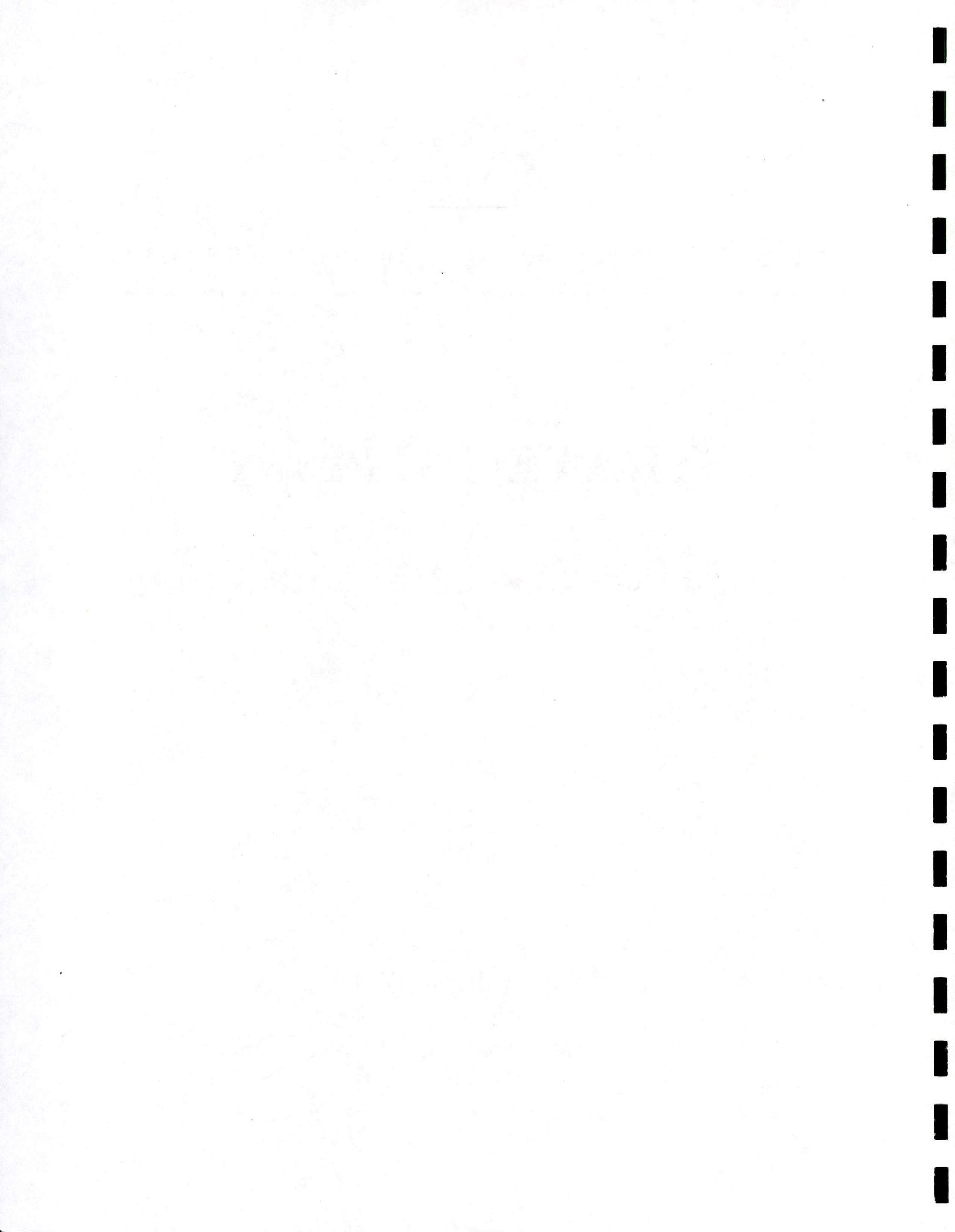**TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM**

STRATEGIC PLAN

Fiscal Years 2015 - 2019

Adopted June 2014

"Protecting those tomorrow, who protect us today."

Plan Transmission
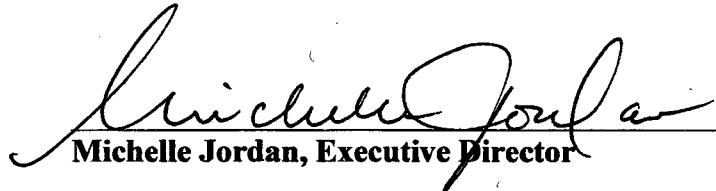
STRATEGIC PLAN
FISCAL YEARS 2015–2019

BY

TEXAS EMERGENCY SERVICES
RETIREMENT SYSTEM

Board Member	Dates of Term	Hometown
Frank Torres, Chairman	9/1/2017	Raymondville
Gracie Flores, Vice-Chair	9/1/2015	Corpus Christi
Taylor Allen	9/1/2019	Dallas
Dan Key	9/1/2019	Friendswood
Ron Larson	9/1/2019	Horizon City
Jenny Moore	9/1/2017	Lake Jackson
Dennis Rice	9/1/2015	Canyon
Don Shipman	9/1/2017	Colleyville
Stephen Williams	9/1/2017	Carthage

