



**TEACHER RETIREMENT
SYSTEM OF TEXAS**

Workforce Plan

Fiscal Year 2013-2017

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APPENDIX E – WORKFORCE PLAN

I. System Overview

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

- Expanded TRS pension plan membership eligibility to all public school employees (1949).
- Assigned TRS to administer a health benefit program for public school retirees (1985).
- Created the basis for TRS to provide long-term care insurance (1999).
- Assigned TRS to administer a health benefit program for active public school employees (2001).

The TRS pension plan had about 38,000 members in its first year of operation. Today, TRS is the largest public retirement system in Texas, in both membership and assets. The agency serves 1,316,566 participants – 1,003,886 are public and higher education members, and 312,680 are retirement recipients. As of September 30, 2011, system net assets totaled approximately \$101 billion. The TRS pension plan operates under Section 67, Article XVI of the Texas Constitution to provide retirement and related benefits for those employed by public schools, colleges, and universities supported by the state of Texas. The system is responsible for investing funds under its stewardship and for delivering benefits to members as authorized by the Texas Legislature. TRS is a defined benefit plan, with retirement benefits determined by a pre-established formula. The trust fund is sustained principally by three sources—contributions by members during their working careers, contributions by the state, and investment revenues.

TRS operates out of two adjoining buildings at 1000 Red River Street in downtown Austin, Texas as well as 47,034 square feet of leased space at 816 Congress Avenue that houses the TRS Investments Management Division. The business of the system involves two broad functions: administering benefits and managing investments. The financial, information technology, and administration areas provide essential services to the system's mission-critical divisions (see the organization chart in Appendix B). To serve members throughout the state, benefit counseling employees travel on a regular basis to make group presentations and provide one-on-one counseling sessions. TRS also uses Web-based services, a sophisticated telephone counseling center, and an interactive voice response system to provide convenient service to those outside of the Austin area.

Health benefit programs are funded separately from the pension plan administered by TRS. The budgeted full-time equivalent (FTE) positions allocated to each function are shown in the following chart.



TRS Budgeted FTEs

Fiscal Year	Pension Fund	TRS-Care	TRS-Active Care	403 (b) Program	TRS Total
2012	475.3	32	23	0.5	530.8
2010	475	32	21	2	530
2008	435	30	21	—	486

Staffing pressures have been a result of continued growth in membership and assets of the pension fund, as well as additional responsibilities authorized by the legislature. While growth in membership and fund size is projected to continue, TRS will continue to assess its staffing requirements carefully and address them conservatively. Traditionally, TRS has contained its staffing needs to the greatest extent possible through enhancements in technology and the judicious use of outsourcing.

The pension trust fund administrative expenses, including staffing, are controlled by an annual budget approved by the TRS Board of Trustees. The state of Texas appropriated an administrative operations budget for the TRS Pension Trust Fund of \$88,251,518 and \$63,251,518 for fiscal years 2012 and 2013, respectively. Administrative expenses, excluding investing activities expense, on a cost per member basis were \$27.23 for fiscal year 2011 as compared to \$23.06 in fiscal year 2010. During fiscal year 2011, in accordance with *Generally Accepted Accounting Principles (GAAP)*, a one-time expense adjustment or impairment for the remaining net book value of a 2001 technology project was made. Excluding this one-time adjustment, the cost per member would be \$24.46. TRS administrative costs for the pension fund remain among the lowest in the nation, and are significantly less than costs among the system’s peer groups (based on membership size).

A. Organization Mission

The mission of the Teacher Retirement System of Texas is:

Improving the retirement security of Texas educators by prudently investing and managing trust assets and delivering benefits that make a positive difference in members’ lives.



B. Strategic Goals and Objectives

TRS has the following goals:

