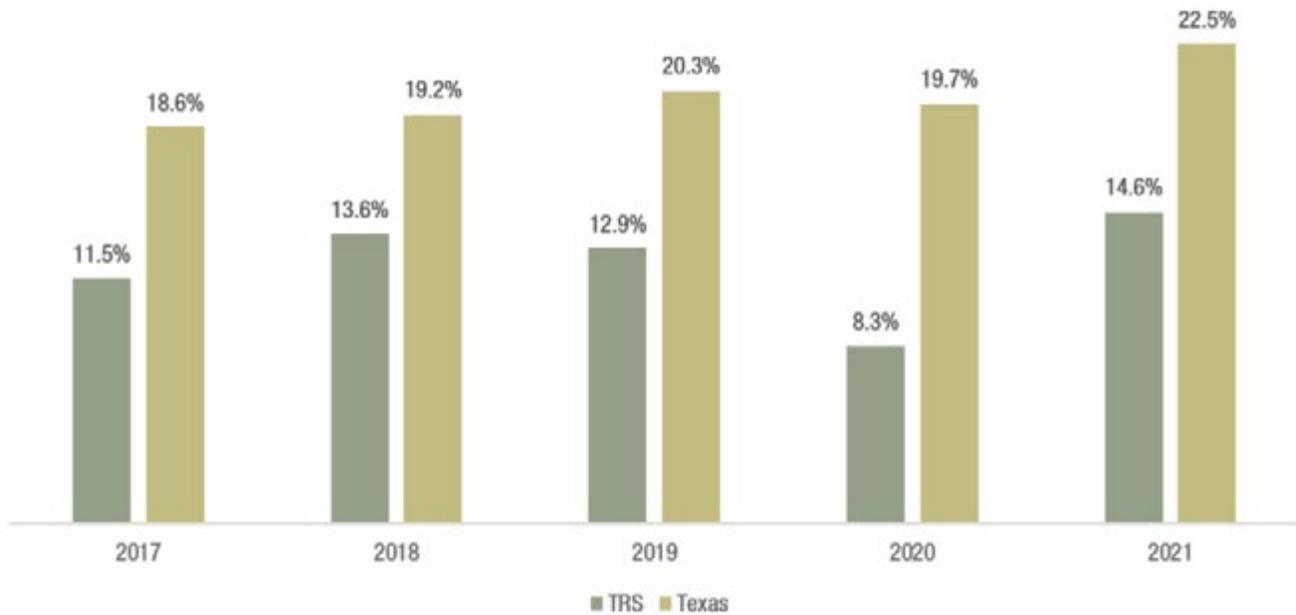
## **EMPLOYEE TURNOVER**

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 2021, TRS turnover was 14.6%, well below the state average of 22.5% for the same period.

Fiscal year 2021 presented the nationwide and local labor markets with challenges that were unanticipated. Named both "the great resignation" and "the great reshuffle," employees' perceptions of work, coupled with burnout and colored by the pandemic, changed. In Austin, TRS had the additional challenge of a labor market flooded with new positions and new employers. TRS anticipates that its turnover rate may continue to fluctuate with the Austin and national economies but hopes mitigations and recruitment efforts will keep overall turnover below the state average.

To address the significant challenges TRS has experienced in hiring and retention, effective Sept. 1, 2022, TRS, with board approval, exercised their statutory exemption to create a compensation structure to more effectively manage these needs. This mitigation and flexibility is hoped to increase ability to recruit in these unprecedented times and to encourage retention.

**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, 2021.

**TABLE 2. RETIREMENT ELIGIBILITY PROJECTIONS**

	January 2022		January 2024		January 2026	
	Eligible Employees	Percent Eligible	Eligible Employees	Percent Eligible	Eligible Employees	Percent Eligible
Executive Division	30	3.5%	38	4.5%	53	6.3%
Investment Management	5	0.6%	7	0.8%	16	1.9%
Benefit Services	18	2.1%	25	3.0%	35	4.1%
Shared Services	33	3.9%	40	4.8%	49	5.8%
Health and Insurance Benefits	0	0.0%	2	0.2%	3	0.4%
<b>Total</b>	<b>86</b>	<b>10.2%</b>	<b>112</b>	<b>13.2%</b>	<b>156</b>	<b>18.4%</b>
Executive Council Members	6	40.0%	8	53.3%	8	53.3%

## **FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)**

The size of the population served by TRS and the need to provide 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 continual 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 statutory 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
- Purchasing administration and support
- Information technology including telecommuni-

cations, 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 labor market and physical work environment, TRS talent acquisition efforts will continue to evolve ensuring TRS is maximizing talent pools of highly qualified statewide candidates that will excel in both remote and office environments.

## **GAP ANALYSIS**

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

- 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 continues to meet our mission and goals.

**TABLE 3. POTENTIAL GAPS IN THE WORKFORCE PLAN**

POTENTIAL GAP	STRATEGY
Increased competition for experienced staff in certain fields	<p>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:</p> <ul style="list-style-type: none"> <li>• Promote a strong workplace culture that exemplifies TRS' core values and mission to serve members.</li> <li>• Provide employee development opportunities including learning and career development.</li> <li>• Promote staffing needs and workforce management that maximizes deliverables to members and stakeholders, including adding staff resources.</li> <li>• Refine TRS' talent acquisition and management programs to attract, retain and motivate a highly diverse, highly competent workforce.</li> <li>• Maintain recognition programs and offer other engagement initiatives to support retention of staff.</li> <li>• Continue organizational development efforts aimed at enhancing ongoing communication and effective working relationships between management and staff.</li> <li>• Encourage staff involvement in organizational activities.</li> </ul>
Changing roles and responsibilities for staff as a result of legislation or agencywide initiatives	<p>Acquire necessary expertise to fulfill assigned responsibilities. Action steps include:</p> <ul style="list-style-type: none"> <li>• Conduct research to identify issues affecting other public pension funds or state agencies that may potentially affect TRS.</li> <li>• Maintain awareness of prospective legislative changes to allow adequate planning for new skill-set requirements.</li> <li>• Explore options for developing skills within the current workforce, attracting new staff with the required experience or outsourcing certain functions.</li> </ul>
Loss of institutional knowledge and expertise due to turnover of critical staff	<p>Ensure a smooth transition of duties, responsibilities and institutional expertise when critical staff leave the agency. Action steps include:</p> <ul style="list-style-type: none"> <li>• Conduct best practices for business process reviews and utilize existing knowledge management and transfer programs and techniques.</li> <li>• Utilize the Leadership Development Program to offer staff the opportunity to be prepared for leadership positions as they become vacant.</li> <li>• Continue to maximize opportunities for cross-training efforts and create framework for greater utilization.</li> </ul>

	<ul style="list-style-type: none"> <li>• Create career development opportunities including opportunities to experience and manage next level work.</li> <li>• Refine and evolve development of succession plans to ensure continuous service during any period of extended absence or turnover among critical staff.</li> <li>• Maintain effective talent acquisition practices and strategies (such as use of contingent staff, internships, fellowships, employee value propositions and proactive sourcing) to attract, develop and retain qualified replacement staff.</li> </ul>
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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 activities and collaborations that market TRS as an employer of choice and have potential to increase diversity among TRS staff.
- Internship and fellowship 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, proactive sourcing, remote staff 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

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**Not applicable to TRS.**

# Schedule H: Report on Customer Service

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## 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. Member Satisfaction Surveys (MSS) from 2020 and 2021 demonstrate that TRS member satisfaction is trending upward. For the active member population, satisfaction grew from 53.4% (2020) to 55.2% (2021), and for retired members satisfaction increased from 74.8% (2020) to 78.6% (2021).

While TRS' efficiency and cost savings-oriented service delivery model served TRS and its members well for many years, it has become increasingly difficult for TRS to meet its service level performance targets. 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. Other key areas that have fallen short of targets for an extended period of time include payment of death benefits and benefit estimates.

Improving customer service is the agency's top priority. TRS has taken action to address customer service by adding Benefit Services staff, hiring an Ombuds, making policy and procedure changes, implementing process improvements, and prioritizing system enhancements as part of the Customer Service Improvement Initiative (CSII). Additional information on the CSII is contained in the body of this report.

Notwithstanding the challenges associated with achieving customer service levels, members and retirees who interact directly with TRS are generally pleased with the services being provided. In fiscal year 2022 to date, over 99% of in-person visitors to TRS 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, 97.8% of callers to the telephone counseling center were pleased with the overall service they received and 97.2% 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 nearly 1.9 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 \$204.7 billion as of December 2021. In fiscal year 2021, TRS paid pension benefit payments totaling \$11.7 billion to more than 458,000 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. In addition, each reporting employer is assigned a specific Reporting Employer Coach to provide training as needed and assist with monthly payroll reporting. 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. 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 implemented a new health insurance line-of-business system (HILOB) to support HIB in April 2021.

## **CUSTOMER SERVICE STAFFING**

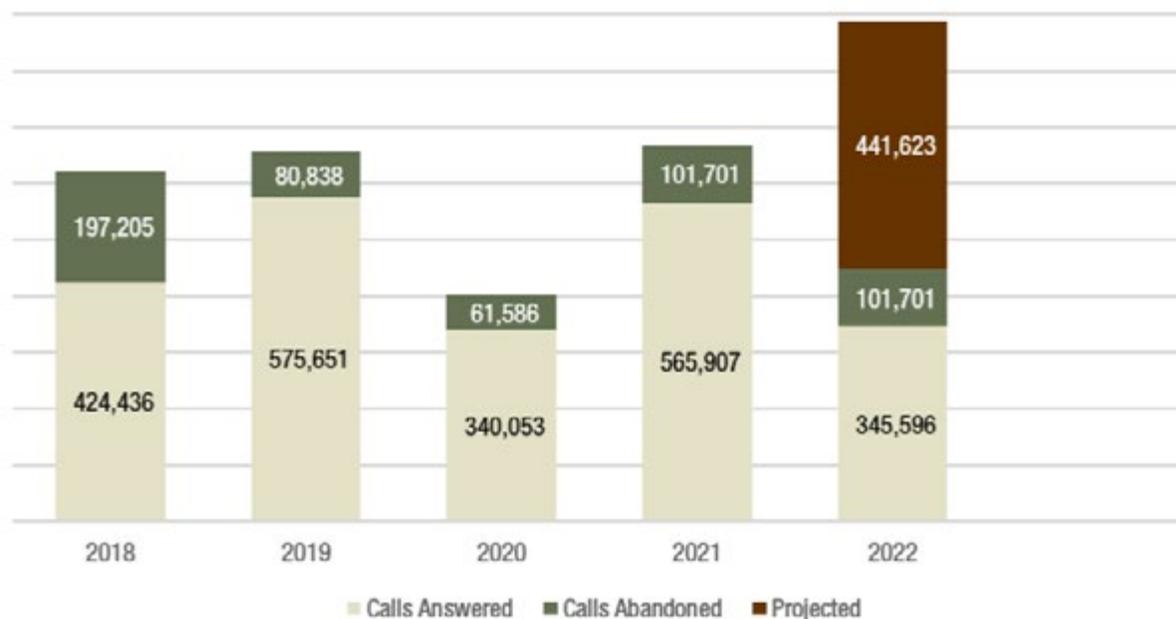
Benefit Services and Health and Insurance Benefits (HIB) employees are on the front line working directly with members, retirees, beneficiaries, and employers. Benefit Services employees work in five departments – Benefit Accounting, Benefit Counseling, Benefit Processing, Benefit Operations Support, and the El Paso Regional Office, set to open fall of 2022.

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 Employer staff provide both telephone and email support to REs. Since 2017, the Employer Reporting team has experienced an increase of close to 50% in calls and emails, but these volumes appear to have stabilized. During 2021, reporting coaches have assisted employers by phone over 11,000 times and have responded to more than 250,000 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 virtual counseling sessions, and in-person through individual office visits, lobby walk-ins, field office visits and group benefit presentations throughout the state.

Due to the pandemic, TRS received lower than expected calls for fiscal year 2020. However, calls returned to pre-pandemic levels in fiscal year 2021, when the Telephone Counseling Center (TCC) responded to over 667,000 calls and over 27,000 emails. Since 2016, the TCC has experienced a 6.9% average increase in call volumes. Based on historical data, call volumes could reach more than 850,000 in fiscal year 2022.

**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 2019 and fiscal year 2020, TRS experienced a decrease of approximately 1% in core business processes. The decrease can be attributed to the pandemic as TRS saw a lower volume of incoming work during the first several months of the pandemic. Then between fiscal year 2020 and fiscal year 2021, TRS experienced an increase of approximately 6%.

Benefit 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 2021, TRS increased the number of Benefit Services positions. This was the first significant increase in Benefit Services positions in several years. These positions were added to begin to right size Benefit Services to address workload and improve service delivery to members. As our membership continues to grow, TRS will need to add Benefit Services staff to adequately address member needs.

HIB employees assist 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, HIB 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 19 health benefit counselors, HIB alone does not have the capacity to assist with all health care inquiries and relies on strong partnerships with TRS' health care vendors – UnitedHealthcare, Blue Cross and Blue Shield of Texas, 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.

## **IMPROVING CUSTOMER SERVICE**

TRS has taken several actions over the past year and a half to address customer service levels. For example, in response to an increased number of retirement requests and death claims, the board authorized hiring 10 Benefit Processors in February 2021.

In July 2021, TRS staff identified an additional 67 critical staffing positions in the Benefit Services Division. The hiring of these additional positions was scheduled to occur in two phases.

### **PHASE 1 – 29 FTEs in fiscal year 2022**

### **PHASE 2 – 38 FTEs in fiscal year 2023**

From July through October 2021, Benefit Services saw increased workload volumes across all departments compared to previous years (e.g., spikes in retirement requests, telephone calls, emails, refunds, death claims, etc.). Historically, workloads across the different departments within Benefit Services followed predictable cycles. This predictability allowed management to absorb seasonal peaks in workload because select cross-trained staff could assist other departments without impacting their own department.

However, recent spikes increased workload across all areas of Benefit Services, which made pulling cross-trained staff from other departments unfeasible. In response, the executive director authorized hiring an additional 37 Benefit Counselors in fall 2021. These staff are expected to be hired primarily during fiscal year 2022, though some will be hired in fiscal year 2023. These positions were in addition to the 38 Phase 2 FTEs.

