FISCAL YEARS 2019 to 2023

BY

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Board Member	Dates of Term	Hometown
Frank Torres, Chairman	9/1/2017	Raymondville
Virginia Moore, Vice-Chair	9/1/2021	Lake Jackson
Ron Larson, Secretary	9/1/2019	Horizon City
Taylor Allen	9/1/2019	Dallas
Courtney Gibson Bechtol	9/1/2021	Rockport
Dan Key	9/1/2019	Friendswood
Pilar Rodriquez	9/1/2021	Edinburg
Don Shipman	9/1/2017	Colleyville
Stephen Williams	9/1/2017	Carthage

June 8, 2018

Signed:_____
Frank Torres, Chairman

Signed:_____
Kevin Deiters, Executive Director

Table of Contents

Texas Emergency Services Retirement System Strategic Plan (2019-2023)

Agency Mission

Our mission is to provide secure and meaningful benefits for members and their families, prudently manage assets, and recruit/retain additional members by offering a cost-effective solution to the sponsoring entities.

Agency Goals and Action Plan

AGENCY OPERATIONAL GOAL AND ACTION PLAN
Ensure Sound Pension System for Emergency Services Personnel: To ensure that pension funds for emergency services personnel are actuarially sound and that they receive the benefits to which they are entitled.
SPECIFIC ACTION ITEMS TO ACHIEVE YOUR GOAL
1. Maintain a disciplined investment process that minimizes risk while achieving long-term money-weighted investment returns of 7.75 percent. (On-Going)   2. Seek supplemental contributions from the state, municipalities, counties, and emergency service districts when TESRS's amortization period exceeds 30 years. (September 2019 and September 2021)   3. Complete an asset allocation and pension experience study to reassess the economic and demographic assumptions used by the TESRS actuary. (August 2021)   4. Protect against financial losses related to cyber-crime by implementing cybersecurity risk governance processes and activities. (Implement by June 2019 and then On-Going)   5. Reduce the administrative burden placed upon participating departments by simplifying the local governance provisions of TESRS. (September 2019)   6. Partner with participating departments and their communities to identify changes to the TESRS benefit structure that will help communities recruit and retain volunteers. (August 2020)   7. Protect additional volunteers by recruiting additional departments into TESRS. (On-Going)   8. Conduct compliance reviews of participating departments and their governing entities to ensure all eligible volunteers are enrolled and eligible to receive their entitled pension benefits. (On-Going)

Specific Action Items to Achieve Your Goal
1. Maintain an actuarially sound pension fund.
Article 16 Section 67 of the Texas Constitution directs that the financing of benefits must be based on sound actuarial principles and that the assets of a system are held in trust for the benefit of members and may not be diverted. The enabling statute of TESRS also directs that the fund must be maintained for the exclusive benefit of members, retirees, and their beneficiaries.

The long-term actuarial soundness and viability of the System is dependent upon the success of the investment program. The Board will continue to refine its investment policy to clarify the roles and duties of the investment consultant and investment managers and will diversify its asset allocation to create a portfolio that balances the appropriate levels of risk and return. It will continue to monitor the performance of each investment manager against appropriate benchmarks and will replace underperforming managers when appropriate.

Each Board member will continue to receive training in plan governance, investments, actuarial matters, benefits administration and risk management as required Government Code section 802.2011. The Board and agency staff will also work closely with its contract programmers and its actuary to enhance the functionality of its information management systems to support the administration of benefits and the valuation of future liabilities.

In the event that the actuarial valuation indicates that the System is actuarially unsound, the Board will consider making changes to the plan design and/or to collecting supplemental contributions ("Part Two") from local departments to assist the System in achieving an adequate contribution rate for System obligations.

Related Outcome Measures

- Period to Amortize the Unfunded Actuarial Accrued Liability
- Annual Investment Return
- Actuarial Funding Percentage of Plan Assets to Liabilities

2. Administer the System with an emphasis on customer service for internal and external customers.

Administration of the System includes having well trained employees who make benefit determinations for active members, retirees, and their beneficiaries, including the processing of benefit payments.

The agency administers the System to ensure that all members receive accurate information to make informed decisions about their membership benefits. We also provide technical assistance and training to participating departments, local board members, and community leaders regarding their roles and responsibilities in improving benefits and improving the quality of the System. As we recruit new participating departments, we provide information about the System and its benefits for volunteers and for communities.

We have a responsibility to our members, their families, and communities to administer the TESRS System with accuracy and excellent customer service. We monitor our performance through targeted Customer Service Surveys and through our performance measures.

Related Efficiency Measures
- Average Annual Administrative Cost Per Pension Plan Member
- Average Days to Respond to Inquiries from TESRS Participants

Related Explanatory Measures
- Number of Active Members
- Number of Benefit Recipients
- Number of Vested-Terminated Service Records

Related Output Measure
- Number of Benefit Payments Distributed
- Number of Benefit Determinations for Emergency Services Personnel

3. Recruit new departments into the System.

There are thousands of emergency services volunteers and their families in Texas who are not protected by death and disability benefits. With approximately 1,600 volunteer fire departments that are not participating in the System, including many combination volunteer/paid departments, there is an opportunity for TESRS to work with local governmental entities and protect those who volunteer in service to their communities. The recruitment of new departments into TESRS offers volunteers an incentive to serve and receive death, disability, and retirement benefits that are unique to the TESRS System.

Following the recruitment strategy, agency staff provide information about the benefits of participating in the TESRS System by visiting individual departments and local governing bodies, by providing educational material to volunteers and the general public, and by providing web and email-based communication. Agency staff pursue interaction with local governing entities and focus on presenting information about TESRS benefits to Emergency Services Districts across the state. Staff attend conferences and recruiting events in an effort to promote TESRS benefits for volunteer firefighters and first responders.

Related Explanatory Measures
- Departments Participating in the Texas Emergency Services Retirement System

Related Output Measure
- Number of Recruiting Events
- Number of On-Site Visits

4. Monitor Compliance.

Monitoring member departments and local board operations for compliance with TESRS statutes and rules provides the opportunity to ensure all eligible volunteers are members of the System and that each volunteer is covered by TESRS retirement benefits. Monitoring includes review of department processes and procedures as well as local board operations. During an onsite monitoring visit, staff may interview the department chief, volunteers, members of the local board, and employees of the governing entity. If needed, training and technical assistance regarding roles and responsibilities is provided to improve compliance. Recommendations for improvements in operations are provided to the department, the local board, and the governing entity.

The agency staff recognizes the need to provide training and technical assistance to local board members and administrators. The staff will continue to develop its written material and its website, including expanding its offerings of informational videos, to help local board members and other local stakeholders understand System rules and reporting procedures.

Related Output Measure
- Number of On-Site Visits

Describe How Your Goals and Action Items Support Each Statewide Objective

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

The Board and each staff member share in the responsibility to preserve the fund for its beneficiaries. Each TESRS Board member has a fiduciary duty to act solely in the interest of the beneficiaries of the fund. This is the strictest duty of care recognized by the US legal system.   As fiduciaries, the Board is responsible for:

1.   Managing the assets for the exclusive benefit of the members of the System;
2.   Establishing prudent investment policies defining investment objectives and strategies;
3.   Seeking to maximize investment return while maintaining the safety of principal;
4.   Diversifying the assets to reduce risk of loss;
5.   Monitoring and documenting investment performance; and
6.   Efficiently managing the costs associated with implementation of its investment program.

Due diligence requires that the Board and staff exercise prudence in selecting service providers such as investment managers, actuaries, and consultants and that the quality of their work is monitored. The TESRS Board uses competitive processes, such as the Request for Proposals, which encourage competition and transparency.

We appreciate every dollar provided to our mission by the tax-payers of Texas. As public servants we will:

• Earn our pay each and every day;
• Treat each person with respect;
• Take responsibility for our mistakes;
• Be courteous and professional;
• Promptly return phone calls and emails; and
• Help the public to the best of our ability.

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.

TESRS recognizes that the administrative costs of the pension system are funded by state and local tax-payers. TESRS also acknowledges that much of the administration of the pension system is provided locally by unpaid hours worked by volunteer firefighters and first responders, as well as local citizens who volunteer to serve on the local board. This requires the agency staff to always consider the total cost of its program to all tax-payers when considering rule and procedural changes.

A good example of this approach can be found in the steps taken by the Board and the agency during 2017 to improve the process for correcting errors in the service records of members. At that time, agency administrative rules governing the correction or errors imposed unnecessary time limits on corrections and required the approval of both the local board and department officials before submission to TESRS for processing. This process resulted in:

• the loss of rightfully-earned pension benefits for a TESRS member because corrections were not made;
• additional administrative work for local board members because of the time needed to prepare and submit a correction to the agency;
• complex processing processes at the agency; and

- the loss of contribution revenue to the System.

The Board recognized that this process was administratively burdensome and did not provide for the timely resolution of errors. The Board amended its administrative rules and simplified the process, removing the five-year limit on the correction of errors. The process is now much simpler and requires less time for local board members and agency staff to process corrections. Contribution revenues to the System are higher and volunteers are receiving the pension benefits they rightfully earned.

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

The TESRS investment program is an example of an effective core function that is built upon performance measurement, continuous policy review, and strategic planning. Its success is dependent upon the combined efforts of the Board, agency staff, investment consultants, and individual investment managers.