GOAL 1: Sustain a financially sound pension trust fund.	
Objective	To manage an actuarially sound retirement system that maintains an amortization period of less than 31 years.
Strategies	<ul style="list-style-type: none">• Evaluate long-term funding solutions to reduce unfunded liability and improve funding period of the pension trust.• Engage in thorough periodic review of plan design and actuarial assumptions to ensure that they remain valid and support the long-term viability of the system.• Provide the legislature with clear and complete projections of the actuarial impact to enable sound decisions related to plan design.• Maximize investment returns within acceptable risk parameters.• Ensure material accuracy of Investment valuations.
Objective	Develop and implement an investment policy and alpha capability capable of achieving a rolling target 20-year annual rate of return of 8 percent.
Strategies	<ul style="list-style-type: none">• Seek to achieve the long-term target return within an agreed risk policy, generally subject to the starting market conditions (risk-free interest rate structure, inflation, risk premiums, and correlations).• Recommend appropriate long-term investment policies to the TRS Board of Trustees as required.• Develop and implement professional investment processes designed to standardize investment approaches and optimize methods.
Objective	Develop and maintain a sound, professional, and systematic risk management and capital allocation system.
Strategies	<ul style="list-style-type: none">• Employ dedicated risk-focused investment professionals.• Develop and maintain sound long-term capital allocation processes.
Objective	Create and maintain a highly capable and diversified external network of global investment, trading, and consulting relationships.
Strategies	<ul style="list-style-type: none">• Select and effectively manage an appropriate and effective network of global investment relationships that either complement the Investment Management Division's (IMD) internal capabilities and/or allow TRS to implement strategies in areas where adequate internal resources do not exist.• Select and effectively utilize and manage an appropriate network of trading relationships in all global markets and all required trading vehicles.• Utilize and collaborate with expert and independent consultants wherever required and appropriate.
Objective	Replace legacy financial and human resources information systems and manual processes with a commercial off-the-shelf package by FY14, 2nd



	quarter.
Strategies	<ul style="list-style-type: none">• Procure Financial and Human Resources software package by FY13, 1st quarter.• Select Vendor for Systems Integration of the procured software package by FY13, 1st quarter.
GOAL 2: Provide competitive, reliable benefits for the retirement security of our members.	
Objective	Manage the revenues, expenses, and benefits of TRS-Care and TRS-Active Care in a way that contributes to their long-term sustainability.
Strategies	<ul style="list-style-type: none">• Engage experienced actuaries and healthcare consultants to assist TRS staff in monitoring the plans' claims experience and revenues in order to provide accurate projections for the TRS Board of Trustees.• Prepare accurate financial models and recommendations for use by the TRS Board of Trustees when they establish the plans' rates and benefits annually.
Objective	Provide health care benefits in compliance with the statutory requirements for TRS-Care and TRS-Active Care while providing coverage that is comparable to other Texas governmental health plans.
Strategies	<ul style="list-style-type: none">• Coordinate with TRS Legal Services and outside counsel to assure that TRS-Care and TRS-Active Care remain in full compliance with state and federal laws and regulations.• Monitor the benefits offered by other Texas governmental health plans, especially the Employees Retirement System, to provide similar levels of coverage to the TRS-Care and TRS-Active Care plan participants.



GOAL 3: Build and maintain strong, customer-focused business relationships.	
Objective	By 2015, increase the percentage of reporting entity payroll reports completed by the second business day after the due date by 10 percent.
Strategies	<ul style="list-style-type: none">• Increase training opportunities for reporting entity staff through Webinars.• Require all reporting entities to report through TRAQS.
Objective	Answer all calls with an average speed of answer (ASA) of 2 minutes or less.
Strategies	<ul style="list-style-type: none">• Promote and advertise member self-serve options (IVR, Web) in order to minimize call volumes.• Maintain a flexible staffing schedule in order to have adequate staff available during peak call volumes.• Provide quality initial and ongoing staff training.
Objective	Process 98 percent of initial annuity payments to TRS retirees when first due.
Strategies	<ul style="list-style-type: none">• Provide quality initial and ongoing staff training.• Cross-train staff members to provide assistance during peak periods.• Improve existing automated systems used in the delivery of benefits.• Implement approved statute and rule changes to simplify business processes.• Conduct periodic review of TRS laws and rules to streamline and simplify.
Objective	Implement modern pension and benefit information systems that allow TRS staff to serve our members and deliver accurate benefits effectively and timely by August 2016.



