

STATE PENSION REVIEW BOARD

STRATEGIC PLAN

2023-2027

PENSION REVIEW BOARD

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AGENCY STRATEGIC PLAN

FISCAL YEARS 2023-2027

BY

STATE PENSION REVIEW BOARD

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DATE OF SUBMISSION: June 1, 2022

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APPROVED: *Stephanie Leibe*

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Date Approved: May 27, 2022



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AGENCY MISSION

The Pension Review Board (PRB) is mandated to oversee all Texas public retirement systems, both state and local, in regard to their actuarial soundness and compliance with state reporting requirements under Chapter 802, Texas Government Code. The mission of the PRB is to provide the State of Texas with the necessary information and recommendations to help ensure that our public retirement systems, whose combined assets total in the multi-billions, are actuarially sound, benefits are equitable, the systems are properly managed, tax expenditures for employee benefits are kept to a minimum while still providing for those employees, and to expand the knowledge and education of administrators, trustees, and members of Texas public retirement systems.

Main Functions

The PRB acts in accordance with the highest standards of ethics, accountability, efficiency, and openness. The main functions of the PRB are to:

- Conduct a **continuing review** of all public retirement systems;
- Conduct **intensive studies** of potential or existing problems that threaten the actuarial soundness of public retirement systems;
- Provide **educational services** to the trustees and system administrators of Texas public retirement systems;
- Provide **information and technical assistance**;
- Recommend **policies, practices, and legislation** to public retirement systems and appropriate governmental entities; and
- Prepare **actuarial impact studies** on proposed legislation.

Organizational and Fiscal Aspects

Board and Staff

The board is composed of seven members appointed by the governor with the advice and consent of the Senate. The PRB members are experts in areas relating to public pensions and governmental finance.

The PRB is a small agency with a limited number of employees. The agency currently has 10 employees including the executive director with three vacant positions. The agency is authorized for 13 total full-time equivalents (FTEs). Due to the technical nature of public pensions, qualified and well-trained staff is paramount to fulfilling the agency's mission. Given the PRB's limited resources, staff recruitment and retention are the agency's greatest challenges.

Budget

Fiscal years 2022-2023 appropriations for the PRB totaled \$2,257,498. The funding source for the appropriations was the General Revenue Fund. Of the agency's appropriations for FY 2022-2023, nearly 91% was dedicated to salaries and wages.



AGENCY OPERATIONAL GOALS AND ACTION PLANS

Goal 1. Provide information, analysis, comparative data, technical assistance, and recommendations to public retirement systems, the legislature, and other stakeholders.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Update the agency's technology infrastructure to achieve the following goals:
 - Rebuild the agency's pensions database to update the underlying technology and improve reliability; add reporting capability to enable easier data extraction and analysis; and add data elements not part of the current database, such as investment expense data, to centralize and standardize data on Texas public pensions.
 - Create an interface that will allow Texas pension systems to submit required reports more easily and securely to the PRB and to access commonly requested information for their system.
 - Provide more data and easier access to systems' reports through the PRB's Texas Public Pension Data Center (data center).
- Review all reports submitted by Texas public retirement systems and publish data to the agency's data center on a regular, ongoing basis.
- Utilize public retirement system data to produce regular financial, actuarial, investment, educational, and compliance reports. Present these reports to the agency's board and publish them to the agency's website.
- Publish data-intensive reports, including
 - the Guide to Public Retirement Systems in Texas, which serves as a public pensions primer for the legislature; and
 - the biennial Texas Local Fire Fighters Retirement Act (TLFFRA) Pension Report, which provides comparative actuarial, financial, and benefit information specifically for the 42 TLFFRA plans.
- Conduct research and interim studies on potential issues impacting public retirement systems, such as governance.
- Provide analysis and recommendations regarding issues facing public retirement systems to the legislature.
- Prepare actuarial impact statements for legislation that would affect the benefits or liabilities of a public retirement system.
- Provide technical assistance to the systems and their members, the legislature, other agencies, and the public upon request.
- Enhance the agency's website to become more user-friendly and to relay important pension information and resources to public retirement systems and their associated governmental sponsors, retirement system members, the legislature, and the public.
- Utilize social media to provide stakeholders with up-to-date agency information, such as reports, meeting notices, and other agency news.



HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.

The agency consistently updates its board on analyses of Texas public retirement systems during open meetings and provides up-to-date information to systems, the legislature, and the public through the agency's website and data center.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.

The agency evaluates the usefulness and efficiency of the delivery of information to its stakeholders. By making improvements such as asking for and providing electronic information rather than paper, the agency produces less waste and allows for a greater access to its larger reports and information. The agency's most robust report, the Guide to Public Retirement Systems in Texas, has been largely replaced by the data center, making the biennial report more efficient for use by the legislature, and the data center more helpful for its users. The public pension data center updates regularly throughout the year, so it can provide more up-to-date information than in the past. When the agency completes its new database, even more data will be available to the public through the data center.

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

The information and analyses provided by the agency helps achieve the PRB's mission to provide the State of Texas with the necessary information and recommendations to help ensure that Texas public retirement systems are well managed.

4. Attentive to providing excellent customer service.

The agency's strong emphasis on technical assistance supports this statewide objective through the prompt response to inquiries and complaints. The PRB responds to all requests made by its service population and makes certain to provide any and all information requested. The agency also utilizes feedback and results from its Customer Service and Educational Services surveys to improve customer service. The agency has recently redesigned its website which has enhanced accessibility and improved information sharing between the agency and its stakeholders. The PRB recently began social media outreach, which provides stakeholders with another avenue to receive important information from the agency.

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

The PRB utilizes its website to provide a large amount of data concerning Texas public retirement systems, including its actuarial reports in an Excel format, which allows the end user to fully utilize that data. The PRB maintains an online data center to promote transparency and public knowledge of Texas public retirement systems' long-term fiscal health, benefit structures, governance, and provides comparisons based on plan type and size in a user-friendly format. Also, to allow for optimal availability of the information discussed during PRB meetings, the agency publishes its board meeting materials days in advance of meetings, live streams, and archives board and committee meetings on its website. The agency's new database and user interface will make even more data and reports about Texas public pensions more easily accessible to the public and therefore improve transparency even further.