DATE OF SUBMISSION: June 20, 2015

SIGNED: _____
Michelle Jordan, Executive Director

APPROVED: _____
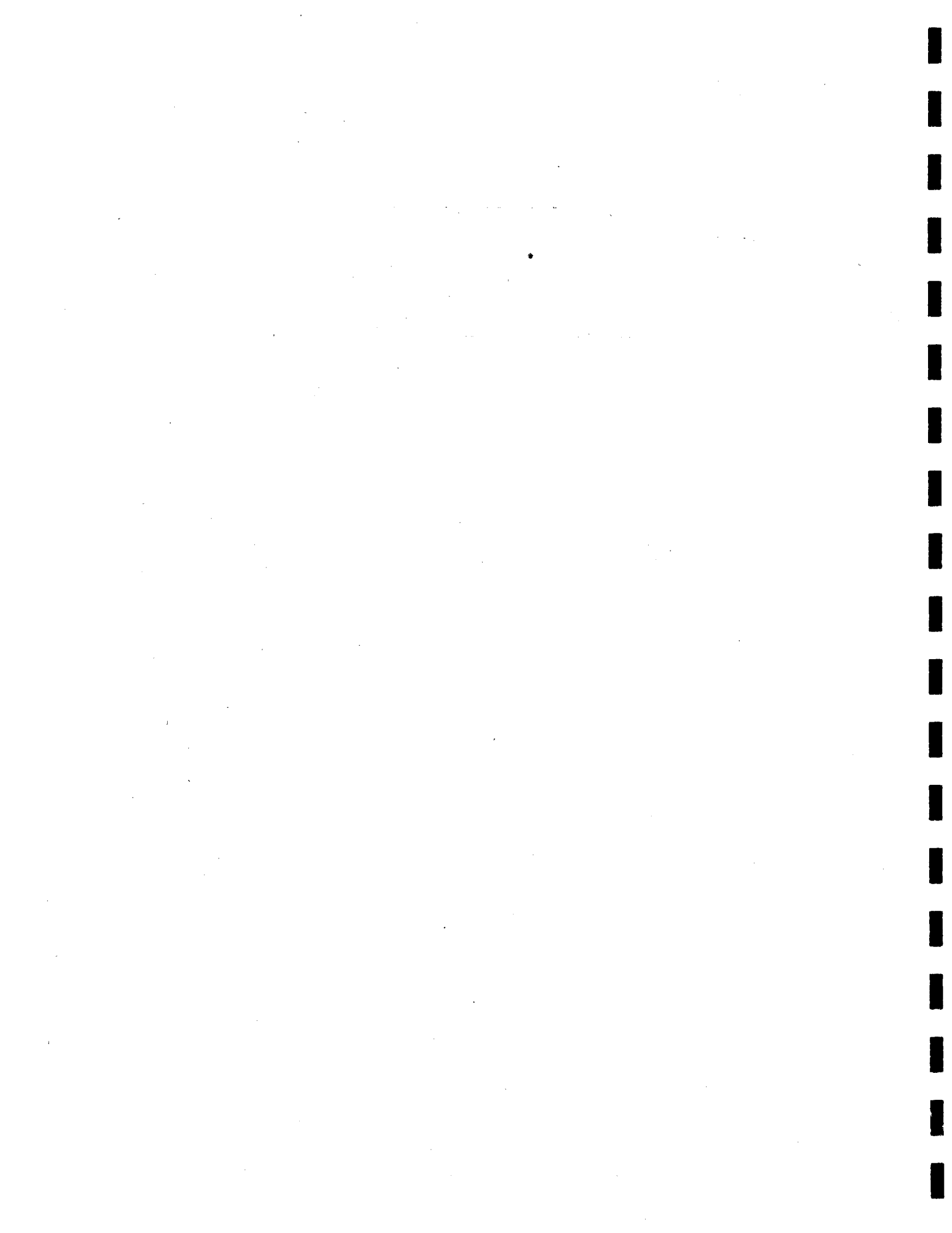Frank Torres, Chair

Table of Contents

Statewide Vision, Mission, and Philosophy

STATEWIDE VISION

Working together, we must set clear priorities that will help maintain our position as a national leader now and in the future by:

o Ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means, and limiting the growth of government;

o Investing in critical water, energy and transportation infrastructure needs to meet the demands of our rapidly growing state;

o Ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace;

o Defending Texans by safeguarding our neighborhoods and protecting our international border; and,

o Increasing transparency and efficiency at all levels of government to guard against waste, fraud, and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.

THE MISSION OF TEXAS STATE GOVERNMENT

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

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

THE PHILOSOPHY OF TEXAS STATE GOVERNMENT

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

o First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition;

o Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes;

o Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities;

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o Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love;

o Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions;

o State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse and providing efficient and honest government; and,

o Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

Relevant Statewide Goals and Benchmarks

STATEWIDE GOALS: GENERAL GOVERNMENT

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

- o Supporting effective, efficient, and accountable state government operations;
- o Ensuring the state's bonds attain the highest possible bond rating; and
- o Conservatively managing the state's debt.

STATEWIDE BENCHMARKS: GENERAL GOVERNMENT

The following statewide benchmarks are relevant to the Texas Emergency Services Retirement System:

- o Number of state services accessible by Internet;
- o Total savings realized in state spending by making reports/documents/processes available on the Internet and accepting information in electronic format; and,
- o Funded ratio of statewide pension funds.

Agency Vision, Mission & Philosophy

Our Vision: We value the contributions of all volunteer firefighters and emergency responders for their service to local communities and seek to protect them and their families through administration of the pension system. Therefore, we actively seek to increase participation by departments so that every volunteer firefighter/emergency responder is protected by the TESRS plan.

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.

PHILOSOPHY
The Texas Emergency Services Retirement System adheres to a core set of values and ideals that guide our action as a retirement system provider for volunteer firefighters and emergency responders. We strive for excellence in investing the public's funds wisely and efficiently. We are committed to customer service, transparency, integrity, and innovation in all of our dealings, and to being a strong partner with our communities. We strive to create a work environment where all people are treated equally and with respect. Above all, we are committed in our role to protect the benefits of our members.

External/Internal Assessment

General Overview & Current Activities

Effective September 1, 2014, the Texas Emergency Services Retirement System (TESRS) was created as a standalone agency, and the Office of the Firefighter Pension Commissioner (FFPC) was abolished. Since that time, functions of FFPC have been successfully transitioned and TESRS is now a fully functioning agency of the State of Texas.

Although the FFPC was abolished, the TESRS Board of Trustees remained intact and is now responsible for governance of the agency. Daily operations and administration is delegated to an Executive Director, who is hired by the Board. Currently, the agency is authorized for six employees.

The TESRS fund is not new, as it was created in 1977, in an effort to ensure the availability of benefits for volunteer firefighters who serve without monetary compensation by their communities but who face the same risks as paid staff. Authority exists in Title 8 of the Texas Government Code, Subtitle H. Since its creation and in 1997, due to the prevalence of volunteer first responders working throughout the state, that population was added as eligible for plan benefits as well. The agency oversees a pooled investment fund of over 220 volunteer fire and EMS departments with over 17,000 vested and non-vested members participating in the system.

We're proud of the menu of benefits that membership in the System provides, including not only a pension benefit, but death and disability benefits for members and their beneficiaries. Membership in our system provides security to those that work tirelessly to protect us and our communities. Currently, there are over 220 departmental members in the System, which includes over 3,191 retirees, beneficiaries, and disabled members and 4,068 active volunteers.

Use of Online Media

A new website was rolled out in February 2014 to engage social media and provide relevant content. TESRS Board meetings are now available in live-streaming video, enabling departments, members, and retirees to tune in from anywhere in the state and stay informed on agency business. Our recent stakeholder survey showed that almost half of our customers use social media on a regular basis, demonstrating that these kinds of changes in TESRS' online presence will serve to increase transparency and the effectiveness of communication with our stakeholders.

Fiscal Aspects

The agency received its first appropriation in FY 2014, in the amount of $2,147,688, which included a contribution towards the unfunded accrued actuarial liability in the amount of $1,530,343. The appropriation for FY 2015 in the amount of $2,254,653 included an appropriation towards the unfunded liability in the amount of $1,637,308. The new agency was authorized 6 full-time equivalent employees (FTE's) for both years of the 2014-2015 biennium.

The Legislature has continued to support agency operations through General Revenue appropriations which has ensured monies in the pension fund are reserved for direct expenses of the fund. Statutorily required contributions made towards the System's unfunded liability by the Legislature is integral in maintaining progress towards a fund that is actuarially sound. The Board appreciates the support of the Legislature in ensuring those state contributions continue to be appropriated. The agency's actuary will begin conducting the next actuarial valuation August 31, 2014 with the results provided in December 2014. An asset-liability study will be conducted immediately following the adoption of the actuarial valuation report.

The agency is required by state law to certify the actuarial and financial soundness of the System every two years. In December of 2012, the Board received the August 31, 2012 actuarial valuation from Rudd and Wisdom, Inc. that determined that the System has an inadequate contribution arrangement. The Board has looked closely over the possibilities to make the system actuarially sound and conducted several studies. We are hopeful that changes over the Summer of 2014 will ensure the next actuarial valuation as of August 31, 2014 paints a more positive picture, and shows that the System's liabilities can be amortized within a desirable 30 years.

