Schedule F: Agency Workforce Plan

Texas Emergency Services Retirement System Workforce Plan (2027-2031)

Phase 1: Agency Overview (Strategic Direction)

The State of Texas created the Texas Emergency Services Retirement System (TESRS) in 1977 to fund a pension program for first responders. TESRS provides emergency services departments with a way to recognize, protect, and financially reward volunteers, as well as paid and part-paid emergency services personnel, for their years of dedicated service to their communities. There are currently 258 departments participating in the pension system.

Authority for the agency is established under Title 8, Subtitle H, of the Texas Government Code, which is entitled Texas Emergency Services Retirement System.

Article 16, Section 67 of the Texas Constitution requires that the financing of benefits be based on sound actuarial principles and that a system's assets be held in trust for the benefit of its members and not be diverted.

Sec. 2056.0021. WORKFORCE PLANNING.

As part of the strategic plan required under Section 2056.002, a state agency shall conduct a strategic staffing analysis and develop a workforce plan, according to guidelines developed by the state auditor, to address critical staffing and training needs of the agency, including the need for experienced employees to impart knowledge to their potential successors.

Added by Acts 2001, 77th Leg., Ch. 715, Sec. 2, eff. Sept. 1, 2001.

Agency Mission

To honor our Texas emergency services personnel by providing trusted, secure and protected benefits.

Agency Strategic Goals and Objectives

Agency Goal: SOUND PENSION FUND

To ensure that pension funds for volunteer emergency services personnel remain actuarially sound and that members receive the benefits to which they are entitled.

Agency Objective 1.1: ADMINISTER VOLUNTEER PENSION FUND

Administer a pension fund for volunteer and emergency services personnel by receiving contributions from governing entities, investing funds, maintaining the member database, and providing services and benefit payments to members and their beneficiaries.

Manage new and existing member departments by providing necessary program monitoring and technical assistance, and by directing resources toward recruiting new departments.

Core Business Functions

The primary responsibility of the agency is to administer pension benefits, which requires staff to work with retirees, active members, departments, and Local Board members, as well as provide technical assistance to participating departments and recruit new departments. The agency distributes monthly pension benefits to retirees and administers death and disability benefits.

The TESRS Board of Trustees (The Board) outsources the most critical functions of the pension system to firms with the necessary professional and technical expertise. These functions include:

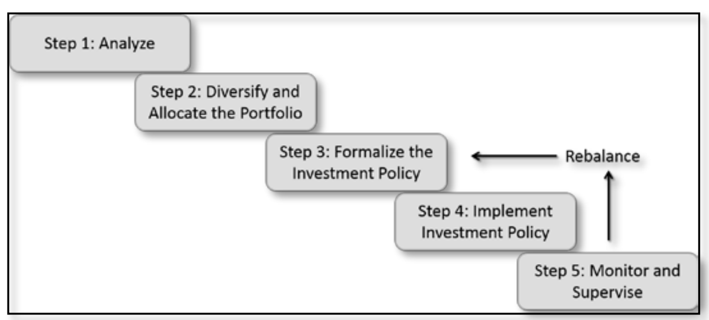
- Actuarial Services
- Investment Counsel
- Outside Legal Counsel
- Financial Audit Services
- Securities Custody Services
- Investment Management
- Database Administration
- Information Management Systems
- Artificial Intelligence
- Accessibility
- Cybersecurity
- Web Hosting

Administration

The Administrative functional area is responsible for supporting the Board, scheduling and hosting Board meetings, implementing the investment program, overseeing the actuarial valuation of the System, and administering human resources.

Managing the TESRS investment process is the most dynamic business function of the agency. Success depends on the combined efforts of The Board, agency staff, investment consultants, and individual investment managers.

The Board's investment strategy is best described as a five-step investment process. The Board's investment program is intended to minimize risk and fund the long-term liabilities of promised benefits.



The Board's Investment Committee focuses on investment policies and monitors the activities of the investment consultant and the investment performance of fund managers; however, all decisions regarding the investment program are made through actions taken by The Board.

Although the Board is a long-term investor, it monitors investment performance for the System and for each individual investment manager on a quarterly basis. Performance is measured against established benchmarks using quarterly, annual, three years, and five-year results.

The executive director is delegated full authority and responsibility by The Board for the implementation and administration of its investment programs, subject to Board policies, rules, regulations, and directives. The executive director is responsible for the following duties:

1. Assist The Board in the procurement of investment managers, consultants, and custodians.
2. Authorize guidelines and contracts for each investment manager retained by the System.
3. Recommend to the Investment Committee revisions to the Investment Policy; and
4. Supervise staff in carrying out actions of The Board and Investment Committee.

