
TEACHER RETIREMENT SYSTEM OF TEXAS



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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, the plan serves more than 989,000 active members and more than 284,000 retired members and beneficiaries. The plan’s net assets have grown to \$88.7 billion at the end of fiscal year 2009. The TRS pension plan operates under Section 67, Article XVI of the Texas Constitution to provide retirement and related benefits for those employed by the public schools, colleges, and universities supported by the State of Texas.

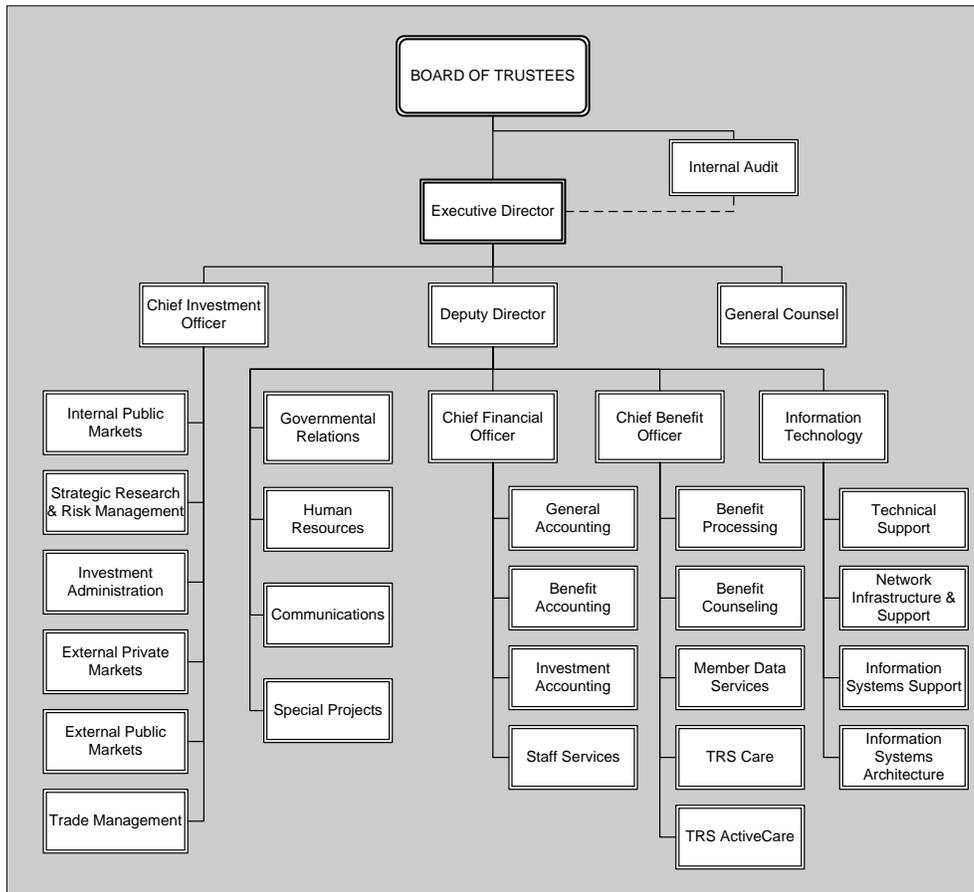
TRS operates out of two adjoining buildings at 1000 Red River Street in downtown Austin, Texas, as well as 47,034 square feet of leased space at 816 Congress Avenue that houses the TRS Investments Management Division. The business of the system involves two broad functions: administering benefits and managing investments. The financial, information technology, and administration areas provide essential services to the system’s mission-critical divisions (see the organization chart on the following page). 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 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.

Fiscal Year	Pension Fund	TRS-Care	TRS-ActiveCare	403 (b) Program	TRS Total
2010	475	32	21	2	530
2008	435	30	21	—	486
2006	427	22	17	—	466

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.