We regularly assess liabilities and management of plan assets by following the written investment policy statement, which includes annual evaluations of the adopted asset allocation and periodic asset allocation studies. We have a schedule for periodic actuarial experience studies to assess the reasonableness of assumptions and methodologies and try to stay abreast of the emerging issues in the public retirement arena by networking and communication with other pension agencies and continuing education. We diligently review plan benefits compared to plan assets to determine if changes are necessary.

Benefit payments are the primary expense of the System, as shown right for the year ended August 31, 2013:

	FY 2013
Death Benefits	119,302
Retirement Benefits	2,994,107
Disability Benefits	29,400
Survivor Benefits	328,087
	3,470,896

One of the most important responsibilities of the agency is to prudently invest the assets of the System to meet long-term pension liabilities. The Board of Trustees is responsible for hiring external investment managers, an investment consultant, and custodial bank. The System currently has nine investment managers on contract. The Board evaluates the performance of each investment manager on a quarterly basis. Managers that do not perform according to their benchmarks are placed on a "watch-list" and then terminated if their performance does not improve. Asset allocations are reviewed by the Board on a quarterly basis and rebalanced as necessary when actual allocations fall outside of the target ranges.

Our Pursuits

We have plans to pursue growth in system membership, as actuarial studies have shown that new members coming into the system have a revenue-positive impact on the System. Our goal is to be able to add an additional 25 departments each year, which can be accomplished if the 2016-2017 Legislative Appropriations request for a new staff member and operating expenses is approved. If the additional FTE and appropriation is not approved, the agency will likely only continue to grow by approximately five departments each year. Considering there are over 1,600 volunteer fire departments statewide and the fact that TESRS membership currently only includes 220 departments, there is potential for enormous growth, for the benefit of the fund and the security of our volunteer fire and emergency responders.

Who we Serve

Our customers are volunteer fire and EMS departments, their volunteers, and our retirees and beneficiaries.

Volunteer firefighters are found in every county and region of the state. A survey conducted by the Texas Forest Service in 2010 revealed that there are 1,912 volunteer or part-volunteer (combination) fire departments in Texas with a total of 40,529 volunteer fire fighters serving communities around the state. Over 75% of fire service in Texas is accomplished by volunteer firefighters.

OTHER ENVIRONMENTAL FACTORS: *STRENGTHS, WEAKNESSES, OPPORTUNITIES, & THREATS (SWOT ANALYSIS)*

The following strengths, weaknesses, opportunities, and threats (SWOT) were identified in the course of our strategic planning review. The purpose of a SWOT Analysis is to help guide discussion on achievable goals and what can reasonably be accomplished given agency resources. The identified SWOT components are summarized below for informational purposes:

Strengths:
- o Our customers are heroes and model citizens, committed to serving their communities with honor;
- o There is public support for firefighters and emergency responders;
- o There is growing alignment of TESRS stakeholder organizations;
- o There is a strongly aligned Board and staff;
- o We have been successful in investment management, consistently among the top earners in pension agencies; and,
- o We have a very attractive benefits offering.

Weaknesses:
- o Achieving and maintaining an adequate funding arrangement is an ongoing issue; and,
- o We do not have sufficient staff resources for recruiting and technical assistance.

Opportunities:
- o There are many departments statewide that are not yet members of the TESRS plan – new member have a positive actuarial impact on the fund;
- o As a new agency, we have an opportunity to recreate the organization;
- o We have a lot of new ideas and agency leadership that encourages innovation; and,
- o We have the authority to solicit gifts and donations and have not yet explored this area.

Threats:
- o There is always market investment risk;
- o Any decline in volunteerism threatens the needed steady stream of new active members;
- o Shifts in government accounting standards increase resource demands; and,
- o Due to a lack of funding for program monitoring and technical assistance there is risk of noncompliance.

Goals, Objectives, Strategies, & Measures

Existing Budgetary & Planning Elements and Related Measures

The Texas Emergency Services Retirement System was created by the 83rd Legislature and assumed the duty of administering the pension fund. Associated with this task was Objective 1 in the previous bill pattern of the Office of the Firefighters' Pension Commissioner, and related measures as shown below. The goal, objective, and strategy were previously used for the pension fund and are appropriate for the new agency. As the agency continues to develop, it will examine the measures, their definitions and collection methodologies for consistency with the mission of the new agency.

Agency:	Texas Emergency Services Retirement System
Goal:	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective:	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Strategy:	Administer a Pension Fund for Emergency Services Personnel
Outcome Measure:	Period to Amortize the Unfunded Actuarial Accrued Liability
	Annual Investment Return
	Actuarial Funding Percentage of Plan Assets to Liabilities
Output Measure:	Number of Benefit Payments Distributed (Key Measure)
	Number of Pension System Transactions Performed
	# of Vested Terminated Member Service Records Maintained
	# of Benefit Determinations for Emergency Personnel
Efficiency Measure:	Average Annual Administrative Cost Per Pension Plan Member (Key Measure)
	Avg Days to Respond to Inquiries from TESRS Participants
Explanatory Measure:	Departments Participating in TX Emergency Services Retirement System
	Number of Active Members
	Number of Benefit Recipients

New Strategy Request – Recruiting & Technical Assistance

The agency will be requesting funding for an additional strategy in the 2016-1017 biennium, to recruit new departments into the system and provide monitoring and technical assistance to existing departments. The System's actuary has determined that new active members coming into the system have a revenue positive impact on the fund. For this reason and because ensuring that a maximum number of volunteer firefighters and first responders in this state have the security of death, disability, and pension benefits is the right thing to do, we believe that putting resources into such a strategy with a staff member and related operating costs is sensible. SB 220 that created the fund as a stand-alone agency, requires a litany of specific contract compliance and monitoring work that has not been done in the past. In order to comply with these new statutory requirements, and to ensure that an increase in department participation is met with the proper level of contract oversight, we will be requesting a staff member for this purpose and funds for related operating expenses.

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Agency: **326 Texas Emergency Services Retirement System**

GOAL SEQUENCE	OBJECTIVE SEQUENCE	STRATEGY SEQUENCE		

1

			SHORT NAME:	SOUND PENSION FUND
			FULL NAME:	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
			DESCRIPTION:	To ensure that pension funds for emergency services personnel are actuarially sound and that their members receive the benefits to which they are entitled.

1

			SHORT NAME:	ADMINISTER VOLUNTEER PENSION FUND
			FULL NAME:	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
			DESCRIPTION:	To maintain an actuarially sound pension fund for emergency services personnel and recruit new departments into the fund, such that: the fund amortization period does not exceed 30 years and investment returns exceed the actuarial assumption.

1

			SHORT NAME:	ADMINISTER PENSION FUND
			FULL NAME:	Administer a Pension Fund for Emergency Services Personnel
			DESCRIPTION:	Administer a pension fund for emergency services personnel by receiving contributions from governing entities; investing surplus funds; servicing member database; and providing services and benefit payments to members and their dependents.

Agency Code: 326   Agency: **Texas Emergency Services Retirement System**

Goal No.   1   Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.   1   Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Outcome No.   1   Period to Amortize the Unfunded Actuarial Accrued Liability

Calculation Method: N   **Target Attainment:**   **Priority:**   **Cross Reference:** Agy 326 083-R-S70-1 01-01 OC 01

Key Measure: N   **New Measure: N**   **Percent Measure: N**

BL 2016 Definition

The number of years required to amortize the unfunded actuarial accrued liability.

BL 2016 Data Limitations

This measure is only updated every two years when an actuarial valuation is completed on the fund.