While TRS was able to fill several Phase 1 Benefit Processing positions, TRS had difficulty with filling vacancies in Benefit Accounting. Like many other public and private sector entities, TRS also experienced high turnover in Benefit Counseling. Due to the labor market in the Austin area, the number of qualified applicants for the Benefit Accounting and Benefit Counseling positions was lower than normal. In assessing how to make the positions more appealing to qualified candidates, TRS determined that these positions would be prime candidates for being fully remote.

As TRS was already recruiting for the regional office in El Paso, TRS conducted a pilot with the Benefit Accounting and Benefit Counseling positions to determine if hiring outside the Austin area worked as a solution. El Paso drew a larger pool of applicants and those staff are currently in their on-the-job training.

Because new hires spend several months in training and require additional time post-training to gain proficiency and speed, customer service levels continued to fall below targets at the beginning of calendar year 2022. In February 2022, TRS staff presented the results of a comprehensive plan to improve customer service. The plan, known as the Customer Service Improvement Initiative (CSII), includes a comprehensive approach to addressing customer service levels. The enterprise-wide approach involves multiple business units from across TRS including Information Technology, Finance, Legal & Compliance, and Organizational Excellence in addition to Benefit Services.

The CSII includes policy and procedure changes, process improvements, system enhancements, and enhanced staffing as key areas of opportunity. Completion of the three-year initiative occurs with the final deployment of the TRUST system in fiscal year 2025.

The most recent system enhancement to assist with customer service is the new and improved *MyTRS*. This web self-service application features additional functionality for members including updating an address, applying for a refund, applying for retirement, scheduling an appointment with a Benefit Counselor, registering for group benefit sessions, calculating a retirement benefit and saving that estimate to the member document center; calculating tax withholding, updating tax withholding; and allowing beneficiaries and alternate payees to register for a *MyTRS* account. With this new functionality comes added security to protect member data. The new *MyTRS* requires a much more robust registration process.

TRS will continue to add functionality as other business processes are modernized and transferred to the new pension system. Future process enhancements include adding chat functionality for members and employers, system adjustments to the automated telephone system, including streamlining the menu options, and improving the member authentication process.

As of May 2022, TRS is beginning to see incremental improvements in certain customer service levels in Benefit Processing. For example, Benefit Processing position hiring is complete for fiscal year 2022 and staff are in training. The new hires are completing training and starting to work independently on some processes. The new resources are driving incremental improvements in performance measures that will continue to see improvement as new cohorts are onboarded, trained, and begin to gain experience. These service level improvements are directly related to increased staffing and system enhancements.

In response to the projected growth in membership, TRS will be requesting an additional 62 FTEs for Benefit Services in fiscal years 2024-25. These positions will support all departments within Benefit Services.

TRS has not exceeded the General Appropriations Act (GAA) FTE limitations for fiscal year 2022 due primarily to increased turnover this fiscal year. However, TRS anticipates utilizing Rider 20, *Exception to FTE Limitation for Board Fiduciary Finding*, in the coming months to accommodate board and staff actions to address customer service and other agency needs.

## INVENTORY OF EXTERNAL CUSTOMERS

In addition to the external customers identified below by GAA strategy, TRS has another external customer – public school employees enrolled in TRS-ActiveCare. ActiveCare participants are not listed because there is not an associated strategy in the GAA. This is because operational funding for this program 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
<b>A.1.1. STRATEGY: TRS-PUBLIC EDUCATION RETIREMENT</b> Retirement Contributions for Public Education Employees.	Retired Public Education Employees	Annuity benefit payments
<b>A.1.2. STRATEGY: TRS-HIGHER EDUCATION RETIREMENT</b> Retirement Contributions for Higher Education Employees.	Retired Higher Education Employees	Annuity benefit payments
<b>A.1.3. STRATEGY: ADMINISTRATIVE OPERATIONS</b>	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.
<b>A.1.4. STRATEGY: TRS RETIREMENT – ADDITIONAL PAYMENT</b>	Retired Public Education Employees	One-time supplemental payment.
<b>A.2.1. STRATEGY: RETIREE HEALTH – STATUTORY FUNDS</b> Health Care 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.
<b>A.3.1. STRATEGY: RETIREE HEALTH – SUPPLEMENTAL FUNDS</b> Health Care 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. TRS conducts 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 2021, TRS contracted with Elite Research to conduct a Member Satisfaction Survey (MSS). All required customer service questions pursuant to the strategic plan instructions are included in this survey. 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. The active member population includes members that contributed to TRS between September 1, 2018 and June 30, 2021. The retired member population includes members that retired prior to June 30, 2021. 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 defined as members who had contact with TRS over the 12 months ended June 30, 2021, as identified in the TRS customer relationship management (CRM) system.

**TABLE 5: DISTRIBUTION OF TRS POPULATION CHARACTERISTICS**

	Has CRM Record		No CRM Record		Total
	Male	Female	Male	Female	
<b>Active Members</b>					
29 and under	1,304	3,654	37,007	113,228	155,193
30 to 39	3,322	8,853	64,921	194,693	271,789
40 to 49	3,837	11,533	61,940	200,622	277,932
50 to 59	7,206	23,771	52,486	158,756	242,219
60 and over	7,045	19,478	29,815	60,530	116,868
<b>Total</b>	<b>22,714</b>	<b>67,289</b>	<b>246,169</b>	<b>727,829</b>	<b>1,064,001</b>
<b>Retired Members</b>					
64 and under	6,733	23,947	11,226	36,994	78,900
65 to 74	10,446	37,057	34,296	107,983	189,782
75 and over	5,251	19,081	27,512	79,264	131,108
<b>Total</b>	<b>22,430</b>	<b>80,085</b>	<b>73,034</b>	<b>224,241</b>	<b>399,790</b>

The survey instrument was constructed to provide strategic, actionable information that could be used to guide the continuous improvement of 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.

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 1,000 active and 500 retired TRS members and adequate sample by age group, gender, and previous contact with TRS.

**TABLE 6: DISTRIBUTION OF RANDOM SAMPLE CHARACTERISTICS**

	Has CRM Record		No CRM Record		Total
	Male	Female	Male	Female	
<b>Active Members</b>					
29 and under	1,300	2,800	1,900	5,000	11,000
30 to 39	1,300	1,900	1,800	4,000	9,000
40 to 49	1,000	1,800	1,500	3,200	7,500
50 to 59	1,000	1,700	1,500	2,400	6,600
60 and over	1,000	1,600	1,300	1,700	5,600
<b>Total</b>	<b>5,600</b>	<b>9,800</b>	<b>8,000</b>	<b>16,300</b>	<b>39,700</b>
<b>Retired Members</b>					
64 and under	450	650	750	650	2,500
65 to 74	550	600	500	500	2,150
75 and over	600	500	500	500	2,100
<b>Total</b>	<b>1,600</b>	<b>1,750</b>	<b>1,750</b>	<b>1,650</b>	<b>6,750</b>

To maximize survey responses, data were collected via an online web-based survey and through telephone interviews conducted by trained interviewers. All potential respondents with an email address on record received an initial invitation to participate in the survey via email and at least two additional email reminders if they had not responded. Respondents with email addresses that were not deliverable or who did not respond were added to the telephone sample and additional contact efforts were made to obtain completed interviews by phone or by SMS text survey link. Survey responses were collected between Aug. 4 and Aug. 24, 2021.

The survey generated a total of 2,252 valid responses, including 1,681 active members and 571 retired members. The distribution of interviews was controlled so that an adequate number from each demographic group could be included (see Table 7).

To ensure survey responses were high quality, validity checks were performed on all responses. Invalid response removal included duplicate responses, incomplete responses, non-variance in responses, and responses where the respondent took less than two seconds to answer each survey question.

**TABLE 7: DISTRIBUTION OF DEMOGRAPHIC CHARACTERISTICS AMONG TRS RESPONDENTS**

	Has CRM Record		No CRM Record		Total
	Male	Female	Male	Female	
<b>Active Members</b>					
29 and under	45	89	18	70	222
30 to 39	59	95	47	90	291
40 to 49	76	131	59	105	371
50 to 59	80	163	45	71	359
60 and over	110	229	38	61	438
<b>Total</b>	<b>370</b>	<b>707</b>	<b>207</b>	<b>397</b>	<b>1,681</b>
<b>Retired Members</b>					
64 and under	58	47	70	57	232
65 to 74	47	60	51	39	197
75 and over	45	31	40	26	142
<b>Total</b>	<b>150</b>	<b>138</b>	<b>161</b>	<b>122</b>	<b>571</b>

Regarding the survey methodology, it should be noted that in a purely random sample of TRS members, 1,681 completed interviews with active members would yield a margin of error of +/- 2.37 percentage points at the 95% confidence level, and 571 completed interviews with retired members would yield a margin of error of +/- 3.84 percentage. Since this is a stratified sample, the margin of error for point estimates will be larger – approximately 3.0 percentage points for active members and 4.0 percentage points for retired members. This is a necessary trade-off to assure an adequate sample for statistically meaningful comparisons across subgroups; however, the margin of error is relatively small (<4%), so there should be little impact on conclusions.

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 EMPLOYER SATISFACTION SURVEY**

In 2022, TRS contracted with the Public Policy Research Institute (PPRI) of Texas A&M University to conduct a Reporting Employer Satisfaction Survey (RESS). When developing the survey questions, only relevant required customer service questions were included in the survey. 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 1,226 unique email addresses representing 1,346

organizations, including public schools, charter schools, colleges, and universities. The survey methodology was designed to target payroll employees who serve as the RE contacts for their organization. For organizations without a contact, a reporting officer was substituted as the email contact. This was a change versus previous years when a web administrator was used as the alternate contact. For the 2022 survey, TRS also provided multiple email contacts for each organization, in an effort to increase survey response. In previous years, TRS provided a single payroll contact for each organization, where available, or a web administrator as an alternate contact, where a payroll contact was unavailable.

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. Invitation emails also asked the recipients to either forward the survey invitation to the appropriate individual at their organization (if the recipient was not the appropriate individual) or to respond with the appropriate individual's contact information so that the survey could be sent to them. Each potential respondent received up to 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 folders.

In cases where PPRI did not receive a survey response, additional survey invitations and follow-up requests were sent to alternative email addresses provided by TRS. 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 a link to the online survey. Overall, an additional 413 survey invitations were sent. Of these subsequent requests, 110 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. The final data set includes 766 valid responses representing 845 organizations.

Table 8, below, provides insight into the representativeness of the 2022 RESS by comparing population parameters – based on the original sample data provided by TRS – to sample characteristics of survey respondents and organizations represented.

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 nonrespondents 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	Original Sample Data		Survey Respondents		Organizations Represented	
	Number	Percent	Number	Percent	Number	Percent
Public School	1,238	92.0	713	93.1	785	92.9
Higher Ed	108	8.0	53	6.9	60	7.1
<b>Total</b>	<b>1,346</b>		<b>766</b>		<b>845</b>	

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 administers the survey using Echo, a module on the inContact platform. Over 15,000 surveys were completed in fiscal year 2021, and over 8,000 in fiscal year 2022 to date.

TRS administers the *How Was Your Visit?* survey via email, using SurveyMonkey as the delivery method. During fiscal year 2022, TRS plans to implement a new tool for the *How Was Your Visit?* survey that will support a Spanish language translation. Over 2,200 surveys were completed in fiscal year 2021, and over 1,200 in fiscal year 2022 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 12 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 7. OVERALL SATISFACTION WITH TRS' SERVICES