TRS Organizational Chart as of 9/1/2010:



The Pension Trust Fund administrative expenses, including staffing, are controlled by an annual budget approved by the board of trustees. The State of Texas appropriated an administrative operations budget for the TRS Pension Trust Fund of \$63,482,415 and \$60,985,267 for fiscal years 2010 and 2011, respectively. Included in each of these amounts is \$3.7 million of funding from General Revenue with the remainder to be funded directly from the Pension Trust Fund. The LBB and Governor’s Office subsequently directed the return of the \$3.7 million per year of General Revenue as part of a statewide effort to reduce spending from General Revenue/General Revenue Dedicated funds by 5 percent. To the extent the General Revenue reduction exceeded the 5% target, as per the reduction plan approved by the LBB and Governor’s Office, the reduction will be offset with additional funding from the Pension Trust Fund as necessary to maintain current operations. For the 10 year period from 2000 through 2009, funding sources of the TRS Pension Trust Fund have averaged as follows:

- Employer contributions—3.7 percent.
- State contributions—21.5 percent.
- Member contributions—28.1 percent.
- Investment income—46.7 percent.



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:

1. To deliver retirement and related benefits authorized by law for members and their beneficiaries.
2. To prudently invest and manage the assets held in trust for members and beneficiaries in an actuarially sound system administered in accordance with applicable fiduciary principles.

B. Strategic Goals and Objectives

TRS has the following goals:

GOAL 1: To assure the financial soundness of the pension system.	
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. ◆ Conduct regularly scheduled meetings of the TRS Valuation Committee to review material accuracy of investment valuations. ◆ Ensure that discrepancies between reported Partnership valuations and TRS calculated valuations are less than +/- 0.5% for each partner.
Objective	Generate a ten-year average investment return of at least eight percent.
Strategies	<ul style="list-style-type: none"> ◆ Outperform investment benchmarks through professional asset allocation, risk management and execution. ◆ Create a culture of professionalism that enhances the investment division’s stability and ability to generate long term improvements. ◆ Develop deep and proprietary long-term relationships with the world’s most effective investment organizations. ◆ Develop, procure, and support technology systems that enable sound but rapid investment decisions in a dynamic environment.



GOAL 2: To facilitate the financial soundness of the retiree health benefit program and offer a program that is responsive to and valued by enrollees.	
Objective	Maintain a fund balance to sustain solvency through no less than a two-year period.
Strategies	<ul style="list-style-type: none">◆ Evaluate long-term funding solutions to ensure ongoing solvency.◆ Establish appropriate premiums and plan design.◆ Achieve favorable pricing through competitive bidding.◆ Administer successful cost savings programs.◆ Provide accurate and timely information to facilitate projections.◆ Provide accurate and timely information to legislature.◆ Contract with external audit firm and conduct audit.
Objective	Provide TRS-Care enrollment, claims, and customer services such that at least 85% of eligible retirees will consider them satisfactory or better.
Strategies	<ul style="list-style-type: none">◆ Include relevant contractual performance measures and related financial penalties in the health plan administrator contract.◆ Monitor performance reports from plan administrator and take appropriate corrective action as needed.◆ Conduct periodic customer satisfaction surveys, and make appropriate adjustments as needed to address deficiencies.
Objective	Provide health claim services such that at least 95% of claims are adjudicated within 14 days of receipt.
Strategies	<ul style="list-style-type: none">◆ Include relevant contractual performance measures and related financial penalties in the health plan administrator contract.◆ Monitor performance reports from plan administrator and take appropriate corrective action as needed.
GOAL 3: To administer a sustainable public education employee health benefit program that is responsive to and valued by enrollees.	
Objective	Maintain a fund balance to sustain solvency through no less than a one-year period.
Strategies	<ul style="list-style-type: none">◆ Establish appropriate premiums and plan design.◆ Achieve favorable pricing through competitive bidding.◆ Administer successful cost savings programs.◆ Provide accurate and timely information to facilitate projections.
Objective	Maintain a customer satisfaction rate of at least 85% for medical benefits delivered through the TRS-ActiveCare self-funded Preferred Provider Plans (PPO).
Strategies	<ul style="list-style-type: none">◆ Include relevant contractual performance measures and related financial penalties in the health plan administrator and pharmacy benefit manager contracts, and monitor results.◆ Conduct periodic customer satisfaction surveys, and make appropriate adjustments as needed to address deficiencies.