Goal 2. Help public retirement systems achieve and maintain actuarial soundness so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Review and analyze all required reports from systems, including funding policies, investment practices and performance evaluations, annual financial reports, investment returns and assumptions reports, actuarial valuations, actuarial audits, experience studies, summary plan descriptions, investment policies, and funding soundness restoration plans, and publish the information to the agency's website and data center.
- Conduct intensive reviews of systems that may have problems threatening their financial or actuarial health by analyzing their current actuarial, financial, and investment data; historical trends in contribution sufficiency, cash flow, and investment returns; benefit structure; membership; governance, and long-term sustainability.
- Monitor and analyze investment-related data, such as investment expense information, and produce reports for review by the board and retirement systems.
- Provide information and guidance to public retirement systems and their associated governmental entities on legislative changes to Funding Soundness Restoration Plan requirements by:
 - adopting rules to clarify and implement policies and procedures regarding reporting and compliance through an open and transparent process;
 - revamping the *Policy for Determination of System Actuarial Review* to clearly communicate the agency's processes to determine and promote compliance; and
 - providing additional educational materials, such as graphics, answers to frequently asked questions, and continuing education courses to help systems and their sponsors understand and comply with the complex requirements of the law.
- Provide educational materials on reporting requirements and best practices, such as continuing education courses, videos, and infographics, to assist trustees with fulfilling their roles as system fiduciaries.

HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.

The agency provides comparative data through its publishing of public retirement system data to its data center to help systems achieve and maintain actuarial soundness so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.

The agency regularly reviews internal processes to identify opportunities for improvement and efficiency. For example, staff condensed the *Guide to Public Retirement Systems* and made the data that was usually in that report available and more up to date on its data center. By tying the data center to the agency's internal data base, more information is now available online, and the *Guide to Public*



Retirement Systems takes less staff time to produce. Such improvements allow the agency to spend more time on research and analysis rather than formatting reports.

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

A main function of the agency is to conduct a continuing review of all systems. The agency reviews reports as they are submitted, ensuring that the information is kept as current as possible. The agency continually looks for ways to improve its analysis and reporting, including communicating with systems regarding reporting questions to help ensure accuracy of its analysis. For example, the agency has begun routinely incorporating review of systems' investment management practices as part of its intensive review process, since investments are a key factor that impacts systems' actuarial soundness. Additionally, the legislature has recently passed new requirements charging the PRB with collecting and analyzing investment-related information and data.

4. Attentive to providing excellent customer service.

The PRB is committed to helping all constituents. For example, when there are new reporting requirements, systems often request guidance and templates. The agency has fulfilled these requests, such as producing a sample funding policy and a template for investment fee reporting for the convenience of its constituents.

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

All financial, actuarial, and compliance reports are published on the PRB website in meeting packets and as standalone reports. Financial, actuarial, benefit, and governance information is also published on the agency's online data center for each system. The agency attempts to include plain language explanations of technical actuarial concepts, as well as glossaries in publications and on the data center. Also, the PRB works with stakeholders when updating board policies, rulemaking, and when implementing new laws.



Goal 3. Conduct intensive studies of potential or existing problems that threaten the financial or actuarial condition of Texas public retirement systems.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Conduct intensive reviews of systems that may have problems threatening their financial or actuarial health by analyzing current actuarial and financial data; historical trends in contribution sufficiency, cash flow, and investment returns; benefit structure; membership; governance; and by assessing the possible risks’ impact on long-term sustainability. As part of this process:
 - Communicate with retirement systems and their sponsoring governmental entities throughout the review process to keep them informed of review findings and provide technical assistance, as well as provide ongoing opportunities for input and feedback.
 - Report the results of intensive reviews to the board, systems, sponsoring governmental entities, and the legislature through the PRB’s Biennial Report in November of each even-numbered year, as well as provide updates from affected retirement systems since reviews were published.
- Provide plan-specific reports, presentations, and analyses to the board and the legislature upon request.
- Research current issues and trends in public pensions and publish agency white papers, reports, and interim studies, including governance issues and investment market trends and assumptions.
- Analyze investment practices and performance evaluation reports and investment fee information submitted by systems.

HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.

Agency staff carefully reviews retirement system and other relevant information and analyzes that information to raise warning flags regarding potential problems before they escalate. Analyses are discussed during open meetings of the board.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.

The PRB staff collaborates with public retirement systems during their intensive review process to provide valuable research and analysis that helps systems accurately assess and address funding issues.

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

The PRB continuously calculates the percentage of actuarially funded defined benefit public retirement systems that are actuarially sound through the review of actuarial valuations. The PRB’s policies are updated appropriately in conjunction with revised state laws or other regulations to meet current industry best practices to help ensure long term financial health of public retirement systems. The agency looks to continuously improve its performance of its core functions, such as by adding more



detailed review systems' approach to managing their investments as part of the intensive review process.

4. Attentive to providing excellent customer service.

The agency provides accurate information relating to its intensive studies to the systems, their sponsoring governmental entities, the legislature, and the public. The reviews include recommendations to help system stakeholders improve financial and actuarial soundness of their systems. The PRB makes every effort to keep all stakeholders informed of each step during the intensive review process and staff is always available for technical assistance.

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

For each board meeting, the PRB prepares an actuarial valuation report which lists several actuarial factors for each system, with indicators of financial health. The agency also provides a list of systems subject to the formulation of the funding soundness restoration plan, as well as a list of systems that are at risk of becoming subject to the formulation of the plan. Systems are monitored after initial placement on a list, and staff updates the board on progress of plans after funding soundness restoration plan submission. Reports provided to the legislature and the agency's board are accessible on the PRB website for all interested parties. To make the intensive review process transparent and open, the agency utilizes its internal intensive review metrics spreadsheet. The spreadsheet is continually updated based on reports received by the PRB and helps to prioritize retirement systems in need of review. Also, as part of the intensive review process, the draft report is provided to the system and sponsor before being made public and is discussed at an open meeting, where the retirement system and its sponsor are invited to comment on the draft report and answer any questions from the board members. Staff then finalizes the report and publishes it on the agency website.



Goal 4. Educate public retirement system trustees, administrators, members, the public, and the legislature on public pension concepts, topics, trends, and issues.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Provide free online courses in core pension topics such as Actuarial Matters, Fiduciary Matters, Ethics, and Investments to assist system administrators and trustees with required training hours and educate system members, the legislature, as well as the public. Perform regular updates of these courses.
- Update the learning management system supporting the program to make the courses more user friendly.
- Accredite sponsors of external training courses or individual courses to enhance available training sources and increase accessibility to training for trustees and administrators and publicize those courses on the agency’s events calendar for easy visibility and access.
- Begin providing continuing education courses on timely subjects and issues affecting systems, such as state reporting requirements, actuarial standards, and investment management best practices.
- Regularly provide training as part of industry conferences, such as training on revised Funding Soundness Restoration Plan requirements.
- Complete revisions to the TLFFRA Trustee Manual to ensure trustees of TLFFRA plans have easy access to the most up-to-date information.
- Research important pension-related topics and publish white papers to educate stakeholders on those issues.
- Provide current pension-related resources through the agency website including best practices such as the *Pension Funding Guidelines* and *Principles of Retirement Plan Design* for all systems.
- Email weekly news clips to interested parties with articles relating to public retirement systems in Texas as well as national pension-related issues.
- Utilize social media to keep more stakeholders apprised of agency educational opportunities.

HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.

The agency empowers public retirement system trustees and administrators to make fully informed decisions as fiduciaries through high quality education. The agency also publishes links to industry best practices and other helpful resources on the PRB website.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.

The agency ensures access to free high-quality education for trustees and administrators through the online courses. Through the individual course and sponsor accreditation process, participants can get credit for applicable courses they may have already needed for other continuing education requirements. Staff processes course approval and sponsor accreditation requests in a timely manner.



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

The agency constantly works to improve the quality and accessibility of its educational offerings and provides opportunities for feedback to facilitate high overall satisfaction with educational services. The PRB is currently working to update the core courses to ensure they reflect the most recent information and recommended industry practices and will be working to provide continuing education in the future. The agency also plans to migrate from its current learning management system onto a newer more interactive and intuitive system, which should enhance usability for both the participants and staff.

4. Attentive to providing excellent customer service.

The agency provides free online education in public pension topics to system trustees and administrators, the legislature, and the public, through the agency's website. Also, staff accredits other educational sponsors, and works with trustees to accredit individual courses they may have taken for other continuing education, so they can fulfill their training requirements. The PRB readily assists systems with navigating educational requirements to allow system trustees and administrators to easily gain required knowledge as system fiduciaries. The agency is responsive to requests from industry associations to make educational presentations at conferences and training sessions, and periodically surveys stakeholders to evaluate opportunities to improve educational offerings.

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

The PRB provides free online courses in plain language that anyone can access. Each course includes visuals, examples, and knowledge checks so that the highly technical pension information is easily accessible. The agency also focuses on accessibility, so has begun to provide more information through graphics and visuals on its website.



Goal 5. Monitor compliance and help public retirement systems achieve and maintain compliance with statutory reporting requirements.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

- Track public retirement system submission and fulfillment of required reports under Chapter 802 of the Texas Government Code through the agency’s databases.
- Track trustees’ and system administrators’ compliance with educational requirements to help ensure they have the necessary knowledge to effectively discharge fiduciary duties.
- Develop and implement a process to evaluate Funding Soundness Restoration Plans to help systems understand and comply with statutory requirements.
- Work with noncompliant retirement systems by providing one-on-one assistance, deadline reminders, and other resources to help bring them into compliance with state reporting requirements.
- Monitor changes to state and federal laws and regulations and communicate updates to the public retirement systems via the PRB website, weekly news clips publication, memoranda, online courses, and social media.
- Publish updated Government Code and TLFRA statute to provide public retirement systems with current state laws.
- Provide guidance to public retirement systems, including the development of sample policies and optional templates to help ensure all required information is reported as required by state law.
- Create continuing education presentations, videos, and other media on timely pension issues to help public retirement systems and their sponsors to grasp those issues and how they affect their systems. Providing this information can help systems better understand and, as a result, better comply with legislative requirements.

HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.

The PRB reports retirement system compliance with financial, actuarial, and training requirements to the board and the legislature, and posts that information on its website.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.

The agency monitors processing times of financial, actuarial, and training reports to ensure maximum efficiency. The PRB uses centralized databases to minimize errors and decrease report generation time. The agency is currently rebuilding its internal database to make it more efficient, so that staff can use more time to provide analyses and research pertinent pension issues. Internal procedures are periodically developed, reviewed, and streamlined to eliminate unnecessary tasks and redundancies.



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

The PRB works with public retirement systems to help ensure a substantial number of systems are compliant with state reporting requirements in a timely manner. This includes sending reminders of upcoming deadlines, notices of late reports, and technical assistance provided to systems on new reporting requirements.

4. Attentive to providing excellent customer service.

The agency clearly communicates with systems to provide updates on laws and regulations. Agency staff provides specialized assistance in the form of research, comparative data, and other information to help systems accurately and promptly report required information.

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

Compliance reports are published and placed on the PRB website quarterly. The PRB posts to its website the Summary of Reporting Requirements for Texas Public Retirement Systems, which provides summaries of all required reports and outlines reporting deadlines. The agency consistently communicates compliance status with plan sponsors and maintains a regularly updated list of Plans Noncompliant Over 60 Days on its website. The agency engages in rulemaking and policymaking, such as for the Funding Soundness Restoration Plan requirements, to help plans understand what steps they need to take to become compliant.



REDUNDANCIES AND IMPEDIMENTS

The PRB does not have any redundancies or impediments to report.



SUPPLEMENTAL SCHEDULES



BUDGET STRUCTURE

Goal 01: Provide information and recommendations to help ensure that actuarially funded defined benefit Texas public retirement systems are actuarially sound and well managed in their administration and investments, so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