BL 2016 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.

BL 2016 Methodology

The plan actuary calculates the period to amortize the unfunded actuarial accrued liablity. 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.

BL 2016 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.

BL 2017 Definition

The number of years required to amortize the unfunded actuarial accrued liability.

BL 2017 Data Limitations

This measure is only updated every two years when an actuarial valuation is completed on the fund.

BL 2017 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.

BL 2017 Methodology

The plan actuary calculates the period to amortize the unfunded actuarial accrued liablity. 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.

BL 2017 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.

Agency Code: 326	Agency:	**Texas Emergency Services Retirement System**

Goal No.	1	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Outcome No.	2	Annual Investment Return

Calculation Method: N   **Target Attainment:**   **Priority:**   Cross Reference: Agy 326 083-R-S70-1 01-01 OC 02

Key Measure: N   **New Measure: N**   **Percent Measure: Y**

BL 2016 Definition

The Texas Emergency Services Retirement System Board of Trustees contracts with an Investment Consultant to measure investment manager performance and to calculate the annual time-weighted rate of return for the fund's investment portfolio.

BL 2016 Data Limitations

No data limitations.

BL 2016 Data Source

The Investment Consultant calculates the investment return reports to the agency each quarter. The performance is reported as a time-weighted rate of return for the previous quarter, one-year, three-year, five-year, and ten-year periods of time.

BL 2016 Methodology

The time-weighted rate of return of the portfolio is calculated by the Investment Consultant on a Fiscal Year basis, as well as the above mentioned time periods. The annual investment return is calculated by measuring the change in the market value of the investments over a given one-year time period. The investment performance is the change in market value attributed to: (1) appreciation/(depreciation) due to price changes of an asset and (2)income in the form of interest and/or dividends of assets. The time-weighted return portfolio accounting method measures investment performance of capital at work. This method effectively eliminates the effect of additions and withdrawals of capital and their timing that distort dollar-weighted return accounting.

BL 2016 Purpose

The time-weighted rate of return for the fund's investments is a determining factor in how the fund is performing relative to a target benchmarks and the actuarial assumed investment rate of return. Every investment counselor for each investment asset allocation is monitored on a quarterly basis and their quarterly performance is reported ot the Board of Trustees. Performance is reported relative to a certain benchmark for each asset class and for each management style. Performance of an investment counselor over a market cycle in relation to the defined benchmark may determine whether that investment counselor's contract is renewed.

BL 2017 Definition

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BL 2017 Data Limitations

No data limitations.

BL 2017 Data Source

The Investment Consultant calculates the investment return reports to the agency each quarter. The performance is reported as a time-weighted rate of return for the previous quarter, one-year, three-year, five-year, and ten-year periods of time.

BL 2017 Methodology

Agency Code: 326   Agency: **Texas Emergency Services Retirement System**

Goal No.	1	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Outcome No.	3	Actuarial Funding Percentage of Plan Assests to Liabilities

Calculation Method: N   **Target Attainment:**   **Priority:**   Cross Reference: Agy 326 083-R-S70-1 01-01 OC 03

Key Measure: N   **New Measure: N**   **Percent Measure: Y**

BL 2016 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.

BL 2016 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.

BL 2016 Data Source

The plan actuary calculates this number during even number years as part of the actuarial valuation of the plan.

BL 2016 Methodology

The actuary divides the actuarial value of assets by the actuarial liabilites accrued to date.

BL 2016 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.

BL 2017 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.

BL 2017 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.

BL 2017 Data Source

The plan actuary calculates this number during even number years as part of the actuarial valuation of the plan.

BL 2017 Methodology

The actuary divides the actuarial value of assets by the actuarial liabilites accrued to date.

BL 2017 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.

The time-weighted rate of return of the portfolio is calculated by the Investment Consultant on a Fiscal Year basis, as well as the above mentioned time periods. The annual investment return is calculated by measuring the change in the market value of the investments over a given one-year time period. The investment performance is the change in market value attributed to: (1) appreciation/(depreciation) due to price changes of an asset and (2)income in the form of interest and/or dividends of assets. The time-weighted return portfolio accounting method measures investment performance of capital at work. This method effectively eliminates the effect of additions and withdrawals of capital and their timing that distort dollar-weighted return accounting.

BL 2017 Purpose

The time-weighted rate of return for the fund's investments is a determining factor in how the fund is performing relative to a target benchmarks and the actuarial assumed investment rate of return. Every investment counselor for each investment asset allocation is monitored on a quarterly basis and their quarterly performance is reported ot the Board of Trustees. Performance is reported relative to a certain benchmark for each asset class and for each management style. Performance of an investment counselor over a market cycle in relation to the defined benchmark may determine whether that investment counselor's contract is renewed.

Agency Code:	326	Agency:	Texas Emergency Services Retirement System

Goal No.	1	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Strategy No.	1	Administer a Pension Fund for Emergency Services Personnel
Measure Type	OP	
Measure No.	1	Number of Benefit Payments Distributed

Calculation Method: C **Target Attainment: H** **Priority: H** Cross Reference: Agy 326 083-R-S70-1 01-01-01 OP 01

Key Measure: Y **New Measure: N** **Percentage Measure: N**

BL 2016 Definition

The number of payments distributed to volunteer emergency services personnel pensioners for retirement, disability, alternate payees, and survivor benefits.

BL 2016 Data Limitations
None.

BL 2016 Data Source
The TESRS Operating Procedures System (TOPS) and MIP are the source of this number.

BL 2016 Methodology
The number of benefit payments distributed is the total number of payments made from the pension program for retirement, disability, QDRO and survivor benefit payments.

BL 2016 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.

BL 2017 Definition

The number of payments distributed to volunteer emergency services personnel pensioners for retirement, disability, alternate payees, and survivor benefits.

BL 2017 Data Limitations
None.

BL 2017 Data Source
The TESRS Operating Procedures System (TOPS) and MIP are the source of this number.

BL 2017 Methodology
The number of benefit payments distributed is the total number of payments made from the pension program for retirement, disability, QDRO and survivor benefit payments.

BL 2017 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.

Agency Code:	326	Agency:	Texas Emergency Services Retirement System

Goal No.	1	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Strategy No.	1	Administer a Pension Fund for Emergency Services Personnel
Measure Type	OP	
Measure No.	2	Number of Pension System Transactions Performed

Calculation Method: C   **Target Attainment: H**   **Priority: H**   Cross Reference: Agy 326 083-R-S70-1 01-01-01 OP 02

Key Measure: N   **New Measure: N**   **Percentage Measure: N**

BL 2016 Definition

The total number of pension system transactions performed to create, update, and terminate member accounts.

BL 2016 Data Limitations
None.

BL 2016 Data Source
The staff performs a benefit determination calculation before an annuity payment can be issued and Texas Identification Number System (TINS) payroll records are created, updated and maintained. The System pension database reports the number of transactions that are performed, adding new members and maintaining member account information.

BL 2016 Methodology
The number of benefit determinations performed and TINS payroll records created, updated, and maintained are added to the number of database transactions performed.

BL 2016 Purpose
This measure helps the Commissioner determine the activity of the system.

BL 2017 Definition

The total number of pension system transactions performed to create, update, and terminate member accounts.

BL 2017 Data Limitations
None.

