



Strategic Plan

Fiscal Years 2023 – 2027

June 1, 2022

Strategic Plan

EMPLOYEES RETIREMENT SYSTEM OF TEXAS

FISCAL YEARS 2023-2027

BY

**PORTER WILSON
EXECUTIVE DIRECTOR**

Board Member	Dates of Term	Hometown
Catherine Melvin, Chair Elected	September 1, 2017 – August 31, 2023	Austin
James Kee, Ph.D, Vice-Chair Appointed by the Speaker of the House	December 1, 2018 – August 31, 2026	Waco
Brian Barth Elected	September 1, 2019 – August 31, 2025	Austin
Neika Clark Elected	September 1, 2021 – August 31, 2027	Houston
I. Craig Hester Appointed by the Chief Justice of the Supreme Court of Texas	November 1, 2005 – August 31, 2022	Austin
John Rutherford Appointed by the Governor	May 19, 2022 – August 31, 2024	Houston

June 1, 2022

Signed 

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Mission

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



Philosophy

ERS prudently and professionally manages trust funds and benefit programs on behalf of its members. The 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.



Fiduciary Duty

ERS is a constitutional trust fund administered by the ERS Board of Trustees. Article XVI, Section 67 of the Texas Constitution and Section 815.103 of the Texas Government Code provide that the ERS Board of Trustees is the trustee of all ERS assets. ERS' operations are held to a fiduciary duty standard to ensure that the actions and activities of the Board of Trustees, the agency and its employees are conducted in a manner consistent with the protections, preservation, and best interest of the trust and trust's beneficiaries.



Goals and Action Plans

Goal: Support Our Members' Retirement Income Security	
<p>As public servants, state employees provide critical services to Texans. ERS works to support the current and future workforce by attaining and maintaining actuarially sound retirement plans, providing tools and assistance to enhance retirement readiness, and administering and managing trust assets innovatively to reach target returns within approved risk tolerance.</p>	
Measures as of August 31, 2021	How Does ERS Plan to Support Members' Retirement Income Security?
<p>Years to amortize the ERS unfunded actuarial accrued liability: 33 years</p> <p>Years to amortize the LECOS unfunded actuarial accrued liability: Never</p> <p>Years to amortize the JRS 2 unfunded actuarial accrued liability: Never</p> <p>Active contributing members: Regular class: 136,726 LECO: 32,498 JRS 1 and 2: 586</p> <p>Retirees and beneficiaries: Regular class: 120,294 LECO: 15,343 JRS 1 and 2: 805</p> <p>Average annual annuity: Regular class: \$21,292 LECO: \$5,621 (+ regular class) JRS 2: \$68,471</p>	<p>Return to and Maintain Actuarial Soundness for the Prefunded Retirement Plans:</p> <ul style="list-style-type: none"> Attain funding required to cover normal costs and achieve actuarial soundness for Law Enforcement and Custodial Officer Supplemental Plan (LECOS) and the Judicial Retirement System Plan Two (JRS 2) by assisting in legislative deliberations regarding additional revenue sources increasing state contributions, or identifying potential one-time infusions of assets. Identify statutory changes required to meet legislative intent for Group 4 implementation, e.g. purchase of military service. Maintain and update ERS retirement plans funding policy as required to address changes in funding status and liabilities. Include in the agency's Legislative Appropriation Request (LAR) a funding request for compliance with the funding policy and TX Government Code §814.604 in anticipation of factors triggering the one-time cost of living adjustment (COLA). Provide information on funding requirements for consideration of COLAs beyond that required by TX Govt. Code §814.604. <p>Providing Strong Stewardship of Trust Assets</p> <ul style="list-style-type: none"> Continue to deliver superior long-term investment returns through meaningful contributions from both asset allocation and investment implementation. Maintain appropriate levels of diversification and risk by adapting the Trust's asset allocation parameters and strategic positioning response to continuously evolving market conditions. Pursue a repeatable process rooted in a culture of excellence and alignment that routinely leverages the diverse insights of highly qualified staff. Monitor the trust fund's liquidity profile and educate stakeholders on the constraints these needs place on the capacity to generate high returns as well as the ability to diversify and rebalance. Maintain a robust governance structure that enables effective decision making while fulfilling the agency's fiduciary responsibilities and ensuring regulatory compliance. <p>Retention of Current Workforce</p> <ul style="list-style-type: none"> Evaluate opportunities and cost impact for phased retirement to allow for smoother transitions for members without negatively impacting insurance benefits in retirement for long serving employees. <p>Recruitment of Future Workforce</p> <ul style="list-style-type: none"> Serve as subject matter experts for the State of Texas leadership on pension models structured to attract a skilled workforce to state agencies. Highlight ability to transfer and grow benefits as individuals move between state agencies and continue to serve their fellow Texans. Highlight overall compensation package, including the value of non-monetary benefits to potential employees. <p>Retirement Readiness</p> <ul style="list-style-type: none"> Evaluate Texa\$aver funds to ensure members are provided low cost options and flexibility to select products with strong histories of investment growth. Educate members on the totality of their retirement benefits, including 401k/457 savings and health care coverage, in concert with their Social Security benefits.

Supporting Member's Retirement Income Security Supports the Statewide Objectives

ERS provided retiree annuity payments benefit the Texas economy. Approximately 95% of ERS retirees live and spend in Texas. Retirement benefits should be funded over the employee's working career, allowing investment earnings to compound and grow. Of the \$2.8 billion in annual annuity payments distributed in Fiscal Year 2021, almost two-thirds of the revenue was generated from investment earnings. Additionally, sound pension funding policies and practices contribute to the state's economic well-being and is a consideration of credit-rating agencies in determining the creditworthiness of the state.

Defined benefit plans serve a key role in recruiting and retaining employees critical to the safety, health and well-being of Texans. Texas relies on a diverse and comprehensive workforce. Because state salaries are generally lower than in the private sector, quality benefits help to bridge the gap and attract qualified individuals to serve in law enforcement, social services and other critical governmental functions.

Key measurements of the retirement system are the normal cost, funded ratio, actuarial cost and number of years to pay off the unfunded liability. The normal cost is the amount of contributions required to cover the cost of future benefits earned for the current year. The actuarially sound contribution (ASC) rate is the rate needed to pay the normal cost and eliminate the unfunded liability within 31 years (Texas Government Code 811.006). When a plan has unfunded liabilities, the funding period (the number of years required to pay off unfunded liabilities given current contribution levels) is the most important metric, as this shows where a plan is headed. The funded ratio, in contrast, shows where a plan has been. A plan can have a high funded ratio but still be on a path to deplete.

As of August 31, 2021:

	ERS	LECOS	JRS 2
FY22 Normal Cost	14.12%	1.97%	26.64%
FY22 Legacy Payment	\$510 M	-	-
FY22 ASC (% of payroll)	-	3.97%	23.71%
Funded Ratio (Actuarial Valuation)	68.00%	60.50%	84.60%
Funding Period	33	Never	Never

The adoption of a policy by the governing board and plans sponsor – one that outlines funding goals and allows a plan actuary to determine the contribution rate needed to meet those goals based on current benefit provisions – is an industry best practice. The funding policy adopted by the ERS Board of Trustees in May 2018 updated in August 2020 clearly outlines its goals related to plan administration.

The status of each plan as of the August 31, 2021 actuarial valuation is below:

	ERS	LECOS	JRS 2
Cover Normal Costs	√	X	X
Avoid Trust Fund Depletion	√	X	X
Meet Statutory 31 Year ASC Rate	√	X	X
Meet Additional Funding Standards	√	X	X

Other Considerations

The 87th Texas Legislature took a significant step passing Senate Bill (SB) 321 to ensure funds would be available to pay for promised benefits, eliminate the unfunded liability and reduced the risk of future unfunded liabilities for the ERS plan. SB321 created an actuarially determined legacy payment to pay off the unfunded liability as of August 31, 2020 by 2054. The first payment of \$1.02 billion was included in House Bill (HB) 2 for the 2022-23 biennium. In addition, SB321 established a new cash balance defined benefit for an individual hired into state employment after August 31, 2022 who is not a current member of the ERS plan at the date of employment to reduce the potential of future unfunded liabilities. An employee hired after August 31, 2022 will contribute 6% instead of the current 9.5% employee contribution.

Benefit changes for LECOS were included in SB321. However, current contributions for LECOS and JRS 2 fall short as current contributions do not cover the normal cost. Thus, both plans continue on a path to depletion. This will be a major communication focus during the 88th Texas legislative session.

Goal: Sustain Competitive Group Benefits Programs

ERS strives to offer competitive benefits to members, retirees and their dependents at a reasonable cost. To accomplish this, ERS administers programs that offer value to participants and employers, encourages participants to actively engage in healthy behaviors, and uses data analytics to better manage programs and improve outcomes.

Measures as of August 31, 2021

HealthSelectSM average annual medical and pharmacy claims cost per participant: \$6,257

Effective cost management reduced annual HealthSelect costs by: \$10.9B

Portion of every HealthSelect dollar spent on administrative costs: <3¢

Number of HealthSelect medical and mental health virtual visits: 87,814

Percentage of HealthSelect participants satisfied with network services: 90.20%

How Does ERS Plan to Sustain Competitive Group Benefits Programs?

- Competitive Comprehensive Group Benefits**
- Evaluate new or alternate offerings to existing programs and incorporate those determined to be cost-effective and that add value to the Texas Employees Group Benefits Program.
 - By August 2022, provide a report on alternative methods to deliver the current benefits provided under the GBP as directed in the General Appropriations Act.
 - Evaluate and implement life insurance portability.
 - Provide information on the current life insurance benefit to the 88th Texas Legislature.
 - Continue to research long-term care insurance options.
- Promote Health and Well-being**
- Develop a culture of well-being emphasizing the benefits of mental, physical, and financial health among participants and employing agencies.
 - Support employers in their efforts to improve employees' health through the Assess-Manage-Prevent (AMP) Wellness Campaign, which promotes a greater understanding of wellness offerings available through the various health plans and provides metrics on individual employer engagement.
 - Continue to increase participation in wellness and condition management programs.
- Data Driven**
- Enhance data analysis capabilities to provide more detailed information about GBP operations.
 - Continue to solicit input from the Group Benefits Advisory Committee to support planning and development of benefit programs under the GBP.
- Reasonable Cost to State, Members and Retirees**
- Regularly re-bid administration contracts for GBP plans to ensure competitiveness and value to members and the state.
 - Review benefit plan designs and evaluate modern practices to determine appropriate changes to GBP benefit levels as well as remain competitive in the market to attract and retain a quality and qualified workforce.
 - Continue educating participants on opportunities to save through HealthSelectShoppERS.

Sustaining Competitive Group Benefits Programs Supports the Statewide Objectives

The ERS Group Benefits Program (GBP) plays an important role in attracting and retaining a qualified workforce to support the well-being of Texans. These benefits help ensure that skilled individuals are serving the people of Texas efficiently and effectively.

The GBP is a cost-efficient program that provides benefits to more than half a million employees, retirees and their dependents. ERS works to implement best-practice solutions and manage program costs through innovative risk-sharing arrangements with providers, collecting subsidies for the Medicare prescription drug plan and negotiating reduced fees for third-party administrative services.