Accounting Program

The TESRS accounting program is directed by a certified public accountant who serves as the chief financial officer (CFO) for the agency and the System. The CFO is responsible for the following duties:

- Financial risk management,
- Financial planning and budgeting,
- Record keeping,
- Reporting, and
- Related compliance.

The CFO monitors the activities of the securities custodian on a monthly basis and reconciles the account of each investment manager. The CFO also serves as the TESRS liaison to the Legislative Budget Board (LBB), the State Auditor's Office (SAO), and the Comptroller of Public Accounts (CPA).

The CFO is responsible for invoicing governmental entities and collecting contribution payments made on behalf of each active member of the System. Local accounts payable staff and TESRS staff work together to resolve any issues related to invoices and payment.

The CFO reports to The Board each quarter on agency budgets and cash balances. At the end of each fiscal year, the CFO prepares and submits the annual financial report (AFR) to the CPA for inclusion in the state's comprehensive annual financial report. The AFR is then audited by external certified public accountants to provide independent opinions regarding the accuracy of the System's financial statements.

Operations

The operations functional area includes the day-to-day administration of the pension system, customer support, marketing, and information management.

TESRS staff work with participating departments, their chiefs, Local Boards, and governing entities to administer a retirement system in which each member is supported and encouraged to meet eligibility requirements and receive a well-deserved retirement annuity.

When a TESRS member meets the eligibility requirements to retire, TESRS staff work closely with the members and the respective Local Board to ensure accuracy and facilitate the retirement application and approval process. This includes reviewing qualified service details, preparing documentation, and obtaining appropriate signatures in a timely manner.

For each participating department, statute requires the establishment of a Local Board. Each Local Board must include six members: one member from the governing body of the department's political subdivision, two members from the community the department serves, and three active members of the participating department.

TESRS staff provide frequent customer service to Local Board members regarding a wide range of required actions that fall under the Board's responsibilities. Staff meet with Local Board members and provide technical assistance and training regarding their roles and responsibilities.

TESRS communicates with Local Board members by email, phone, and in person regarding TESRS membership enrollment, required reporting, the review and certification of retirement benefits, and other duties of the Local Board.

Anticipated changes to the mission, strategies, and goals during the next five years.

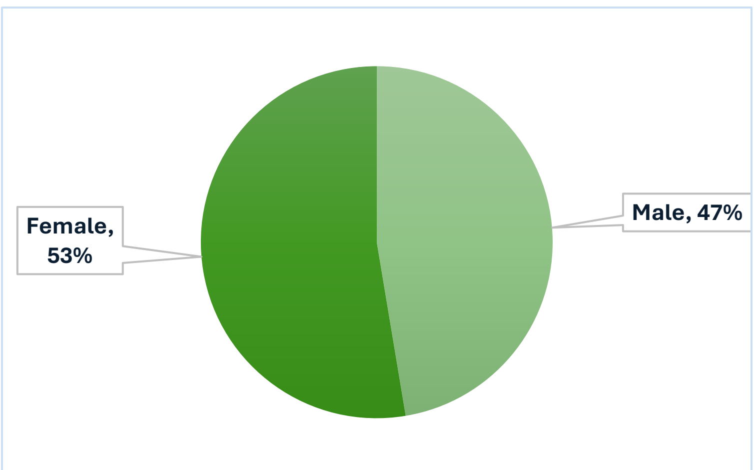
The Agency does not anticipate any changes to the mission, strategies, and goals of the agency during the next five years.

Phase 2: Current Workforce Profile (Supply Analysis)

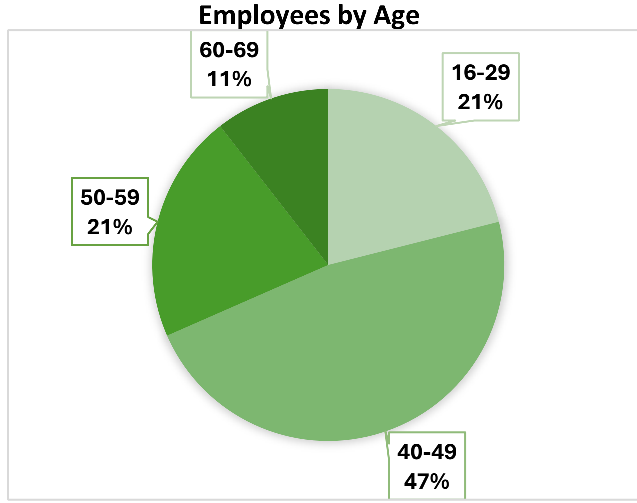
Workforce Demographics

As of May 1, 2026, TESRS had 9.5 employees carrying out its mission. The following charts illustrate the demographic make-up of TESRS' workforce.