<p><u>Objective 01-01 Determine Actuarial Condition of Defined Benefit Public Retirement Systems</u></p> <p>To determine the actuarial and/or financial condition of all actuarially funded defined benefit Texas public retirement systems registered with the State Pension Review Board such that 95 percent of these systems are actuarially or financially sound by the end of fiscal year 2025; and to monitor reporting requirements so that 85 percent of these systems are in compliance each year.</p> <p>Outcome Measures 01-01.01 Percent of Actuarially Funded Defined Benefit Texas Public Retirement Systems That Are Actuarially Sound 01-01.02 Percent of Public Retirement Systems in Compliance with Reporting Requirements</p>	<p><u>Strategy 01-01-01 Conduct Reviews of Texas Public Retirement Systems</u></p> <p>Output Measures 01-01-01.01 Number of Compliance Actions Initiated 01-01-01.02 Number of Reviews Completed</p> <p>Efficiency Measure 01-01-01.01 Percent of Reports Filed Within Time Frames After Non-compliance Notice</p> <p>Explanatory/Input Measures 01-01-01.01 Number of Public Retirement Systems Registered with the State Pension Review Board 01-01-01.02 Estimated Value of Net Investments Owned by Texas Public Retirement Systems (Billions)</p>
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<p><u>Objective 01-02 Respond to Requests from Legislature and Public Retirement Systems</u></p>	<p><u>Strategy 01-02-01 Provide Technical Assistance; Issue Impact Statements; Educate</u></p>
<p>Each year through 2025, respond to 100 percent of requests by providing the information required and services needed by PRB's service population to make informed decisions. Educate public employee retirement systems (PERS) and their members, the Legislature, and general public regarding public pension matters, including pension law and current issues such that 90 percent express satisfaction with educational services. Examine legislation for potential impact on Texas PERS and ensure that 100 percent of all actuarial impact statements are delivered prior to legislative hearings. Provide electronic access to public pension data.</p>	<p>Provide technical assistance and educational services to public retirement systems, including retirement systems that are organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas civil statutes); examine legislation for potential impact on Texas' public retirement systems; and provide electronic access to public pension data.</p>
<p>Outcome Measures</p>	<p>Output Measures</p>
<p>01-02.01 Percent of Legislative and Public Retirement System Requests For Technical Assistance Answered</p>	<p>01-02-01.01 Number of Impact Statements Issued</p>
<p>01-02.02 Percent of Training Session Participants Satisfied</p>	<p>01-02-01.02 Number of Persons Participating In Training Sessions</p>
<p>01-02.03 Percent of All Constituents Satisfied With PRB Educational Services</p>	<p>01-02-01.03 Number of Technical Assistance Reports Provided By Staff</p>
<p>01-02.04 Percent of Public Retirement System Trustees and System Administrators in Compliance with Minimum Training Requirements</p>	<p>01-02-01.04 Number of Responses To Requests For Technical Assistance</p>
	<p>01-02-01.05 Number of Training Applications Reviewed</p>



PERFORMANCE MEASURE DEFINITIONS

GOAL

Provide information and recommendations to help ensure that actuarially funded defined benefit Texas public retirement systems are actuarially sound and well managed in their administration and investments, so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

Objective

To determine the actuarial and/or financial condition of all actuarially funded defined benefit Texas public retirement systems registered with the State Pension Review Board such that 95 percent of these systems are actuarially or financially sound by the end of fiscal year 2025; and to monitor reporting requirements so that 85 percent of these systems are in compliance each year.

Strategy

Conduct reviews of Texas public retirement systems.

Objective

Each year through 2025, respond to 100 percent of requests by providing the information required and services needed by PRB's service population to make informed decisions. Educate public employee retirement systems (PERS) and their members, the Legislature, and general public regarding public pension matters, including pension law and current issues such that 90 percent express satisfaction with educational services. Examine legislation for potential impact on Texas PERS and ensure that 100 percent of all actuarial impact statements are delivered prior to legislative hearings. Provide electronic access to public pension data.

Strategy

Provide technical assistance and educational services to public retirement systems, including retirement systems that are organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas civil statutes); examine legislation for potential impact on Texas' public retirement systems; and provide electronic access to public pension data.

OUTCOME MEASURES

Percent of Systems that are Actuarially Sound

Definition

An actuarially funded defined benefit public retirement system is considered actuarially sound if the plan is in accordance with the most current Pension Funding Guidelines as adopted by the State Pension Review Board.

Purpose/Importance

The purpose of this measure is to ensure that the actuarially funded defined benefit plans registered with the PRB are actuarially sound and the benefits are equitably distributed with minimum expenditure of taxpayer dollars. This measure is important because it determines the



potential number of actuarially funded defined benefit plans that may be facing existing or imminent problems that could threaten the actuarial soundness of such plans.

Source/Collection of Data

Actuarial valuations of active defined benefit plans are the source of this data and the agency's actuarial and financial database tracks this number. Each actuarial valuation that is submitted to the PRB is reviewed by the PRB staff to determine the actuarial soundness of a public retirement system.

Method of Calculation

The number of actuarially funded defined benefit plans considered to be actuarially sound under the PRB's Pension Funding Guidelines divided by the total number of actuarially funded defined benefit plans. Non-cumulative.

Data Limitations

This number does not take into account the different actuarial valuation methodologies employed by actuaries.

Calculation Type

Noncumulative

New Measure

No

Target Attainment

Higher than target

Percent of Systems in Compliance with Reporting Requirements

Definition

A public retirement system is considered to be in compliance with state reporting requirements when all reports, required under Chapter 802 of Government Code, are received by the PRB in the time required under Chapter 802.

Purpose/Importance

The purpose of this measure is to determine the percentage of public retirement systems meeting their statutory reporting requirement. This measure is important because the PRB requires the reports submitted by the public retirement systems to fulfill its statutory obligations.

Source/Collection of Data

The agency's actuarial and financial database is the source for this data.

Method of Calculation

This is the number of compliant active actuarially funded defined benefit systems divided by the total number of active actuarially funded defined benefit systems. Non-cumulative.

Data Limitations

The agency depends on the retirement systems for timely filing of funding soundness restoration plans, investment practices and performance reports,

Calculation Type

Noncumulative



actuarial experience studies and audits, actuarial valuations; and changes to investment policies, plan designs, board composition and funding policies, as the agency would otherwise be unaware of such changes.

New Measure: No

Target Attainment: Higher than target

Percent of Legislative and System Requests Answered

Definition

This is the percentage of legislative and system requests that are answered. This includes written replies to requests for technical assistance, and includes requests for information on pension issues, investments, laws, and reporting requirements.

Purpose/Importance

The purpose of this measure is to provide an indication of the responsiveness of the PRB staff to technical assistance requests. This measure is important because one of the charges of the PRB under its enabling statute is to provide technical assistance to its service population.

Source/Collection of Data

Technical assistance summary sheets are the source of this data. The information is entered into the technical assistance database including the type of assistance, identifying the number of legislative and system requests. This statistic is compiled into a spreadsheet.

Method of Calculation

The number of legislative and system requests completed divided by the total number of legislative and system requests. Non-cumulative.

Data Limitations

The data is limited to requests that can be documented on paper. This excludes requests for information taken and answered over the phone.

Calculation Type

Noncumulative

New Measure

No

Target Attainment

Higher than target

Percent of Training Session Participants Satisfied

Definition

The percentage of participants that express satisfaction with the training sessions.

Purpose/Importance

This measure is important because it measures the quality of training session content provided by the PRB to its participants.



Source/Collection of Data

Participants who have registered and completed training sessions, either online or in person, are provided optional surveys to comment on various categories, including content and delivery. The staff of the PRB compiles and tabulates the results of the surveys in a spreadsheet.

Method of Calculation

This is the number of surveyed training session participants that expressed satisfaction with the PRB's training sessions' content divided by the total number of surveyed training session participants.

