

TEXAS PENSION REVIEW BOARD



WORKFORCE PLAN

2009-2013

TEXAS PENSION REVIEW BOARD

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AGENCY STRATEGIC PLAN

For the 2009-2013 Period

TEXAS PENSION REVIEW BOARD

<u>BOARD MEMBER</u>	<u>TERM EXPIRES JANUARY 31</u>	<u>HOMETOWN</u>
RICHARD E. MCELREATH, Chair	2013	Amarillo
SHARI O. SHIVERS, Vice Chair	2009	Austin
PAUL A. BRADEN	2009	El Paso
ROY V. CASANOVA, Jr.	2007	San Antonio
REPRESENTATIVE CRAIG EILAND	2011	Galveston
JERRY R. MASSENGALE	2011	Lubbock
NORMAN W. PARRISH	2013	The Woodlands
FREDERICK E. ROWE, Jr.	2009	Dallas
SENATOR JOHN H. WHITMIRE	2005	Houston

DATE OF SUBMISSION: July

SIGNED: _____
Christopher D. Hanson, Interim Executive Director

APPROVED: _____
Richard E. McElreath, Chair

DATE APPROVED: July



TABLE OF CONTENTS

Statewide Vision	1
State of Texas Philosophy.....	2
Pension Review Board Mission	3
Pension Review Board Philosophy.....	3
Objective & Strategy Measure Description	5
Outcome Measure Definitions	6
Output Measure Definitions.....	8
Strategic Staffing Analysis	8
Supply Analysis	9
Demand Analysis.....	
Gap Analysis.....	
Strategic Workforce Plan.....	



Statewide Vision

Working together, I know we can accomplish our mission and achieve these priority goals for our fellow Texans:

To assure open access to an educational system that not only guarantees the basic core knowledge necessary for productive citizens but also emphasize excellence and accountability in all academic and intellectual undertakings;

Creating and retaining job opportunities and building a stronger economy to secure Texas' global competitiveness, leading our people and a stable source of funding for core priorities;

Protecting and preserving the health, safety, and well-being of our citizens by ensuring healthcare is accessible and affordable and by safeguarding our neighborhoods and communities from those who intend to harm us; and

Providing disciplined, principled government that invests public funds wisely and efficiently.

The Mission of Texas State Government

Texas State Government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.



The Philosophy of Texas State Government

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics or individual recognition.
- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.
- Decisions affecting individual Texans are best made by those individuals, their families, and the local governments closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. And just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future, and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse, and providing efficient and honest government.
- Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

Aim High...We are not here to achieve inconsequential things!



The Priority Goals of Texas State Government

The Texas Pension Review Board (PRB) has drawn upon the General Government Priority Goal, which is to support effective, efficient, and accountable state government operations, and to provide citizens with greater access to government services while reducing service delivery costs.

Statewide Benchmark

- Increase the percentage of actuarially-funded defined benefit Texas public retirement systems that are actuarially sound.
- Increase the percentage of pension plan administrators satisfied with educational services.

The Mission Statement of the Texas Pension Review Board

The PRB is mandated to oversee all Texas public retirement systems, both state and local, in regard to their actuarial soundness and compliance with state law. Our mission is to provide the State of Texas with the necessary information and recommendations to ensure that our public retirement systems, whose combined assets total in the multi-billions, are actuarially sound, benefits are equitable, the systems are properly managed, tax expenditures for employee benefits are kept to a minimum while still providing for those employees, and to expand the knowledge and education of administrators, trustees, and members of Texas public pension funds.

The Philosophy of the Texas Pension Review Board

The PRB will act in accordance with the highest standards of ethics, accountability, efficiency, and openness. We are proud to be of service to the state in helping ensure that promised pension benefits are provided to the public retirement systems' annuitants and in seeing that tax dollars are spent most efficiently.





OBJECTIVE

- Outcome Measures

01-02 Each year through 2013, respond to 100% of requests by providing the information required and services needed in order to make informed decisions. Educate members of public employee retirement systems (PERS), the Legislature, and general public regarding pension law and current issues such that 90% express satisfaction with educational services. Examine legislation for potential impact on Texas PERS and ensure that 100% of all actuarial impact statements are delivered prior to legislative hearings. Provide electronic access to public pension data.

