

# STATE PENSION REVIEW BOARD

## STRATEGIC PLAN

2021-2025

PENSION REVIEW BOARD

P.O. BOX 13498

AUSTIN, TX 78711-3498

(512) 463-1736

(800) 213-9425



# AGENCY STRATEGIC PLAN

FOR THE FISCAL YEARS 2021-2025

BY  
STATE PENSION REVIEW BOARD

<u>BOARD MEMBER</u>	<u>TERM EXPIRES</u> JANUARY 31	<u>HOMETOWN</u>
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DATE OF SUBMISSION: June 1, 2020

SIGNED: Anumeha K.

Anumeha Kumar, Executive Director

APPROVED: Stephanie V. Leibe

Stephanie V. Leibe, Chair

Date Approved: 05/29/2020



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## **AGENCY MISSION**

The Pension Review Board (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. The mission of the PRB is to provide the State of Texas with the necessary information and recommendations to help 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 retirement systems.

### **Main Functions**

The PRB acts in accordance with the highest standards of ethics, accountability, efficiency, and openness. The main functions of the PRB are to:

- Conduct a **continuing review** of all public retirement systems;
- Conduct **intensive studies** of potential or existing problems that threaten the actuarial soundness of public retirement systems;
- Provide **educational services** to the trustees and system administrators of Texas public retirement systems;
- Provide **information and technical assistance**;
- Recommend **policies, practices, and legislation** to public retirement systems and appropriate governmental entities; and
- Prepare **actuarial impact studies** on proposed legislation.

### **Organizational and Fiscal Aspects**

#### **Board and Staff**

The Board is composed of seven members appointed by the Governor with the advice and consent of the Senate. The PRB members are experts in areas relating to public pensions and governmental finance.

The PRB is a small agency with a limited number of employees. The agency currently has 11 employees including the executive director with two vacant positions. The agency is authorized for 13 total full-time equivalents (FTEs). Due to the technical nature of public pensions, qualified and well-trained staff is paramount to fulfilling the agency's mission. Given the PRB's limited resources, staff recruitment and retention is the agency's greatest challenge.

#### **Budget**

Fiscal years 2020-2021 appropriations for the PRB totaled \$2,257,498. The funding source for the appropriations was the General Revenue Fund. Of the agency's appropriations for FY 2020-2021, nearly 91% was dedicated to salaries and wages.



**AGENCY OPERATIONAL GOALS AND ACTION PLANS**

**Goal 1.** Provide information, analysis, comparative data, technical assistance, and recommendations to public retirement systems, the legislature, and other stakeholders.

**SPECIFIC ACTION ITEMS TO ACHIEVE GOAL**

- Utilize plan data to issue regular financial, actuarial, and compliance reports to provide updates on the funding progress, financial health and reporting compliance of public retirement systems.
- Promote transparency and public knowledge of Texas public retirement systems’ long-term fiscal health, benefit structures, governance and other components by maintaining an online dashboard for public pension data.
- Publish data-intensive reports such as the *Guide to Public Retirement Systems in Texas*. This is a compendium of general and comparative information on all actuarially funded systems and is published biennially. Similarly, the biannual *Texas Local Fire Fighters Retirement Act (TLFFRA) Pension Report* includes actuarial, financial, and benefit information specifically for plans established under the Act.
- Conduct research and interim studies on potential issues impacting public pension systems.
- Prepare actuarial impact statements for legislation that would affect the benefits or liabilities of a public retirement system.
- Provide technical assistance to the systems and their members, the Legislature, other agencies, and the public upon request.
- Provide analysis and recommendations regarding issues facing public retirement systems to the Legislature.

**HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE**

**1. Accountable to tax and fee payers of Texas.**

The agency consistently updates its Board on analyses of Texas retirement systems during open meetings and provides up-to-date information to systems, the legislature, and the public through the agency website.

**2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.**

The agency evaluates the usefulness and efficiency of the delivery of information to its stakeholders. By making improvements such as asking for and providing electronic information rather than paper, the agency produces less waste and allows for a greater access to its larger reports and information.

**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.**

The information and analysis provided by the agency helps achieve the PRB’s mission to provide the State of Texas with the necessary information and recommendations to help ensure that Texas public retirement systems are well managed.



**4. Attentive to providing excellent customer service.**

The agency's strong emphasis on technical assistance supports this statewide objective through the prompt response to inquiries and complaints. The PRB responds to all requests made by its service population and makes certain to provide any and all information requested. Also, the agency utilizes feedback and results from its Customer Service and Educational Services surveys to improve customer service.

**5. Transparent such that agency actions can be understood by any Texan.**

The agency utilizes its website to provide a large amount of data concerning Texas public retirement systems, including its actuarial reports in an Excel format, which allows the end-user to fully utilize the data. The PRB maintains an online data center to provide current public pension data in a searchable, user friendly format. Also, to allow for optimal availability of the information discussed during PRB meetings, the agency live streams and archives board meetings on the agency website.



**Goal 2.** Help public retirement systems achieve and maintain actuarial soundness and remain well-managed in their administration and investments, so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

**SPECIFIC ACTION ITEMS TO ACHIEVE GOAL**

- Review and analyze all required reports from systems, including Funding Policies, Investment Practices and Performance Evaluations, Annual Financial Reports, Investment Returns and Assumptions Reports, Actuarial Valuations, Actuarial Audits, Experience Studies, Summary Plan Descriptions, Investment Policies, and Funding Soundness Restoration Plans.
- Conduct intensive actuarial reviews of systems that may have problems threatening their financial or actuarial health by analyzing their current actuarial and financial data; historical trends in contribution sufficiency, cash flow, and investment returns; benefit structure; membership; and by assessing the possible risks' impact on long-term sustainability.
- Review, analyze and summarize Funding Policies and Investment Practices and Performance Reports received from systems, as required by statute.
- Monitor new required information on investment-related expenses, including direct and indirect fees and commissions, paid by systems.
- Provide educational courses for trustees to assist them with fulfilling their roles as system fiduciaries.

**HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE**

**1. Accountable to tax and fee payers of Texas.**

The agency provides comparative data to help public retirement systems achieve and maintain actuarial soundness so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

**2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.**

The agency regularly reviews internal processes to identify opportunities for improvement and efficiency. For example, staff was able to use technology to streamline the preparation of a regular board report so that instead of taking multiple weeks to complete a single report, it would take multiple days. Improvements such as this allow the agency to spend more time on research and analysis rather than formatting reports.

**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.**

A main function of the agency is to conduct a continuing review of all systems. The agency reviews reports as they are submitted, ensuring that the information is kept as current as possible. The agency continually looks for ways to improve its analysis and reporting, including communicating with systems regarding reporting questions to help ensure accuracy of its analysis.



**4. Attentive to providing excellent customer service.**

The PRB is committed to helping all constituents. For example, when there are new reporting requirements, systems often request guidance and templates. The agency fulfills this request for the convenience of its constituents.

**5. Transparent such that agency actions can be understood by any Texan.**

All financial, actuarial, and compliance reports are published on the PRB website in meeting packets and as standalone reports. Financial, actuarial and benefit information is also published on the agency's online data center. The agency attempts to include plain language explanations of technical actuarial concepts, as well as glossaries in our publications and data center. Also, the PRB often works with stakeholders when updating board policies and when implementing new laws.



**Goal 3.** Conduct intensive studies of potential or existing problems that threaten the financial or actuarial condition of Texas public retirement systems.

**SPECIFIC ACTION ITEMS TO ACHIEVE GOAL**

- Conduct intensive actuarial reviews of systems that may have problems threatening their financial or actuarial health by analyzing their current actuarial and financial data; historical trends in contribution sufficiency, cash flow, and investment returns; benefit structure; membership; and by assessing the possible risks' impact on long-term sustainability.
- Report the results of intensive actuarial reviews to the Board, systems, sponsoring governmental entities, and the Legislature through the Biennial Report in November of each even-numbered year.
- Communicate with retirement systems and their sponsoring governmental entities throughout the review process to keep them informed of review findings and provide technical assistance, as well as provide opportunities for input.
- Evaluate submitted funding policies and funding soundness restoration plans and communicate the agency's analysis with retirement systems and their sponsoring governmental entities.
- Provide plan-specific reports, presentations, and analyses to the Board and the Legislature.
- Publish agency white papers and interim studies regarding current issues in public pensions.
- Conduct studies and provide reports on overall investment market trends and assumptions.
- Analyze submitted investment practices and performance evaluation reports and investment fee information.

**HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE**

**1. Accountable to tax and fee payers of Texas.**

Agency staff carefully reviews retirement system and other relevant information and utilizes the Board's *Policy for Determination of System Actuarial Review*, to raise warning flags regarding potential problems before they escalate.

**2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.**

The PRB staff collaborates with public retirement systems during their review process to provide valuable research and analysis that helps systems accurately assess and address funding issues.

**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.**

The PRB continuously calculates the percentage of actuarially funded defined benefit public retirement systems that are actuarially sound through the review of actuarial valuations. The PRB's policies are updated appropriately in conjunction with revised state laws or other regulations to meet current industry best practices to help ensure long-term financial health of public retirement systems.

**4. Attentive to providing excellent customer service.**

The agency provides accurate information relating to its intensive studies to the systems, its sponsoring governmental entity, the Legislature, and the public. The reviews include recommendations to help system stakeholders improve financial and actuarial soundness of their systems. The PRB makes every effort to keep all stakeholders informed of each step during the intensive actuarial review process and staff is always available for technical assistance.

**5. Transparent such that agency actions can be understood by any Texan.**

For each board meeting, the PRB prepares a list of systems subject to the formulation of the funding soundness restoration plan, as well as a list of systems that are at risk of becoming subject to the formulation of the plan. Systems are monitored after initial placement on a list, and staff updates the Board on progress of plans after funding soundness restoration plan submission. Reports provided to the Legislature and the agency's Board are accessible on the PRB website for all interested parties.

To make the intensive actuarial review process transparent and open, the agency utilizes its internal process stemming from the PRB's *Policy for Determination of System Actuarial Review*. The internal actuarial review metrics spreadsheet is continually updated based on reports that are received by the PRB and helps to prioritize retirement systems in need of review. Also, as part of the intensive review process, the draft report is discussed at a committee meeting, where the retirement system and its sponsor are invited to comment on the draft report and answer any questions from the committee. Staff finalizes the report for adoption at the following Board meeting.



**Goal 4.** Educate public retirement system trustees, administrators, members, the public, and the Legislature on public pension concepts, topics, trends, and issues.

**SPECIFIC ACTION ITEMS TO ACHIEVE GOAL**

- Provide free online courses in core pension topics such as Actuarial Matters, Fiduciary Matters, Ethics, and Investments to assist system administrators and trustees with required training hours and educate system members, the Legislature, as well as the public.
- Accredite sponsors of external training courses or individual courses to enhance available training sources and increasing accessibility to training for trustees and administrators.
- Research important pension-related topics and publish white papers to educate stakeholders on those issues.
- Provide current pension-related resources through the agency website including best practices such as the *Model Ethics Policy*, investment policy guidance, the *Pension Funding Guidelines* and the *Principles of Retirement Plan Design* for all systems.
- Email weekly news clips to interested parties, with articles relating to public retirement systems in Texas as well as national issues.

**HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE**

**1. Accountable to tax and fee payers of Texas.**

The agency empowers public retirement system trustees and administrators to make fully informed decisions as fiduciaries through high quality education. The agency also publishes links to industry best practices and other helpful resources on the PRB website.

**2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.**

The agency ensures access to high-quality education free of charge for trustees and administrators through the MET online courses and the course and sponsor accreditation process. Staff processes course approval and sponsor accreditation requests in a timely manner. The agency also recently amended its rules, reducing the frequency of education-related reporting, which will allow for more efficient use of staff resources to record compliance information and lighten the administrative load on the systems.

**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.**

The agency constantly works to improve the quality and accessibility of its educational offerings and provides opportunities for feedback to facilitate high overall satisfaction with educational services. The PRB is currently working to update the courses to ensure they reflect the most recent information and recommended industry practices.

**4. Attentive to providing excellent customer service.**

The agency provides free online education in public pension topics to system trustees and administrators, the legislature, and the public, through the agency’s website. Also, staff accredits other educational sponsors, and continually monitors to ensure sponsors are maintaining PRB educational



standards. The PRB readily assists systems with navigating educational requirements to allow system trustees and administrators to easily gain knowledge they need as system fiduciaries.

**5. Transparent such that agency actions can be understood by any Texan.**

The PRB provides free online courses in plain language. Each course includes visuals, examples and knowledge checks so that the highly technical pension information is easily accessible.



**Goal 5.** Monitor and help ensure public retirement system compliance with laws and regulations.

**SPECIFIC ACTION ITEMS TO ACHIEVE GOAL**

- Track reporting of compliance with Chapter 802 of the Government Code through the agency’s financial/actuarial database as well as with the agency’s training database.
- Track trustee’s and system administrators’ compliance with MET requirements to help ensure they have the necessary knowledge to effectively discharge fiduciary duty.
- Work with non-compliant retirement systems by providing one-on-one assistance, deadline reminders, and other resources to help bring them into compliance with state reporting requirements.
- Monitor changes to state and federal laws and regulations and communicate updates to the public retirement systems via the PRB website, news clips publication, memorandums, and online courses.
- Publish updated Government Code and TLFRA statute to provide public retirement systems with current state laws.
- Provide guidance to public retirement systems, including the development of sample policies and optional templates to help ensure all required information is reported as required by state law.

**HOW GOALS AND ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE**

**1. Accountable to tax and fee payers of Texas.**

The PRB reports retirement system compliance with financial, actuarial, and training requirements to the board and the Legislature.

**2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.**

The agency monitors processing times of financial, actuarial, and training reports to ensure maximum efficiency. The PRB uses centralized databases to minimize errors and decrease report generation time. Internal procedures are periodically reviewed and streamlined to eliminate unnecessary tasks and redundancies.

**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.**

The PRB works with public retirement systems to help ensure a substantial number of systems are compliant with state reporting requirements.

**4. Attentive to providing excellent customer service.**

The agency clearly communicates with systems to provide updates on laws and regulations. The PRB provides reminders and enforcement notices regarding reporting and training compliance due dates. Agency staff provides specialized assistance in the form of research, comparative data, and other information to help systems accurately and promptly report required information.



**5. Transparent such that agency actions can be understood by any Texan.**

Compliance reports are published and placed on the PRB website quarterly. The PRB recently updated and posted to its website the *Summary of Reporting Requirements for Texas Public Retirement Systems*, which provides summaries of the required reports and outlines all reporting deadlines. The agency consistently communicates compliance status with plan sponsors and maintains a regularly updated list of Plans Non-Compliant Over 60 Days on its website.



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**REDUNDANCIES AND IMPEDIMENTS**

The PRB does not have any redundancies or impediments to report.



**SUPPLEMENTAL SCHEDULES**



**BUDGET STRUCTURE**

**Goal 01:** Provide information and recommendations to help ensure that actuarially funded defined benefit Texas public retirement systems are actuarially sound and well managed in their administration and investments, so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

