



TEACHER RETIREMENT
SYSTEM OF TEXAS

STRATEGIC PLAN

FISCAL
YEARS
**2025 TO
2029**



Strategic Plan

FISCAL YEARS 2025–29

TEACHER RETIREMENT SYSTEM OF TEXAS

Board Member	Hometown	Term Expires*
Jarvis V. Hollingsworth Chair	Missouri City	Aug. 31, 2023
Nanette Sissney Vice Chair	Whitesboro	Aug. 31, 2023
Brittney Allred	Dallas	Aug. 31, 2027
Michael Ball	Argyle	Aug. 31, 2025
David Corpus	Humble	Aug. 31, 2025
John Elliott	Austin	Aug. 31, 2027
James Dick Nance	Hallettsville	Aug. 31, 2023
Robert H. Walls, Jr.	San Antonio	Aug. 31, 2025
Elvis Williams	Fair Oaks Ranch	Aug. 31, 2027

*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, Budget and Policy Division
and the **Legislative Budget Board** on **June 1, 2024**

Signed:



Brian Guthrie
Executive Director

Approved:



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

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

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 an actuarially sound pension system.

Action Items to Achieve Our Goal

- Maintain an effective investment governance structure.
- Enhance current competitive advantages and total returns.
- Manage cost structures to increase net alpha generated.
- Serve as a trusted resource and engage with policymakers on pension funding and plan design.

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 engagement with members/participants and reporting employers regarding TRS benefits.
- Expand our services to meet members where they are.
- Improve the reporting employer experience.

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 more online, self-service functionality for participants, providing for the collection and maintenance of accurate and reliable data, expanding the number of automated processes, and incorporating modern technologies. 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. In early 2020, TRS brought the remaining TEAM Program development in-house and took over implementation of the new system. TRS has successfully delivered four major releases of functionality since bringing the project in-house. This includes a new *MyTRS* portal for TRS members and participants. The final phase of the program will see the monthly TRS annuity payroll implemented in the new application.

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 both from members and reporting employers. Additionally, TRS annually participates in the CEM Pension Administration Benchmarking Study that measures TRS' success and efficiency in delivering benefits against peers.

Statewide Objective 4: Customer Service

TRS continues to produce informational videos to enhance member education, including a new Retirement Readiness: Mid-Career video. 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. During fiscal year 2023, TRS started conducting additional benefit presentations tailored to members in various stages of their career. 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 self-service functionality such as filing for a refund or retirement, beneficiary changes, direct deposit changes, and more.

Benefit Services has hired all positions that were approved for the division to improve the amount of time members had to wait to receive requested information, either through a phone call or correspondence. 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 has continued to offer remote work from home positions for Telephone Counseling through fiscal year 2023.

Benefit Counselors who see members in person currently must do so in the Austin or El Paso office. TRS has seen a shift in member preferences for appointment type. During pre-pandemic times, members preferred in-person appointments, however post-pandemic shows that members prefer virtual office visit appointments over in-person. Given the preference shift, TRS has been able to provide two remote work from home days for office visit counselors in the Austin office, making this a hybrid position which was not possible pre-pandemic. Hiring and retaining office visit counselors is still challenging since there are in-office requirements and there are many fully remote work from home positions available in the job market. This has impacted the Benefit Counselor applicant pool compared to previous years.

In November 2022 TRS opened its first regional office in El Paso. The office has a capacity to serve over 6,000 members annually, decreasing members' wait time for appointments. As a result of our office opening, active and retired members in Regions 18 and 19 now have access to TRS closer to where they live. We have also initiated our employer outreach to continue building relationships with school districts to communicate and better tailor our available services to meet the needs of our members.

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 for members at regional education service centers, other locations around the state of Texas and virtually. In addition, TRS staff communicates regularly with members through newsletters, email, social media, and engagement events. 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 and plan design.
- 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.
- Ensure access to competitive retiree health benefits, including dental and vision plans.
- Engage and educate plan participants to help them achieve better health outcomes.

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 TRS is 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. Due to new legislation, TRS will offer optional vision and dental benefits for TRS retirees who are eligible for TRS-Care beginning Jan. 1, 2025. TRS is competitively procuring contracts for these plans and will have a robust outreach effort in the fall of 2024 to coincide with the enrollment period.

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 their needs. 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 and customizes communications and presentations for participants who are working, planning to retire and retired. In addition, TRS publishes *The Pulse*, a monthly email newsletter dedicated to health care that goes to more than 250,000 recipients with an open rate of 47%. 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, institutions of higher education and the public so that informed health care

decisions can be made. TRS provides employers with data to allow them to compare the cost of TRS plans to other plans available to employers. TRS expanded the type and amount of claims data provided to districts by offering it twice a year at no cost. This gives them actionable data they can use to improve costs and education about health care for their employees.

As part of its commitment toward open and transparent communication, TRS continues to webcast all board and committee meetings and post health care-related materials on our website. In addition, TRS staff communicates regularly with members and member associations through newsletters, email, social media, and town halls. Detailed and easy-to-understand health care information can also be found in the *TRS Benefits Handbook* as well as the *TRS Health Benefits Report*.

Other Considerations

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

Goal 4: Align people, processes and technology to achieve excellence in service delivery.

Action Items to Achieve Our Goal

- 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.
- Maintain workforce planning strategies which provide continuous improvement for remote work, succession planning and knowledge transfer initiatives.
- Develop, maintain and enhance IT systems and infrastructure in support of TRS business needs.
- Optimize the hybrid work environment to provide greater scalability, 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.
- Expand the governance, risk, and compliance (GRC) 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: 6/2025)
- 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.
- Increase the number of utilized Historically Underutilized Businesses (HUBs).
- Mature third-party risk management processes. (Target Date: 9/2026)
- Improve strategic communications with a customer-centric focus.
- Implement and monitor the Member and Employer Outreach Plan to better help members and employers fully know and utilize benefits, engage with TRS, plan for retirement, and remain informed postretirement.
- 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)

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 maintains a board-approved Member and Employer Outreach Plan with specific and measurable activities outlined each fiscal year to ensure TRS is communicating effectively with members. TRS also regularly seeks feedback via formal and informal surveys to ensure member-facing content is understandable, findable, accessible and fully meets members' needs.

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 also regularly assesses the user experience in quickly finding TRS information online via ongoing user experience research and evaluating data such as web analytics for continuous improvement.

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 also works to ensure members are made aware of improvements and new resources through the activities outlined in the Member and Employer Outreach Plan.

TRS maintains multidisciplined 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 and other related 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 opened its first Regional Counseling office in El Paso in the fall of 2022.

Meeting members where they are is a key component of the Member and Employer Outreach Plan. In 2023, TRS launched a multi-year initiative to update and redesign its primary website www.trs.texas.gov. As part of this process, TRS has conducted user experience research to include talking directly with members to ensure the new site is designed in a user-centric fashion. The new site is expected to launch by early 2025.

Security enhancements such as multi-factor 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. TRS highlights board activities through its communication channels, including newsletters, emails and social media. In addition, TRS publishes a high-level overview and general summary of each board meeting. Detailed and easy-to-understand financial information can be found in the ACFR. TRS also communicates regularly with its membership and employer base on all TRS topics through newsletters, e-mail 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

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	None this reporting period.
Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	
Provide Agency Recommendation for Modification or Elimination	
Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change	

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)

Not applicable to TRS.



PART 2. SUPPLEMENTAL SCHEDULES

Schedule A: Budget Structure

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

GAA Goal:

To administer the System as an Employee Benefit Trust.

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

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

Strategies:

1. Make retirement contributions to the TRS pension fund for public education employees. Maintain an actuarially sound retirement system (retirement fund) with a funding period less than 31 years. Estimated.
2. Make retirement contributions to the TRS pension fund for higher education employees. Maintain an actuarially sound retirement system (retirement fund) with a funding period less than 31 years. Estimated.
3. Provide services to members, manage investments, and administer TRS retirement fund.

Outcome Measures:

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

- TRS retirement fund 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 funded by statute.

Strategies:

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

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 (“LAR”) and the General Appropriations Act (“GAA”). 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.

Definition:

This measure reflects the number of future years required to pay off or eliminate the retirement fund unfunded actuarial accrued liability (UAAL) based on the actuarial assumptions and assuming no future actuarial gains or losses.

Purpose/Importance:

This measure is important because it determines when the UAAL can reasonably be expected to be funded or amortized over a determinable number of years. This funding or amortization can only be accomplished when there is excess of total contributions over the normal cost of expected benefits.

Source/Collection of Data:

The source is the actuarial valuation report issued by the consulting actuary after the end of the fiscal year. Data is collected from the retirement fund membership data records and the financial data at fiscal year-end.

Method of Calculation:

Required data is forwarded to the consulting actuary who conducts an actuarial valuation by performing an analysis of the data and subjecting it to TRS board-approved actuarial assumptions.

Data Limitations:

The actuarial valuation is completed at the end of every fiscal year. Membership data is collected at fiscal year-end only. Financial data is calculated and audited at fiscal year-end only.

Calculation Type:

Noncumulative

New Measure:

No

Target Attainment:

Lower than target

Outcome Measure:

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

Definition:

This measure shows investment returns calculated on a time-weighted basis for all retirement fund investments and reflects income and realized/unrealized price changes.

Purpose/Importance:

The investment rate of return is an important factor in determining the ability of the retirement fund to meet its funding obligations.

Source/Collection of Data:

Investment financial data is from the retirement fund fiscal year-end accounting records.

Method of Calculation:

Reported investment returns are calculated by the investment custodian based on data provided from the fiscal year-end retirement fund accounting records.

Data Limitations:

The data is dependent on investment market fluctuations, specifically at fiscal year-end.

Calculation Type:

Noncumulative

New Measure:

No

Target Attainment:

Higher than target

Outcome Measure:

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

Definition:

This measure shows investment returns calculated on a 20-year time weighted basis for all retirement fund investments and reflects income and realized/unrealized price changes.

Purpose/Importance:	The investment rate of return is an important factor in determining the ability of the retirement fund to meet its funding obligations.
Source/Collection of Data:	Investment financial data is from the retirement fund fiscal year-end accounting records.
Method of Calculation:	Reported investment returns are calculated by the investment custodian based on data provided from the fiscal year-end retirement fund accounting records.
Data Limitations:	The data is dependent on investment market fluctuations, specifically at fiscal year-end.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:

Investment performance relative to board-approved benchmark.

Definition:	This measure would report actual investment performance, net of fees, compared to the annual board adopted performance benchmark.
Purpose/Importance:	This measure reflects the valued added by the Investment Management Division's investment strategy.
Source/Collection of Data:	Investment financial data collected from the retirement fund custodian for the period ended June 30.
Method of Calculation:	The total investment return of the Pension Trust Fund (as expressed by a percentage) divided by the Total Fund Index benchmark (as expressed by a percentage) and adopted by the TRS Board of Trustees and reported in the ACFR.
Data Limitations:	The data is dependent on the timing of valuations and index availability.

Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:

TRS retirement fund annual operating expense per member.

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

Outcome Measure:

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

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

Outcome Measure:

Service level percentage of calls answered in specified time interval.

Definition:	This measure provides the percentage of telephone calls answered within the service level interval as defined in the NICE inContact Call Center software. The current service level interval is set at three minutes. Therefore, TRS Benefit Counselors attempt to answer 80% of telephone calls
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	received on the toll-free telephone line within three minutes of being released from the automated telephone system.
Purpose/Importance:	This measure provides an industry standard manner of measuring the performance of the TRS Telephone Counseling Center while taking into account the unpredictability of call volume fluctuations and day-to-day staffing levels.
Source/Collection of Data:	The source of data is the NICE inContact Call Center software, a real-time Contact Center Management System utilizing skills-based routing. The data is collected by this application from NICE inContact ACD (Automatic Call Distribution) capabilities.
Method of Calculation:	The measure is displayed using the reporting capabilities of the NICE inContact Call Center software. The system has multiple reporting capabilities, including the Benefit Counseling (BC) Service Level Summary reports. Reports are generated daily, monthly, quarterly, and year-to-date throughout the fiscal year to capture service level percentages for calls received by the Telephone Counseling Center. On this report, the service level percentage is shown for all calls answered by the Telephone Counseling Center. The service level percentage is calculated by dividing the number of calls successfully answered within the service level interval by the total number of calls answered plus total abandoned calls.
Data Limitations:	NICE inContact Call Center software eliminates data limitations on telephone calls received.
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Output Measure:

Number of TRS benefit applications processed.

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

Output Measure:

Number of TRS retirement fund member accounts serviced.

Definition:	This measure shows the number of member retirement deposits applied to individual member accounts each fiscal year.
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Purpose/Importance:	This measure provides a year-to-year comparison of the growth in transaction activity.
Source/Collection of Data:	The source is the member records accounting system report. The transaction numbers are accumulated from the application of salary and contribution as submitted by the reporting entity on a monthly basis.
Method of Calculation:	Each posting to a member's account is considered a transaction in the month the contribution is applied to a member's account regardless of the received date.
Data Limitations:	Over 1300 reporting entities must report each member's monthly payroll salary and retirement contribution. A member can have more than one posting per month if employed by multiple reporting entities.
Calculation Type:	Cumulative
New Measure:	No
Target Attainment:	Not applicable

Output Measure:

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

Definition:	Annuitants paid timely means that an annuitant is considered to be paid when first due if the payment was issued: on the last working day of the month following the retirement date; on or before the last working day of the month following the final report month; within 31 days of when a service credit purchase cost statement was paid; or within 31 days of when the final required retirement document was received.
Purpose/Importance:	This measure determines if TRS is delivering benefits in a timely manner based on all properly completed and required documentation and data elements for retirement.
Source/Collection of Data:	Information is taken from TRS systems referenced in procedures to generate reports that list, respectively,

Method of Calculation:

payments that met or did not meet the criteria in the definition.

Review source data to determine whether payments were issued in a timely manner based on the criteria in the definition. To determine the percentage of payments issued in a timely manner, the denominator is the total number of payments issued during the month of interest. The numerator is the total number of payments issued minus the payments that are considered not issued in a timely manner.

Data Limitations:

Only files added to payroll during the month of interest that result in a payment being issued are considered to determine if paid in a timely manner.

Calculation Type:

Noncumulative

New Measure:

No

Target Attainment:

Higher than target

Outcome Measure:

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

Definition:

Percentage of TRS-Care non-Medicare enrollees with identified chronic health conditions who are actively participating in the Disease Management Program.

Purpose/Importance:

Non-Medicare enrollees with chronic health conditions increase plan costs significantly when those conditions are not medically managed.

Source/Collection of Data:

At the end of each fiscal year, the Disease Management Program vendor identifies non-Medicare enrollees with chronic health conditions to derive a denominator. The numerator for the calculation is the number of enrollees with chronic health conditions who are meeting the vendor's criteria for active participation in disease management programs.

Method of Calculation:	The number of Disease Management Program enrollees divided by the number of eligible Disease Management Program enrollees equals the participation rate.
Data Limitations:	None
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Outcome Measure:

Generic substitution rate for TRS-Care prescription drug benefits.