ERS manages the GBP through prudent plan design and professional oversight. The plan design determines what is covered and how much participants pay in deductibles, copays and coinsurance. Professional oversight includes fraud control programs, monitoring of contracting arrangements with providers, and wellness and disease

management offerings. ERS and contracted third-party administrators (TPAs) work together to manage the network of providers; process claims in an efficient, participant-focused manner; and provide customer service to plan members.

In 2019, the ERS Board of Trustees adopted the Texas Employees Group Benefits Program Policy and Guidelines to:

- formalize goals and establish guidelines to be followed in effectively setting contribution rates and managing the plans for GBP participants, including guidelines for consideration of increases and reductions in member cost share;
- establish priorities to guide the development of the GBP Legislative Appropriation Request; and
- ensure the plan sponsor and other stakeholders have clear and accurate information concerning the impact that proposed legislation and policy initiatives have on GBP costs and operations.

Other Considerations

The health care market is rapidly changing. ERS monitors these changes to understand the impacts on state programs and opportunities available for increased health outcomes or reduced costs. The GBP quickly adapted to meet the needs of participants during COVID-19. Member cost share was temporarily waived for all in-network medical and mental health telemedicine services to ensure social distancing was not a barrier to important, ongoing services. All ERS health plans cover COVID19 vaccination, including recommended booster shots at 100%. Federal rules regarding healthcare will continue to significantly influence ERS plan design. Effective January 15, 2022 plans must cover up to eight FDA-authorized at-home rapid tests per participant per month. Two new anti-viral COVID medications are now covered formulary drugs. The federal government is currently covering the cost of the drugs, with the plan paying the dispensing fees to cover pharmacy administration.

Health care costs continue to increase. The projected trend for Plan Year 2023 is a combined 5.7% (3.9% medical benefit, 10.0% prescription drug benefit). ERS works to manage rising health care costs while maintaining a competitive benefit structure within the plan. Value-based contracting is one example that incentivizes providers to control cost by tying reimbursements to quality standards. In addition to efforts by ERS to manage plan costs, state agencies and institutions of higher education, as the employers, are asked to support wellness initiatives to help promote the value of prevention and the improved health of employees over the long-term. This benefits the employer and the plan, as well as the participant.

Access to care is driven by the market. As a result, rural areas of the state have fewer options to access care locally. ERS works with third party administrators (TPAs) to provide network coverage throughout the state; however, some specialized services are available only in large urban areas due to the limited number of specialists practicing in the state. For specialized services, members and their dependents may have to travel to other parts of the state to receive care. For more general health needs in the HealthSelect plans, virtual visits are a convenient alternative to office visits, offering lower-cost convenient care through 24-hour access to online physician visits. During the pandemic, telemedicine utilization grew quickly and remains strong. Virtual visit utilization also remains strong.

ERS is committed to protecting program participants' protected health information in accordance with federal and state regulations and consistent with the delivery of a quality health plan, effective management of health care operations and payment of covered health care services. This commitment to protecting identifiable member data creates potential issues with providing some requested data to other state agencies, institutions of higher education and other agency stakeholders.

Goal: Engage Stakeholders for Informed Decision Making

ERS recognizes the important role that its members, the Texas Legislature, the member groups and countless others play in shaping group benefit program offerings. As new plans or programs are considered or introduced, it is critical that ERS engage its stakeholders to support positive outcomes. Thus, ERS will educate stakeholders on programs and their value, increase its own understanding of stakeholder needs and appropriately apply input into agency activities.

Measures as of August 31, 2021

How Will ERS Engage Stakeholders for Informed Decision Making?

Noncontributing members:
ERS: 145,050
LECO: 29,626
JRS 2: 192

Educate Stakeholders on ERS Programs

- Consider field staff presence around the state.
- Strengthen engagement with agencies and institutions of higher education across the state to ensure an understanding of the importance of their role and provide them with the appropriate tools to be successful.
- Increase financial literacy education for stakeholders to enhance member understanding of how various programs work together to provide retirement security.
- Continue ‘Ask ERS’ webinars for members and benefit coordinators.
- Continue wellness podcasts and the wellness blog.
- Conduct benefits education seminars.
- Improve self-service functionality.
- Increase mobile capabilities for stakeholders.

Engage Plan Sponsor (Legislature) and Agencies and Institutions of Higher Education (Employer)

- Inform policy makers of the importance of benefits in recruiting and retaining a quality workforce.
- Provide updated benefits and wellness toolkits and training to benefit coordinators annually.

Increase ERS’ Understanding of Retirement and GBP Stakeholder Needs

- Evaluate additional communication channels to engage members more effectively.
- Continually re-assess communication methods and tools to ensure communications remain relevant and comprehensive.
- Continue targeted communications with non-contributing members in two-year increments.
- Review design of public website and modernize for better usability.
- Continuously seek stakeholder input for informed program decision-making and administration.

Engaging Stakeholders Supports the Statewide Objectives

As the manager of state employee benefit programs, ERS administers benefits that state employees, retirees and dependents rely upon every day. It is ERS’ responsibility to not only provide these programs, but to educate members and other stakeholders on available programs and encourage participation whenever possible. ERS uses a number of channels to engage stakeholders, which consist of diverse audiences with varying priorities.

ERS makes consistent efforts to update members, legislators and legislative staff, and other stakeholders on the impact of proposed benefit changes, retirement funding, insurance funding and the implementation of legislation. We communicate with key legislative audiences through presentations, handouts, testimony, and briefing documents. ERS also spends a significant amount of time updating digital content to ensure that information is relevant and easily accessible to all stakeholder populations.

During COVID-19, ERS reinstated the Ask ERS webinars. Separate webinars are provided for members and participants from benefit coordinators in order to address the needs of the audience. Currently, these webinars are held weekly and a different topic is focused on each week, allowing members and participants to engage based on their needs.

ERS takes pride in meeting the expectations of its members, and we have developed comprehensive quality improvement programs that include satisfaction surveys to assess program performance. Providing members with the highest level of service, and factoring their input into our decisions and actions, is our way to honor the service of state employees and retirees.

Other Considerations

The state offers a vast array of complex benefit programs that require extensive communications. ERS strives to convey information on a level that can be easily understood by all members and retirees. It is challenging to present this information in a simple manner while delivering the core content to the audience. The balance between providing the necessary information and providing information that is easy to understand is something ERS tries to address in all communications. Additionally, ERS must inform and present what the pension and insurance funds need for sustainability, which may not always align with the immediate needs of individual members.

ERS is eager to hear how well the current benefit programs serve members and what improvements would assist our employers in attracting and retaining staff. One of the avenues for obtaining that information is through surveys that depend on stakeholder engagement. ERS continues to evaluate new and evolving communication channels that could better engage stakeholders across multiple generations. One of those channels is the Group Benefits Advisory Committee, a diverse group of state and higher education employees and retirees appointed by the ERS Board of Trustees, to advise trustees on member views of the Group Benefits Program.

The human resources departments of state agencies and institutions of higher education serve as the primary source of information on benefit programs for the state workforce. As a result of turnover, individual coordinators may not have an in-depth knowledge of benefit programs and, therefore, may provide inaccurate or incomplete information. ERS provides a dedicated website for agency HR departments and benefits coordinators containing targeted resources available to assist in providing information to their employees on available benefits.

Similar to other state agencies, ERS must prioritize competing needs with available resources in determining which projects move forward and when. Annual summer and fall enrollments are resource-intensive events but are important to managing benefits programs. Every effort is made to ensure members have the information they require to make informed decisions that will impact their well-being and net paycheck over the course of the next year. For instance, ERS provides each covered member a personalized enrollment statement, summarizing their current coverage, coverage options, costs, and dependent participation.

Goal: Enhance Agency Performance and Accountability

As benefit plans and products evolve and more state employees look toward retirement, it is important that the agency be nimble in adapting to changes and seize opportunities to increase efficiency and effectiveness. At the same time, ERS must ensure policies, processes and procedures are transparent and maintain the trust of our members and the public while ensuring the security of our members' vital data. ERS recognizes that employees are our greatest asset. We value the contribution that each individual makes to the agency's success and seek to leverage their input, skills and talents to achieve the agency's mission.

Measures as of August 31, 2021	How will ERS Enhance Its Performance and Accountability?
<p>Investment expense as basis points of net position: 12.00</p> <p>Percentage of time the ERS OnLine system is available to customers: 98.44%</p>	<p>Effective and Efficient Processes and Procedures/Customer Service</p> <ul style="list-style-type: none"> • Continue to enhance contract oversight and management through improved executive reporting. • Select, implement and convert to a new pension and group benefits system leveraging new technology to improve the customer experience while providing efficient operations. • Utilize information gained from the internal strategic planning process to reduce/eliminate inefficiencies • Evaluate and implement opportunities to improve processes and workflow through digitalization and robotics. • Enhance training of benefit coordinators and payroll officer to reduce errors in enrollment and contribution processes. • Enlist agencies and institutions of higher education in assessing benefits training and tools for benefit coordinators and payroll officers. <p>Quality Data and Protection of Member Information</p> <ul style="list-style-type: none"> • Enhance data quality and data analysis capabilities throughout the agency to increase efficiency, inform communication, refine decision making and enhance programs for members. • Leverage the data quality analysis and management framework to prioritize critical data elements that will be imported into a new pension and benefits system. • Maintain the security of data, both physical and digital, and continue to identify opportunities for enhanced privacy and security protections in business operations. <p>Staff Development and Succession Planning</p> <ul style="list-style-type: none"> • Utilizing information from the Survey of Employee Engagement, implement a plan of action to address opportunities by December 31, 2022. • Evaluate and implement new recruitment and retention strategies utilizing input received from the internal strategic planning process.

Enhancing ERS Performance and Accountability Supports the Statewide Objectives

ERS issued a Request for Proposal to replace its aging pension and insurance administration systems. ERS expects to sign a contract during FY23 for a new system with implementation expected to span over several years. The system is expected to provide mobile access to ERS members and participants as well as eliminate the many manual workarounds required with the current systems. ERS continues to review and refine its business operations to eliminate outdated and inefficient processes and procedures including the identification of opportunities for robotic automation to allow staff more time for analysis. Document imaging, storage, workflow and retention is being addressed throughout the agency to create efficiencies for members, vendors and our staff whether the work is occurring onsite or offsite. Additionally, ERS continues to refine its contract processes for efficiency, working to ensure the agency consistently obtains the best value available and provides transparency to stakeholders.

ERS remains vigilant in protecting data and member information. The first layer of protection is our employees, who receive both cybersecurity and HIPAA training each year. To protect data due to the ever changing environment, ERS must continue to evaluate and update protocols, technology and interfaces with external parties. At the same time, ERS will continue to evaluate and upgrade technology to improve the availability of information to our members and employees.

During the spring of FY22, ERS engaged staff at various levels of the organization through short surveys and focus groups on a variety of topics. The short surveys were well received by ERS each garnering a high response rate. This information was then synthesized and diverse teams are being asked to develop options to address challenges ERS staff has identified as the most critical to recruitment, retention, efficiency and effectiveness. Staff throughout the agency will be engaged in solution development and implementation.

ERS completed construction of 1836 San Jacinto during the pandemic. The building expands ERS headquarters, but also offers space to tenants for commercial market rents. The revenue offsets the cost of building and maintaining the building. ERS has relocated some staff to the new building and anticipates beginning renovation on its main building during FY23.