Strategies	<ul style="list-style-type: none">• Develop an Information Technology Plan that supports TRS’ application strategy solution by FY12, 3rd quarter.• Release a Statement of Work for Data Profiling by FY12, 4th quarter.• Select data profiling vendor and complete data profiling project by FY13, 1st quarter.• Release Data Management RFO by FY13, 1st quarter.• Select Data Management vendor by FY13, 2nd quarter.• Data Management project complete by FY16, 4th quarter.• Release RFO and select the Independent Application Assessment vendor for the Pension Line of Business (LOB) FY13, 2nd quarter.• Release RFO for the Pension LOB by FY13, 2nd quarter.• Select Pension LOB vendor by FY13, 4th quarter.• Implement three major pension benefit information systems by FY15, 4th quarter.• Implement remaining pension benefit information systems by FY16, 4th quarter.• Develop the capability for members to conduct major business transactions via the TRS website by FY15, 4th quarter.• Implement multiple avenues for communication with membership by August 2016.
GOAL 4: Effectively communicate valued information to our diverse stakeholders.	
Objective	Maintain a Benefit Counseling Department quality average score at the “successful” rating.
Strategies	<ul style="list-style-type: none">• Monitor and score calls using the Quality Assurance Program Guidelines and provide coaching as needed.• Conduct regular calibration sessions.• Provide quality initial and ongoing staff training.
Objective	Professionally and effectively collaborate with the TRS Board of Trustees, TRS members, and the Texas Legislature.
Strategies	<ul style="list-style-type: none">• Effectively implement, within risk policies and within reasonable and appropriate budgetary guidelines, all Trust policies approved by the board.• Protect TRS competitive insights and other advantages.• Report professionally and systematically to the TRS Board of Trustees and, as appropriate, to TRS members and the Texas Legislature.
Objective	Redesign and launch a new TRS website featuring a modern appearance, improved functionality and accessibility, easier navigation, and state-of-the art content management by 2014.



Strategies	<ul style="list-style-type: none">• Identify potential enhancements suggested by TRS staff.• Identify potential enhancements suggested by TRS members and retirees.• Evaluate best-in-class websites and incorporate lessons learned.• Issue a request for proposal to hire an outside contractor for the purpose of developing a new website.• Develop test site, make needed adjustments, and launch the site.
Objective	Achieve a very satisfied/satisfied rating from at least 85 percent of all major stakeholders when asked to assess their satisfaction with TRS services.
Strategies	<ul style="list-style-type: none">• Identify TRS-related information that is considered most valuable by each major TRS stakeholder group.• Identify communication channels that are considered most effective by each major stakeholder group.• Develop annual outreach plans that identify how TRS should most effectively communicate valued information to stakeholders.• Develop annual plans for each major stakeholder group that specify what types of information to communicate and when through the TRS website, printed materials, social media, e-mail, video, in-person meetings, telephone, external publications, and other means.• Survey members through the <i>Member Satisfaction Survey</i> in February 2012 and February 2014.• Apply what we learn from TRS surveys to ensure that the information we disseminate is clear, useful, and relevant to our stakeholders.
GOAL 5: Develop and retain a high-performing customer-focused staff that conducts business in an effective and ethical manner.	
Objective	Continue to use the organization-wide TRS <i>Survey of Employee Engagement</i> Summary Construct as a basis for improving TRS as an employer and use the data to identify areas of improvement and areas of success to implement changes for the organization.
Strategies	<ul style="list-style-type: none">• Perform an analysis of lower scoring constructs/departments and develop management plans as appropriate.
Objective	To increase talent development as a business imperative in recruiting and retaining high performing employees, as evidenced by maintaining or increasing the number of training and development opportunities completed by staff during FY 2013 – FY 2017 as benchmarked against FY 2012.
Strategies	<ul style="list-style-type: none">• To make sufficient resources available to provide training and development opportunities to staff and to monitor the number of training and development activities completed by staff.
Objective	Through 2017, monitor and update one- and five-year division specific workforce continuity plans to mitigate risks associated with loss of institutional knowledge and critical expertise.
Strategies	<ul style="list-style-type: none">• Review and update workforce continuity plans annually.