BL 2017 Data Source

The staff performs a benefit determination calculation before an annuity payment can be issued and Texas Identification Number System (TINS) payroll records are created, updated and maintained. The System pension database reports the number of transactions that are performed, adding new members and maintaining member account information.

BL 2017 Methodology

The number of benefit determinations performed and TINS payroll records created, updated, and maintained are added to the number of database transactions performed.

BL 2017 Purpose

This measure helps the Commissioner determine the activity of the system.

Agency Code:	326	Agency:	Texas Emergency Services Retirement System

Goal No.	I	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Strategy No.	1	Administer a Pension Fund for Emergency Services Personnel
Measure Type	OP	
Measure No.	3	# of Vested Terminated Member Service Records Maintained

Calculation Method: N   **Target Attainment: H**   **Priority: H**   Cross Reference: Agy 326 083-R-S70-1 01-01-01 OP 03

Key Measure: N   **New Measure: N**   **Percentage Measure: N**

BL 2016 Definition

The total number of vested terminated members receiving service retirement credit for retirement, disability and survivor benefit credit from the Texas Emergency Services Retirement System.

BL 2016 Data Limitations
None.

BL 2016 Data Source
The agency's pension system database.

BL 2016 Methodology
The pension system database provides a listing of all vested terminated members and is the source for this measure.

BL 2016 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.

BL 2017 Definition

The total number of vested terminated members receiving service retirement credit for retirement, disability and survivor benefit credit from the Texas Emergency Services Retirement System.

BL 2017 Data Limitations
None.

BL 2017 Data Source
The agency's pension system database.

BL 2017 Methodology
The pension system database provides a listing of all vested terminated members and is the source for this measure.

BL 2017 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.

Agency Code:	326	Agency:	**Texas Emergency Services Retirement System**

Goal No.	1	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Strategy No.	1	Administer a Pension Fund for Emergency Services Personnel
Measure Type	OP	
Measure No.	4	# of Benefit Determinations for Emergency Personnel

Calculation Method: C   **Target Attainment: H**   **Priority: H**   Cross Reference: Agy 326 083-R-S70-1 01-01-01 OP 04

Key Measure: N   **New Measure: N**   **Percentage Measure: N**

BL 2016 Definition

Benefit determinations are prepared by agency staff for each TESRS benefit provided; retirement, disability, spouse, QDRO, and death benefit.

BL 2016 Data Limitations
None.

BL 2016 Data Source
The staff keep a log of all determinations prepared.

BL 2016 Methodology
The number of determinations are totaled.

BL 2016 Purpose
A benefit determination is a calculation of the benefit to be awarded.

BL 2017 Definition

Benefit determinations are prepared by agency staff for each TESRS benefit provided; retirement, disability, spouse, QDRO, and death benefit.

BL 2017 Data Limitations
None.

BL 2017 Data Source
The staff keep a log of all determinations prepared.

BL 2017 Methodology
The number of determinations are totaled.

BL 2017 Purpose
A benefit determination is a calculation of the benefit to be awarded.

Agency Code:	326	Agency:	**Texas Emergency Services Retirement System**

Goal No.	1	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Strategy No.	1	Administer a Pension Fund for Emergency Services Personnel
Measure Type	EF	
Measure No.	1	Average Annual Administrative Cost Per Pension Plan Member

Calculation Method: N   **Target Attainment: L**   **Priority: M**   Cross Reference: Agy 326 083-R-S70-1 01-01-01 EF 01

Key Measure: Y   **New Measure: N**   **Percentage Measure: N**

BL 2016 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.

BL 2016 Data Limitations
None.

BL 2016 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.

BL 2016 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.

BL 2016 Purpose
The cost allocation is used to verify that the cost of service is not exceeding the benefits to the members.

BL 2017 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.

BL 2017 Data Limitations
None.

BL 2017 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.

BL 2017 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.

BL 2017 Purpose

The cost allocation is used to verify that the cost of service is not exceeding the benefits to the members.

Agency Code:	326	Agency:	**Texas Emergency Services Retirement System**

Goal No.	1	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Strategy No.	1	Administer a Pension Fund for Emergency Services Personnel
Measure Type	EF	
Measure No.	2	Avg Days to Respond to Inquiries from TESRS Participants

Calculation Method: N **Target Attainment:** **Priority:** Cross Reference: Agy 326 083-R-S70-1 01-01-01 EF 02

Key Measure: N **New Measure: N** **Percentage Measure: N**

BL 2016 Definition
Each inquiry from TESRS local board members and plan participants are logged in by placing a time/date stamp on it. When final action is taken, the initial inquiry is attached. The number of days between receipt and final action is logged on the inquiry. The number of days on each inquiry is added up at the end of the quarter and divided by the number of inquiries received. This information affords the opportunity to determine the average response time.

BL 2016 Data Limitations
None.

BL 2016 Data Source
Each inquiry from TESRS local board members and plan participants is logged in by placing a time/date stamp on it. When final action is taken, the initial inquiry is attached.

BL 2016 Methodology
The number of days on each inquiry is added up at the end of the quarter and divided by the number of inquires received.

BL 2016 Purpose
This information affords the opportunity to determine the average response time.

BL 2017 Definition
Each inquiry from TESRS local board members and plan participants are logged in by placing a time/date stamp on it. When final action is taken, the initial inquiry is attached. The number of days between receipt and final action is logged on the inquiry. The number of days on each inquiry is added up at the end of the quarter and divided by the number of inquiries received. This information affords the opportunity to determine the average response time.

BL 2017 Data Limitations
None.

BL 2017 Data Source
Each inquiry from TESRS local board members and plan participants is logged in by placing a time/date stamp on it. When final action is taken, the initial inquiry is attached.

BL 2017 Methodology

The number of days on each inquiry is added up at the end of the quarter and divided by the number of inquires received.

BL 2017 Purpose

This information affords the opportunity to determine the average response time.

Agency Code:	326	Agency:	**Texas Emergency Services Retirement System**

Goal No.	1	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel	
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund	
Strategy No.	1	Administer a Pension Fund for Emergency Services Personnel	
Measure Type	EX		
Measure No.	1	Departments Participating in TX Emergency Services Retirement System	

Calculation Method: N   **Target Attainment:**   **Priority:**   Cross Reference: Agy 326 083-R-S70-1 01-01-01 EX 01

Key Measure: N   **New Measure: N**   **Percentage Measure: N**

BL 2016 Definition

The number of departments participating in the Texas Emergency Services Retirement System (TESRS).

BL 2016 Data Limitations
None.

BL 2016 Data Source
The pension system database is the source of this measure.

BL 2016 Methodology
The number of participating departments is tallied.

BL 2016 Purpose
This measure is helpful in determining the staffing and financial needs of the agency.

BL 2017 Definition

The number of departments participating in the Texas Emergency Services Retirement System (TESRS).

BL 2017 Data Limitations
None.

BL 2017 Data Source
The pension system database is the source of this measure.

BL 2017 Methodology
The number of participating departments is tallied.

BL 2017 Purpose
This measure is helpful in determining the staffing and financial needs of the agency.

Agency Code:	326	Agency:	Texas Emergency Services Retirement System

Goal No.	1	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Strategy No.	1	Administer a Pension Fund for Emergency Services Personnel
Measure Type	EX	
Measure No.	2	Number of Active Members

Calculation Method: N   **Target Attainment:**   **Priority:**   Cross Reference: Agy 326 083-R-S70-1 01-01-01 EX 02

Key Measure: N   **New Measure: N**   **Percentage Measure: N**

BL 2016 Definition

The total number of active members serving in departments that participate in the Texas Emergency Services Retirement System.

