

# Schedule F: Agency Workforce Plan

---

## System Overview

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

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

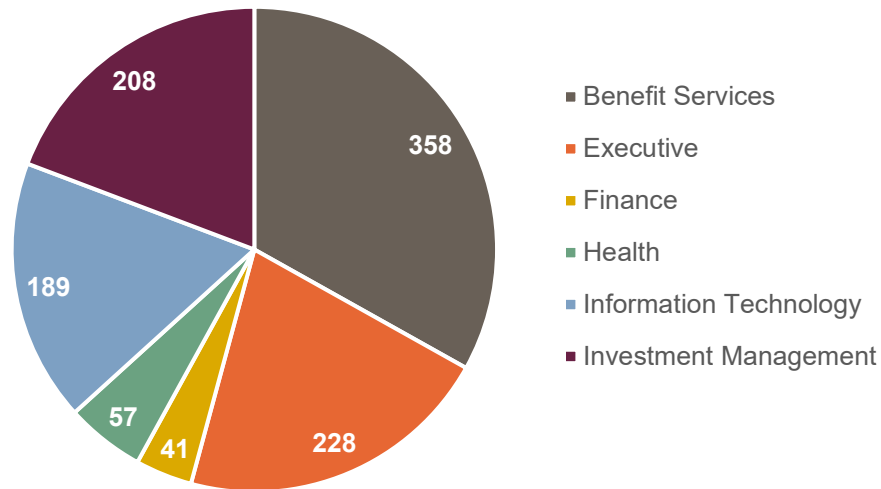
The TRS pension plan had about 38,000 members in its first year of operation. Today, TRS is the largest public retirement system in Texas, in both membership and assets. For the fiscal year ending Aug. 31, 2023, TRS served 2,001,974 participants – 1,512,053 public and higher education members and 489,921 retirement recipients. As of Aug. 31, 2023, system net assets totaled approximately \$187.2 billion. The TRS pension plan operates under Article XVI, Section 67 of the Constitution of Texas to provide retirement and related benefits for those employed by public schools, colleges and universities supported by the state of Texas. TRS is responsible for investing funds under its stewardship and for delivering benefits to members as authorized by the Texas Legislature. TRS is a defined benefit plan, with retirement benefits determined by a preestablished formula. The pension trust fund is sustained principally by three sources – contributions by members during their working careers, contributions by the state and investment revenues.

TRS currently operates out of its headquarters at 1000 Red River Street in Austin and has partially moved to the TRS Alpha building at 1900 Aldrich Street in Austin. In 2015, TRS opened a small overseas office for investment staff in London. In November 2022, TRS opened its first regional office in El Paso. This office was part of an initiative to serve members where they are. El Paso is more than a seven-hour drive for members to get to TRS headquarters if they want to visit with a benefit counselor. The El Paso office has had positive reception by the members in that area. The office employs eight staff members and is located in the Region 19 Education Service Center. It was designed to mirror the member experience provided at the headquarters office in Austin. In the first year of operation, the El Paso office conducted 3,320 in person visits and conducted 2,000 live video appointments. Members in that area of Texas are becoming aware of the El Paso office and continue to make appointments to receive information about their benefits.

The business of the system involves two broad functions: administering benefits (pension and health care) and managing investments. The financial, information technology and executive

administration areas provide essential services to TRS' mission-critical divisions. Currently, TRS has six major divisions: Benefit Services, Executive, Finance, Health, Information Technology, and Investment Management. The following chart details the number of filled positions for each division as of fiscal year 2023.

**Figure 3. TRS Divisions and Positions**



## Mission, Strategic Goals and Objectives

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

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

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

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

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

**Strategy 3:** Expand learning and development opportunities.

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

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

- increased growth in plan participants;
- increased expectations by members and retirees for enhanced customer service;
- potential loss of institutional knowledge due to turnover of critical employees;
- changes suggested from external reviews;
- effective management of complex, diversified investment portfolios; and
- increased challenges implementing mandated changes to benefit plans.

In addition to the factors listed above, TRS transitioned to hybrid, fully remote and fully onsite work environments post Covid. Analyses have been conducted based on position responsibilities and member needs to determine which positions are best suited for fully remote versus hybrid versus fully onsite work environments. TRS' remote work and workforce accommodation team expanded its efforts to support the hybrid and fully remote work initiative which has been key in supporting staff and leadership.