Other Considerations

With the continuing business growth in Austin, recruitment and retention of skilled staff is a challenge. During the 2022 strategic planning cycle, ERS sought to obtain a fuller understanding of the needs of its staff through several short surveys as well as review of exit interviews. The primary reason given for termination, other than retirement, was increased pay, often at another state agency. In the last two years, ERS enhanced customer service salaries to improve recruitment and retention. ERS continues to review salaries for gaps compared to other state agencies and the overall market.

Redundancies and Impediments

Service, Statute, Rule or Regulation (Provide Specific Citation if Applicable)	Describe Why the Service, Statute, Rule or Regulation Is Resulting in Inefficient or Ineffective Agency Operations	Provide Agency Recommendation for Modification or Elimination	Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change
Benefits Coordinator Training	Human resources departments of state agencies and institutions of higher education serve as the front-line conduit of information on state employee benefits programs to the state workforce. Due to turnover, individual coordinators may not have an in-depth knowledge of benefit programs and as a result provide inaccurate or incomplete information.	Require benefits coordinators to participate in specific training offered by ERS for benefits coordinators.	Increase coordinators' knowledge of employee benefit programs. Reduce the frequency with which inaccurate or incomplete information is provided to employees.
Government Code § 2101.0115 Non-Financial Annual Report	The Non-Financial Annual Report includes various schedules that are either duplicative of other reports or not used by internal or external parties.	Amend statute to identify the specific schedules and information required in the report to be designated by rule.	Allow oversight agencies to determine specific content that is needed and not available from other sources.



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

Ably 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.





Appendices



Appendix A - Budget Structure ABEST

OBJECTIVES AND OUTCOME MEASURES

Goal 1

Administer comprehensive and actuarially sound retirement programs.

Objective 1

Ensure actuarially sound retirement programs so that ERS, JRS 2 and LECOS retirement funds do not exceed the 30-year amortization period limit, that each retirement program receives sufficient funding from contributions and investment income to maintain actuarial soundness, and that the retirement programs maintain a five-year rolling, time-weighted rate of return equal to the actuarially assumed rate of return.

Outcome Measures

1. Percentage of ERS Retirees Expressing Satisfaction with Benefit Services
2. Number of Years to Amortize the ERS Unfunded Actuarial Accrued Liability
3. Number of Years to Amortize the LECOS Unfunded Actuarial Accrued Liability
4. Number of Years to Amortize the JRS 2 Unfunded Actuarial Accrued Liability
5. ERS Time-weighted Rate of Return (Five-year Rolling Basis)
6. ERS Annual Operating Expense Per Member
7. Investment Expenses as Basis Points of Net Position
8. Percentage of Time the ERS Online System Is Available to Customers

Goal 2

Provide employees and retirees with a quality health program.

Objective 1

Manage the group benefits program for general state and higher education employees so that the annual change in monthly premiums is reasonable, and the average time to process group insurance claims is reasonable while allowing sufficient time for fraud detection.

Outcome Measure

1. Percentage of HealthSelect Participants Satisfied with TPA Services

STRATEGIES AND OUTPUT, EFFICIENCY AND EXPLANATORY MEASURES

Strategy A.1.1 Retirement Contributions

Output Measures:

1. Number of ERS Annuitants Added to Annuity Payroll
2. Number of ERS Accounts Maintained

Explanatory/Input Measures:

1. Number of ERS Annuitants

Strategy A.1.2 Law Enforcement and Custodial Officers Supplemental Retirement Fund (LECOS)

Output Measures:

1. Number of LECOS Annuitants Added to Annuity Payroll
2. Number of LECOS Accounts Maintained

Explanatory/Input Measures:

1. Number of LECOS Annuitants

Strategy A.1.3 Judicial Retirement System – Plan 2 (JRS 2)

Output Measures:

1. Number of JRS 2 Annuitants Added to Annuity Payroll
2. Number of JRS 2 Accounts Maintained

Explanatory/Input Measures:

1. Number of JRS 2 Annuitants

Strategy A.1.4 Judicial Retirement System – Plan 1 (JRS 1)

Output Measures:

1. Number of JRS 1 Annuitants Added to Annuity Payroll
2. Number of JRS 1 Accounts Maintained

Explanatory/Input Measures:

1. Number of JRS 1 Annuitants

Strategy A.1.5 Public Safety Benefits

Output Measures:

1. Number of Death Benefit Claims Processed
2. Number of Beneficiaries Receiving Benefits

Strategy A.1.6 Retiree Death Benefits

Output Measures:

1. Number of Retiree Death Benefits Paid

Efficiency Measures:

1. Average Number of Business Days to Process Retiree Death Benefits

Strategy B.1.1 Group Insurance

Output Measures:

1. In-network Services as a Percentage of Total Services
2. Mental Health/Substance Abuse Costs as a Percentage of Total HealthSelect Costs
3. Prescription Drug Program Costs as a Percentage of Total HealthSelect Costs

Efficiency Measures:

1. Percentage of Claims Processed within 22 Business Days
2. Percentage of All Electronic Retail Pharmacy Claims Processed Within 15 Business Days
3. HealthSelect Administration Fee as Percentage of Total HealthSelect Costs

Explanatory/Input Measures:

1. Number of Employees, Retirees and Dependents Covered by GBP Health Care Plans
2. Percent of Eligible Retirees and Spouses enrolled in the Medicare Advantage Plan

Strategy B.1.2 Probation Health Insurance

Appendix B - Measure Definitions

This appendix includes the Objective Outcome Definitions and the Strategy-related Measures Definitions from the Automated Budget and Evaluation System of Texas (ABEST).

Objective: Ensure Actuarially Sound Retirement Programs

Outcome Measures: Percentage of ERS Retirees Expressing Satisfaction with Member Benefit Services

Definition:	The number of retirees in ERS satisfied with benefit services offered by the agency
Purpose:	This measure is intended to reflect the success of the agency's effort to administer comprehensive and actuarially sound retirement programs.
Data Source:	ERS Annuity Survey
Methodology:	The ERS Annuity Survey is mailed to all new retirees 75 days after their first annuity check. Surveys received throughout the year with Satisfied/Extremely Satisfied are ranked as satisfied. The total number of retirees expressing satisfaction is divided by the total number of retirees responding to the survey to arrive at a percentage.
Data Limitations:	The measure depends on adequate numbers of responses from survey participants.
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Outcome Measures: Number of Years to Amortize the ERS Unfunded Actuarial Accrued Liability

Definition:	Number of years required to amortize any unfunded liability of the Employees Retirement System (ERS)
Purpose:	This measure reports the success of the agency's effort to administer comprehensive and actuarially sound retirement programs such that the ERS retirement fund does not exceed the 30-year amortization period limit.
Data Source:	Actuarial valuation reports
Methodology:	The System's actuarial valuation reports the actuarial value of assets and the actuarial accrued liability. If liabilities exceed assets, the valuation will report an amortization period in years. If assets exceed liabilities, the amortization period will be zero years. An infinite number of years is represented as 999,999,999 on ABEST.
Data Limitations:	The state contribution and the number of years required to meet actuarial soundness are set by the Texas Legislature.
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Outcome Measures: Number of Years to Amortize the LECOS Unfunded Actuarial Accrued Liability

Definition:	The number years required to amortize any unfunded liability of the LECOS
Purpose:	This measure reports the success of the agency's effort to administer comprehensive and actuarially sound retirement programs such that the LECOS retirement fund does not exceed the 30-year amortization period limit.
Data Source:	Actuarial valuation reports
Methodology:	The System's actuarial valuation reports the actuarial value of assets and the actuarial accrued liability. If liabilities exceed assets, the valuation will report an amortization period in year. If assets exceed liabilities, the amortization period will be zero year.
Data Limitations:	The state contribution and the number of years required to meet actuarial soundness are set by the Texas Legislature.
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Outcome Measures: Number of Yearsto Amortize the JRS 2 Unfunded Actuarial Accrued Liability

Definition:	The number years required to amortize any unfunded liability of the Judicial Retirement System Plan 2 (JRS 2)
Purpose:	This measure reports the success of the agency’s effort to administer comprehensive and actuarially sound retirement programs such that the JRS 2 retirement fund does not exceed the 30-year amortization period limit.
Data Source:	Actuarial valuation reports
Methodology:	The System’s actuarial valuation reports the actuarial value of assets and the actuarial accrued liability. If liabilities exceed assets, the valuation will report an amortization period in years. If assets exceed liabilities, the amortization period will be zero years.
Data Limitations:	The state contribution and the number of years required to meet actuarial soundness are set by the Texas Legislature.
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Outcome Measures: ERS Time-weighted Rate of Return (Five-year Rolling Basis)

Definition:	The rate of investment return achieved by the Pension Investment Pool (ERS, LECOS, JRS 2), adjusted to a five-year rolling basis
Purpose:	This measure is intended to reflect the success of the agency’s effort to administer comprehensive and actuarially sound retirement programs such that the Employees Retirement Fund maintains a five-year rolling, time-weighted rate of return equal to the Board-approved actuarially assumed investment rate each year of the five-year planning period. The rate of return measures the performance of the total investment portfolio, considering income and market impact, eliminating the effect of the timing of cash flows. The five-year rolling return is used to smooth market swings and to maintain consistency with the long-term nature of the fund.
Data Source:	Time-weighted Rates of Return and Asset Allocations schedules in the agency’s Comprehensive Annual Financial Report (CAFR). The custodian of the fund’s portfolio maintains data on holdings, transactions and income.
Methodology:	The Trust’s custodian calculates the rate of return (ROR) daily on the Investment Pool using the Modified Dietz Method. The calculation for the ROR is $(EMV - BMV - CF) / (BMV + CF)$. Cash flows (CF) include contributions to and withdrawals from the investment pool. Daily rates are then linked to derive monthly and annual rates of return. Annualized rates of return are derived using the following calculation (assumes 60 months to arrive at the five-year annualized ROR above): $\{ (ROR_1 + 1)(ROR_2 + 1)(ROR_3 + 1) \dots (ROR_{60} + 1) \}^{1/60} - 1$ Beginning Market Value (BMV) Ending Market Value (EMV)
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Outcome Measures: ERS Annual Operating Expense Per Member

Definition:	The cost per active, non-contributing and retired member and beneficiaries to administer ERS
Purpose:	This measure is intended to reflect the efficiency of the agency's efforts to administer comprehensive and actuarially sound retirement programs.
Data Source:	Highlights of Retirement Programs and Combining Statement of Changes in Fiduciary Net Position in the agency's Comprehensive Annual Financial Report
Methodology:	Total Administrative Expense for Fund 0955 from the Combining Statement of Changes in Fiduciary Net Position is divided by the total of the sum of active, non-contributing, and retired members and beneficiaries to arrive at cost per member. This measure does not include investment expenses, which are measured as basis points of net position.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Outcome Measures: Investment Expense as Basis Points of Net Position

Definition:	The ratio of investment expenses to the total position of the Employees Retirement Fund (0955)
Purpose:	This measure is intended to report the efficiency of the agency's efforts to administer comprehensive and actuarially sound retirement programs.
Data Source:	Combining Statement of Changes in Fiduciary Net Position and the Other Supplementary Information – Schedule 4, Administrative & Investment Expenses/Expenditures in the agency's Annual Comprehensive Financial Report.
Methodology:	Investment Expenses minus Alternative Investment Expenses for Fund 0955 is divided by the total assets for Fund 0955. The ratio is expressed in basis points – 100 basis point equals 1%.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Outcome Measures: Percentage of Time the ERS Online System Is Available to Customers

