Agency Workforce Plan

I. AGENCY OVERVIEW

ERS administers retirement; health and other insurance benefits; TexFlex, a tax-savings flexible benefit program; and 401(k) and 457 investment accounts as part of the Texa$aver program. We also manage and invest the ERS Trust for the sole benefit of retirement system members.

A. Mission

ERS offers competitive benefits to enhance the lives of its members.

B. Philosophy

ERS prudently and professionally manages the trust funds and programs on behalf of its members. Benefits are an important part of the compensation of State of Texas employees, contributing to their financial security and well-being throughout their lives. We operate in an ethical, cost-effective manner, providing valuable and reliable service delivered by highly qualified staff.

C. Principles

TRUST - Earn and maintain the confidence of our stakeholders

INTEGRITY - Make ethical and prudent decisions

SERVICE - Deliver quality and respectful service to all participants

ADAPTABILITY – Able to adjust to different conditions

COMMUNICATION - Exchange information in a consistent, concise and clear manner

STEWARDSHIP - Prudently manage resources

INNOVATION – Embrace new ideas and concepts

COLLABORATION – Exhibit teamwork in accomplishing the task at hand

D. Goals and Objectives

GOAL: SUPPORT OUR MEMBERS' RETIREMENT INCOME SECURITY
Objectives:
- Attain Defined Benefit Plan Sustainability
- Assist Members in Preparing for Retirement Readiness
- Maintain a Professional and Diversified Investment Program

GOAL: SUSTAIN COMPETITIVE GROUP BENEFITS PROGRAMS
Objectives:
- Manage Health Care Program
- Promote Health and Well-Being
- Enhance Data Analysis

GOAL: ENGAGE STAKEHOLDERS FOR INFORMED DECISION MAKING
Objectives:
- Enhance Communications and Measure the Effectiveness
- Educate Stakeholders on Programs and Their Value
- Increase Understanding of Stakeholder Needs

GOAL: ENHANCE AGENCY PERFORMANCE AND ACCOUNTABILITY
Objectives:
- Ensure the Security of Member Data
- Leverage Input, Skills and Talents of ERS Staff
- Increase Process Efficiency and Effectiveness to Meet Changing Needs
- Improve Transparency to Maintain Trust

II. CURRENT WORKFORCE PROFILE

A. Critical Workforce Skills

There are several critical skills that are important to ERS' ability to operate. Without these skills, ERS could not provide basic benefit and retirement services. These skills are listed below:

- Ability to interpret legislation.
- Ability to communicate detailed information.
- Ability to write guidelines and procedures for a targeted audience.
- Ability to use automated benefit systems.
- Ability to transition business processes from manual systems to web-based investment systems.
- Ability to develop long-term and short-term goals for the investment program.
- Ability to manage alternative asset classes.
- Risk management skills.
- Quality assurance skills.
- Ability to effectively and efficiently manage projects.
- Ability to identify and implement strategic technology and business responses to address issues and opportunities.
- Ability to develop and monitor complex contract plans.
- Ability to think critically.

In addition, ERS needs highly skilled and knowledgeable investments staff to administer comprehensive and actuarially sound retirement programs.

B. Workforce Demographics

As of April 2022, the ERS had 365 full-time employees to carry out the mission of the agency. ERS offers competitive benefits to enhance the lives of its members. The following three charts illustrate the demographic make-up of ERS' workforce.

Workforce Breakdown
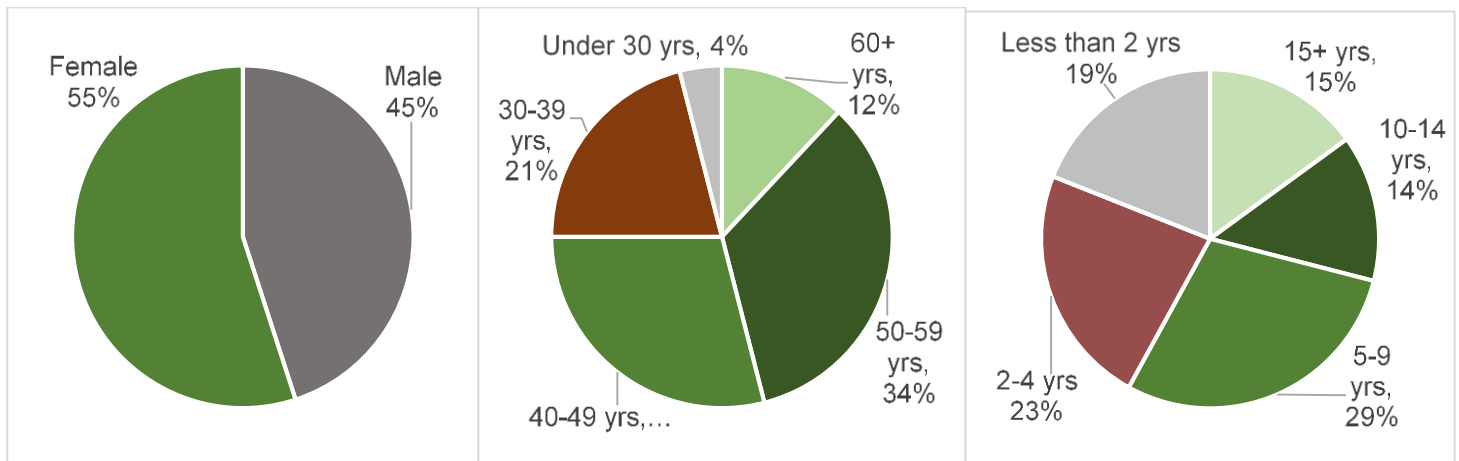
Gender
ERS' workforce is composed of 55% females and 45% males.