Data Limitations

Some training session participants do not complete the survey.

Calculation Type

Noncumulative

New Measure

No

Target Attainment

Higher than target

Percent of All Constituents Satisfied w/ Educational Services

Definition

The percentage of plan administrators, trustees, members of Texas public pension funds, and other constituents satisfied with PRB educational services.

Purpose/Importance

The purpose of this measure is to determine the quality of educational services provided by the PRB to the administrators, trustees, and members of Texas public pension funds. This measure is important because it is a statutory duty of the PRB.

Source/Collection of Data

Plan administrators, trustees, members of Texas public pension funds, and other constituents receive an evaluation form annually to assess the performance of PRB educational services. The results from survey evaluations are compiled and tabulated in a spreadsheet.

Method of Calculation

This is the number of surveyed plan administrators, trustees, members of Texas public retirement systems, and other constituents that expressed satisfaction with the PRB programs divided by the total number of surveyed plan administrators, trustees, members of Texas public retirement systems, and other constituents that expressed an opinion with the PRB programs.

Data Limitations

Since the evaluation is optional, some plan administrators, trustees, members of Texas public

Calculation Type

Noncumulative



pension funds, and other constituents do not complete an evaluation form.

New Measure

No

Target Attainment

Higher than target

Percent of Trustees, Administrators Complying W/ Minimum Training Requirements

Definition

This is the percentage of trustees and system administrators who meet the minimum training requirements as established by the State Pension Review Board rules and/or policies.

Purpose/Importance

Public retirement system trustees and system administrators are required to meet the minimum training requirements under Section 801.211 of the Government Code. Minimum training requirements are intended to help ensure that trustees and system administrators receive the necessary training to successfully discharge their duties. This measure is important because the PRB is required to track and report the level of compliance with the minimum training requirements by trustees and system administrators to the Legislature.

Source/Collection of Data

The PRB utilizes agency forms which are completed by the plans, submitted to the PRB and entered into the agency's educational training program database and reviewed by staff to determine compliance with minimum training requirements.

Method of Calculation

The measure is calculated by dividing the number of individual trustees and system administrators meeting the minimum training requirements, as established by PRB rules, by the total number of trustees and system administrators, as reported to PRB.

Data Limitations

The agency depends on the public retirement systems to timely report trustee or system administrator changes as well as compliance with the minimum training requirements by their trustees and system administrators.

Calculation Type

Noncumulative

New Measure

No

Target Attainment

Higher than target



EFFICIENCY MEASURES

Percent of Reports Filed within Time Frames After Non-compliance Notice

Definition

This is the percentage of pension systems that submit reports required under Chapter 802 within the established time period, as determined by PRB rules and/or policies, after notification of the system's non-compliant status.

Purpose/Importance

The purpose of this measure is to determine the effectiveness of the non-compliant notification process and in turn the PRB's efficient utilization of the said process to bring the public retirement systems in compliance with their statutory reporting requirements. This measure is important because the PRB requires the reports submitted by the public retirement systems to fulfill its statutory obligations.

Source/Collection of Data

The agency's actuarial and financial database is the source of the data.

Method of Calculation

This is the total number of systems that submitted reports required under Chapter 802 within the prescribed time period, as determined by PRB rules and/or policies, after notification of the system's non-compliant status divided by the total number of systems that received a notification of the system's non-compliant status. Non-cumulative.

Data Limitations

N/A

Calculation Type

Noncumulative

New Measure

No

Target Attainment

Higher than target

EXPLANATORY MEASURES

Number of Systems Registered with SPRB

Definition

This is the total number of active public retirement systems that are registered with the PRB.

Purpose/Importance

The purpose of this measure is to provide perspective on the number of constituents served by the PRB.

Source/Collection of Data



The agency's actuarial and financial database is the source of data.

Method of Calculation

The total number of systems registered with the PRB. Non-cumulative.

Data Limitations

NA

Calculation Type

Noncumulative

New Measure

No

Target Attainment

Higher than target

Estimated Value of Investments Owned by Texas Retirement Systems (Billions)

Definition

The total estimated value of net assets of all actuarially funded defined benefit Texas public pension funds registered with the PRB.

Purpose/Importance

The purpose of this measure is to provide the total estimated value of net assets of all actuarially funded defined benefit Texas public retirement systems registered with the PRB.

Source/Collection of Data

The annual financial reports submitted by the actuarially funded plans registered with the PRB in accordance with the statutory requirements are the source of this data. The information is entered into the agency's actuarial and financial database.

Method of Calculation

This is the sum of total net assets of the actuarially funded defined benefit Texas pension funds registered with the PRB.

Data Limitations

The data limitation is twofold. First, the financial data required to calculate the net assets is at least 7 months old (could be more) at any given time because as per the statute the pension funds have 7 months after the close of their fiscal year to report the data. Second, some plans do not comply with the statutory requirement of submitting their financial report within 7 months after the close of the plan's fiscal year. Hence, the most current data available on file for the pension fund is used for reporting purposes.

Calculation Type

Noncumulative

New Measure

No

Target Attainment

Higher than target



OUTPUT MEASURES

Number of Compliance Actions Initiated

Definition

All actuarially funded defined benefit Texas public pension plans are required by state law to submit certain annual reports to the PRB within 211 days of the end of their fiscal years. Using the agency's actuarial and financial database as the source of data, this is the number of written enforcement notifications to systems of their failure to report in accordance with state law.

Purpose/Importance

The purpose of this measure is to determine agency's efforts in keeping the public retirement systems in compliance with the state law. This measure is important because the PRB is charged under the state law to oversee the Texas public retirement systems by conducting reviews and compiling and comparing information based on the reports submitted by public retirement systems.

Source/Collection of Data

The agency's actuarial and financial database is the source of the data.

Method of Calculation

The total number of written enforcement notifications to systems. Cumulative.

Data Limitations

NA

Calculation Type

Cumulative

New Measure

No

Target Attainment

Higher than target

Number of Reviews Completed

Definition

A review of a public retirement system includes the review of the plan design, financial report, investment returns and assumptions report, investment policy, actuarial valuation, actuarial experience study, actuarial audit, funding soundness restoration plan, funding policy, investment practices and performance evaluation reports, or educational training reports.

Purpose/Importance

The purpose of this measure is to conduct a continuing review of public retirement systems and compile and compare information about benefits, creditable service, financing, and administration of systems. This measure is important because it is a statutory duty of the PRB.