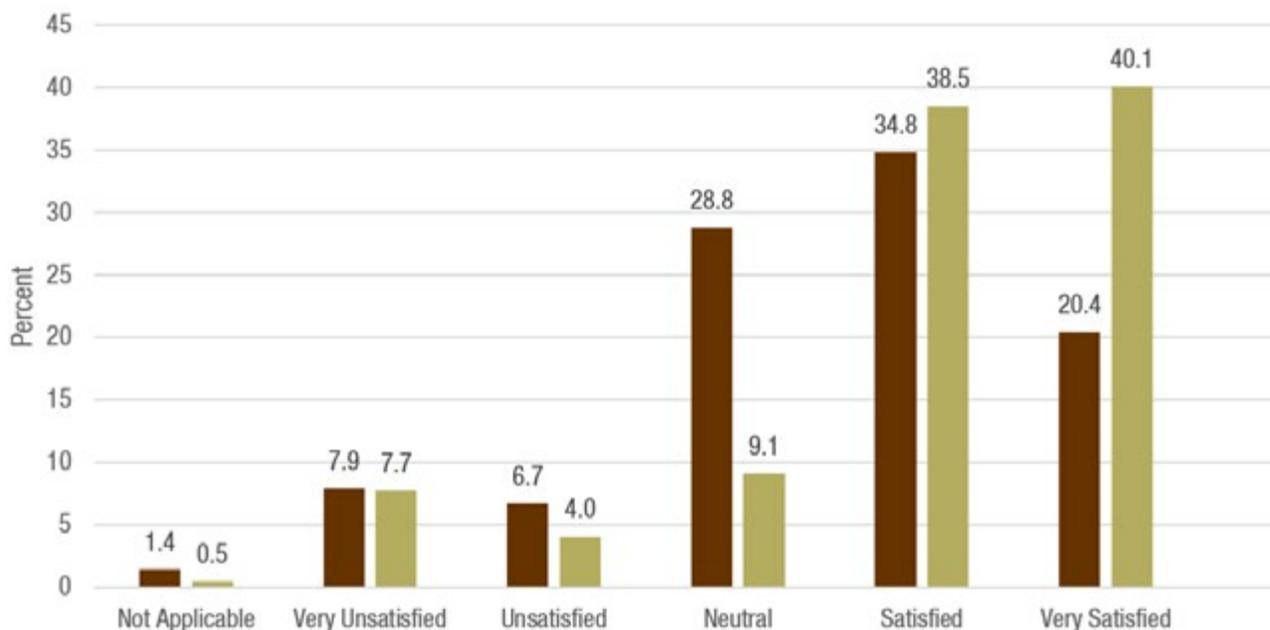
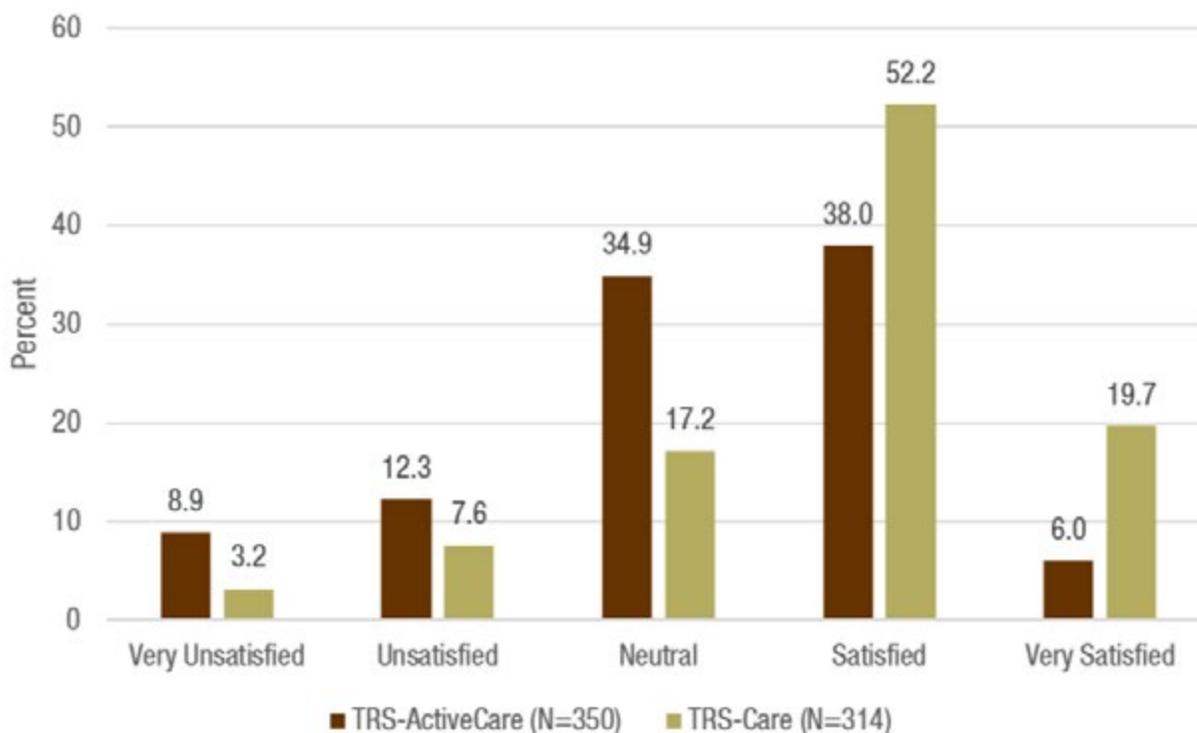
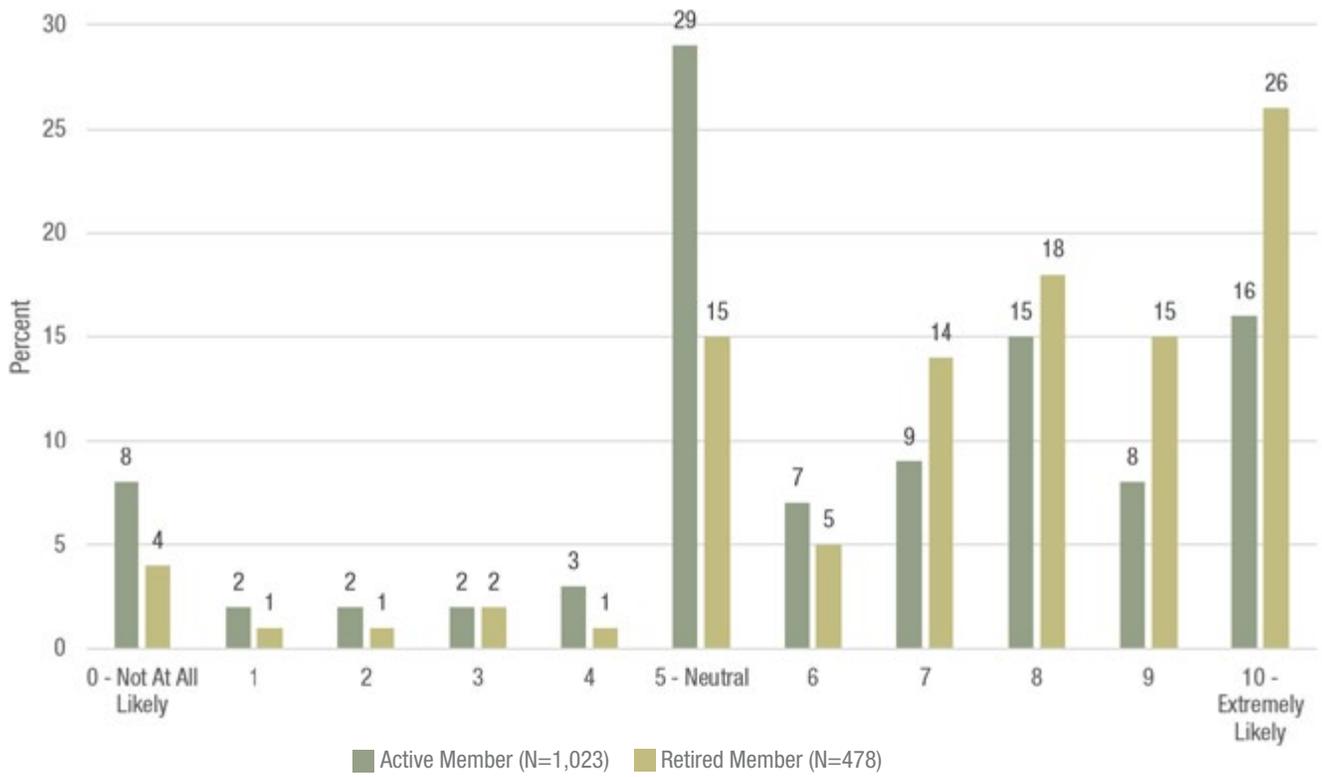


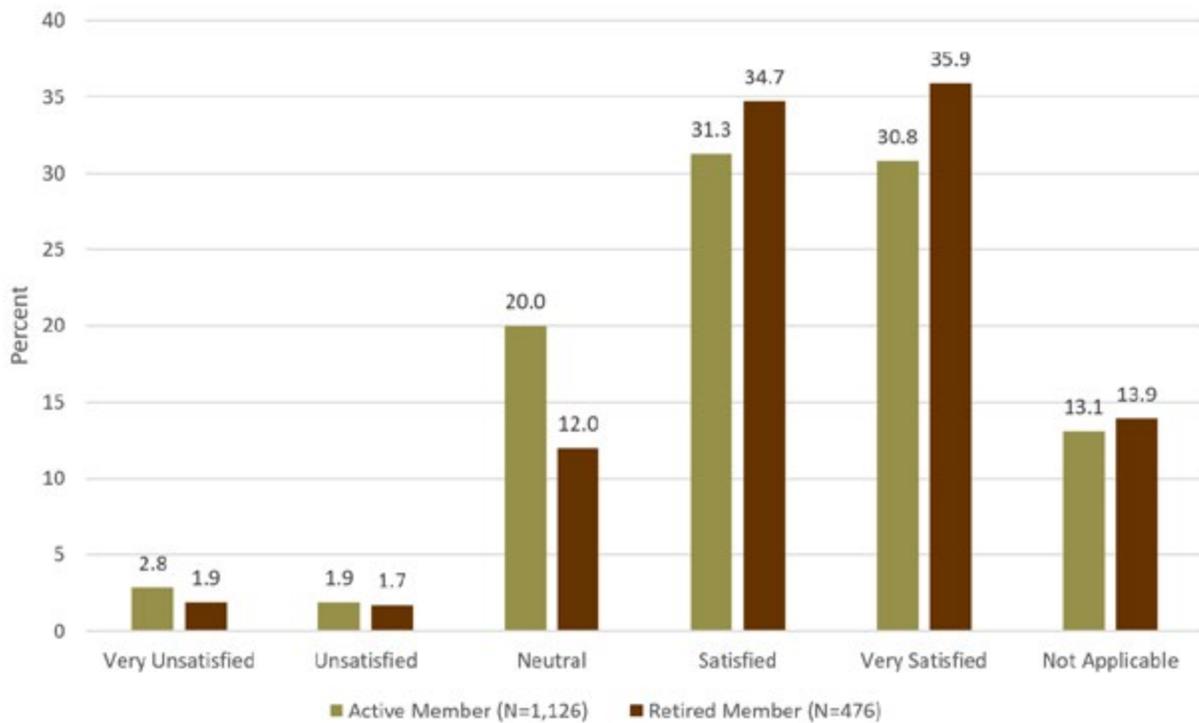
FIGURE 8. OVERALL SATISFACTION WITH TRS-ACTIVECARE AND TRS-CARE



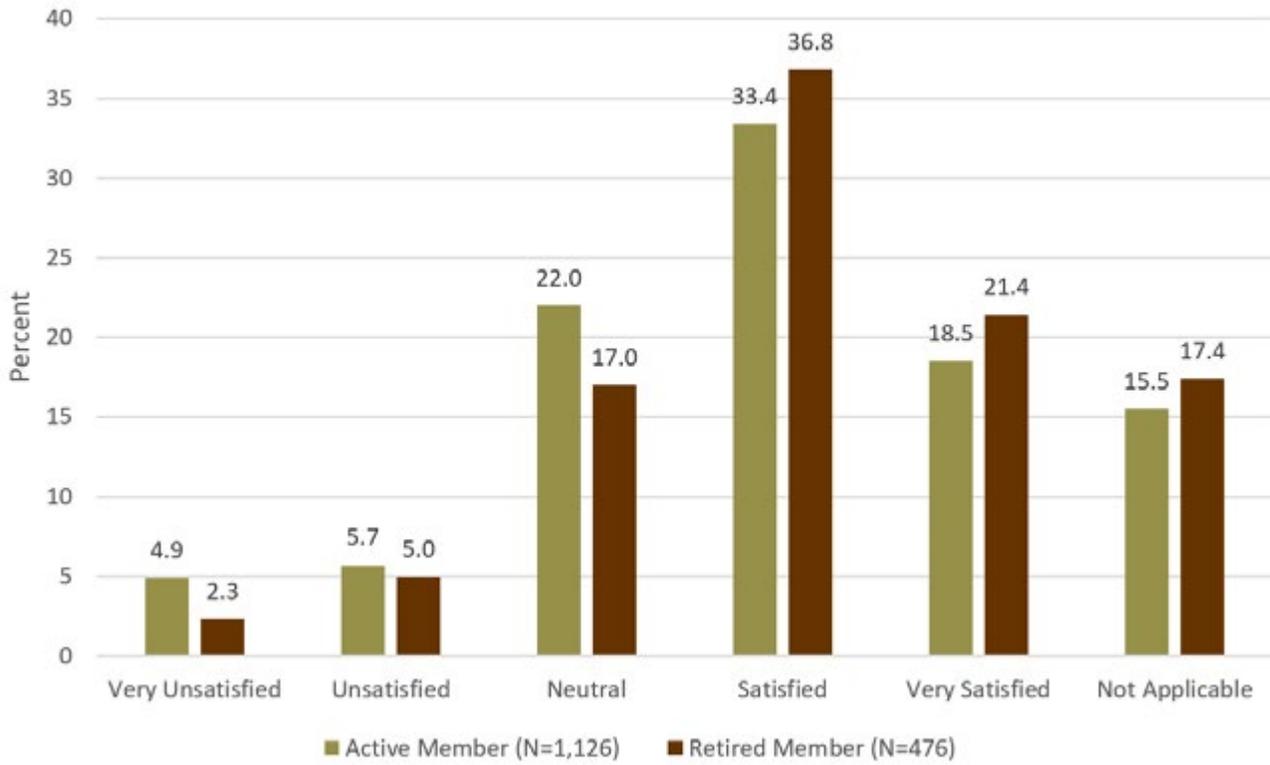
**FIGURE 9. WILLINGNESS TO PROMOTE TRS AS A GREAT ORGANIZATION**



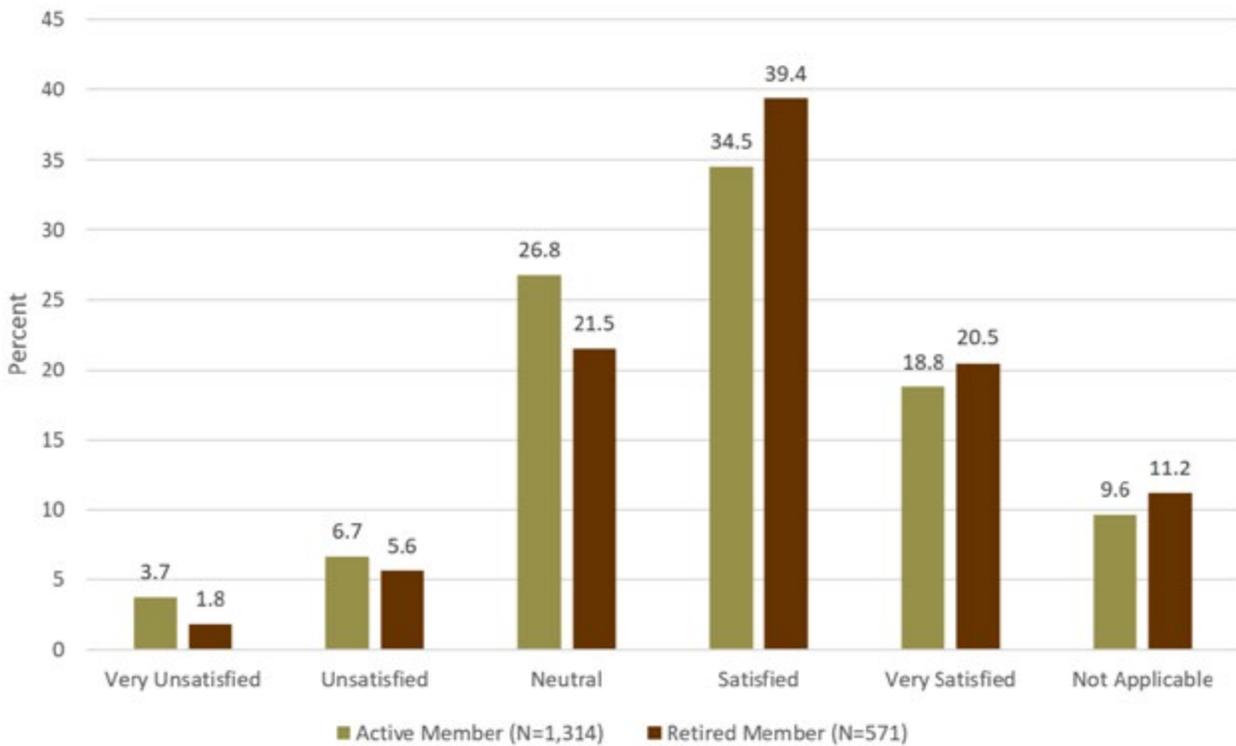
**FIGURE 10. SATISFACTION WITH TRS STAFF**