Definition:	Percentage of prescriptions filled with a generic equivalent to the brand name drug.
Purpose/Importance:	Generic prescription drugs are significantly less expensive than their brand name counterparts, so increased utilization of available generic equivalents lowers plan costs.
Source/Collection of Data:	At the end of each fiscal year, the Pharmacy Benefit Manager for TRS-Care will provide the claims data that indicates the number of prescriptions filled with a generic equivalent and the total number of prescriptions filled for which a generic equivalent is approved by the U.S. Food and Drug Administration.
Method of Calculation:	The number of prescriptions filled with a generic equivalent is divided by the total number of prescriptions filled for which a generic equivalent is approved by the U.S. Food and Drug Administration.
Data Limitations:	None
Calculation Type:	Noncumulative
New Measure:	No
Target Attainment:	Higher than target

Schedule C: Historically Underutilized Business Plan

Mission Statement

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

Policy

Per Texas Government Code 825.514, TRS has adopted Texas Government Code 2161 and Title 34, Texas Administrative Code, Subchapter 20 (34 TAC 20.281-298). Additional guidance is provided in TRS' 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 charts below reflect:

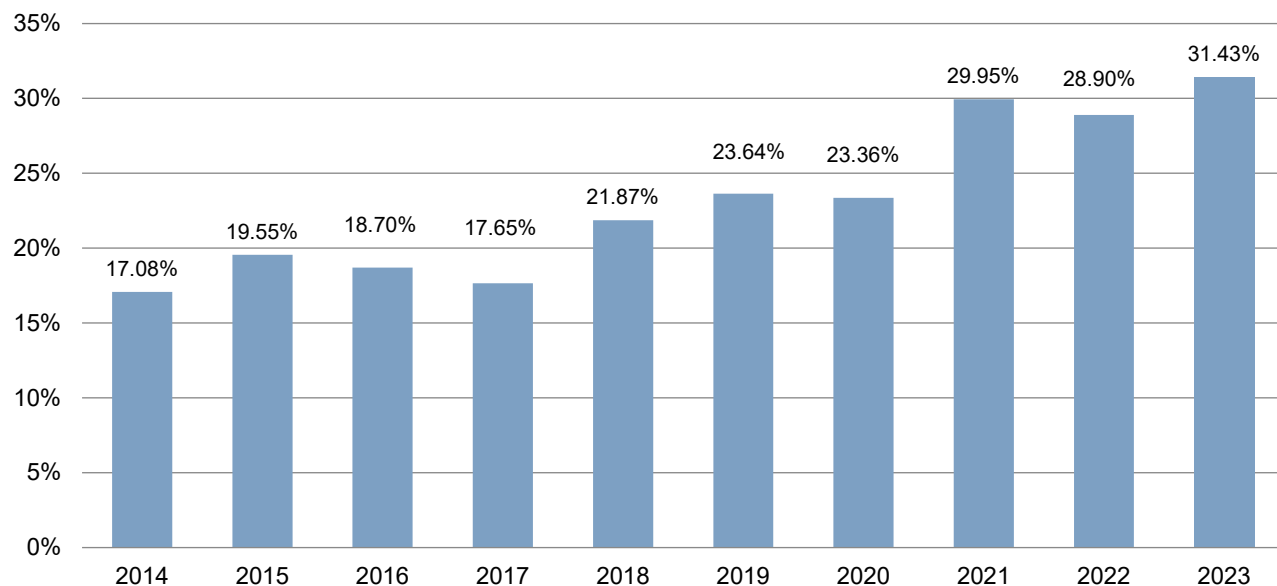
- 2014–23 HUB utilization
- A comparison between state and TRS expenditures

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

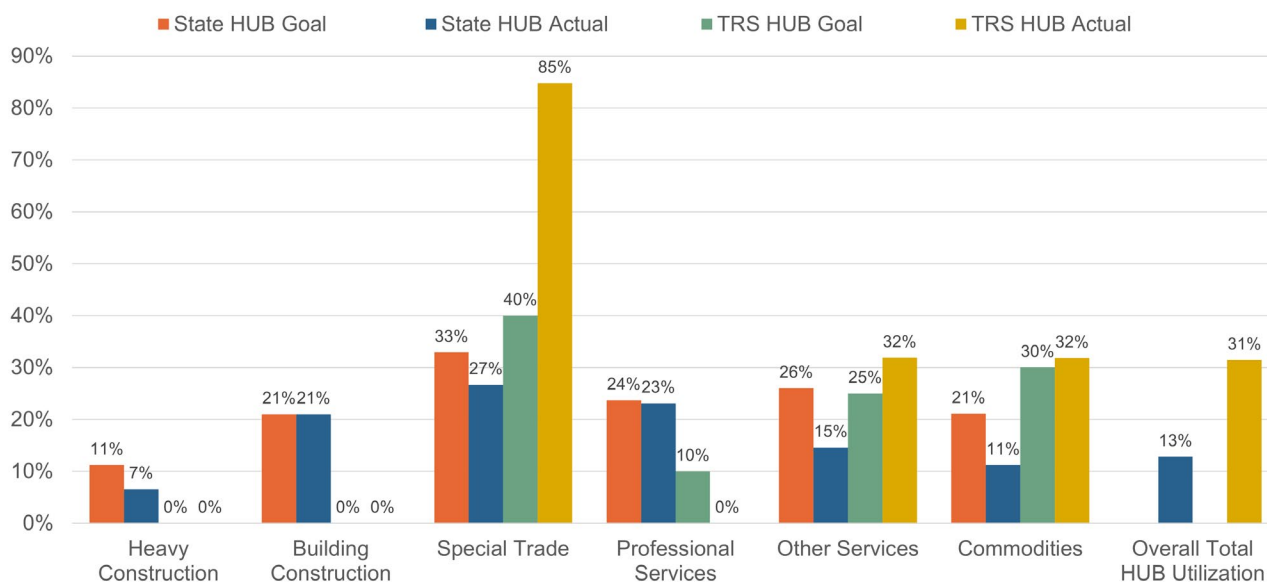
TRS expends funds in four of the state's purchasing categories:

- 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 2023 Comparison with State of Texas by HUB Category



TRS HUB Goals, Objectives and Strategies

Goal: Increase the number of utilized Historically Underutilized Businesses.

Note: The HUB goal maps back to Goal 4, Objective 6, Strategy 1 of TRS' 2025-29 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 Outreach, Culture & Engagement (OCE) 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 an OCE outreach and partnership program calendar of activities that features regular engagement with the 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

Not applicable to TRS.

Schedule E: Health and Human Services Strategic Plan

No longer required.

Schedule F: Agency Workforce Plan

System Overview

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

- Expanded TRS pension plan membership eligibility to all public school employees (1949).
- Assigned TRS to administer a health benefit program for public school retirees (1985).
- Assigned TRS to administer a health benefit program for active public school employees (2001).

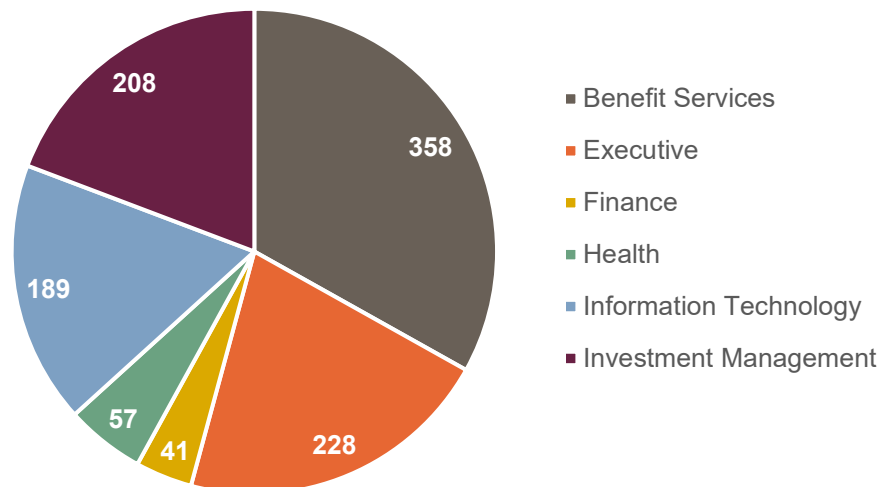
The TRS pension plan had about 38,000 members in its first year of operation. Today, TRS is the largest public retirement system in Texas, in both membership and assets. For the fiscal year ending Aug. 31, 2023, TRS served 2,001,974 participants – 1,512,053 public and higher education members and 489,921 retirement recipients. As of Aug. 31, 2023, system net assets totaled approximately \$187.2 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 preestablished 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 currently operates out of its headquarters at 1000 Red River Street in Austin and has partially moved to the TRS Alpha building at 1900 Aldrich Street in Austin. In 2015, TRS opened a small overseas office for investment staff in London. In November 2022, TRS opened its first regional office in El Paso. This office was part of an initiative to serve members where they are. El Paso is more than a seven-hour drive for members to get to TRS headquarters if they want to visit with a benefit counselor. The El Paso office has had positive reception by the members in that area. The office employs eight staff members and is located in the Region 19 Education Service Center. It was designed to mirror the member experience provided at the headquarters office in Austin. In the first year of operation, the El Paso office conducted 3,320 in person visits and conducted 2,000 live video appointments. Members in that area of Texas are becoming aware of the El Paso office and continue to make appointments to receive information about their benefits.

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, Executive, Finance, Health, Information Technology, and Investment Management. The following chart details the number of filled positions for each division as of fiscal year 2023.

Figure 3. TRS Divisions and Positions



Mission, Strategic Goals and Objectives

The mission of TRS is: Improving the retirement security of our members by prudently investing and managing the trust assets and delivering benefits that make a positive difference in their lives.

TRS has four goals as part of the Strategic Plan for FY 2025-29. Certain strategies related to TRS' workforce plan have been identified in Goal 4, Objective 1.

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

Strategy 1: Promote a strong workplace culture that is inclusive and fosters creativity and innovation.

Strategy 2: Improve diversity representation at all levels of the organization.

Strategy 3: Expand learning and development opportunities.

Strategy 4: Maintain workforce planning strategies which provide continuous improvement for remote work, succession planning and knowledge transfer initiatives.

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 transitioned to hybrid, fully remote and fully onsite work environments post Covid. 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' remote work and workforce accommodation team expanded its efforts to support the hybrid and fully remote work initiative which has 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 within the state of Texas.

Member annuities continue to be paid, medical and pharmacy claims continue to be processed, and investment activities are ongoing. In 2023, TRS successfully completed a pharmacy benefits manager procurement for the TRS-Care and TRS-ActiveCare plans, which will generate savings to help sustain health care benefits for participants and employers.

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 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 engineering, programming, information security, and systems administration;
- developing and monitoring complex contracts;
- specialized professional skills including contract management, communications, accounting, auditing, human resources, and legal; and
- facilities management and security.

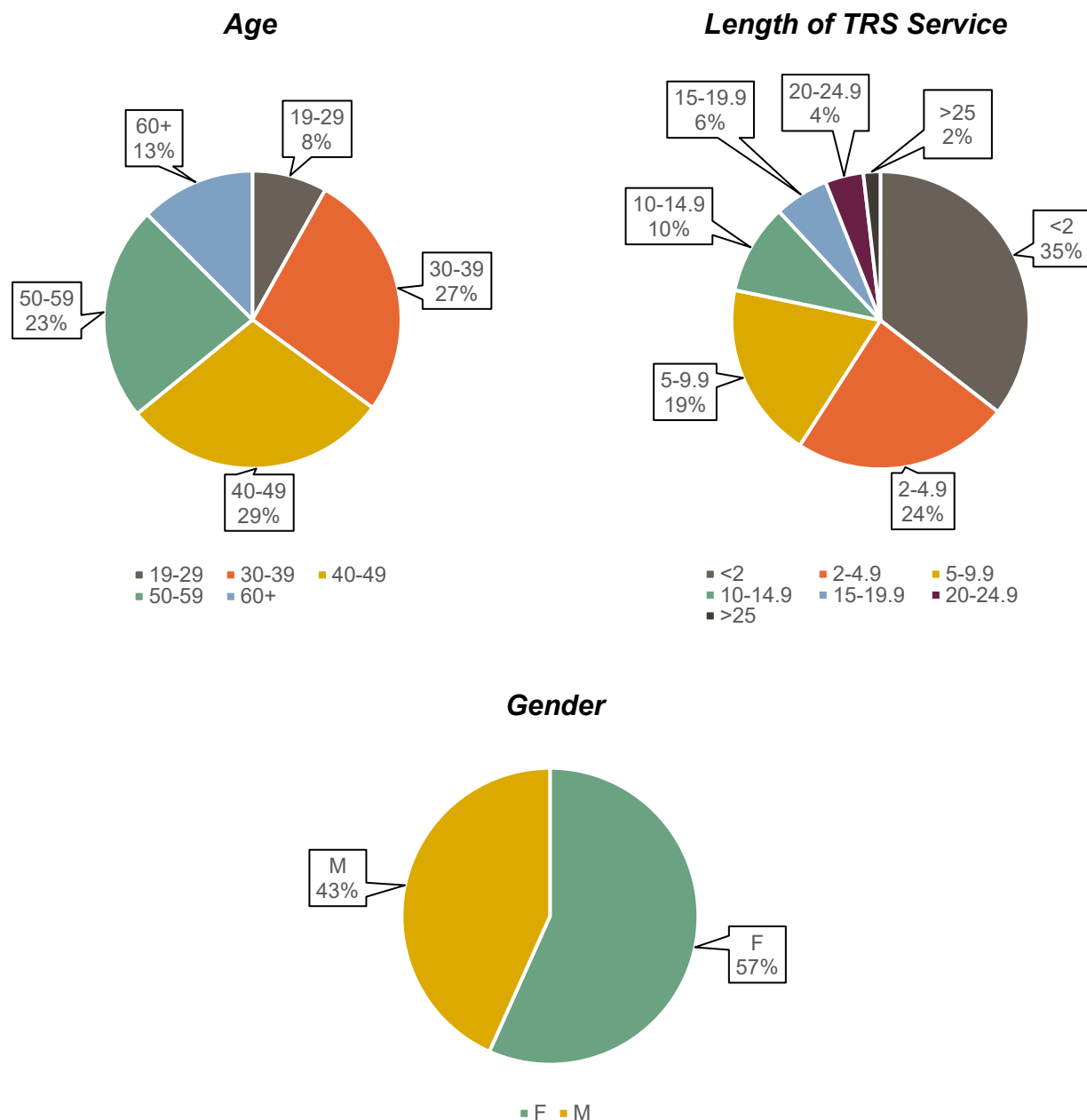
TRS has been successful at attracting and developing staff with the following skills and competencies to meet critical business needs. These are essential to successfully achieve TRS' mission and goals:

- 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, 2023. The TRS workforce is comprised of 57% females and 43% males. Approximately 59% of employees have been with TRS less than five years. Approximately 36% 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, 2022) 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	7.14%	8.60%	12.24%	25.20%	44.90%	40.20%
Professional	9.94%	10.60%	20.51%	23.00%	48.40%	53.00%
Technical	36.84%	11.70%	31.58%	38.50%	42.11%	63.50%
Administrative Support	17.07%	15.20%	39.02%	38.30%	73.17%	74.10%
Service/Maintenance	0.00%	13.00%	83.33%	55.00%	16.67%	47.80%

**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 OCE (Outreach, Culture & Engagement) Director. The OCE Employee Council has grown from 14 members to 28 members and from six employee resource groups to eight. Recruiting and outreach post-pandemic has grown and OCE is complementing the Talent Acquisition plan through targeted branding with four Texas academic institutions (i.e., Austin Community College, Prairie View A&M University, Texas Women University, and University of Texas at El Paso). Some tactics include targeted advertising of vacancies, ongoing participation in job fairs and student clubs and organization activities, 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 Civil Rights Department (CRD) standards, in accordance with Chapter 21 of the Texas Labor Code (most recently in August 2020).