Source/Collection of Data

The agency's actuarial and financial database, minimum educational training database, as well as the internal review tracking spreadsheets are the sources of data.



Method of Calculation

The total number of reviews. Cumulative.

Data Limitations

N/A

Calculation Type

Cumulative

New Measure

No

Target Attainment

Higher than target

Number of Impact Statements Issued

Definition

Each bill or resolution that proposes to change the amount or number of benefits or participation in benefits of a public retirement system or that proposes to change a fund liability of a public retirement system is required to have attached to it an actuarial impact statement as provided by this section. An actuarial impact statement contains a summary of the legislation, actuarial analysis, and actuarial review.

Purpose/Importance

The purpose of this section is to determine if the PRB is fulfilling its statutory obligation of providing the impact statements. This measure is important because the PRB is charged under the state law to prepare and provide the actuarial impact statements.

Source/Collection of Data

The Legislative Budget Board's Fiscal Notes System is the source for this number.

Method of Calculation

The total number of actuarial impact statements issued on legislation. The PRB may issue several actuarial impact statements on a single bill as a result of amendments and companion legislation. Cumulative.

Data Limitations

N/A

Calculation Type

Cumulative

New Measure

No

Target Attainment

Higher than target

Number of Persons Participating in Training Sessions

Definition

The number of people who register for and complete, either online or in-person, PRB training sessions. A PRB training session may include an individual online course or an in-person seminar.

Purpose/Importance



The purpose of this measure is to determine the number of constituents, including the administrators, trustees, and members of Texas public retirement systems served by the PRB with regard to expanding their knowledge base and education. This measure is important because the PRB is charged under the state law to provide educational services to its constituents.

Source/Collection of Data

Lists of persons registering and completing, either online or in-person, PRB training sessions.

Method of Calculation

The total number of people who register for and complete, either online or in-person, PRB training sessions.

Data Limitations
NA

Calculation Type
Cumulative

New Measure
No

Target Attainment
Higher than target

Number of Technical Assistance Reports Provided by Staff

Definition

The number of unique technical assistance reports produced by staff of the PRB. This includes written responses to requests for technical assistance, but not limited to requests for information on pension issues, investments, laws and reporting requirements.

Purpose/Importance

This measure is important because it determines the effectiveness of the agency in serving its constituents.

Source/Collection of Data

Technical assistance summary sheets are the source. The information is entered into the technical assistance database and tallied in a spreadsheet.

Method of Calculation

The total number of unique technical assistance reports produced by the PRB. One report distributed to multiple recipients is counted as one. Cumulative.

Data Limitations
The data is limited to requests that can be documented on paper. This excludes requests for information taken and answered over the phone.

Calculation Type
Cumulative

New Measure
No

Target Attainment
Higher than target.



Number of Responses to Requests for Technical Assistance

Definition

The number of requests for technical assistance responded to by the agency.

Purpose/Importance

The purpose of this measure is to determine the amount of requests for technical assistance received by the agency. This measure is important because the agency is required under state law to provide technical assistance upon request.

Source/Collection of Data

Technical assistance summary sheets as well as the financial and actuarial database are the source of this data. The information is entered into the technical assistance database and tallied in a spreadsheet.

Method of Calculation

The total number of responses to requests for technical assistance produced by the PRB staff. Cumulative.

Data Limitations

Given that staff is responsible for recording instances of providing technical assistance, data is limited to summary sheets and database entries recorded.

Calculation Type

Cumulative

New Measure

No

Target Attainment

Higher than target

Number of Training Applications Reviewed

Definition

The number of applications for sponsor accreditation and individual course approval reviewed.

Purpose/Importance

The purpose of this measure is to determine the number of applications for course approval and/or accreditation reviewed by the agency. This measure is important because the agency is required under state law to provide an educational training program and to make training classes reasonably accessible to trustees and system administrators of public retirement systems. One of the ways the agency does this is by allowing systems and other entities to become accredited and by approving courses individually if they are not provided by accredited sponsors.

Source/Collection of Data

The minimum educational training database and an internal review tracking spreadsheet is the source of this data.



Method of Calculation

The total number of applications reviewed by PRB staff. Cumulative.

Data Limitations

N/A

Calculation Type

Cumulative

New Measure

No

Target Attainment

Higher than target



HISTORICALLY UNDERUTILIZED BUSINESS PLAN

The agency's board has adopted Rule §604.1 under 40 TAC Part 17, establishing the agency's Historically Underutilized Businesses (HUB) Program. The program adopts by reference the HUB rules promulgated by the Comptroller of Public Accounts under 34 TAC Part 1, Chapter 20, Subchapter D, Division 1. The Pension Review Board (PRB) makes a good faith effort to utilize HUBs in the procurement process of all goods and services whenever applicable for any dollar amount.

The following report addresses the requirement to describe plans to maintain compliance with Section 2161.123, Texas Government Code. The PRB will continue good faith efforts to meet its HUB goals for purchasing and contracting in fiscal years 2022 and 2023 by following its HUB Plan, as outlined below.

HUB Goal

The PRB's HUB goal is to establish procurement and contracting practices that support the promotion and utilization of qualified HUBs in all applicable procurements, contracts, and subcontracts made by the agency of at least 10 percent above the statewide average.

HUB Objective

To increase the PRB's use of HUBs in purchasing and public works contracting, the agency will make a good faith effort to utilize HUBs in the procurement process of all goods and services, whenever applicable for any dollar amount. The PRB will always strive to achieve and exceed the Statewide HUB goals whenever possible.

HUB Strategy

The PRB is dedicated to meet and exceed statewide HUB expenditure goals for each procurement category. To maximize spending through HUB providers, the PRB implements the following strategies:

- Implements good faith efforts to identify, solicit, and utilize qualified HUBs in all applicable procurement opportunities.
- Uses the Centralized Master Bidders List (CMBL) to determine the availability of HUBs.
- Utilizes statewide contracts from HUB providers, which are generated by the Comptroller of Public Accounts and Department of Information Resources, when available.

PRB's HUB Assessment Report

The following assessment report complies with the requirement to submit an internal assessment evaluating the agency's efforts during the previous two fiscal years to increase the participation of HUBs in purchasing and public works contracting.