<p><b><u>Objective 01-01 Determine Actuarial Condition of Defined Benefit Public Retirement Systems</u></b></p> <p>To determine the actuarial and/or financial condition of all actuarially funded defined benefit Texas public retirement systems registered with the State Pension Review Board such that 95 percent of these systems are actuarially or financially sound by the end of fiscal year 2025; and to monitor reporting requirements so that 85 percent of these systems are in compliance each year.</p> <p><b>Outcome Measures</b>                  01-01.01 Percent of Actuarially Funded Defined Benefit Texas Public Retirement Systems That Are Actuarially Sound                   01-01.02 Percent of Public Retirement Systems in Compliance with Reporting Requirements</p>	<p><b><u>Strategy 01-01-01 Conduct Reviews of Texas Public Retirement Systems</u></b></p> <p><b>Output Measures</b>                  01-01-01.01 Number of Compliance Actions Initiated                   01-01-01.02 Number of Reviews Completed</p> <p><b>Efficiency Measure</b>                  01-01-01.01 Percent of Reports Filed Within Time Frames After Non-compliance Notice</p> <p><b>Explanatory/Input Measures</b>                  01-01-01.01 Number of Public Retirement Systems Registered with the State Pension Review Board                   01-01-01.02 Estimated Value of Net Investments Owned by Texas Public Retirement Systems (Billions)</p>
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<p><b><u>Objective 01-02 Respond to Requests from Legislature and Public Retirement Systems</u></b></p> <p>Each year through 2025, respond to 100 percent of requests by providing the information required and services needed by PRB's service population to make informed decisions. Educate public employee retirement systems (PERS) and their members, the Legislature, and general public regarding public pension matters, including pension law and current issues such that 90 percent express satisfaction with educational services. Examine legislation for potential impact on Texas PERS and ensure that 100 percent of all actuarial impact statements are delivered prior to legislative hearings. Provide electronic access to public pension data.</p> <p><b>Outcome Measures</b></p> <p>01-02.01 Percent of Legislative and Public Retirement System Requests For Technical Assistance Answered</p> <p>01-02.02 Percent of Training Session Participants Satisfied</p> <p>01-02.03 Percent of All Constituents Satisfied With PRB Educational Services</p> <p>01-02.04 Percent of Public Retirement System Trustees and System Administrators in Compliance with Minimum Training Requirements</p>	<p><b><u>Strategy 01-02-01 Provide Technical Assistance; Issue Impact Statements; Educate</u></b></p> <p>Provide technical assistance and educational services to public retirement systems, including retirement systems that are organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas civil statutes); examine legislation for potential impact on Texas' public retirement systems; and provide electronic access to public pension data.</p> <p><b>Output Measures</b></p> <p>01-02-01.01 Number of Impact Statements Issued</p> <p>01-02-01.02 Number of Persons Participating In Training Sessions</p> <p>01-02-01.03 Number of Technical Assistance Reports Provided By Staff</p> <p>01-02-01.04 Number of Responses To Requests For Technical Assistance</p> <p>01-02-01.05 Number of Training Applications Reviewed</p>
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## **PERFORMANCE MEASURE DEFINITIONS**

### **GOAL**

Provide information and recommendations to help ensure that actuarially funded defined benefit Texas public retirement systems are actuarially sound and well managed in their administration and investments, so that members receive their entitled benefits with a minimum expenditure of taxpayer dollars.

### **Objective**

To determine the actuarial and/or financial condition of all actuarially funded defined benefit Texas public retirement systems registered with the State Pension Review Board such that 95 percent of these systems are actuarially or financially sound by the end of fiscal year 2025; and to monitor reporting requirements so that 85 percent of these systems are in compliance each year.

### **Strategy**

Conduct reviews of Texas public retirement systems.

### **Objective**

Each year through 2025, respond to 100 percent of requests by providing the information required and services needed by PRB's service population to make informed decisions. Educate public employee retirement systems (PERS) and their members, the Legislature, and general public regarding public pension matters, including pension law and current issues such that 90 percent express satisfaction with educational services. Examine legislation for potential impact on Texas PERS and ensure that 100 percent of all actuarial impact statements are delivered prior to legislative hearings. Provide electronic access to public pension data.

### **Strategy**

Provide technical assistance and educational services to public retirement systems, including retirement systems that are organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas civil statutes); examine legislation for potential impact on Texas' public retirement systems; and provide electronic access to public pension data.

## **OUTCOME MEASURES**

### **Percent of Systems that are Actuarially Sound**

#### **Definition**

An actuarially funded defined benefit public retirement system is considered actuarially sound if the plan is in accordance with the most current Pension Funding Guidelines as adopted by the State Pension Review Board.

#### **Purpose/Importance**

The purpose of this measure is to ensure that the actuarially funded defined benefit plans registered with the PRB are actuarially sound and the benefits are equitably distributed with minimum expenditure of taxpayer dollars. This measure is important because it determines the



potential number of actuarially funded defined benefit plans that may be facing existing or imminent problems that could threaten the actuarial soundness of such plans.

**Source/Collection of Data**

Actuarial valuations of active defined benefit plans are the source of this data and the agency's actuarial and financial database tracks this number. Each actuarial valuation that is submitted to the PRB is reviewed by the PRB staff to determine the actuarial soundness of a public retirement system.

**Method of Calculation**

The number of actuarially funded defined benefit plans considered to be actuarially sound under the PRB's Pension Funding Guidelines divided by the total number of actuarially funded defined benefit plans. Non-cumulative.

**Data Limitations**

This number does not take into account the different actuarial valuation methodologies employed by actuaries.

**Calculation Type**

Noncumulative

**New Measure**

No

**Target Attainment**

Higher than target

**Percent of Systems in Compliance with Reporting Requirements**

**Definition**

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.

**Purpose/Importance**

The purpose of this measure is to determine the percentage of public retirement systems meeting their statutory reporting requirement. This measure is important because the PRB requires the reports submitted by the public retirement systems to fulfill its statutory obligations.

**Source/Collection of Data**

The agency's actuarial and financial database is the source for this data.

**Method of Calculation**

This is the number of compliant active actuarially funded defined benefit systems divided by the total number of active actuarially funded defined benefit systems. Non-cumulative.

**Data Limitations**

The agency depends on the retirement systems for timely filing of funding soundness restoration plans, investment practices and performance reports,

**Calculation Type**

Noncumulative



actuarial experience studies and audits, actuarial valuations; and changes to investment policies, plan designs, board composition and funding policies, as the agency would otherwise be unaware of such changes.

**New Measure:** No

**Target Attainment:** Higher than target

**Percent of Legislative and System Requests Answered**

**Definition**

This is the percentage of legislative and system 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.

**Purpose/Importance**

The purpose of this measure is to provide an indication of the responsiveness of the PRB staff to technical assistance requests. This measure is important because one of the charges of the PRB under its enabling statute is to provide technical assistance to its service population.

**Source/Collection of Data**

Technical assistance summary sheets are the source of this data. The information is entered into the technical assistance database including the type of assistance, identifying the number of legislative and system requests. This statistic is compiled into a spreadsheet.

**Method of Calculation**

The number of legislative and system requests completed divided by the total number of legislative and system requests. Non-cumulative.

**Data Limitations**

The data is limited to requests that can be documented on paper. This excludes requests for information taken and answered over the phone.

**Calculation Type**

Noncumulative

**New Measure**

No

**Target Attainment**

Higher than target

**Percent of Training Session Participants Satisfied**

**Definition**

The percentage of participants that express satisfaction with the training sessions.

**Purpose/Importance**

This measure is important because it measures the quality of training session content provided by the PRB to its participants.



**Source/Collection of Data**

Participants who have registered and completed training sessions, either online or in person, are provided optional surveys to comment on various categories, including content and delivery. The staff of the PRB compiles and tabulates the results of the surveys in a spreadsheet.

**Method of Calculation**

This is the number of surveyed training session participants that expressed satisfaction with the PRB's training sessions' content divided by the total number of surveyed training session participants.

**Data Limitations**

Some training session participants do not complete the survey.

**Calculation Type**

Noncumulative

**New Measure**

No

**Target Attainment**

Higher than target

**Percent of All Constituents Satisfied w/ Educational Services**

**Definition**

The percentage of plan administrators, trustees, members of Texas public pension funds, and other constituents satisfied with PRB educational services.

**Purpose/Importance**

The purpose of this measure is to determine the quality of educational services provided by the PRB to the administrators, trustees, and members of Texas public pension funds. This measure is important because it is a statutory duty of the PRB.

**Source/Collection of Data**

Plan administrators, trustees, members of Texas public pension funds, and other constituents receive an evaluation form annually to assess the performance of PRB educational services. The results from survey evaluations are compiled and tabulated in a spreadsheet.

**Method of Calculation**

This is the number of surveyed plan administrators, trustees, members of Texas public retirement systems, and other constituents that expressed satisfaction with the PRB programs divided by the total number of surveyed plan administrators, trustees, members of Texas public retirement systems, and other constituents that expressed an opinion with the PRB programs.

**Data Limitations**

Since the evaluation is optional, some plan administrators, trustees, members of Texas public

**Calculation Type**

Noncumulative



pension funds, and other constituents do not complete an evaluation form.

**New Measure**

No

**Target Attainment**

Higher than target

**Percent of Trustees, Administrators Complying W/ Minimum Training Requirements**

**Definition**

This is the percentage of trustees and system administrators who meet the minimum training requirements as established by the State Pension Review Board rules and/or policies.