The Board's investment process is best described as a five-step investment process that is intended to minimize risk while funding the long-term liabilities of promised benefits. The Board's Investment Committee focuses on investment policies and monitors the activities of the investment consultant and the performance of fund managers. However, all decisions regarding the investment program are made by actions taken by the Board.

Although the Board is a long-term investor, it monitors investment performance for the System and for each individual investment manager on a quarterly basis. Performance is measured against established benchmarks using quarterly, annual, three-year and five-year performance.
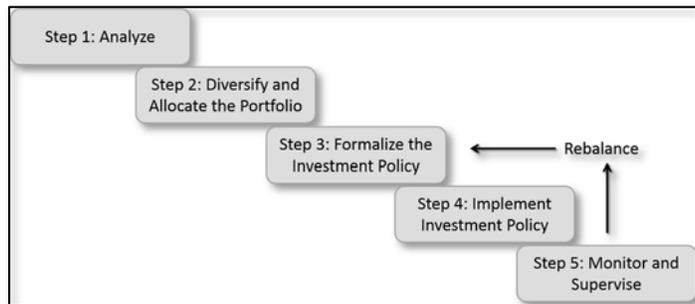
4. Attentive to providing excellent customer service.

Providing customer service permeates each functional aspect of the agency. In the administration of the System and in recruiting new member departments, we frequently communicate with state and local officials and employees, volunteer firefighters and first responders, civic leaders, and community members. Each communication is considered an opportunity to provide the customer with accurate information and assistance in a professional manner that reflects the mission and vision of the agency. Our most recent Customer Service Survey Project results showed 97% overall satisfaction in customer service, including written communication, timeliness, accuracy, and professionalism of staff. We shall continue to provide quality customer service in a timely and professional manner to ensure we maintain this high level of success.

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

Information about our Board meetings (agendas, locations, approved minutes) are posted on our website and are available to the public. Through public access to our website and communications with our customers and members, we take steps to be informative in a manner that is easily understood.

Redundancies and Impediments

SERVICE, STATUTE, RULE, OR REGULATION (PROVIDE SPECIFIC CITATION IF APPLICABLE)	DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS	PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION	DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFITS ASSOCIATED WITH THE RECOMMENDED CHANGE
TEXAS GOVERNMENT CODE, §865.012 LOCAL BOARD	The Local Board system of governance is a large and burdensome system of administration placed upon local communities, which is dependent on volunteers to enroll and provide timely benefits to members and retirees.	The agency recommends that the Local Board governance system be modified to ensure the enrollment and provision of timely benefits to the volunteer emergency personnel of Texas.	Alleviate hundreds of hours of time required to locally administer the program, provide timely benefits to members, and maintain a proper system records related to the enrollment/termination of members.
TEXAS GOVERNMENT CODE, §862.002 MEMBERSHIP BY INDIVIDUAL	There is a large portion of firefighters and emergency service personnel who are ineligible for any statewide retirement system due to compensation. The System's compensation-related exclusions are complex and confusing and do not clearly provide for membership for those who receive some form of monetary compensation, leaving such personnel without benefits.	Our agency recommends a modification to the statute that allows for the enrollment of an individual in the TESRS System who performs emergency services for a participating department and who is ineligible for membership in an existing statewide retirement system based on the same service.	The inclusion of this group would provide retirement system benefits to an unprotected population of first responders. This would increase enrollment of new volunteers in participating departments and would be a significant component in recruiting new departments. Additional membership would increase local contributions made to the System and, over time, improve unfunded liability.

Part 2. Supplemental Schedules

Schedule A: Budget Structure:

The Texas Emergency Services Retirement System (TESRS) was created by the 83rd Legislature as a standalone agency and assumed the duty of administering the TESRS pension fund, which has been in existence since 1977. Associated with this task are the following goals, objectives, and strategies.

Agency Goals, Objectives and Strategies

AGENCY GOAL: SOUND PENSION FUND

> To ensure that pension funds for volunteer emergency services personnel are actuarially sound and that they receive the benefits to which they are entitled.

AGENCY OBJECTIVE 1.1: ADMINISTER VOLUNTEER PENSION FUND

> Administer a pension fund for volunteer emergency services personnel by receiving contributions from sponsoring entities; investing surplus funds; servicing the member database; and providing services and benefit payments to members and their dependents.

AGENCY STRATEGY 1.1.1: ADMINISTER PENSION FUND

> Administer a pension fund for emergency services personnel by receiving contributions from member entities; investing surplus funds; servicing member database; and providing services and benefit payments to members and their dependents.

AGENCY OBJECTIVE 1.2: RECRUITING AND TECHNICAL ASSISTANCE

> Manage both new and existing member departments by providing needed program monitoring and technical assistance and by directing resources to recruit new departments.

AGENCY STRATEGY 1.2.1: RECRUITING AND TECHNICAL ASSISTANCE

> Manage both new and existing member departments by providing needed program monitoring and technical assistance and by directing resources into recruiting new departments.

Schedule B: List of Measures Definitions

Outcome Measures

Outcome Measure 1.1.1	Amortization Period
Definition	The number of years required to amortize the unfunded actuarial accrued liability.
Purpose	The importance of the actuarial valuation is to determine the financial soundness of the plan. This valuation determines the liabilities of the plan versus the assets available to pay those liabilities. The valuation reports the percentage of funding of the plan, an analysis of the progress toward funding the benefits payable under the plan, the amount of unfunded liability, if any, and the period, in years, required to amortize that accrued liability based on the calculations of the actuary.
Data Source	The plan actuary calculates this measure in every even numbered year. The study date coincides with the end of the state fiscal year of August 31. The actuarial valuation is performed by a qualified actuary, who must be a member of the American Academy of Actuaries or a fellow of the Society of Actuaries, and has at least five years of experience with public retirement systems.
Methodology	The plan actuary calculates the period to amortize the unfunded actuarial accrued liability. The actuary uses the ratio of the unfunded actuarial accrued liability to the amortization amount, and this ratio is compared to a table of amortization factors to determine the resulting amortization period. The precise period is determined by interpolating between the two applicable factors.
Calculation Method	Non-Cumulative
Data Limitations	This measure is only updated every two years when an actuarial valuation is completed.
Target Attainment	Low
New Measure	Yes

Outcome Measure 1.1.2	Annual Investment Return
Definition	The net investment return achieved by TESRS each year.
Purpose	TESRS uses a money weighted rate of return calculation to determine the effective return of the fund relative to the long-term actuarial assumed investment rate of return of the fund.
Data Source	The TESRS Actuary calculates the annual money-weighted net rate of return based upon the following reports provided by the TESRS CFO (Combined Balance Sheet/Statement of Net Position, Combined Statement of Fiduciary Net Position, schedules of contributions and timing of those contributions which fall outside normal billing cycles) after the close of the Fiscal Year.
Methodology	The money-weighted rate of return is calculated by the TESRS Actuary, and expresses investment performance, net of investment expenses, reflecting the changing amounts actually invested during the year.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

Outcome Measure 1.1.3	Actuarial Funding Percentage
Definition	The actuarial funding percentage (ratio) is calculated by dividing the actuarial value of the plan's assets by its actuarial liabilities accrued to-date.
Purpose	A pension plan whose assets equal its liabilities is funded at 100% and is considered fully funded; any shortfall of assets is an unfunded liability, and a plan with an unfunded liability is underfunded. Underfunded typically does not mean that a plan is unable to pay the benefits for which it is presently obligated-in fact, substantially all underfunded public pension plans are able to meet their current obligations. The funding percentage compares liabilities to assets to provide a basic determination of the actuarial health of the plan.
Data Source	The plan actuary calculates this number during even number years as part of the actuarial valuation of the plan.
Methodology	The actuary divides the actuarial value of assets by the actuarial liabilities accrued to date.
Calculation Method	Non-Cumulative
Data Limitations	Actuarial valuations are only performed during even number years. During odd-numbered years, the actuary will be using projected numbers to estimate this value.
Target Attainment	High
New Measure	No

Output Measures

Output Measure 1.1.1.1	Number of Benefit Payments Distributed
Definition	The number of payments distributed to volunteer emergency services personnel pensioners for retirement, disability, alternate payees, and survivor benefits.
Purpose	The number of benefit payments distributed is the total number of payments made from the pension program to retirees, those who are disabled, alternate payees, and survivors.
Data Source	The agency's internal pension database system and its internal accounting system (MIP) are the source of this number.
Methodology	The number of benefit payments distributed is the total number of payments made from the pension program for retirement, disability, Qualified Domestic Relations Orders (QDRO) and survivor benefit payments.
Calculation Method	Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

Output Measure 1.1.1.4	Number of TESRS Benefit Determinations
Definition	Benefit determinations are prepared by agency staff for each TESRS benefit provided; retirement, disability, spouse, QDRO, and death benefit.
Purpose	A benefit determination is the process of making a decision on whether or not an application for benefits is approved or denied.
Data Source	The Operations Assistant keeps a log of all incoming applications for benefits and their dispositions.
Methodology	The number of benefit determinations is totalled by counting the number of applications for benefits received that show determinations were made during the reporting period.
Calculation Method	Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

