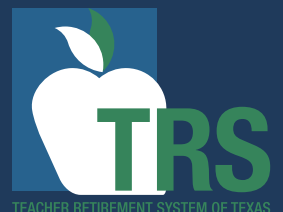


Teacher Retirement System of Texas

# WORKFORCE PLAN 2021-2025



Earning your trust every day.



*This page intentionally left blank.*



## Table of Contents

<b>SCHEDULE F: AGENCY WORKFORCE PLAN</b>	<b>1</b>
SYSTEM OVERVIEW	1
ORGANIZATION MISSION, STRATEGIC GOALS AND OBJECTIVES	2
CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS)	4
WORKFORCE DEMOGRAPHICS	5
<i>Employee Turnover</i>	7
<i>Retirement Eligibility Projections</i>	8
FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)	8
GAP ANALYSIS	9
STRATEGY DEVELOPMENT	9

*This page intentionally left blank.*

## **SCHEDULE F: AGENCY WORKFORCE PLAN**

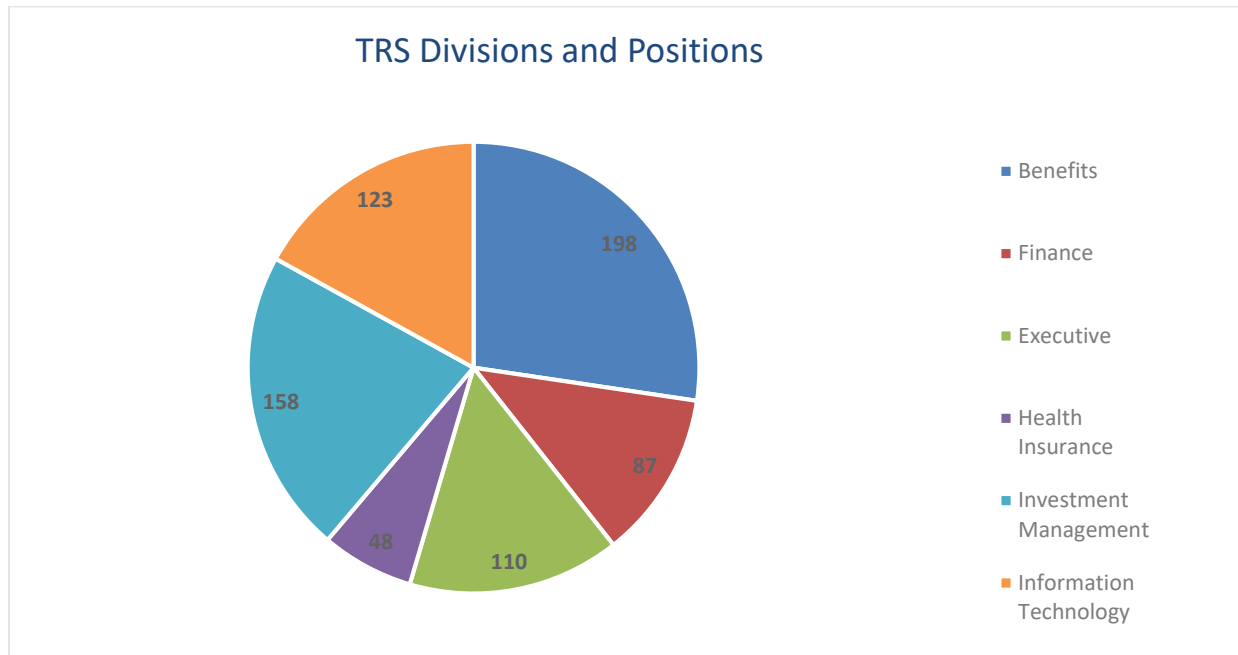
### **System Overview**

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

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

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

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



## Organization Mission, Strategic Goals and Objectives

The mission of TRS is:

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

TRS has the following four goals and objectives as part of the Strategic Plan for FY 2021-2025. A full listing of TRS' goals, objectives, and strategies can be found in the Appendix of the Strategic Plan.