Objective	By 2013, implement an automated ethics training and compliance reporting system.
Strategies	<ul style="list-style-type: none">Automate the annual compliance process to allow employees to fill out forms and take annual ethics training online, and search for answers to commonly asked questions or guidance for common situations.
Objective	Attract, retain, and develop talented and experienced investment professionals well-suited to manage one of the world’s largest investment funds.
Strategies	<ul style="list-style-type: none">Develop, implement, and maintain a competitive compensation practice, utilizing performance metrics that are well-aligned with TRS members.Maintain a well-articulated and implemented long-term investment culture.Assure that IMD employees have a well-developed and articulated investment career track, including long-term succession planning.Implement targeted and effective training programs and engage with external partners and associates to provide unique learning opportunities.
Objective	Assure that the IMD investment systems and personnel operate at the highest levels of fiduciary integrity.
Strategies	<ul style="list-style-type: none">Employ high character investment professionals.Operate in a highly professional investment culture of openness and meritocracy.Adequately audit all critical IMD functions over rolling three-year periods.Appropriately apply corrective action for unethical and/or unprofessional behaviors.
GOAL 6: Promote purchasing and emerging manager selection practices that foster meaningful and substantive inclusion of historically underutilized businesses.	
Objective	Include historically underutilized businesses (HUBs) in at least 20 percent or greater of the total value of all contracts and subcontracts awarded annually by the agency in purchasing contracts.
Strategies	<ul style="list-style-type: none">Develop and implement a plan for increasing the use of HUBs through purchasing contracts and subcontracts.
Objective	Include historically underutilized businesses (HUBs) in at least 40 percent or greater of the total value of contracts awarded annually by the agency in purchasing contracts that do not require posting to the Electronic State Business Daily. This includes all contracts under \$25,000 and contracts awarded via existing statewide contracts (e.g. DIR, TXMAS, etc).
Strategies	<ul style="list-style-type: none">Develop and implement a plan for increasing the use of HUBs through purchasing contracts.
Objective	To include qualified businesses in the emerging manager program to the greatest extent possible.
Strategies	<ul style="list-style-type: none">Develop and implement a plan for increasing the use of qualified businesses in the emerging manager program.

C. Anticipated Changes in Mission, Strategies, and Goals

TRS does not anticipate fundamental changes in the nature of its business. It does however, recognize the need to adapt readily to any changes required by the legislature.

Environmental factors that are projected to affect TRS operations include:

- ▶ Membership in the pension plan will continue to grow, and members will increasingly expect faster service provided through multiple channels.
- ▶ An aging workforce creates a growing potential for loss of institutional knowledge.
- ▶ Effective management of a restructured, diversified investment portfolio will become more complex.
- ▶ Achieving the rate of return on investments required to satisfy actuarial assumptions will present a greater challenge.

II. Current Workforce Profile (Supply Analysis)

A. Critical Workforce Skills

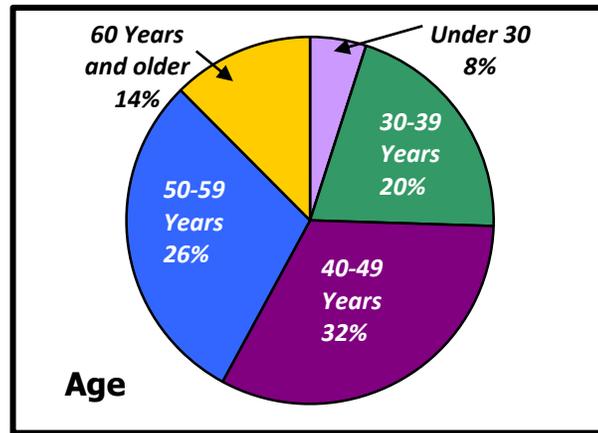
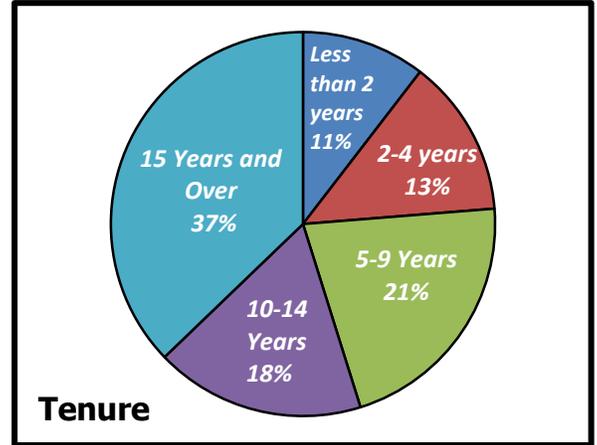
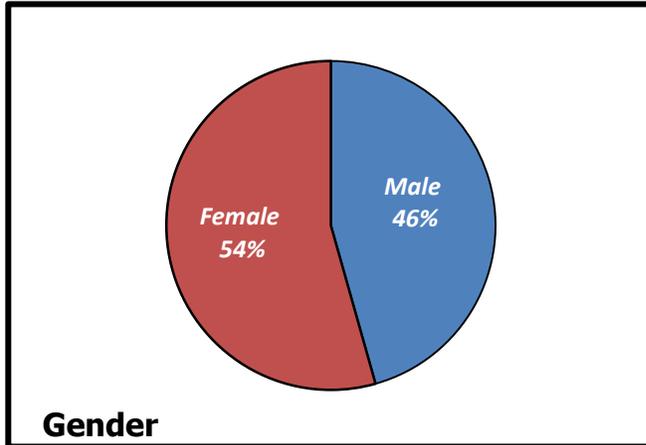
The skill sets that are currently most critical to TRS operations include:

- ▶ Business process analysis and design skills.
- ▶ Investment expertise, including diversified portfolio management skills.
- ▶ Customer service.
- ▶ Communication.
- ▶ Pension administration.
- ▶ Information technology, including telecommunications, imaging, Web application design and implementation, and systems design and implementation.
- ▶ Health benefit plan management.
- ▶ Other specialized skills (including accounting and purchasing, auditing, human resources, and legal).

TRS has been successful in attracting and developing staff with these skills to meet current and projected critical business needs. See *Future Workforce Profile* for further analysis.

B. Workforce Demographics

The following charts profile the system's workforce as of August 31, 2011 and include all regular full-time and part-time employees. The TRS workforce is comprised of 54 percent females and 46 percent males. Approximately 24 percent of employees have been with TRS less than five years. Approximately 40 percent are 50 years of age or older.



The following table compares the ethnic and gender composition of the TRS workforce (as of August 31, 2011) to the statewide civilian workforce as reported by the Texas Workforce Commission—Civil Rights Division (CRD). Categories in which TRS representation is lower than the CRD goal are shaded on the chart. TRS actively monitors this information, and customizes its recruitment strategies to address areas of under-representation.

Job Category	African American		Hispanic American		Female	
	TRS %	CRD %	TRS %	CRD %	TRS %	CRD %
Administrative Support	28.6%	12.7%	42.9%	31.9%	42.9%	67.1%
Official/Administrator	2.6%	7.5%	10.5%	21.1%	34.2%	37.5%
Professional	5.8%	9.7%	16.6%	18.8%	48.9%	53.3%
Service/Maint/Para-Professional	15.4%	14.1%	29.4%	49.9%	73.4%	39.1%
Technical	15.4%	13.9%	30.8%	27.1%	46.2%	53.9%



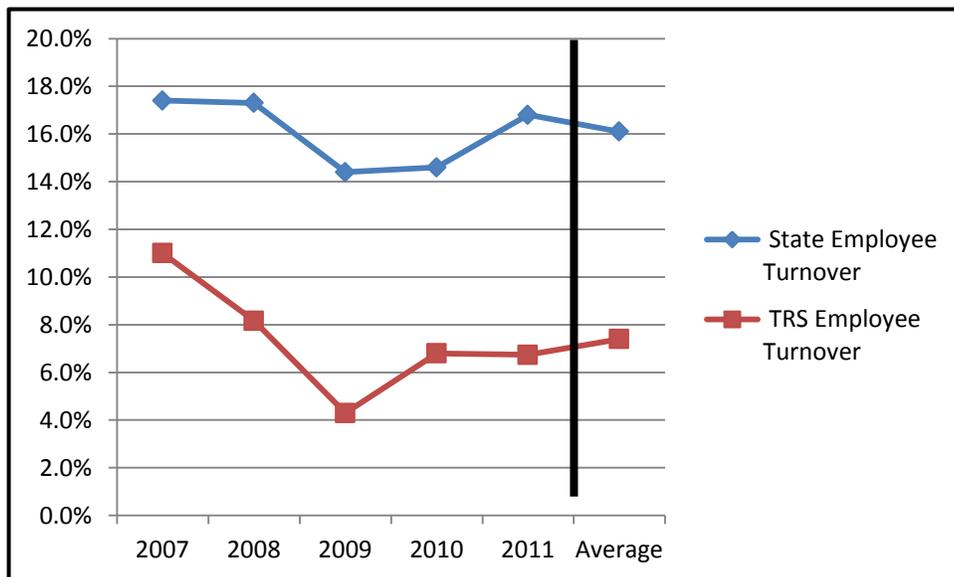
The organization's strategies for improving the diversity of its workforce include targeted advertising of vacancies, ongoing participation in diversity job fairs, and diversity/cultural awareness training. The employment policies and practices of TRS have been certified as in compliance with CRD standards, in accordance with Chapter 21 of the Texas Labor Code (most recently in March 2008).

