

# STATE PENSION REVIEW BOARD

## STRATEGIC PLAN

2025-2029

PENSION REVIEW BOARD

P.O. BOX 13498

AUSTIN, TX 78711-3498

(512) 463-1736



# AGENCY STRATEGIC PLAN

FISCAL YEARS 2025-2029

BY

STATE PENSION REVIEW BOARD

BOARD MEMBER	TERM EXPIRES JANUARY 31	HOMETOWN
Stephanie Leibe, Chair	2027	Austin
Keith Brainard, Vice Chair	2025	Georgetown
Marcia Dush	2025	Austin
Christopher "Chris" Gonzales	2027	Cypress
Robert "Rob" Ries	2023	Austin
Christopher Zook	2027	Houston
Vacant		

DATE OF SUBMISSION: June 1, 2024

SIGNED:   
boxSIGN 4KYPLQW4-4ZR3JJ98

Amy Cardona, Executive Director

APPROVED:   
boxSIGN 1382KWW4-4ZR3JJ98

Stephanie Leibe, Chair

Date Approved: May 24, 2024



---

**TABLE OF CONTENTS**

AGENCY MISSION ..... 1

AGENCY OPERATIONAL GOALS AND ACTION PLANS ..... 2

REDUNDANCIES AND IMPEDIMENTS ..... 14

SUPPLEMENTAL SCHEDULES ..... 16

    BUDGET STRUCTURE ..... 17

    PERFORMANCE MEASURE DEFINITIONS ..... 19

    HISTORICALLY UNDERUTILIZED BUSINESS PLAN ..... 31

    AGENCY WORKFORCE PLAN ..... 33



---

## **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 reporting requirements under Chapter 802, Texas Government Code. The PRB's mission 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 10 employees including the executive director with three 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 are the agency's greatest challenges.

#### **Budget**

Fiscal years 2024-2025 appropriations for the PRB totaled \$2,562,518. The funding source for the appropriations was the General Revenue Fund. Of the agency's appropriations for FY 2024-2025, nearly 92% 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**

- Continue to improve the agency’s technology infrastructure to achieve the following goals:
  - Create a reporting portal that will allow Texas pension systems to submit required reports more easily and securely to the PRB and to access commonly requested information for their system.
  - Provide more data, easier access to systems’ reports, and compliance information on the PRB’s Texas Public Pension Data Center (data center).
  - Further improve the agency’s newly rebuilt internal pensions database to incorporate changes to the PRB education program and upgrade communication options.
- Review all reports submitted by Texas public retirement systems and publish data to the agency’s data center on a regular, ongoing basis.
- Utilize public retirement system data to produce regular financial, actuarial, investment, educational, and compliance reports. Present these reports to the agency’s board, publish them to the agency’s website, and make the reports easily accessible by the public.
- Publish data-intensive reports, including:
  - The biennial Guide to Public Retirement Systems in Texas, which serves as a public pensions primer for the legislature;
  - The biennial Texas Local Fire Fighters Retirement Act (TLFFRA) Pension Report, which provides comparative actuarial, financial, and benefit information specifically for the 42 TLFFRA plans;
  - Actuarial valuation and investment data reports, which provide a quarterly snapshot of the most current public retirement system information.
- Conduct research and interim studies on potential issues impacting public retirement systems, such as governance, and publish the studies on the PRB website.
- Provide analysis and recommendations regarding issues facing public retirement systems to the legislature, such as recommendations to improve governance of systems organized under TLFFRA.
- Develop guidelines, guidance, and tools to educate and provide guidance to systems when developing or updating their current investment policy statements.
- Update the PRB’s Pension Funding Guidelines and Guidance for Developing a Funding Policy to ensure they align with current statutes.
- 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.



**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 public retirement systems during open meetings and provides up-to-date information to systems, the legislature, and the public through the agency’s website and data center.

**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 greater access to its reports and information. The agency’s most robust report, the *Guide to Public Retirement Systems in Texas*, has been largely replaced by the data center, making the biennial report more efficient for use by the legislature, and the data center more helpful for its users, such as systems, actuaries, and the public. The public pension data center updates weekly, allowing the PRB to provide more up-to-date information than in the past. The agency recently rebuilt its internal database with additional capabilities to capture data from newer required reports. With changes to the public pension data center, the agency can make even more timely and helpful data available to the public.

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

The information and analyses 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, and to expand the knowledge and education of administrators, trustees, and members of Texas public retirement systems.

**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. The agency also utilizes feedback and results from its Customer Service and Educational Services surveys to improve customer service. The agency’s website focuses on enhanced accessibility and improved information sharing between the agency and its stakeholders. The agency also launched a new education website that has improved user experience and greater access to participants’ PRB-sponsored educational course information. The PRB has also maintained and improved its social media outreach, which provides stakeholders with another avenue to receive important information from the agency.

