

# Agency Workforce Plan

## I. AGENCY OVERVIEW

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

### A. Mission

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

### B. Philosophy

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

### C. Principles

TRUST - Earn and maintain the confidence of our stakeholders

INTEGRITY - Make ethical and prudent decisions

SERVICE - Deliver quality and respectful service to all participants

ADAPTABILITY – Able to adjust to different conditions

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

STEWARDSHIP - Prudently manage resources

INNOVATION – Embrace new ideas and concepts

COLLABORATION – Exhibit teamwork in accomplishing the task at hand

### D. Goals and Objectives

GOAL: SUPPORT OUR MEMBERS' RETIREMENT INCOME SECURITY

Objectives:

- Attain Defined Benefit Plan Sustainability
- Assist Members in Preparing for Retirement Readiness
- Maintain a Professional and Diversified Investment Program

GOAL: SUSTAIN COMPETITIVE GROUP BENEFITS PROGRAMS

Objectives:

- Manage Health Care Program
- Promote Health and Well-Being
- Enhance Data Analysis

## GOAL: ENGAGE STAKEHOLDERS FOR INFORMED DECISION MAKING

### Objectives:

- Enhance Communications and Measure the Effectiveness
- Educate Stakeholders on Programs and Their Value
- Increase Understanding of Stakeholder Needs

## GOAL: ENHANCE AGENCY PERFORMANCE AND ACCOUNTABILITY

### Objectives:

- Ensure the Security of Member Data
- Leverage Input, Skills and Talents of ERS Staff
- Increase Process Efficiency and Effectiveness to Meet Changing Needs
- Improve Transparency to Maintain Trust

## II. CURRENT WORKFORCE PROFILE

### A. WORKFORCE SKILLS AND COMPETENCIES

ERS' ability to operate successfully relies on several critical skills and competencies. These essential skills enable ERS to provide exceptional benefit and retirement services to our members. The profile is identified below:

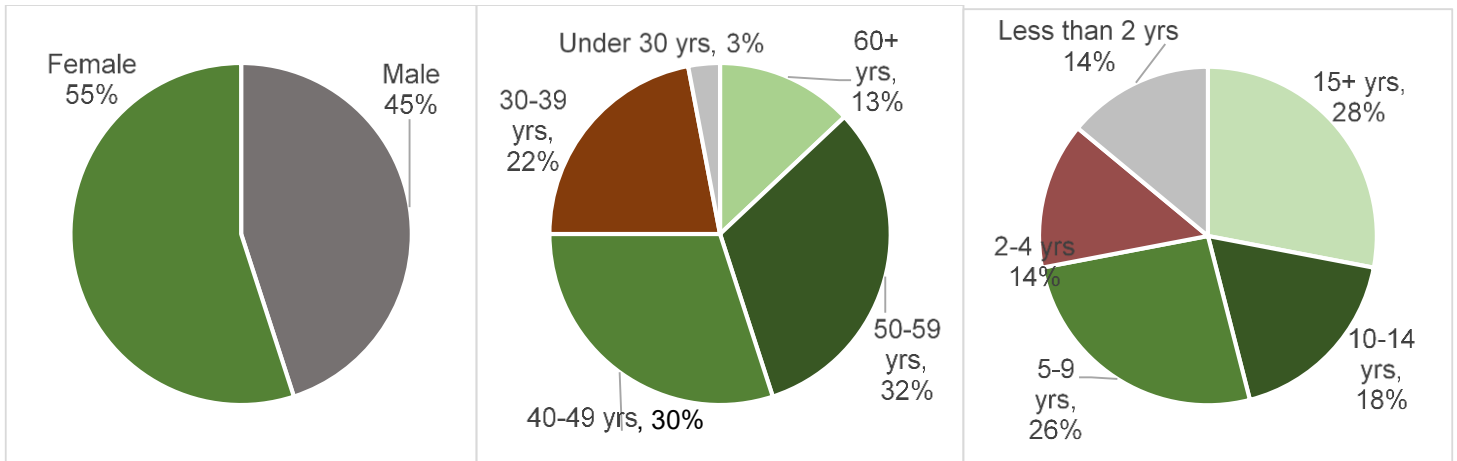
- Ability to interpret legislation.
- Ability to communicate detailed information.
- Ability to write guidelines and procedures for a targeted audience.
- Ability to use automated benefit systems.
- Ability to transition business processes from manual systems to web-based investment systems.
- Ability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

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

## B. Workforce Demographics

As of May 2024, the ERS had 403 full-time employees to carry out the mission of the agency. ERS offers competitive benefits to enhance the lives of its members. The following three charts illustrate the demographic make-up of ERS' workforce.