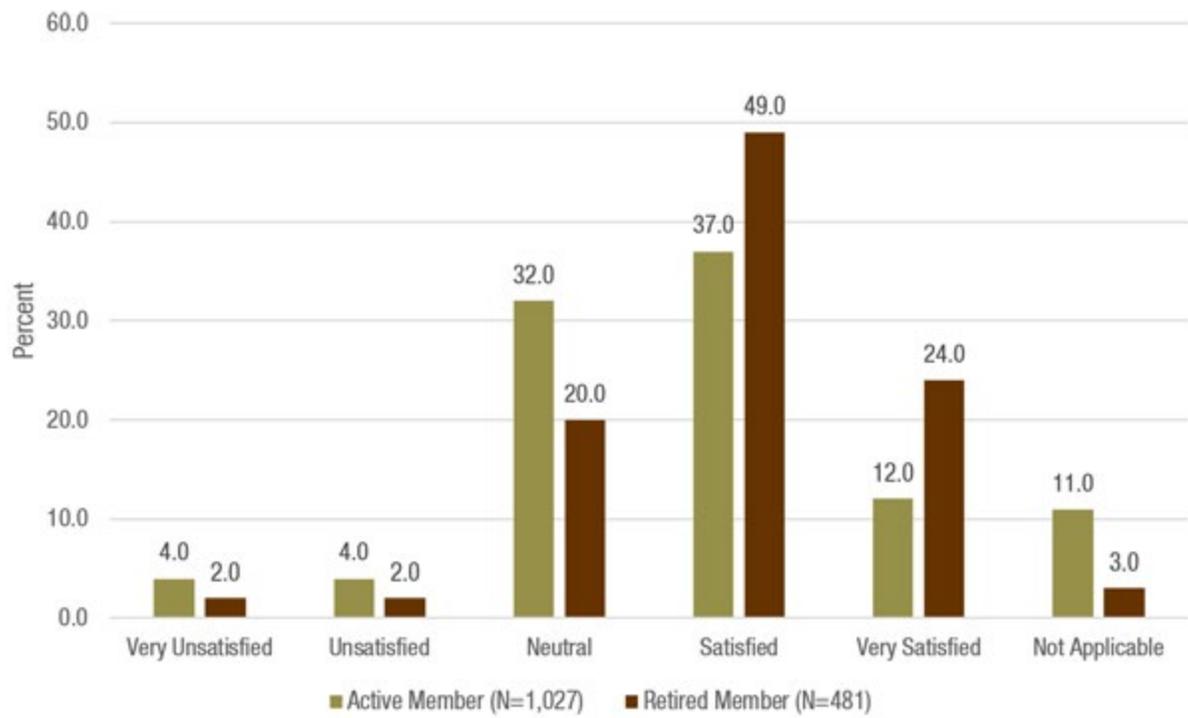
**FIGURE 11: SATISFACTION WITH TIMELY SERVICE**



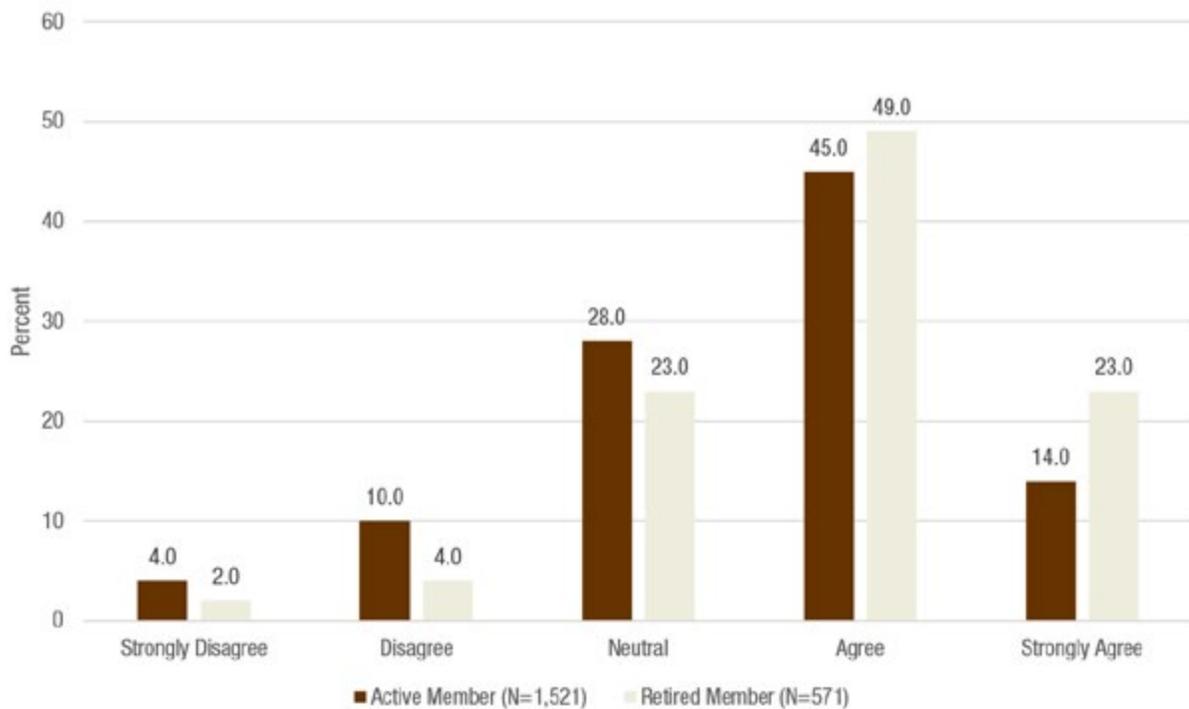
**FIGURE 12: SATISFACTION WITH TRS COMMUNICATIONS**



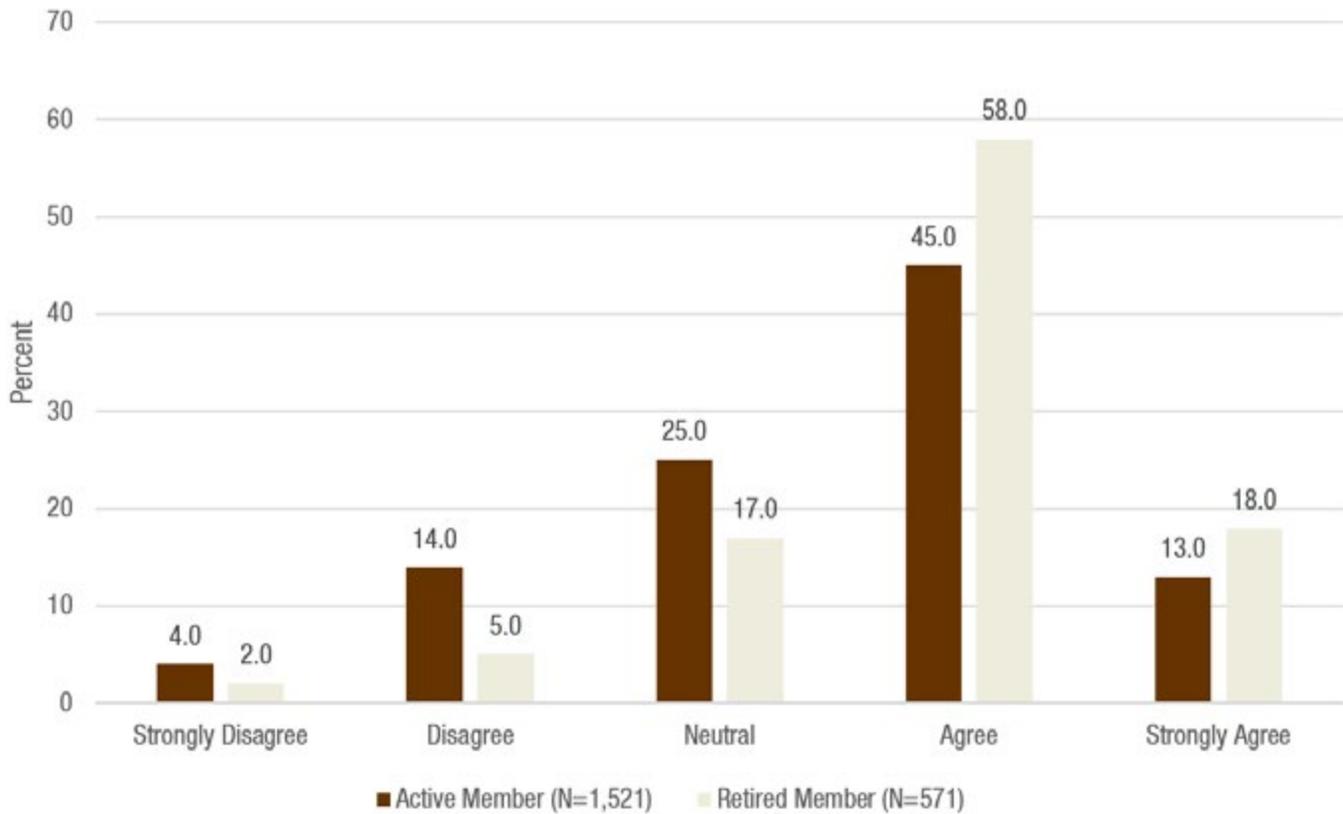
**FIGURE 13: SATISFACTION WITH TRS PRINTED MATERIAL**