<b>GOAL 1: Sustain a financially sound pension system.</b> <i>(Texas Constitution, Article 16, Section 67)</i>	
<b>Objective 1</b>	Improve communication regarding pension funding needs.
<b>Objective 2</b>	Increase identification of underpayments and collection of future contributions to TRS.
<b>Objective 3</b>	Achieve the trust's actuarial assumed rate of return as measured on rolling 20-year periods.
<b>Objective 4</b>	Improve communication regarding the impact of changing pension plan design.
<b>GOAL 2: Continuously improve our benefit delivery.</b> <i>(Section 825.113 (c), (f) and (g), Texas Government Code)</i>	

<b>Objective 1</b>	Improve the customer service experience for members and employers.
<b>Objective 2</b>	Improve timeliness and accuracy in employer reported data.
<b>GOAL 3: Facilitate access to competitive, reliable health care benefits for our members.</b> <i>(Sections 1575.051 and 1575.052, Texas Insurance Code)</i>	
<b>Objective 1</b>	Improve communication efforts regarding health care funding needs.
<b>Objective 2</b>	Increase the value of health care benefits.
<b>Objective 3</b>	Improve the health of our members.
<b>GOAL 4: Ensure that people, processes and technology align to achieve excellence in the delivery of service to members.</b> <i>(Sections 825.208, 825.211, 825.212, and 825.213, Texas Government Code)</i>	
<b>Objective 1</b>	Attract, retain, and develop a diverse and highly competent staff.
<b>Strategy 1</b>	Position TRS as a destination employer to meet the needs of our current and future workforce.
<b>Strategy 2</b>	Promote a strong workplace culture that is inclusive and fosters creativity and innovation.
<b>Strategy 3</b>	Improve diversity representation at all levels of the organization.
<b>Strategy 4</b>	Expand learning and development opportunities.
<b>Objective 2</b>	Advance and enhance IT systems and services.
<b>Objective 3</b>	Enhance the information security program.
<b>Objective 4</b>	Identify appropriate solutions for TRS facilities and space requirements.
<b>Objective 5</b>	Foster a culture of fiduciary responsibility and ethical conduct.
<b>Objective 6</b>	Improve and maintain effective procurement and contract management practices.
<b>Objective 7</b>	Improve strategic communications.
<b>Objective 8</b>	Evaluate automation and technology solutions to enhance existing processes.

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

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

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

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

### **Current Workforce Profile (Supply Analysis)**

TRS' core functions are delivering retirement benefits, facilitating health care coverage, managing investments and managing the TRS infrastructure including technology upgrades for the pension system and financial system. The skills that are most critical to support TRS' core functions include:

- Health benefit plan management;
- Pension administration;
- Investment expertise, including diversified portfolio management skills and managing alternative asset classes;
- Information technology, including telecommunications, Web design, programming, information security and systems administration;
- Developing and monitoring complex contracts; and
- Specialized professional skills (including accounting, auditing, human resources and legal).

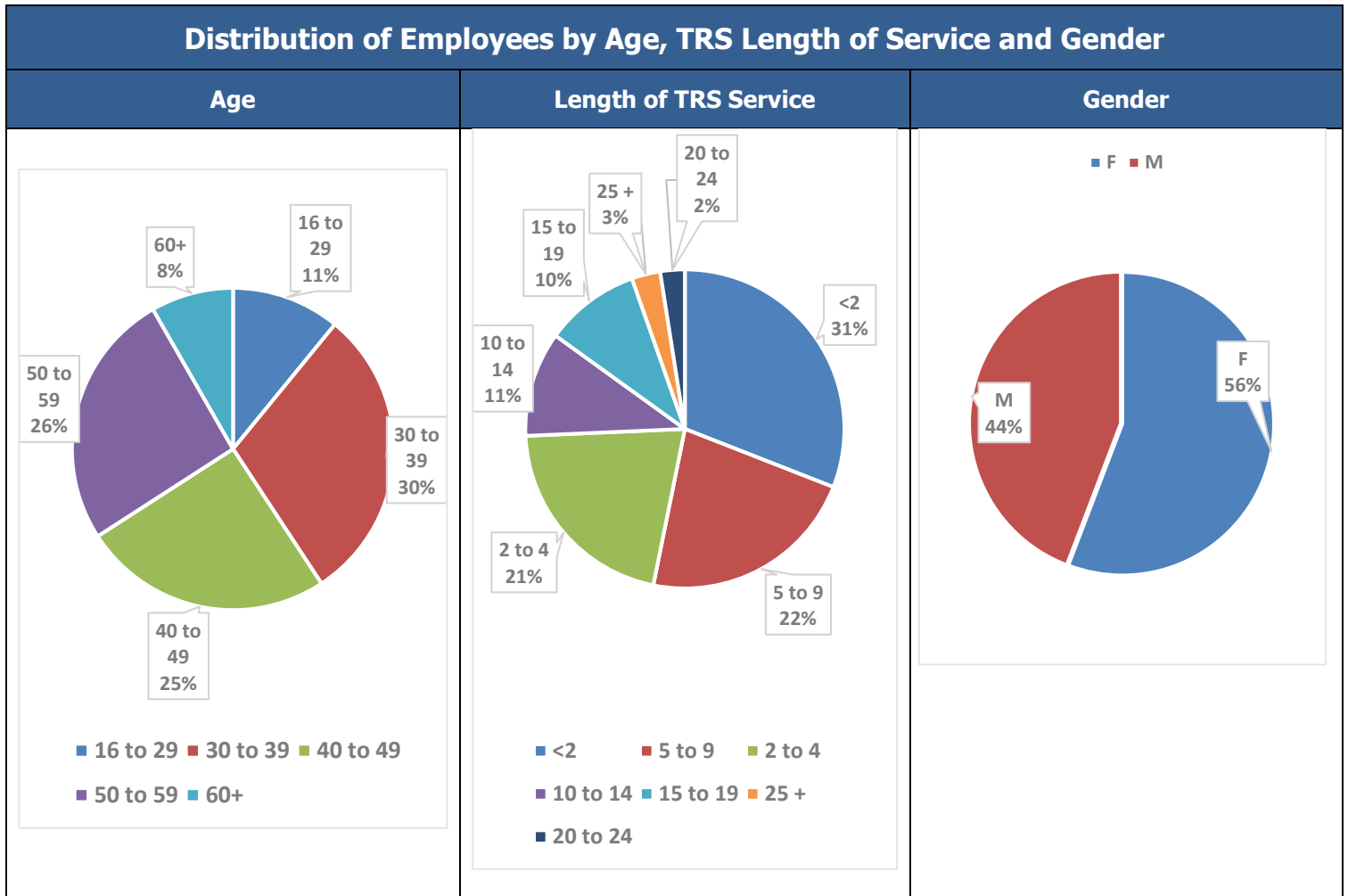
TRS has been successful attracting and developing staff with the following skills and competencies to meet critical business needs and are essential to successfully achieve TRS' mission and goals:

- Accountability;
- Business process analysis;
- Critical thinking and problem solving;
- Project management;
- Strategic planning;
- Leadership;
- Adaptability;
- Customer service; and
- Communication and collaboration.



## Workforce Demographics

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



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

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

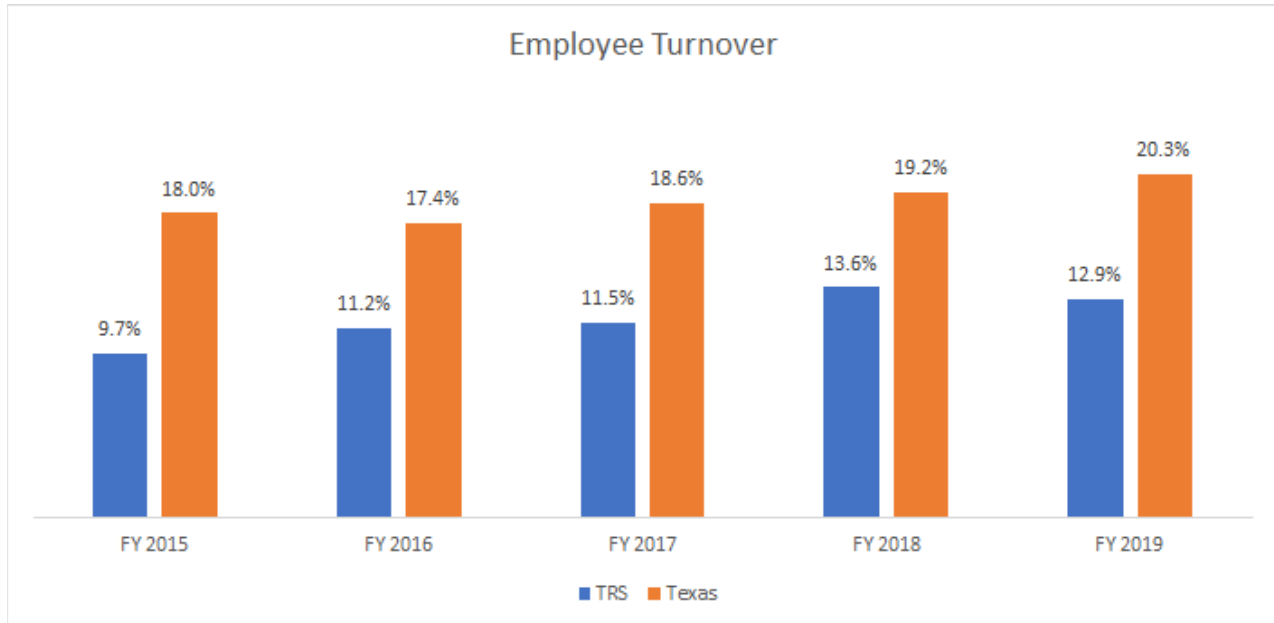
\*TWC combines data for paraprofessionals and service/maintenance for the purpose of this report. TRS does not have any employees in the Skilled Craft Category.