Output Measure 1.2.1.1	Number of Recruiting Events
Definition	Recruiting events means trade shows and conferences, where a booth or presentation is set up for attendees to obtain information. This includes other recruiting events like onsite presentations to individual departments and oral presentations at events. Recruiting events are essential to the success of the strategy and so these events are counted to measure efforts made towards that end.
Purpose	Used to measure outreach which is the purpose of the strategy.
Data Source	The Recruiting Specialist's electronic log maintained in Excel.
Methodology	The Recruiting Specialist's log will be used to count recruiting events. The number of recruiting events is calculated by counting the actual number of recruiting events attended or hosted in the reporting period.
Calculation Method	Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

Output Measure 1.2.1.2	Number of Onsite Visits
Definition	Onsite visit means that a member of the TESRS staff travels to a member department location to visit with related parties to discuss compliance with TESRS administrative rules in the Texas Government Code and related procedures. This measure tracks resources put into the strategy by tracking onsite visits.
Purpose	Onsite visits are essential to achieving the goals of the strategy, which is to increase compliance among member departments.
Data Source	The Contract Specialist's risk assessment tool maintained in Excel.
Methodology	The Contract Specialist's risk assessment tool is used to count actual onsite monitoring and technical assistance visits conducted during the reporting period.
Calculation Method	Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

Efficiency Measures

Efficiency Measure 1.1.1.1	Cost Per Pension Plan Member
Definition	The average administrative costs per pension plan member is a calculation of the cost of providing service to active, retired and vested terminated plan participants.
Purpose	The cost allocation is used to verify that the cost of service is not exceeding the benefits to the members.
Data Source	The fund accountant determines the total administrative costs exclusive of investment related contract service costs. Payments for pension benefits and investment related services are not included. The pension administrator obtains the number of all active members, retirees, vested terminated and other beneficiaries from the database report.
Methodology	The average annual administrative cost, exclusive of investment related contract services costs, is determined by dividing total administrative costs by the number of all active, retired and vested terminated plan participants.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	Low
New Measure	No

Efficiency Measure 1.1.1.2	TESRS Inquiry Response Time
Definition	Inquiry means any request received via the U.S. mail or emailed through the agency website from TESRS local board members and plan participants. Inquiries and response times are tracked to determine the average response time.
Purpose	This information affords the opportunity to determine the average response time.
Data Source	Inquiries are tracked in an Excel spreadsheet maintained by the Operations Assistant, who receives all incoming mail and website inquiries. The spreadsheet tracks the receipt date, the requestor, the source of the inquiry, a summary of the inquiry, the staff member assigned, the resolution date, and the calculated number of days to respond.
Methodology	The number of days on each inquiry is added up at the end of the quarter and divided by the number of inquiries received.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	Low
New Measure	No

Efficiency Measure 1.1.1.3	Days to Approve Benefit Applications
Definition	The average number of calendar days elapsed from the date a claim for Service Retirement Annuity benefits under Section 308.2, Government Code is filed, to the date the request for payment is sent to the Comptroller.
Purpose	This measure shows the efficiency of the agency's efforts to provide retirement benefits under Section 308.2, Government Code.
Data Source	This data is obtained from a report that is created from the TESRS Application Tracking System
Methodology	Average Number of Calendar Days is calculated by the Total Number of Calendar Days divided by Total Number of Payments.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	Low
New Measure	Yes

Explanatory Measures

Explanatory Measure 1.1.1.1	Cities in Pension System
Definition	The number of departments participating in the TESRS.
Purpose	This measure is helpful in determining the staffing and financial needs of the agency.
Data Source	The pension system database is the source of this measure.
Methodology	The number of participating departments is tallied.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

Explanatory Measure 1.1.1.2	Number of Active Members
Definition	The total number of active members serving in departments that participate in the TESRS.
Purpose	This measure is helpful in determining the staffing and financial needs of the agency.
Data Source	The pension system database provides a listing of all active members participating in the plan.
Methodology	The pension system database totals the number of active members in the system quarterly.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

Explanatory Measure 1.1.1.3	Number of Benefit Recipients
Definition	The number of members and payees receiving service retirement, disability, QDROs and survivor benefits from the System.
Purpose	This measure is helpful in determining the staffing and financial needs of the agency. The more retirees and payees, the more services the agency must provide to those members.
Data Source	The pension system database is the source of this measure.
Methodology	The pension system database calculates the number of benefit recipients.
Calculation Method	Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

Explanatory Measure 1.1.1.4 Number of Vested Terminated Service Records	
Definition	The total number of vested terminated members eligible for retirement, disability, and survivor benefit credit from the TESRS.
Purpose	This measure is helpful in determining the staffing and financial needs of the agency. The more retired, active and vested terminated members, the more services the agency must provide to those members.
Data Source	The agency's pension system database.
Methodology	The pension system database provides a listing of all vested terminated members and is the source for this measure.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	High
New Measure	Yes

Schedule C: Historically Underutilized Business Plan

Texas Emergency Services Retirement System Historically Underutilized Business Plan for FY 2018

Purpose: The purpose of this Historically Underutilized Business Plan is to increase agency's use of historically underutilized businesses in purchasing and contracting as required by Government Code Sec. 2161.123.

Policy: It is the policy of TESRS to promote and encourage contracting and subcontracting opportunities for historically underutilized businesses (HUBs) in all contracts.

Goal: TESRS will promote fair and competitive business opportunities that maximize the inclusion of minority-owned and women-owned businesses that are certified HUBs.

Objective: TESRS strives to meet or exceed the Statewide Annual HUB Utilization Goals that are identified each fiscal year in the procurement categories related to TESRS' current strategies and programs.

Strategy: TESRS will:

1) make a concerted effort in the professional services category to identify, solicit, and utilize qualified HUBs;

2) attend HUB Expos and events to stay informed on HUB business owners in the marketplace; and

3) continue consideration of qualified businesses owned by economically disadvantaged groups in the procurement process.

INTERNAL HUB UTILIZATION ASSESSMENT

TESRS assessment on utilization of HUBs demonstrates that when general revenue funds are considered, TESRS expenditures exceed statewide HUB goals for each of the applicable categories. FY 2016 and FY 2017, HUB expenditures in every category exceeded the State HUB purchasing goals.

TESRS is a small agency and does not have a large operating budget for which HUB purchasing is applicable. However, for purchases using appropriated funds, a concerted effort is made to purchase from HUB vendors when possible. Agency procurement staff attend local HUB vendor fairs and regularly search for new HUB vendors to satisfy agency needs. The Analysis of HUB Expenses for TESRS (see below) demonstrates that the agency's utilization of HUB vendors significantly surpasses state HUB goals.

> A **Historically Underutilized Business (HUB)** is a for profit business that can be a sole proprietorship, partnership, joint venture, corporation, limited partnership or company with its principal place of business located in the State of Texas.
>
> HUBs must have at least 51% of the assets and interests of all classes of stock and securities owned by one or more persons who are members of the following groups that have been identified as economically disadvantaged: Native Americans, American Women, Black Americans, Hispanic Americans, and Asian Pacific Americans.

The agency used Consolidated HUB Reports published by CPA for 2016 and 2017 and performed the following adjustments to reverse pension fund expenses out of the results:

FY 2016 Procurement Data				
Procurement Categories	**Total Appropriated Expenditures**	**HUB Expenditures**	**%HUB Expenditures**	**State HUB Goals**
Heavy Construction	$0	$0	N/A	11.20%
Building	$2,697	$2,697	100.00%	21.10%
Special Trade	$0	$0	N/A	32.70%
Professional	$10,000	$0	N/A	23.60%
Other Services	$74,494	$33,777	45.34%	24.60%
Commodity Purchasing	$15,531	$9,849	63.42%	21.10%
Totals	**$102,722**	**$46,322**	**45.10%**	

FY 2017 Procurement Data				
Procurement Categories	**Total Appropriated Expenditures**	**HUB Expenditures**	**%HUB Expenditures**	**State HUB Goals**
Heavy Construction	$0	$0	N/A	11.20%
Building	$0	$0	N/A	21.10%
Special Trade	$0	$0	N/A	32.90%
Professional	$0	$0	N/A	23.70%
Other Services	$126,996	$46,725	36.79%	26.00%
Commodity Purchasing	$19,205	$8,448	43.99%	21.10%
Totals	**$146,201**	**$55,173**	**37.74%**	

Beginning in FY 2017, we project our overall HUB utilization for appropriated funds to be over 40 percent. We have not identified statistical disparities in our HUB utilization, in firm earnings, or in the private marketplace. We do not engage in Prime contracting, public works contracting, or construction projects. We have no record of formal or anecdotal reports of disparate treatment of business owners.

Schedule D: Statewide Capital Plan

The Texas Emergency Services Retirement System does not have a Statewide Capital Plan.

Schedule E: Health and Human Services Strategic Plan
The Texas Emergency Services Retirement System does not have a Health and Human Services Strategic Plan.

Texas Emergency Services Retirement System Workforce Plan (2019-2023)

Phase 1:   Agency Overview (Strategic Direction)

The State of Texas created Texas Emergency Services Retirement System (TESRS) in 1977 to finance a pension system for volunteer firefighters and first responders. TESRS offers volunteer departments the opportunity to recognize, protect, and financially reward volunteers for their years of dedicated service to their communities. There are currently 237 departments participating in the pension system.