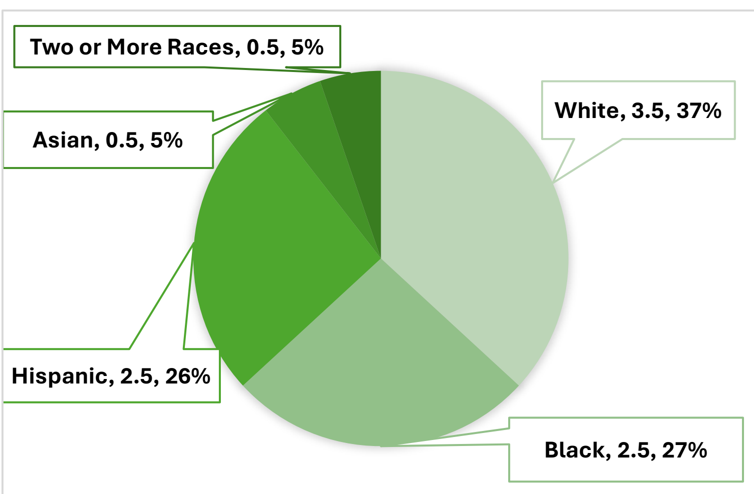
Employees by Gender



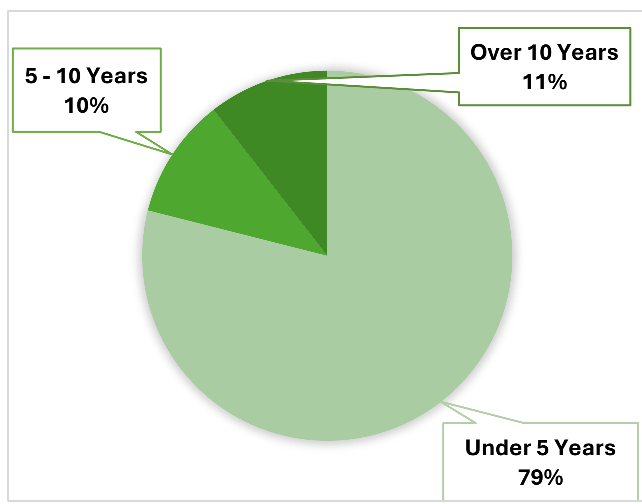
Employees by Age



Employees by Ethnicity



Employees by Agency Tenure



Employees by Ethnicity and Occupational Category					
Occupational Category	Asian	Black	Hispanic	White	Two or More Races
Accounting, Auditing, and Finance	0.5	1			
Administrative Support			1		
Information Technology		1			
Insurance				2	
Program Management		0.5		1.5	
Property Management and Procurement			0.5		0.5
Other			1		
Total	0.5	2.5	2.5	3.5	0.5

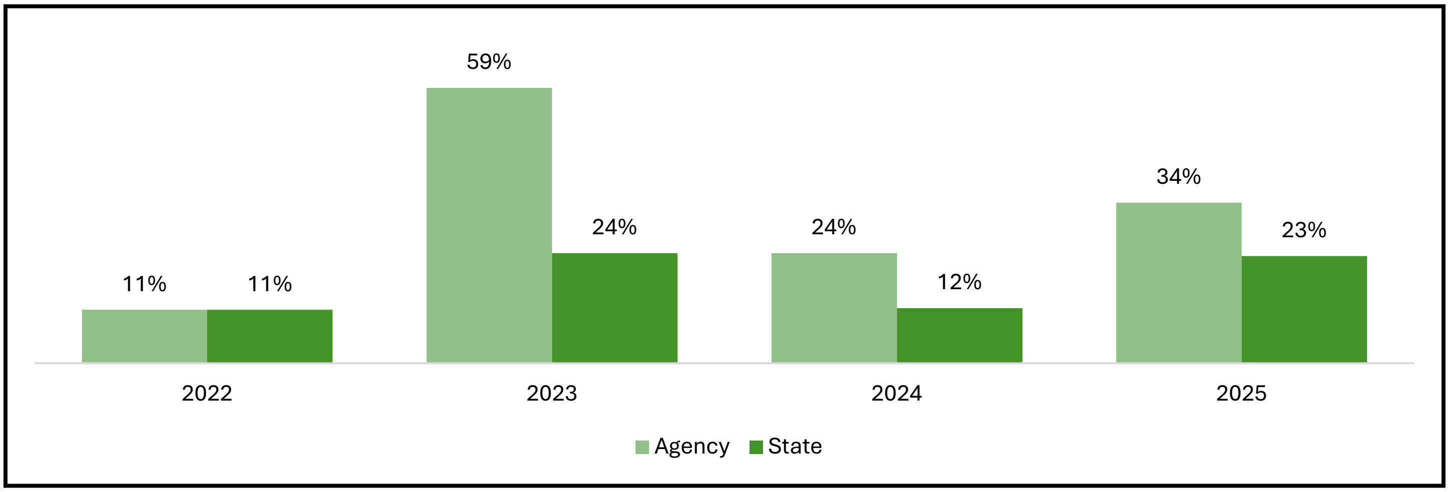
Percent of workforce eligible to retire and return to work