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

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

*Employee Turnover*

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



### 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 August 31, 2019.

#### Percent of TRS Employees Eligible to Retire as of:

Department	Retirement Eligibility Projections*					
	Percent of TRS Employees Eligible to Retire as of:					
	January 2020		January 2022		January 2024	
	Eligible Employees	Percent Eligible	Eligible Employees	Percent Eligible	Eligible Employees	Percent Eligible
<b>Executive Division</b>	16	16.0%	19	19%	23	23.0%
<b>Investment Management</b>	6	3.8%	9	5.7%	12	7.6%
<b>Benefit Services</b>	19	9.4%	27	13.4%	34	16.8%
<b>Shared Services</b>	39	17.7%	53	24.1%	63	28.6%
<b>Health and Insurance Benefits</b>	1	2.0%	1	2.0%	3	5.9%
<b>Total</b>	81	11.0%	109	14.9%	135	18.5%
<b>Executive Council Members</b>	5	38.5%	5	38.5%	7	53.8%

### Future Workforce Profile (Demand Analysis)

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

The continued growth in the size and complexity of the TRS lines of business has required additional member services professionals, technology professionals, business analysts, investment professionals, and program managers to implement technology upgrades. The agency has major initiatives underway to review statutory provisions, streamline benefit administration processes, and deploy enhanced technology solutions related to critical member needs.

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

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

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

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

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

## **Gap Analysis**

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

- Increased competition for experienced staff in certain fields.
- Changing roles and responsibilities for staff as a result of legislation or agency-wide initiatives.

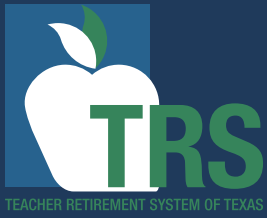
## **Strategy Development**

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

Potential Gap	Strategy
Increased competition for experienced staff in certain fields	<p>Maintain a work environment that allows TRS to attract, retain and develop highly competent staff that provides excellence in the delivery of service to members. Action steps include:</p> <ul style="list-style-type: none"> <li>• Promote a strong workplace culture that exemplifies TRS’ core values and mission to serve members.</li> <li>• Provide employee development opportunities including career paths.</li> <li>• Refine TRS’ talent management programs to attract, retain, and motivate a highly competent workforce.</li> <li>• Maintain recognition programs and offer other engagement initiatives to support retention of staff.</li> <li>• Continue organizational development efforts aimed at enhancing ongoing communication and effective working relationships between management and staff.</li> <li>• Encourage staff involvement in organizational activities.</li> </ul>
Changing roles and responsibilities for staff as a result of legislation or agency-wide initiatives	<p>Acquire necessary expertise to fulfill assigned responsibilities. Action steps include:</p> <ul style="list-style-type: none"> <li>• Conduct research to identify issues affecting other public pension funds or state agencies that may potentially affect TRS.</li> <li>• Maintain awareness of prospective legislative changes to allow adequate planning for new skill-set requirements.</li> <li>• Explore options for developing skills within the current workforce, attracting new staff with the required experience, or outsourcing certain functions.</li> </ul>
Loss of institutional knowledge and expertise due to turnover of critical staff	<p>Ensure a smooth transition of duties, responsibilities and institutional expertise when critical staff leave the agency. Action steps include:</p> <ul style="list-style-type: none"> <li>• Conduct best practices for business process reviews and utilize existing knowledge management and transfer programs and techniques.</li> <li>• Utilize the Leadership Development Program to offer staff the opportunity to be prepared for leadership positions as they become vacant.</li> <li>• Continue to maximize opportunities for cross-training efforts and create framework for greater utilization.</li> <li>• Create career development opportunities including opportunities to experience and manage next level work.</li> <li>• Refine and evolve development of succession plans to ensure continuous service during any period of extended absence or turnover among critical staff.</li> <li>• Maintain effective talent acquisition practices and strategies (such as use of contingent staff, internships, and employer branding) to attract, develop and retain qualified replacement staff.</li> </ul>

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

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



Teacher Retirement System of Texas  
1000 Red River Street  
Austin, Texas 78701  
512-542-6400  
1-800-223-8778