Authority for the agency exists under Title 8 of the Texas Government Code, Subtitle H, entitled Texas Emergency Services Retirement System.

Article 16 Section 67 of the Texas Constitution directs that the financing of benefits must be based on sound actuarial principles and that the assets of a system are held in trust for the benefit of members and may not be diverted.

Agency Mission

The agency's mission is to provide secure and meaningful benefits for members and their families, prudently manage assets, and recruit/retain additional members by offering a cost-effective solution to sponsoring entities.

Full Time Equivalent Employees

2014	2015	2016	2017	2018
7.25	7.25	10.75	10	9.5

Agency Strategic Goals and Objectives

Agency Goal: Sound Pension Fund

> To ensure that pension funds for volunteer emergency services personnel are actuarially sound and that they receive the benefits to which they are entitled.

Agency Objective 1.1: Administer Volunteer Pension Fund

> Administer a pension fund for volunteer emergency services personnel by receiving contributions from sponsoring entities; investing surplus funds; servicing the member database; and providing services and benefit payments to members and their dependents.

Agency Objective 1.2: Recruiting and Technical Assistance

> Manage both new and existing member departments by providing needed program monitoring and technical assistance and by directing resources to recruit new departments.

Core Business Functions

The primary responsibility of the agency is to administer pension benefits, which requires staff to work with retirees, active members, departments, and Local Board members. The provision of technical assistance to participating departments, Local Boards, and departments interested in participation includes training and information about the pension system processes and requirements for members to receive their retirement annuity. The agency distributes pension benefits to retirees on a monthly basis, as well as disbursing death and disability benefits.

The TESRS Board of Trustees (Board) outsources the most critical functions of the pension system to firms with the required professional and technical expertise. These include:

- Actuarial Services
- Investment Counsel
- Outside Legal Counsel
- Financial Audit Services
- Securities Custody Services
- Investment Management
- Database Administration
- Information Management Systems
- Cybersecurity
- Web Hosting

FTEs by Functional Area

Admin, 23%
Operations, 62%
Accounting, 15%
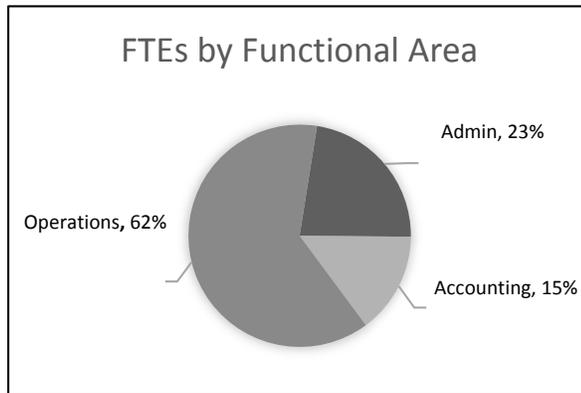
Administration

The Administrative functional area is responsible for supporting the Board, scheduling and hosting Board meetings, implementing the investment program, implementing the actuarial valuation of the System, and administering human resources.

Managing the TESRS investment process is the most dynamic business function of the agency. Success is dependent upon the combined efforts of the Board, agency staff, investment consultants, and individual investment managers.

The Board's investment process is best described as a Five-Step Investment Process. The Board's investment program is intended to minimize risk and fund the long-term liabilities of promised benefits.

The Board's Investment Committee focuses on investment policies and monitors the activities of the investment consultant and the investment performance of fund managers. However, all decisions regarding the investment program are made by actions taken by the Board.

Although the Board is a long-term investor, it monitors investment performance for the System and for each individual investment manager on a quarterly basis. Performance is measured against established benchmarks using quarterly, annual, three-year, and five-year performance.

The executive director is delegated full authority and responsibility by the Board for the implementation and administration of its investment programs subject to Board policies, rules, regulations, and directives. The

Step 1: Analyze
Step 2: Diversify and Allocate the Portfolio
Step 3: Formalize the Investment Policy ← Rebalance
Step 4: Implement Investment Policy
Step 5: Monitor and Supervise
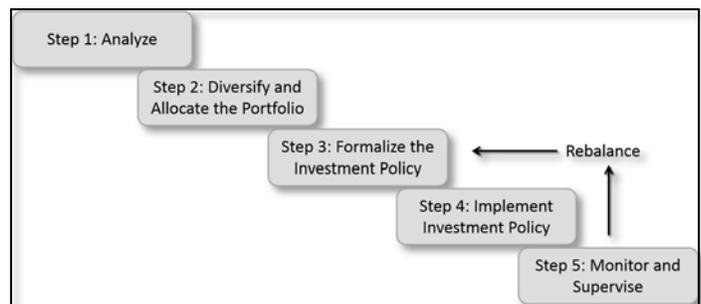
executive director is responsible for the following duties:

1. Assist the Board in the procurement of investment managers, consultants, and custodians;
2. Authorize guidelines and contracts for each investment manager retained by the System;
3. Recommend to the Investment Committee revisions to the Investment Policy; and
4. Supervise staff in carrying out actions of the Board and Investment Committee.

Accounting Program

The TESRS accounting program is directed by a certified public accountant who serves as the chief financial officer (CFO) for the agency and the System. The CFO is responsible for:

- Financial risk management,
- Financial planning and budgeting,
- Record keeping,
- Reporting, and
- Related compliance.

The CFO supervises the activities of the securities custodian and is responsible for the monthly reconciliation of the account of each investment manager. The CFO also serves as the TESRS liaison to the Legislative Budget Board, the State Auditor's Office, and the Comptroller of Public Accounts (CPA).

The CFO is responsible for invoicing governmental entities and collecting contribution payments paid by sponsoring entities on behalf of each active member of the system. Local accounts payable staff and TESRS staff work to resolve any issues related to invoicing and payments.

The CFO reports to the Board each quarter regarding agency budgets and cash balances. At the end of each fiscal year the CFO prepares and submits the annual financial report (AFR) to the CPA for inclusion in the state's comprehensive annual financial report. The AFR is then audited by outside certified public accountants to obtain objective opinions regarding the accuracy of the system's financial statements.

Operations

The Operations functional area includes the day-to-day administration of the pension system, customer support, marketing, and information management.

TESRS staff work with participating departments, their chiefs, Local Boards, and sponsoring entities to administer a retirement system in which each member is supported and encouraged to meet eligibility requirements and receive a well-deserved retirement annuity.

When a TESRS member meets eligibility requirements to retire, TESRS staff work closely with the member and the respective Local Board to ensure accuracy and to facilitate the retirement application and approval process, which includes reviewing qualified service details, preparing documentation, and obtaining appropriate signatures in a timely manner.

For each participating department, it is required by statute that a Local Board be established. Each Local Board must include six members: one member from the governing body of the department's political subdivision, two members from the community the department serves, and three active members of the participating department.

TESRS staff provides frequent customer service to Local Board members regarding a wide array of required actions that are the responsibility of the Local Board. We meet with Local Board members and provided technical assistance and training regarding the roles and responsibilities of the Local Board. We have email, phone, and face-to-face contact with Local Board members regarding TESRS membership enrollment, required reporting, the review and certification of retirement benefits, and other duties of the Local Board.

Anticipated changes to the mission, strategies, and goals during the next five years.

The Agency does not anticipate any changes to the mission, strategies, and goals of the agency during the next five years.

Phase 2:   Current Workforce Profile (Supply Analysis)