**Purpose/Importance**

Public retirement system trustees and system administrators are required to meet the minimum training requirements under Section 801.211 of the Government Code. Minimum training requirements are intended to help ensure that trustees and system administrators receive the necessary training to successfully discharge their duties. This measure is important because the PRB is required to track and report the level of compliance with the minimum training requirements by trustees and system administrators to the Legislature.

**Source/Collection of Data**

The PRB utilizes agency forms which are completed by the plans, submitted to the PRB and entered into the agency's educational training program database and reviewed by staff to determine compliance with minimum training requirements.

**Method of Calculation**

The measure is calculated by dividing the number of individual trustees and system administrators meeting the minimum training requirements, as established by PRB rules, by the total number of trustees and system administrators, as reported to PRB.

**Data Limitations**

The agency depends on the public retirement systems to timely report trustee or system administrator changes as well as compliance with the minimum training requirements by their trustees and system administrators.

**Calculation Type**

Noncumulative

**New Measure**

No

**Target Attainment**

Higher than target



**EFFICIENCY MEASURES**

**Percent of Reports Filed within Time Frames After Non-compliance Notice**

**Definition**

This is the percentage of pension systems that submit reports required under Chapter 802 within the established time period, as determined by PRB rules and/or policies, after notification of the system's non-compliant status.

**Purpose/Importance**

The purpose of this measure is to determine the effectiveness of the non-compliant notification process and in turn the PRB's efficient utilization of the said process to bring the public retirement systems in compliance with their statutory reporting requirements. This measure is important because the PRB requires the reports submitted by the public retirement systems to fulfill its statutory obligations.

**Source/Collection of Data**

The agency's actuarial and financial database is the source of the data.

**Method of Calculation**

This is the total number of systems that submitted reports required under Chapter 802 within the prescribed time period, as determined by PRB rules and/or policies, after notification of the system's non-compliant status divided by the total number of systems that received a notification of the system's non-compliant status. Non-cumulative.

**Data Limitations**

N/A

**Calculation Type**

Noncumulative

**New Measure**

No

**Target Attainment**

Higher than target

**EXPLANATORY MEASURES**

**Number of Systems Registered with SPRB**

**Definition**

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

**Purpose/Importance**

The purpose of this measure is to provide perspective on the number of constituents served by the PRB.

**Source/Collection of Data**

The agency's actuarial and financial database is the source of data.



**Method of Calculation**

The total number of systems registered with the PRB. Non-cumulative.

**Data Limitations**

NA

**Calculation Type**

Noncumulative

**New Measure**

No

**Target Attainment**

Higher than target

**Estimated Value of Investments Owned by Texas Retirement Systems (Billions)**

**Definition**

The total estimated value of net assets of all actuarially funded defined benefit Texas public pension funds registered with the PRB.

**Purpose/Importance**

The purpose of this measure is to provide the total estimated value of net assets of all actuarially funded defined benefit Texas public retirement systems registered with the PRB.

**Source/Collection of Data**

The annual financial reports submitted by the actuarially funded plans registered with the PRB in accordance with the statutory requirements are the source of this data. The information is entered into the agency's actuarial and financial database.

**Method of Calculation**

This is the sum of total net assets of the actuarially funded defined benefit Texas pension funds registered with the PRB.

**Data Limitations**

The data limitation is twofold. First, the financial data required to calculate the net assets is at least 7 months old (could be more) at any given time because as per the statute the pension funds have 7 months after the close of their fiscal year to report the data. Second, some plans do not comply with the statutory requirement of submitting their financial report within 7 months after the close of the plan's fiscal year. Hence, the most current data available on file for the pension fund is used for reporting purposes.

**Calculation Type**

Noncumulative

**New Measure**

No

**Target Attainment**

Higher than target



**OUTPUT MEASURES**

**Number of Compliance Actions Initiated**

**Definition**

All actuarially funded defined benefit Texas public pension plans are required by state law to submit certain annual reports to the PRB within 211 days of the end of their fiscal years. Using the agency's actuarial and financial 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.

**Purpose/Importance**

The purpose of this measure is to determine agency's efforts in keeping the public retirement systems in compliance with the state law. This measure is important because the PRB is charged under the state law to oversee the Texas public retirement systems by conducting reviews and compiling and comparing information based on the reports submitted by public retirement systems.

**Source/Collection of Data**

The agency's actuarial and financial database is the source of the data.

**Method of Calculation**

The total number of written enforcement notifications to systems. Cumulative.

**Data Limitations**

NA

**Calculation Type**

Cumulative

**New Measure**

No

**Target Attainment**

Higher than target

**Number of Reviews Completed**

**Definition**

A review of a public retirement system includes the review of the plan design, financial report, investment returns and assumptions report, investment policy, actuarial valuation, actuarial experience study, actuarial audit, funding soundness restoration plan, funding policy, investment practices and performance evaluation reports, or educational training reports.

**Purpose/Importance**

The purpose of this measure is to conduct a continuing review of public retirement systems and compile and compare information about benefits, creditable service, financing, and administration of systems. This measure is important because it is a statutory duty of the PRB.

**Source/Collection of Data**

The agency's actuarial and financial database, minimum educational training database, as well as the internal review tracking spreadsheets are the sources of data.

**Method of Calculation**

The total number of reviews. Cumulative.

**Data Limitations**

N/A

**Calculation Type**

Cumulative

**New Measure**

No

**Target Attainment**

Higher than target

**Number of Impact Statements Issued****Definition**

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.

**Purpose/Importance**

The purpose of this section is to determine if the PRB is fulfilling its statutory obligation of providing the impact statements. This measure is important because the PRB is charged under the state law to prepare and provide the actuarial impact statements.

**Source/Collection of Data**

The Legislative Budget Board's Fiscal Notes System is the source for this number.

**Method of Calculation**

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. Cumulative.

**Data Limitations**

N/A

**Calculation Type**

Cumulative

**New Measure**

No

**Target Attainment**

Higher than target

**Number of Persons Participating in Training Sessions****Definition**

The number of people who register for and complete, either online or in-person, PRB training sessions. A PRB training session may include an individual online course or an in-person seminar.



**Purpose/Importance**

The purpose of this measure is to determine the number of constituents, including the administrators, trustees, and members of Texas public retirement systems served by the PRB with regard to expanding their knowledge base and education. This measure is important because the PRB is charged under the state law to provide educational services to its constituents.

**Source/Collection of Data**

Lists of persons registering and completing, either online or in-person, PRB training sessions.

**Method of Calculation**

The total number of people who register for and complete, either online or in-person, PRB training sessions.

**Data Limitations**

NA

**Calculation Type**

Cumulative

**New Measure**

No

**Target Attainment**

Higher than target

**Number of Technical Assistance Reports Provided by Staff**

**Definition**

The number of unique technical assistance reports produced by 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 requirements.

**Purpose/Importance**

This measure is important because it determines the effectiveness of the agency in serving its constituents.

**Source/Collection of Data**

Technical assistance summary sheets are the source. The information is entered into the technical assistance database and tallied in a spreadsheet.

**Method of Calculation**

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

**Data Limitations**

The data is limited to requests that can be documented on paper. This excludes requests for information taken and answered over the phone.

**Calculation Type**

Cumulative

**New Measure**

No

**Target Attainment**

Higher than target.



**Number of Responses to Requests for Technical Assistance**

**Definition**

The number of requests for technical assistance responded to by the agency.

**Purpose/Importance**

The purpose of this measure is to determine the amount of requests for technical assistance received by the agency. This measure is important because the agency is required under state law to provide technical assistance upon request.

**Source/Collection of Data**

Technical assistance summary sheets as well as the financial and actuarial database are the source of this data. The information is entered into the technical assistance database and tallied in a spreadsheet.

**Method of Calculation**

The total number of responses to requests for technical assistance produced by the PRB staff. Cumulative.

**Data Limitations**

Given that staff is responsible for recording instances of providing technical assistance, data is limited to summary sheets and database entries recorded.

**Calculation Type**

Cumulative

**New Measure**

No

**Target Attainment**

Higher than target

**Number of Training Applications Reviewed**

**Definition**

The number of applications for sponsor accreditation and individual course approval reviewed.