Because TRS is based solely in Austin, it also compares its representation of minorities and females to that of the available workforce in the Austin/San Marcos Metropolitan Statistical Area (MSA). Information from this source is not available by Equal Employment Opportunity Job Category. However, the overall representation of minorities and females at TRS exceeds that of the civilian labor force reported for the Austin/San Marcos MSA, as shown in the following chart.

	African American	Hispanic American	Female
Total TRS Representation	8.7%	20.3%	54.4%
Austin/San Marcos MSA civilian labor force (2000 Census Data is latest Available)	7.9%	18.5%	46.2%

C. Employee Turnover

As reflected in the following chart, employee turnover at TRS has historically been below the statewide average among state agencies, as reported by the State Auditor’s Classification Office. In fiscal year 2011, TRS turnover was 6.7 percent, well below the state average of 16.8 percent for the same period. TRS anticipates that its turnover rate will continue to fluctuate with the Austin economy and that the agency may experience a corresponding increased turnover.





The response rate for TRS employees completing the State Auditor’s online exit survey in fiscal year 2011 was approximately 37 percent. This rate is more than double the average response rate for all state agencies. The top two reasons departing employees gave for leaving were: “retirement” (50 percent) and “better pay and benefits” (30 percent). Eighty percent of responding employees indicate that they want to work for TRS again in the future. TRS routinely assesses turnover by work area and other factors, such as employee tenure, so management can identify trends and take any necessary action.

Eligible	Now As of 12/31/11	In 1 year As of 12/31/12	In 2 years As of 12/31/13	In 3 years As of 12/31/14	In 4 years As of 12/31/15	In 5 years As of 12/31/16	In 10 years As of 12/31/21
Number of Employees	91	19	22	16	18	7	87
Percent of Workforce	17.27%	3.61%	4.17%	3.04%	3.42%	1.33%	16.51%
Cumulative Number	91	110	132	148	166	173	260
Cumulative Percentage	17.27%	20.87%	25.05%	28.08%	31.50%	32.83%	49.34%

III. Future Workforce Profile (Demand Analysis)

A. Expected Workforce Changes

The size of the population served by TRS and their customer service expectations continue to expand. As they do, so will the demand for increased efficiency while maintaining excellent customer service. Workloads are rising in response to changes in the membership, legislative changes, and budget cuts at the school district level. TRS will continue to use technology advancements to achieve gains in productivity to offset the increase in workloads. As a result, TRS has managed increased workloads without a significant increase in full-time equivalent (FTE) employee allocation. The continued growth in the size and complexity of the TRS lines of business also drive the need for additional technology professionals, business analysts, and program managers to navigate the way to the agency’s full technology upgrade. In addition, the legislature has tasked the agency to research alternatives to our traditional defined benefit plan. If the existing benefit plan changes, resources will have to be allocated to revise the systems required for the new benefit plan or plan alternatives to function for the members.

The critical functions of TRS are:

- Delivery of benefits.
- Management of investment assets.
- Management of the TRS infrastructure including technology upgrades for the pension system and financial system.

As mentioned above, the agency has major initiatives underway to review statutory provisions, streamline certain benefit administration processes, and deploy enhanced technology solutions related to critical needs. TRS continues to experience new challenges as a result of increasing levels of complexity and specialization in its critical functions. Continued growth in the number of members and the complexity of the health benefit plan require strategies for acquiring specialized expertise. As a result, staff with specialized skill sets are needed. TRS continues to develop the skills of the current workforce, recruit new staff with the required expertise, and contract with outside parties, when feasible and cost-effective, to supplement the staff's expertise in highly technical or specialized areas.