In fiscal year 2020, the PRB exceeded the statewide goal of 26 percent for "other services contracts" by 52.72 percent, spending 78.72 percent of its total expenditures in the category with HUBs. The PRB did not meet the statewide goal for fiscal year 2020 for "commodities contracts." This was due to a large, time-sensitive purchase to implement the agency's Continuity of Operations Plan (COOP)/Telework



procedures due to the Covid-19 pandemic. At the time, there were supply shortages and time delays and the PRB was forced to procure outside of the normal HUB vendors the agency uses to receive the products in a timely manner. However, the PRB spent **63.93 percent** of total expenditures with HUB vendors, which surpassed the agency’s goal of 40 percent. In 2020, the agency spent \$0 on the additional HUB categories as detailed in the chart below.

FISCAL YEAR 2020				
HUB Report Procurement Categories	Total Dollars Spent	Total Dollars Spent w/ HUBs	Percentage of Dollars Spent w/HUBs	Statewide HUB Goal
Heavy construction other than building contracts	\$0.00	\$0.00	0.00%	11.20%
Building construction, including general contractors and operative builder contracts	\$0.00	\$0.00	0.00%	21.10%
Special trade construction contracts	\$0.00	\$0.00	0.00%	32.90%
Professional services contacts	\$0.00	\$0.00	0.00%	23.70%
Other services contracts	\$71,250	\$56,085	78.72%	26.00%
Commodity contracts	\$17,811	\$853	4.79%	21.10%
Total Expenditures	\$89,061	\$56,939	63.93%	40.00%

For fiscal year 2021, the PRB spent 80.92 percent of its expenditures for “other services contracts” with HUBs, which exceeded the 26 percent statewide goal by 54.92 percent. For “commodities contracts,” the PRB exceeded the statewide goal of 21.1 percent by 4.68 percent, spending 25.78 percent of its expenditures with HUBs. The PRB spent **69.46 percent** of total expenditures on HUB vendors which surpassed the agency’s goal of 40 percent. In 2021, the agency spent \$0 on the additional HUB categories as detailed in the chart below.

FISCAL YEAR 2021				
HUB Report Procurement Categories	Total Dollars Spent	Total Dollars Spent w/ HUBs	% of Dollars Spent w/HUBs	Statewide HUB Goal
Heavy construction other than building contracts	\$0.00	\$0.00	0.00%	11.20%
Building construction, including general contractors and operative builder contracts	\$0.00	\$0.00	0.00%	21.10%
Special trade construction contracts	\$0.00	\$0.00	0.00%	32.90%
Professional services contacts	\$0.00	\$0.00	0.00%	23.70%
Other services contracts	\$49,565	\$40,106	80.92%	26.00%
Commodity contracts	\$12,993	\$3,349	25.78%	21.10%
Total Expenditures	\$62,559	\$43,455	69.46%	40.00%



AGENCY WORKFORCE PLAN

A. Overview

To comply with regulations required by Section 2056.002 of the Texas Government Code, the PRB has conducted a staffing analysis, which includes the following:

- a systematic process for workforce planning which is integrated, methodical, and ongoing
- identification of the human capital necessary to meet agency goals
- development of a strategy to meet agency staffing requirements

Agency workforce snapshot: The PRB currently has 10 staff members including the executive director and three vacant positions. The agency is authorized for 13 full-time equivalents (FTEs).

Agency mission: The mission of the PRB is to provide the State of Texas with the necessary information and recommendations to help ensure that our public retirement systems, whose combined assets total in the multi-billions, are actuarially sound; benefits are equitable; the systems are properly managed; tax expenditures for employee benefits are kept to a minimum while still providing for those employees; and to expand the knowledge and education of administrators, trustees, and members of Texas public retirement systems.

Agency scope and key functions: The PRB was established by H.B.1506, 66th Legislature, R.S. (V.T.C.A., Title 8, Chapter 801, Government Code), effective September 1, 1979, as an oversight agency for Texas public pension systems. The general duties of the PRB outlined in Chapter 801 of the Government Code are to (1) conduct a continuing review of public retirement systems, compiling and comparing information about benefits, creditable service, financing and administration of systems; (2) conduct intensive studies of potential or existing problems that threaten the actuarial soundness of or inhibit an equitable distribution of benefits in one or more public retirement systems; (3) provide information and technical assistance on pension planning to public retirement systems on request; and (4) recommend policies, practices, and legislation to public retirement systems and appropriate governmental entities.

Additionally, the agency must:

- prepare and provide an actuarial impact statement for any bill or resolution that proposes to change the amount or number of benefits or participation in benefits of a public retirement system or that proposes to change a fund liability of a public retirement system;
- develop and administer an educational training program for trustees and system administrators of Texas public retirement systems; and
- receive and analyze system investment expense information and to report to the legislature on Texas public retirement system investment practices and performance.

The board is also authorized to develop and conduct training sessions, schools, or other educational activities, and the board may furnish other appropriate services such as actuarial studies and establish appropriate fees for these activities and services.

The PRB service population consists of the current and future members, administrators, and trustees of 347 individual public retirement systems, as well as state and local government officials, and taxpayers.

Agency Strategic Goals and Objectives:

- Goal** Provide information and recommendations to help ensure that actuarially funded defined benefit Texas public retirement systems are actuarially sound and well managed in their administration and investments, so that members receive their entitled benefits with a minimal expenditure of taxpayer dollars.
- Objective** To determine the actuarial and/or financial condition of all actuarially funded defined benefit Texas public retirement systems registered with the State Pension Review Board such that 95 percent of these systems are actuarially or financially sound by the end of fiscal year 2025; and to monitor reporting requirements so that 85 percent of these systems are in compliance each year.
- Strategy** Conduct reviews of Texas public retirement systems.
- Objective** Each year through 2025, respond to 100 percent of requests by providing the information required and services needed by PRB's service population to make informed decisions. Educate public employee retirement systems (PERS) and their members, the Legislature, and general public regarding public pension matters, including pension law and current issues such that 90 percent express satisfaction with educational services. Examine legislation for potential impact on Texas PERS and ensure that 100 percent of all actuarial impact statements are delivered prior to legislative hearings. Provide electronic access to public pension data.
- Strategy** Provide technical assistance and educational services to public retirement systems, including retirement systems that are organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes); examine legislation for potential impact on Texas' public retirement systems; and provide electronic access to public pension data.

B. Current Workforce Profile (Supply Analysis)

Current workforce demographics: As of June 2022, the agency's workforce of 10 FTEs was comprised of 50 percent males and 50 percent females. Overall, 30 percent of the agency's employees had more than five years' service, 30 percent had between two-to-five years, and 40 percent had less than two years' service. The average age of agency employees is 35. The staff is comprised of actuaries, managers, financial analysts, research specialists, accountants, investment analysts, and other professional and support personnel. The current ethnic makeup of staff is 90 percent White; 10 percent Hispanic. The PRB strives to fairly diversify its staff in its hiring procedures to be comparable to statewide workforce statistics.