Age
More than 70% of the agency's employees are over the age of 40.

Agency Tenure
Fifty-eight percent of ERS' workforce has five years or more of state service, and 42% of the workforce has fewer than four years of state service.

Agency Minority Workforce

The following table compares the percentage of minority workers at ERS as of April 2022 to the statewide civilian workforce.

Job Category	African-American		Hispanic-American		Females	
	ERS %	State %	ERS %	State %	ERS %	State %
Officials, Administration	5.88%	8.54%	5.88%	24.74%	58.82%	41.71%
Professional[1]	7.93%	10.90%	15.52%	21.77%	59.45%	54.13%
Technical	15.91%	15.05%	14.89%	29.75%	27.66%	56.85%
Administrative Support	0%	14.60%	37.5%	36.53%	62.50%	74.74%
Skilled Craft	0%	11.46%	100%	52.2%	0%	13.92%
Service and Maintenance	0%	13.33%	50%	21.77%	0%	54.02%

Source document for state percentage: Equal Employment Opportunity and Minority Hiring Practices Report Fiscal Years 2019-2020 (Chart 1), published by the Texas Workforce Commission

There are five categories of zero-represented classes within ERS. These are African-American: Administrative Support, Skilled Craft, and Service and Maintenance; and Female: Skilled Craft, Service and Maintenance. ERS employs only two staff in Operation Services and Maintenance Services units, and eight in Administrative Support, which is a contributing factor to under-representation in those categories.

Employee Turnover

The following graph compares the average ERS turnover to that of the state for Fiscal Years 2017 through 2021. During this time, ERS' turnover rate was below the statewide turnover rate.

	2017	2018	2019	2020	2021
ERS	12.7%	12.2%	11.7%	10.0%	10.6%
State	18.6%	19.3%	20.3%	18.6%	21.5%
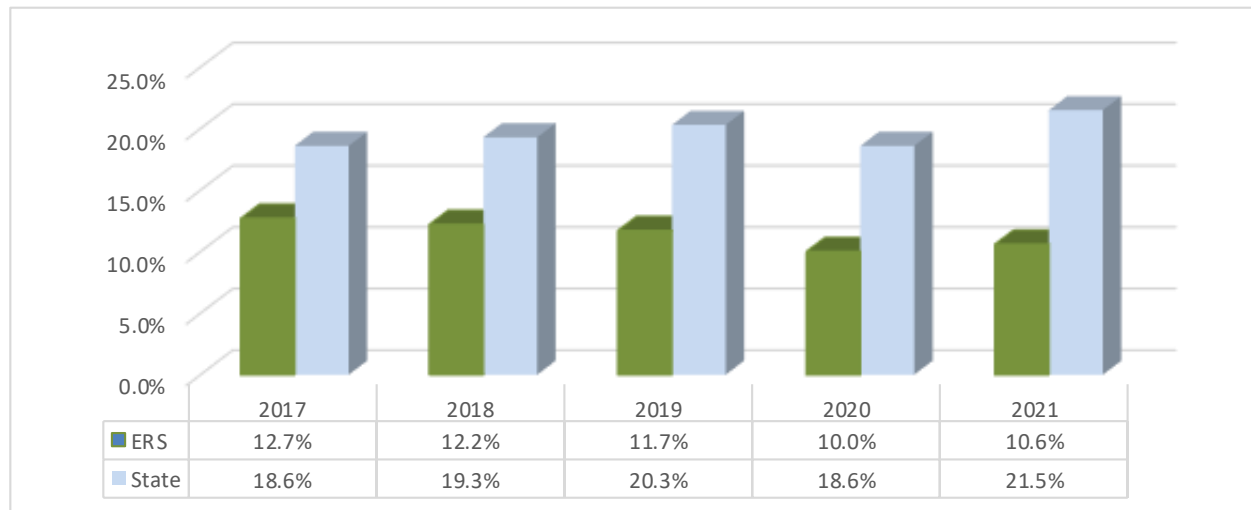
As of April 2022, the agency turnover rate is 10.29% for the current fiscal year

Occupational Category	Turnover Percentage
Information Technology	24.4%
Insurance	26.8%
Program Management	14.6%

Information Technology and Insurance categories experienced the greatest amount of employee turnover during FY22, which includes Database Administrators, IT Business Analysts, System Analysts, and Retirement Systems Benefits Specialists.

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[1]The State category "paraprofessional" is not listed in the Census data. ERS is reporting agency staff identified in internal systems as paraprofessionals in the "professional" category for the purposes of this report.