B. Future Workforce Skills Needed

- Business process analysis and design skills
- Communication and Interpersonal skills
- Contract negotiation and administration (for monitoring outsourced functions, such as health benefit programs)
- Customer service skills
- Information technology
 - ▶ Telecommunications
 - ▶ Imaging
 - ▶ Web application design, implementation, and maintenance
 - ▶ Systems design, implementation, and maintenance
- Investment management
 - ▶ Alternative asset management
 - ▶ Portfolio risk management
 - ▶ Selection and management of external managers
- Leadership and management skills
 - ▶ Coaching skills
 - ▶ Skills for managing a diverse workforce
 - ▶ Creative problem-solving
 - ▶ Building and maintaining cohesive and effective work teams
- Research, process analysis, and project management
- Continuity (succession) planning/knowledge management
 - ▶ Executive leadership
 - ▶ Portfolio management
 - ▶ Health benefit plan management
- Other specialized skills
 - ▶ Accounting and purchasing
 - ▶ Auditing
 - ▶ Human resources/organizational development
 - ▶ Legal

IV. Gap Analysis

Our projected future needs indicate that increasing emphasis must be placed on further developing workforce skills related to:

- Business process analysis and design.
- Contract negotiation and administration (for monitoring contracted functions, such as health benefit programs).
- Constituency communication strategy and infrastructure.
- Leadership and management skills.
- Research and project management.

Ensuring that TRS is positioned to effectively address emerging and future workforce challenges requires systematic and ongoing review of economic and other environmental factors. TRS is proactive in addressing prospective gaps in staffing needs, and its actions include conducting:

- Annual environmental scans and reviews of the workforce plan.
- Regular human resource needs assessments.
- Frequent labor market analyses.
- Broad reviews of other workforce trends and issues.

TRS then designs initiatives to address its human resource needs based on these analyses.

Anticipated Surplus or Shortage of Workers or Skills

1. TRS finds no appreciable gaps in worker or skill needs during the five-year planning period. Some reasons for its strong position in this area include:
 - Proactive initiatives to address reasonably competitive compensation of investment professionals.
 - The TRS internship program, which has provided a good source of qualified entry-level professionals in the investments and administration areas.
 - The organization's systematic approach to training and development (including regular needs assessments and effective training delivery methods), which has minimized skill gaps among current staff. Employees remain current in their computer and job-specific skills.
 - Consistent efforts to enhance the organization's effectiveness (as reflected in positive ratings in the *Survey of Employee Engagement*), which have resulted in employees viewing TRS as a good place to work.
 - The implementation of a Leadership Development Program to better prepare current staff to compete for leadership positions that may become vacant due to retirements or unanticipated departures of leadership staff.
 - The ongoing monitoring of Divisional and Departmental Workforce Continuity Plans.

2. Potential gaps in worker or skill needs could develop during this period as a result of:
 - Loss of institutional knowledge and critical expertise due to retirement of experienced staff.
 - Legislation assigning new or significantly expanded responsibilities to the agency.
 - Increased competition for experienced staff in certain fields, such as call center representatives, investment specialists, and technology professionals.
 - The departure of critical staff.

V. Strategy Development

As indicated in the “Gap Analysis” section, it is a priority for TRS to address the loss of critical institutional knowledge due to the departure of key staff. The issue of knowledge management as a part of ensuring workforce continuity presents a significant challenge to the organization. To address this issue, individual business units (with assistance, support, and consultation from Human Resources, Information Technology, and Enterprise Risk Management) have:

- Participated in self-assessments of risk levels through the Enterprise Risk Management approach. Self-assessments focused on the impact and likelihood of risk drivers related to workforce continuity and knowledge management.
- Developed and will continue to update customized action plans to address specific high risk workforce continuity and knowledge management needs of the respective business units.

The business units have the responsibility to self-monitor action plans to assure these initiatives successfully preserve institutional knowledge and address critical continuity needs.

The application of these knowledge management strategies will benefit TRS workforce continuity efforts. TRS will also continue to manage (and expand, as needed) its effective programs and practices for attracting, developing, and retaining a qualified and diverse staff. Such practices include:

- **Recruitment programs** that market TRS as an employer of choice. TRS systematically promotes employment opportunities to attract a qualified and diverse workforce. Monetary recruitment bonuses may be used in specialized instances.
- **Expanded internship programs** enterprise-wide, which entail maintaining a relationship with leading Texas universities. These programs offer a method of expanding the pool of qualified, diverse professional staff and developing deeper talent pools for filling vacancies that occur.
- **Strategic workforce management**, including the use of contingent staffing to supplement the regular workforce, redeployment of current staff, variable scheduling to meet business needs, and other appropriate best practices.