For the 2025-29 Strategic Plan, OCE initiatives are included in Goal 4. Objectives and tactics related to OCE will revolve around talent acquisition efforts and increasing retention and engagement through enhanced OCE collaborations with Organizational Excellence.

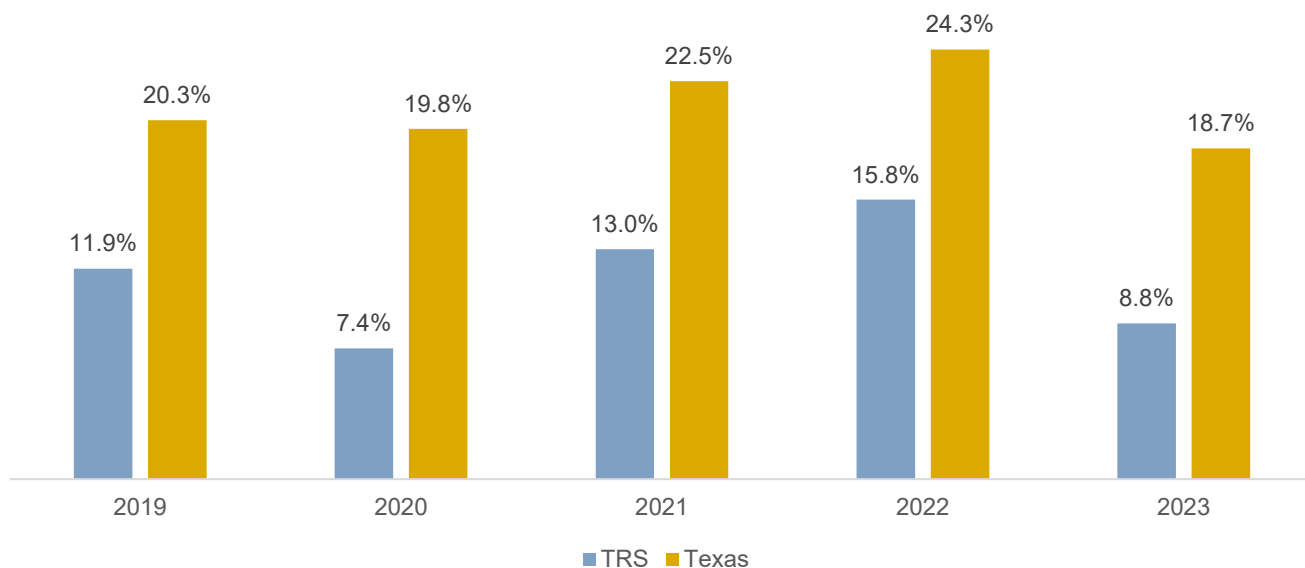
Employee Turnover

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 2023, TRS turnover was 8.8%, well below the state average of 18.7% for the same period.

Following the "great resignation and great reshuffle," Fiscal Year 2023 presented a different challenge to hire and retain staff. Applicants requested increased compensation and flexibility regarding remote work. The unemployment rate in Central Texas was very low at 3.4%, which created competition for talent. TRS' job offer decline rate for Fiscal Year 2023 was 67% lower than the Fiscal Year 2022 job offer decline rate. TRS continues to be innovative and proactive in recruitment strategies to secure talent.

To address challenges in hiring and retention, the TRS board-approved a new Total Compensation Plan which went into effect September 2022. Since the implementation of the plan, we have seen an increase in the offer acceptance rates and an increase in the number of qualified candidates applying for positions. In addition to the plan, TRS embraces a hybrid or remote work environment (within Texas).

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, 2023.

Table 2. Retirement Eligibility Projections

	January 2024		January 2026		January 2028	
	Eligible Employees	Percent Eligible	Eligible Employees	Percent Eligible	Eligible Employees	Percent Eligible
Executive Division	38	4.5%	53	6.3%	61s	3.6%
Investment Management	7	0.8%	16	1.9%	16	3.6%
Benefit Services	25	3.0%	35	4.1%	39	3.6%
Shared Services	40	4.8%	49	5.8%	51	4.7%
Health Division	2	0.2%	3	0.4%	6	0.6%
Total	112	13.3%	156	18.5%	173	16.1%
Executive Council Members	8	53.3%	8	53.3%	10	66.7%

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 staffing levels, and makes adjustments as necessary to efficiently provide excellence in customer service to 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 the 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.

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 systems engineer, application developer, data engineer, application support and lifecycle systems support including design, management and implementation
- Information security and cybersecurity skills
- 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 service to members.

Gap Analysis

TRS addresses potential gaps in skills and staffing by conducting regular reviews of the workforce plan, analyzing market trends, updating job descriptions, reviewing performance appraisals, 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"> • Promote a strong workplace culture that exemplifies TRS' core values and mission to serve members.

-
- Provide employee development opportunities including learning and career development.
 - Promote staffing needs and workforce management that maximizes deliverables to members and stakeholders, including adding staff resources.
 - Refine TRS' talent acquisition and management programs to attract, retain and motivate a highly diverse, highly competent workforce.
 - Maintain recognition programs and offer other engagement initiatives to support retention of staff.
 - Continue organizational development efforts aimed at enhancing ongoing communication and effective working relationships between management and staff.
 - Encourage staff involvement in organizational activities.
-

Changing roles and responsibilities for staff as a result of legislation or agencywide initiatives

Acquire necessary expertise to fulfill assigned responsibilities. Action steps include:

- Conduct research to identify issues affecting other public pension funds or state agencies that may potentially affect TRS.
 - Maintain awareness of prospective legislative changes to allow adequate planning for new skill-set requirements.
 - Explore options for developing skills within the current workforce, attracting new staff with the required experience or outsourcing certain functions.
-

Loss of institutional knowledge and expertise due to turnover of critical staff

Ensure a smooth transition of duties, responsibilities and institutional expertise when critical staff leave the agency. Action steps include:

- Conduct best practices for business process reviews and utilize existing knowledge management and transfer programs and techniques.
 - Utilize the Leadership Development Program to offer staff the opportunity to be prepared for leadership positions as they become vacant.
 - Continue to maximize opportunities for cross-training efforts and create framework for greater utilization.
 - Create career development opportunities including opportunities to experience next level work.
 - Refine and evolve development of succession plans to ensure continuity during any period of extended absence or turnover among critical staff.
-

-
- Maintain effective talent acquisition practices and strategies (such as use of contingent staff, internships, fellowships, employee value propositions and proactive sourcing) to attract, develop and retain qualified replacement staff.
-

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

- Recruitment 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.
- Establishing partnerships with universities and technical colleges to create a robust talent pipeline for prospective candidates.
- Establishing a strong TRS brand on social media platforms to attract top talent.
- 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

Not applicable to TRS.

Schedule H: Report on Customer Service

Executive Summary

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

Historically, TRS has provided benefits based on an efficiency and cost savings service delivery model. Member Satisfaction Surveys (MSS) from 2022 and 2023 demonstrate that TRS member satisfaction for the active member population is trending upward, from 54% (2022) to 58% (2023), while for retired members satisfaction remains relatively stable at 77% (2023) compared to 79% in 2022.

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. TRS implemented the components of the Customer Service Improvement Initiative (CSII) which was largely increasing staff in the Benefit Services Division to meet the needs of the growth in membership. Since implementation of the CSII, there have been vast improvements in the service levels for Benefit Services. Beginning in November 2022, Benefit Counseling has consistently met or exceeded the service level of 80% of their calls answered within three minutes and are on target to exceed their service level for FY 2024. Due to additional staff, the department has been able to release the contact center contract which is saving the agency over \$633,000. The back-office processing has also significantly improved response times to members and beneficiaries. In FY 2021, only one service level was met; however, for FY 2023, service levels were met in three out of five areas with one area missing the service level by less than 1%.

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 2023, over 99% of members who completed the *How Was Your Visit?* survey after their office visit meeting with TRS reported being satisfied or very satisfied with the courtesy of the employees they met. Furthermore, 98% of these members were satisfied or very satisfied with the counselor's knowledge and the information they received from their office visit meeting. For Telephone Counseling, 98.6% of callers were pleased with the overall service they received and 98.1% 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 over two million public and higher education employees and retirees. TRS is one of the largest retirement systems in the nation, with a pension trust fund balance of approximately \$187.2 billion as of Aug. 31, 2023. In fiscal year 2023, TRS paid pension benefit payments totaling

\$12.7 billion to more than 489,000 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 – Benefit Services, Health, and Investment Management. Benefit Services assists members, 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 RE Coach to provide training as needed and assist with monthly payroll reporting. The Health Division 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 processes 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). In April 2022, TRS implemented a new *MyTRS* portal which provides additional self-service functionality for members and participants. In April 2023, retirement application processing and beneficiary claim processing was moved into TRUST. TRS continues to work toward implementing the remaining phase which will be the monthly annuity payroll and associated processes.

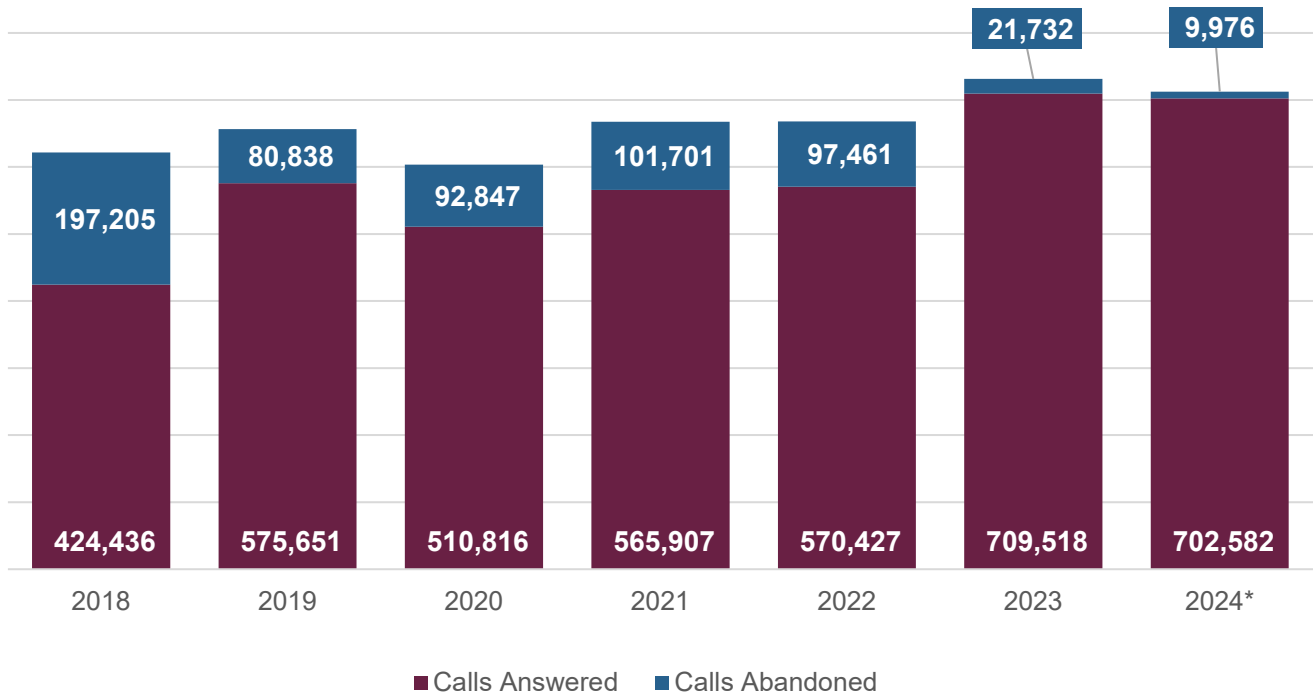
Customer Service Staffing

Benefit Services and Health Division employees are on the frontline 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. 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. RE staff provide both telephone, email and chat support to REs. During 2023, RE coaches assisted employers with over 9,000 phone calls, over 200,000 emails, and over 300 web chats. Benefit Accounting is also responsible for monthly payroll to TRS annuitants. In fiscal year 2023, TRS issued over 5.8 million payments and paid over \$12 billion in monthly payroll. TRS reached a

milestone of \$1 billion monthly payroll in October 2022 and in February 2024, issued over 500,000 payments in monthly payroll for the first time in agency history.

Benefit Counseling provides comprehensive customer service relating to TRS benefits. These employees interact with TRS members and other interested parties by telephone, secure messaging and virtual counseling sessions, and in-person through individual office visits, lobby walk-ins, field office visits, and group benefit presentations throughout the state. During fiscal year 2023, the Telephone Counseling Center answered over 709,000 phone calls and responded to over 42,300 secure messages. The target service level for Telephone Counseling is to answer 80% of calls received within three minutes. The service level for fiscal year 2023 was 86.01%. These achievements were possible with the ability to continue hiring efforts across the state and Telephone Counseling being fully remote work from home. During fiscal year 2023, the Office Visit Counseling team exceeded their target of making 20,000 appointments available for members to schedule with 20,367 appointments available. Office Visit Counseling has seen a shift in appointment preference post-pandemic where members prefer virtual appointments versus in-person appointments. For fiscal year 2023, 67% of office visit appointments conducted were done virtually (live-video or telephone) while the remaining 33% were conducted in-person.

Figure 6. Call Volume History



**2024 call volume is a projection based on historical data.*

TRS opened its very first regional office in November 2022. The office is staffed with a director, six counselors and one administrative staff member. The office is located within the Region 19 Education Service Center and has been a positive experience. During the first year of operation, the team served 3,320 members in-person. The office had over 5,000 appointments available. They had 1,800 member scheduled appointments and close to 1,500 walk-ins to receive service from the counselors. In addition, the office has supported over 2,000 members through live video and phone office visits.

Benefit Processing determines eligibility for benefits such as service retirement, disability retirement, active member death benefits, retiree death benefits, and service credit purchase. Benefit Processing staff also issue refunds of member accounts and process general account maintenance. Between fiscal year 2021 and fiscal year 2023, TRS experienced an increase of approximately 12% in core business processes. Refunds increased 55% between fiscal year 2022 and fiscal year 2023 as a result of an increased outreach effort with inactive members.