- 01-02.01 Percent of legislative and public retirement system requests for technical assistance answered
- 01-02.02 Percent of seminar attendees that express satisfaction with seminar content
- 01-02.03 Percent of plan administrators satisfied with PRB educational services

STRATEGY

- Output Measures

01-02-01 Provide technical assistance and educational services to public retirement systems; examine legislation for potential impact on Texas' public retirement systems, and provide electronic access to public pension data.

- 01-02-01.01 Number of impact statements issued
- 01-02-01.02 Number of persons participating in annual public pension seminars
- 01-02-01.03 Number of persons participating in regional public pension seminars
- 01-02-01.04 Technical assistance reports produced by staff
- 01-02-01.05 Number of technical assistance reports provided through agency website



Goal 02: We will establish and carry out policies governing purchasing and public works contracting which foster meaningful and substantive inclusion of historically underutilized businesses.

OBJECTIVE

- Outcome Measure

02-01 To include historically underutilized businesses (HUBs) in at least 10% of the total value of goods and services purchased annually by the agency by fiscal year 2013.

02-01.01 Percent of total dollar value of purchases and consultant contracts awarded to HUBs

STRATEGY

- Output Measures

02-01-01 Develop and implement a plan for increasing the use of historically underutilized businesses through the purchase of goods and services.

02-01-01.01 Number of HUB vendors utilized

02-01-01.02 Dollar value of HUB goods and services purchased





Percent of public retirement systems in compliance with reporting requirements	85	85	85	85	85	85
Percent of legislative and public retirement system requests for technical assistance answered	100	100	100	100	100	100
Percent of seminar attendees that express satisfaction with seminar content	90	90	90	90	90	90
Percent of plan administrators satisfied with PRB educational services	98	98	98	98	98	98



Definition of Measures

OUTCOME MEASURES

Percent of actuarially funded defined benefit Texas public retirement systems that are actuarially sound

An actuarially funded defined benefit public retirement system is considered actuarially sound if an actuary determines that it has sufficient money to pay ongoing normal cost and amortize the unfunded liability over a period not to exceed 40 years, preferably 25 to 30 years. This measure of actuarial soundness represents one of five Guidelines for Actuarial Soundness adopted by the Board. On September 5, 1984, the Board originally adopted Guidelines to Actuarial Soundness. The current guidelines state: (1) The funding of a pension plan should reflect all plan liabilities and assets. (2) The allocation of the normal cost portion of contributions should be level as a percent of payroll over the amortization period. (3) Funding of the unfunded actuarial accrued liabilities should be level or declining as a percent of payroll over the amortization period. (4) Funding should be adequate to amortize the unfunded actuarial accrued liability over a period which should never exceed 40 years, with 25-30 years being a more preferable target. (5) The choice of assumptions should be realistic and reasonable in the aggregate. This number does not take into account the different actuarial valuation methodologies employed by actuaries.

Methodology: The number of unsound systems divided by the number of systems registered with the PRB.

Percent of public retirement systems in compliance with reporting requirements

A public retirement system is considered to be in compliance with state reporting requirements when all reports, required under Chapter 802 of Government Code, are received by the PRB in the time required under Chapter 802.

Methodology: This is the number of compliant active systems divided by the total number of active systems.

Percent of legislative and public retirement system requests for technical assistance answered

This is the percentage of technical assistance requests that are answered. This includes written replies to requests for technical assistance, and includes requests for information on pension issues, investments, laws, and reporting requirements.

Methodology: The number of technical assistance requests completed divided by the total number of technical assistance requests.

Percent of seminar attendees that express satisfaction with seminar content



The percentage of seminar attendees that express satisfaction with the seminar content.

Methodology: This is the number of seminar attendees that expressed satisfaction with the PRB seminar content divided by the total number of surveyed seminar attendees.

Percent of plan administrators satisfied with PRB educational services

The percentage of plan administrators satisfied with PRB educational services.

Methodology: This is the number of surveyed plan administrators that expressed satisfaction with the PRB programs divided by the total number of surveyed plan administrators that expressed an opinion with the PRB programs.