Employees Retirement System of Texas

Turnover by Length of Service

Length of State Service	ERS Turnover % by Service FY21	State Turnover % by Service FY21
Less than 2 years	14.6%	51.1%
2 to 4.99 years	17.1%	21.9%
5 to 9.99 years	5.0%	11.9%
10 to 14 .99 years	8.8%	10.0%
15 years and more	8.6%	15.0%
Overall Turnover	12.14%	23.3%

The highest percentage of turnover for state employees continues to be for those who have fewer than two years of service. However, for the first time in several years, the highest percentage of turnover for ERS employees are those who have two to almost five years of state service. The turnover rate for ERS employees who leave with fewer than two years of service is significantly lower than the state's percentage. ERS makes every effort to minimize turnover in this category by offering opportunities to cross-train employees for career development opportunities, professional development training for career growth, paying competitive salaries and offering a good work atmosphere with a flexible work environment.

Turnover by Age

Turnover by age reflects the make-up of the agency workforce. Below is a chart showing the percentage of turnover by age.

Length of State Service	ERS Turnover % by Age FY21	State Turnover % by Age FY21
Under 30 years	37.0%	46.0%
30 to 39 years	13.2%	20.5%
40 to 49 years	5.3%	13.3%
50 to 59 years	9.0%	15.5%
60 years and over	16.6%	21.9%
Overall Turnover	10.6%	21.5%

During Fiscal Year 2021, employees in the 40-to-49 and 50-to-59 groups experienced the lowest level of turnover at ERS. The greatest turnover was in the under 30 years of age group.

Turnover from Projected Retirements

Based on the limited data available, ERS projects that during the next three fiscal years, approximately 14% of ERS' workforce will be eligible to retire, taking with them institutional knowledge and expertise. ERS continues to prepare for the retirement of employees in key positions through succession planning, cross-training and employee development.

Number of Potential Retirees
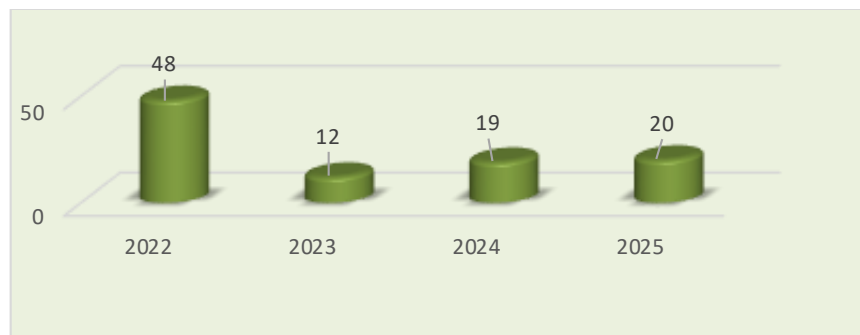
III. Future Workforce Profile

ERS continues to design and implement systems to meet the challenges of the five vision elements. The vision elements include:

- Engaging members
- Having dynamic internal and external collaboration

- Providing competitive sustainable benefits

- Having innovative solutions

- Demonstrating a model work environment

A. CRITICAL FUNCTIONS

ERS needs a workforce that can accomplish the following goals:

- Support our members' retirement income security

- Sustain a competitive group benefits programs

- Engage stakeholders for informed decision making

- Enhance agency performance and accountability

B. WORKFORCE OPPORTUNITIES

Supervisors at ERS must have an ability to examine and improve business processes, and to lead their teams through transitions of new and very complex systems, as well as effectively communicate the new processes to agency staff. Staff in the Investments Division must be experienced in various investment asset classes.

C. CRITICAL FUNCTIONS REQUIRED IN ACHIEVING THE STRATEGIC PLAN

The strategic directions identified under the critical functions subheading will continue to be necessary and important over the next several years. ERS customers continue to demand more, faster and easier access to their benefit information, more innovative products, and reasonable costs for services and products. ERS offers and delivers services that are very complex. As a result, the skills to deliver these complex services will have to be acquired or developed by the agency workforce.

Leveraging skills and talents of ERS staff through employee and organization development is critical to the success of the agency. ERS must have a well-trained, highly skilled and flexible workforce to respond both to the needs of our customers and to program changes resulting from federal and state legislation. Employees must continue to receive cross-training, formal training and upskilling to maintain their employment with ERS.

D. Future Workforce Skills Needed

ERS relies on a competent and knowledgeable workforce. The following skills and abilities are essential for ERS' workforce to attain the five vision elements:

- Leadership, people management and supervision skills

- Service Orientation skills

- Ability to effectively communicate with internal and external customers

- Investment skills

- Ability to develop long-term and short-term goals for the investment program

- Ability to manage alternative asset classes, private real estate, private equity and hedge funds

- Project management skills

- Data Mining skills

- Information Technology skills that include Web-based technology, Cloud computing and Cybersecurity skills

- Contract management skills

- Change management skills

- Process analysis

- Complex problem solving

- Critical thinking sills

- Coordinating with others

- Cognitive flexibility

- Strategic planning

- Risk management skills