BL 2016 Data Limitations
There are no data limitations

BL 2016 Data Source
The pension system database provides a listing of all active members participating in the plan.

BL 2016 Methodology
The pension system database totals the number of active members in the system quarterly.

BL 2016 Purpose
This measure is helpful in determining the staffing and financial needs of the agency.

BL 2017 Definition

The total number of active members serving in departments that participate in the Texas Emergency Services Retirement System.

BL 2017 Data Limitations
There are no data limitations

BL 2017 Data Source
The pension system database provides a listing of all active members participating in the plan.

BL 2017 Methodology
The pension system database totals the number of active members in the system quarterly.

BL 2017 Purpose
This measure is helpful in determining the staffing and financial needs of the agency.

Agency Code:	326	Agency:	**Texas Emergency Services Retirement System**

Goal No.	1	Ensure Actuarially Sound Pension Funds for Emergency Servs Personnel
Objective No.	1	Maintain Actuarially Sound Pension Fund; Recruit New Depts into Fund
Strategy No.	1	Administer a Pension Fund for Emergency Services Personnel
Measure Type	EX	
Measure No.	3	Number of Benefit Recipients

Calculation Method: N **Target Attainment:** **Priority:** Cross Reference: Agy 326 083-R-S70-1 01-01-01 EX 03

Key Measure: N **New Measure: N** **Percentage Measure: N**

BL 2016 Definition

The number of members and payees receiving service retirement, disability, Qualified Domestic Relations Orders (QDROs) and survivor benefits from the System.

BL 2016 Data Limitations

None.

BL 2016 Data Source

The pension system database is the source of this measure.

BL 2016 Methodology

The pension system database calculates the number of benefit recipients.

BL 2016 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.

BL 2017 Definition

The number of members and payees receiving service retirement, disability, Qualified Domestic Relations Orders (QDROs) and survivor benefits from the System.

BL 2017 Data Limitations

None.

BL 2017 Data Source

The pension system database is the source of this measure.

BL 2017 Methodology

The pension system database calculates the number of benefit recipients.

BL 2017 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.

Technology Resource Planning

The agency has no notable plans for technology initiatives through FY 2017, aside from continued exploration of online and social media to improve communication with its stakeholders.

The agency's pension system is in the midst of redesign which was a major initiative that should be complete by the close of the 2014-2015 biennium. Through use of that new system we will concentrate on strengthening controls as recommended by the State Auditor's Office and in developing procedures to ensure that the quality of our data is reliable. The data in our pension system drives the quality of our Actuarial Valuation, which predicts the ability of the System to meet its obligations. This is a major priority for the agency and takes precedence over technology initiatives for the next three to four years.

We will continue to outsource our IT function in order to maximum agency staff resources.

Appendices

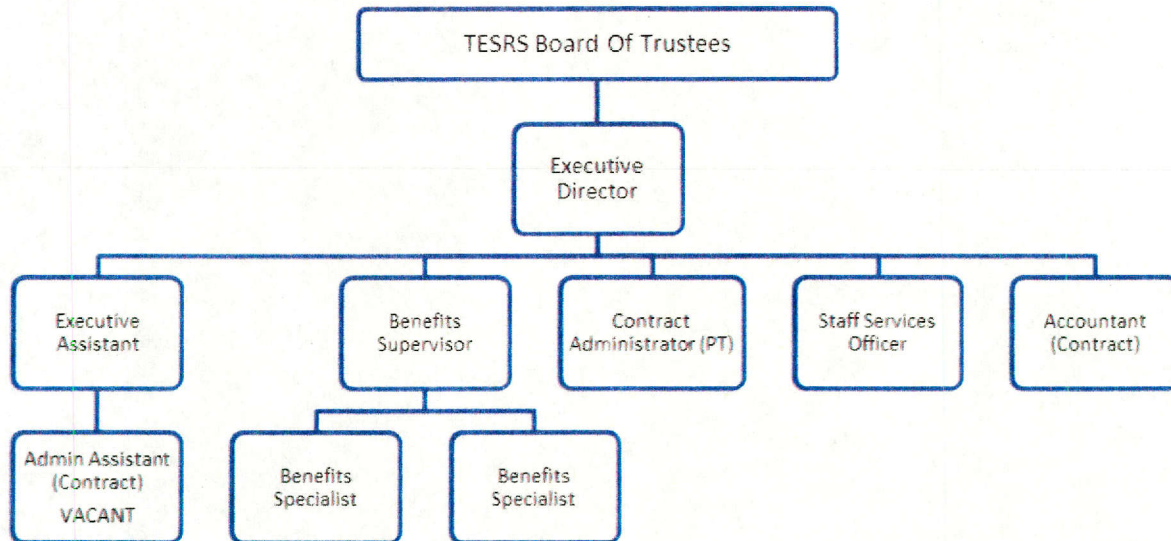## APPENDIX A: AGENCY PLANNING PROCESS

TESRS believes in the value of the strategic planning process as a tool to enhance decision-making. Natural products of such an exercise include reaching consensus on long-term goals and factors affecting the agency, but it also improves internal communication. We believe that clarification of purpose and direction can only enhance the delivery of services we provide to our customers, which is hugely important to us as an agency.

As part of our process, we brought together our Board, key staff, consultants, and customers, and engaged in an open dialogue about our agency. We started by revisiting the mission and philosophy of the fund and after finding that those elements are still relevant and true, adopted them for the new agency. We reviewed the results of our Stakeholder Survey for ways we can improve and then performed a SWOT Analysis (analysis of strengths, weaknesses, opportunities, and threats). We carefully developed a vision statement to guide us in developing our goals, strategies, and priorities, took a hard look at our resources as compared to our list of priorities, and then made important decisions on what we can reasonably accomplish. We believe that our process was highly successful. Our Board, staff, consultants, and customers are in alignment and committed to the same course and therefore, we believe we cannot help but produce highly identifiable and meaningful results.