OUTPUT MEASURES

Number of compliance actions initiated

All public pension plans are required by state law to report to the PRB within 211 days of the end of their fiscal years. Using the agency's administrative personal computer database as the source of data, this is the number of written enforcement notifications to systems of their failure to report in accordance with state law.

Methodology: This is the total number of written enforcement notifications to systems.

Number of reviews completed

A review of a public retirement system includes the review of the plan design, financial reports, investment policy, partial reviews of quarterly plan reports, or actuarial valuations.

Methodology: The total number of reviews.

Number of impact statements issued

Each bill or resolution that proposes to change the amount or number of benefits or participation in benefits of a public retirement system or that proposes to change a fund liability of a public retirement system is required to have attached to it an actuarial impact statement as provided by this section. An actuarial impact statement contains a summary of the legislation, actuarial analysis, and actuarial review.

Methodology: The total number of actuarial impact statements issued on legislation. The PRB may issue several actuarial impact statements on a single bill as a result of amendments and companion legislation.

Number of persons participating in annual public pension seminars



The number of people attending PRB annual public pension seminars.

Methodology: This is the total number of people who register.

Number of persons participating in regional public pension seminars

The number of people attending PRB regional public pension seminars.

Methodology: This is the total number of people who register.

Technical assistance reports provided by Staff

The number of technical assistance reports produced by the staff of the PRB. This includes written responses to requests for technical assistance, but not limited to requests for information on pension issues, investments, laws and reporting requirement.

Methodology: The total number of technical assistance reports produced by the PRB. One report distributed to multiple recipients is counted as one.

Technical assistance reports provided through agency Website

The number of technical assistance reports provided through agency website. The number is tallied to include only qualified web pages of core technical content pages, which excludes all navigation, indexes and non-technical pages.

Methodology: The Microsoft Fast Counter account provides a password protected online presentation, which displays the data on a calendar and provides the monthly number of technical assistance reports the agency website has delivered.

EFFICIENCY MEASURES

Percent of reports filed within 60 days of non-compliance notice

This is the percentage of pension systems that submit reports required under Chapter 802 within 60 days of a late notice.

Methodology: This is the total number of systems that submitted reports required under Chapter 802 within 60 days of a late notice divided by the total number of systems which received a late notice.



EXPLANATORY/INPUT MEASURES

Number of Public Retirement Systems registered with the Texas Pension Review Board

This is the total number of active public pensions systems that are registered with the PRB.

Methodology: The total number of systems registered and required to file annual reports to the PRB.

Estimated value of investments owned by Texas Public Retirement Systems

The total estimated value of assets of all Texas public pension funds.

Methodology: This is the sum of total assets of the Texas pension funds registered with the PRB.





Strategic Staffing Analysis

A. Overview

In order to comply with regulations required by Section 2056.002 of the Government Code, the PRB has conducted a staffing analysis, which includes the following:

- A systematic process for workforce planning, which is integrated, methodical and ongoing
- Identification of the human capital necessary to meet agency goals
- Development of a strategy to meet agency staffing requirements

Update Agency Workforce Snapshot: The PRB is currently composed of an executive director, with 11 other Full-time Equivalents (FTEs). Each of the FTEs reports to the executive director. The agency was started in 1980 with two employees. For many years, the agency had five FTEs. Staff levels increased to eight after three employees were added in fiscal year 2006. Five new employees were granted in fiscal year 2008, bringing the total FTE count to 13. Current staff level consists of 12 FTEs, with one additional position kept vacant due to budgetary constraints.

Agency Mission: The agency shall provide the State of Texas with the necessary information and recommendations to ensure that our public retirement systems, whose combined assets total in the multi-billions, are financially sound, benefits are equitable, and properly managed. The agency seeks to minimize tax expenditures for employee benefits yet still provide for those employees, and to expand the knowledge and education of administrators, trustees, and members of Texas public pension funds.