Benefit Operations Support is responsible for business training, quality assurance and workforce management. Programs which at the time of the report in 2022 primarily supported Benefit Counseling operations have since expanded to business training for all departments within Benefit Services, reducing the on-the-job training time period by preparing the trainees with the foundational training prior to being released to work with an on-the-job training coach. In addition, the trainers have standardized the training process for each business unit providing consistency among trainees regarding assessments, documentation and reporting to leadership. Quality Assurance has expanded to evaluating office visits in addition to telephone calls and Workforce Management has expanded to providing support for the other 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 has significantly increased the number of staff to support customer service going from a little over 250 employees to almost 400 staff members to support member services.

TRS Health 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, TRS Health offers in-person group benefit presentations for retirees and school district employees held throughout the state as well as online educational webinars for participants to get information and ask questions about TRS health benefits. 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, TRS Health 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 Express Scripts – to assist with providing customer service. In addition, TRS Health contracts with a third-party call center, Advanced Call Center Technologies (ACT), to help with customer service-related calls.

Inventory of External Customers

In addition to the external customers identified below by the General Appropriations Act (GAA) strategy, TRS has another external customer – public school employees enrolled in TRS-ActiveCare. TRS-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
A.1.1. Strategy: TRS-PUBLIC EDUCATION RETIREMENT Retirement Contributions for Public Education Employees.	Retired Public Education Employees	Annuity benefit payments
A.1.2. Strategy: TRS-HIGHER EDUCATION RETIREMENT Retirement Contributions for Higher Education Employees.	Retired Higher Education Employees	Annuity benefit payments
A.1.3. Strategy: ADMINISTRATIVE OPERATIONS	Public and Higher Education Employees and Retirees; Reporting Employers	Provide benefit services; investment management; agency support; and communications, including print publications, website, annual statements of account, and 1099-R tax forms.

Strategy	External Customer	Services Provided
A.1.4. Strategy: TRS RETIREMENT – ADDITIONAL PAYMENT	Retired Public Education Employees	One-time supplemental payment
A.2.1. Strategy: RETIREE HEALTH – STATUTORY FUNDS 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
A.3.1. Strategy: RETIREE HEALTH – SUPPLEMENTAL FUNDS 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 reporting employers (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 2023, 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 MSS survey is conducted to gauge levels of satisfaction with the services TRS provides to its active and retired members. This information is used to guide the continuous improvement of these services. The survey was redesigned in 2022 to improve the experience for participants and increase participation by segmenting questions into three shorter surveys (Benefits Services, Health, and Communications), each with a set of required items for all participants that asked about overall satisfaction with TRS and opportunities to improve TRS services. The 2023 survey included updated questions and answer choices based on feedback from last year's redesign. There was a 58% increase in retired member respondents and 24% increase in active members completing surveys in 2023 compared to 2022 for an overall increase of 38%.

For the MSS survey, the active member population includes members that contributed to TRS between Sept. 1, 2020 and June 30, 2023. The retired member population includes members that retired prior to June 30, 2023. 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, 2023, as identified in the TRS customer relationship management (CRM) system.

Table 5. Distribution of TRS Population Characteristics

	Has CRM Record		No CRM Record		
	Male	Female	Male	Female	Total
Active Members					
29 and under	1,516	4,170	39,673	121,073	166,432
30 to 39	3,640	9,881	62,981	192,800	269,302
40 to 49	4,578	13,630	61,548	202,078	281,834
50 to 59	8,673	28,149	51,177	156,754	244,753
60 and over	8,308	22,176	30,311	61,817	122,612
Total	26,715	78,006	245,690	734,522	1,084,933
Retired Members					
64 and under	7,659	26,339	10,744	35,295	80,037
65 to 74	12,350	43,043	32,222	104,666	192,281
75 and over	7,083	25,454	30,982	91,034	154,553
Total	27,092	94,836	73,948	230,995	426,871

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 based on subgroup response rates and email bounce rates obtained when the survey was conducted in 2022. The random sample of contacts contained 161,027 active members and 40,320 retirees. These targets were developed to ensure responses from at least 1,000 active and 500 retired TRS members (with adequate representation by age group, gender and previous contact with TRS) would be obtained for each of the three split surveys (Benefit Services, Health and Communications).

Table 6. Distribution of TRS Random Sample Characteristics

	Has CRM Record		No CRM Record		
	Male	Female	Male	Female	Total
Active Members					
29 and under	1,349	3,757	7,500	18,750	31,356
30 to 39	3,436	7,500	8,125	18,750	37,811
40 to 49	4,360	7,500	6,250	12,500	30,610
50 to 59	7,500	7,500	6,250	10,000	31,250
60 and over	7,500	7,500	5,625	9,375	30,000
Total	24,145	33,757	33,750	69,375	161,027
Retired Members					
64 and under	3,360	3,360	3,360	3,360	13,440
65 to 74	3,360	3,360	3,360	3,360	13,440
75 and over	3,360	3,360	3,360	3,360	13,440
Total	10,080	10,080	10,080	10,080	40,320

To maximize survey responses, data were collected via an online survey and through telephone interviews conducted by trained interviewers. For members with an email address, initial contact attempts were made via email. All potential respondents with an email address received an initial invitation to participate in the survey and at least two additional email reminders if they had not responded to the survey. Respondents with email addresses that bounced (i.e., were not deliverable) or who did not respond to email reminders were added to the telephone sample and additional contact efforts were made to obtain completed interviews

by phone or Short Message Service (SMS) text survey link. Survey responses were collected between Aug. 16, 2023, and Sept. 7, 2023.

The survey generated a total of 8,317 valid responses, including 4,349 active members and 3,968 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, whether via the online survey, phone interview or SMS text. 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	
Active Members					
29 and under	21	50	55	114	240
30 to 39	72	149	74	173	468
40 to 49	98	167	105	210	580
50 to 59	428	392	190	261	1,271
60 and over	627	563	232	368	1,790
Total	1,246	1,321	656	1,126	4,349
Retired Members					
64 and under	328	312	282	261	1,183
65 to 74	400	297	296	264	1,257
75 and over	462	369	384	313	1,528
Total	1,190	978	962	838	3,968

Regarding the survey methodology, it should be noted that in a purely random sample of TRS members, 4,349 completed interviews with active members would yield a margin of error of +/- 1.48 percentage points, and 3,968 completed interviews with retired members would yield a margin of error of +/- 1.55 percentage points, at the 95 percent confidence level. Since this is a stratified sample, the margin of error for point estimates will be larger – approximately 2.75 percentage points for active members and 3.25 percentage points for retired members for

each of the three split surveys. 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.

For the MSS survey data, TRS uses inferential statistics to determine whether sample data is generalizable to the broader population, to test hypotheses, and to test statistical comparisons and relationships between groups or variables. Weighting is not used in inferential analysis because it may introduce a substantial design effect bias into the data and increase the standard errors of the statistics, making findings less precise and more variable. The stratified MSS data collection plan allowed for sufficient sample size in the sub-groups for inferential analysis, which reduced the need to weight the data. As a result, unweighted analyses are presented in the Survey Results section below.

Reporting Employer Satisfaction Survey

In 2023, TRS contracted with the Elite Research 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 contact list for the survey was provided by TRS and included 2,158 unique email addresses representing 1,348 REs, including public schools, charter schools and colleges and universities. The survey methodology was designed to target payroll contacts. For REs without a payroll contact, a reporting official was substituted as the RE's contact. In those cases, if a reporting official was unavailable, a web administrator served as the RE's contact.

Invitation emails were sent to each unique email address asking potential respondents for help in completing the survey. The invitations included language assuring potential respondents that their responses would remain confidential, and the survey results would only be used to improve TRS services. To ensure the invitation was sent to the appropriate person, the invitation emails also asked the recipients to either forward the survey invitation to the appropriate individual at their RE (if the recipient was not the appropriate individual) or to respond with the appropriate individual's contact information so the survey could be sent to them. Whenever an additional contact was provided, a link to the survey was sent to the new contact.

Approximately one week prior to the start of the survey, TRS alerted potential respondents to look for the survey in their inboxes and spam folders. This type of official organizational endorsement has been found to increase survey response rates.

As a final step in quality control, the survey response data was reviewed to determine the validity of individual responses. 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. In addition, duplicate survey responses

were removed from the survey. The final survey results from 2023 were based on 904 individual respondents representing 893 REs.

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 three Point-of-Service Surveys – After Call, *How Was Your Visit?* and Employer Training.

The After Call 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 16,000 surveys were completed in fiscal year 2022, and over 23,000 in fiscal year 2023.

TRS administers the *How Was Your Visit?* survey via email, using SurveyMonkey as the delivery method. This survey is sent to the member after they have completed their office visit appointment with a TRS office visit counselor. Over 2,500 surveys were completed in fiscal year 2022, and over 4,200 in fiscal year 2023.

Elite Research administers the Employer Training survey after each employer training session conducted by TRS. At the end of each session, a QR code is provided to all attendees and a follow-up email with a link to the survey is sent. Since implementation in late fiscal year 2023, over 60 surveys were completed in fiscal year 2023, and over 480 in fiscal year 2024 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