Definition:	The percentage of time that the Employees' Retirement System (ERS) online system is available to customers
Purpose:	The measure addresses the extent to which ERS services are available and accessible to customers. ERS has made significant efforts to modernize systems and to make services to customers, including self-service components, readily available and easily accessible through the ERS website.
Data Source:	An automated software tool is used to monitor and report on system availability.
Methodology:	A percentage is obtained by dividing the number of minutes the system was available by the number of minutes for the period.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Objective: Manage GBP for State and Higher Education Employees

Outcome Measures: Percentage of HealthSelect Participants Satisfied with TPA Services

Definition:	The percentage of all members reporting satisfaction with HealthSelect’s third-party administrator (TPA)
Purpose:	This measure shows member satisfaction with their ability to access and receive medical services in a timely and professional manner.
Data Source:	The TPA collects responses from a defined number of HealthSelect members during the reporting period. The TPA then provides ERS with survey results.
Methodology:	The satisfaction data is accumulated for each quarter in the plan year and reported to ERS. Upon the end of the fiscal year, the TPA provides ERS an annualized member satisfaction number. “Participant Satisfaction Rate” means the average found by taking (i) the number of plan participants responding to the TPA’s Participant Satisfaction Survey as being satisfied with the TPA divided by (ii) the total number of plan participants responding to such Participant Satisfaction Survey.
Data Limitations:	Member satisfaction level calculations are prepared by the TPA. Benefit plan changes may result in unfavorable member responses. Provider terminations may be perceived as lack of access.
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Strategy: Provide an Actuarially Sound Level of Funding as Defined by State Law

Explanatory Measure: Number of ERS Annuitants

Definition:	The number of retirees and their beneficiaries from the ERS Fund 0955
Purpose:	This measure shows the demand for the agency’s services to administer comprehensive and actuarially sound retirement programs and to provide an actuarially sound level of retirement funding as defined by state law.
Data Source:	Annuity payroll system
Methodology:	An automated monthly report from annuity payroll determines the total number of warrants issued from the ERS Fund 0955. The report for the month of August is used for this measure.
Data Limitations:	None
Calculation Method:	Cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Output Measures: Number of ERS Annuitants Added to Annuity Payroll

Definition:	The number of ERS retirees and beneficiaries added to annuity payroll from the ERS Fund 0955
Purpose:	This measure shows the demand for the agency’s services to administer comprehensive and actuarially sound retirement programs and to provide an actuarially sound level of retirement funding for ERS annuitants as defined by state law.
Data Source:	Annuity payroll system
Methodology:	An automated monthly report from the annuity payroll system totals the number of annuitants added to the payroll from the ERS Fund 0955.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Output Measures: Number of ERS Accounts Maintained

Definition:	The number of ERS accounts, which includes both employee and elected class, maintained by agency staff from the ERS Fund 0955
Purpose:	This measure shows the demand for the agency's services to administer comprehensive and actuarially sound retirement programs and to provide an actuarially sound level of retirement funding as defined by state law.
Data Source:	ERS member files
Methodology:	The automated reports total the number of contributing and non-contributing accounts from the ERS Fund 0955.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Strategy: Maintain a Retirement Program for Law Enforcement and Certain Texas Department of Criminal Justice Employees (LECOS)

Explanatory Measure: Number of LECOS Annuitants

Definition:	The number of retirees and their beneficiaries receiving benefits from the LECOS Supplemental Fund 0977
Purpose:	This measure shows the demand for the agency's services to administer a comprehensive and actuarially sound retirement program and to provide an actuarially sound level of retirement funding as defined by state law for commissioned law enforcement officers and certified peace officers/ custodial officers (LECOS).
Data Source:	Annuity payroll system
Methodology:	An automated monthly report from annuity payroll determines the total number of payments issued from the LECOS Fund 0977. The report for the month of August is used for this measure.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Output Measure: Number of LECOS Annuitants Added to Annuity Payroll

Definition:	The number of LECOS retirees and beneficiaries added to annuity payroll from the LECOS Supplemental Fund 0977
Purpose:	This measure shows the demand for the agency's services to administer comprehensive and actuarially sound retirement programs and to provide an actuarially sound level of retirement funding for LECOS annuitants as defined by state law.
Data Source:	Annuity payroll system
Methodology:	An automated monthly report from the annuity payroll system totals the number of LECOS annuitants added to the payroll from the LECOS Supplemental Fund 0977.
Data Limitations:	None
Calculation Method:	Cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Output Measure: Number of LECOS Accounts Maintained

Definition:	The number of accounts maintained by agency staff from the LECOS Supplemental Fund 0977
Purpose:	This measure shows the demand for the agency's services to maintain a retirement program for commissioned law enforcement officers and certified peace officers/custodial officers (LECOS).
Data Source:	LECOS member files
Methodology:	Automated reports total the number of CPO-certified and previously CPO-certified inactive accounts from the LECOS Supplemental Fund 0977.
Data Limitations:	The change in the number of commissioned law enforcement officers and certified peace officers/custodial officers, the turnover rate and the number of members leaving their accounts with ERS are beyond agency control.
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Strategy: Maintain an Actuarially Sound Retirement Program for State Judicial Officers (JRS 2 Fund)

Explanatory Measure: Number of JRS 2 Annuitants

Definition:	The number of retirees and their beneficiaries from the Judicial Retirement System Plan 2 Fund 0993
Purpose:	This measure shows the demand for the agency's services to administer comprehensive and actuarially sound retirement programs and to provide an actuarially sound level of retirement funding as defined by state law for JRS 2 annuitant.
Data Source:	Annuity payroll system
Methodology:	An automated monthly report from annuity payroll determines the total number of warrants issued from the JRS 2 Fund 0993. The report for the month of August is used for this measure.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Output Measure: Number of JRS 2 Annuitants Added to Annuity Payroll

Definition:	The number of Judicial Retirement System Plan 2 retirees and beneficiaries added to annuity payroll from the JRS 2 Fund 0993
Purpose:	This measure shows the demand for the agency's services to administer comprehensive and actuarially sound retirement programs and to provide an actuarially sound level of retirement funding for JRS 2 annuitants as defined by state law.
Data Source:	Annuity payroll system
Methodology:	The number is calculated from payroll records from the JRS 2 Fund 0993.
Data Limitations:	None
Calculation Method:	Cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Output Measure: Number of JRS 2 Accounts Maintained

Definition:	The number of Judicial Retirement System Plan 2 accounts maintained from the JRS 2 Fund 0993
Purpose:	This measure shows the demand for the agency's services to provide for the payment of JRS 2 benefits as required by law by totaling the number of accounts belonging to contributing and non-contributing members.
Data Source:	JRS 2 member files
Methodology:	The automated reports total the number of contributing and non-contributing accounts from the JRS 2 Fund 0993.
Data Limitations:	The growth in state employees, the turnover rate and the number of members leaving their account with ERS are beyond agency control.
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Strategy: Provide for the Payment of JRS 1 Benefits as Required by Law

Explanatory Measure: Number of JRS 1 Annuitants

Definition:	The number of retirees and their beneficiaries from the Judicial Retirement System Plan 1 Fund 0001
Purpose:	This measure shows the demand for the agency's services to administer comprehensive and actuarially sound retirement programs and to provide an actuarially sound level of retirement funding for JRS 1 annuitants as defined by state law.
Data Source:	Annuity payroll system
Methodology:	An automated monthly report from annuity payroll determines the total number of warrants issued from the JRS 1 Fund. The report for the month of August is used for this measure.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Output Measure: Number of JRS 1 Annuitants Added to Annuity Payroll

Definition:	The number of Judicial Retirement System Plan 1 retirees and beneficiaries added to annuity payroll from the JRS 1 Fund 0001
Purpose:	This measure shows the demand for the agency's services to administer comprehensive and actuarially sound retirement programs and to provide an actuarially sound level of retirement funding for JRS 1 annuitants as defined by state law.
Data Source:	Annuity payroll system
Methodology:	An automated report from the annuity payroll system totals the number of annuitants added to the payroll from the JRS 1 Fund.
Data Limitations:	None
Calculation Method:	Cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Output Measure: Number of JRS 1 Accounts Maintained

Definition:	The number of Judicial Retirement System Plan 1 accounts maintained from the JRS 1 Fund
Purpose:	This measure shows the demand for the agency's services to provide for the payment of JRS 1 benefits as required by law by totaling the number of member accounts belonging to contributing and non-contributing members.
Data Source:	JRS 1 member files
Methodology:	The automated reports total the number of contributing and non-contributing accounts from the JRS 1 Fund.
Data Limitations:	JRS 1 is a pay-as-you-go plan. State judicial officers who first held office before September 1, 1985 are eligible for membership in JRS 1. This is a closed plan that has not had any new covered members since 1985. Judges who took office for the first time on or after September 1, 1985 are in the JRS 2 plan.
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Strategy: Provide the Payment of Death Benefits to Beneficiaries of Public Safety Workers

Output Measure: Number of Death Benefit Claims Processed

Definition:	The number of death benefit claims processed by agency staff to beneficiaries of certain law enforcement officers, firefighters and emergency technicians killed in the line of duty as required by Chapter 615, Government Code
Purpose:	This measure shows the demand for the agency's services to determine eligibility and provide for the payment of benefits to beneficiaries of certain law enforcement officers, firefighters and emergency technicians killed in the line of duty as required by Chapter 615, Government Code.
Data Source:	Annuity payroll system
Methodology:	Pull report AN143 for each month in the fiscal year. Use page 6 for 615 to total the number of beneficiaries who received a lump-sum payment. Go to the Number Payees column and add the numbers in the following categories: Lump-sum Surviving Spouse, Beneficiaries and Violent Crimes Lump-sum, Beneficiaries. Repeat the process for each month in the fiscal year. Add the totals for all 12 months to get the number of Death Benefit Claims processed for the entire fiscal year.
Data Limitations:	None
Calculation Method:	Cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Output Measure: Number of Beneficiaries Receiving Benefits

Definition:	The number of beneficiaries receiving payments as a result of a qualifying death of certain law enforcement officers, firefighters and emergency technicians killed in the line of duty as required by Chapter 615, Government Code
Purpose:	This measure shows the demand for the agency's services to determine eligibility and provide for the payment of benefits to beneficiaries of certain law enforcement officers, firefighters and emergency technicians killed in the line of duty as required by Chapter 615, Government Code.
Data Source:	Annuity payroll system
Methodology:	Pull report AN143 for August. Page 6 for 615 will be used to total the number of beneficiaries who received a payment. In the first column, Number Payees, add the numbers in the following categories: Surviving Child Payments-Beneficiaries and Surviving Spouse Annuity-Beneficiaries.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Strategy: Provide Lump-sum Retiree Death Benefits

Efficiency Measure: Average Number of Business Days to Process Retiree Death Benefits

Definition:	The average number of business days elapsed from the date a properly completed claim for retiree death benefits is approved under Section 814 .501, Government Code to the date the request for death benefits is sent to the Comptroller.
Purpose:	This measure shows the efficiency of the agency's efforts to provide ERS retiree death benefits under Section 814 Subchapter F, Government Code.
Data Source:	Annuity payroll system
Methodology:	Average Number of Business Days is calculated by the Total Number of Business Days divided by Total Number of Payments.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Output Measure: Number of Retiree Death Benefits Paid