Workforce Demographics

As of May 1, 2018, TESRS had 9.5 employees, including part-time and full-time staff, to carry out its mission. The following charts illustrate the demographic make-up of TESRS' workforce.
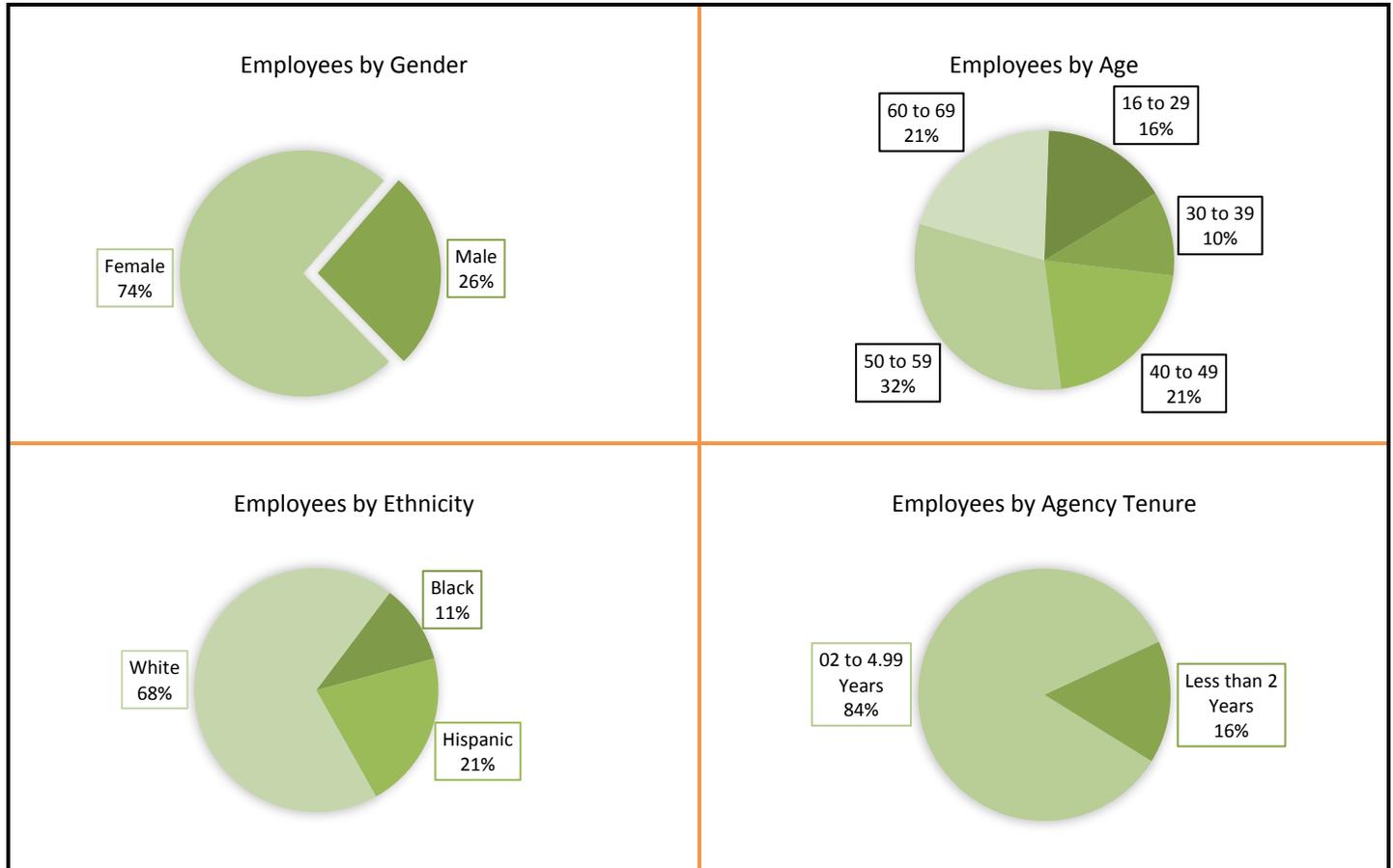
Employees by Ethnicity and Occupational Category			
Occupational Category	Black	Hispanic	White
Accounting, Auditing, and Finance		1	1
Administrative Support			0.5
Human Resources			1
Information and Communication			1
Information Technology		1	
Insurance	1		1
Property Management and Procurement			1
Total	**1**	**2**	**6.5**

Percent of workforce eligible to retire and return to work

The agency projects that during the next four fiscal years, approximately 30 percent of agency's workforce will be eligible to retire, taking with them institutional knowledge and expertise. This will require that the agency to prepare for the retirement of these critical employees through succession planning, cross-training and employee development.

Percent of veterans employed by the agency

The agency does not employ any veterans as of May 1, 2018.

Agency Turnover
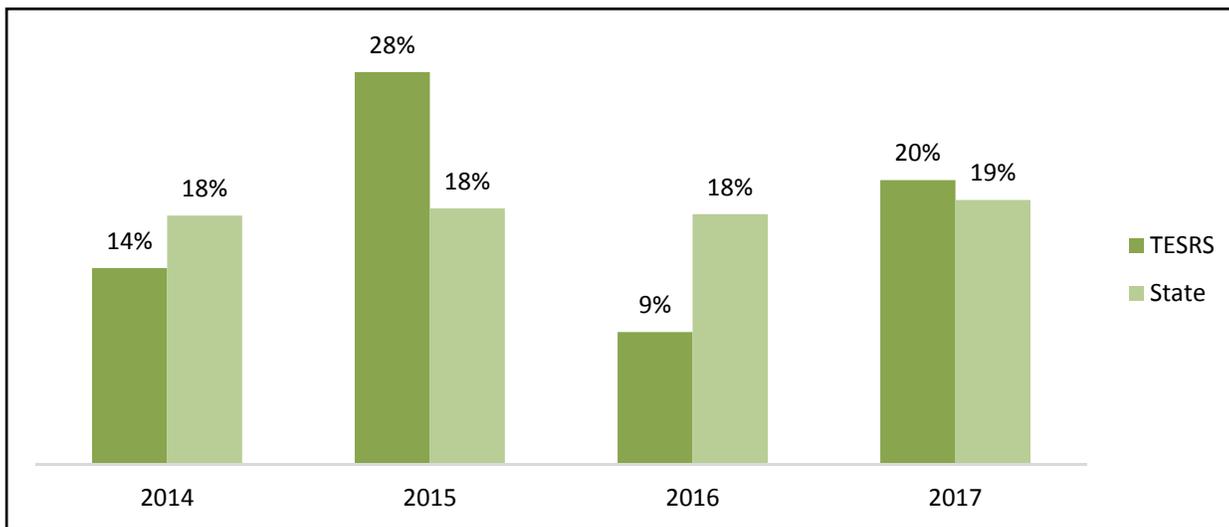
Projected employee turnover rate during the next five years
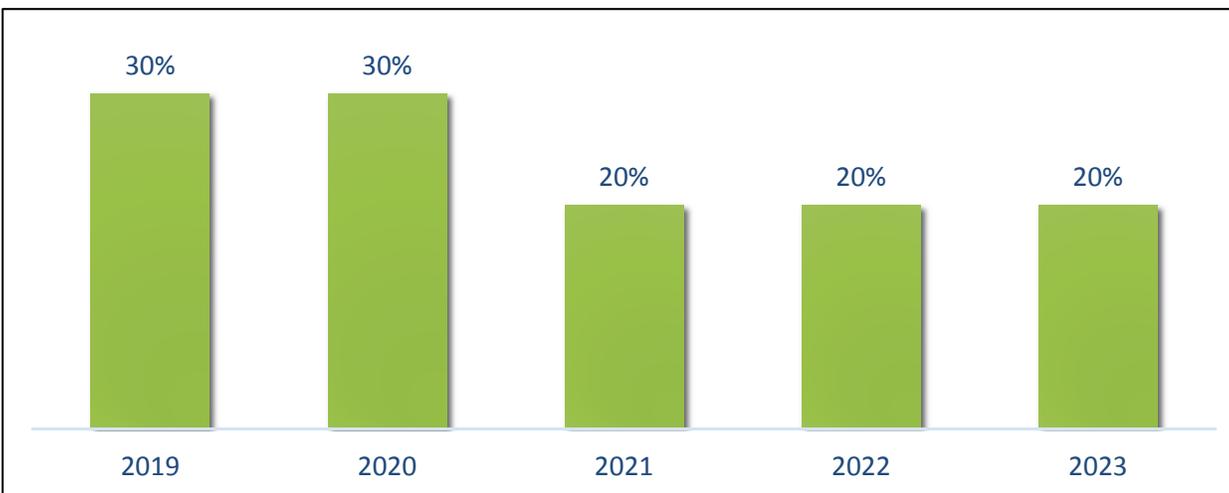
Future Workforce Analysis

The agency is making the following assumptions regarding the 2019-2023 planning period:

- **Growth in Retirees**: The agency anticipates that the number of retirees receiving retirement benefits will increase by over 40 percent by 2023. This will substantially change the allocation of staff time away from supporting Local Boards and active member enrollment to processing retirement applications and maintaining retirement accounts.
- **Increased Cybersecurity Complexity and Cost**: Cyber-related risk is the most challenging risk faced by the agency and will require the Board and agency to institute cybersecurity and risk governance practices to improve information security. It will also require the agency to become more realistic about its vulnerability to cyber-attack and become more resilient in the face of cyber-attacks.
- **Increased Productivity Needed:** Productivity will need to increase in order to process the growing number of retirement applications because it does not anticipate a growth in the number of employees. This will require the agency to carefully review each task and to determine its necessity in meeting the objectives of the program. It will also require the implementation of new technologies and the retraining of agency staff.
- **Team Performance Focus:** Management will continue to focus on team performance instead of individual performance. This will require each staff member to become more flexible, learn new tasks, and assume responsibility for decision-making. Management will also need to identify team goals and provide financial incentives to the team members when program goals are exceeded.
- **Increase in State Red-Tape**: The agency expects the overhead associated with being a state agency to grow due to additional reporting requirement which will reduce the time dedicated to the core mission of the agency.

Critical Workforce Skills

There are several skills that are critical to TESRS ability to serve its members and to maintain an actuarially sound pension system. Without these skills, TESRS could not provide basic benefit and retirement services. These skills are the:

- Ability to interpret legislation;
- Ability to communicate detailed information;
- Ability to write guidelines and procedures for a targeted audience;
- Ability to use automated benefit systems;
- Ability to develop long-term and short-term goals for the investment program;
- Risk management skills;
- Quality assurance skills;
- Ability to effectively and efficiently manage projects;
- Ability to develop and monitor complex contract plans; and
- Ability to think critically.

Future Workforce Skills Needed

With the exception of cybersecurity, the workforce skills needed by the agency are the same skills that have been necessary for the past 20 years. The following skill sets are most needed in new hires:

- Critical thinking and problem solving;
- Interpersonal skills, and
- Ability to adapt with change.

Gap Analysis

During the 2019-2023 planning period, the agency anticipates routine turnover of 20 to 30 percent each year and the loss of three critical employees to retirement.