Employee turnover: Turnover is an ongoing issue for a small agency such as the PRB. In both fiscal year 2020 and 2021, the PRB's turnover rate was over 15 percent a year, with two employees exiting each year. In the beginning of fiscal year 2022, the agency lost its chief actuary, which has historically been a highly difficult position to fill. The agency's deputy director and executive director also departed the agency in the first half of fiscal year 2022. Because of the specialized experience necessary to understand the scope of the agency's work, and due to employees in senior management positions leaving for higher positions



elsewhere, employee turnover is the agency's largest ongoing workforce issue, as it has not retained a full staff in several years.

Some anticipated limitations to attracting and retaining employees are:

- finding enough qualified applicants to apply for an open position;
- offering competitive compensation compared to similar jobs in the private sector as well as inflation and rising cost of living; and
- mitigating heavier workload and burnout for current staff due to employee turnover at such a small agency.

Critical workforce skills: There are numerous skills that are critical to the agency's ability to successfully meet objectives. The PRB could not fulfill its mission without knowledgeable people with the following skills:

- Accounting/budgeting
- Actuarial
- Administrative
- Auditing
- Database administration
- Data analysis
- Data visualization
- Education and training delivery
- Financial analysis
- Governmental relations
- Policy analysis
- Investment analysis
- Forecasting
- Human resources
- Mathematical modeling
- Office management
- Political/legislative experience
- Risk analysis
- Writing, editing, and research

C. Future Workforce Profile (Demand Analysis)

Expected workforce changes: The PRB requires specialized financial, actuarial, and investment expertise to meet its objectives and goals. In addition, the PRB is constantly moving towards more data-driven, efficient communication within staff, to the legislature, and the agency's stakeholders. These workforce changes require the continuing recruitment of experienced applicants with the technical expertise required of this agency.

Due to the rising cost of living, especially for rental properties in Austin where the agency is located, as well as general inflation, the PRB is already experiencing a lack of demand for vacant positions. The PRB



is finding it difficult to remain competitive with the private market, as staff with technical expertise can often find much higher salaries in the private sector.

Additionally, since the beginning of the COVID-19 pandemic, the general workforce in both the private and public sectors has moved towards a higher number of teleworking or remote positions. The agency currently offers a hybrid teleworking option to its staff as a retention tool. However, to stay competitive, the agency will need to take this factor into consideration when hiring new staff.

Future workforce skills needed: The PRB will continue to need the critical workforce skills listed above. In addition, the agency may need:

- more specialized policy analysis, legal, and legislative research skills as it continues to develop rules and board policies to implement legislation concerning Texas public retirement systems;
- increased financial analytical skills, as the agency attempts to fill increasing requests for comparative information on pension changes in Texas and across the nation;
- advanced writing, editing, and teaching backgrounds, to focus on the existing educational training program; and
- technical and programming skills, to manage and maintain its internal database and online data center.

Critical functions that must be performed to achieve strategic plan:

- Provide accurate information and analysis regarding public retirement systems.
- Conduct research into potential and existing pension issues.
- Educate public retirement systems, the public, and the legislature.
- Monitor compliance with reporting laws and regulations.
- Continue to collaborate with industry stakeholders.

D. Gap Analysis

Currently, a gap exists in the PRB's workforce due to three vacant positions. In fiscal year 2022, the PRB planned to fill needed positions and address its workforce gap with the return of the five percent from the prior budget reduction. However, the agency's executive director, deputy director, and chief actuary left the agency. With the loss of nearly the entire senior management staff in quick succession the agency has focused primarily on managing critical functions and filling those leadership roles in the last year. Also, due to the agency's small size, substantial gaps might emerge rapidly in the future, with the departure of even one or two key employees. Due to the highly specialized nature of pension, actuarial, and investment expertise, the labor market may not be as well suited to providing qualified replacements for the most senior positions in the agency. Successfully replacing key positions with new employees with specialized pension and actuarial expertise has proven to be very difficult in the past and the agency is often challenged with a lack of a qualified applicant pool. While pension and actuarial skills are scarce, they can be effectively developed within candidates with strong backgrounds in general financial analysis, but this takes time and resources. The agency provides extensive training to new and existing employees alike, to help minimize the gap of expertise required to work at this agency.



E. Strategy Development

Skill development: While the agency will continue to recruit future personnel to fill vacant positions, the agency is simultaneously focused on developing the requisite pension, actuarial, investment, and programming expertise of current staff. Development will help the agency overcome the scarcity of those specialized skills in the labor market. Another focus for skill development is the encouragement of staff to use training opportunities outside of the office to further existing skills or to develop new skills, such as leadership and management.

Staff development time: Due to the complexities of actuarial science found in pension analysis, development may require longer periods of training and perhaps exposure to many months of on-the-job experience. Understanding how to navigate the political and legislative environment is also experience-driven and often takes months or years to gain sufficient experience in those areas. The same is true of the agency's accounting and budget functions, which require specialized knowledge of state systems and requirements.

Succession planning: The agency has increased its ongoing efforts of succession planning for key positions through cross training to ensure continuity of functions, encouraging professional development of staff, and creating detailed written procedures for important agency programs. There is a committed focus on improving documentation of strategic job descriptions for all agency positions. Specialized knowledge, including financial, actuarial, accounting, and human resources has been captured and translated into procedural manuals. This approach will leave an informational reference and a knowledge base for future administrators of the agency.

Retention strategy and leadership development: In recent years the PRB has seen the departure of staff whose expertise is not easily replaced. Because of its significant impact on the agency, the PRB is making serious efforts to reduce turnover. The agency has implemented three key policies to retain valuable personnel, described below.

- First, the agency has implemented a hybrid telework option for staff. This has been a useful tool to help retain staff and has allowed the PRB to offer an extra nonmonetary benefit to compete with other employers. In addition to the added benefit, the agency has not experienced a decline in work product, but rather an uptick in productivity and efficiency.
- Second, the PRB is empowering staff to step up into roles of higher responsibility and prepare qualified and experienced staff to move into leadership and management roles, which helps create a career ladder within the agency and develop staff to move into leadership roles when vacancies occur. To accomplish this, the agency has made professional development a high priority item by making training available in areas such as leadership development.
- Finally, the PRB is implementing a merit-based compensation program that rewards employees for proven track records of outstanding performance within the agency. In addition, this program regards staff who regularly take on duties outside of their normal role, such as when the agency experiences turnover.