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

The PRB 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 that data. The same will be done for its investment data reports, which is anticipated to be finalized by the end of fiscal year 2024. The PRB maintains an online data center to promote transparency and public knowledge of Texas public retirement systems’ long-term fiscal health, benefit structures, governance, and provides comparisons based on plan type and size in a user-friendly format. Also, to allow for optimal availability of the information discussed during PRB meetings, the agency publishes its board



meeting materials days in advance of meetings, live streams the meetings, and archives board and committee meeting videos and materials on its website. The agency's new database has allowed even more data to be more easily accessible to the public, and its reporting portal to be completed before the 89th Legislative Session will improve cybersecurity and help ensure improved transparency even further.



**Goal 2.** Help public retirement systems achieve and maintain actuarial soundness 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 (FSRP), and publish the information to the agency’s website and data center.
- Conduct intensive reviews of systems that may have problems threatening their financial or actuarial health by analyzing their current actuarial, financial, and investment data; historical trends in contribution sufficiency, cash flow, and investment returns; benefit structure; membership; governance; and long-term sustainability.
- Monitor and report on FSRP status of Texas retirement systems and provide technical assistance to systems and their sponsors to assist them in developing their FSRPs and complying with the requirement.
- Monitor and analyze investment-related data, such as investment expense information, and produce reports for review by the board and retirement systems.
- Provide educational materials on reporting requirements and best practices, such as continuing education courses, videos, and infographics, to assist trustees with fulfilling their roles as system fiduciaries.
- Provide guidance and technical assistance on governance and investment policy statements to public retirement systems.

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

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

The agency provides comparative data through publishing public retirement system data to its data center and main website to help 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 condensed the Guide to Public Retirement Systems and TLFRA Pension Report to account for the information that is more up to date on its data center. By tying the public-facing data center to the agency’s internal database, more information is now available online, and the reports take less staff time to produce. Such improvements allow the agency to spend more time on research and analysis rather than formatting reports.

As far as efficiency of the retirement systems themselves, the agency has also begun to highlight successful pension reforms as case studies to provide systems in similar funding situations with examples that may help address their issues.





**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 and continually looks for ways to improve analyses and reporting, including communicating with systems regarding reporting questions to help ensure accuracy of its analyses. For example, the agency has begun routinely incorporating review of systems' investment management practices as part of its intensive review process, since investments are a key factor that impacts systems' actuarial soundness. Additionally, the legislature has recently passed new requirements charging the PRB with collecting and analyzing investment-related information and data. The agency is currently using this data to produce investment-focused analytical reports to identify issues and trends across all systems.

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

The PRB is committed to helping all constituents. For example, with the most recent statutory changes to the Funding Soundness Restoration Plan requirement in 2021, the agency adopted rules, incorporated stakeholder feedback, created graphics and one-pagers, and dedicated a page of its website to the requirement. It also attended several conferences to provide presentations on the topic area. The PRB continues this approach by keeping stakeholders informed about ongoing agency initiatives, such as development of new investment policy statement guidance, guidelines, and tools; and governance recommendations for systems operating under TLFFRA. Agency staff have presented on these initiatives at industry conferences and other events upon request.

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

Financial, actuarial, compliance, and FSRP reports are published on the PRB website in meeting packets and as standalone reports. Financial, actuarial, benefit, and governance information is also published on the agency's online data center for each system. The agency attempts to include plain language explanations of technical actuarial concepts, as well as glossaries in publications and on the data center. Also, the PRB works with stakeholders when updating board policies, rulemaking, and when implementing new laws. For example, when undergoing rule review on its education program rules, the PRB asked for informal feedback, met with stakeholders on several occasions for input, provided draft rules for comment, and posted a plain language summary of proposed rules on its website. This has helped the process move more smoothly and keeps stakeholders apprised of potential changes to programs, processes, and procedures.



**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 reviews of systems that may have problems threatening their financial or actuarial health by analyzing current actuarial and financial data; historical trends in contribution sufficiency, cash flow, and investment returns; benefit structure; membership; governance; and by assessing the potential risk impact on long-term sustainability. Additionally, as part of this process, the PRB:
  - Communicates with retirement systems and their sponsoring governmental entities throughout the review process to keep them informed of review findings and provides technical assistance, as well as provides ongoing opportunities for input and feedback; and
  - Reports the results of intensive reviews to the board, systems, sponsoring governmental entities, and the legislature through the PRB’s *Biennial Report* in November of each even-numbered year, as well as provides updates from affected retirement systems since reviews were published.
- Expand on concept of conducting intensive reviews of individual systems and instead conduct macro-level actuarial analyses of several systems to identify common trends and differences and serve as an educational resource for systems.
- Provide system-specific reports, presentations, and analyses to the board and the legislature upon request.
- Research current issues and trends in public pensions and publish agency white papers, reports, and interim studies, including governance issues and investment market trends and assumptions.
- Analyze investment practices and performance evaluation reports and investment fee information submitted by systems and publish reports including data and analysis.