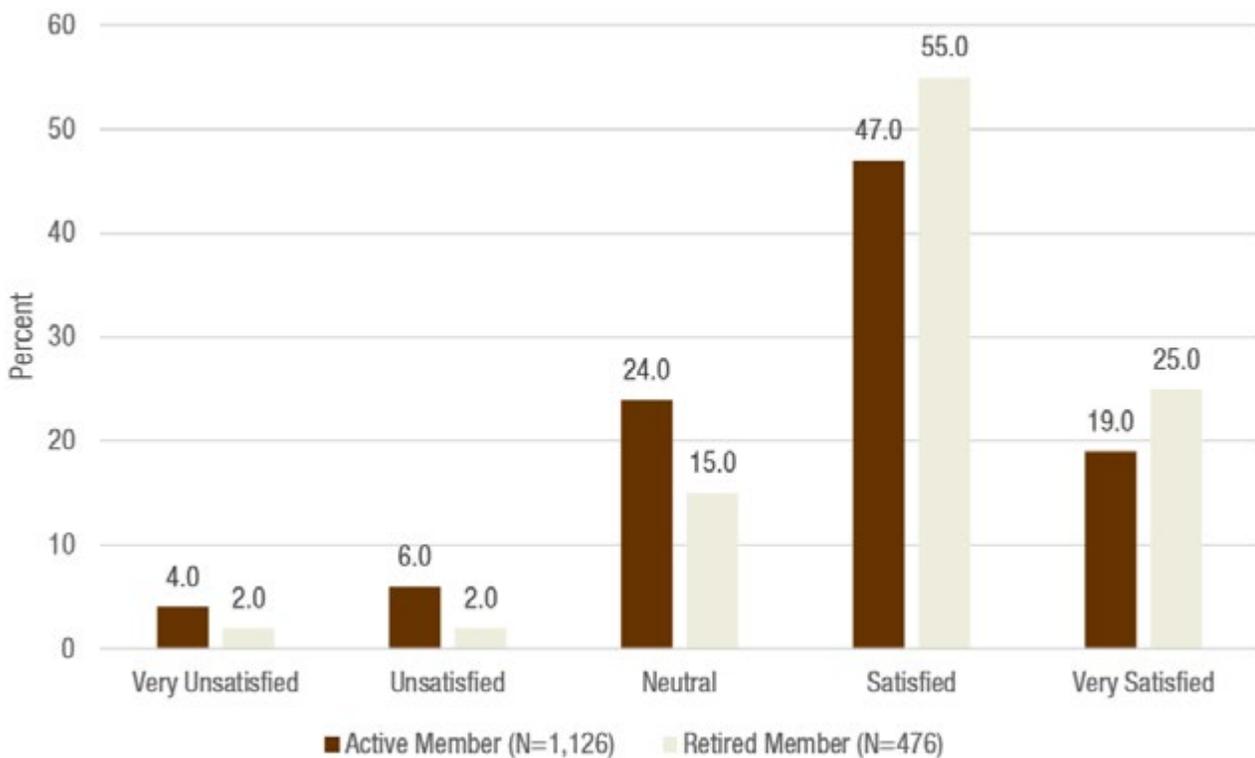
**FIGURE 14: AGREEMENT THAT TRS SENDS COMMUNICATIONS RELEVANT TO MEMBER NEEDS**



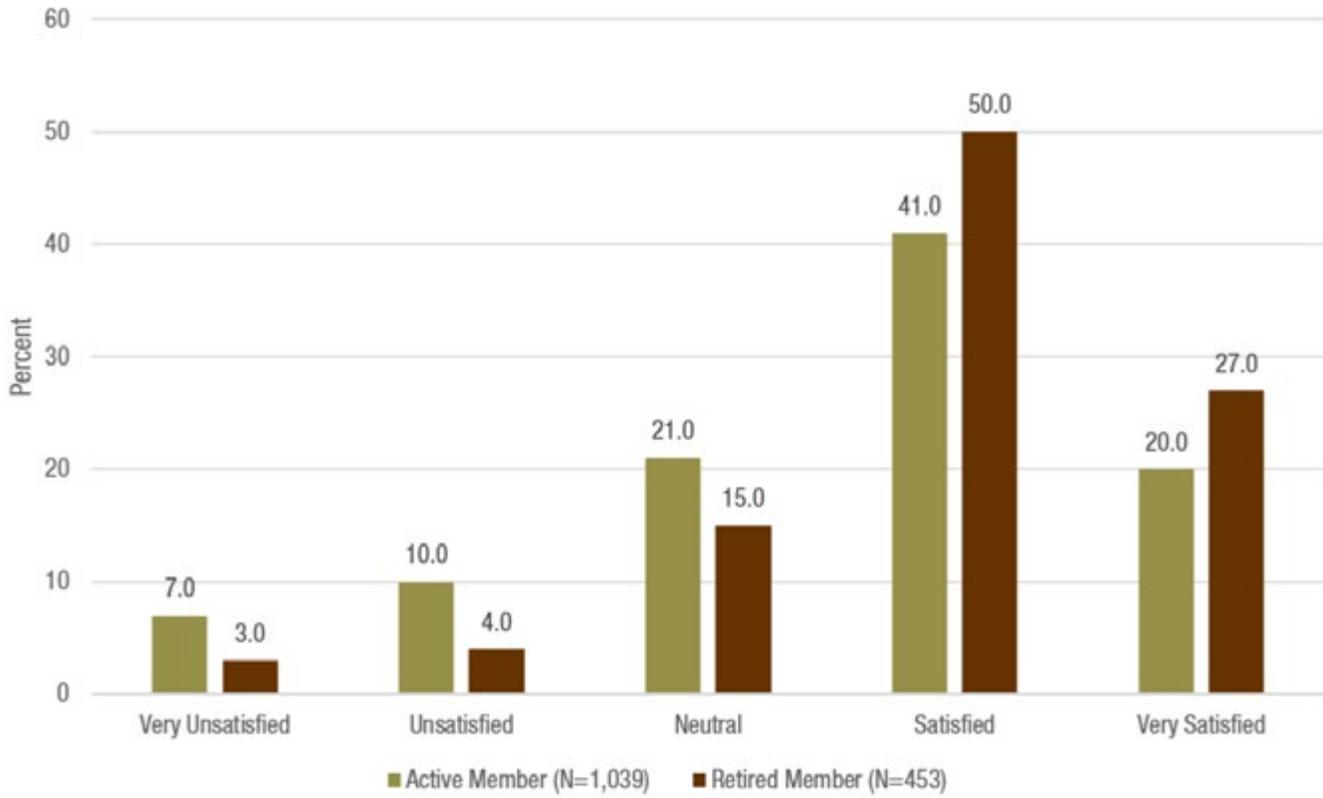
**FIGURE 15: AGREEMENT THAT INFORMATION PROVIDED BY TRS IS EASY TO UNDERSTAND**



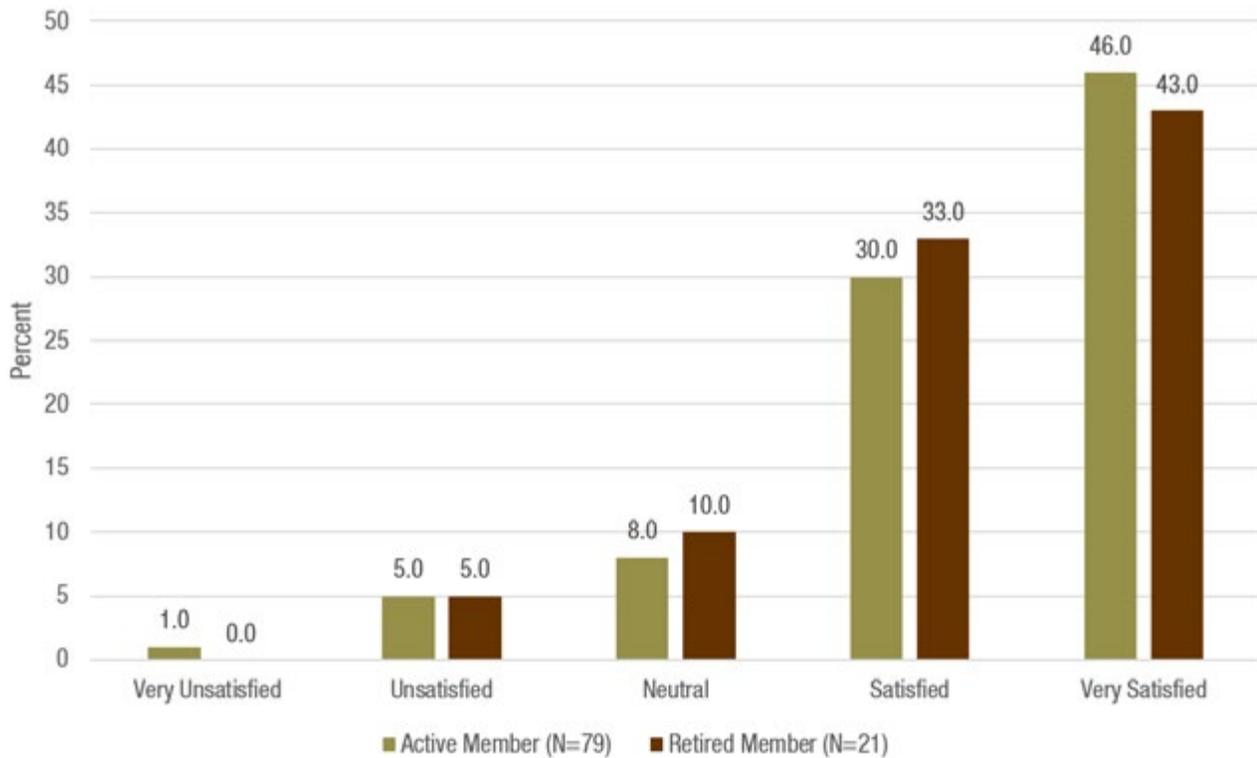
**FIGURE 16: OVERALL SATISFACTION WITH TRS INTERACTIONS**



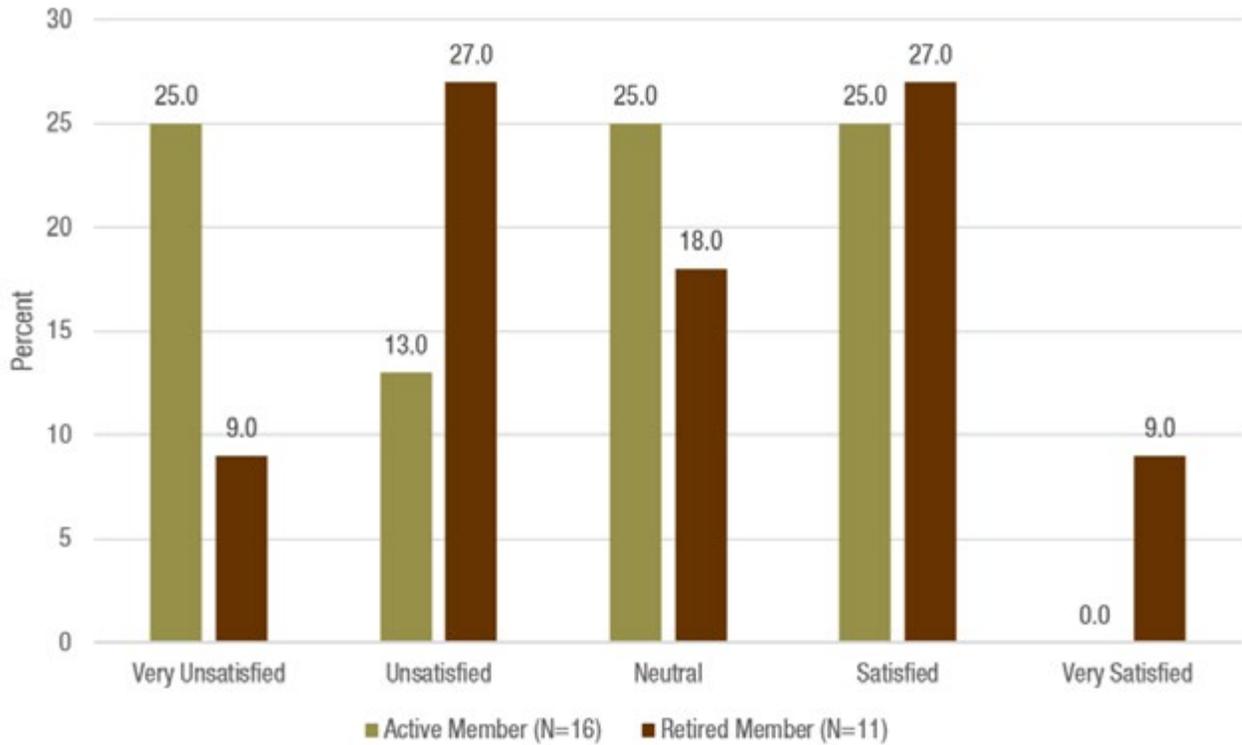
**FIGURE 17: SATISFACTION WITH USING TRS WEBSITE**