Assessment on Where We Are	What We Have to Work With	Our Purpose & Plans for the Future	Specifics on How We Will Do It	Moving Forward
• External/Internal Assessment	• Agency History	• Statewide Vision & Mission	• Performance Measurement	• The Planning Process
• Other Environmental Factors	• Organizational Structure	• Statewide Goals & Benchmarks	• Outcomes, Outputs, Efficiency, & Explanatory Measures	• Org Chart
• Strength's, Weaknesses, Opportunities, Threats Analysis	• Current Budget & FTE's	• Agency Vision, Mission, & Philosophy	• Action Plan	• Outcome Projections – 5 years
	• Current Agency Initiatives	• Agency Goals, Objectives, and Strategies	• Technology Resource Planning	• Workforce Planning
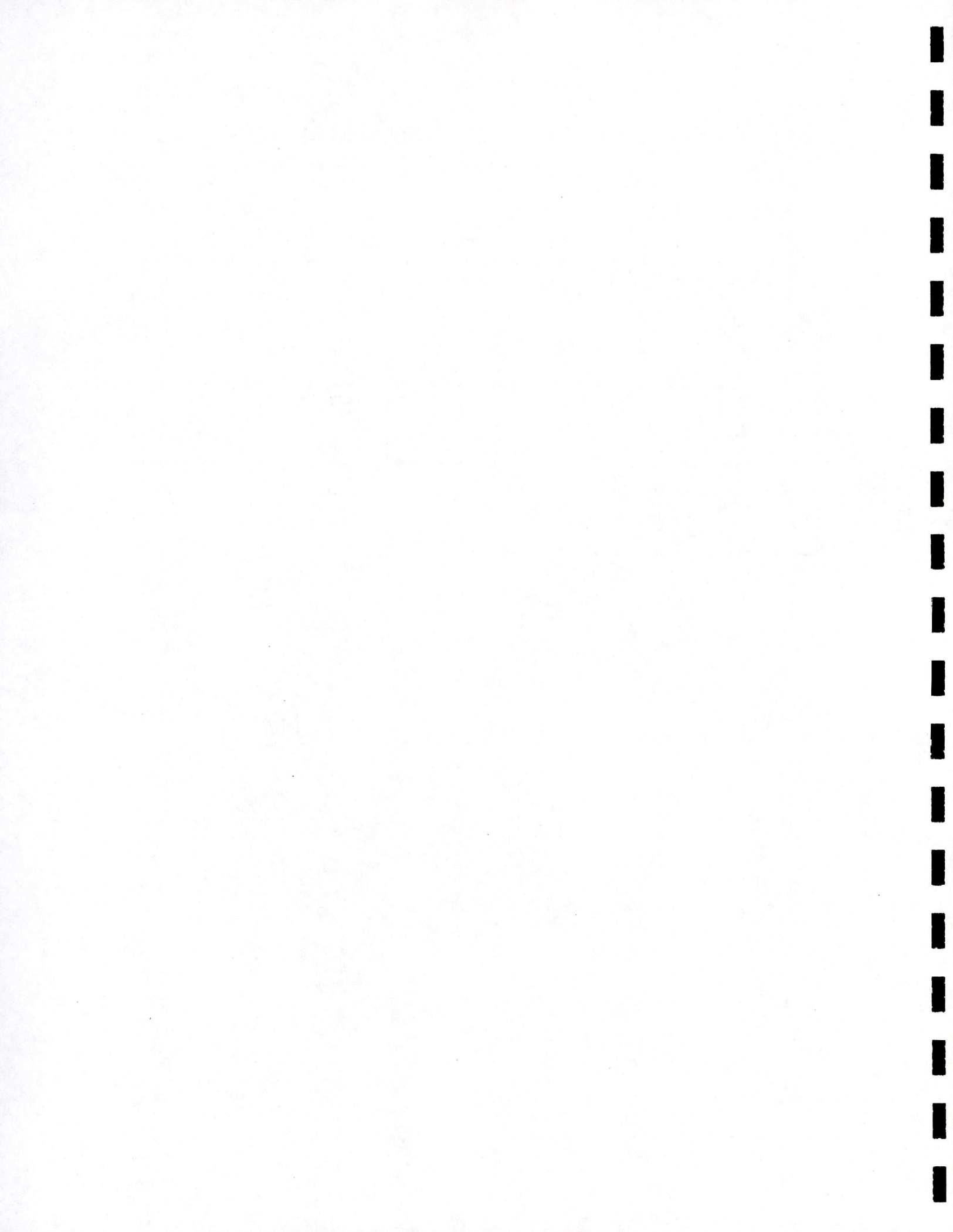
APPENDIX B: CURRENT ORGANIZATIONAL CHART

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                    ┌─────────────────────────┐
                    │  TESRS Board Of Trustees │
                    └─────────────────────────┘
                                │
                        ┌───────────────┐
                        │   Executive   │
                        │   Director    │
                        └───────────────┘
                                │
   ┌──────────────┬─────────────┼──────────────┬──────────────┐
┌──────────┐ ┌──────────┐ ┌──────────────┐ ┌──────────────┐ ┌──────────────┐
│ Executive│ │ Benefits │ │   Contract   │ │Staff Services│ │  Accountant  │
│ Assistant│ │Supervisor│ │Administrator │ │   Officer    │ │  (Contract)  │
│          │ │          │ │    (PT)      │ │              │ │              │
└──────────┘ └──────────┘ └──────────────┘ └──────────────┘ └──────────────┘
     │             │
┌─────────────┐ ┌──────────────┬──────────────┐
│Admin Assistant│ ┌──────────┐ ┌──────────┐
│ (Contract)   │ │ Benefits │ │ Benefits │
│              │ │Specialist│ │Specialist│
│   VACANT     │ └──────────┘ └──────────┘
└─────────────┘
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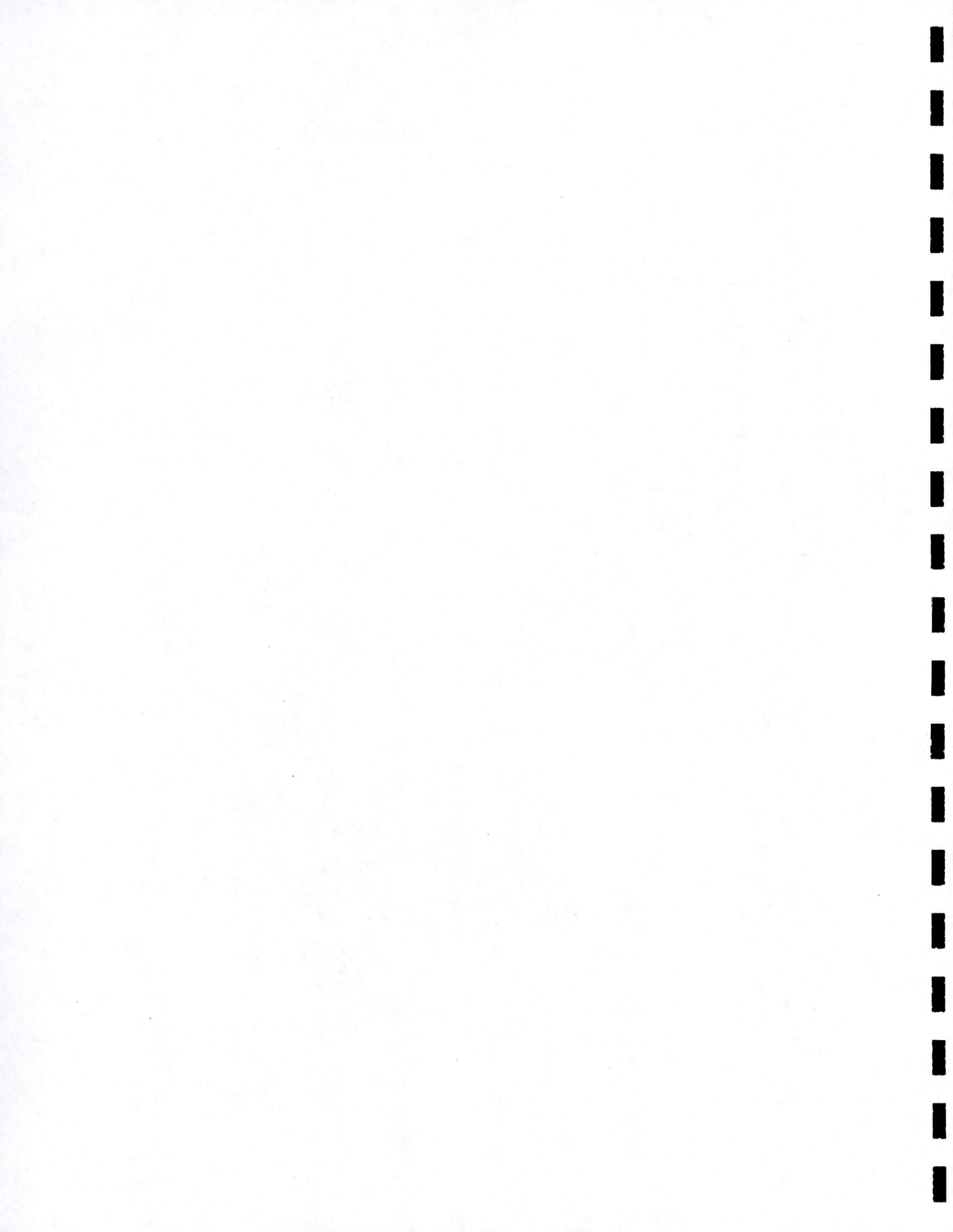
APPENDIX C: OUTCOME PROJECTIONS – 5 YEARS