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

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

Agency staff carefully reviews information regarding public retirement systems and analyzes that information to raise warning flags regarding potential problems before they escalate. Analyses are discussed during open meetings of the board and in reports posted to the agency's 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 PRB staff collaborates with public retirement systems during the intensive 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 regular 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. For example, the agency is currently reviewing and revising its Pension Funding Guidelines and Funding Policy Guidance to account for recent updates. The agency looks to continuously improve its performance of its core functions, such as by providing more detailed review of systems' approach to managing their investments as part of the intensive review process, which provides an enhanced holistic view of funding issues.

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

The agency provides accurate information relating to its intensive studies to the systems, their sponsoring governmental entities, the legislature, and the public. The reviews include recommendations to help system stakeholders improve financial and actuarial soundness of their systems, as well as governance. The PRB makes every effort to keep all stakeholders informed of each step during the intensive 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 an actuarial valuation report which lists several actuarial factors for each system, with indicators of financial health. The agency also provides a list of systems subject to the FSRP requirement, as well as a list of systems at risk of becoming subject to the requirement. According to the Policy for Promoting Compliance with FSRP Requirements adopted in 2022, systems are monitored after initial placement on a list, and staff updates the board on progress of plans after FSRP submission. If FSRPs are late or noncompliant, the agency acts according to its policy. Reports provided to the legislature and the agency's board are accessible on the PRB website for all interested parties. To make the intensive review process transparent and open, the agency utilizes its internal intensive review metrics spreadsheet. The spreadsheet is continually updated based on reports 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 provided to the system and sponsor before being made public and is discussed at an open meeting, where the retirement system and its sponsor are invited to comment on the draft report and answer any questions from the board members. Staff then finalizes the report and publishes it on the agency website. Guidance and guidelines are also made available on the PRB website, and any proposed updates are provided during board and committee meetings, with opportunities for stakeholder input throughout the process.



**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. Perform regular updates of these courses.
- Provide continuing education courses on timely subjects and issues affecting systems, such as state reporting requirements, actuarial standards, and investment management best practices.
- Provide MET courses in various formats, such as live webinars, in-person training during PRB committee or board meetings, recorded presentations, and other formats, to be made available on the PRB’s education website.
- Accredite sponsors of external training courses or individual courses to enhance available training sources and increase accessibility of training for trustees and administrators and publicize generally available courses on the agency’s events calendar and social media for easy visibility and access.
- Regularly provide training as part of industry annual and summer conferences, such as training on current agency initiatives and projects.
- Make timely revisions to the TLFRA Trustee Manual to ensure trustees of TLFRA plans have easy access to the most up-to-date information.
- 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 *Pension Funding Guidelines*, *Principles of Retirement Plan Design*, and *Investment Policy Guidelines* for all systems.
- Email weekly news clips to interested parties with articles relating to public retirement systems in Texas as well as national pension-related issues, and reminders on key agency initiatives.
- Utilize social media to keep more stakeholders apprised of agency educational opportunities.
- Create opt-in email subscriptions on various topics so more stakeholders can choose to be added to a list to receive more information from the PRB.
- Incorporate MET compliance status in the new reporting portal, so that systems can more easily access compliance status information and ensure trustees and/or administrators are in compliance.



- Improve efficiency of the MET program overall by reviewing and revising the agency's administrative rules governing the program. Implement program changes and educate stakeholders on those changes resulting from the rule revisions.

**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 and meets publicly on agency initiatives and projects.

**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 free high-quality education for trustees and administrators through the online courses. Through the individual course and sponsor accreditation process, participants can get credit for applicable courses they may have already needed for other continuing education requirements. Staff processes course approval and sponsor accreditation requests in a timely manner. It began reviewing the education program rules in FY 2024, with the focus on streamlining and improving the reporting and compliance process. In doing this, the agency met with stakeholders to ensure the changes it would propose captured the issues systems were facing. This helps to ensure that the agency is proposing the right changes and can streamline processes for systems and the agency, ultimately improving efficiency and promoting compliance with the education requirements.

**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 agency has also launched a new education website that uses a new learning management system with enhanced usability for both the participants and staff.