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

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

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

## Current Workforce Profile (Supply Analysis)

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

- pension administration;
- health benefit plan management;
- investment expertise, including diversified portfolio management skills and managing alternative asset classes;
- information technology, including engineering, programming, information security, and systems administration;
- developing and monitoring complex contracts;
- specialized professional skills including contract management, communications, accounting, auditing, human resources, and legal; and
- facilities management and security.

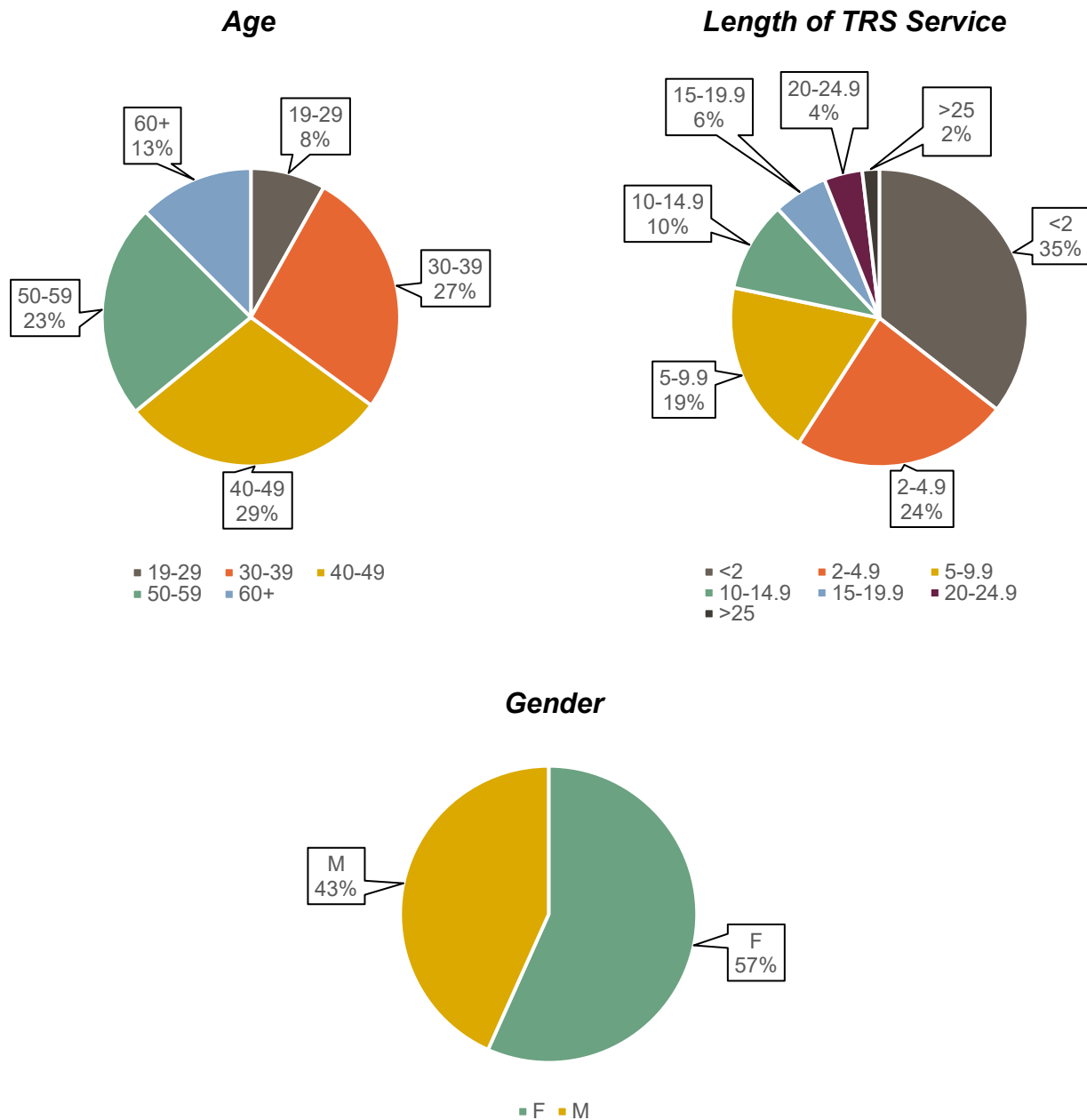
TRS has been successful at attracting and developing staff with the following skills and competencies to meet critical business needs. These are essential to successfully achieve TRS' mission and goals:

- accountability;
- business process analysis;
- critical thinking and problem solving;
- project management;
- strategic planning;
- leadership;
- adaptability;
- customer service; and
- communication and collaboration.