**Purpose/Importance**

The purpose of this measure is to determine the number of applications for course approval and/or accreditation reviewed by the agency. This measure is important because the agency is required under state law to provide an educational training program and to make training classes reasonably accessible to trustees and system administrators of public retirement systems. One of the ways the agency does this is by allowing systems and other entities to become accredited and by approving courses individually if they are not provided by accredited sponsors.

**Source/Collection of Data**

The minimum educational training database and an internal review tracking spreadsheet is the source of this data.



**Method of Calculation**

The total number of applications reviewed by PRB staff. Cumulative.

**Data Limitations**

N/A

**Calculation Type**

Cumulative

**New Measure**

Yes

**Target Attainment**

Higher than target



## **HISTORICALLY UNDERUTILIZED BUSINESS PLAN**

The agency's Board has adopted Rule §604.1 under 40 TAC Part 17, establishing the agency's Historically Underutilized Business (HUB) Program. The program adopts by reference the HUB rules promulgated by the Comptroller of Public Accounts under 34 TAC Part 1, Chapter 20, Subchapter D, Division 1. The PRB makes a good faith effort to utilize HUBs in the procurement process of all goods and services whenever applicable for any dollar amount.

The following report addresses the requirement to describe plans to maintain compliance with Government Code Section 2161.123. The PRB will continue good faith efforts to meet its HUB goals for purchasing and contracting in fiscal years 2020 and 2021 by following its HUB Plan, as outlined below.

### **HUB Goal**

The PRB's HUB goal is to establish procurement and contracting practices that support the promotion and utilization of qualified HUBs in all applicable procurements, contracts, and subcontracts made by the agency by an increase of at least 10% above the statewide average.

### **HUB Objective**

To increase the PRB's use of HUBs in purchasing and public works contracting, the agency will make a good faith effort to utilize HUBs in the procurement process of all goods and services; whenever applicable for any dollar amount. The PRB will always strive to achieve and exceed the HUB Statewide goals whenever possible.

### **HUB Strategy**

The PRB is dedicated to meet and exceed statewide HUB expenditure goals for each procurement category. To maximize spending through HUB providers, the PRB implements the following strategies:

- Implements good faith efforts to identify, solicit, and utilize qualified HUBs in all applicable procurement opportunities;
- Uses the Centralized Master Bidders List (CMBL) to determine the availability of HUBs; and
- Utilizes statewide contracts from HUB providers, which are generated by the Comptroller of Public Accounts and Department of Information Resources, when available.

### **PRB's HUB Assessment Report**

The following assessment report complies with the requirement to submit an internal assessment evaluating the agency's efforts during the previous two fiscal years to increase the participation of HUBs in purchasing and public works contracting.

In fiscal year 2018, the PRB exceeded the statewide goal of 26% for "other services contracts" by 53.52%, spending 79.52% of its total expenditures in the category with HUBs. The PRB exceeded the statewide goal for fiscal year 2018 for "commodities contracts," spending 100% of total expenditures with HUBs.



This is 79.9% above the agency's goal of 21.10%. In 2018, the agency spent \$0 on the additional HUB categories as detailed in the chart below.

FISCAL YEAR 2018				
HUB Report Procurement Categories	Total Dollars Spent	Total Dollars Spent w/ HUBs	% of Dollars Spent w/HUBs	Statewide HUB Goal
Heavy construction other than building contracts	\$0.00	\$0.00	0.00%	11.20%
Building construction, including general contractors and operative builder contracts	\$0.00	\$0.00	0.00%	21.10%
Special trade construction contracts	\$0.00	\$0.00	0.00%	32.90%
Professional services contracts	\$0.00	\$0.00	0.00%	23.70%
Other services contracts	\$100,776	\$80,148	79.52%	26.00%
Commodity contracts	\$16,044	\$16,044	100%	21.10%

For fiscal year 2019, the PRB spent 100% of its expenditures for "special trade construction projects," with HUBs, exceeding the 32.90% statewide goal by 68.10%. The PRB spent 89.22% of its expenditures for "other services contracts" with HUBs, which exceeded the 26% statewide goal by 63.22%. For "commodities contracts," the PRB exceeded the statewide goal of 21.10% by 48.24%, spending 69.34% of its expenditures with HUBs. In 2019, the agency spent \$0 on the additional HUB categories as detailed in the chart below.

FISCAL YEAR 2019				
HUB Report Procurement Categories	Total Dollars Spent	Total Dollars Spent w/ HUBs	% of Dollars Spent w/HUBs	Statewide HUB Goal
Heavy construction other than building contracts	\$0.00	\$0.00	0.00%	11.20%
Building construction, including general contractors and operative builder contracts	\$0.00	\$0.00	0.00%	21.10%
Special trade construction contracts	\$1,618	\$1,618	100%	32.90%
Professional services contracts	\$0.00	\$0.00	0.00%	23.70%
Other services contracts	\$110,968	\$99,009	89.22%	26.00%
Commodity contracts	\$14,923	\$10,348	69.34%	21.10%

## **AGENCY WORKFORCE PLAN**

### **A. Overview**

To comply with regulations required by Government Code Section 2056.002, 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; and
- development of a strategy to meet agency staffing requirements.

Agency Workforce Snapshot: The PRB currently has 11 staff members including the executive director, and two vacant positions. The agency is authorized for 13 full-time equivalents (FTEs) with funding available for 13 FTEs.

Agency Mission: The mission of the PRB is to provide the State of Texas with the necessary information and recommendations to help 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 retirement systems.

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 any 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. Additionally, the board is charged to develop and administer an educational training program for trustees and system administrators of Texas public retirement systems. The Board is also authorized to develop and conduct training sessions, schools, or other educational activities. The Board can furnish other appropriate services such as actuarial studies and can establish appropriate fees for these activities and services.

The PRB service population consists of the current and future members, administrators, and trustees of 347 individual public retirement systems, as well as state and local government officials, and taxpayers.

Agency Strategic Goals and Objectives:

- Goal** Provide information and recommendations to help ensure that actuarially funded defined benefit Texas public retirement systems are actuarially sound and well managed in their administration and investments, so that members receive their entitled benefits with a minimal expenditure of taxpayer dollars.
- Objective** To determine the actuarial and/or financial condition of all actuarially funded defined benefit Texas public retirement systems registered with the State Pension Review Board such that 95 percent of these systems are actuarially or financially sound by the end of fiscal year 2025; and to monitor reporting requirements so that 85 percent of these systems are in compliance each year.
- Strategy** Conduct reviews of Texas public retirement systems.
- Objective** Each year through 2025, respond to 100 percent of requests by providing the information required and services needed by PRB's service population to make informed decisions. Educate public employee retirement systems (PERS) and their members, the Legislature, and general public regarding public pension matters, including pension law and current issues such that 90 percent express satisfaction with educational services. Examine legislation for potential impact on Texas PERS and ensure that 100 percent of all actuarial impact statements are delivered prior to legislative hearings. Provide electronic access to public pension data.
- Strategy** Provide technical assistance and educational services to public retirement systems, including retirement systems that are organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas civil statutes); examine legislation for potential impact on Texas' public retirement systems; and provide electronic access to public pension data.

**B. Current Workforce Profile (Supply Analysis)**

Current Workforce Demographics: As of June 2020, the agency's workforce of 11 FTEs was comprised of 54 percent males and 46 percent females. Overall, 36 percent of the agency's employees had more than 5 years' service, 19 percent had between 2-5 years, and 45 percent had less than 2 years' service. The average age of agency employees is 34. The staff is comprised of actuaries, managers, financial analysts, research specialists, accountants, investment analysts and other professional and support personnel. The PRB strives to fairly diversify its staff in its hiring procedures to be comparable to statewide workforce statistics. The current ethnic makeup of staff is 82 percent White; 9 percent Hispanic; and 9 percent Asian.

Employee Turnover: Turnover is an ongoing issue for a small agency such as the PRB. In both fiscal year 2018 and 2019, the PRB's turnover rate was 17 percent each year, with 2 employees exiting each fiscal year. These positions included the agency's investment analyst as well as the accounting support position. Because of the specialized experience necessary to understand the scope of the agency's work, employee turnover is the agency's largest on-going workforce issue.