**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 education website. Also, staff accredits other educational sponsors, and works with trustees to accredit individual courses they may have taken for other continuing education, so they can fulfill their training requirements. The PRB readily assists systems with navigating educational requirements to allow system trustees and administrators to easily gain required knowledge as system fiduciaries. The agency is responsive to requests from industry associations to make educational presentations at conferences and training sessions, and periodically surveys stakeholders to evaluate opportunities to improve educational offerings.

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

The PRB provides free online courses in plain language that anyone can access. Each course includes visuals, examples, and knowledge checks so that the highly technical pension information is easily accessible. The agency also focuses on increasing accessibility, using alt tags, testing the site for screen readers, and using other methods to help ensure the site is accessible for all users. The PRB has also



begun to provide more information through graphics and visuals on its website. The agency also regularly reports on compliance status of retirement systems and their trustees and administrators with the education requirements.



**Goal 5.** Monitor compliance and help public retirement systems achieve and maintain compliance with statutory reporting requirements.

#### **SPECIFIC ACTION ITEMS TO ACHIEVE GOAL**

- Track public retirement systems' submission and fulfillment of required reports under Chapter 802 of the Texas Government Code through the agency's databases and new reporting portal.
- Track trustees' and system administrators' compliance with educational requirements to help ensure they have the necessary knowledge to effectively discharge fiduciary duties.
- Work with noncompliant 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, weekly news clips publication, memoranda, online courses, and social media.
- Publish updated Government Code and TLFRA statute booklets to provide public retirement systems with current state laws and publish the municipal retirement system statutes on the agency website for easy access and usability.
- Provide guidance to public retirement systems, including the development of sample policies, optional templates, continuing education courses, and video tutorials to help ensure all required information is reported as required by state law.
- Create continuing education presentations, videos, and other media on timely pension issues to help public retirement systems and their sponsors to grasp those issues and how they affect their systems. Providing this information can help systems better understand and, as a result, better comply with legislative requirements.

#### **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, and posts that information on its 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 monitors processing times of financial, actuarial, and training reports to ensure maximum efficiency. The PRB uses a centralized database to minimize errors and decrease report generation time. Its newly rebuilt internal database is more efficient, as it combined two internal databases. Now staff



can use more time to provide analyses and research pertinent pension issues. Internal procedures are periodically developed, 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 in a timely manner. This includes sending reminders of upcoming deadlines, notices of late reports, and technical assistance provided to systems on new reporting requirements. The agency also posts reporting deadlines and overviews on its social media account and has a reporting and compliance tab of the website to provide easily accessible information pertaining to reporting requirements.

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

The agency communicates with systems to provide updates on laws and regulations by sending email summaries, providing infographics, and developing courses or presentations on new requirements. 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 posts to its website under the Reporting and Compliance tab the *Summary of Reporting Requirements for Texas Public Retirement Systems*, which provides summaries of all required reports and outlines reporting deadlines. The agency consistently communicates compliance status with systems and maintains a regularly updated list of Plans Noncompliant Over 60 Days on its website. The agency engages in rulemaking and policymaking, such as for the Minimum Educational Training Program rules, to help make compliance with educational training requirements more easily attainable for public retirement systems.





**REDUNDANCIES AND IMPEDIMENTS**

<p><b>SERVICE, STATUTE, RULE, OR REGULATION</b></p>	<p>Section 802.3021, Texas Government Code. State Pension Review Board Actuary.</p>
<p><b>DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS</b></p>	<p>The statute requires an actuary to have at least five years of experience as an actuary working with one or more public retirement systems. Many qualified actuaries have limited experience with public retirement systems, though their actuary experience supporting other clients makes them generally qualified to serve in a role involving public retirement systems. In the past, when needing to hire a new actuary, the PRB has experienced a longer-than-expected hiring process due to this experience requirement. The agency has once been left without this critical position within the PRB for nine months. Without an actuary on staff, the PRB is limited in its ability to conduct ongoing and intensive reviews of public retirement systems and prepare actuarial reviews of analyses during legislative session. Preparing actuarial reviews is a vital and statutorily required role during legislative sessions for which the agency would otherwise have to rely on a contracted position, which could increase cost to the agency and taxpayers.</p>
<p><b>PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION</b></p>	<p>The PRB recommends removing the public retirement system experience requirement, which would leave the statutory qualifications as "an actuary who reviews or prepares an actuarial analysis for the board must be a fellow of the Society of Actuaries, a member of the American Academy of Actuaries, or an enrolled actuary under the Employees Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.)." Other actuary requirements for public retirement systems in Texas law do not require specific years of public retirement system experience; rather, the statutes generally require the actuary to be a member of various professional organizations.</p>
<p><b>DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE</b></p>	<p>The greatest benefit associated with the recommended change would be the agency's future ability to hire a qualified actuary in a shorter period of time to accomplish the agency's oversight mission and fulfill key statutory duties, such as conducting actuarial reviews and submitting actuarial impact statements on pension bills during the legislative session.</p>