- **Leadership development** through the implementation of a formal Leadership Development Program to build the skills of 10 to 20 current and prospective leaders each year.
- **Retention programs** that stress opportunity and skill-set development as attractive incentives. Monetary retention bonuses may be used in specialized instances.
- **Career ladders** approved for most positions within the agency to provide professional growth opportunities for employees within their current assignments.
- **Cross-training programs** in each division, which deepen skill levels, enhance productivity, and provide back-up for important functions. Particular emphasis is placed on cross-training in areas where employees are eligible for retirement, so that the organization retains institutional knowledge.
- **Continuity plans** for critical staff, particularly those soon eligible to retire. Managers are expected to develop a talent pool of employees prepared to assume key staff responsibilities for a transitional period, until a formal recruitment process has been successfully completed. Department-level assessments based on Enterprise Risk Management methodology have been conducted to identify the risk associated with and the likelihood of knowledge and talent loss. HR will continue to work with department management to facilitate the development of area-specific plans to mitigate identified risks.
- **Incentive Compensation Plan** for Investments Division staff, which provides the opportunity to earn monetary bonuses if TRS exceeds certain investment performance benchmarks.

Where significant challenges arise in developing or attracting staff with the expertise required for specialized functions, TRS explores the feasibility of outsourcing all or a portion of those functions. Such decisions are made in accordance with the organization’s *Contract Administration* and *Contract Workforce* policies.

<i>Potential Gap:</i>	Loss of institutional knowledge and critical expertise due to retirement of experienced staff.
Goal	Deploy knowledge management and critical expertise continuity best practices to address risks associated with retirement of experienced staff.
Rationale	Continuity of institutional knowledge and critical expertise ensures smooth transitions of essential functions as staff retire.
Action Steps	<ul style="list-style-type: none"> • Monitor and update area-specific plans to mitigate identified risks, to include such best practices as business process reviews, knowledge capture, documented desk audits, and the development of customized job aids. • Use the Leadership Development Program to prepare staff to better compete for leadership positions as they become vacant.



<i>Potential Gap:</i>	Legislation assigning new or significantly expanded responsibilities to the agency.
Goal	Acquire necessary expertise to fulfill assigned responsibilities.
Rationale	TRS must maintain a state of readiness to implement any assignment of responsibility by the legislature.
Action Steps	<ul style="list-style-type: none">• Conduct research to identify issues affecting other public pension funds that may potentially affect TRS.• Maintain awareness of prospective legislative changes to allow adequate planning for new skill-set requirements.• Request a reasonable implementation period for major initiatives.• As new requirements are identified, explore options for developing skills within the current workforce, attracting new staff with the required experience, or outsourcing certain functions.

<i>Potential Gap:</i>	Increased competition for experienced staff in certain fields.
Goal	Create a work environment that, combined with initiatives to maintain reasonably competitive compensation packages, supports retention of high-demand staff.
Rationale	Retention of staff, when feasible, is both more cost-effective and efficient than recruiting and training replacement staff.
Action Steps	<ul style="list-style-type: none">• Continue effective training and development programs that provide opportunities for staff to maintain or develop mission-critical professional skills.• Conduct environmental scans and labor market analyses to maintain a current perspective and enable proactive retention efforts.• Implement effective compensation, recognition, and other initiatives as appropriate to support retention of staff, with special attention to areas in which skills are in high demand.• Continue organizational development efforts aimed at enhancing ongoing communication and effective working relationships between management and staff.• Encourage staff involvement in organizational activities.



<i>Potential Gap:</i>	The departure of critical staff for any reason.
Goal	Provide a smooth transition of responsibilities when critical staff members leave the agency.
Rationale	TRS must ensure that critical functions are maintained despite turnover.
Action Steps	<ul style="list-style-type: none">▶ Managers are expected to build bench strength for critical functions by use of appropriate cross-training efforts, knowledge management strategies, delegation, and oversight.▶ Transition plans will be implemented as needed to ensure continuity of service during any period of extended absence or turnover among critical staff.▶ Maintain effective recruitment practices and strategies (such as use of contingent staff, internships, and employer branding) to attract or develop qualified replacement staff.▶ Use the Leadership Development Program to prepare staff to better compete for leadership positions as they become vacant.