Objective	Maintain a customer satisfaction rate of at least 90% for prescription drug benefits delivered through the TRS-ActiveCare self-funded Preferred Provider Plans (PPO).
Strategies	<ul style="list-style-type: none"> ◆ Include relevant contractual performance measures and related financial penalties in the health plan administrator and pharmacy benefit manager contracts, and monitor results. ◆ Conduct periodic customer satisfaction surveys, and make appropriate adjustments as needed to address deficiencies.
Objective	Provide health claims service such that at least 97% of complete medical claims are adjudicated within 14 calendar days.
Strategies	<ul style="list-style-type: none"> ◆ Include relevant contractual performance measures and related financial penalties in the health plan administrator and pharmacy benefit manager contracts, and monitor results.
GOAL 4: To deliver superior customer service by providing accurate, timely and relevant information to all TRS stakeholders using both traditional and innovative delivery methods.	
Objective	Process 98% 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. ◆ Work with IT to continue improving 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	Process 95% of death benefit payments within 31 days of receipt of all required documents.
Strategies	<ul style="list-style-type: none"> ◆ Provide quality initial and ongoing staff training. ◆ Cross-train staff members to provide assistance during peak periods. ◆ Work with IT to continue improving 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	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	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 take corrective action as indicated.◆ Maintain a flexible staffing schedule in order to have adequate staff available during peak call volumes.◆ Provide quality initial and ongoing staff training.
Objective	By 2013, complete a detailed feasibility study for modernization of legacy information systems.
Strategies	<ul style="list-style-type: none">◆ Contract with external consultants to conduct a detailed feasibility study and provide recommendations for moving forward with a legacy modernization effort.
Objective	By 2012, receive 100% of "Reports of Final Deposit" electronically.
Strategies	<ul style="list-style-type: none">◆ Implement the 'Electronic Communications with Reporting Entities' project.
Objective	By 2012, increase the number of members registered with user IDs and passwords by 300%
Strategies	<ul style="list-style-type: none">◆ Provide new and enhanced services on the TRS Web site to attract and retain active users.◆ Issue online passwords to all TRS members and annuitants.
Objective	By 2015, develop the capability for members to conduct 6 major business transactions via the TRS web site
Strategies	<ul style="list-style-type: none">◆ Complete the 'eForms and Self-Service Applications' project.
Objective	By 2015, increase the percentage of reporting entity payroll reports completed by the second business day after the due date by 10%.
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	By 2013, implement annual technology assessments for the top five critical business-driven processes.
Strategies	<ul style="list-style-type: none">◆ Identify the 5 most critical business-driven processes and determine the optimization level for those processes.◆ Identify the criteria for determining when the optimization level needs improvement.◆ Redefine the IT governance structure and re-purpose the IRSC.