<p><b>SERVICE, STATUTE, RULE, OR REGULATION</b></p>	<p>Section 801.201(c), Texas Government Code. “The board by rule shall: (1) adopt a brief standard form that will assist the board in efficiently determining the actuarial soundness and current financial condition of a public retirement system; and (2) require that a retirement system submitting information required for the review or study described under Section 801.202(1) or (2) include the form with the submission.”</p>
<p><b>DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS</b></p>	<p>In 2013, the legislature updated PRB statute to require only defined benefit public retirement systems to continue to submit various required system reports annually, on a non-annual schedule, or upon update. This enabled staff to provide a thorough review of reports for entry into the agency’s internal database, since the number of systems submitting those reports fell from around 400 to 100. Staff currently reviews and analyzes information directly from these required reports, since they may contain additional information on system changes, decision making, and analyses within the narrative. Public retirement systems already submit the required information in these statutorily required reports, so having them submit additional forms with the same information is redundant and decreases efficiency for both the systems and PRB staff.</p>
<p><b>PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION</b></p>	<p>The agency recommends modifying statute to <i>authorize</i> the agency to adopt rules to require forms, rather than <i>requiring</i> the agency to adopt the rules.</p>
<p><b>DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE</b></p>	<p>This change would increase efficiency for the agency regarding its use of staff time and agency resources. The change would also reduce administrative burden for public retirement systems, which would have fewer documents to submit, but the agency would continue to receive all the same information necessary to satisfy the relevant statutory requirements.</p>



**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 2029; 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                   01-01-01.03 Number of Systems Noncompliant Over 60 Days</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>
---	---



<p><b><u>Objective 01-02 Respond to Requests from Legislature and Public Retirement Systems</u></b></p> <p>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, Public Retirement System, and System Sponsor 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>
---	---



## **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 2029; 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**

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 internal 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, actuarial experience studies and audits, actuarial valuations; and changes to investment policies,

**Calculation Type**

Noncumulative



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, System, and System Sponsor Requests Answered**

**Definition**

This is the percentage of legislative, system sponsor, and system requests that are answered. This includes 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 spreadsheets are the source of this data. The information is entered into the spreadsheet including the type of assistance, identifying the number of legislative, sponsor, and system requests.

**Method of Calculation**

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

**Data Limitations**

Given that staff is responsible for recording instances of providing technical assistance providing technical assistance, data is limited to technical assistance recorded.

**Calculation Type**

Noncumulative

**New Measure**

Yes

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

**Calculation Type**

Noncumulative

**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 internal 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 internal 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 internal 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 market value of 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 market value of 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 internal database.

**Method of Calculation**

This is the sum of total net market value of 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 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 deadline. 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 reports to the PRB within certain deadlines specified in statute. Using the agency's internal 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 internal 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 internal database is the source 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 Systems Noncompliant Over 60 Days****Definition**

Public retirement systems are required to submit various reports to the PRB in a timely manner. This is the number of systems that the PRB has put on a list of systems noncompliant over 60 days published to the PRB website per Section 801.209(b).

**Purpose/Importance**

The purpose of this measure is to highlight how many systems need additional outreach and technical assistance from the PRB before submitting required reports. This number helps put into perspective how many systems are chronically late with submitting required reports, versus those who may miss the deadline by one or more day.

**Source/Collection of Data**

The agency's internal database is the source of data.

**Method of Calculation**

Total number of systems noncompliant over 60 days. A system is noncompliant when they fail to turn in required reports by the statutory deadline. The required reports include, but are not limited to the Annual Financial Report, Investment Returns and Assumptions Report, Membership Report, and Funding Soundness Restoration Plan Report. The deadlines vary by report. Cumulative.

**Data Limitations**

N/A

**Calculation Type**

Cumulative

**New Measure**

Yes

**Target Attainment**

Lower 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, a PRB training activity.

**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 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 spreadsheets are the source. The information is 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**

Given that staff is responsible for recording instances of providing technical assistance, data is limited to technical assistance recorded.

**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 spreadsheets are the source of this data. The information is 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 technical assistance 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, accreditation renewal, 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 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**

No

**Target Attainment**

Higher than target



## **HISTORICALLY UNDERUTILIZED BUSINESS PLAN**

The Pension Review Board (PRB) has adopted Rule 40 T.A.C. §604.1, establishing the agency’s Historically Underutilized Businesses (HUB) Program. The program adopts by reference the HUB rules promulgated by the Comptroller of Public Accounts under 34 T.A.C. 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 Section 2161.123, Texas Government Code. The PRB will continue good faith efforts to meet or exceed its HUB goals for purchasing and contracting in fiscal years 2024 and 2025 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. The PRB’s goal is to achieve at least **40 percent** of total expenditures to be with qualified HUBs.