The real cost to TESRS related to employee turnover is not related to short-term productivity losses but to the loss of institutional knowledge about the agency, its mission, and the performance of routine tasks that are not well-documented. Reducing these costs in the future will require the agency to reduce the complexity of program while also improving the clarity of process documentation.

Succession planning has always been a problem at the agency because it does not have a "bench" of qualified employees that can move up the organization when a vacancy occurs. In the case of the retirement of key personnel, the agency does have the advantage of time to conduct an analysis of the functions performed by each position and document key process. Generally, TESRS will plan to recruit applicants for vacant positions from outside of the agency.

Due to the planned retirement of the CFO, the agency is planning to outsource the investment accounting and financial reporting functions currently performed by the CFO. This will reduce the complexity of the job and broaden the pool of applicants for the position by enabling the agency to focus on recruiting certified public accountants with state government experience.

The agency faces significant knowledge-gaps in its ability to manage its information technologies and to deploy cyber defense strategies.

As a result, the agency will need to outsource critical cybersecurity functions to third-party firms with the technical capacity to assist the agency in implementing cyber defense strategies and mitigation plans. The agency will also need to upgrade the staff position currently responsible for managing the agency's information management systems to reflect the growing responsibilities associated with developing cybersecurity strategies and increase the training budget for all employees.

Schedule G: Report on Customer Service

Texas Emergency Services Retirement System 2018 Report on Customer Service

AGENCY OVERVIEW

The Texas Emergency Services Retirement System (TESRS) administers a voluntary pension fund for volunteer fire and emergency services departments in communities statewide. TESRS participation offers departments cost-effective membership in a professionally managed retirement fund. TESRS collects membership contributions from the governing entities of participating departments, invests the proceeds, calculates benefits, and issues payments to retirees and their beneficiaries.

Authority for the fund exists under Title 8 of the Texas Government Code, Subtitle H, and Texas Emergency Services Retirement System. TESRS is led by an Executive Director, hired by its nine-member Board of Trustees, all of whom are appointed by the Governor.

I. Inventory of External Customers

System Retirees

TESRS staff work with participating departments and their chiefs, Local Boards, and governing entities to administer a retirement system in which each member is supported and encouraged to meet eligibility requirements, become a TESRS retiree and receive a well-deserved retirement annuity.

When a TESRS member meets eligibility requirements to retire, TESRS staff work closely with the member and the respective Local Board to ensure accuracy and to facilitate the retirement application and approval process, which includes reviewing qualified service details, preparing documentation, and obtaining appropriate signatures in a timely manner.

Local Board Members

For each participating department, it is required by statute that a Local Board be established. Each Local Board must include six members: one member from the governing body of the department's political subdivision, two members from the community the department serves, and three active members of the participating department.

TESRS staff has frequent contact with Local Board members regarding a wide array of required actions that are the responsibility of the Local Board. We meet with Local Board members and provided technical assistance and training regarding the roles and responsibilities of the Local Board. We have email, phone, and face-to-face contact with Local Board members regarding TESRS membership enrollment, required reporting, the review and certification of retirement benefits, and other duties of the Local Board.

Participating Department Chiefs

The TESRS primary contact for most participating departments is the Department Chief. TESRS staff interact with Chiefs to provide assistance regarding TESRS membership benefits, enrollment requirements, qualified service tracking, on-duty and off-duty deaths, and other membership topics. TESRS staff meet with Department Chiefs and provide technical assistance and training about system requirements; we attend Department meetings and inform volunteers about their benefits and how their earning of qualified service each year is related to their receiving a retirement annuity.

TESRS OnLine System (TOL) Users

As of January 2018, Local Boards were required by agency rule to approve primary and secondary users to have access to TOL. It was required that each user complete and submit a confidentiality agreement to TESRS. Authorized users were trained by TESRS staff how to access TOL, how to enroll and terminate TESRS members, and how to review and approve reports on behalf of the Local Board. Staff assist users who experience log-in issues, who need additional training on how to retrieve and approve reports, manage membership, and who need help with other aspects of TOL.

Local Accounts Payable Contacts

TESRS staff communicate with local accounts payable staff who are directly involved with payment of monthly contributions to the TESRS fund. Contributions are based on the participating department's monthly rate per member. Local accounts payable staff and TESRS staff work to resolve any issues related to invoicing and payment.

II. Description of Information Gathering Methods

In March and April 2018, TESRS conducted customer service surveys with each of the above-named stakeholder groups using Survey Monkey, an online survey collection tool.

To obtain meaningful results about customer service, as well as opinions about other aspects of the TESRS structure, we conducted five surveys: System Retirees, Local Board Members, Chiefs of Participating Departments, TESRS OnLine System Users, and Local Accounts Payable Contacts.

SURVEY GROUP	Number of Respondents	Percent of Respondents
System Retirees	249	63.20%
Local Board Members	90	22.84%
Chiefs of Participating Departments	13	3.30%
TESRS OnLine System Users	27	6.85%
Local Accounts Payable Contacts	15	3.81%
TOTAL	394	

Each survey was designed to not only gather information about the quality of customer service provided by the agency, but also collect opinions about elements of TESRS benefits and administration that are specific to each survey group.

III. Customer-Determined Service Quality

Seven key customer service questions were included in each group-specific survey which, by the selections of the respondents, address the customer service quality elements (excluding facilities since TESRS very rarely has customers at our state office location).

Staff:

- How satisfied are you with the professionalism of TESRS Staff?
- How much time did it take TESRS Staff to resolve your questions and concerns?
- How accurate is the information you have received from TESRS Staff?
- Communications.

Regarding "TESRS NEWS," select all that apply:

- Which of the following phrases would you use to describe TESRS brochures, routine email, and other written information?
- How satisfied are you with the professionalism of TESRS Staff?
- Website access by Local Accounts Payable Contacts.
- In the past 12 months, have you visited the Financial Information tab on our website?

Complaint-handling Process:

- How satisfied are you with the professionalism of TESRS Staff?
- How much time did it take TESRS Staff to resolve your questions and concerns?
- How accurate is the information you have received from TESRS Staff?

Service Timeliness:

- How much time did it take TESRS Staff to resolve your questions and concerns?
- How much time did it take TESRS Staff to notify you about your user name and temporary password?

Printed Information:

- Which of the following phrases would you use to describe TESRS brochures, routine email, and other written information?

System Retirees Detail

How satisfied are you with the professionalism of TESRS Staff?		
Answer Choices	Responses	
Very satisfied	65.12%	56
Satisfied	27.91%	24
Neither satisfied nor dissatisfied	4.65%	4
Dissatisfied	2.33%	2
Very dissatisfied	0.00%	0
	Answered	**86**

How much time did it take TESRS Staff to resolve your questions and concerns?		
Answer Choices	Responses	
Much shorter than expected	36.47%	31
Shorter than expected	27.06%	23
About what I expected	29.41%	25
Longer than I expected	3.53%	3
Much longer than I expected	3.53%	3
	Answered	**85**

How accurate is the information you have received from TESRS Staff?		
Answer Choices	Responses	
Always	76.74%	66
Usually	19.77%	17
Sometimes	3.49%	3
Rarely	0.00%	0
Never	0.00%	0
	Answered	**86**

(System Retirees Detail, continued)

Which of the following phrases would you use to describe TESRS brochures, routine email, and other written information?			
Answer Choices	Responses		Clicks
Professional	33.93%	38	25.17%
Well written	28.57%	32	21.19%
Useful	48.21%	54	35.76%
Reliable	10.71%	12	7.95%
Average	13.39%	15	9.93%
Poor quality	0.00%	0	0.00%
Unreliable	0.00%	0	0.00%
Not useful	0.00%	0	0.00%
	Answered	**112**	

Local Board Members Detail:

How satisfied are you with the professionalism of TESRS Staff?		
Answer Choices	Responses	
Very satisfied	74.24%	49
Satisfied	19.70%	13
Neither satisfied nor dissatisfied	3.03%	2
Dissatisfied	3.03%	2
Very dissatisfied	0.00%	0
	Answered	**66**

How much time did it take TESRS Staff to resolve your questions and concerns?		
Answer Choices	Responses	
Much shorter than expected	25.00%	16
Shorter than expected	26.56%	17
About what I expected	42.19%	27
Longer than I expected	4.69%	3
Much longer than I expected	1.56%	1
	Answered	**64**

(Local Board Member, continued)

How accurate is the information you have received from TESRS Staff?		
Answer Choices	Responses	
Always	67.69%	44
Usually	32.31%	21
Sometimes	0.00%	0
Rarely	0.00%	0
Never	0.00%	0
	Answered	**65**

TESRS periodically sends "TESRS NEWS" via email to Local Board members. Regarding "TESRS NEWS," select all that apply:			
Answer Choices	Responses		Clicks
I receive "TESRS NEWS" emails.	66.29%	59	-
TESRS NEWS provides me with information I need to know.	37.08%	33	50.77%
TESRS NEWS is well written and easy to understand.	29.21%	26	40.00%
I receive "TESRS NEWS" but it's not informative.	6.74%	6	9.23%
I have not received "TESRS NEWS" emails.	23.60%	21	-
	Answered	**89**	

(Local Board Member, continued)