GOAL 5: To develop and retain a high performing, customer focused staff that conducts business in an effective and ethical manner.	
Objective	Demonstrate continued effective staffing, compensation, development, and workforce management processes by: <ul style="list-style-type: none">◆ Maintaining a rate of no less than 95% of newly hired or rehired employees successfully completing their initial 6-month probationary period.◆ Maintaining an overall TRS turnover rate no greater than 75% of the statewide agency average turnover rate.◆ Maintaining an involuntary separation rate no higher than 3% of the total TRS workforce.
Strategies	<ul style="list-style-type: none">◆ Provide feedback, systems, and consulting services to support TRS leaders in their staffing, compensation, development, and workforce management efforts.
Objective	To maintain an organizational culture to attract, develop and retain a high performing workforce, as evidenced by maintaining or increasing the organization-wide TRS Survey of Employee Engagement (SEE) Summary Construct Scores each year from 2011 to 2015 as benchmarked against the 2009/2010 SEE scores.
Strategies	<ul style="list-style-type: none">◆ Perform an analysis of lower scoring constructs/departments and develop active management plans to address all construct items.
Objective	To increase talent development as a business imperative in recruiting and retaining high performing employees, as evidenced by a 5% increase in the number of training and development opportunities available to staff during FY 2011 – FY 2015 as benchmarked against FY 2010.
Strategies	<ul style="list-style-type: none">◆ Develop and implement a measurement system to monitor the number and effectiveness of completed training and development activities with an evaluation at an appropriate time afterward to determine whether the anticipated benefits were accrued.
Objective	By 2015, transition to a new financial accounting system.
Strategies	<ul style="list-style-type: none">◆ Complete a feasibility study and preliminary requirements specification to aid in the selection of the most effective approach to system replacement.◆ Acquire necessary resources to implement new financial accounting systems within schedule constraints.
Objective	By 2011, complete one, five, and 10 year division area-specific continuity plans to mitigate risks associated with loss of institutional knowledge and critical expertise.
Strategies	<ul style="list-style-type: none">◆ Review and update continuity plans annually.



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:

- ▶ Participation in the TRS-ActiveCare health benefit program will continue to grow over the next several years.
- ▶ 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

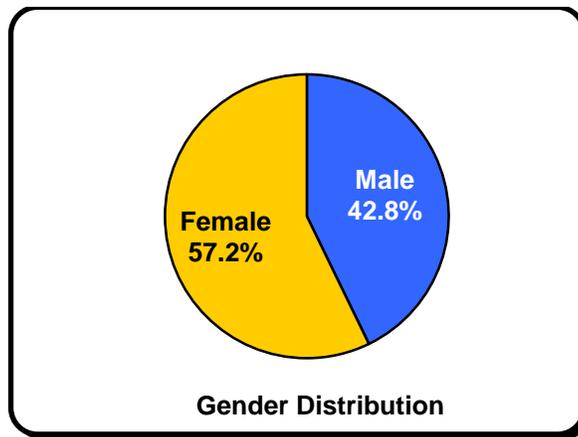
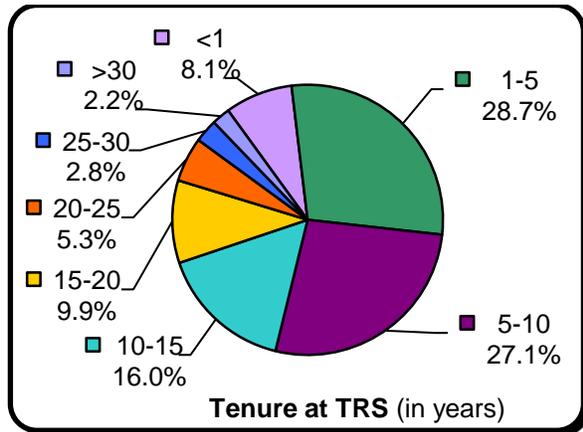
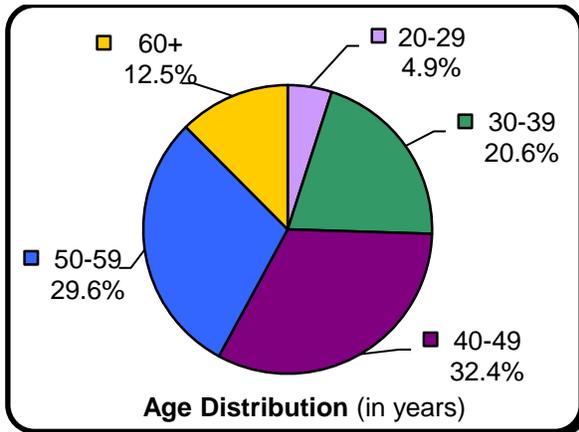
The skill sets that are currently most critical to TRS operations include:

- ▶ Business process analysis and design skills.
- ▶ Investment expertise, including diversified portfolio management skills.
- ▶ Customer service.
- ▶ Communication.
- ▶ 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 December 31, 2009 and include all regular full-time and part-time employees. The TRS workforce is comprised of 57 percent females and 43 percent males. Approximately 37 percent of employees have been with TRS less than five years. Approximately 42 percent are 50 years of age or older.