### **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 statewide HUB 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.
- Utilizes statewide contracts from HUB providers, which are procured and managed 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 2022, the PRB exceeded the statewide goal of 26 percent for “other services contracts” by 64.75 percentage points, spending 90.75 percent of its total expenditures in the category with HUBs. The PRB exceeded the statewide goal of 21.10 percent for “Commodity Contracts” by 8.28 percentage points,



spending 29.38 percent of its total expenditures in the category with HUBs. Overall, the PRB far exceeded its goal of 40 percent of total expenditures with HUBs. The PRB had **84.25 percent** of total expenditures with HUBs which exceeded its goal of 40 percent by 44.25 percentage points. In fiscal year 2022, the agency spent \$0 on the additional procurement categories as detailed in the chart below, and accordingly has 0 percent of expenditures with HUBs.

FISCAL YEAR 2022				
HUB Report Procurement Categories	Total Dollars Spent	Total Dollars Spent w/ HUBs	Percentage 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 contacts	\$0.00	\$0.00	0.00%	23.70%
Other services contracts	\$141,945	\$128,818	90.75%	26.00%
Commodity contracts	\$16,819	\$4,941	29.38%	21.10%
<b>Total Expenditures</b>	<b>\$158,764</b>	<b>\$133,759</b>	<b>84.25%</b>	

In fiscal year 2023, the PRB exceeded the statewide goal of 26 percent for “other services contracts” by 68.33 percentage points, spending 94.33 percent of its total expenditures in the category with HUBs. The PRB exceeded the statewide goal of 21.10 percent for “Commodity Contracts” by 1.39 percentage points, spending 22.49 percent of its total expenditures in the category with HUBs. Overall, the PRB far exceeded its goal of spending 40 percent of total expenditures with HUBs. The PRB had **88.15 percent** of total expenditures with HUBs in fiscal year 2023, which exceeded its goal of 40 percent by 48.15 percent. Also in fiscal year 2023, the agency spent \$0 on the additional procurement categories as detailed in the chart below, and accordingly has 0 percent of expenditures with HUBs.

FISCAL YEAR 2023				
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 contacts	\$0.00	\$0.00	0.00%	23.70%
Other services contracts	\$194,982	\$183,924	94.33%	26.00%
Commodity contracts	\$18,333	\$4,123	22.49%	21.10%
<b>Total Expenditures</b>	<b>\$213,315</b>	<b>\$188,047</b>	<b>88.15%</b>	



## **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
- development of a strategy to meet agency staffing requirements

Agency Workforce Snapshot: The PRB currently has 10 full time staff members including the executive director, and three vacant positions. The agency is authorized for 13 full-time equivalents (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 (66R), effective September 1, 1979, as an oversight agency for Texas public retirement 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.

Additionally, the agency must:

- prepare and provide 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
- develop and administer an educational training program for trustees and system administrators of Texas public retirement systems
- receive and analyze system investment expense information and to report to the legislature on Texas public retirement system investment practices and performance

The PRB is also authorized to develop and conduct training sessions, schools, or other educational activities, and the agency may furnish other appropriate services such as actuarial studies and 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; 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 2029; 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** 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 2024, the agency's workforce of 10 FTEs was comprised of 40 percent males and 60 percent females. Overall, 40 percent of the agency's employees had more than five years' service, 40 percent had between two-to-five years, and 20 percent had less than two years' service with the agency. The average age of agency employees is 36. The staff is comprised of an actuary, an accountant, an investment analyst, managers, financial analysts, research specialists, and other professional and support personnel. The current ethnic makeup of staff is 90 percent White; 10 percent Hispanic. The PRB uses hiring procedures in its efforts to employ minorities and women in line with statewide workforce statistics.

Employee Turnover: The agency has worked to address the historical turnover issue, though turnover continues to be an ongoing issue for a small agency such as the PRB, where losing even one employee has an outsized impact on the agency overall. In fiscal years 2022 and 2023, the PRB's turnover rates were nearly 28 percent and 17 percent respectively, with three key employees – the executive director, deputy



director, and staff actuary exiting in fiscal year 2022, and two employees exiting in 2023. Because of the specialized experience necessary to understand the scope of the agency's work, and due to employees in senior management positions leaving for higher paid positions elsewhere, employee turnover is the agency's largest ongoing workforce issue, as it has not retained a full staff in several years.