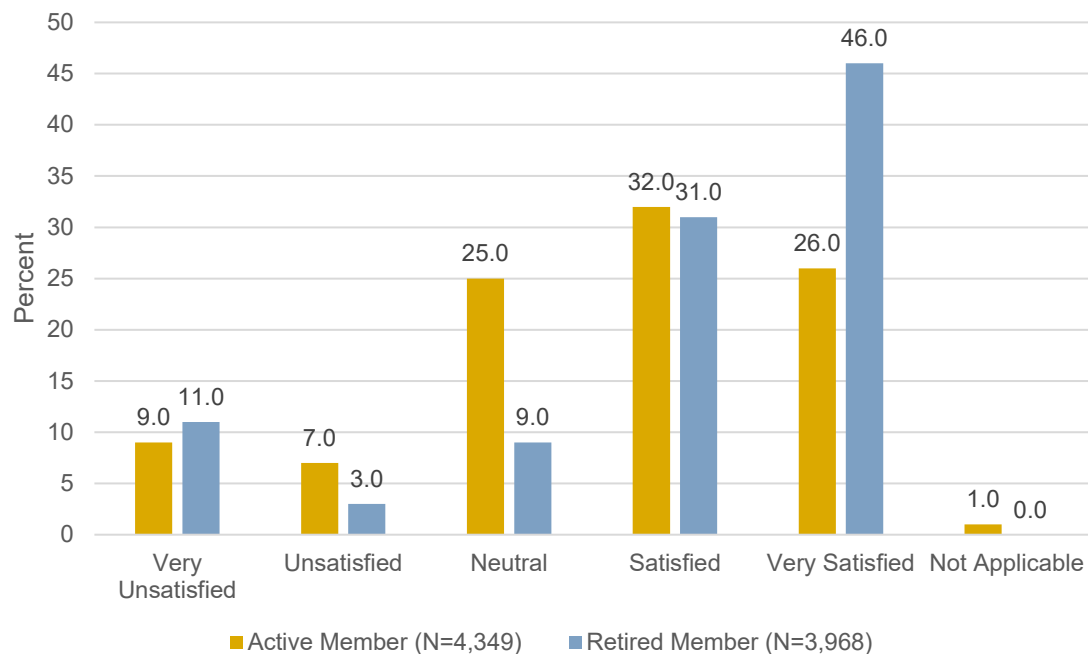


Figure 8. Overall Satisfaction with TRS-ActiveCare and TRS-Care

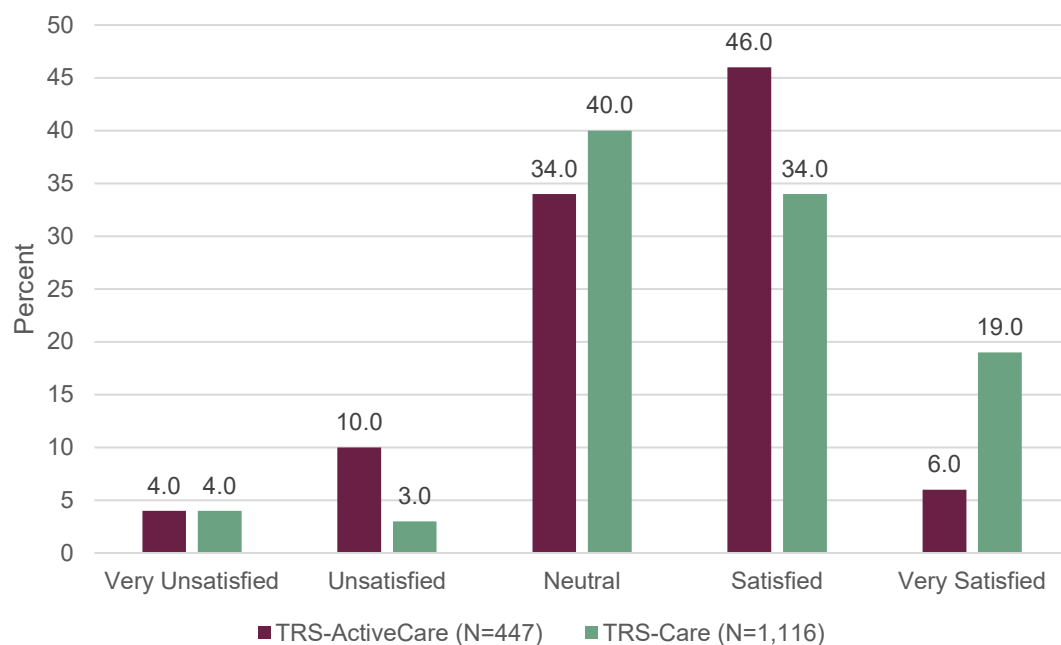


Figure 9. Satisfaction with TRS Staff

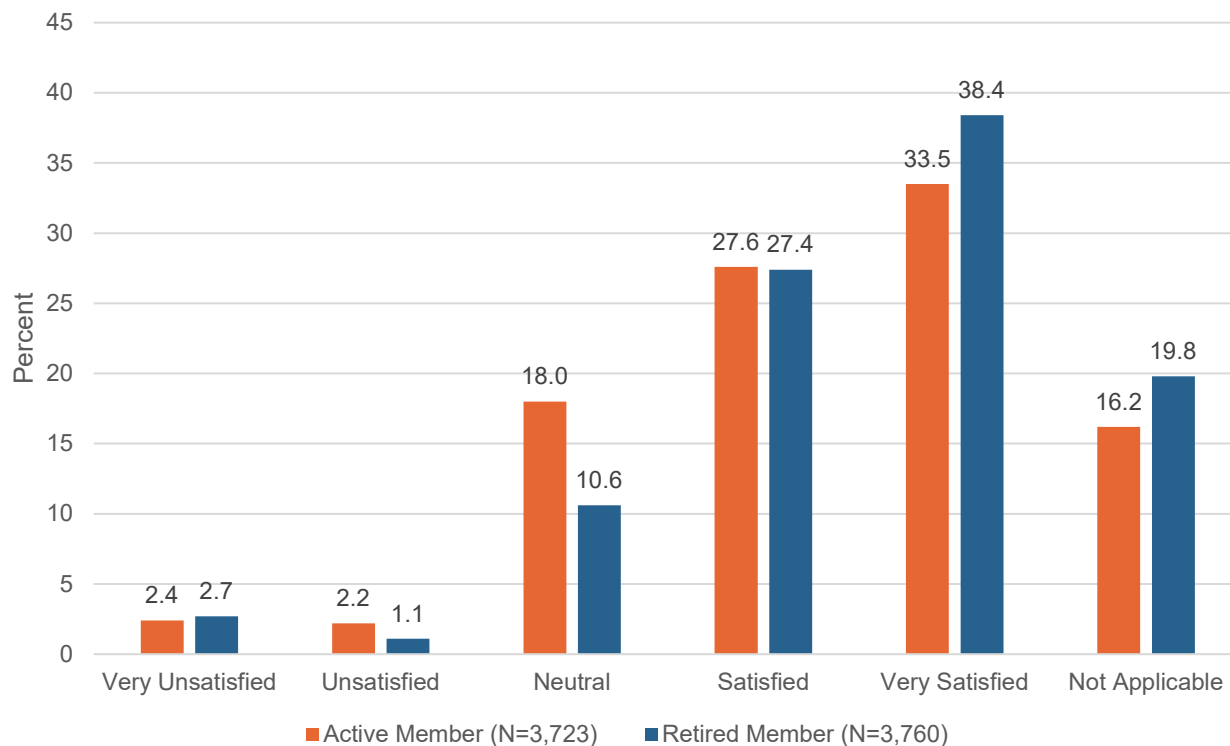


Figure 10. Satisfaction with Timely Service

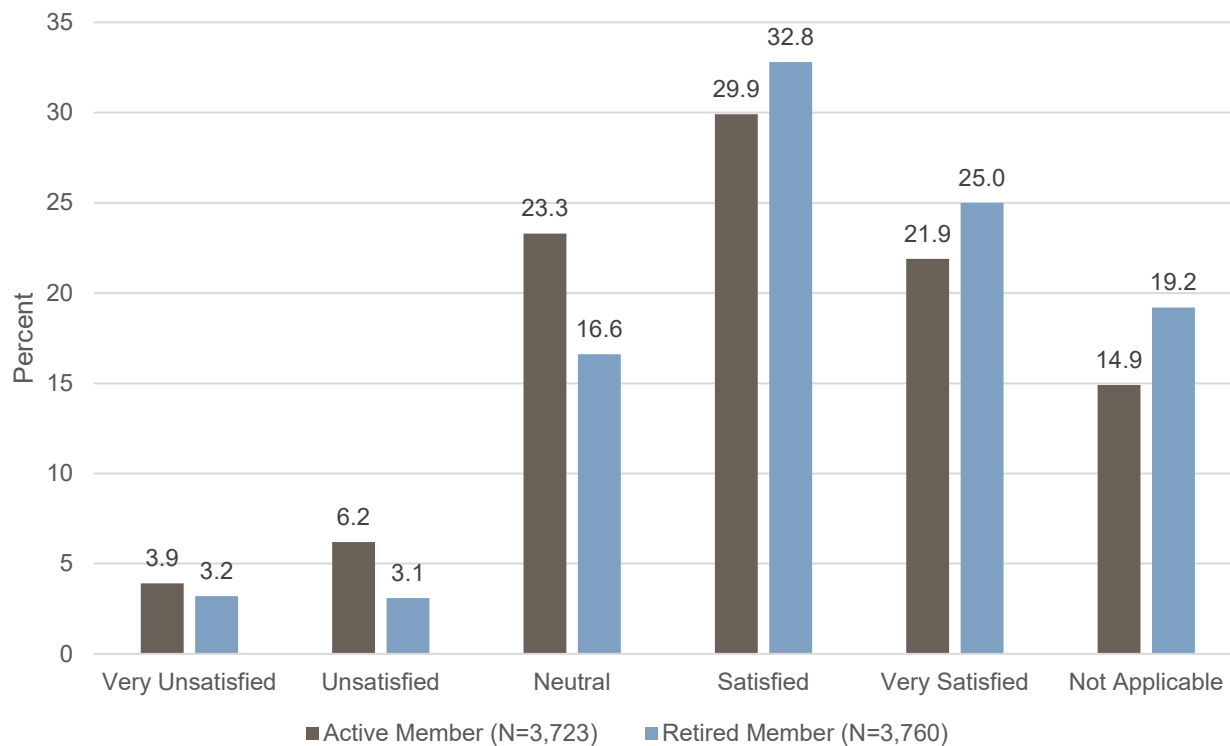


Figure 11. Satisfaction with TRS Communications

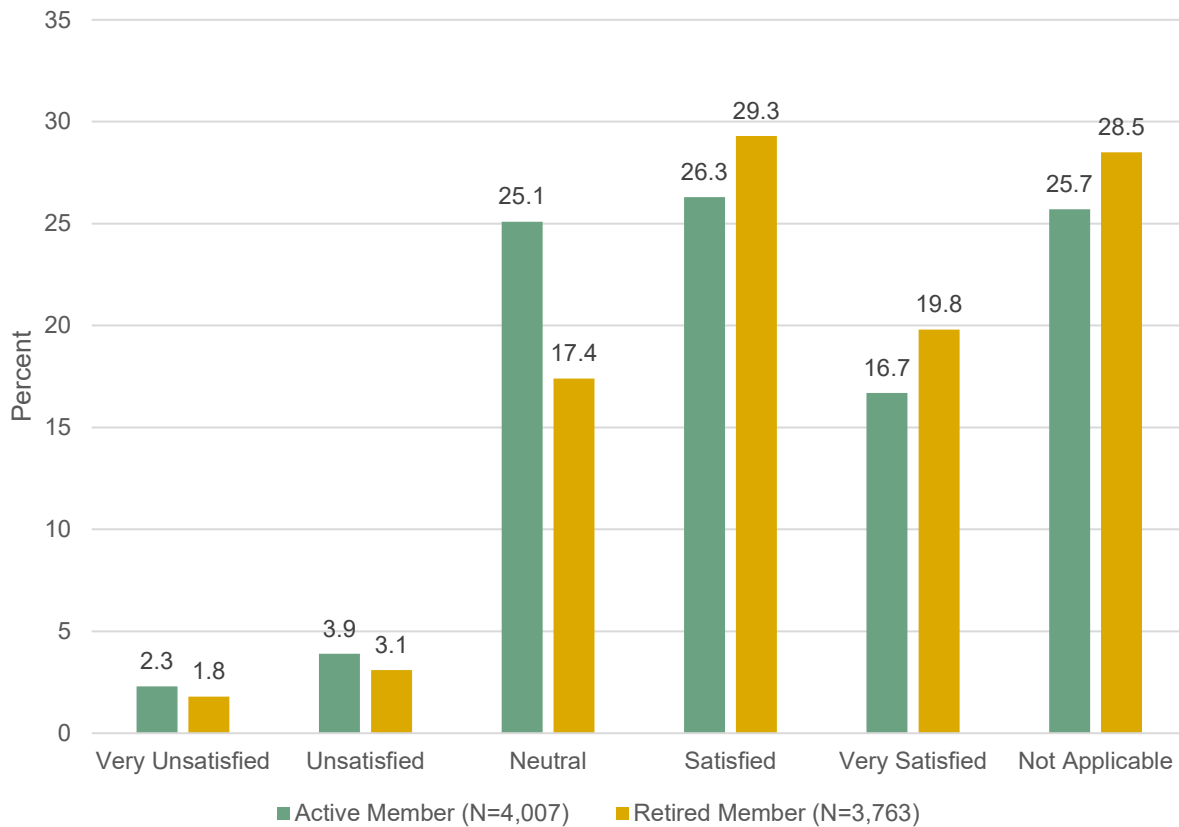


Figure 12. Satisfaction with TRS Printed Material

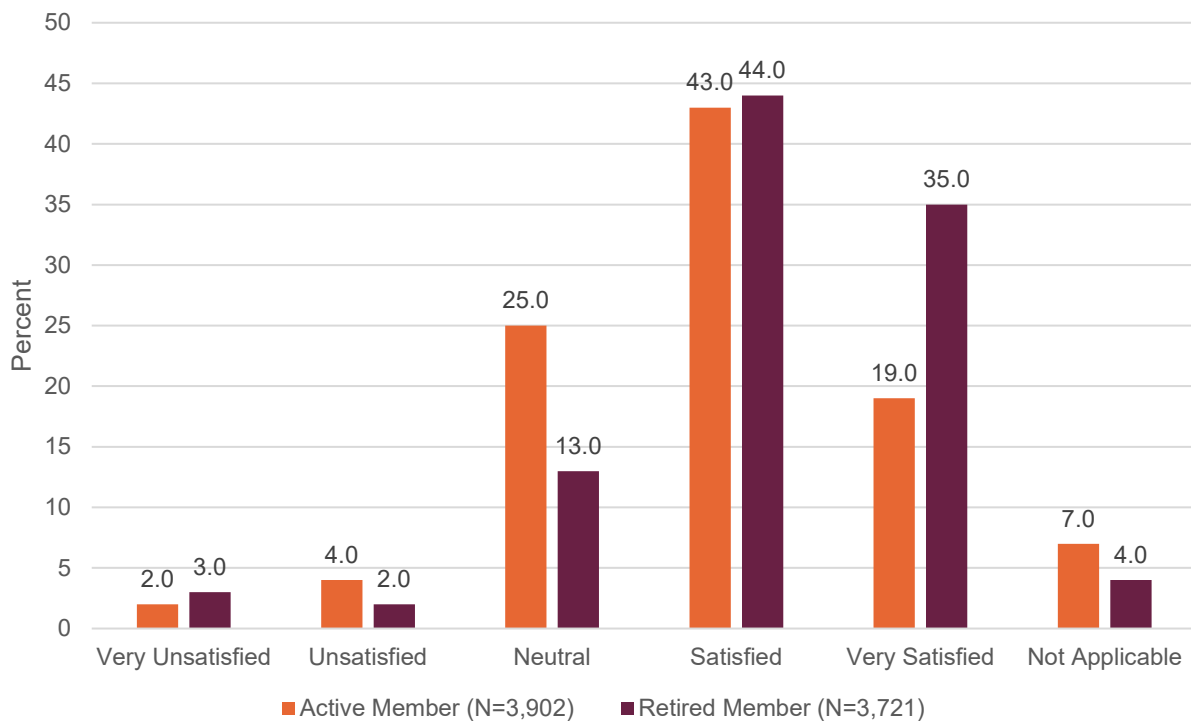


Figure 13. Agreement that TRS Sends Communications Relevant to Member Needs

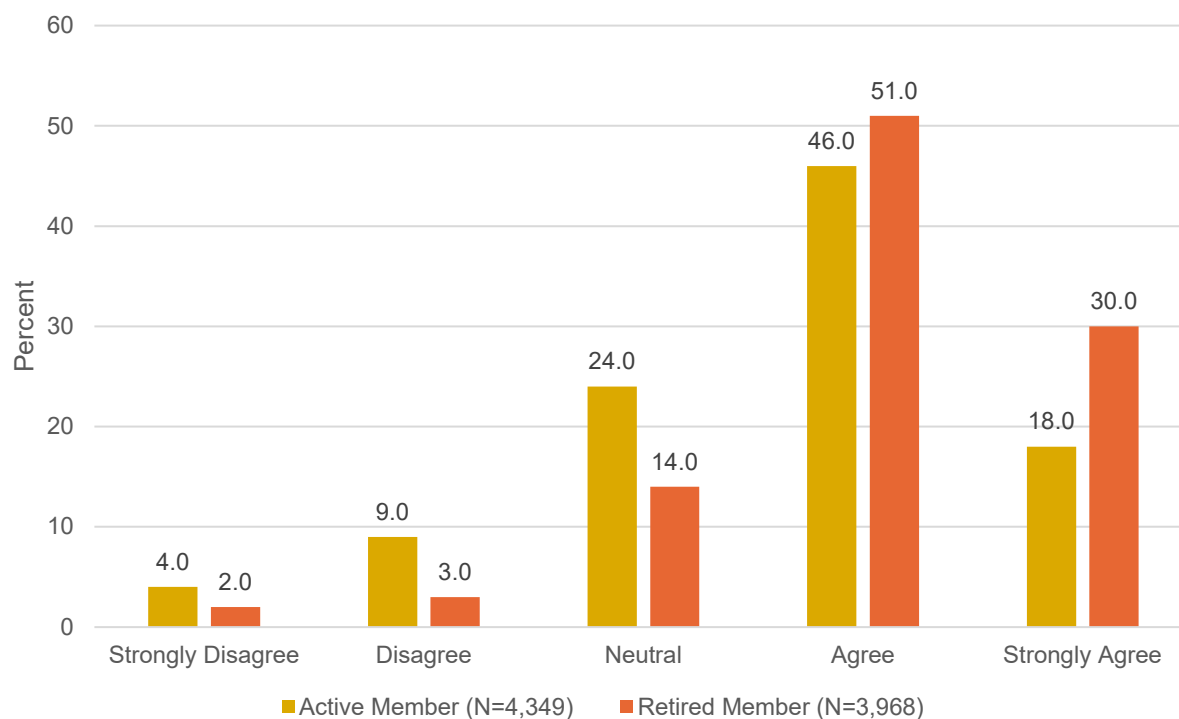


Figure 14. Agreement that Information Provided by TRS is Easy to Understand

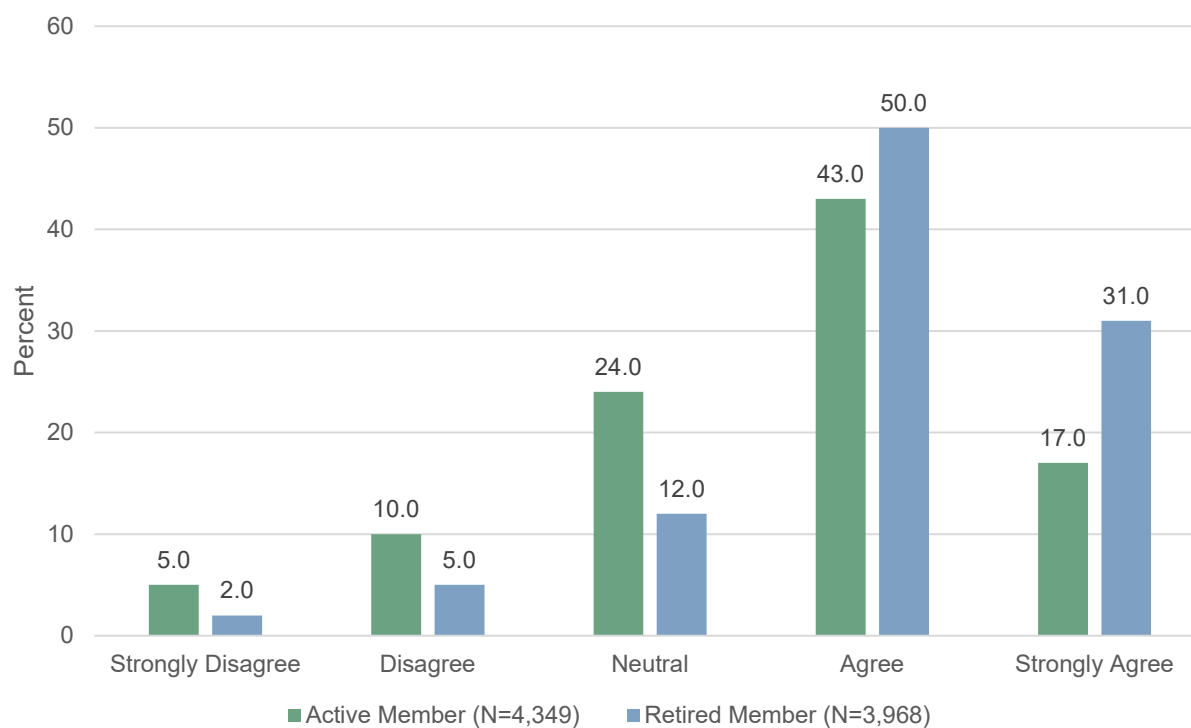


Figure 15. Overall Satisfaction with TRS Interactions

(includes visiting TRS facilities, meeting a Benefit Counselor, calling TRS, calling the TCC and speaking with a Benefit Counselor, attending a Retirement Forms session, requesting documentation via mail, requesting documentation via email, attending a retirement benefit presentation, using the TRS website, using the complaint handling process, and reading TRS publications)