Agency Scope and Key Functions: The PRB was established by H.B.1506, 66th Legislature, R.S. (V.T.C.A., Title 8, Chapter 801, Government Code,) effective September 1, 1979, as an oversight agency for Texas public pension systems. The general duties of the PRB outlined in Chapter 801 of the Government Code are to (1) conduct a continuing review of public retirement systems, compiling and comparing information about benefits, creditable service, financing and administration of systems; (2) conduct intensive studies of potential or existing problems that threaten the actuarial soundness of or inhibit an equitable distribution of benefits in one or more public retirement systems; (3) provide information and technical assistance on pension planning to public retirement systems on request; and (4) recommend policies, practices, and legislation to public retirement systems and appropriate governmental entities. The agency is also charged with preparing and providing an actuarial impact statement for bills and resolutions that propose to change the amount or number of benefits or participation in benefits of a public retirement system or that proposes to change a fund liability of a public retirement system. Additionally, the board is authorized to conduct training sessions, schools, or other educational activities for trustees and administrators of public retirement systems. The board may also furnish other appropriate services such as actuarial studies or other requirements of systems and may establish appropriate fees for these activities and services.



The PRB service population consists of the current and future members, administrators, and trustees of approximately 360 individual public retirement plans; state and local government officials; and taxpayers.

The main functions of the PRB are to conduct a continuing review of all public retirement systems, to conduct intensive studies of potential or existing problems that threaten the actuarial soundness of public retirement systems, to provide information and technical assistance, and to recommend policies, practices, and legislation to public retirement systems and appropriate governmental entities. In addition, the PRB is charged with producing actuarial impact studies on proposed legislation. Though the PRB does not have civil or criminal penalties to level, the PRB has been given the power to inspect records, issue subpoenas, and request writs of mandamus to the plans to compel compliance with reporting requirements.

B. Current Workforce Profile (Supply Analysis)

Critical Workforce Skills: There are several skills that are critical to the agency's ability to successfully meet objectives. The PRB could not fulfill its mission without knowledgeable people with the following skills:

- Accounting/Budgeting
- Actuary
- Administrative
- Auditing
- Computer Research Skills
- Database Administration
- Data Analysis
- Event Planning
- Financial Analysis
- Forecasting
- Human Resources
- Mathematical Modeling
- Office Management
- Political/Legislative Experience
- Risk Analysis
- Writing, Editing, and Research



Workforce Demographics:

Position	Skill Orientation	Sex	Race	Retirement Eligibility
Executive Director	Office Management, Political/Legislative Experience , Financial Analysis, Data Analysis, Risk Analysis, Writing, Editing, and Research	M	White	No
Staff Services Officer	Office Management, Event Planning, Administrative, Writing, and Editing	F	White	Yes
Actuary	Actuary, Financial Analysis, Mathematical Modeling, Forecasting, Risk Analysis, Writing, Editing, and Research	M	White	No
Policy Analyst	Political/Legislative Experience, Data Analysis, Financial Analysis, Writing, Editing, and Research	F	Asian	No
Financial Analyst	Financial Analysis, Data Analysis, Computer Research Skills, Office Management and Political/Legislative Experience	M	White	No
Investment Analyst	Investment Analysis, Data Analysis, Computer Research Skills, Office Management, Political/Legislative Experience, Writing and Editing	M	White	No
Administrative Assistant	Administrative, Research, Event Planning	F	Black	No
Administrative Assistant	Administrative, Research	F	White	Yes
Research Specialist	Computer Research Skills, Data Analysis	F	White	No
Research Specialist	Computer Research Skills, Data Analysis	M	White	No
Research Specialist	Computer Research Skills, Data Analysis	F	Hispanic	No
Accountant	Accounting/Budgeting, Human Resources	M	White	No
		50% - F 40% - M	75% - W 8.3% - H 8.3% - B 8.3% - A	17 % - Eligible 83 % - Not Eligible

Employee Turnover: Turnover continues to be an important issue with the PRB. A major strength of the PRB is its staff. When a position becomes vacant within the agency, the turnover rate will appear much higher than the state-wide average because the agency has 13 FTEs. Since 1981, the PRB has benefited from a very low turnover rate; however, recent years have seen the departure of senior staff whose expertise is not easily replaced.