Some anticipated limitations to attracting and retaining employees are:

- offering competitive compensation compared to similar jobs in the private sector, inflation, and rising cost of living; and
- mitigating heavier workload and burnout for current staff due to employee turnover at such a small agency.

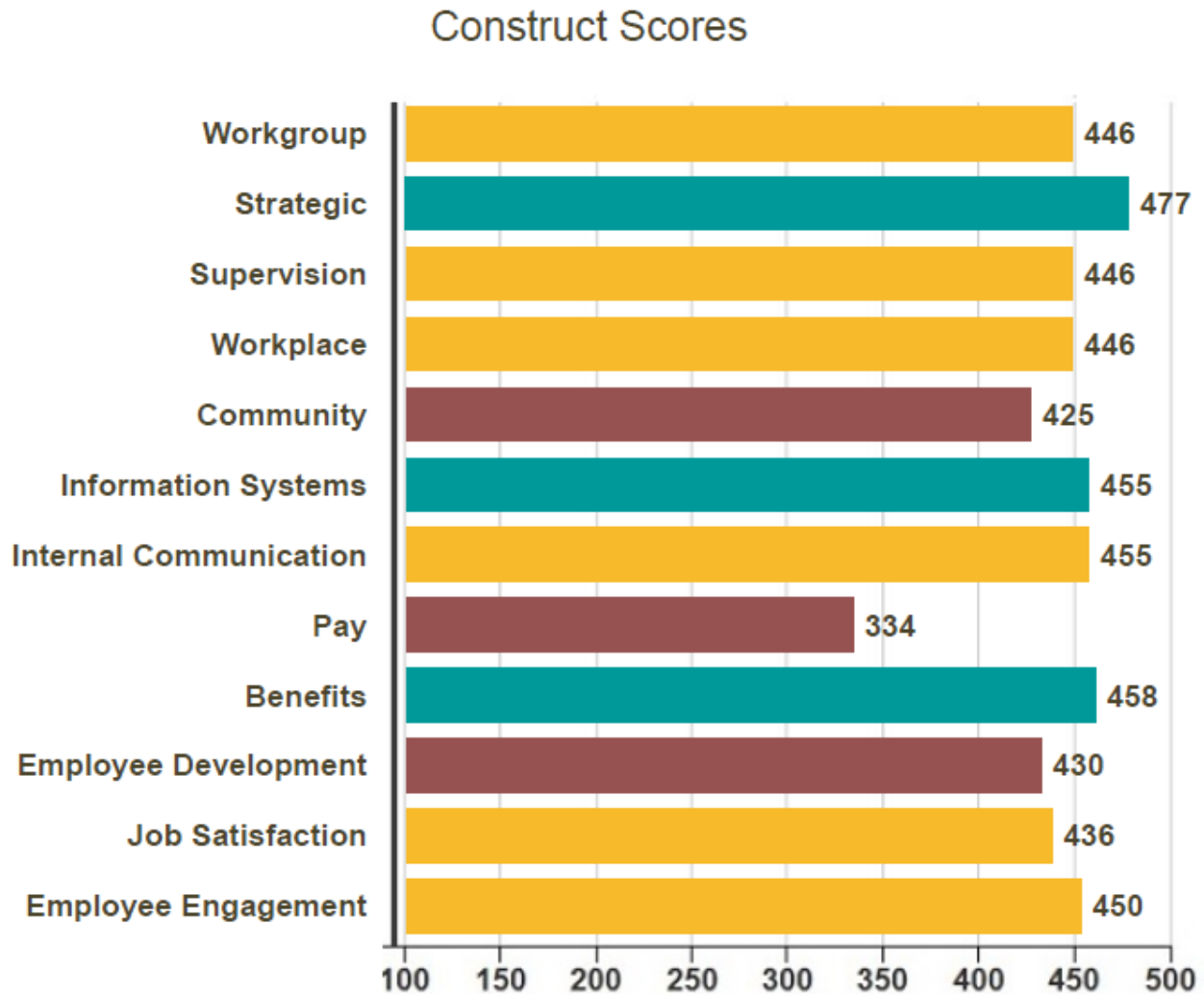
Critical Workforce Skills: There are numerous skills that are critical to the agency's ability to successfully meet objectives. The PRB could not fulfill its mission without knowledgeable people with the following skills:

- Accounting/budgeting
- Actuarial
- Administrative
- Auditing
- Communications
- Database administration
- Data analysis
- Data visualization
- Education and training delivery
- Financial analysis
- Forecasting
- Governmental relations
- Human resources
- Investment analysis
- Legal
- Mathematical modeling
- Office management
- Policy analysis
- Political/legislative experience
- Risk analysis
- Web/graphic design
- Writing, editing, and research