Which of the following phrases would you use to describe TESRS brochures, routine email, and other written information?			
Answer Choices	Responses		Clicks
Professional	51.92%	27	27.55%
Well written	40.38%	21	21.43%
Useful	69.23%	36	36.73%
Reliable	21.15%	11	11.22%
Average	5.77%	3	3.06%
Poor quality	0.00%	0	0.00%
Unreliable	0.00%	0	0.00%
Not useful	0.00%	0	0.00%
	Answered	**52**	

Participating Department Chiefs

How satisfied are you with the professionalism of TESRS Staff?		
Answer Choices	Responses	
Very satisfied	87.50%	7
Satisfied	12.50%	1
Neither satisfied nor dissatisfied	0.00%	0
Dissatisfied	0.00%	0
Very dissatisfied	0.00%	0
	Answered	**8**

How much time did it take TESRS Staff to resolve your questions and concerns?		
Answer Choices	Responses	
Much shorter than I expected.	50.00%	4
Shorter than I expected.	12.50%	1
About what I expected.	37.50%	3
Longer than I expected.	0.00%	0
Much longer than I expected.	0.00%	0
	Answered	**8**

(Participating Department Chiefs, continued)

How accurate is the information you have received from TESRS Staff?		
Answer Choices	Responses	
Always	100.00%	8
Usually	0.00%	0
Sometimes	0.00%	0
Rarely	0.00%	0
Never	0.00%	0
	Answered	**8**

Which of the following phrases would you use to describe TESRS brochures, routine email, and other written information? Select all that apply:			
Answer Choices	Responses		Clicks
Professional	75.00%	9	26.47%
Well-written	66.67%	8	23.53%
Useful	66.67%	8	23.53%
Reliable	58.33%	7	20.59%
Average	16.67%	2	5.88%
Poor quality	0.00%	0	0.00%
Unreliable	0.00%	0	0.00%
Not useful	0.00%	0	0.00%
	Answered	**12**	

TESRS OnLine System Users Detail:

How satisfied are you with the professionalism of TESRS Staff?		
Answer Choices	Responses	
Very satisfied	73.08%	19
Satisfied	26.92%	7
Neither satisfied nor dissatisfied	0.00%	0
Dissatisfied	0.00%	0
Very dissatisfied	0.00%	0
	Answered	**26**

How much time did it take TESRS Staff to resolve your questions and concerns?		
Answer Choices	Responses	
Much shorter than I expected	42.31%	11
Shorter than I expected	26.92%	7
About what I expected	26.92%	7
Longer than I expected	3.85%	1
Much Longer than I expected	0.00%	0
	Answered	**26**

(TESRS OnLine System Users, continued)

How accurate is the information you have received from TESRS Staff?		
Answer Choices	Responses	
Always	80.77%	21
Usually	19.23%	5
Sometimes	0.00%	0
Rarely	0.00%	0
Never	0.00%	0
	Answered	**26**

TESRS periodically sends "TESRS NEWS" via email to TESRS Online Users. Regarding "TESRS NEWS," select all that apply:			
Answer Choices	Responses		Clicks
I receive "TESRS NEWS" emails.	80.77%	21	-
"TESRS NEWS" provides me with information I need to know.	23.08%	6	46.15%
"TESRS NEWS" is well written and easy to understand.	23.08%	6	46.15%
I receive "TESRS NEWS" but don't find it very informative.	3.85%	1	7.69%
I have not received "TESRS NEWS" emails.	15.38%	4	-
	Answered	**26**	

(TESRS OnLine System Users, continued)

Which of the following phrases would you use to describe TESRS brochures, routine email, and other written information? Select all that apply:			
Answer Choices	Responses		Clicks
Professional	48.15%	13	26.00%
Well written	29.63%	8	16.00%
Useful	66.67%	18	36.00%
Reliable	29.63%	8	16.00%
Average	11.11%	3	6.00%
Poor quality	0.00%	0	0.00%
Unreliable	0.00%	0	0.00%
Not useful	0.00%	0	0.00%
	Answered	**27**	

How much time did it take TESRS Staff to notify you about your user name and temporary password?		
Answer Choices	Responses	
Much shorter than I expected	23.08%	6
Shorter than I expected	34.62%	9
About what I expected	34.62%	9
Longer than I expected	0.00%	0
Much longer than I expected	7.69%	2
	Answered	**26**

Local Accounts Payable Contacts

How satisfied are you with the professionalism of TESRS Staff?		
Answer Choices	Responses	
Very satisfied	80.00%	4
Satisfied	20.00%	1
Neither satisfied nor dissatisfied	0.00%	0
Dissatisfied	0.00%	0
Very dissatisfied	0.00%	0
	Answered	**5**

How much time did it take TESRS Staff to resolve your questions and concerns?		
Answer Choices	Responses	
Much shorter than expected	0.00%	0
Shorter than expected	60.00%	3
About what I expected	40.00%	2
Longer than I expected	0.00%	0
Much longer than I expected.	0.00%	0
	Answered	**5**

(Local Accounts Payable Contacts, continued)

How accurate is the information you have received from TESRS Staff?		
Answer Choices	Responses	
Always	80.00%	4
Usually	20.00%	1
Sometimes	0.00%	0
Rarely	0.00%	0
Never	0.00%	0
	Answered	**5**

Our TESRS Accounts Payable Contacts periodically receive "TESRS NEWS" via email. Regarding, "TESRS NEWS," select all that apply:			
Answer Choices	Responses		Clicks
I receive "TESRS NEWS" emails.	53.33%	8	-
"TESRS NEWS" provides me with information I need to know.	6.67%	1	50.00%
"TESRS NEWS" is well written and easy to understand.	0.00%	0	0.00%
I receive "TESRS NEWS' but don't find it very informative.	6.67%	1	50.00%
I have not received "TESRS NEWS" emails.	40.00%	6	-
	Answered	**15**	

(Local Accounts Payable Contacts, continued)

Which of the following phrases would you use to describe TESRS brochures, routine email, and other written information?			
Answer Choices	Responses		Clicks
Professional	22.22%	2	20.00%
Well written	0.00%	0	0.00%
Useful	44.44%	4	40.00%
Reliable	22.22%	2	20.00%
Average	22.22%	2	20.00%
Poor quality	0.00%	0	0.00%
Unreliable	0.00%	0	0.00%
Not useful	0.00%	0	0.00%
	Answered	**9**	

In the past 12 months, have you visited the Financial Information tab on our website www.tesrs.org?		
Answer Choices	Responses	
Yes	33.33%	5
No	66.67%	10
	Answered	**15**

IV. ANALYSIS OF FINDINGS

A. Summary of Findings

Responses from each survey for each key question were summed and results are delineated in the tables below. Included in each table are the number of those who provided a response to the question as well as the number of individuals who elected to skip the question.

For questions which had the option to select more than one response, such as "select all that apply," the percentage of clicks has been calculated since it is representative of the respondents' collective opinions. In advance of certain questions, a yes/no question was asked to direct respondents to the next appropriate question based on their response. This data has also been provided.

i. <u>Staff</u>:

Have you had other communication, such as by telephone or in person, with TESRS Staff?		
Answer Choices	Responses	
Yes	49.36%	192
No	50.64%	197
	Answered	**389**
	Skipped	**5**

How satisfied are you with the professionalism of TESRS Staff?		
Answer Choices	Responses	
Very satisfied	70.68%	135
Satisfied	24.08%	46
Neither satisfied nor dissatisfied	3.14%	6
Dissatisfied	2.09%	4
Very dissatisfied	0.00%	0
	Answered	**191**
	Skipped	**203**

(i. Staff, continued)

How much time did it take TESRS Staff to resolve your questions and concerns?		
Answer Choices	Responses	
Much shorter than expected	32.98%	62
Shorter than expected	27.13%	51
About what I expected	34.04%	64
Longer than I expected	3.72%	7
Much longer than I expected.	2.13%	4
	Answered	**188**
	Skipped	**206**

How accurate is the information you have received from TESRS Staff?		
Answer Choices	Responses	
Always	75.26%	143
Usually	23.16%	44
Sometimes	1.58%	3
Rarely	0.00%	0
Never	0.00%	0
	Answered	**190**
	Skipped	**204**

Half of those surveyed (192/394) responded that they had telephone or face-to-face communication with TESRS Staff. With regard to the professionalism of staff, 98 percent responded favorably; regarding time to resolve the customer's issues, 94 percent responded favorably; regarding accuracy of information provided, more than 98 percent responded favorably.