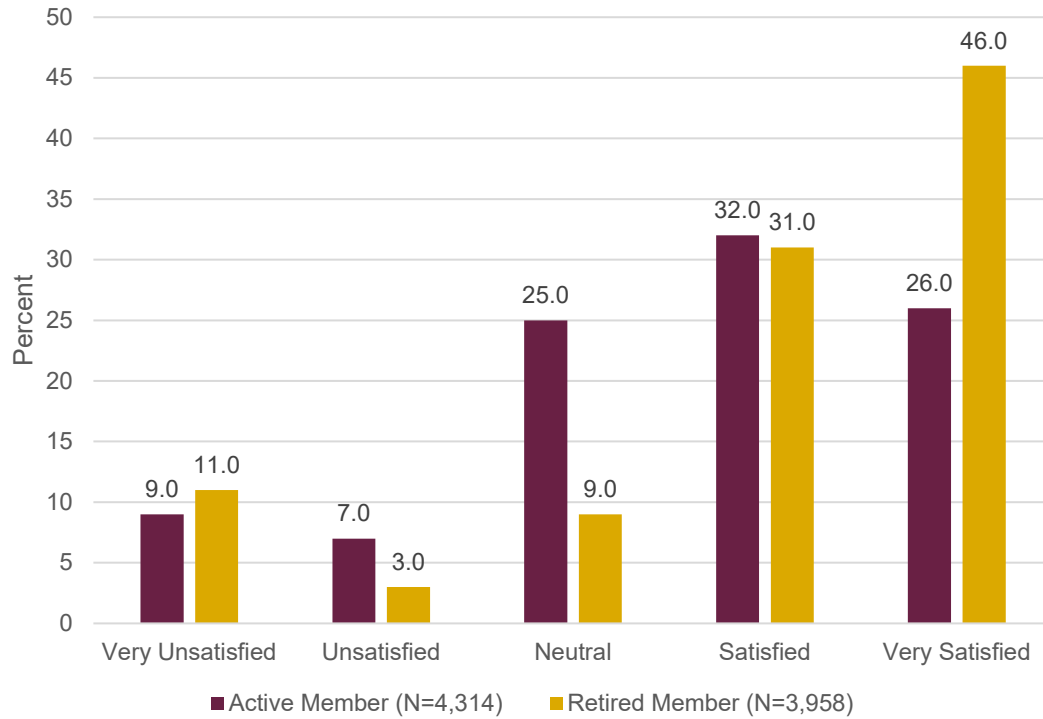


Figure 16. Satisfaction with Using TRS Website

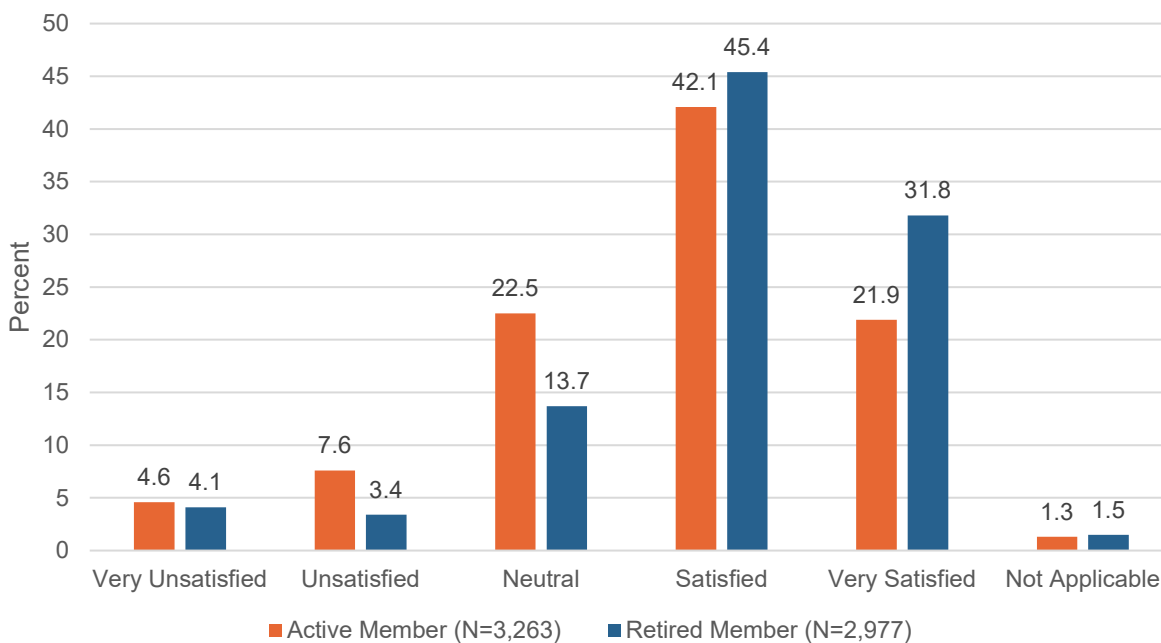


Figure 17. Satisfaction with Visiting TRS Facilities

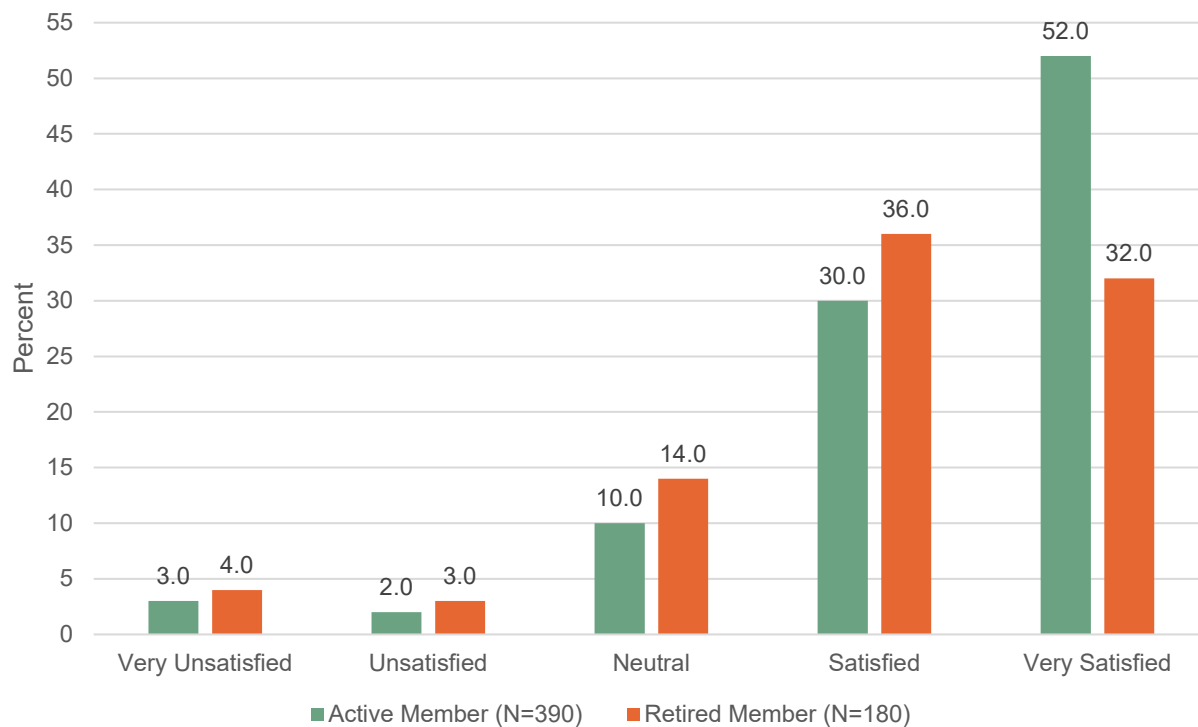
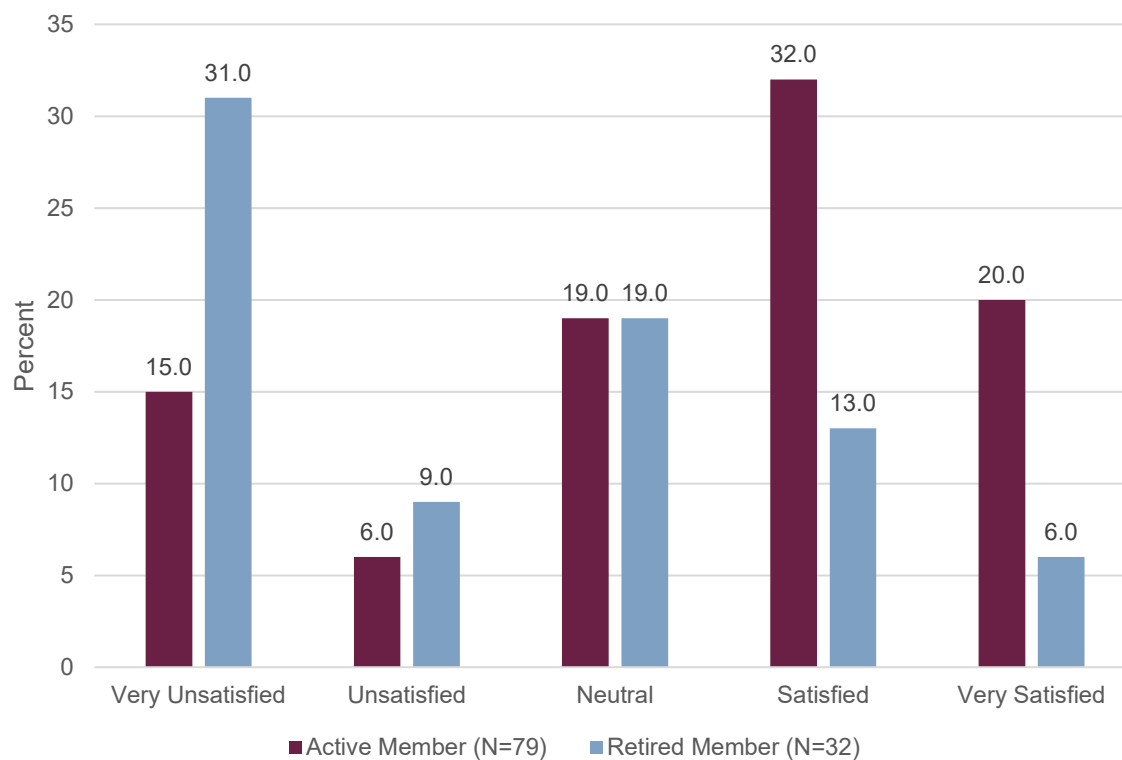