## Workforce Demographics

The following charts profile the system’s workforce as of Aug. 31, 2023. The TRS workforce is comprised of 57% females and 43% males. Approximately 59% of employees have been with TRS less than five years. Approximately 36% are 50 years of age or older.

**Figure 4. Distribution of TRS Employees by Age, Length of TRS Service and Gender**



The following table compares the ethnic and gender composition of the TRS workforce (as of Aug. 31, 2022) to the statewide (Texas) civilian workforce as reported by the Texas Workforce Commission (TWC) – Civil Rights Division (CRD). TRS actively monitors this information and adjusts its recruitment strategies to address underrepresentation.

**Table 1. Ethnic and Gender Composition of the TRS Workforce**

Job Category	% African-American at TRS	% African-American in Statewide Workforce	% Hispanic at TRS	% Hispanic in Statewide Workforce	% Female at TRS	% Female in Statewide Workforce
<b>Officials/Administration</b>	7.14%	8.60%	12.24%	25.20%	44.90%	40.20%
<b>Professional</b>	9.94%	10.60%	20.51%	23.00%	48.40%	53.00%
<b>Technical</b>	36.84%	11.70%	31.58%	38.50%	42.11%	63.50%
<b>Administrative Support</b>	17.07%	15.20%	39.02%	38.30%	73.17%	74.10%
<b>Service/Maintenance</b>	0.00%	13.00%	83.33%	55.00%	16.67%	47.80%

*\*TRS does not have any employees in the Skilled Craft category.*

To continue to offer our members excellence in the delivery of service, TRS embraces a strategy from the top down that encourages, supports and is accountable for diversity at all levels and in all divisions of the organization. TRS is executing a multi-faceted approach to improve diversity representation at all levels of the organization and to create an inclusive work environment that fosters creativity and innovation. This approach includes a collaborative partnership between divisions and our OCE (Outreach, Culture & Engagement) Director. The OCE Employee Council has grown from 14 members to 28 members and from six employee resource groups to eight. Recruiting and outreach post-pandemic has grown and OCE is complementing the Talent Acquisition plan through targeted branding with four Texas academic institutions (i.e., Austin Community College, Prairie View A&M University, Texas Women University, and University of Texas at El Paso). Some tactics include targeted advertising of vacancies, ongoing participation in job fairs and student clubs and organization activities, cultural awareness learning opportunities, and developing cultural intelligence/managing bias training. The employment policies and practices of TRS have been certified as in compliance with Civil Rights Department (CRD) standards, in accordance with Chapter 21 of the Texas Labor Code (most recently in August 2020).