The following table compares the ethnic and gender composition of the TRS workforce (as of 8/31/2009) to the statewide civilian workforce as reported by the Texas Workforce Commission—Civil Rights Division (CRD). Categories in which TRS representation is appreciably lower (> 4.0%) 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	33.3%	13.2%	44.4%	31.9%	55.6%	66.2%
Official/Administrator	3.0%	9.0%	6.1%	23.9%	33.3%	38.8%
Professional	5.1%	11.7%	17.3%	19.9%	52.0%	54.5%
Service/Maintenance/ Paraprofessional	17.8%	12.8%	24.7%	44.8%	74.0%	39.7%
Technical	9.1%	17.0%	27.3%	27.0%	45.5%	55.6%



The organization's workforce diversity initiatives outline strategies for improving the diversity of its workforce, which 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 EEO 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.

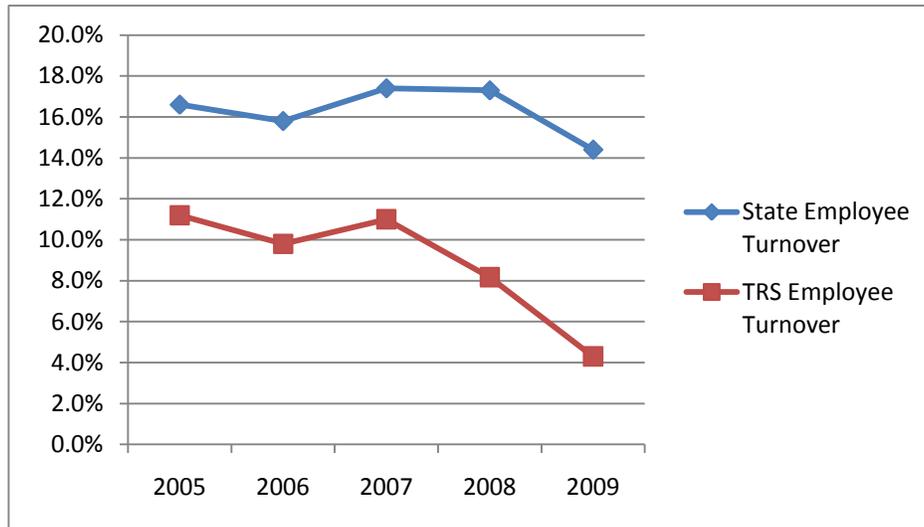
	African American	Hispanic American	Female
Total TRS Representation	9.3%	19.5%	57.2%
Austin/San Marcos MSA civilian labor force	7.9%	18.5%	46.2%

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 2009, TRS turnover was 4.3 percent, well below the state average of 14.4 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 and difficulty in replacing workers who leave. However, TRS has a goal to maintain a turnover rate no greater than 75% of the statewide average among state agencies for each of the next five years.

The response rate for TRS employees completing the State Auditor's online exit survey in fiscal year 2009 was approximately 37 percent. This rate is more than double the average response rate for all state agencies. The top three reasons departing employees gave for leaving were: "retirement," "better pay and benefits," and "no or little career advancement opportunities" (40 percent, 20 percent, and 20 percent, respectively). Eighty-seven percent of exiting 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.



D. Retirement Eligibility

Approximately 32 percent of regular, full-time TRS employees will reach retirement eligibility by 12/31/2014, with about 14 percent currently eligible to retire. Historically, many employees have elected to continue working at TRS well beyond the time when they first become eligible to retire. Agency management monitors retirement eligibility by area to identify trends and take any necessary action. The following chart shows the cumulative number and percentage of TRS employees who are eligible to retire in each of the next five years, and in ten years.