Definition:	The number of retiree death benefits paid under Section 814 .501, Government Code.
Purpose:	This measure shows the demand for the agency's services to determine eligibility and provide lump-sum retiree death benefits under Section 814 .501, Government Code.
Data Source:	Annuity payroll system
Methodology:	Pull report AN143 for each month in the fiscal year. In the second column, Number Payees, add the number of 5K Death-Beneficiary on each page. Repeat for each month in the fiscal year, then total all 12 months.
Data Limitations:	None
Calculation Method:	Cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Strategy: Provide General Benefits Program to State Employees, Retirees and Their Dependents

Efficiency Measure: Percentage of Medical Claims Processed within 22 Business Days

Definition:	The percentage of all HealthSelect medical claims received by the claims administrator that are processed within 22 business days.
Purpose:	This measure shows the efficiency of the agency's efforts to manage a comprehensive, quality health program for general state and higher education employee.
Data Source:	Monthly Administrative Performance Report (MAPR)
Methodology:	The number of HealthSelect claims processed within 22 business days is divided by the total of all claims received to arrive at a percentage.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Efficiency Measure: Percentage of All Electronic Retail Pharmacy Claims Processed within 15 Business Days

Definition:	The percentage of all HealthSelect RX electronic retail pharmacy claims received by the claims administrator that are processed within 15 business days
Purpose:	This measure shows the efficiency of the pharmacy benefit manager (PBM) in processing pharmacy claims for members in a timely manner.
Data Source:	Monthly Administrative Performance Report (MAPR)
Methodology:	The number of HealthSelect RX claims processed within 15 business days is divided by the total of all electronic retail claims received to arrive at a percentage.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Efficiency Measure: HealthSelect Administration Fees as Percentage of Total HealthSelect Costs

Definition:	HealthSelect administrative costs as a percentage of total HealthSelect costs
Purpose:	This measure depicts the agency's efforts to assure the efficient management of a comprehensive, quality health care program for general state and higher education employees.
Data Source:	Monthly Financial Report
Methodology:	The total dollar amount of administrative fees paid to the HealthSelect PBM and TPA is divided by the dollar amount of total HealthSelect costs to arrive at a percentage. Total HealthSelect costs include administrative fees, medical claims and prescription drug claims net of rebates, subsidies and discount guarantees.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Explanatory Measures: Number of Employees, Retirees, and Dependents Covered by GBP Health Care Plans

Definition:	The number of participants in the Texas Employees Group Benefits Program (GBP) who are enrolled in HealthSelect or HealthSelect Medicare Advantage.
Purpose:	This measure shows the demand for the agency's services to provide employees, retirees and dependents with a comprehensive, quality health program.
Data Source:	Benefit administration system
Methodology:	The number of state and higher education employees, retirees and dependents covered by HealthSelect and HealthSelect Medicare Advantage, including nominees and COBRA participants and other direct pay in each of 12 months is totaled, then divided by 12 as of the end of the fiscal year.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Explanatory Measure: Percent of Eligible Retirees and Spouses Enrolled in the Medicare Advantage Plan

Definition:	The percentage of eligible retirees and spouses enrolled in the Medicare Advantage (MA) plan.
Purpose:	This measure shows the acceptance of the GBP's most cost effective plan for Medicare eligible retirees.
Data Source:	Benefit administration system
Methodology:	A percentage is computed by dividing the number of GBP participants enrolled in the MA plan by the total of all GBP participants eligible for the MA plan as of the end of the fiscal year.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Output Measure: In-network Services as a Percentage of Total Services

Definition:	The percentage of paid claims for use of facilities or providers in the HealthSelect network
Purpose:	This measure shows the impact of the agency's efforts to provide a basic health care program for general state and higher education employees. A high percentage of network utilization shows that the HealthSelect provider network generally meets the needs of participants.
Data Source:	ERS' Business Intelligence Data Warehouse
Methodology:	The total number of paid in-network claims (facility and provider) is divided by the total number of all paid claims (facility and provider) to arrive at a percentage.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance higher than the target is desirable.

Output Measure: Mental Health/Substance Abuse Costs as Percentage of Total HealthSelect Costs

Definition:	The percentage of mental health claims (facility and provider) paid in the HealthSelect network.
Purpose:	This measure shows the impact of the agency's efforts to provide mental health care for general state and higher education employees. A high percentage of network utilization shows that the HealthSelect mental health provider network generally meets the needs of participants.
Data Source:	ERS' Business Intelligence Data Warehouse
Methodology:	The total number of mental health claims paid in-network (facility and provider) is divided by the total number of all paid mental health claims (facility and provider) to arrive at a percentage
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	New
Target Attainment:	Actual performance higher than the target is desirable.

Output Measure: Prescription Drug Program Costs as Percentage of Total HealthSelect Costs

Definition:	The percentage of all HealthSelect costs which are attributable to prescription drugs
Purpose:	This measure shows the efficiency of the agency's efforts to manage a comprehensive, quality health program for general state and higher education employees and enables the agency to monitor health care cost trends.
Data Source:	Monthly Financial Report (MFR)
Methodology:	The total dollar amount of prescription drug claims paid by the HealthSelect PBM net of rebates, subsidies and discount guarantees is divided by the total dollar amount of medical and prescription drug claims net of rebates, subsidies and discount guarantees paid by the HealthSelect TPA and PBM, respectively, to arrive at a percentage.
Data Limitations:	None
Calculation Method:	Non-cumulative
New Measure:	Continuous without change
Target Attainment:	Actual performance lower than the target is desirable.

Historically Underutilized Business Plan

The Employees Retirement System of Texas (ERS) is actively committed to promoting contract opportunities to certified Historically Underutilized Businesses (HUBs). ERS pursues initiatives to promote HUB opportunities, including subcontracting efforts and attendance at HUB Economic Opportunity Forums. ERS travels to events and forums to encourage participation from HUB vendors throughout the state, as well as participating in virtual events.

ERS has adopted the statewide (HUB) goals. The only deviation from the statewide goals is that ERS will not have a Heavy Construction goal as ERS does not engage in Heavy Construction.

ERS HUB Goals

Heavy Construction	0.00%
Building Construction, Including General Contractors and Operative Builders	21.1%
Special Trade Construction	32.9%
Professional Services	23.7%
Other Services	26.0%
Commodities	21.1%

In an effort to meet the agency's goals, ERS has established strategies that include:

- Attend HUB conferences and provide HUB vendors with information on how to contract with ERS in order to encourage and increase participation.
- Participate in HUB-related meetings and forums as well as Economic Opportunity Forums (EOFs e.g. vendor fair, spot bid fairs, conferences).
- Meet with certified HUB vendors to discuss the products and /or services that vendors provide and the potential opportunities available at ERS when requested.
- Direct HUB vendors to other state agencies that may also be interested in the vendors' products and/or services when applicable.
- When feasible, solicit more certified HUBs than required on all applicable bid opportunities.
- Contact HUBS directly for procurements that are under the competitive procurement threshold for bidding.
- Work with non-HUB vendors who are interested in becoming HUB-certified; this will include directing potential HUB vendors to the Comptroller of Public Accounts' website.
- ERS will review its mentor/protégé program procedures.
- While ERS' offerings do not generally lend themselves to subcontracting opportunities, ERS does anticipate a higher utilization of subcontractors (and potentially HUBs) for its ongoing construction and design on its new building.
- ERS will assess and re-evaluate agency goals based on actual performance and updated Disparity Studies as conducted by the Comptroller of Public Accounts.

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. Critical Workforce Skills

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

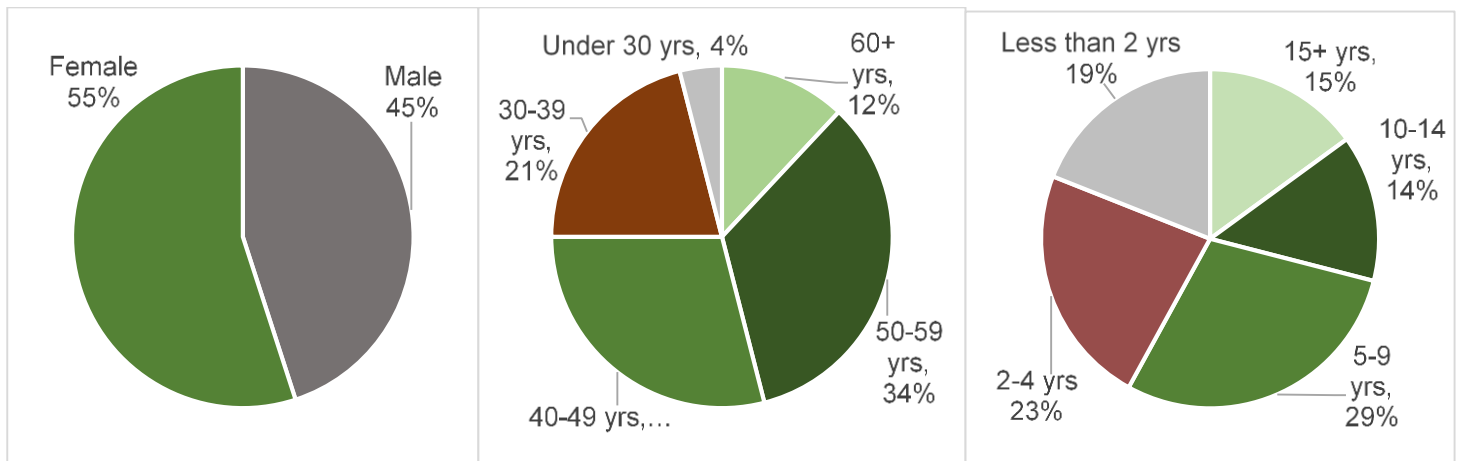
- Ability to interpret legislation.
- Ability to communicate detailed information.
- Ability to write guidelines and procedures for a targeted audience.
- Ability to use automated benefit systems.
- Ability to transition business processes from manual systems to web-based investment systems.
- Ability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

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

B. Workforce Demographics

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

Workforce Breakdown



Gender

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

Age

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

Agency Tenure

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

Agency Minority Workforce

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

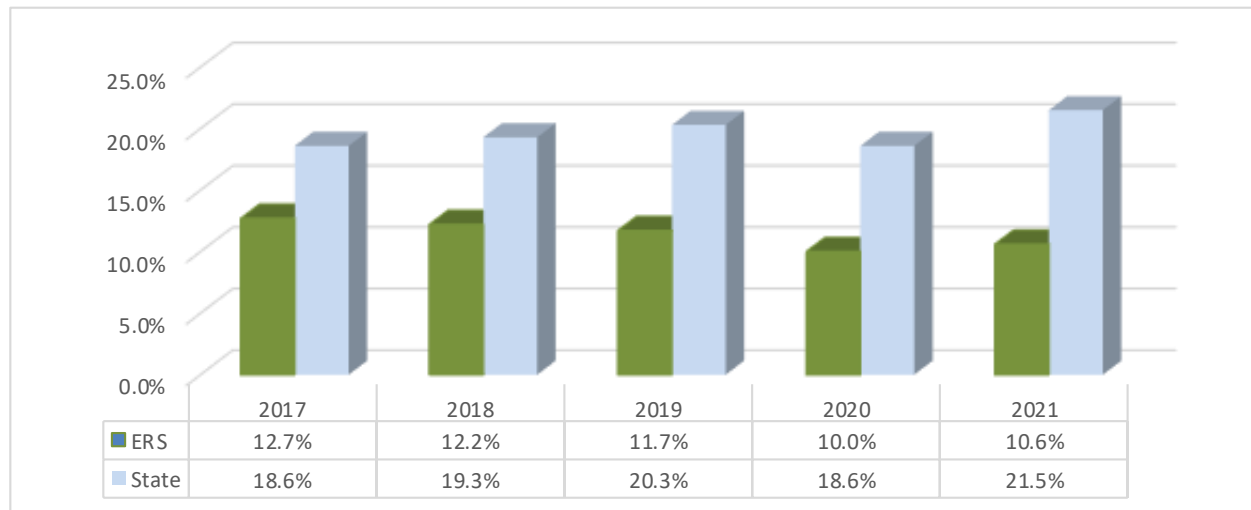
Job Category	African-American		Hispanic-American		Females	
	ERS %	State %	ERS %	State %	ERS %	State %
Officials, Administration	5.88%	8.54%	5.88%	24.74%	58.82%	41.71%
Professional ¹	7.93%	10.90%	15.52%	21.77%	59.45%	54.13%
Technical	15.91%	15.05%	14.89%	29.75%	27.66%	56.85%
Administrative Support	0%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