In summary, the quality of customer service provided by TESRS staff is excellent with an average percentage of 97 percent.

ii. <u>Communications and Internet</u>:

Our [SURVEY SPECIFIC GROUP NAME] periodically receive "TESRS NEWS" via email. Regarding, "TESRS NEWS," select all that apply:			
Answer Choices	Responses		Clicks
I receive "TESRS NEWS" emails.	67.69%	88	-
"TESRS NEWS" provides me with information I need to know.	30.77%	40	50.00%
"TESRS NEWS" is well written and easy to understand.	24.62%	32	40.00%
I receive "TESRS NEWS" but don't find it very informative.	6.15%	8	10.00%
I have not received "TESRS NEWS" emails.	23.85%	31	-
	Answered	**130**	
	Skipped	**2**	

Have you received email or other written information from TESRS?		
Answer Choices	Responses	
Yes	54.99%	215
No	45.01%	176
	Answered	**391**
	Skipped	**3**

(ii. Communications and Internet, continued)

Which of the following phrases would you use to describe TESRS brochures, routine email, and other written information?				
Answer Choices	Responses		Clicks	
Professional	41.98%	89	25.95%	
Well written	32.55%	69	20.12%	
Useful	56.60%	120	34.99%	
Reliable	18.87%	40	11.66%	
Average	11.79%	25	7.29%	
Poor quality	0.00%	0	0.00%	
Unreliable	0.00%	0	0.00%	
Not useful	0.00%	0	0.00%	
	Answered	**212**		
	Skipped	**182**		

How satisfied are you with the professionalism of TESRS Staff?		
Answer Choices	Responses	
Very satisfied	70.68%	135
Satisfied	24.08%	46
Neither satisfied nor dissatisfied	3.14%	6
Dissatisfied	2.09%	4
Very dissatisfied	0.00%	0
	Answered	**191**
	Skipped	**203**

(ii. Communications and Internet, continued)

In the past 12 months, have you visited the Financial Information tab on our website www.tesrs.org?		
Answer Choices	Responses	
Yes	33.33%	5
No	66.67%	10
	Answered	**15**
	Skipped	**0**

Communications related questions addressed the quality of written and verbal information provided by TESRS to our five customer groups.

Regarding written information 90 percent of respondents reported that the newsletter, "TESRS NEWS", provided useful information and was easy to understand. Regarding other written information (brochures, email, etc.), 212 respondents indicated 100 percent satisfaction with the quality of the material provided. Satisfaction with verbal and face-to-face communication was reflected in the 191 responses that resulted in 98 percent satisfaction regarding professionalism of staff. Regarding the TESRS website, there is information available that would be useful for the Local Accounts Payable Contacts. Our survey measured only the number who have accessed the webpage to determine the overall plan for the webpage and other website interaction.

In summary, the quality of customer service regarding communication is excellent with an average percentage of 96 percent.

iii. Complaint-handling Process:

Have you had other communication, such as by telephone or in person, with TESRS Staff?		
Answer Choices	Responses	
Yes	49.36%	192
No	50.64%	197
	Answered	**389**
	Skipped	**5**

How satisfied are you with the professionalism of TESRS Staff?		
Answer Choices	Responses	
Very satisfied	70.68%	135
Satisfied	24.08%	46
Neither satisfied nor dissatisfied	3.14%	6
Dissatisfied	2.09%	4
Very dissatisfied	0.00%	0
	Answered	**191**
	Skipped	**203**

How much time did it take TESRS Staff to resolve your questions and concerns?		
Answer Choices	Responses	
Much shorter than expected	32.98%	62
Shorter than expected	27.13%	51
About what I expected	34.04%	64
Longer than I expected	3.72%	7
Much longer than I expected.	2.13%	4
	Answered	**188**
	Skipped	**206**

Complaint-handling Process, continued)

How accurate is the information you have received from TESRS Staff?		
Answer Choices	Responses	
Always	75.26%	143
Usually	23.16%	44
Sometimes	1.58%	3
Rarely	0.00%	0
Never	0.00%	0
	Answered	**190**
	Skipped	**204**

Indicators for the quality of customer service related to resolution of complaints were measured through TESRS staff interactions with customers. With 98 percent of those surveyed responding favorably regarding the professionalism of staff, 177 of 188 respondents (94 percent) reported that resolution of their concerns occurred promptly with confidence that 98 percent of the time, the resolution was accurate. The formal complaint process was not surveyed because there was not an occurrence of a general or specific complaint.

In summary, the quality of customer service related to the resolution of issues provided by TESRS staff is excellent with an average percentage of 97 percent.

iv. Service Timeliness:

How much time did it take TESRS Staff to resolve your questions and concerns?		
Answer Choices	Responses	
Much shorter than expected	32.98%	62
Shorter than expected	27.13%	51
About what I expected	34.04%	64
Longer than I expected	3.72%	7
Much longer than I expected.	2.13%	4
	Answered	**188**
	Skipped	**206**

How much time did it take TESRS Staff to notify you about your user name and temporary password?		
Answer Choices	Responses	
Much shorter than I expected	23.08%	6
Shorter than I expected	34.62%	9
About what I expected	34.62%	9
Longer than I expected	0.00%	0
Much longer than I expected	7.69%	2
	Answered	**26**
	Skipped	**1**

Timeliness is reflected in the responses to the questions about the general resolution of issues and the notification of user name and passwords to TESRS OnLine Users. Regarding resolution of issues, a total of 201 respondents (94 percent) provided positive responses.

It should be noted that TESRS OnLine first became available for local users in November 2017. The process for authorizing local users was first initiated during the late fall of 2017. The 26 local users who responded indicated a 92 percent satisfaction rate, which for the first-time implementation of this new process is an indicator of the successful training and technical assistance provided by TESRS staff.

In summary, the quality of customer service related to timeliness provided by TESRS staff, as indicated by all respondents, is excellent with an average percentage of 94 percent.

Summary – Customer Service Quality Elements:

SUMMARY	
Component	Percentage
i. Staff	97%
ii. Communications/Internet	96%
iii. Complaint-handling Process	97%
iv. Service Timeliness	94%

B. Improvements in Customer Service

Surveys of our customer groups indicated a high satisfaction with the customer service provided by TESRS staff. However, to continually improve our relationships with our customers, and based on the number of respondents who indicated a dissatisfaction, the following are identified areas for improvement:

- Ensure that information provided is informative;
- Inform customers often about information that is available on our website;
- Continue to provide timely response and meet the expectations of customers and system users.

C. Improvements in the Survey Process

Our survey process for the above assessment of customer service began with the sending of survey links to 2,999 through MailChimp of our customers who represented our five customer groups. We received a total of 394 responses.

Having unique surveys for each customer group provided the opportunity to learn more about our customers and to receive valuable feedback. A review of our survey process has determined the following as areas of improvement:

- Continue to build accurate and frequently updated email lists of each customer group;
- Provide periodic surveys to obtain feedback about customer service, processes, and other aspects of administration;
- Expand survey questionnaires to include more detail regarding the customer's experience with staff and ask for their ideas for improvement;
- As we obtain email addressed, expand the customer groups to include active members.

V. OUTCOME, OUTPUT, EFFICIENCY, AND EXPLANATORY MEASURES

OUTCOME MEASURES:	
Percentage of Surveyed Customer Respondents Expressing Overall Satisfaction with Services Received	97%
Percentage of Surveyed Customer Respondents Identifying Ways to Improve Service Delivery	3%
OUTPUT MEASURES:	
Total Customers Surveyed	394
Total Customers Served	11,077
EFFICIENCY MEASURES:	
Cost per Customer Surveyed	$0.51
EXPLANATORY MEASURES:	
Total Customers Identified	2,999
Total Customer Groups Inventoried	5

1. Outcome Measures Methodology
   a. Determined the sum of the total number of respondents who answered each customer service question for each survey and the sum of the total number of responses expressing satisfaction:

SURVEY QUESTION	Total Number of Respondents who Answered Each Question	Total Number of Positive Responses By Respondents	Percentage of Satisfaction
"TESRS NEWS"	80	72	90%
Written Material	212	212	100%
Professionalism of TESRS Staff	185	181	98%
Timeliness of TESRS Staff	188	177	94%
Accuracy of Information Provided	190	187	98%
		AVERAGE:	97%

   b. Based on the percentage of satisfactory responses provided by 394 respondents surveyed (97% of 394 respondents), 382 expressed overall satisfaction with TESRS customer service.
   c. The same methodology was used to determine the percentage of respondents who identified ways to improve customer service. A total of 26 negative responses (3%) were made which indicates approximately 12 respondents offered opinions regarding improvement of customer service.

2. Output Measures Methodology
   a. Using MailChimp, 2,999 were sent links to the respective surveys for each group; 394 followed the link and responded to a survey.
   b. TESRS serves a very large population of active system members, former system members, and TESRS retirees. In addition, we provide training and technical assistance services to Participating Departments personnel, Local Board members, local accounts payable personnel, and authorized system users.

Types	Number of Persons
Active TESRS Members	4,044
Vested Terminated TESRS Members (not active but have met required years of qualified service)	2,010
System Retirees	3,398
Local Board Members	1,177
Local Accounts Payable Contacts	163
TESRS OnLine System Users	285
TOTAL:	**11,077**

For active and non-active system members, TESRS has not historically requested or received email addresses, however, we have changed processes and, through the course of business, are obtaining email addresses which has increased our ability to communicate with system members. Offering future surveys and other information through email is cost-effective and a flexible tool for several communications projects.

3. Efficiency Measure Methodology
    a. MailChimp ($40.50/month) was used for one month to distribute the survey notices to the customer service groups.
    b. Survey Monkey ($384/year) was used to collect information. Based on future use, $162.00 is attributed to the cost of the customer service surveys.
    c. With a total cost of $202.50 and 398 respondents, the cost per survey is approximately $0.51.

4. Explanatory Measure
    a. There were 2,999 customers identified with email addresses and, therefore, able to receive an emailed link to their respective survey.
    b. There were 5 customer groups identified.

Schedule H: Assessment of Advisory Committees

The Texas Emergency Services Retirement System does not have advisory committees.