### Workforce Breakdown



**Gender**

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

**Age**

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

**Agency Tenure**

72% percent of ERS' workforce has five years or more of state service, and 28% of the workforce has fewer than four years of state service.

## Agency Minority Workforce

The following table compares the percentage of minority workers at ERS as of May 2024 to the statewide civilian workforce.

Job Category	African-American		Hispanic-American		Females	
	ERS %	State %	ERS %	State %	ERS %	State %
Officials, Administration	5.00%	8.60%	5.00%	25.20%	60.00%	40.20%
Professional <sup>1</sup>	11.68%	10.60%	17.96%	23.00%	58.08%	53.00%
Technical	15.67%	11.70%	19.05%	38.50%	33.33%	63.50%
Administrative Support	0%	15.20%	40.00%	38.30%	60.00%	74.10%
Skilled Craft	0%	10.20%	0%	51.80%	0%	12.30%
Service and Maintenance	0%	13.00%	0%	55.00%	0%	47.80%

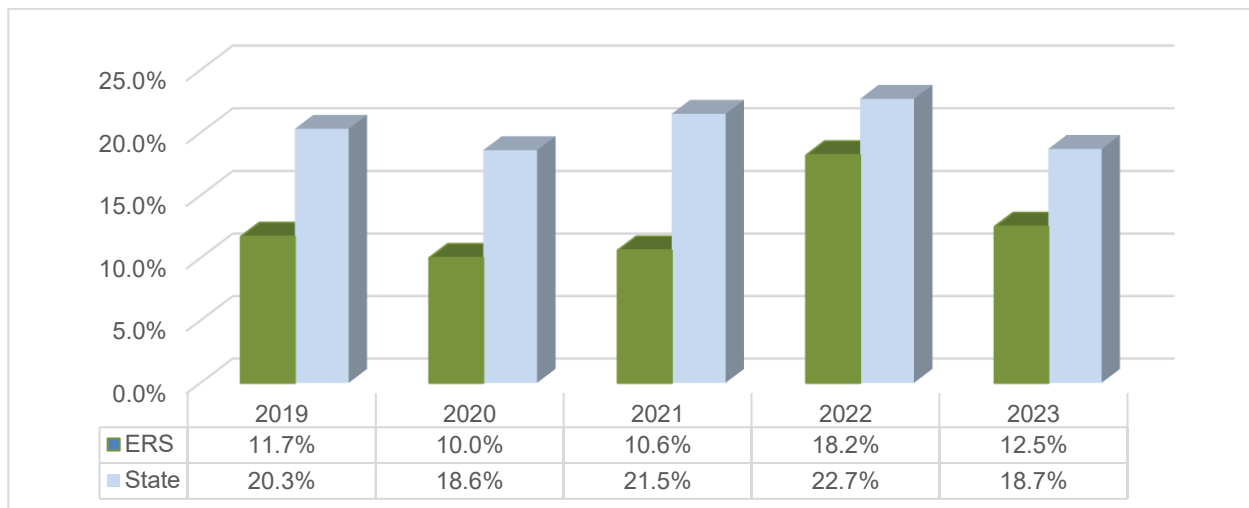
Sources: *Hiring Practices and Equal Employment Opportunity Report Fiscal Years (2012-22 (Table 1) published by the Texas Workforce Commission and the Centralized Accounting and Payroll/Personnel System.*

<sup>1</sup> The State category "paraprofessional" is not listed in the Census data. Staff identified in internal ERS systems as paraprofessional are included in the "professional" category for purposes of this report.

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

## Employee Turnover

The following graph compares the average ERS turnover to that of the state for Fiscal Years 2019 through 2023. During this time, ERS' turnover rate was below the statewide turnover rate.



As of May 2024, the agency turnover rate is 5.70% for the current fiscal year.

Occupational Category	Turnover Percentage
Insurance	33.3%
Accounting, Auditing and Finance	22.92%
Program Management	16.67%

## Turnover by Length of Service

Length of State Service	ERS Turnover % by Service FY23	State Turnover % by Service FY23
Less than 2 years	31.5%	45.1%
2 to 4.99 years	11.8%	20.9%
5 to 9.99 years	6.7%	12.2%
10 to 14 .99 years	7.8%	11.3%
15 years and more	11.65%	12.03%
Overall Turnover	12.48%	21.11%

The highest percentage of turnover for both state and ERS employees continues to be for those who have fewer than two years of service. ERS strives to minimize turnover by enhancing employee engagement, as shown in the Survey of Employee Engagement (SEE) results. We support career development through resources, guidance, training, and professional growth opportunities. Additionally, we offer competitive salaries, flexible benefits, and a positive, adaptable work culture.