C. Future Workforce Profile (Demand Analysis)

Expected Workforce Changes: Due to retirement eligibility of the agency's Staff Services Officer and one other staff member, the PRB could face hiring and/or development of key personnel for roles requiring leadership and managerial expertise over the next one to five years. This risk of retirement could leave the agency without senior level experience at a position essential for the management of workflow at the agency.

D. Gap Analysis

A slight gap exists in the PRB's workforce due to a program specialist position that is currently vacant because of budget constraints. Also, substantial gaps might emerge rapidly in the future, with the departure of even one key employee. Due to the highly specialized nature of pension and actuarial expertise, the labor market may not be as well suited to providing perfectly qualified replacements for the most senior positions in the agency. Successfully replacing key positions with new employees with specialized pension/actuarial expertise could be difficult. While pension/actuarial skills are scarce, they can be effectively developed within candidates with strong backgrounds in general financial analysis.

E. Strategic Workforce Plan

Skill Development: While the agency can continue to recruit future personnel with pension or actuarial expertise, an effective alternative would be the development of individuals with requisite financial and analytical skills. Development will help the agency overcome the scarcity of those specialized actuarial and pension skills in the labor market. Another focus for skill development is the encouragement of staff to use training opportunities to further already existing skill sets or to develop new skill sets.

Development Time: Due to the complexities of actuarial science found in pension review, development may require longer periods of training, perhaps exposure to several months of on-the-job experience. Understanding how to navigate the political and legislative environment is experience-driven, and will often take months and years to gain experience in those areas.

Preparing for Transition: The agency needs to improve documentation of strategic job descriptions, particularly with the executive director and financial analyst positions, as well as critical job procedures. Specialized knowledge should be captured and translated into a procedural manual, or projected into the agency website and database software. This will leave an informational reference or knowledge base for future administrators in the agency.

The agency has instituted an employment section on the website to provide a means to cultivate qualified individuals for future employment requirements.

Salary Structure: The executive director was granted a salary increase by the 82nd Legislature. In the past, the agency has experienced salary compression among personnel serving the agency's core services, as there was very little difference between the salaries of the agency's executive director and the financial analysts. Additional financial resources for salaries will be needed to successfully attract and retain qualified personnel for these positions, especially as new openings arise.

Retaining Valuable Personnel: Given the budgetary limitation of the agency, two key policies are in place to retain valuable personnel. First, the flexibility of assignment allows staff members



to pursue areas of interest to them while working within the needs of the agency. With staff able to match agency goals with their own professional goals, the ability to retain valuable personnel will be strong. The second policy is the flexibility of schedules which allows staff to maintain a firm work-life balance essential for retaining valuable personnel.



APPENDIX H

Survey of Organizational Excellence

The PRB participated in the Survey of Employee Engagement in the 2012 fiscal year. Out of 11 employees who were invited to take the survey, 7 responded resulting in a 64% response rate for the agency. The survey found that the agency's areas of substantial strength include constructs such as Benefits, Strategic, and Physical Environment. The Strategic construct indicates that PRB employees view the agency as able to quickly relate its mission and goals to environmental changes and demands. It is viewed as creating programs that advance the organization and having highly capable means of drawing information and meaning from the environment. PRB's Physical Environment setting is seen as satisfactory, safe, and that adequate tools and resources are available. The Benefits provides a good indication of the role the benefit package plays in attracting and retaining employees in the agency. Benefits are seen as appealing and providing appropriate flexibility at a fair cost. The organization was viewed as vital, vigorous and able to respond to changes and opportunities.

Areas of concern surfaced in the areas of Fair Pay, Job Satisfaction and Internal Communication. Survey suggests that pay is a central concern or reason for discontent. In some situations pay does not meet comparables in similar organizations. In other cases individuals may feel that pay levels are not appropriately set to work demands, experience and ability. Cost of living increases may cause sharp drops in purchasing power, and as a result, employees will view pay levels as unfair. These areas of concern are being addressed as employees have been encouraged to speak freely about their concerns and to make suggestions to improve the agency operations at any time. During an individual's performance review, employees are also given an opportunity to discuss the overall work situation and evaluate ways to improve their personal development within the agency budget constraints. All employees are afforded the opportunity to participate regularly in training classes offered by the Comptroller's office and New Horizons, which provides technology, applications, and business skills training for agency staff.