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

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

Employee Turnover

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



As of April 2022, the agency turnover rate is 10.29% for the current fiscal year

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

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

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

Turnover by Length of Service

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

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

Turnover by Age

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

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

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

Turnover from Projected Retirements

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

Number of Potential Retirees



III. Future Workforce Profile

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

- Engaging members
- Having dynamic internal and external collaboration

- Providing competitive sustainable benefits
- Having innovative solutions
- Demonstrating a model work environment

A. CRITICAL FUNCTIONS

ERS needs a workforce that can accomplish the following goals:

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

B. WORKFORCE OPPORTUNITIES

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

C. CRITICAL FUNCTIONS REQUIRED IN ACHIEVING THE STRATEGIC PLAN

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

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

D. Future Workforce Skills Needed

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

- Leadership, people management and supervision skills
- Service Orientation skills
- Ability to effectively communicate with internal and external customers
- Investment skills
- Ability to develop long-term and short-term goals for the investment program
- Ability to manage alternative asset classes, private real estate, private equity and hedge funds
- Project management skills
- Data Mining skills
- Information Technology skills that include Web-based technology, Cloud computing and Cybersecurity skills
- Contract management skills
- Change management skills
- Process analysis
- Complex problem solving
- Critical thinking skills
- Coordinating with others
- Cognitive flexibility
- Strategic planning
- Risk management skills

Customer Service Report

Fiscal Years 2021-2022

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

The ERS Customer Benefits Division handles approximately 522,993 direct member interactions annually regarding insurance and retirement benefits through incoming phone calls, emails and member visits.

We offer 24-hour self-service options, including our telephone interactive voice response (IVR) system, to provide information regarding retirement account balance and service credit. In addition, our online tool, ERS OnLine, allows members to obtain information about their benefits and make changes or updates to their personal information.

It is important to ERS that we are meeting the expectations of our members. Therefore, we have developed a comprehensive quality improvement program that includes satisfaction surveys to assess our performance.

The results of our member satisfaction surveys are very positive:

- 89% of survey respondents rate the ERS telephone/email representative as courteous and professional.
- New retirees rate ERS' handling of their first annuity payment with an 88% satisfaction rate.

Providing our customers with the highest level of service—and listening to what they have to say—is our way to honor the service of Texas state employees and retirees.

ERS Customer Inventory

The current General Appropriations Act enumerates budget strategies relevant to the programs described below.

(Data is primarily from the ERS Annual Comprehensive Financial Report for Fiscal Year 2021.)

Strategy A.1.1. ERS Retirement Plan

- Active employees — 136,726
- Retired employees — 120,294
- Inactive members — 140,050 (terminated employees who retain ERS membership)

Strategy A.1.3. JRS Retirement Plan 2

- Active officers — 584
- Retired officers — 550

Strategy A.1.5. Public Safety Death Benefits Program – Chapter 615

- Surviving spouse lump-sum benefits awarded — 14
- Guardians receiving payments on behalf of surviving children — 139

Strategy A.1.6. ERS Retiree Death Benefit Program

- 1,878 retiree deaths

Strategy B.1.1. Group Benefits Program for Insurance (GBP)

538,285 participants and dependents:

- Active employees — approximately 38.5% of the total
- Retired employees — approximately 23.1% of the total
- Dependents/others — approximately 38.4% of the total

Strategy B.1.2. Probation Health Insurance

Included in Strategy B.1.1

Customer Satisfaction Surveys

ERS conducted a random sample of email and phone call interactions with 29,675 surveys sent during the period of September 1, 2020 through April 30, 2022. We received 8,922 survey responses, representing a 30% response rate for these interactions. The ERS representatives conducting these interactions are unaware of which calls are selected to receive the survey.

The survey results allow ERS to focus on key performance areas and to identify opportunities to improve our service to members. These surveys are evaluated as they are received to identify trends quickly, and are analyzed to assess overall performance and to design training programs to address areas that need improvement.

Following are questions from the survey.

Question 1 – Overall, I am satisfied with the service I received from ERS.

Question 2 – The ERS representative was courteous and professional.

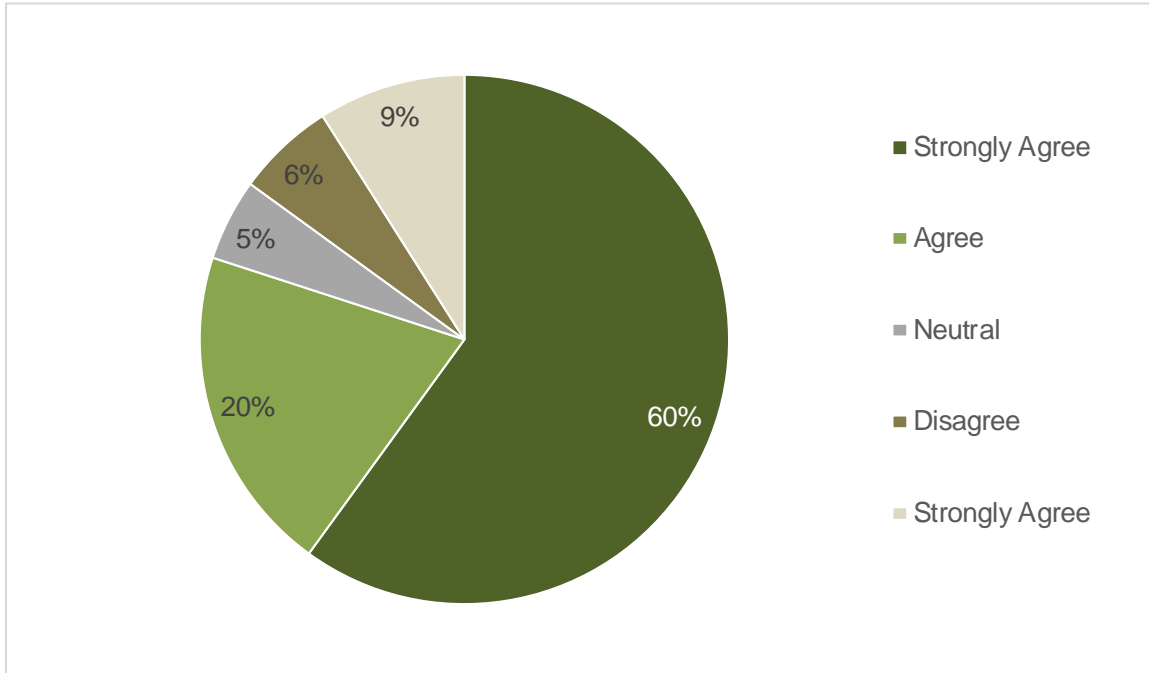
Question 3 – The ERS representative answered my questions in terms I understood.

Question 4 – The ERS representative answered all of my questions completely.