**FIGURE 18: SATISFACTION WITH VISITING TRS FACILITIES**



**FIGURE 19: SATISFACTION WITH COMPLAINT HANDLING PROCESS**



## REPORTING EMPLOYER SATISFACTION SURVEY

**FIGURE 20: SATISFACTION WITH THE OVERALL QUALITY OF TRS SERVICES**

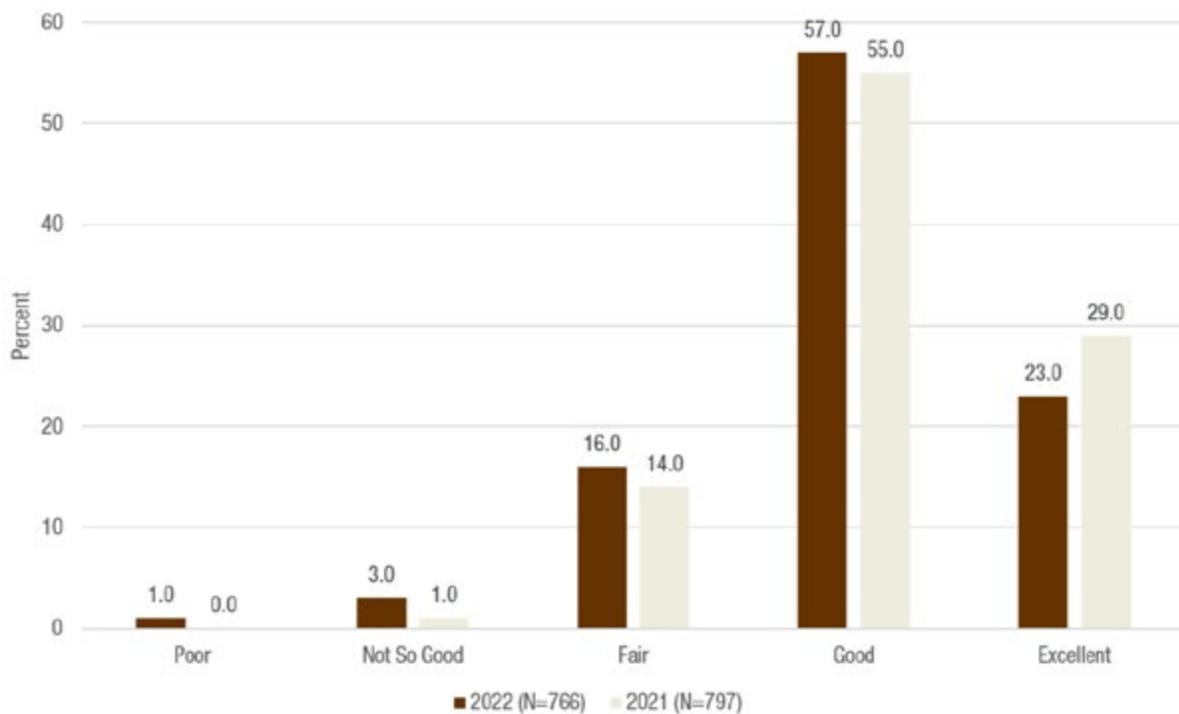


FIGURE 21: SATISFACTION WITH RE COACH FOR COURTESY, FRIENDLINESS, AND KNOWLEDGE

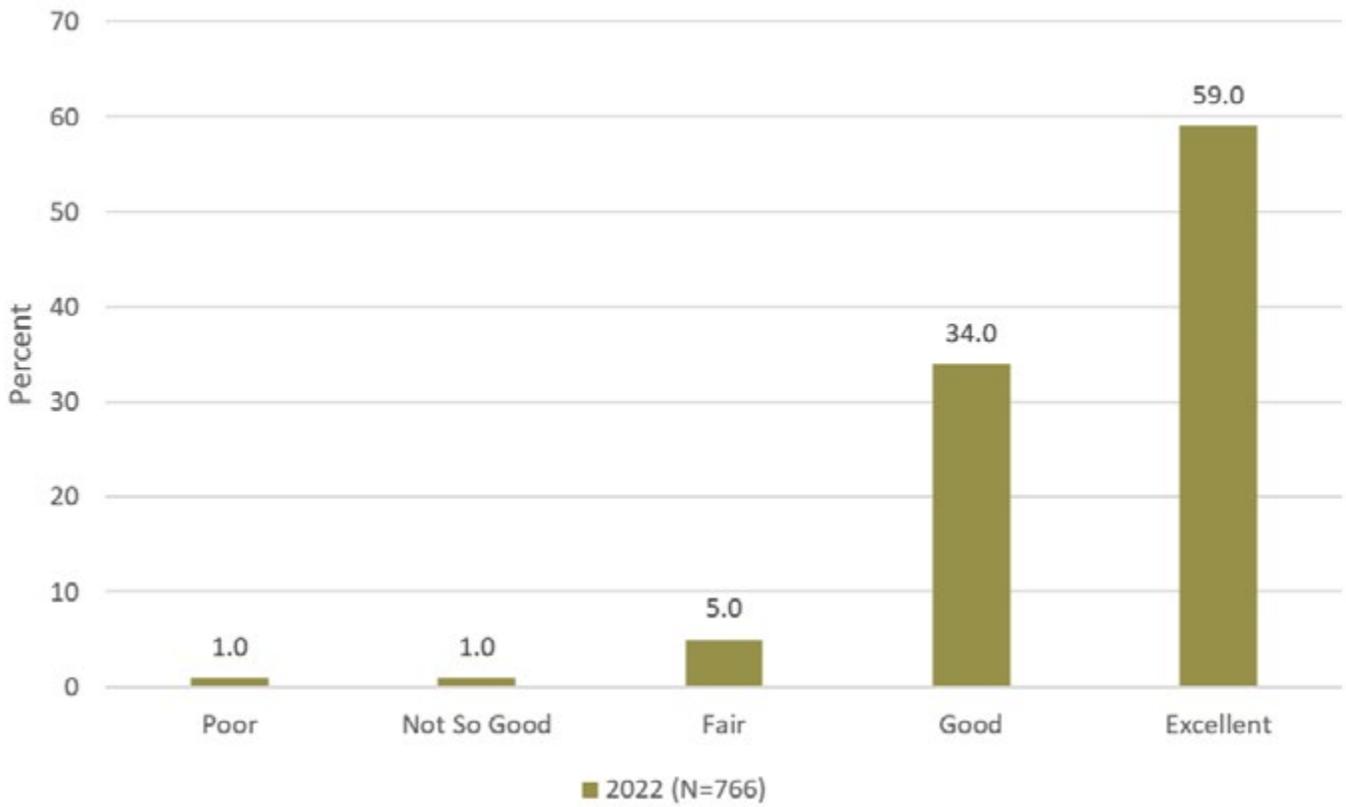
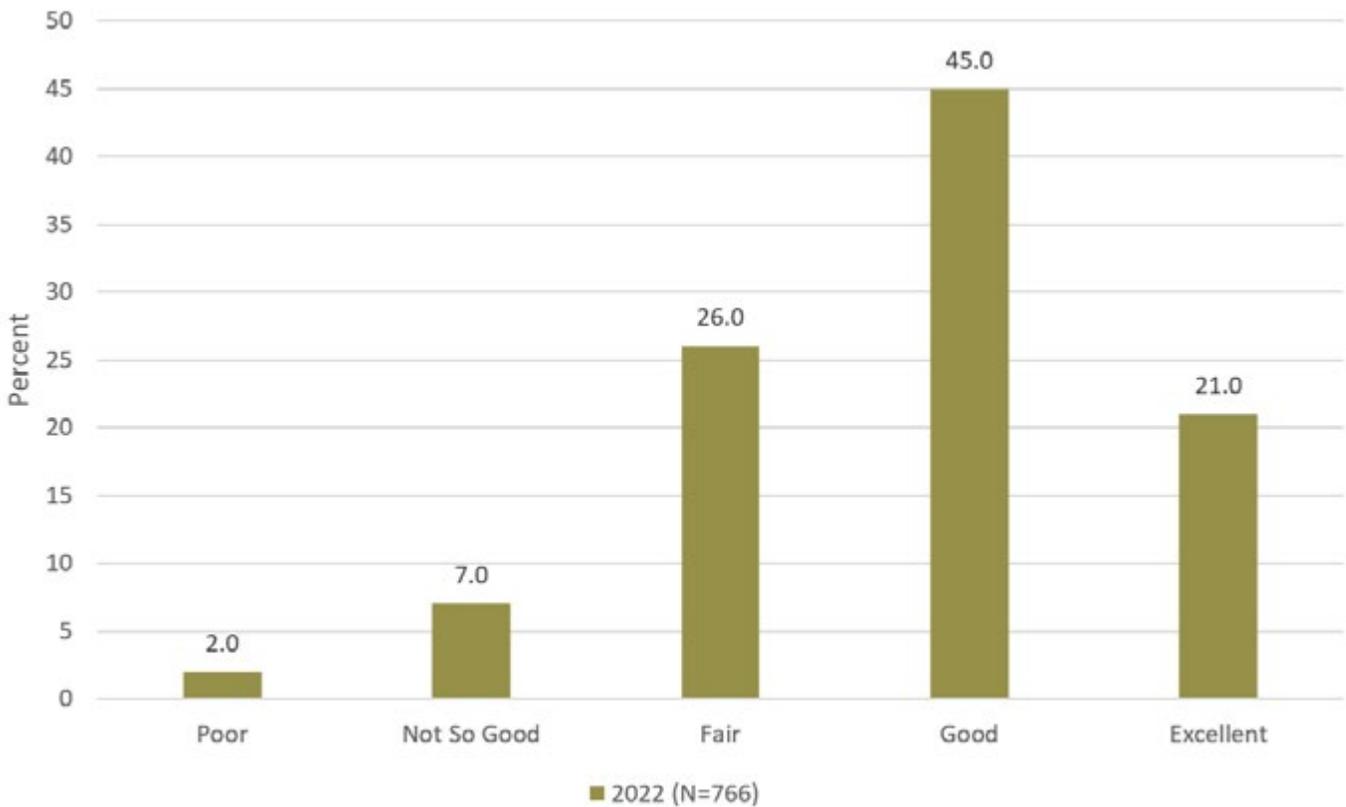
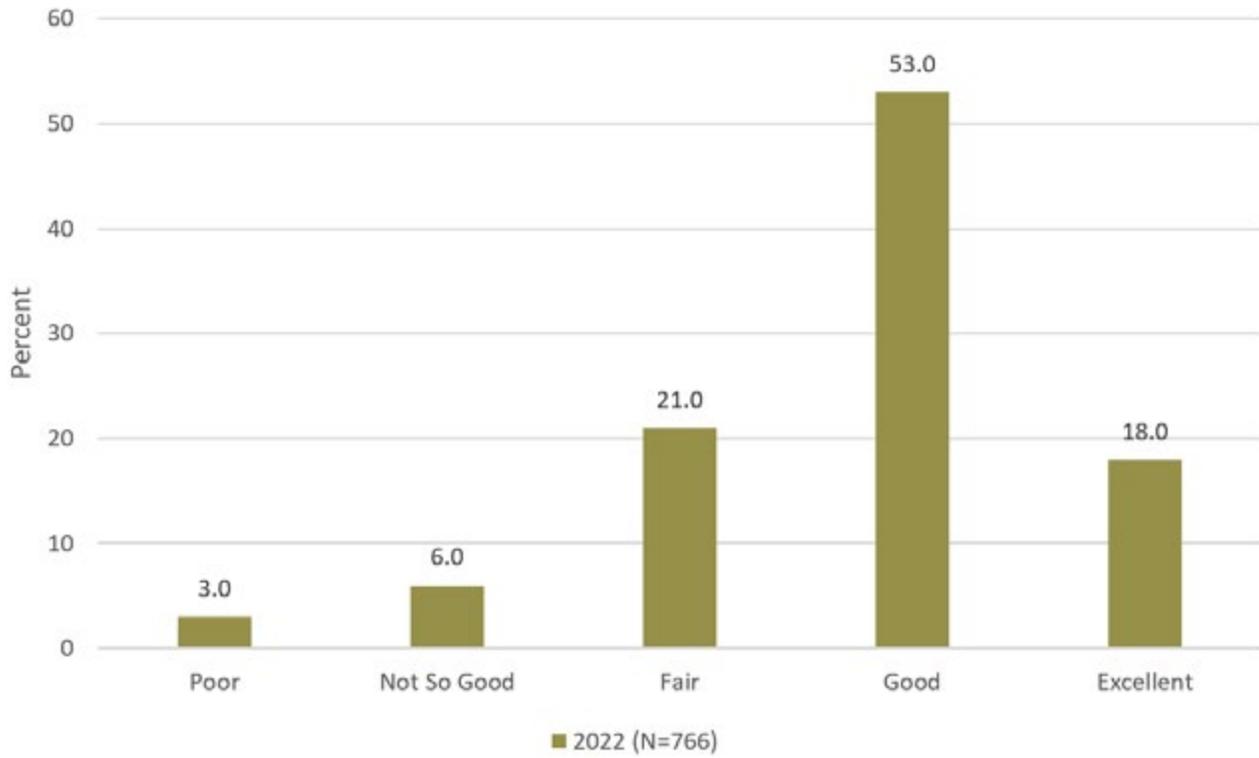