Some anticipated limitations to attracting and retaining employees are:



- finding qualified applicants to apply to an open position;
- the ability to offer competitive compensation compared to similar jobs in the private sector; and
- heavier workload and burnout for current staff due to employee turnover at such a small agency.

Critical Workforce Skills: There are numerous 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
- Actuarial
- Administrative
- Auditing
- Database Administration
- Data Analysis
- Data Visualization
- Education and Training Delivery
- Financial Analysis
- Governmental Relations
- Policy Analysis
- Investment Analysis
- Forecasting
- Human Resources
- Mathematical Modeling
- Office Management
- Political/Legislative Experience
- Risk Analysis
- Writing, Editing, and Research

### **C. Future Workforce Profile (Demand Analysis)**

Expected Workforce Changes: The PRB requires certain financial and actuarial expertise to meet its objectives and goals. In addition, the PRB is constantly moving towards more data-driven, efficient communication within staff, to the legislature, and the agency's stakeholders. These workforce changes require the continuing recruitment of experienced applicants with the technical expertise required of this agency.

As a result of the recent COVID-19 pandemic, the economy has entered a financial downturn affecting financial markets worldwide. The decline of financial markets has a direct negative impact on Texas public retirement systems. The agency anticipates an increase in research projects and intensive actuarial reviews in the future, which results in increased workload for staff.

Future Workforce Skills Needed: The PRB will continue to need the critical workforce skills listed above. In addition, the agency may need more specialized policy analysis and legal and legislative research skills,



as well as financial analytical skills as the agency attempts to fill increasing requests for comparative information on pension developments in other states.

Critical Functions That Must Be Performed to Achieve Strategic Plan:

- Provide accurate information and analysis regarding public retirement systems;
- Conduct research into potential and existing pension issues;
- Educate public retirement systems, the public, and the Legislature;
- Monitor compliance with laws and regulations; and
- Continued collaboration with industry stakeholders.

**D. Gap Analysis**

Currently, a gap exists in the PRB's workforce due to two vacant positions; a research specialist position, which provides support in a research and policy analysis role, and data analyst position, which provides support with data analysis and visualization. Also, due to the agency's small size, substantial gaps might emerge rapidly in the future, with the departure of even one or two key employees. Due to the highly specialized nature of pension and actuarial expertise, the labor market may not be as well suited to providing qualified replacements for the most senior positions in the agency. Successfully replacing key positions with new employees with specialized pension/actuarial expertise has proven to be very difficult in the past and the agency is often challenged with a lack of qualified applicant pool. While pension/actuarial skills are scarce, they can be effectively developed within candidates with strong backgrounds in general financial analysis, but this takes time and resources. The agency provides extensive training to new and existing employees alike, to help minimize the gap of pension/actuarial expertise required to work at this agency.

**E. Strategy Development**

Skill Development: While the agency will continue to recruit future personnel to fill vacant positions, the agency is simultaneously focused on developing the requisite pension, actuarial and investment expertise of current staff. Development will help the agency overcome the scarcity of those specialized skills in the labor market. Another focus for skill development is the encouragement of staff to use training opportunities outside of the office to further already-existing skill sets or to develop new skill sets.

Staff Development Time: Due to the complexities of actuarial science found in pension analysis, development may require longer periods of training, perhaps exposure to many months of on-the-job experience. Understanding how to navigate the political and legislative environment is also experience-driven and will often take months or years to gain experience in those areas. The same is true of the agency's accounting and budget functions, which require knowledge of state systems and requirements.

Succession Planning: The agency has increased its ongoing efforts of succession planning for key positions through cross-training to ensure continuity of functions, encouraging professional development of staff, and creating detailed written procedures for important agency programs. There is a committed focus on improving documentation of strategic job descriptions for all agency positions, including the accountant



and actuary positions. Specialized knowledge, including financial, actuarial, and accounting has been captured and translated into procedural manuals. This will leave an informational reference and knowledge base for future administrators of the agency.

Retention Strategy and Leadership Development: Recent years have seen the departure of staff whose expertise is not easily replaced. Because of its significant impact on the agency, the PRB is making serious efforts to reduce turnover. The agency has implemented three key policies to retain valuable personnel.

- First, the flexibility of assignments 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.
- Second, to empower staff to step up into roles of higher responsibility and prepare qualified and experienced staff to move into leadership and management roles, which helps create a career ladder within the agency. To accomplish this, the agency has made professional development training to staff a high priority item by making available to staff professional development training in the area of leadership development. Also, to prepare qualified staff to carry out roles of management and leadership, senior staff provides mentoring opportunities.
- The third policy is the flexibility of schedules which allows staff to maintain a firm work-life balance essential for retaining valuable personnel. In the midst of COVID-19, staff was able to switch to remote work seamlessly. This was mainly due to the pilot telecommuting policy that was previously implemented.

Additionally, to help the agency improve retention, the 86<sup>th</sup> Legislature appropriated additional funds for the 2020-2021 biennium for merit salary increases for critical staff. To retain staff, the agency promoted certain key positions and has made equity adjustments to bring other staff positions closer to their peers at other state agencies.



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# State Pension Review Board

## Report on Customer Service

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May 2020

P.O. Box 13498

Austin, TX 78711-3498

(512) 463-1736 | (800) 213-9425

Fax: (512) 463-1882 | Email: [prb@prb.texas.gov](mailto:prb@prb.texas.gov) | Website: [www.prb.texas.gov](http://www.prb.texas.gov)



## Survey Objective & Inventory of External Customers

As part of the strategic planning process, the State Pension Review Board (PRB) conducts a biennial external assessment of the services provided by the agency. The most recent external assessment was conducted in April through May 2020. The survey was conducted through an online host service where participants remained anonymous and responses were automatically e-mailed to PRB staff for compilation and analysis.

To conduct the survey as efficiently as possible, the agency focused on its priority population of customers who are involved in significant agency services. On April 13, 2020, surveys were sent to 294 pension system trustees and administrators of actuarially-funded defined benefit systems, governmental contacts, as well as other PRB stakeholders. PRB services offered to this group of customers include conducting reviews of Texas public retirement system reports and providing technical assistance and education to plan administrators, trustees and members of Texas public retirement systems and the Legislature.

## Information Gathering Methods

The survey included questions on PRB service areas, staff, timeliness, website, communication, printed information, education, the agency's mission, transparency, and overall satisfaction. Respondents were also able to provide additional comments at the end of the survey on areas of improvement.

On April 13, 2020, e-mails containing links to the online survey were sent to 294 customers with a 4-week response period ending on May 8, 2020. Responses were received from 48 participants translating to a response rate of 16.33% - higher than the previous 2018 Customer Service Survey response rate of 11.94%. The 2018 survey experienced a lower response rate due to utilizing a larger participant group than was necessary. To more effectively identify direct PRB customers, the survey was sent to pension system trustees who have taken the PRB's online courses, rather than to all trustees.

In prior survey reports, the agency applied its own methodology for computing the results. For this survey, the PRB utilized the Office of the Governor and the Legislative Budget Board's standard list of questions and six required response categories. Additionally, the PRB provided questions specific to the agency's operations. The final survey included 14 questions, including one two-part question, representing the various customer service quality elements. Each question had 6 response categories: Very Unsatisfied, Unsatisfied, Neutral, Satisfied, Very Satisfied, and N/A (Not Applicable). These response categories were given the numerical representation of 1 through 5, respectively, and the "(N/A)" response received no score. The satisfaction ratings were measured on a 5-point scale, with 5 being "Very Satisfied," 1 being "Very Unsatisfied."

To interpret the responses for the 2020 survey, the results in each category were divided into two areas: Satisfied and Not Satisfied. The PRB then chose to tabulate a response of 4 or greater as "Satisfied," a response of 3 as "Neutral," and a response of 2 or lower as "Not Satisfied." To determine the final overall satisfaction percentage for each category, the total number of responses equaling 4 or greater was then divided by the total number of responses indicating a numerical value. To calculate the average ranking in each category, all numerical responses were summed and then averaged. The standard deviation



represents the deviation of response values from the calculated average. Larger standard deviations indicate that the average score was being strongly affected by outlier responses.

## Key Findings

The following tables show each question and the responses received under the response categories.