Figure 18. Satisfaction with Complaint Handling Process



Reporting Employer Satisfaction Survey

Figure 19. Satisfaction with the Overall Quality of TRS Services

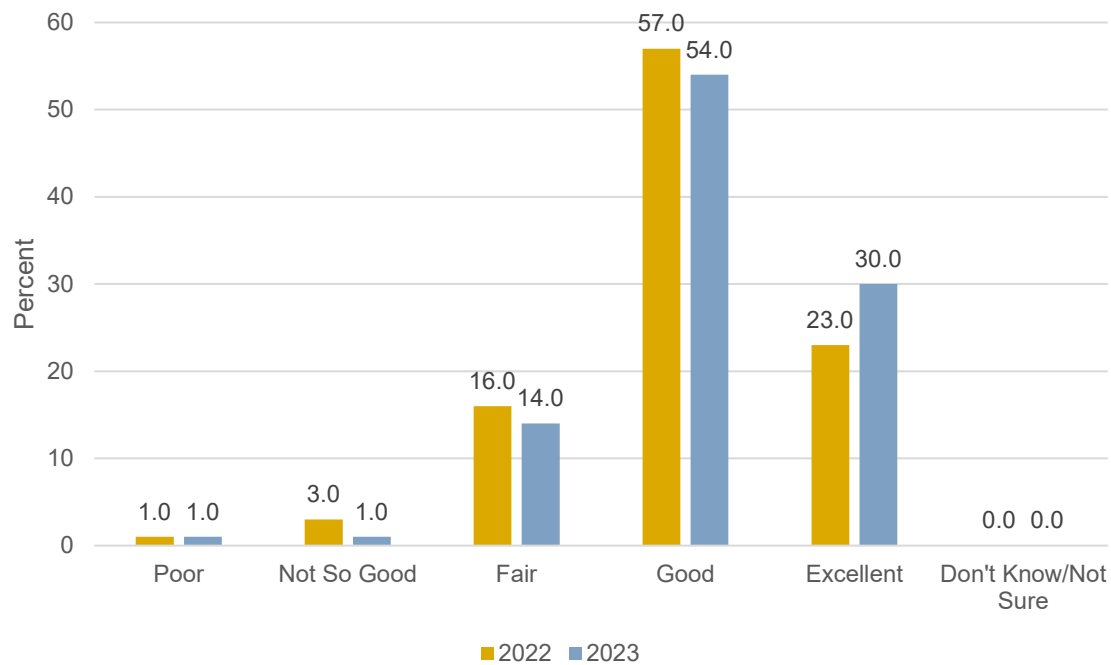


Figure 20. Satisfaction with TRS Communications

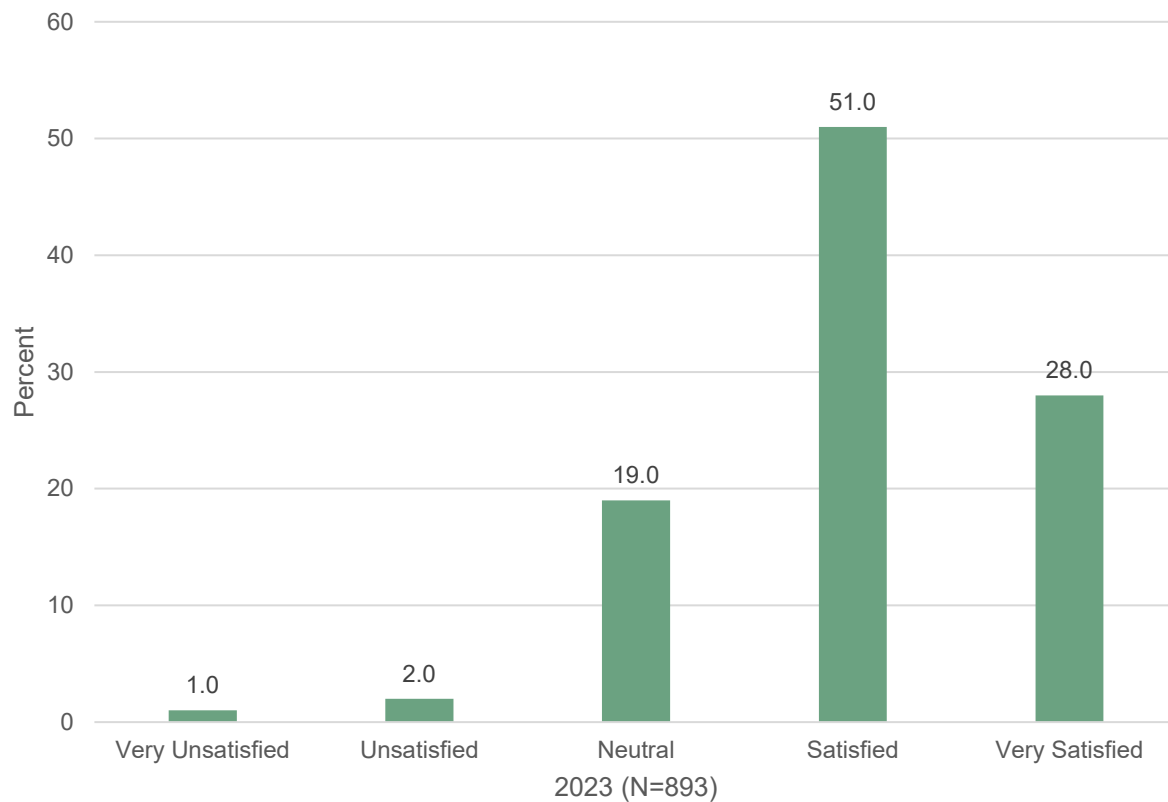
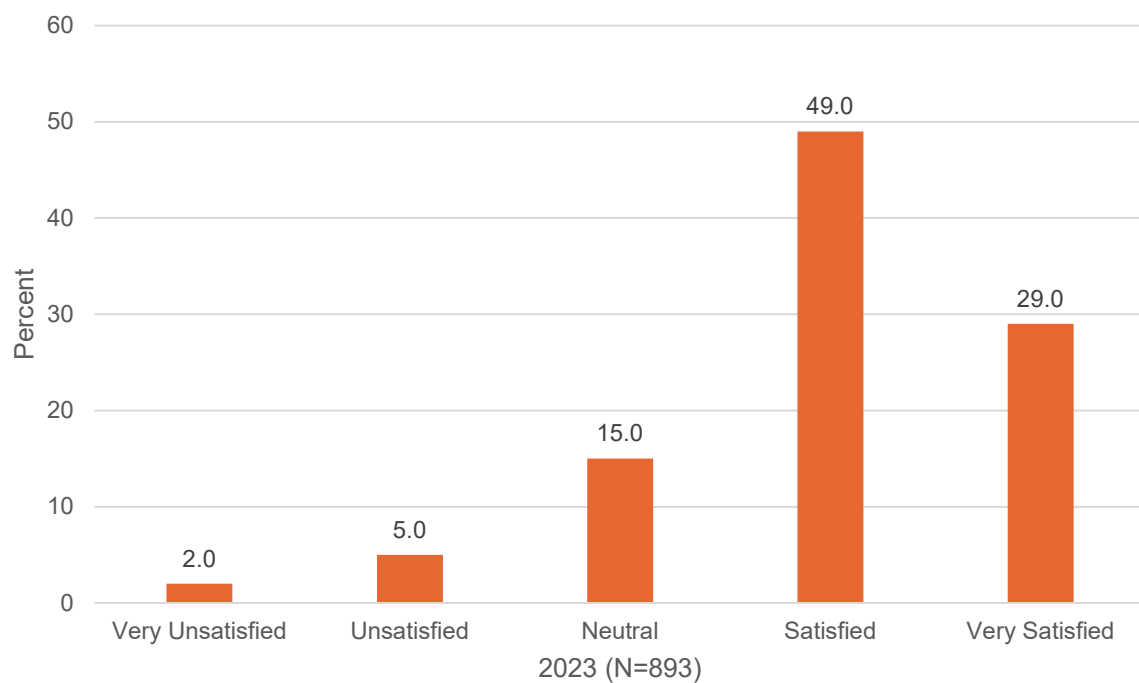


Figure 21. Satisfaction with Ease of Use of Reporting Employer Portal on TRS Website



Point-of-Service Surveys

Telephone

N=23,779

Figure 22. Overall Satisfaction with TRS



Figure 23. Satisfaction with Hold Time

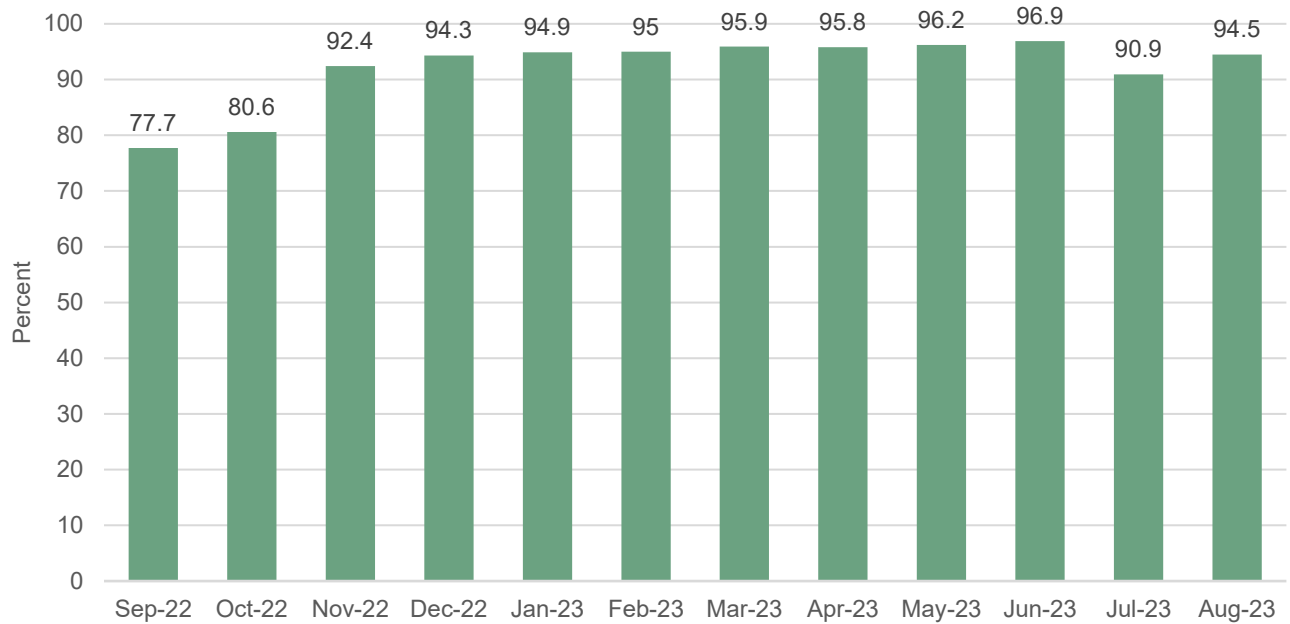
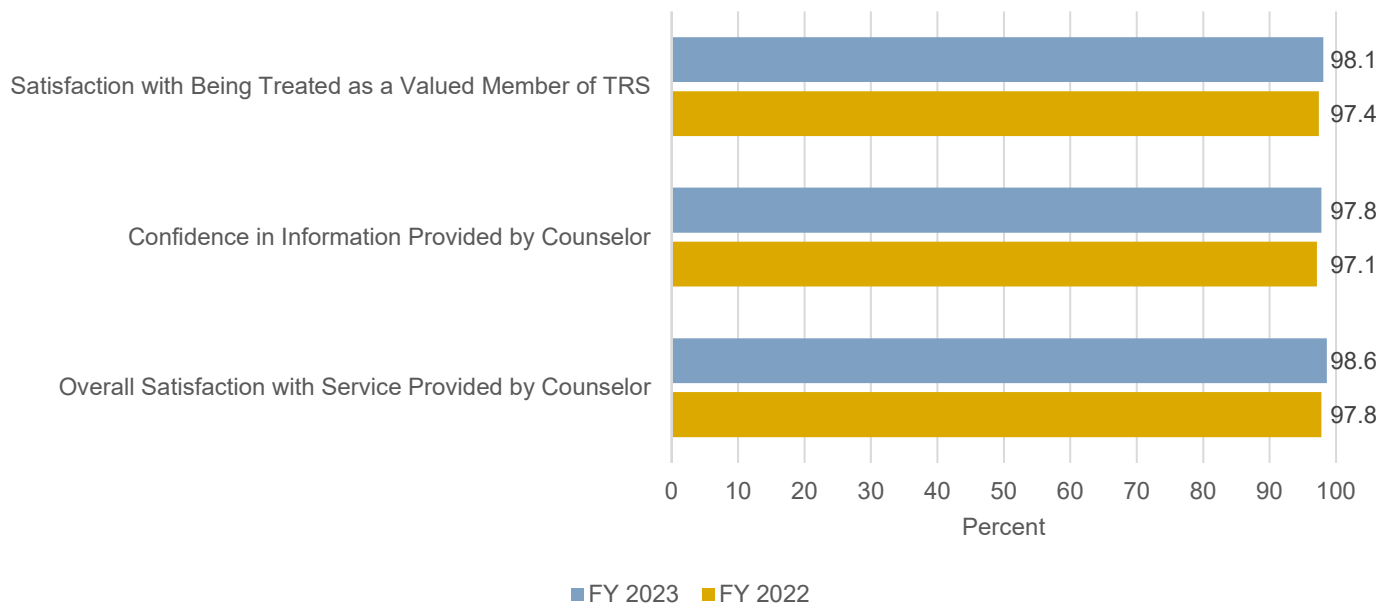


Figure 24. Additional After Call Survey Results (FY 22 & FY 23)



How Was Your Visit?

Figure 25. How Was Your Visit? Survey Results (FY 23)

N=4,271*



*If a response was not provided for a question, survey was excluded from the results for that question.

Figure 26. Satisfaction with Customer Service Experience (FY 2023)

N=3,725

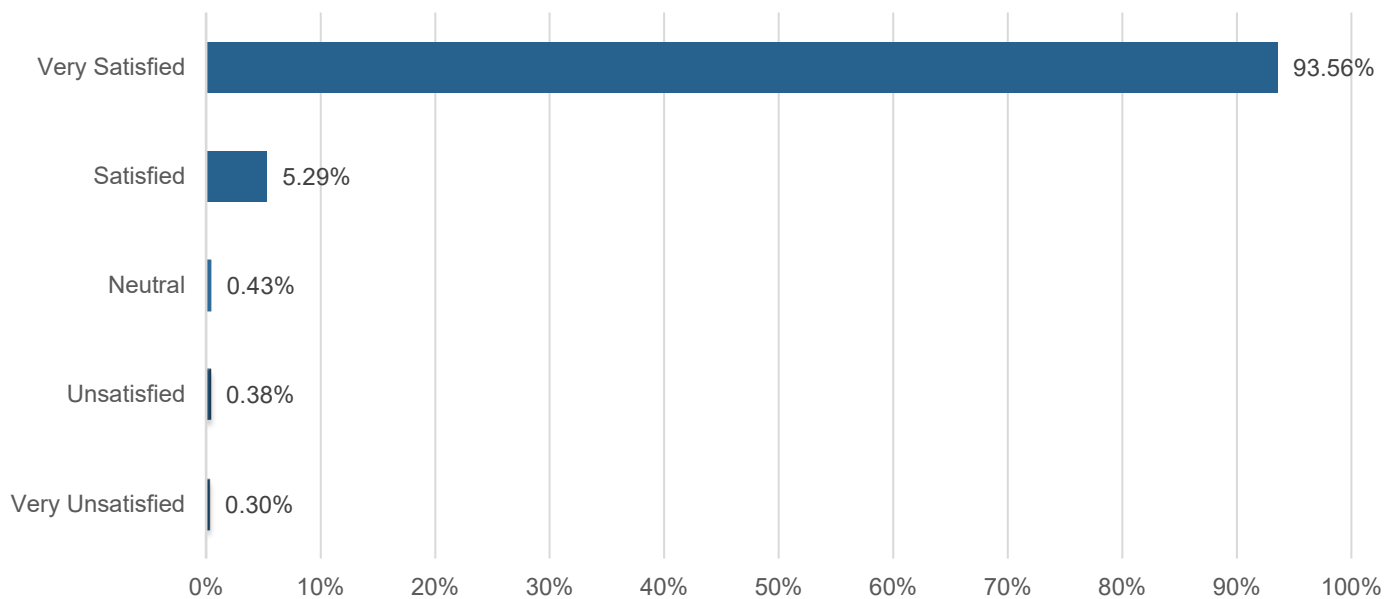


Figure 27. TRS Facility & Access Ratings (FY 2023)