Survey of Employee Engagement: In October 2023, the agency participated in a Survey of Employee Engagement (SEE) to assess employee satisfaction and engagement. The agency had a 100 percent response rate and improved its overall score since the prior survey in 2021 from 385 to 442. This indicates that the PRB has a high level of engagement from its staff overall. The overall scores improved for all



categories since the last SEE survey; however, employees indicated improvement needed in pay. According to the survey, a score of 350 is a tipping point between positive and negative perceptions, and PRB employees scored pay at 334. Find the overall scores below:



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

Expected Workforce Changes: The PRB requires specialized financial, actuarial, and investment expertise to meet its objectives and goals. In addition, the PRB is constantly moving towards more data-driven, efficient communication both internally, and externally 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.

Due to the rising cost of living, especially for residential properties in Austin where are agency is located, as well as general inflation, the PRB is already experiencing a lack of demand for vacant positions. The PRB is finding it difficult to remain competitive with the private market, as staff with technical expertise can often find much higher salaries in the private sector.



Future Workforce Skills Needed: The PRB will continue to need the critical workforce skills listed above. In addition, the agency may need:

- more specialized writing and editing, policy analysis, legal, and legislative research skills as it continues to develop rules and board policies to implement legislation concerning Texas public retirement systems;
- increased financial and investment-related analytical skills, as the agency attempts to fill increasing requests for comparative information on pension changes in Texas and across the nation;
- lesson planning, course production, and curriculum planning, to provide expanded and advanced online courses; and
- technical and programming skills, to manage and maintain its internal database, online data center, and agency websites.

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 reporting laws and regulations.
- Continue to collaborate with industry stakeholders.

#### **D. Gap Analysis**

Currently, a gap exists in the PRB's workforce due to three vacant positions. While pension and 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 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, investment, and programming 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 encouraging staff to use training opportunities outside of the office to improve existing skills or to develop new skills, such as leadership, management, or programming. The agency began its first internship program in January 2024. This program allows the agency to work with universities to identify students with interests similar to those required by the agency. This program will allow the agency to develop skillsets in possible future employees earlier in their career, giving them an opportunity to gain possible interest in pension matters and state government.

Staff Development Time: Due to the complexities of actuarial science found in pension analysis, development may require longer periods of training and perhaps exposure to many months of on-the-job experience. Understanding how to navigate the political and legislative environment is also experience-





driven and often takes months or years to gain sufficient experience in those areas. The same is true of the agency's accounting and budget functions, which require specialized 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. The agency has improved and maintains documentation of strategic job descriptions for all agency positions. Specialized knowledge, including financial, actuarial, accounting, and human resources has been captured and translated into procedural manuals, and staff has identified additional areas for expanding internal policies and procedures so that they are useful to the current and future workforce. This approach will leave an informational reference and a knowledge base for future administrators of the agency.

Retention Strategy and Leadership Development: In recent years the PRB has seen the departure of staff whose expertise is not easily replaced. Because of its significant impact on the agency, the PRB has made serious efforts to help motivate and retain staff and in turn, reduce turnover. The agency has implemented key policies to retain valuable personnel, described below.

- First, the PRB is empowering 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 and develop staff to move into leadership roles when vacancies occur. To accomplish this, the agency has made professional development a high priority item by making training available in areas such as leadership development. It has also allowed staff to gain experience in project management, making presentations at stakeholder conferences and agency board meetings, and pitching innovative projects for the agency.
- Second, the PRB will continue to implement a merit-based compensation program that rewards employees for proven track records of outstanding performance within the agency. In addition, this program regards staff who regularly take on duties outside of their normal role, such as when the agency experiences turnover. This program also rewards staff with excellent performance with administrative leave as well as fitness leave.
- Finally, the agency has implemented a hybrid telework schedule for staff. This has been a useful tool to help retain staff and has allowed the PRB to offer this additional nonmonetary benefit to compete with other employers. In addition to the added benefit, the agency has not experienced a decline in work product, but rather an uptick in productivity and efficiency.

# APPENDIX 10. CERTIFICATION OF COMPLIANCE WITH CYBERSECURITY TRAINING



## CERTIFICATE

### Agency Name

Pursuant to the Texas Government Code, Section 2056.002(b)(12), this is to certify that the agency has complied with the cybersecurity training required pursuant to the Texas Government Code, Sections 2054.5191 and 2054.5192.

### Chief Executive Officer or Presiding Judge

*Amy Cardona*

Signature

Amy Cardona

Printed Name

Executive Director

Title

May 24, 2024

Date

### Board or Commission Chair

*Stephanie Leibe*

Signature

Stephanie Leibe

Printed Name

Chair

Title

May 24, 2024

Date