### Education and Mission

Q1 – How satisfied are you with the agency’s promotion of sound pension practices?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	1	3	17	26

Q2 – How satisfied are you with the overall openness and transparency of the PRB’s operations?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	4	18	26

Q3A – Have you taken the PRB’s Minimum Educational Training Program online courses?	
No	Yes
28	20

Q3B -How satisfied are you with the content of the training courses?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	2	9	9

Q4 - Overall, how satisfied are you with the agency’s educational services, including technical assistance, presentations, research papers, guidance, and online courses?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	7	16	19

### Staff

Q5 – How satisfied are you with agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	3	10	30

### Communications/Technical Assistance/Printed Information

Q6 – How satisfied are you that the PRB effectively communicates PRB policies, activities and reporting requirements under Chapter 802, Texas Government Code?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	4	19	25



Q7 – How satisfied are you with any agency brochures or other printed information, including the accuracy of that information?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	8	16	19

Q8 – How satisfied are you with agency communications, including toll-free telephone access, the average time you spend on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	4	9	25

**Internet Site**

Q9 – How satisfied are you with the agency’s Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the agency, and information accessible through the site such as a listing of services and programs and whom to contact for further information or to complain?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
1	0	4	18	22

Q10 – How satisfied are you with the agency’s Texas Public Pension Data Center, including ease of use and availability of information?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
1	0	7	15	17

**Complaint Handling/Timely Information**

Q11 – How satisfied are you with the agency’s complaint handling process, including whether it is easy to file a complaint and whether responses are timely?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	9	5	5

Q12 – How satisfied are you with the agency’s ability to timely serve you?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	7	11	26

**Facilities**

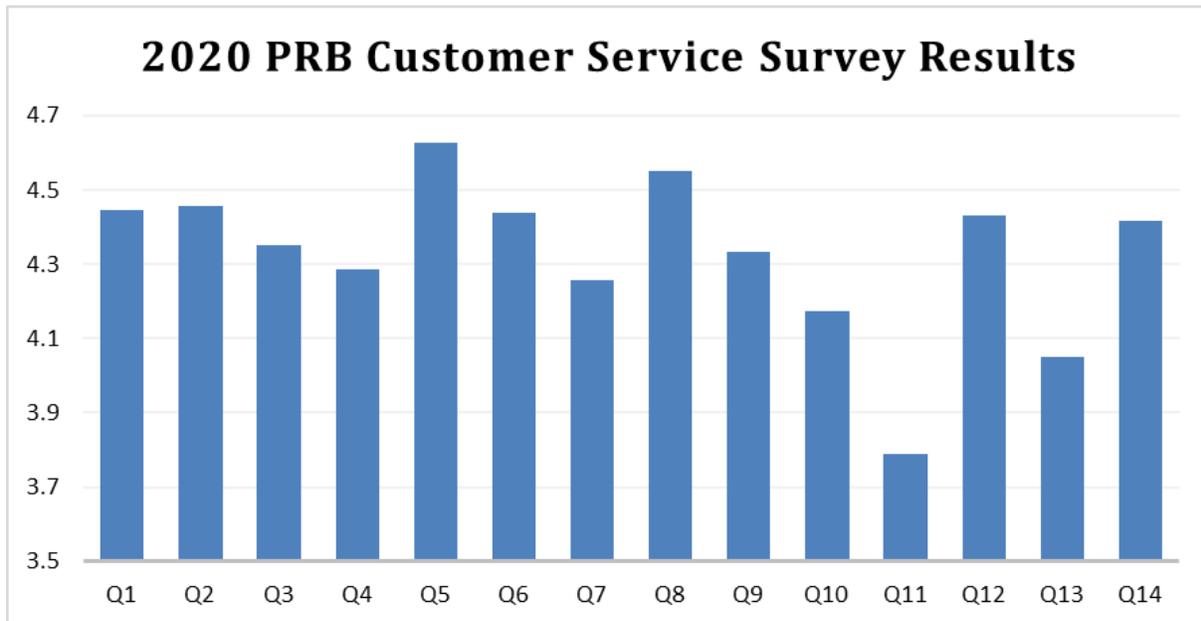
Q13 – How satisfied are you with the agency’s facilities, including your ability to access the agency, the office location, signs, and cleanliness?				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	6	7	7

**Overall**

Q14 – Please rate your overall satisfaction with the agency.				
Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
0	0	7	14	27



The chart below shows the average of the responses for each question. Responses of “N/A” or omissions were not counted towards the averages.



The table below shows the overall satisfaction percentages, and the average of the responses for each question with their respective standard deviations.

	Overall Percent Satisfied	Average Ranking	Standard Deviation
<b>Education and Mission</b>			
Q1 – Promotion of Sound Pension Practices	91.49%	4.45	0.72
Q2 – Openness and Transparency	91.67%	4.46	0.65
Q3A – Completion of MET Courses	N/A	N/A	N/A
Q3B – MET Course Content	90.00%	4.35	0.67
Q4 – Educational Services	83.33%	4.29	0.74
<b>Staff</b>			
Q5 – Agency Staff	93.02%	4.63	0.62
<b>Communications/Technical Assistance/Printed Information</b>			
Q6 – Chapter 802 Requirements	91.67%	4.44	0.65
Q7 – Printed Information	81.40%	4.26	0.76
Q8 – Agency Communications	89.47%	4.55	0.69



	Overall Percent Satisfied	Average Ranking	Standard Deviation
<b>Internet Site</b>			
Q9 – Internet Site	88.89%	4.33	0.83
Q10 – Data Center	80.00%	4.18	0.90
<b>Compliant Handling/Timely Information</b>			
Q11 - Complaints	52.63%	3.79	0.85
Q12 – Timeliness	84.09%	4.43	0.76
<b>Facilities</b>			
Q13 – Facilities	70.00%	4.05	0.83
<b>Overall</b>			
Q14 – Overall Satisfaction	85.42%	4.42	0.74

## Analysis of the Survey Findings

The results of the survey indicate overall satisfaction in most categories. 13 out of 14 survey questions received an average score above 4, indicating that the survey respondents are generally satisfied with the services provided by the PRB. The highest scoring customer-service categories were the PRB staff and education and mission, followed by the communications/technical assistance/printed information category. The lowest average score received for a question was a 3.79, which included 9 “Neutral” and 10 “Satisfied” responses.

The PRB tabulated a response of 4 or greater as “Satisfied,” a response of 3 as “Neutral,” a response of 2 or lower as “Not Satisfied.” Not applicable (N/A) responses were not included in the calculation.

### ***Education/Mission/Transparency***

The education, mission, and transparency category contained four questions, one of which had two parts. Overall, this category received very high satisfaction scores.

The first question, asking whether the agency promotes sound pension practices, received a satisfaction percentage of 91.49%, an average score of 4.45 and had a standard deviation of 0.72. In 2018, this question received the lowest overall percent satisfied (85.14%), lowest average ranking (3.18), and highest standard deviation (0.85). Although the addition of the “Neutral” response category alters the statistical values from 2018 to the 2020 survey, overall, the promotion of sound pension practices had the most improvement between the two surveys.

The second question, concerning openness and transparency, received a satisfaction percentage of 91.67%, an average score of 4.46 and had a standard deviation of 0.65, which tied for the second lowest standard deviation. The low standard of deviation indicates that many customers had similar positive experiences. The agency promotes sound pension practices and transparency in various ways; one of



which is through the intensive actuarial review process. While conducting these reviews, the agency works closely with a pension plan experiencing serious funding challenges to highlight areas of potential improvement and offer recommendations to help the plan get back on a path to solid financial footing. The reviews are discussed publicly at PRB meetings and both the plans and their governmental sponsors are invited to attend and testify during the meetings.

The third question in this section had two parts to capture the agency's performance measure concerning training participants' satisfaction with course content. The first part asked if the respondent has taken a PRB Minimum Educational Training Program online course. Of the 48 responses, 20 respondents answered that they had taken a course and 28 respondents that they had not. The second part of the question, directed towards the respondents that have taken courses, asked about satisfaction with course content and received a 90% satisfaction percentage. The agency is currently in the process of updating the online courses to reflect the most up-to-date industry best practices, recommendations, and laws.