FIGURE 22: SATISFACTION WITH TRS COMMUNICATIONS



**FIGURE 23: SATISFACTION WITH REPORTING EMPLOYER PORTAL ON TRS WEBSITE**



# POINT-OF-SERVICE SURVEYS

## Telephone

N = 23,879

FIGURE 24: OVERALL SATISFACTION WITH TRS

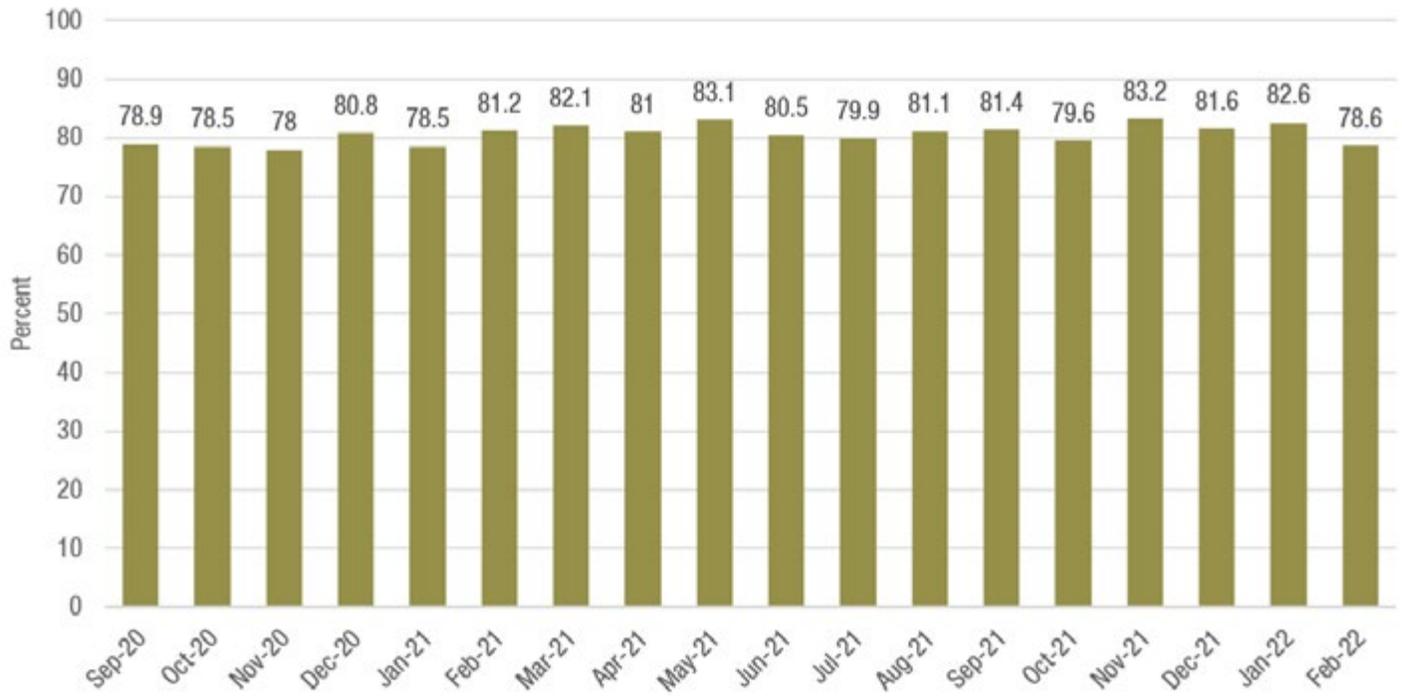


FIGURE 25: SATISFACTION WITH HOLD TIME

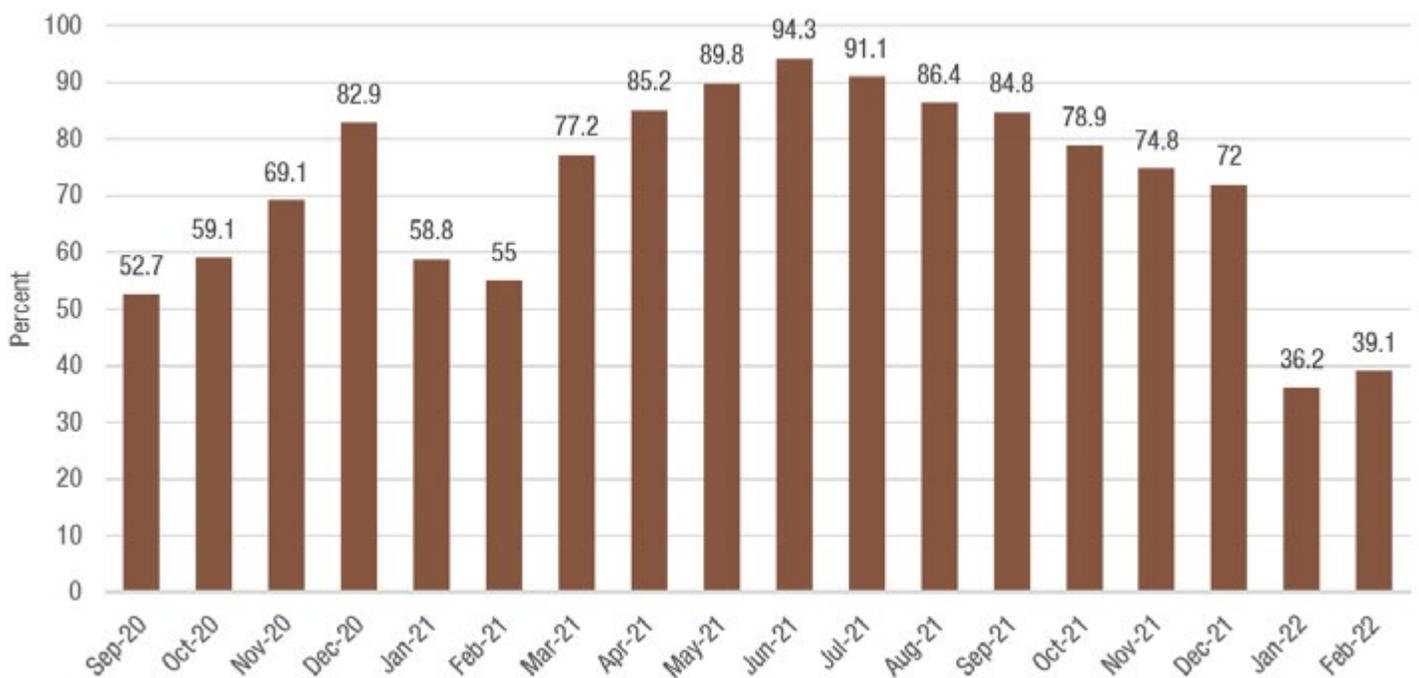
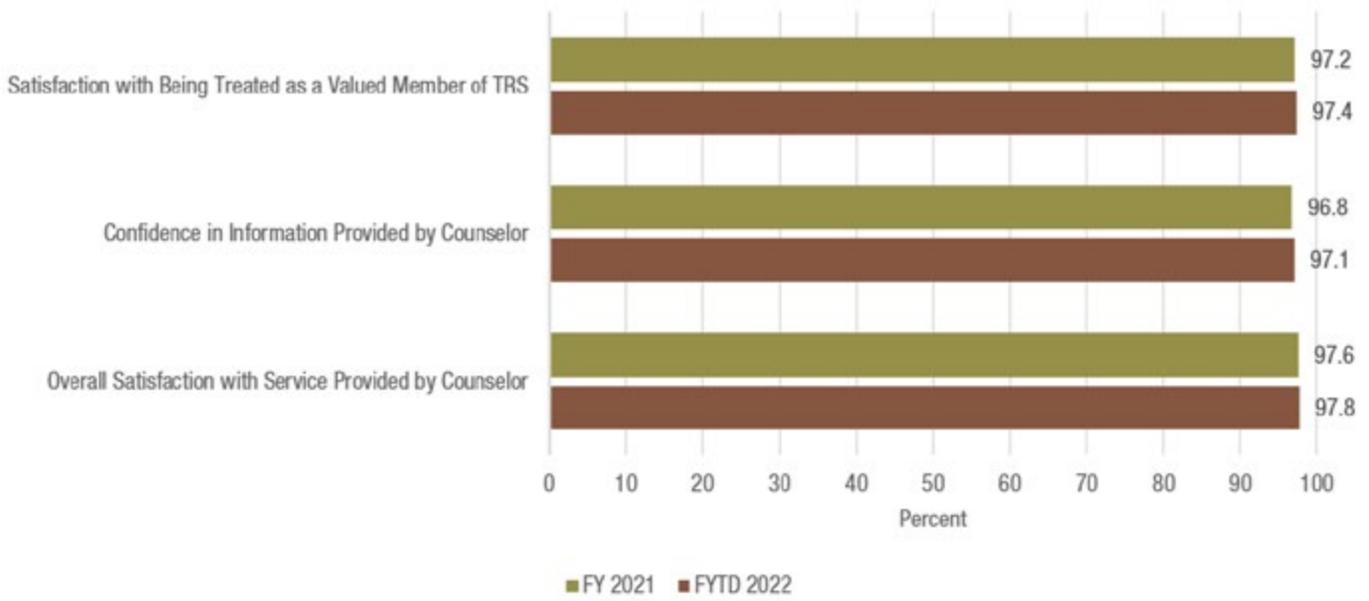


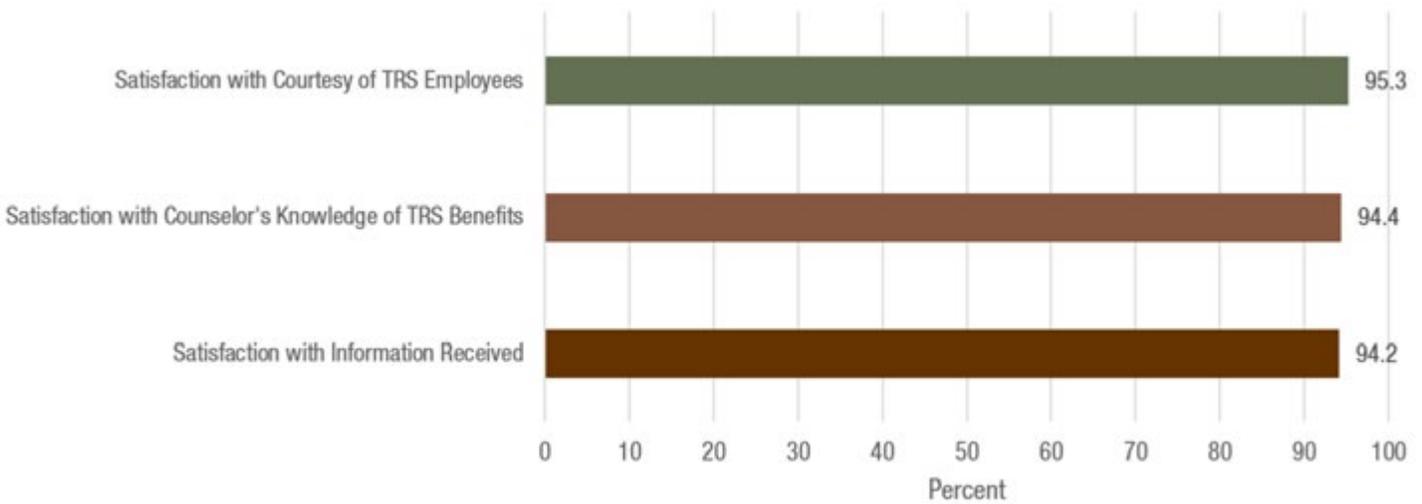
FIGURE 26: ADDITIONAL TELEPHONE SURVEY RESULTS (FY 21 & FY 22 TO DATE)



## HOW WAS YOUR VISIT?

FIGURE 27: HOW WAS YOUR VISIT? SURVEY RESULTS (FY 22 TO DATE)

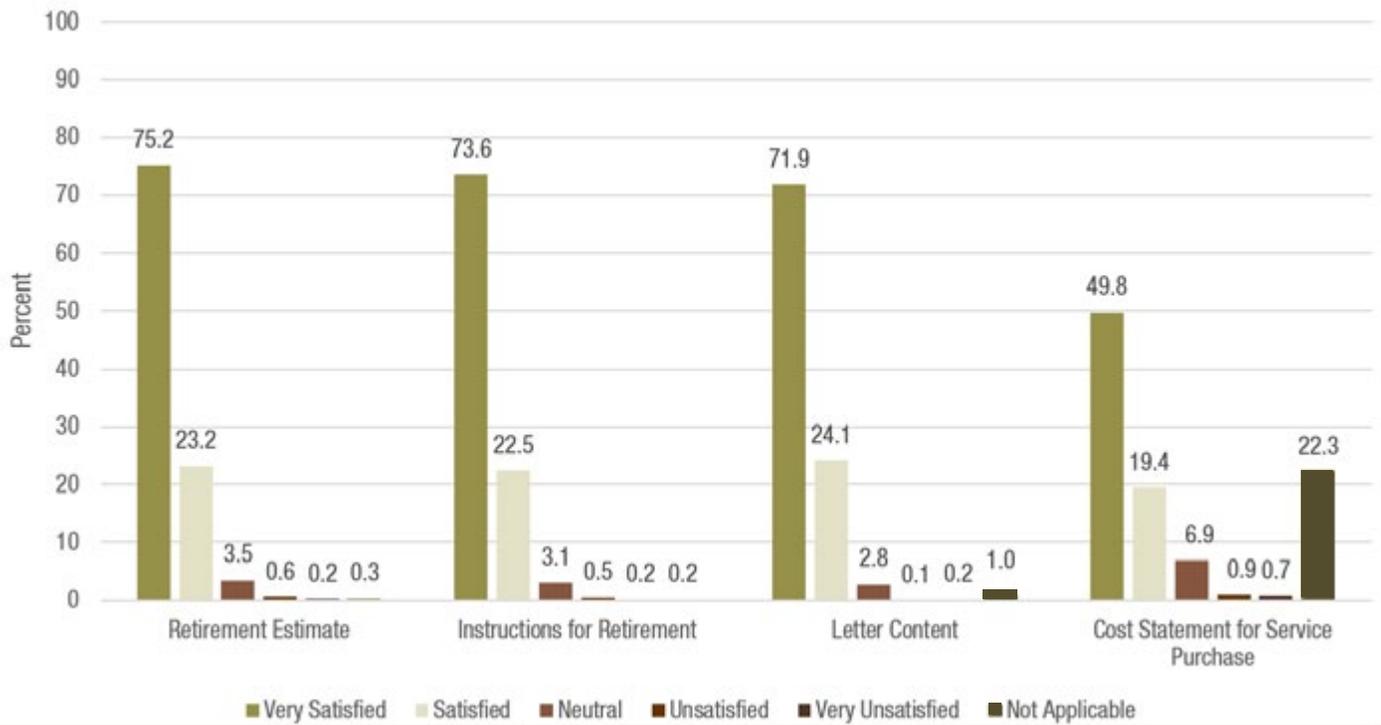
N = 1,276\*



*\*if a response was not provided for a question, survey was excluded from the results for that question*

**FIGURE 28: SATISFACTION WITH THE CONTENT OF RETIREMENT PACKET (FY 20 TO DATE)**

**N = 1,276\***



**FIGURE 29: SATISFACTION WITH CUSTOMER SERVICE EXPERIENCE (FY 20 TO DATE)**

**N = 3,001**

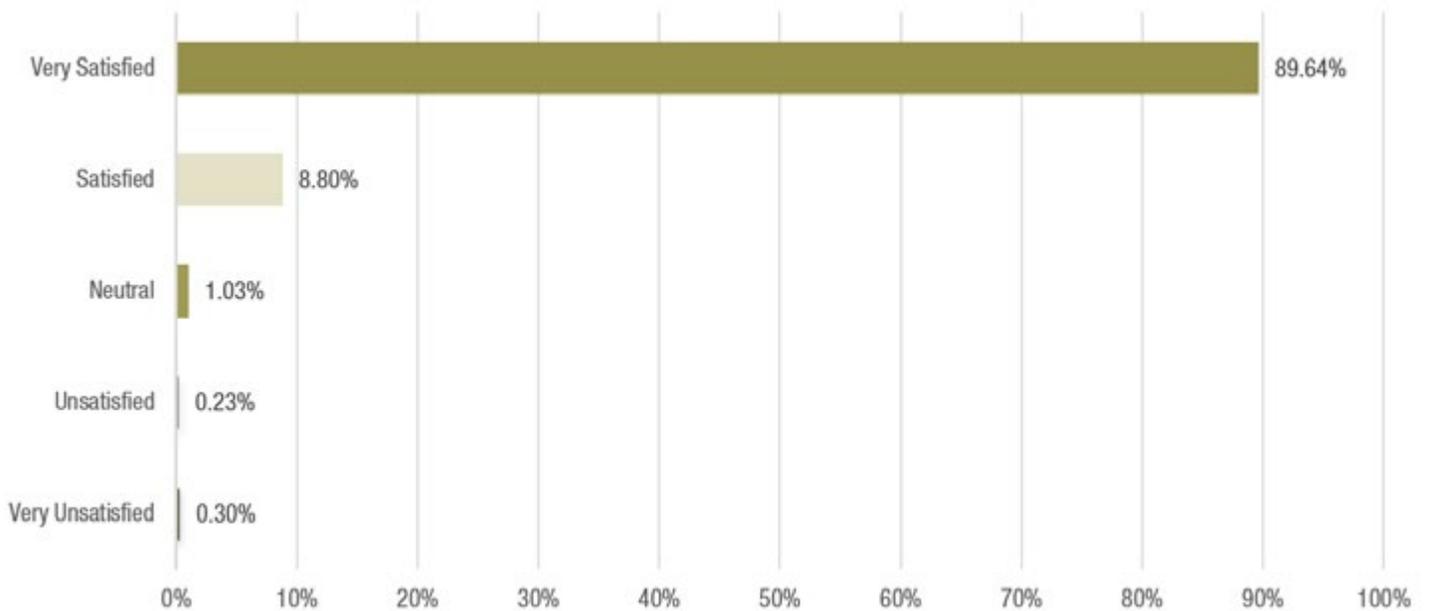


FIGURE 30: TRS FACILITY & ACCESS RATINGS (FY 20 TO DATE)

N = 1,028

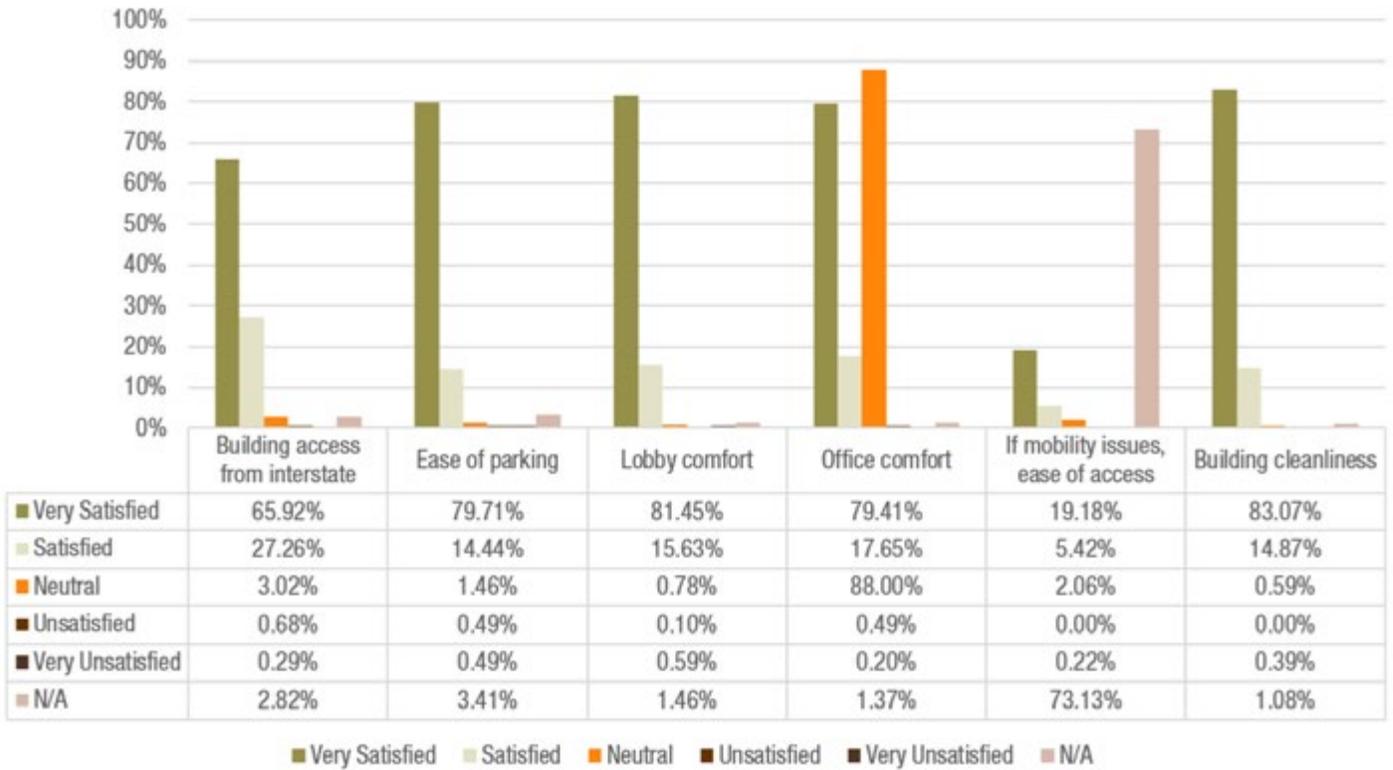


FIGURE 31: SERVICE RATING (FY 20 TO DATE)