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

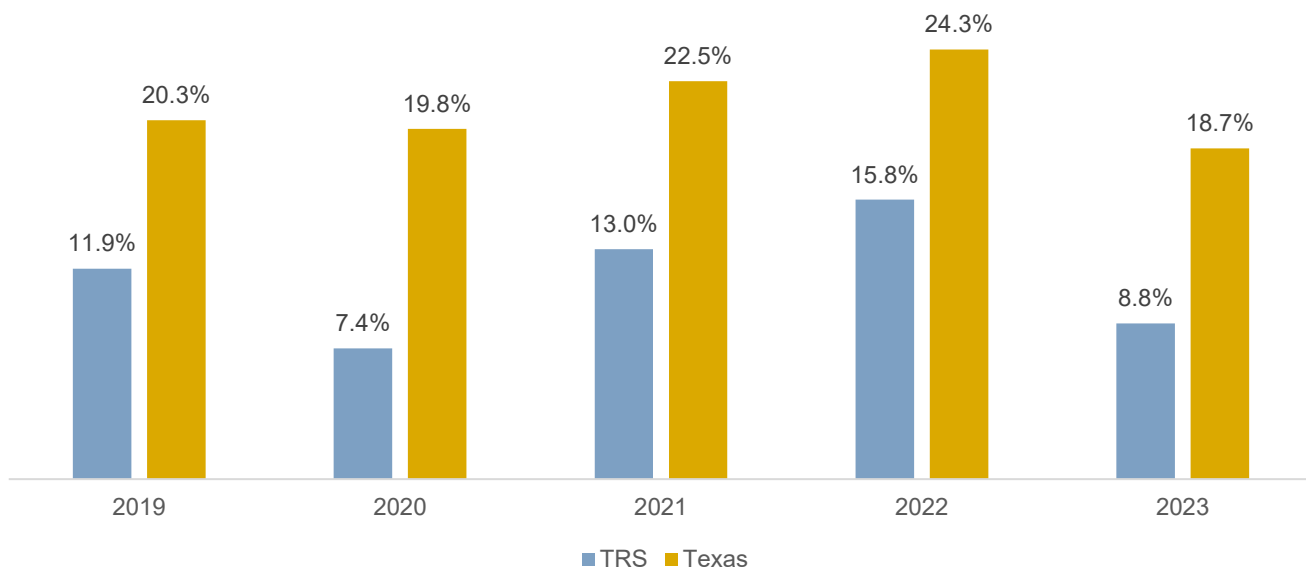
## Employee Turnover

As reflected in the following chart, employee turnover at TRS has consistently been below the statewide average among state agencies, as reported by the State Auditor’s Office. In fiscal year 2023, TRS turnover was 8.8%, well below the state average of 18.7% for the same period.

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

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

**Figure 5. Employee Turnover**



## Retirement Eligibility Projections

The following chart provides estimates on the number of TRS employees who will be eligible to retire over the next five years. These estimates are based on the rule of 80 using total state service for employees as of Aug. 31, 2023.

**Table 2. Retirement Eligibility Projections**

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

**Future Workforce Profile (Demand Analysis)**

The size of the population served by TRS and the need to provide timely, professional customer service continues to expand. TRS monitors business processes and staffing levels, and makes adjustments as necessary to efficiently provide excellence in customer service to members.

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

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

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

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

- Contract negotiation and administration
- Purchasing administration and support



- Information technology including systems engineer, application developer, data engineer, application support and lifecycle systems support including design, management and implementation
- Information security and cybersecurity skills
- Business process research, analysis, design, and project management skills
- Leadership and management skills including collaborative leadership and development, creative problem solving and the ability to maintain agile, cohesive and productive work teams
- Continuity planning and knowledge management for executive leadership, portfolio management and health benefit plan management

Based on changes in the labor market and physical work environment, TRS talent acquisition efforts will continue to evolve ensuring TRS is maximizing talent pools of highly qualified statewide candidates that will excel in service to members.

### Gap Analysis

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

- Increased competition for experienced staff in certain fields
- Changing roles and responsibilities for staff as a result of legislation or agencywide initiatives
- Loss of institutional knowledge and expertise due to turnover of critical staff

### Strategy Development

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

**Table 3. Potential Gaps in the Workforce Plan**

Potential Gap	Strategy
Increased competition for experienced staff in certain fields	<p>Maintain a work environment that allows TRS to attract, retain and develop highly competent staff that provides excellence in the delivery of service to members. Action steps include:</p> <ul style="list-style-type: none"> <li>• Promote a strong workplace culture that exemplifies TRS’ core values and mission to serve members.</li> </ul>

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

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

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

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

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

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

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

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

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

- Recruitment activities and collaborations that market TRS as an employer of choice and have potential to increase diversity among TRS staff.
- Internship and fellowship programs to build relationships with universities and develop talent pools.
- Establishing partnerships with universities and technical colleges to create a robust talent pipeline for prospective candidates.
- Establishing a strong TRS brand on social media platforms to attract top talent.
- Strategic workforce management to include the use of contingent staffing, redeployment of current staff, variable scheduling to meet business needs, proactive sourcing, remote staff and other appropriate best practices.
- Leadership development programs to build the skills of current and prospective leaders.
- Career development programs to provide professional growth opportunities for employees.
- Cross-training programs to advance skill levels, enhance productivity and provide back-up for critical functions.
- Continuity plans for critical staff.