## Turnover by Age

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

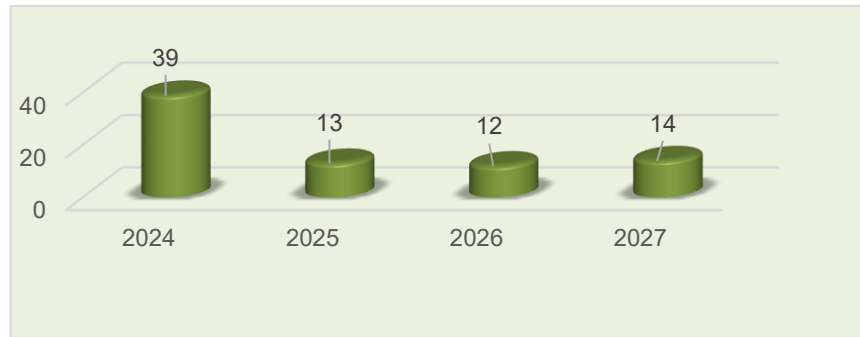
Length of State Service	ERS Turnover % by Age FY23	State Turnover % by Age FY23
Under 30 years	38.7%	45.5%
30 to 39 years	11.7%	21.1%
40 to 49 years	9.1%	13.9%
50 to 59 years	11.5%	14.5%
60 years and over	15.4%	18.9%
Overall Turnover	12.5%	21.1%

During Fiscal Year 2023, employees in the 40-to-49 and 50-to-59 groups experienced the lowest level of turnover at ERS. The greatest turnover was in the under 30 years of age group.

## Turnover from Projected Retirements

Based on limited data available, ERS projects that during the next three fiscal years, approximately 10% of ERS' workforce will be eligible to retire, taking with them institutional knowledge and expertise. ERS will continue to prepare for the retirement of employees in key positions through succession planning, cross-training and employee development.

### Number of Potential Retirees



## III. Future Workforce Profile

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

- Engaging members
- Having dynamic internal and external collaboration
- Providing competitive sustainable benefits
- Having innovative solutions
- Demonstrating a model work environment

### A. CRITICAL FUNCTIONS

ERS needs a workforce who can accomplish the following goals:

- Support our members' retirement income security
- Sustain a competitive group benefits programs
- Engage stakeholders for informed decision making
- Enhance agency performance and accountability

### B. WORKFORCE OPPORTUNITIES

Supervisors at ERS must have an ability to examine and improve business processes, and to lead their teams through transitions of new and very complex systems, as well as effectively communicate the new processes to agency staff. Enhance recruitment and retention strategies in the Customer Benefits Division along with advance training of staff for new systems. Staff in the Investments Division must be experienced in various investment asset classes.

### C. CRITICAL FUNCTIONS REQUIRED IN ACHIEVING THE STRATEGIC PLAN

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

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

### ***D. Future Workforce Skills Needed***

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

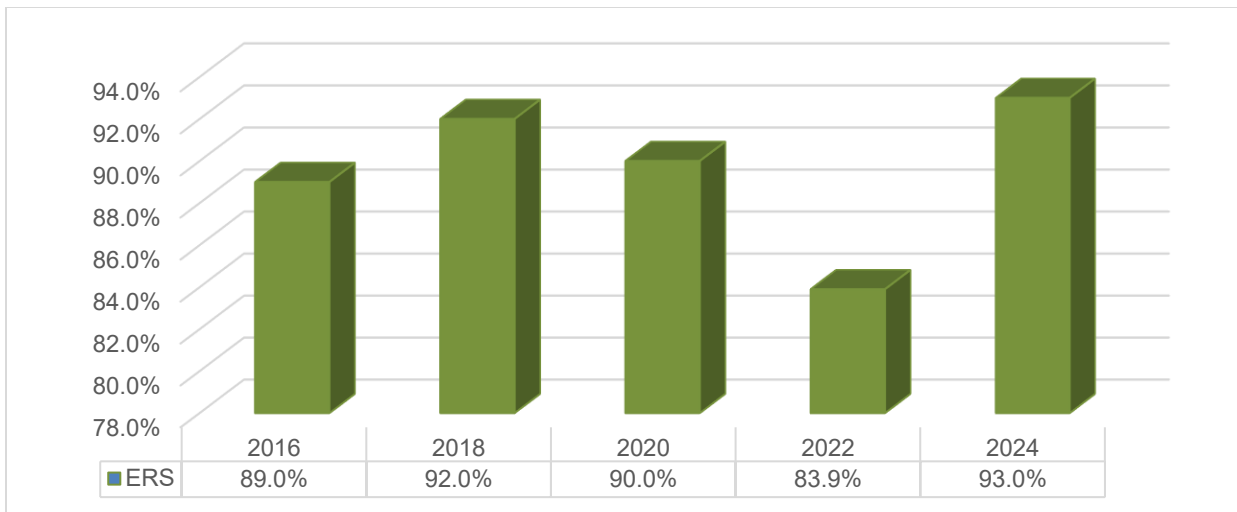
- Leadership, people management and supervision skills
- Problem-solving skills that align with agency strategic plan and objectives.
- Ability to effectively communicate with internal and external customers.
- Innovation skills.
- Investment skills.
- Ability to develop long-term and short-term goals for the investment program.
- Ability to manage alternative asset classes, private real estate, private equity and hedge funds.
- Project management skills.
- Machine learning/artificial intelligence, and algorithm development skills.
- Information Technology skills that include Web-based technology, Cloud computing and Cybersecurity skills.
- Contract management skills.
- Organizational change management skills.
- Process analysis and changes.
- Strategic planning.
- Risk management skills.