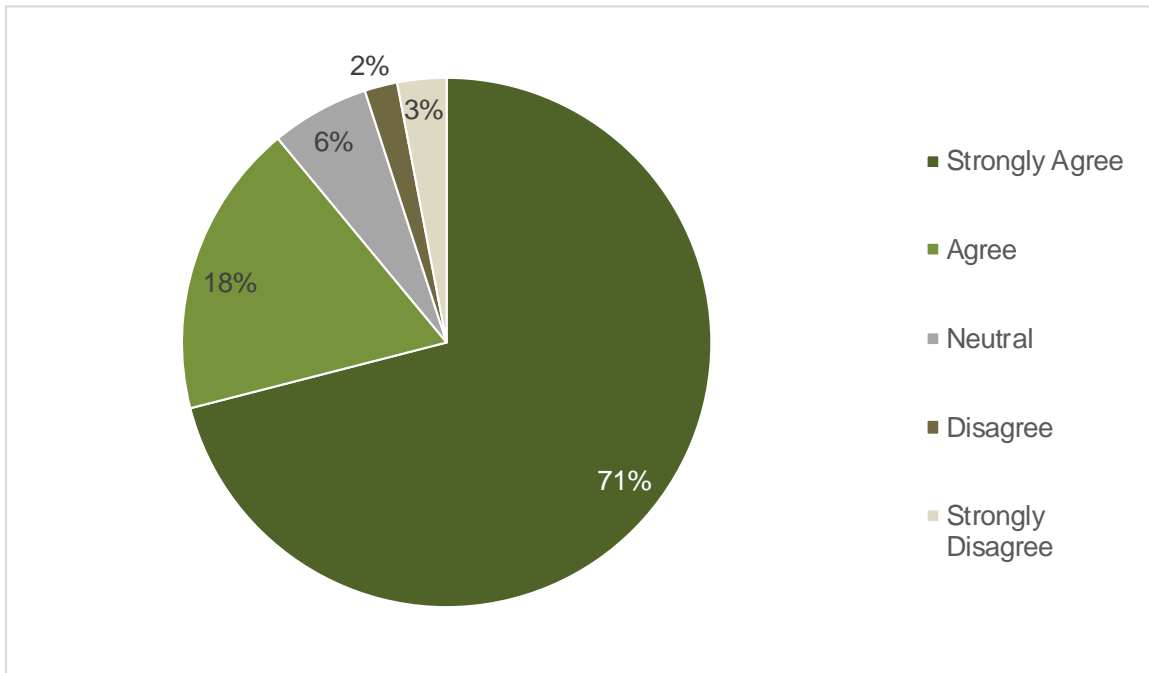
Customer Satisfaction Surveys

Contact Center Assistance Results

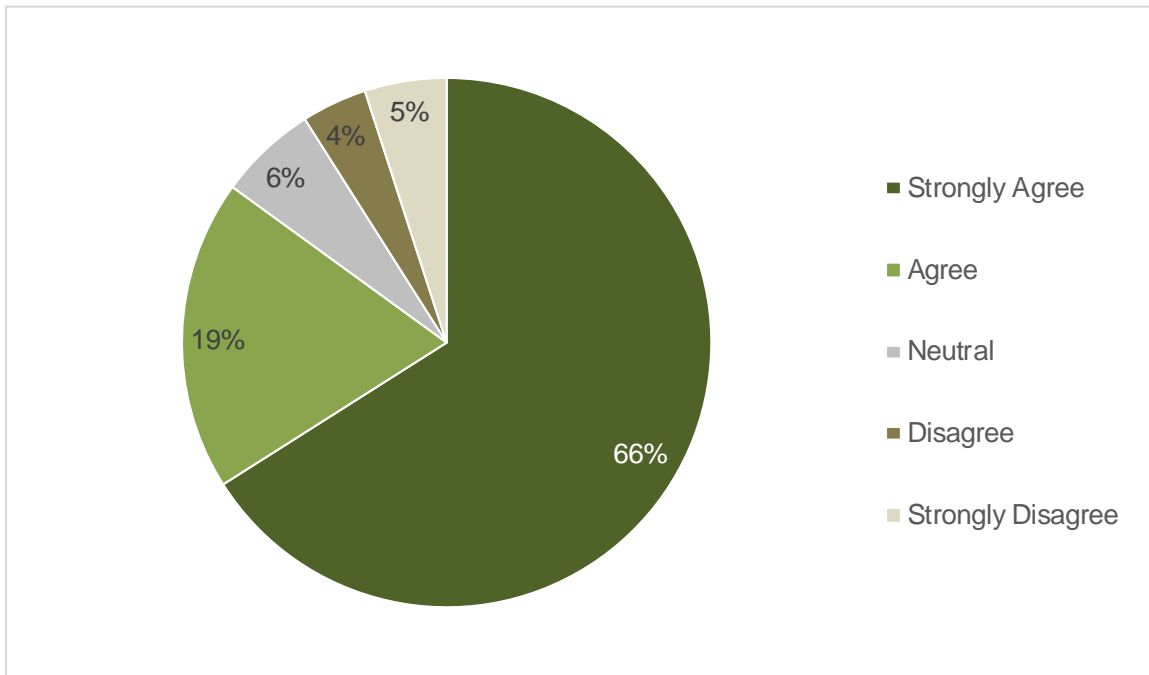
Question 1 – Overall, I am satisfied with the service I received from ERS.



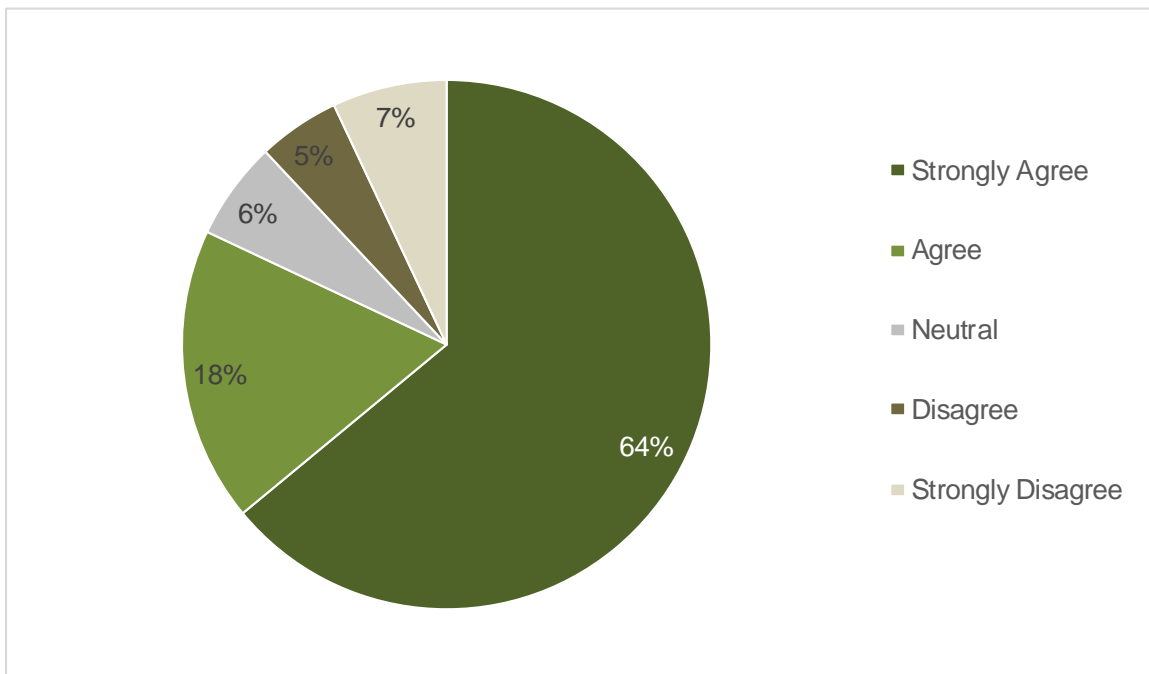
Question 2 – The ERS representative was courteous and professional.



Question 3 – The ERS representative answered my questions in terms I understood.



Question 4 – The ERS representative answered all of my questions completely.



Targeted Surveys

Annuity Check Payment Services

In FY21, ERS paid more than \$2.8 billion in annuity payments to 120,294 retired state employees and beneficiaries. Our customers rely on the funds they have earned and have high expectations for prompt and accurate payment.

ERS sends every new annuitant a satisfaction survey 60 days after retirement. We target a specific service, sending the survey shortly after the service is complete. Among new annuitants 20% completed and returned the survey, which meets statistical validity requirements. The surveys are returned via fax or mail.

The following is a sample survey.

ERS is committed to providing excellent service to our customers. We know how important prompt and correct payment of your annuity is to you. As a new retiree, we want you to tell us how we're doing. If you have any questions that require a response from ERS, please include your name and contact information, otherwise, this is an anonymous survey. Thank you for taking a few minutes to complete this survey.

1. Did ERS inform you about the payment process?
 Yes No Not Sure
 2. Did you receive retirement counseling from ERS?
 Yes No
 3. Did you receive your annuity check in the timeframe you expected?
 Sooner When Expected Later
 4. Was your annuity check for the amount that you expected?
 More Amount Expected Less
 5. Overall, how satisfied are you with your annuity check delivery?
 Not satisfied Satisfied Extremely satisfied
-

Targeted Surveys

Annuity Check Payment Services Results

Cumulative Annuity Survey September 1, 2020 through April 30, 2022

Did ERS inform you about the payment process?	Yes	No	Not Sure		TOTAL
	98%	1%	1%		100%

Did you receive retirement counseling from ERS?	Yes/ Individual	Yes/ Phone	Yes/ Group	No	
	1%	97%	0%	2%	100%

Did you receive your annuity check in the time frame you expected?	Sooner	When Expected	Later		
	11%	85%	4%		100%

Was your annuity check for the amount you expected?	More	Amount Expected	Less		
	5%	88%	7%		100%

Overall, how satisfied are you with your annuity check delivery?	Extremely Satisfied	Satisfied	Not Satisfied	No Comment/ Other	
	59%	36%	3%	2%	100%

Total % Satisfied**	88%				
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**The decrease in total satisfaction score is a result of a change in the calculation.

Targeted Surveys

Personal Benefit Counseling Services
Cumulative Customer Satisfaction Survey
September 1, 2020 through April 30, 2022

For the majority of this reporting period, in person appointments were not conducted, thus the data is unavailable.

Assessment of Advisory Committees

To assist in the process required by Chapter 2110, Texas Government Code, state agencies should submit an assessment of advisory committees. ERS has two advisory committees: Investment Advisory Committee and the Group Benefits Advisory Committee. Information on these two committees is presented below.

SECTION A: INFORMATION SUBMITTED THROUGH ADVISORY COMMITTEE SUPPORTING SCHEDULE IN LEGISLATIVE APPROPRIATIONS REQUEST

Committee Name:	Investment Advisory Committee		
Number of Members:	9		
“Committee Status (Ongoing or Inactive):”	Ongoing	Note: An inactive committee is a committee that was created prior to the 2014-15 biennium but did not meet or supply advice to an agency during that time period.	
Date Created:	8/5/1966	Date to Be Abolished:	As determined by the Board
“Budget Strategy (Strategies) (e.g. 1-2-4)”	1-1-1 & 1-1-2	Strategy Title (e.g. Occupational Licensing)	Provide actuarially sound levels of retirement funding as defined by state law for ERS and LECOS retirees.
“Budget Strategy (Strategies)”	1-1-3	Strategy Title	Provide actuarially sound level of retirement funding as defined by state law for JRS 2 retirees.

Advisory Committee Costs: This section includes reimbursements for committee member costs and costs attributable to agency staff support.

Committee Members' Direct Expenses	"Expended Exp 2021"	"Estimated Est 2022"	"Budgeted Bud 2023"
Travel	\$487	\$17,750	\$19,000
Personnel	\$0	\$0	\$0
Number of FTEs	0.0	0.0	0.0
Other Operating Costs	\$18,000	\$38,000	\$42,000
Total, Committee Expenditures	\$18,487	\$55,750	\$61,000

Committee Members' Indirect Expenses	"Expended Exp 2021"	"Estimated Est 2022"	"Budgeted Bud 2023"
Travel	\$0	\$0	\$0
Personnel	\$15,000	\$15,000	\$15,000
Number of FTEs	0.3	0.3	0.3
Other Operating Costs	\$0	\$0	\$0
Total, Committee Expenditures	\$15,000	\$15,000	\$15,000

Method of Financing	"Expended Exp 2021"	"Estimated Est 2022"	"Budgeted Bud 2023"
Method of Finance			
955 - S.E.R.S. Trust Account	\$33,487	\$70,500	\$76,000
Expenses / MOFs Difference:	\$33,487	\$70,500	\$76,000

Meetings Per Fiscal Year	4	4	4
Committee Description:	The Investment Advisory Committee (IAC) was established at the discretion of the Board of Trustees as authorized in the Texas Administrative Code § 63.17(b). It is composed of at least five and not more than nine members. The members are selected by the Board of Trustees on the basis of experience in the management of a financial institution or other business in which investment decisions are made or as a prominent educator in the fields of economics, finance or other investment-related area.		