N=1,199

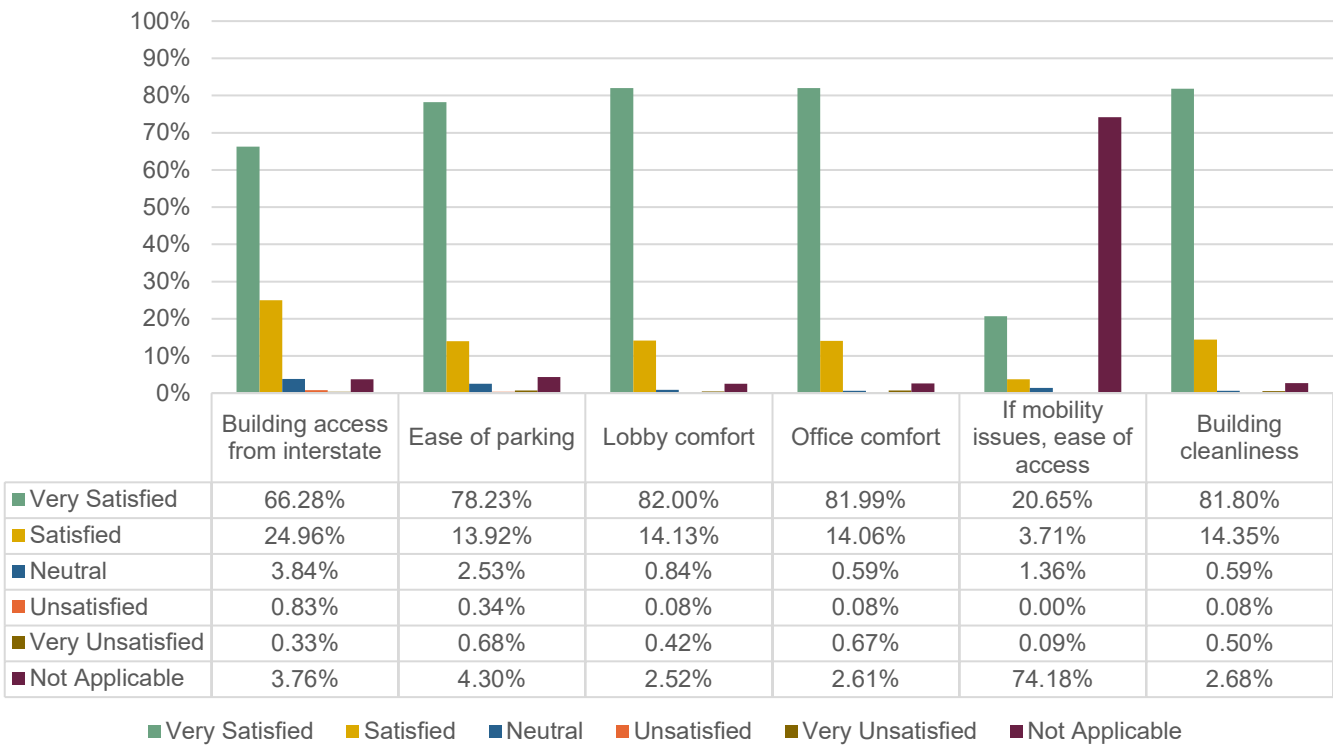
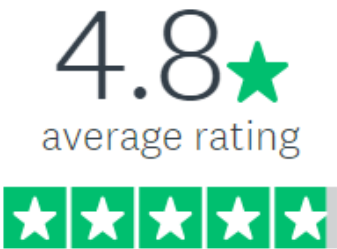


Figure 28. Service Rating (FY 23)

N=2,957

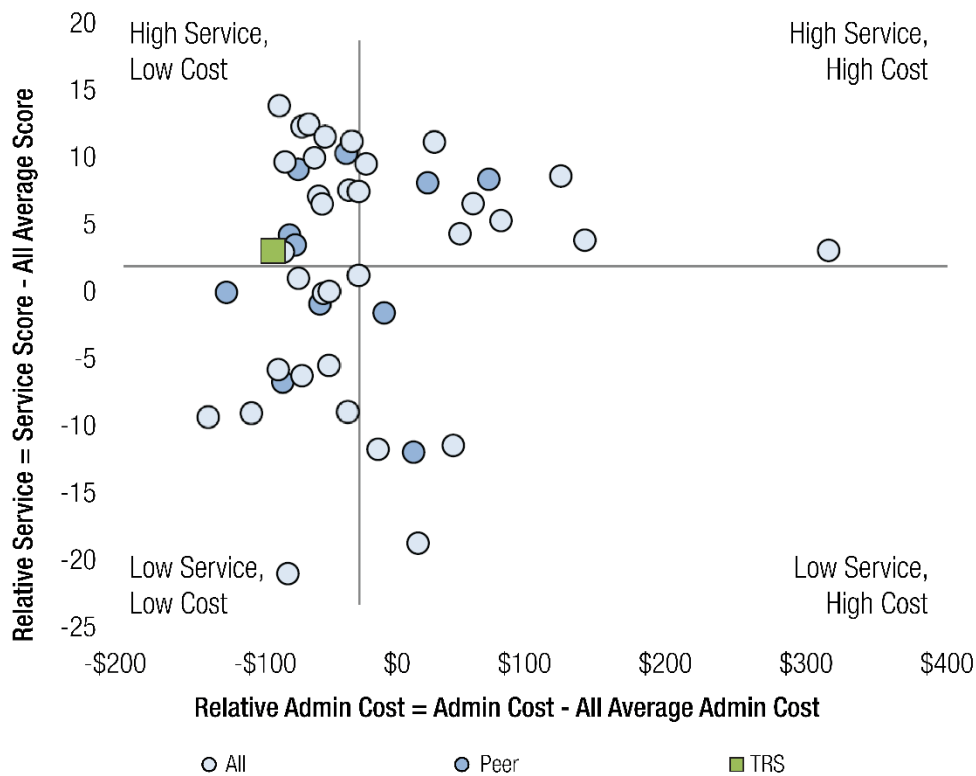


CEM

In fiscal year 2023, TRS' cost per active member and annuitant was \$62. This was \$55 below the peer average of \$117. TRS' service score was 78 out of 100. This was equal to the peer median. 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 29. Relative Service vs. Relative Cost



CEM 2023 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.

Health Care

In the 2023 MSS, 53% of retired members reported being satisfied or very satisfied with TRS-Care, and 52% 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 2021 and 2022. Active members saw a 14% increase in satisfaction levels from 2021 to 2023.

Communications

Both active and retired members agree that TRS sends communications relevant to member needs (see Figure 13), however, almost a fourth of the active member (24%) population selected “Neutral” as their response. This could mean that TRS is not fully engaging active members. Around 81% of retirees and 60% of active members agreed or strongly agreed that information provided by TRS is easy to understand (see Figure 14). These satisfaction levels have been trending upward since 2021. Overall satisfaction with TRS interactions (including visiting TRS facilities, meeting a Benefit Counselor, calling TRS, calling the Telephone Counseling Center (TCC) and speaking with a Benefit Counselor, attending a Retirement Forms session, requesting documentation via mail, requesting documentation via email, attending a retirement benefit presentation, using the TRS website, using the complaint handling process, and reading TRS publications) was high for both active members and retirees (see Figure 15).

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 17 and 27). 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 23) 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 month of June 2023 the average hold time was seven seconds and the satisfaction rating was 96.9%. In July 2023, the average hold time increased to one minute and 32 seconds, and the satisfaction rating decreased to 90.9%. 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 24).

Office Visit Counseling

Members who meet with a TRS counselor for an office visit appointment, whether in-person or virtually, almost unanimously report that they are satisfied or very satisfied with the counselor's courtesy and knowledge of TRS benefits (see Figure 25). 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 2023 MSS, 58% of active members and 77% of retirees reported being satisfied or very satisfied with TRS' services, an average of 67.5% (see Figure 7). While not an exact comparison, this is 14% lower than the average reported overall satisfaction in the telephone survey in fiscal year 2023, 81.5% (see Figure 22).

Performance Measures

Outcome Measures

- Percentage of Surveyed Respondents Expressing Overall Satisfaction with Services Received – 77% of retirees and 58% of active members (2023 Member Satisfaction Survey); 81.5% (FY 2023 Telephone)

Output Measures

- Total Customers Surveyed – 2023 Member Satisfaction Survey: 201,347; 2023 Reporting Employer Satisfaction Survey: 1,348; Point-of-Service Surveys: 724,047 (FY 2023 Telephone: 709,518; FY 2023 *How Was Your Visit?*: 14,529)
- Response Rate – 2023 Member Satisfaction Survey: 4%; 2023 Reporting Employer Satisfaction Survey: 66%; FY 2023 Telephone: 3%; FY 2023 *How Was Your Visit?*: 29%
- Total Customers Served – 2,001,974 current members and retirement recipients

Efficiency Measures

- Cost Per Customer Surveyed – \$0.30 (2023 Member Satisfaction Survey); \$40.19 (2023 Reporting Employer Satisfaction Survey); \$0.76 (FY 2024 Telephone)

Explanatory Measures

- Total Customers Identified – 1,512,053 current members; 489,921 retirement recipients; 1,350 employers
- Total Customer Groups Inventoried – Three (see above)

Table 8. 2024-25 Goals and Performance for TRS-Specific Measures

Performance Measures	2024	2025	Estimated 2024
TRS Retirement Fund Annual Operating Expense Per Total Member in Dollars (Excluding Investment Expenses)	\$60.64	\$60.83	\$60.64
TRS Retirement Fund Investment Expense as Basis Points (bp) of Net Assets	13.14 bp	12.32 bp	13.14 bp
Service Level Percentage of Calls Answered in Specified Time Interval	80%	80%	90.7%
Number of TRS Benefit Applications Processed	100,000	100,000	100,000
TRS Retirement Fund 5-year Average, Time-Weighted Rate of Return-on-Investment Performance	7.00%	7.00%	7.00%
Investment Performance Relative to Board-Approved Benchmark	100%	100%	100%
Number of TRS Retirement Fund Member Accounts Serviced	14,429,949	14,559,819	14,429,949
Percent of TRS Retirees Whose First Annuity Is Paid When It Is First Due	98.0%	98.0%	98.0%
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%

Schedule I: Certification of Compliance with Cybersecurity Training

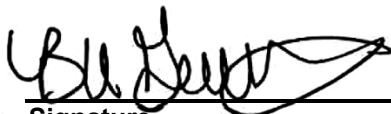


CERTIFICATE

Teacher Retirement System of Texas

Pursuant to the Texas Government Code, Section 2056.002(b)(12), this is to certify that the agency has complied with the cybersecurity training required pursuant to the Texas Government Code, Sections 2054.5191 and 2054.5192.

Chief Executive Officer or Presiding Judge



Signature

Brian Guthrie
Printed Name

Chair, Board of Trustees
Title

May 1, 2024
Date

Board or Commission Chair


Signature

Jarvis V. Hollingsworth
Printed Name

Chair, Board of Trustees
Title

May 1, 2024
Date



PART 3. APPENDIX

TRS Goals, Objectives and Strategies

Goal 1: Sustain an actuarially sound pension system.

Objective 1: 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 2: Improve communication regarding pension funding and the impact of pension plan design changes.

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

Goal 2: Continuously improve our benefit delivery.

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

Strategy 1: Increase engagement with members/participants and reporting employers regarding TRS benefits.

Strategy 2: Expand our services to meet members where they are.

Strategy 3: Improve the reporting employer experience.

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

Objective 1: Improve communication efforts regarding health care funding and the impact of plan design changes.

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

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.

Strategy 4: Ensure access to competitive retiree health benefits, including dental and vision plans.

Objective 3: Improve the health of our members.

Strategy 1: Engage and educate plan participants to help them achieve better health outcomes.

Goal 4: Align people, processes and technology to achieve excellence in service delivery.

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

Strategy 1: Promote a strong workplace culture that is inclusive and fosters creativity and innovation.

Strategy 2: Improve diversity representation at all levels of the organization.

Strategy 3: Expand learning and development opportunities.

Strategy 4: Maintain workforce planning strategies which provide continuous improvement for remote work, succession planning and knowledge transfer initiatives.

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: Optimize the hybrid work environment to provide greater scalability, 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: Expand the governance, risk and compliance (GRC) 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: 6/2025)

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

Strategy 2: Mature third-party risk management processes. (Target Date: 9/2026)

Objective 7: Provide effective communication to all stakeholders with a focus on continuous improvement.

Strategy 1: Improve strategic communications with a customer-centric focus.

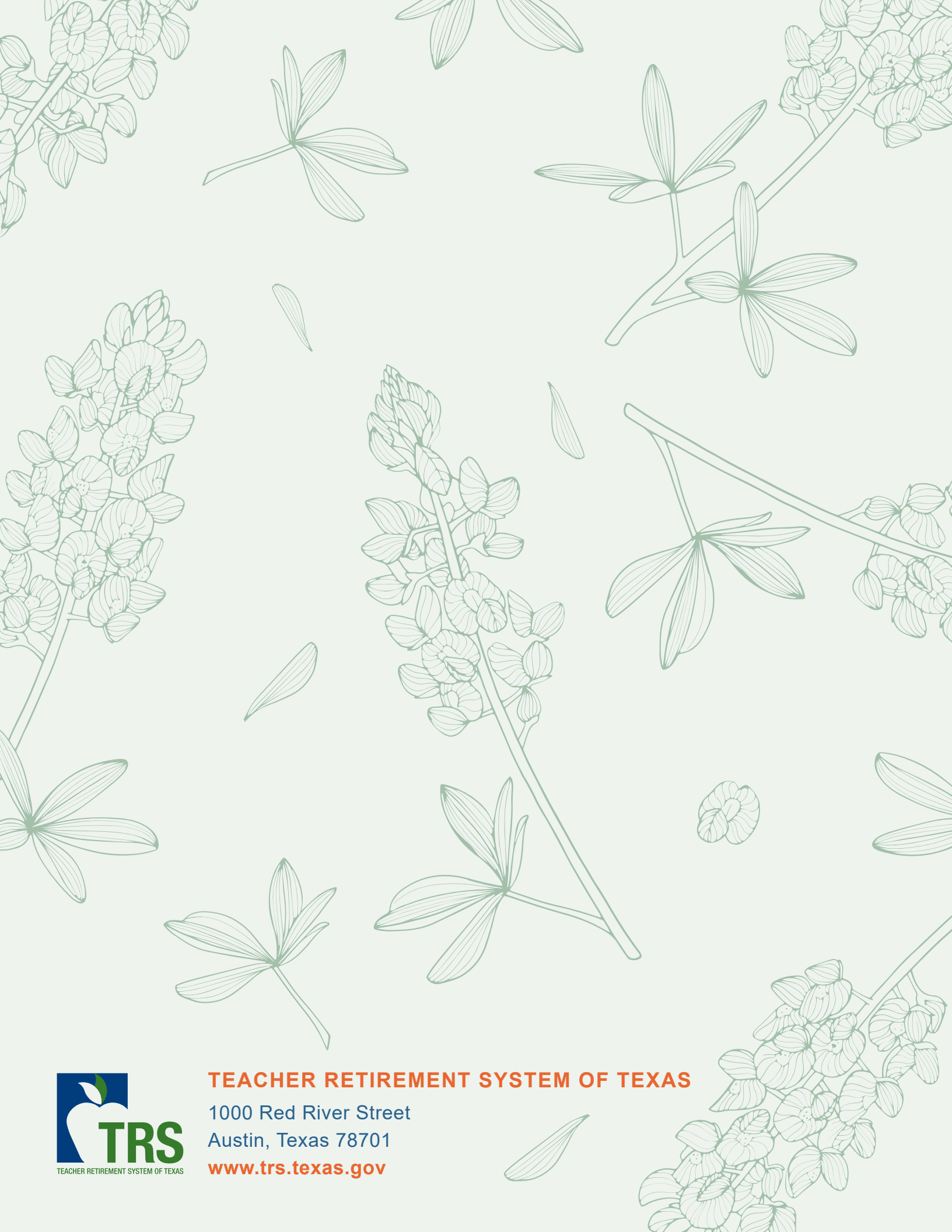
Strategy 2: Implement and monitor the Member and Employer Outreach Plan to better help members and employers fully know and utilize benefits, engage with TRS, plan for retirement, and remain informed post-retirement.

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)



TEACHER RETIREMENT SYSTEM OF TEXAS

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