The fourth and final question in this section asked about overall satisfaction with the agency's educational services. This question received a satisfaction percentage of 83.33%, an average score of 4.29, and had a standard deviation of 0.74. This question received the lowest satisfaction score of its category; however, the question did not receive any "Unsatisfied" or "Very Unsatisfied" responses. Additionally, this question had the highest number of "Neutral" ratings for the section, which lowered the averages, as the response was not calculated as satisfied. Feedback from respondents indicated that the lower scores for this question may have been due to a desire for more continuing education course options. The agency allows for trustees to retake core courses for continuing education credit as well as attend approved seminars and courses offered by third parties. The PRB is also considering effective ways to offer more continuing education content.

Comments related to this section include:

- I think the available courses are very good, I indicated neutral because I would like to see the PRB expand the content of the available courses so they could be taken to meet the continuing ed requirements.
- It would be great if you could add more online advanced training for trustees.
- Would like to see additional training for those who need the 2 year refresher.

### **Staff**

The staff category contained one question which received the highest overall satisfaction ranking of the survey. The question, "How satisfied are you with agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?" received a 93.02% overall satisfaction percentage, an average score of 4.63 and it had a standard deviation of 0.62, which was the lowest standard of deviation for all questions. The PRB staff strives to consistently assist all constituents with any technical assistance they may request.

The written feedback received from the survey discussing the staff's professionalism and ability included:

- Professional staff. Very helpful and willing to discuss items of concern.



- They do an amazing job particularly given the workload and staff size.
- The Staff of the PRB does a great job. They are to be commended.

### ***Communications/Technical Assistance/Printed Information***

The communications, technical assistance, and printed information category included three questions relating to the agency's ability to relay policies and the Texas Government Code Chapter 802 requirements, printed information, and the ability to communicate with agency staff.

The question relating to how effectively the agency communicates policies and reporting requirements under Chapter 802 of the Texas Government Code received the second highest satisfaction percentage of 91.67%. The question also had an average score of 4.44 and a standard deviation of 0.65, which was a tie for the second lowest standard deviation. The PRB prides itself on providing technical assistance to customers and helping systems to comply with statutory reporting requirements. For example, to help implement the new requirements from legislation passed during the 86<sup>th</sup> Legislature, the agency went through a public process to developed guidance, including a template to assist systems.

The question concerning agency brochures or other printed information received a satisfaction percentage of 81.40%. The agency provides printed materials and handouts at every Board and Committee meeting. Additionally, the PRB may mail printed materials by request. All information is always made available online which appears to be preferred over receiving printed materials.

The final question in the section, concerning agency communications, including telephone calls and e-mails, received a satisfaction percentage of 89.47%.

The PRB received the following comments about agency communications:

- Anumeha Kumar, Bryan Burnham, and Wes Allen all have been very helpful in assisting me by meeting and going over the documentation needed for submission as I transition into a new role.
- As a new Pension Trustee, I am very satisfied with the support I have received from the PRB.

### ***Internet Site***

The question related to the agency's internet site received a satisfaction percentage of 88.89%. Agency staff is in the process of refining the website to increase the ease of navigation. The PRB received no comments directly related to the website from the survey.

The agency published the Texas Public Pension Data Center in 2019. The question asking respondents about their satisfaction with the Data Center had a satisfaction percentage of 80.00%, with the average score of 4.18 and a standard deviation of 0.90. This question had the highest standard deviation due to the majority of respondents being satisfied with the service, but one survey respondent answered with "Very Unsatisfied." The same survey respondent also chose "Very Unsatisfied" for the previous question (internet site); however, they did not leave any comments specifying anything in particular that could be improved. As the Data Center is new, customers are still adapting to using the new feature. Additionally, the agency has begun directing more technical assistance, including data request-related questions to the Data Center, as it contains the most current information for all public pension plans in Texas. The agency looks forward to increasing the utilization of the data center in the near future. The PRB did not receive any comments about the Data Center.



### ***Complaint Handling/Timely Information***

This category contained the question regarding the agency's complaint handling process, which received the lowest satisfaction percentage of 52.63% and an average score of 3.79. This question had the second highest standard deviation of 0.85. Despite having the lowest average, this question did not receive any "Unsatisfied" or "Very Unsatisfied" responses; however, nearly half of the responses were "Neutral," which was not considered satisfied when tabulating the responses. The large number of "Neutral" scores is likely reflective of the fact many people did not utilize the PRB's complaint process. This question had the highest number of "N/A" responses (29). The PRB received no comments about the complaint process.

The question relating to the agency's ability to timely serve customers received an average satisfaction percentage of 84.09%, with an average score of 4.43 and a standard deviation of 0.76. The PRB has an internal process to ensure constituents receive assistance as soon as possible. Additionally, the PRB recently restructured and created a communications team which should help improve this score in the future. The agency received one comment related to this question:

- Every time I have interacted with PRB staff they respond quickly and very friendly. Very impressed with this agency's service and dedication.

### ***Facilities***

This category contained one question; "How satisfied are you with the agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?" which received the second lowest satisfaction percentage of 70%. Additionally, this question also received the second lowest average score of 4.05, with a standard deviation of 0.83. Despite having low scores, no respondents indicated they were unsatisfied with the facilities. This question only received 20 responses, 6 of which were "Neutral," which lowered the satisfaction scores. Many constituents do not visit the PRB facilities in person which is likely the reason for the large number of "N/A" responses to this question. The PRB recently redesigned the layout of the reception area to make it more pleasant and appealing to those who do visit the office.

The PRB received only one comment on the facilities:

- The Staff of the PRB does a great job. They are to be commended. My only comment is that their offices could be improved upon.

### ***Overall***

This category asked survey respondents to rate overall satisfaction with the agency and received an 85.42% satisfaction percentage with an average score of 4.42. All survey respondents provided an answer for this question and there were no unsatisfied responses. The lower percentage can be attributed to "Neutral" responses.

Comments received about the agency overall, which have not been previously mentioned in this report, include:

- PRB is showing great leadership.
- I think the TX PRB is showing tremendous leadership.



## Conclusion

The survey process overall could have been improved by adding additional conditional questions to limit neutral responses received from a respondent not utilizing a service, which is what occurred in the question about the complaint process. Nearly half of the responses for that question were neutral, which could indicate some respondents were not familiar with the service. Had the question been divided into two parts, much like question 3, it could have allowed for a more accurate assessment of the satisfaction rate. In the future, the agency could also improve the survey process by providing clearer instructions, allowing respondents to know they may answer “N/A” for services they are unfamiliar with or do not utilize.

Overall, the PRB received predominantly positive responses from the 2020 Customer Service Survey. No “Unsatisfied” responses were received, and the survey only had two “Very Unsatisfied” responses, which were both received from the same respondent about the internet site and data center. The PRB will use the results of this survey to help guide the agency in its mission and to consider ways to implement potential service improvements suggested by respondents, such as considering the addition of new continuing education courses and improving website navigation. The results of this survey show that the PRB remains an asset to Texas public retirement systems and the legislature. The PRB would like to thank all participants of the 2020 Customer Service Survey for taking the time to share their valuable input.

## Approach to Customer Service

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 by providing the necessary information and recommendations to help ensure that promised pension benefits are provided to the public retirement systems' annuitants and in seeing that tax dollars are spent most efficiently. To accomplish these objectives, the PRB strives to:

- support and promote sound pension practices;
- provide timely and meaningful information on laws, rules or activities overseen by the agency;
- return phone calls promptly, if possible, within one working day;
- respond to requests for written information within fourteen working days;
- route information requests to the appropriate agency within one working day, even if the request does not relate to the PRB;
- provide an internet site ([www.prb.texas.gov](http://www.prb.texas.gov)) that contains information on the agency, the laws and reporting procedures that pertain to public pension systems, publications, pamphlets and presentations on the agency's activities



## Customer-Related Performance Measures

<b>Outcome Measures</b>	<b>Estimated FY 2020</b>
Percent of legislative and public retirement system requests for technical assistance answered	100%
Percentage of surveyed customer respondents expressing overall satisfaction with services received	85.42%
<b>Output Measures</b>	
Number of technical assistance reports produced	150
Number of persons participating in training sessions	250
Total direct customers surveyed	294
Response rate	16.33%
Total customers served	800
<b>Efficiency Measures</b>	
Cost per customer surveyed	\$0
<b>Explanatory Measures</b>	
Number of retirement systems registered with the PRB	347
Total customers Identified	294
Total customer groups inventoried	5