Eligible	Now As of 12/31/09	In 1 year As of 12/31/10	In 2 years As of 12/31/11	In 3 years As of 12/31/12	In 4 years As of 12/31/13	In 5 years As of 12/31/14	In 10 years As of 12/31/19
Number of Employees	68	12	14	17	26	19	81
Percent of Workforce	14.1%	2.5%	2.9%	3.5%	5.4%	3.9%	16.8%
		80	94	111	137	156	237
Cumulative Percentage	14.1%	16.6%	19.5%	23.0%	28.4%	32.3%	49.1%

III. Future Workforce Profile (Demand Analysis)

A. Expected Workforce Changes

The size of the population served by TRS continues to expand. As it does, so will the demand for higher levels of efficiency that maintain excellent customer service. Although workloads are likely to rise in proportion to the population served, TRS continues to apply technology to achieve gains in productivity that offset the increase in workloads. As a result, TRS has managed its increased workload without significant increases in its Full-Time Equivalent (FTE) employee allocation. However, the continued growth in size and complexity of the TRS trust fund may drive the need for additional investment staff, with a corresponding need for additional professional, technical, and administrative staff to support investment operations (such as information technology, accounting,



human resources, and legal functions). In the event that new responsibilities are assigned to the system as a result of legislation, additional staff may also be needed to accomplish the assigned functions.

The critical functions of TRS are:

- Delivery of benefits.
- Management of investment assets.
- Management of the TRS infrastructure.

No fundamental changes are anticipated in the business functions or major processes of the organization. However, the agency has major initiatives underway to review statutory provisions, streamline certain benefit administration processes, and deploy enhanced technology solutions related to critical needs. As a result, staff with specialized skill sets related to these initiatives may be needed. TRS continues to experience new challenges as a result of increasing levels of complexity and specialization in its critical functions. In the investments area, diversification of pension fund assets (designed to enhance the stability of investment returns over time) requires specialized skill sets that are in high demand. Similarly, continued growth in the health benefit plan for active members requires strategies for acquiring specialized expertise. TRS continues to develop skills within the current workforce, attract new staff with the required experience, 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 (including coaching skills, planning and problem-solving skills, and skills related to managing a diverse workforce).
- 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.

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 Internal Audit/Enterprise Risk Management) will:

- Participate in self-assessments of risk levels through the Enterprise Risk Management approach. Self-assessments will focus on the impact and likelihood of risk drivers related to workforce continuity and knowledge management.
- Develop customized action plans to address specific high-risk workforce continuity and knowledge management needs of the respective business units.
- 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** efforts to build the skills of current and prospective leaders.
- **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 will be conducted to identify the risk associated with and the likelihood of knowledge and talent loss. HR will 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.

Potential Gap:	Loss of institutional knowledge and critical expertise due to retirement of experienced staff.
<i>Goal</i>	Deploy knowledge management and critical expertise continuity best practices to address risks associated with retirement of experienced staff.
<i>Rationale</i>	Continuity of institutional knowledge and critical expertise ensures smooth transitions of essential functions as staff retire.
<i>Action Steps</i>	<ul style="list-style-type: none"> ▶ Conduct department-level assessments based on Enterprise Risk Management methodology. ▶ Develop 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.



Potential Gap:	Legislation assigning new or significantly expanded responsibilities to the agency.
<i>Goal</i>	Acquire necessary expertise to fulfill assigned responsibilities.
<i>Rationale</i>	TRS must maintain a state of readiness to implement any assignment of responsibility by the legislature.
<i>Action Steps</i>	<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.

Potential Gap:	Increased competition for experienced staff in certain fields.
<i>Goal</i>	Create a work environment that, combined with initiatives to maintain reasonably competitive compensation packages, supports retention of high-demand staff.
<i>Rationale</i>	Retention of staff, when feasible, is both more cost-effective and efficient than recruiting and training replacement staff.
<i>Action Steps</i>	<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.
<i>Goal</i>	Provide a smooth transition of responsibilities when critical staff members leave the agency.
<i>Rationale</i>	TRS must ensure that critical functions are maintained despite turnover.
<i>Action Steps</i>	<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.