N = 2,957



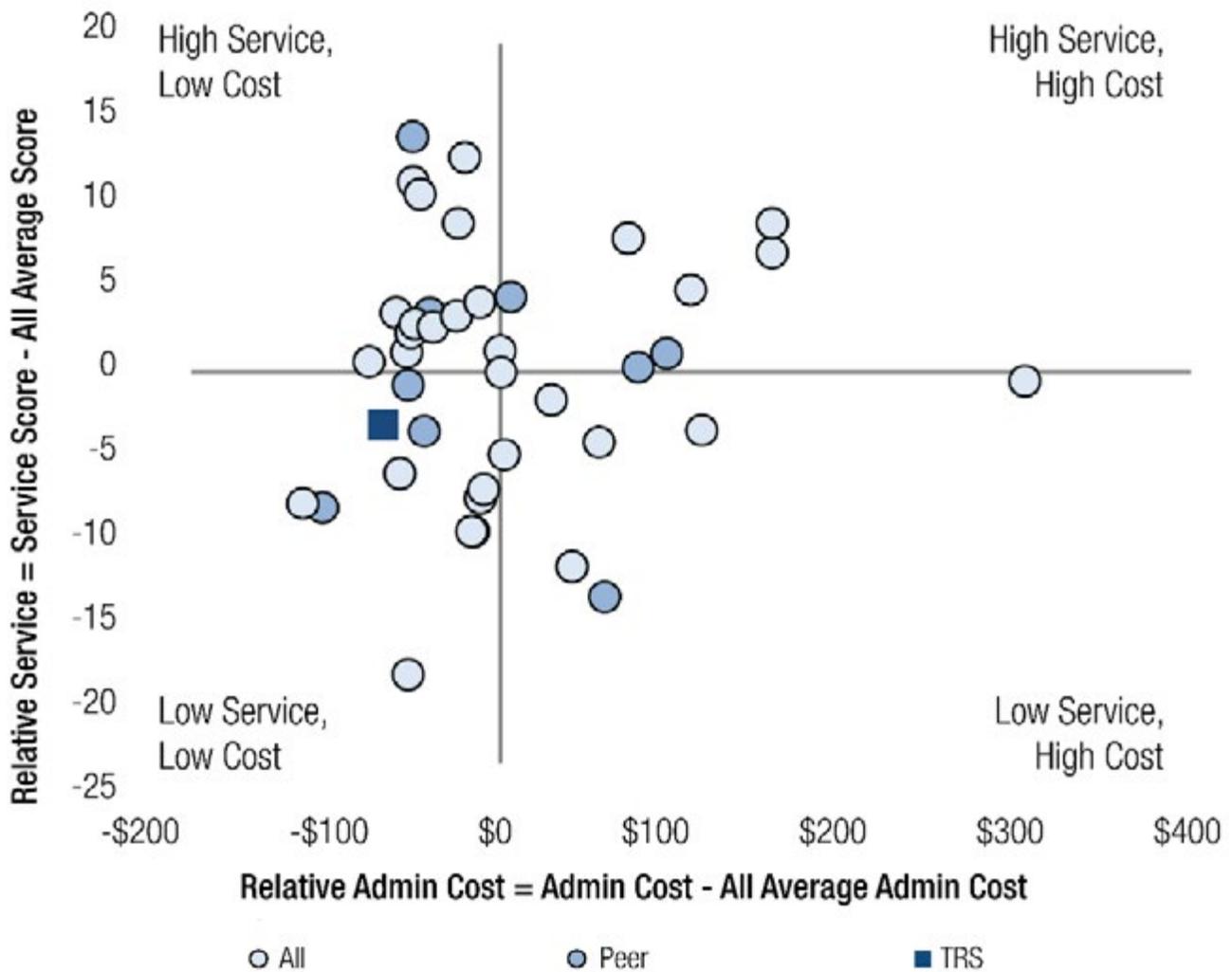
## CEM

In fiscal year 2021, TRS' cost per active member and annuitant was \$54. This was \$54 below the peer average of \$108. TRS' service score was 72 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 42.

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

**FIGURE 32: RELATIVE SERVICE VS. RELATIVE COST**

**N = 2,957**



CEM 2021 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.

In the 2021 MSS, 71.9% of retired members reported being satisfied or very satisfied with TRS-Care, and 44% of active members reported being satisfied or very satisfied with TRS-ActiveCare (see Figure 8). For retirees, these satisfaction levels are consistent with the satisfaction levels measured in 2019 and 2020. Active members saw a 12.5% increase in satisfaction levels from 2019 to 2020. Active members continue to be more likely to rate their satisfaction with their health care as neutral, compared to retired members.

## Communications

Both active and retired members agree that TRS sends communications relevant to member needs (see Figure 14), however, almost a fourth of both the active member (28%) and retired member (23%) populations selected "Neutral." This could mean that TRS is not fully engaging these respondents. Around 76% of retirees and 58% of active members agreed or strongly agreed that information provided by TRS is easy to understand (see Figure 15). This represented a 9% increase in agreement for retirees and a 19% increase in agreement for active members from 2019, which could be due in part to TRS' plain language initiative. Overall satisfaction with TRS interactions (including visiting the TRS website, visiting TRS facilities, meeting a counselor, calling a counselor, attending a benefit presentation, requesting email, requesting mail, and/or filing a complaint) was high for both active members and retirees (see Figure 16).

## 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 Figures 18 and 30). Members who have mobility issues report that ease of access while in the building also exceeds their expectations.

## Telephone Counseling

Among callers to the TCC, satisfaction with hold time (see Figure 25) closely corresponds with the average speed of answer. As the amount of time a member waits on hold to reach a counselor increases, the satisfaction with hold time decreases. For example, during the months of June through November 2021, hold time gradually spiked from 54 seconds to 3 minutes, and satisfaction dropped below 80%. In January 2022, average hold time increased to 41 minutes 24 seconds, and satisfaction decreased to 36.2%. 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 26).

## 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 27). 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.

## Overall

According to the 2021 MSS, 55.2% of active members and 78.6% of retirees reported being satisfied or very satisfied with TRS' services, an average of 66.9% (see Figure 7). While not an exact comparison, this is 13.5% lower than the average reported overall satisfaction in the Telephone survey in fiscal year 2021, 80.4% (see Figure 24). In FY 2022 to date, the average reported overall satisfaction in the Telephone survey is 81%, a slight increase despite a recent spike in hold times. Finally, 23% more retirees (78%) than active members (55%) rated their willingness to promote TRS as a great organization at a six or above, on a 10-point scale (see Figure 9).

# PERFORMANCE MEASURES

## Outcome Measures

- Percentage of Surveyed Respondents Expressing Overall Satisfaction with Services Received – 78.6% of retirees and 55.2% of active members (2021 Member Satisfaction Survey); 80.4% (FY 2021 Telephone); 81.0% (FY 2022 Telephone to date)

## Output Measures

- Total Customers Surveyed – 2021 Member Satisfaction Survey: 60,817; 2022 Reporting Employer Satisfaction Survey: 1,346; Point-of-Service Surveys: 879,317 (FY 2021 Telephone: 565,907; FY 2022 Telephone to date: 300,506; FY 2021 *How Was Your Visit?*: 6,156; FY 2022 *How Was Your Visit?* to date: 4,748)
- Response Rate – 2021 Member Satisfaction Survey: 15%; 2022 Reporting Employer Satisfaction Survey: 64%; FY 2021 Telephone: 3%; FY 2022 Telephone to date: 3%; FY 2021 *How Was Your Visit?*: 36%; FY 2022 *How Was Your Visit?* to date: 27%
- Total Customers Served – 1,877,919 current members and retirement recipients

## Efficiency Measures

- Cost Per Customer Surveyed – \$1.07 (2021 Member Satisfaction Survey); \$26.75 (2022 Reporting Employer Satisfaction Survey); \$0.03 (FY 2021 Telephone)

## Explanatory Measures

- Total Customers Identified – 1,419,786 current members; 458,133 retirement recipients; 1,346 employers.
- Total Customer Groups Inventories – Three (see above)

**TABLE 9: 2020-21 GOALS AND PERFORMANCE FOR TRS-SPECIFIC MEASURES**

Performance Measures	2022	2023	Estimated 2022
TRS Retirement Fund Annual Operating Expense Per Total Member in Dollars (Excluding Investment Expenses)	\$45	\$45	\$47.50
TRS Retirement Fund Investment Expense as Basis Points (bp) of Net Assets	14 bp	14 bp	13.63
Service Level Percentage of Calls Answered in Specified Time Interval	80%	80%	19.40%
Number of TRS Benefit Applications Processed	77,500	80,000	95,800
TRS Retirement Fund 5-year Average, Time-Weighted Rate of Return-on-Investment Performance	7.25%	7.25%	11.93% based on returns through 12/31/21
Investment Performance Relative to Board-Approved Benchmark	100%	100%	112.0%
Number of TRS Retirement Fund Member Accounts Serviced	14,892,276	15,901,215	14,187,722
Percent of TRS Retirees Whose First Annuity Is Paid When It Is First Due	98.0%	98.0%	80.0%
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 employers.

**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 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.  
(Target Date: 8/2025)

**STRATEGY 5:** Execute on the Customer Service Improvement Initiative.  
(Target Date: 8/2025)

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

**STRATEGY 1:** Improve and enhance the reporting employer portal.

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

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

**STRATEGY 1:** Serve as a trusted resource and engage with policymakers on health care funding.

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

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

**STRATEGY 2:** Reengineer TRS-ActiveCare to better meet employer needs.

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

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

**STRATEGY 1:** Improve engagement of plan participants with an initial focus on 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 an employer of choice to meet the needs of our current and future work-force.

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

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

**STRATEGY 4:** Expand learning and development opportunities.

**STRATEGY 5:** Develop and implement a comprehensive workforce strategy that includes expanded remote work, onsite facility needs, appropriate compensation and staffing levels, and the technological tools necessary to support appropriate workforce strategies.  
(Target Date: 12/2024)

**OBJECTIVE 2:** Advance and enhance IT systems and services.

- STRATEGY 1:** Develop, maintain, and enhance IT systems and infrastructure in support of TRS business needs.
- STRATEGY 2:** Expand and evolve from an office-centric design to a hybrid remote work environment that provides fluidity, flexibility, and security.
- STRATEGY 3:** Provide advanced data analytics tools and data management practices to gain business intelligence and improve decision-making.
- STRATEGY 4:** Implement modern information systems across all lines of business with priority on modernization of legacy systems and strategic digital transformation.
- STRATEGY 5:** Improve digital operating technology models to enhance continuous business process improvement and provide operational efficiencies.

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

- STRATEGY 1:** Optimize security architecture and operational capabilities to thwart advanced threats and mitigate vulnerabilities.
- STRATEGY 2:** Develop a comprehensive governance, risk and compliance program to include security and privacy management, risk/fraud forecasting and education.

**OBJECTIVE 4:** Execute on TRS facilities needs.

- STRATEGY 1:** Complete build-out and move-in activities for the new TRS headquarters buildings. (Target Date: 9/2024)
- STRATEGY 2:** Identify best value to the pension trust fund for the disposition of existing headquarters. (Target Date: 8/2024)
- STRATEGY 3:** Identify resource needs and develop project plans associated with opening additional regional offices.

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

- STRATEGY 1:** Embed/Integrate culture of ethics and compliance within the business process.
- STRATEGY 2:** Enhance visibility of, and accessibility to, Legal & Compliance throughout TRS.

**OBJECTIVE 6:** Improve and maintain effective procurement and contract management practices.

- STRATEGY 1:** Implement significant program recommendations related to the Purchasing & Contracts Enhancement Plan. (Target Date: 9/2025)
- STRATEGY 2:** Increase the number of utilized Historically Underutilized Businesses (HUBs).
- STRATEGY 3:** Mature third-party risk management processes. (Target Date: 9/2026)

**OBJECTIVE 7:** Improve strategic communications.

- STRATEGY 1:** Ensure that member-facing content is easily understandable and accessible to readers.
- STRATEGY 2:** Implement and monitor the Member and Employer 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 organizational processes.
- STRATEGY 2:** Identify opportunities for improved productivity, process efficiencies, and performance monitoring.
- STRATEGY 3:** Implement Investment Data Modernization Program to improve trust asset monitoring and fiduciary oversight. (Target Date: 9/2027)

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

- STRATEGY 1:** Establish a cross-functional data governance body to develop methods, responsibilities, and processes to standardize, integrate, protect, and store organizational data. (Target Date: 1/2023)
- STRATEGY 2:** Analyze the current state of data governance and operationalize the review and assessment of proposed projects in accordance with the data management framework. (Target Date: 12/2024)