The agency projects that during the next four fiscal years approximately 25% of the agency's workforce will be eligible to retire, taking with them valuable institutional knowledge and expertise. This will require the agency to prepare for the retirement of these critical employees through succession planning, cross training, and employee development.

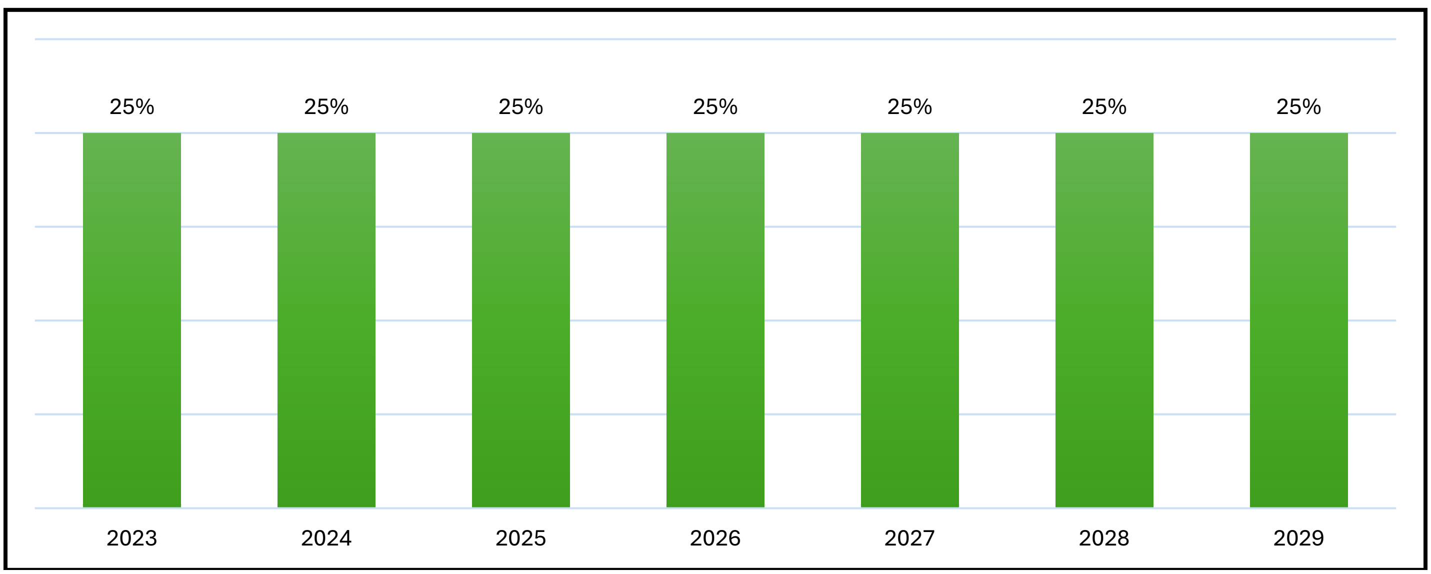
Percent of veterans employed by the agency

The agency does not currently employ any veterans.

Agency Turnover



Projected employee turnover rate during the next five years



Future Workforce Analysis

The agency is making the following assumptions regarding the 2027–2031 planning period:

- **Growth in Retirees**: The agency anticipates that the number of retirees receiving retirement benefits will increase by over 40 percent by 2031. This will substantially change the allocation of staff time away from supporting Local Boards and active member enrollment to processing retirement applications and maintaining retirement accounts.
- **Increased Cybersecurity Complexity and Cost**: Cyber-related risk is the most challenging risk faced by the agency and will require The Board and agency to continue cybersecurity and risk governance practices to improve information security. It will also require the agency to continue to be more realistic about its vulnerability to cyber-attack and become more resilient in the face of cyber-attacks.
- **Increased Productivity Needed:** Productivity will need to increase in order to process the growing number of retirement applications because it does not anticipate a growth in the number of employees. This will require the agency to carefully review each task and to determine its necessity in meeting the objectives of the program. It will also require the implementation of new technologies and the retraining of agency staff.
- **Team Performance Focus:** Management will continue to focus on team performance instead of individual performance. This will require each staff member to become more flexible, learn new tasks, and assume responsibility for decision-making. Management will also need to identify team goals and provide financial incentives to the team members when program goals are exceeded.
- **Increase in State Red-Tape**: The agency expects the overhead associated with being a state agency to grow due to additional reporting requirements which will reduce the time dedicated to the core mission of the agency.
- **Increased Member Expectations for Digital Services:** Retirees and Departments will expect faster, more user-friendly online services, requiring the agency to expand digital self-service tools and redesign processes to reduce manual staff intervention.
- **Recruitment and Retention Challenges:** The agency may face continued difficulty attracting and retaining staff with specialized skills (actuarial, investment, IT, contract, human resources or benefits) due to competition with the state agencies, private sector and limited salary flexibility.
- **Technological Modernization Requirements:** Legacy systems may require upgrades or replacement to support higher automation, cybersecurity needs, and integrations with external partners. This will demand significant planning and staff training.
- **Increased Complexity in State Procurement:** As technology and cybersecurity needs grow, procurement processes will become more complex and time-consuming, further impacting staff bandwidth and timelines.
- **Evolving Legislative Demands:** Future legislative sessions may introduce statutory or compliance changes requiring rapid adaptation by staff, additional reporting, and updates to benefit administration processes.
- **Continued Emphasis on Cross-Training:** Staff will need broader skill sets to maintain coverage for all critical functions given the agency's small size and the lack of expected workforce growth.
- **Heightened Focus on Operational Resilience:** With rising cybersecurity threats and increasing retiree reliance on timely benefits, the agency must invest in continuity of operations planning to ensure uninterrupted service delivery.
- **Growing Importance of Vendor Management:** As the agency increases reliance on external technology and data services, effective oversight and contract management will become more critical.

Critical Workforce Skills

There are several skills that are critical to TESRS's ability to serve its members and to maintain an actuarially sound pension system. Without these skills, TESRS could not provide basic benefit and retirement services.

These skills include the:

- 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 develop long-term and short-term goals for the investment program;
- Risk management skills;
- Quality assurance skills;
- Ability to effectively and efficiently manage projects;
- Ability to develop and monitor complex contract plans; and
- Ability to think critically;
- Ability to interpret and apply complex retirement statutes and rules;
- Strategic planning and organizational alignment skills;
- Process improvement skills;
- Customer service skills tailored to members and departments;
- Ability to collaborate across teams and functions.

Future Workforce Skills Needed

The workforce skills needed by the agency are the same skills that have been necessary for the past 20 years. The following skill sets are most needed in new hires:

- Critical thinking and problem solving;
- Interpersonal skills, cybersecurity, information technology resources
- Ability to adapt with change;
- Attention to detail and commitment to accuracy;
- Ability to work collaboratively in a small-team environment;
- Customer service skills tailored to retirees, volunteers, and local boards.

Gap Analysis

During the 2027–2031 planning period, the agency anticipates an annual routine turnover of approximately 20 percent.

The real cost to TESRS associated with employee turnover is not limited to short-term productivity losses. Instead, it stems from the loss of institutional knowledge about the agency, its mission, and its routine tasks, many of which are not well documented. Reducing these long-term costs will require the agency to simplify program processes and strengthen the clarity and completeness of its process documentation.

Succession planning has historically been a challenge for the agency because it lacks a sufficient “bench” of qualified employees who can move into higher-level roles when vacancies occur. When key personnel plan to retire, the agency does benefit from having advance notice, which allows time to analyze each position’s functions and document critical processes. TESRS generally anticipates recruiting external applicants to fill most vacancies.

The agency also faces significant knowledge gaps in managing its information technologies and implementing cyber-defense strategies. As a result, TESRS will continue to rely on third-party firms to provide essential cybersecurity expertise and to support the implementation of cyber-defense strategies and mitigation plans.

The agency acknowledges the critical need for limited staff resources to modernize its databases and enhance its technological capabilities to remain effective and resilient. Advancing our systems, tools, and technical expertise will strengthen operational efficiency, elevate service delivery, and ensure alignment with current industry standards. By investing in modern technology initiatives, the agency positions itself for sustained growth, innovation, and continued excellence in meeting the needs of the communities we serve.