State/Federal Authority	Select Type	Identify Specific Citation
State Authority	Admin Code	Title 34, Part IV, Chapter 63, § 63 .17 (b)
State Authority	Statute	Texas Government Code, Title 8, Subtitle B, Subchapter A, § 815 .509

SECTION B: ADDITIONAL COMMITTEE INFORMATION

<p>1. When and where does this committee typically meet and is there any requirement as to the frequency of committee meetings?</p>	<p>The committee meets at the discretion of the Board of Trustees. These are usually quarterly and coincide with the Board of Trustees meetings (February/March, May, August and December) at ERS.</p>
<p>2. What kinds of deliverables or tangible output does the committee produce? If there are documents the committee is required to produce for your agency or the general public, please supply the most recent iterations of those.</p>	<p>The committee provides the ERS Board of Trustees with advice regarding the ERS Investment Policy. The committee provides academic and practical background on investment issues at hand; and assistance to ERS staff with updates on investment asset classes, risk management, best practices and asset allocation.</p>
<p>3. What recommendations or advice has the committee most recently supplied to your agency? Of these, which were adopted by your agency and what was the rationale behind not adopting certain recommendations, if this occurred?</p>	<p>The IAC reviews investment strategies and related policies of ERS to provide comments and recommendations to assist the Board of Trustees in adopting prudent and appropriate investment policies. Also, the IAC recommends asset mix, portfolio strategy, investment policies and eligible securities. The IAC recommended adoption of the most recent asset allocation study to the Board of Trustees at the August 2017 Joint Meeting of the IAC and Board of Trustees. The committee is currently reviewing and will be recommending an updated asset allocation study at the August 2022 Joint Meeting of the IAC and Board of Trustees. The IAC serves as a good source for staff on industry trends and as a resource independent of consultants who also are aligned with staff because of their same fiduciary duty to ERS. IAC members also serve on the TexaSaver Product Review Committee and on internal Investment Committees for certain asset classes, which held 38 meetings in FY21 and 31 meetings in FY22.</p>
<p>4a. Does your agency believe that the actions and scope of committee work is consistent with their authority as defined in enabling statute and relevant to the ongoing mission of your agency?</p>	<p>Yes</p>
<p>4b. Is committee scope and work conducted redundant with other functions of other state agencies or advisory committees?</p>	<p>No</p>
<p>5a. Approximately how much staff time (in hours) was used to support the committee in Fiscal Year 2019?</p>	<p>Approximately 160 hours monthly</p>
<p>5b. Please supply a general overview of the tasks entailed in agency staff assistance provided to the committee.</p>	<p>Transmission of documentation needed for IAC preparation for each Board meeting. Phone updates by the CIO and Deputy CIO and occasional meetings with staff. Preparation of joint meeting minutes. Review of travel reimbursement requests.</p>
<p>6. Have there been instances where the committee was unable to meet because a quorum was not present?</p>	<p>No</p>
<p>7a. What opportunities does the committee provide for public attendance and participation, and how is this information conveyed to the public (e.g. online calendar of events, notices posted in Texas Register, etc.)?</p>	<p>Information is posted for the record with Board notices in accordance with the Open Meetings Act. The IAC meets publicly in the Joint Meetings of the Board of Trustees and the IAC. The IAC does not meet independently of the Board although individual committee members may meet with staff.</p>
<p>7b. Do members of the public attend at least 50 percent of all committee meetings?</p>	<p>Yes</p>
<p>7c. Are there instances where no members of the public attended meetings?</p>	<p>No</p>
<p>8. Please list any external stakeholders you recommend we contact regarding this committee.</p>	
<p>9a. In the opinion of your agency, has the committee met its mission and made substantive progress in its mission and goals?</p>	<p>Yes</p>

9b. Please describe the rationale for this opinion.	The IAC has met its mission by utilizing the members' skills and experience in different areas of the investment world to consistently provide expertise to the Board in the areas of asset allocation, new asset classes, new markets and prudent diversification in order to assist the Board in carrying out their fiduciary responsibility. The IAC was pivotal in moving to international investments and the private asset classes, which in turn has helped with strong returns over the years.
10. Given that state agencies are allowed the ability to create advisory committees at will, either on an ad-hoc basis or through amending agency rule in Texas Administrative Code:	
10a. Is there any functional benefit for having this committee codified in statute?	No
10b. Does the scope and language found in statute for this committee prevent your agency from responding to evolving needs related to this policy area?	No
10c. If "Yes" for Question 10b, please describe the rationale for this opinion.	
11a. Does your agency recommend this committee be retained, abolished or consolidated with another committee elsewhere (either at your agency or another in state government)?	Retain
11b. Please describe the rationale for this opinion.	The IAC assists the Board of Trustees in carrying out its fiduciary duties with regard to the investment of the assets of the system and related duties. The IAC reviews investment policies and related strategies of ERS to provide comments and recommendations to assist the Board of Trustees in adopting prudent and appropriate investment policies. In addition, together with the ERS staff, they utilize their investment expertise to advise the Board of Trustees on asset mix, portfolio strategy and investment policies. The Board benefits from their investment expertise and independent opinion.
12a. Were this committee abolished, would this impede your agency's ability to fulfill its mission?	Yes
12b. If "Yes" for Question 12a, please describe the rationale for this opinion.	In the event this committee was abolished, the Board would lose a valuable resource in terms of investment perspective, pros and cons for decision making with different investments, asset allocation and portfolio strategy.
13. Please describe any other suggested modifications to the committee that would help the committee or agency better fulfill its mission.	No other changes other than the recommendation to keep the committee are suggested.

SECTION A: INFORMATION SUBMITTED THROUGH ADVISORY COMMITTEE SUPPORTING SCHEDULE IN LEGISLATIVE APPROPRIATIONS REQUEST

Committee Name:	Group Benefit Advisory Committee		
Number of Members:	11		
“Committee Status (Ongoing or Inactive):”	Ongoing		
Date Created:	12/13/2017	Date to Be Abolished:	As determined by the Board
“Budget Strategy (Strategies) (e.g. 1-2-4)”	2-1-1	Strategy Title (e.g. Occupational Licensing)	Group Benefits Program

Advisory Committee Costs: This section includes reimbursements for committee member costs and costs attributable to agency staff support.

Committee Members’ Direct Expenses	“Expended Exp 2021”	“Estimated Est 2022”	“Budgeted Bud 2023”
Travel	\$0	\$3,000	\$3,000
Personnel			
Number of FTEs			
Other Operating Costs			
Total, Committee Expenditures	\$0	\$3,000	\$3,000

Committee Members’ Indirect Expenses	“Expended Exp 2021”	“Estimated Est 2022”	“Budgeted Bud 2023”
Travel	\$0	\$0	\$0
Personnel	\$22,000	\$22,500	\$24,000
Number of FTEs	0.2	0.2	0.2
Other Operating Costs	\$0	\$0	\$0
Total, Committee Expenditures	\$22,000	\$22,500	\$24,000

Method of Financing	“Expended Exp 2021”	“Estimated Est 2022”	“Budgeted Bud 2023”
Method of Finance			
955 - S.E.R.S. Trust Account	\$22,000	\$25,500	\$27,000
Expenses / MOFs Difference:	\$22,000	\$25,500	\$27,000

Meetings Per Fiscal Year	2	2	2
Committee Description:	The Group Benefit Advisory Committee (GBAC) is a part of the agency’s ongoing efforts to incorporate a full spectrum of stakeholder and expert input and opinions in the planning and development of employee benefit programs offered under the Texas Employees Group Benefits Program (GBP).		

State/Federal Authority	Select Type	Identify Specific Citation
State Authority	Admin Code	Title 34, Part IV, Chapter 63, § 63 .17 (b)
State Authority	Statute	Texas Government Code, Title 8, Subtitle B, Subchapter A, § 815 .509

SECTION B: ADDITIONAL COMMITTEE INFORMATION

Committee Bylaws: Please provide a copy of the committee's current bylaws and most recent meeting minutes as part of your submission.

<p>1. When and where does this committee typically meet and is there any requirement as to the frequency of committee meetings?</p>	<p>The GBAC meets twice annually, during March and October, or as close to such time as is possible to convene a quorum of the members as established in the charter approved by the ERS Board of Trustees (Board).</p>
<p>2. What kinds of deliverables or tangible output does the committee produce? If there are documents the committee is required to produce for your agency or the general public, please supply the most recent iterations of those.</p>	<p>Contents of GBAC meetings focus on: (1) the maintenance and structure of programs within the GBP; (2) benefit design and administration trends; and (3) emerging factors that may impact GBP programs in the future. Agenda content may also include items for which ERS staff requests specific input from the GBAC. The scope of agenda items may evolve as GBP programs mature, changes in market trends occur, and new information or data becomes available, with the intention to allow committee work to adapt to changing environments and stakeholder needs. Agenda items will seek to promote understanding of market environments, cost trends, program performance and legislative initiatives within stakeholder groups, and will facilitate discussion of innovative strategies to improve the value of benefits for participants. The Committee may be asked to review and comment on strategies and initiatives to: change existing benefit design; create new benefit choices; comment on methods to incent participation in underutilized programs, or promote the selection of cost-effective high-value health care options.</p>
<p>3. What recommendations or advice has the committee most recently supplied to your agency? Of these, which were adopted by your agency and what was the rationale behind not adopting certain recommendations, if this occurred?</p>	<p>Committee members offered recommendations to promote various wellness opportunities available through the GBP and to consider offering more virtual wellness programs where possible. As a result, ERS began to offer webinars on various wellness topics ranging from nutrition to exercise. In addition, the committee conducted an in-depth review of fertility benefits and coverage available to participants in public and private sector health plans including the GBP. Committee members recommended ERS maintain the existing fertility benefits and coverage currently available to GBP health plan participants.</p>
<p>4a. Does your agency believe that the actions and scope of committee work is consistent with their authority as defined in its enabling statute and relevant to the ongoing mission of your agency?</p>	<p>Yes</p>
<p>4b. Is committee scope and work conducted redundant with other functions of other state agencies or advisory committees?</p>	<p>No</p>
<p>5a. Approximately how much staff time (in hours) was used to support the committee in Fiscal Year 2019?</p>	<p>Approximately 320 hours were expended in FY 2021.</p>
<p>5b. Please supply a general overview of the tasks entailed in agency staff assistance provided to the committee.</p>	<p>Meeting agenda and presentation content development for committee meetings. Receiving, reviewing and ranking applications for open committee positions. Development of nominations for consideration by the Board.</p>
<p>6. Have there been instances where the committee was unable to meet because a quorum was not present?</p>	<p>No</p>
<p>7a. What opportunities does the committee provide for public attendance and participation, and how is this information conveyed to the public (e.g. online calendar of events, notices posted in Texas Register, etc.)?</p>	<p>Notice of committee meetings are posted to the ERS public website prior to a scheduled meeting. Additional notices may be provided to primary agency stakeholder groups as determined by ERS staff. Notices, at a minimum, include the date, time, and location of a GBAC meeting, and contain general information on the agenda items to be considered by the Committee.</p>
<p>7b. Do members of the public attend at least 50% of all committee meetings?</p>	<p>No</p>
<p>7c. Are there instances where no members of the public attended meetings?</p>	<p>Yes</p>

8. Please list any external stakeholders you recommend we contact regarding this committee.	
9a. In the opinion of your agency, has the committee met its mission and made substantive progress in its mission and goals?	Yes
9b. Please describe the rationale for this opinion.	Committee members, who are program participants, experts or industry professional, bring their knowledge and insights on health and voluntary benefits to ensure the programs offer value and meet the needs of our members and retirees, and their dependents.
10. Given that state agencies are allowed the ability to create advisory committees at will, either on an ad-hoc basis or through amending agency rule in Texas Administrative Code:	
10a. Is there any functional benefit for having this committee codified in statute?	No
10b. Does the scope and language found in statute for this committee prevent your agency from responding to evolving needs related to this policy area?	No
10c. If "Yes" for Question 10b, please describe the rationale for this opinion.	NA
11a. Does your agency recommend this committee be retained, abolished or consolidated with another committee elsewhere (either at your agency or another in state government)?	Retain
11b. Please describe the rationale for this opinion.	During the Fiscal Year 2016 Texas Sunset Advisory Commission (Sunset) review of ERS, Sunset staff identified an opportunity for the agency to improve benefits administration and design by establishing an advisory committee to obtain regular stakeholder and expert input. Since its inception, the Committee has provided staff and trustees with valuable insights into the Group Benefits Program.
12a. Were this committee abolished, would this impede your agency's ability to fulfill its mission?	Yes
12b. If "Yes" for Question 12a, please describe the rationale for this opinion.	In the event this committee was abolished, the Board would lose a valuable resource for input on the benefit programs offered through the GBP.
13. Please describe any other suggested modifications to the committee that would help the committee or agency better fulfill its mission.	No other changes other than the recommendation to keep the committee are suggested.



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