## **IV. Survey of Employee Engagement Results and Utilization Plans**

ERS has participated in the Survey of Employee Engagement (SEE) since the 1994 survey. The survey is used as a means of obtaining employee feedback on the ERS workplace. Assessing employee attitudes toward the agency, identifying employee perceptions of the strengths and weaknesses of the agency, and identifying organizational areas that can be improved.

### ***A. Response Rate***

The employee response to the survey was exceptional. As a general rule, rates higher than 50 percent suggest soundness. High response rates suggest employees have an investment in the organization, want to see the organization improve, have a sense of responsibility to the organization and have a high expectation from the leadership to act on the survey results. Below are the ERS response rates for the last five surveys:



## B. Overall Survey Score

This score is a broad indicator for overall comparison with other entities. It is composed of the average of all survey items and represents the overall score for the organization. Scores typically range from **325** to **375**.

The overall survey score for ERS was **409**.

## C. Construct Scores

The survey is organized into 12 categories, or concepts most utilized by leadership and those which drive organizational performance and engagement. Scores are measures as follows:

- Above 375 = areas of substantial strength (11 ERS scores)
- Between 350 – 375 = perceived more positively than negatively (No ERS score)
- Between 325 – 349 = viewed less positively by employees ( No ERS score)
- Below 325 = significant source of concern and requires immediate attention (1 ERS score)

## D. Construct and Score Results

The constructs and score results for the 2024 SEE for ERS were:

1. Workgroup – the degree to which employees view their workgroup as effective, cohesive and open to the opinions of all members. **Score: 436** (2022 Score: 417)
2. Strategic – the degree to which employees understand their role in the organization and consider the organization’s reputation to be positive. **Score: 436** (2022 Score: 417)
3. Supervision – the degree to which employees view their supervisors as fair, helpful and critical to the workflow: **Score: 427** (2022 Score: 404)
4. Workplace – captures employees’ perception of the total work atmosphere, workplace safety, and the overall feel. **Score: 425** (2022 Score: 408)
5. Community – the degree to which employees feel respected, cared for, and have established trust with their colleagues. **Score: 417** (2022 Score: 401)
6. Information Systems – whether computer and communication systems enhance the ability to get the job



done by providing accessible, accurate and clear information. **Score: 374** (2022 Score: 381)

7. Internal Communication – the degree to which employees view communication with peers, supervisors and other parts of the organization as functional and effective. **Score: 398** (2022 Score: 376)
8. Pay – evaluation from the employees’ viewpoint of the competitiveness of the compensation package, how well the package “holds up: when employees compare it to similar jobs in other organizations. **Score: 302** (2022 Score: 245)
9. Benefits – employee perceptions of how the benefits package compares to packages at similar organizations and how flexible it is. **Score 414** (2022 Score: 392)
10. Employee Development – the degree to which employees feel the organization provides opportunities for growth in organizational responsibilities and personal needs in the employee’s career. **Score: 418** (2022 Score: 393)
11. Job Satisfaction – satisfaction with overall work situation: weughs heavily on work-life balance, sense of pride, and offering meaningful contribution to the workplace. **Score: 409** (2022 Score: 383)
12. Employee Engagement – sense of trust, level of employees’ participating in carrying out their work responsibilities towards delivering high quality work. **Score: 424** (2022 Score: 404)