Outcome	2015	2016	2017	2018	2019
Period to Amortize the Unfunded Actuarial Accrued Liability	30	30	30	30	30
Annual Investment Return	7.75%	7.75%	7.75%	7.75%	7.75%
Actuarial Funding Percentage of Plan Assets to Liabilities	80.0%	80.0%	80.0%	80.0%	80.0%

APPENDIX D: MEASURE DEFINITIONS

Details on previously discussed performance measures are required to be submitted to the Legislative Budget Board and Governor's Office of Budget & Planning under separate cover. The submitted document explains each measure, the methodology for its calculation, and provides enough information about the measure to enable it to be clearly understood and replicated. For the sake of efficiency, this information is not included here. However, copies are available to the public if desired. Please contact us at info@tesrs.texas.gov to request this information.

APPENDIX E: WORKFORCE PLAN

Workforce planning is essential in ensuring that the agency retains adequate staff resources to accomplish its mission. In order to comply with regulations required by Section 2056.002 of the Government Code, the agency has conducted a staffing analysis, which includes an ongoing process for workforce planning, identification of staff requirements for agency mandates, and a strategy to meet agency goals. The State Auditor's Office (SAO) compiled the following list of benefits to workforce planning, all of which we find as appropriate goals in this area:

- o prepare for the growing number of retirements
- o identify gaps between current job skills and job skills needed to perform work in the future
- o maintain or recruit a diversified workforce
- o provide an orderly way to address new external or internal environmental changes that could change the workforce
- o prepare for expansion, restructuring, or reduction in the workforce

Our process was to follow the SAO's model for workforce planning, including the following four phases of analysis:

Phase I: Determine Agency Strategic Direction

Analysis of the staff resource needs of the agency in accomplishing its mission began when the agency was created on September 1, 2013. The agency received 6 FTE's for staffing, including the Executive Director's position. Immediately upon hire, the Executive Director made an analysis of agency needs and reorganized the agency into three distinct functional areas: Pension Benefits Administration, Pension System Administration, and Agency Administration.

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 the sponsoring entities.

Agency Scope & Key Functions
Authority for the agency exists under Title 8 of the Texas Government Code, Subtitle H, entitled Texas Emergency Services Retirement System. Senate Bill 220, passed by the 83rd Legislature, created the fund as a separate stand-alone agency, and transferred the pension fund, its powers and duties, to the new agency. The primary operational activity for the agency is to administer pension benefits, which requires ongoing work with retirees, actives, departments, and local pension board members. The agency distributes pension benefits to retirees on a monthly basis, as well as death and disability benefits. Our work involves heavy customer contact and responsiveness to our customers is paramount. Another important activity is to manage the assets of the system, which is done via investment, actuary, and auditing contractors, managed by the Board and the Executive Director. Lastly, administration of the agency is the other major category of

activity. A review of statutory requirements has been accomplished to ensure the agency is in a position to accomplish its mandates. Based on that review, it has been determined that at this time, these three sections are sufficient to encompass any of the functions the agency is required to accomplish. The agency plans to actively pursue new departmental members in the future, as it is a beneficial activity for the fund. As the number of member departments increases, there will be a need for additional benefit specialists and eventually program monitors, to ensure we can administer benefits in a timely/accurate manner.

Phase II: Conduct Workforce Analysis

When the agency was created in September 2013, the Executive Director did a reorganization to move staff into positions that were a good fit for their education and experience. As part of that review, consideration was given to the revised agency mission via SB 220, the current agency budget, available FTE's, and the level of staff experience. Since that reorganization we have confirmed that the current staff is sufficient to accomplish the current minimum statutory requirements that are administrative and programmatic. We need additional staff to accomplish other statutory mandates like contract administration/monitoring, and program recruiting, which will be requested in our upcoming LAR as an exceptional item in a new strategy for "Recruiting and Technical Assistance". We do, however, have staff with sufficient skills to accomplish the objectives for current funding.

Critical Workforce Skills

The following skills are critical to the agency's ability to accomplish its goals:

- **Benefits Administration**
    - Retirement/Benefit Processing – Requires attention to detail, analysis, customer service, compassion
    - Documentation Processing – Organization, Attention to detail, understanding system rules
    - Department Reporting – Knowledge of system rules, section policies and procedures
    - Research & Analysis (Actuarial Support, Administrative Inquiries, Departments, Retirees, Oversight Bodies)
- **System Administration**
    - Investments & Reporting (contracted)
    - Actuarial Studies & Reporting (contracted)
    - Financial Auditing (contracted)
- **Agency Administration**
    - Accounting, Financial Reporting, & Payroll (contracted)
    - Information Technology Reporting/Management (contracted)
    - Policy Development, Analysis, and Administration
    - Human Resources, Benefits, and Reporting
    - Purchasing and Staff Services
    - Contract Administration
    - Website Management & IT Project Management
    - Reporting to Oversight Bodies (LAR, Strategic Plan, Performance Measures, SORM, Etc.)

Workforce Demographics

Position	Skills	Sex	Race	Retirement Eligibility
Executive Director	Operational Management, Policy Development, State Administration, Legislative, Accounting/Financial Reporting, Reporting to Oversight Bodies, IT Project Mgmt	F	W	N
Executive Assistant	Office Management, Policy Development, Executive Assistance, Meeting Coordination, Human Resources, Purchasing, HR Reporting, Risk Management	F	W	N
Staff Services Officer	Purchasing, Accounting Records, Contracting, Facilities Mgmt, Risk Management	M	W	Y
Contract Specialist (part-time)	Contract Development, Database Development, Advanced Research & Analysis	F	W	Y
Benefits Supervisor	Benefit Program Expertise, Management, IT Project Management, Advanced Research & analysis, Customer Service, Policy Development, Training	F	H	N
Benefits Specialist	Retiree benefits, Comptroller Security & TINS Systems, Death Auditing, Contracts, Research & Analysis, Reporting	F	H	N
Benefits Specialist	Retiree benefits, Customer Service, Research & Analysis, Social Media, Materials Development, Training	F	W	N

Employee Turnover

As with any small agency, turnover is an important issue to TESRS because with just six staff members, all employees are key to the organization. For this reason, it is essential that staff in functional areas be cross-trained within the team. We regularly cross-train among both teams so that if someone is out or unable to perform an essential function, that we have another staff member that can perform that duty. Presently, we believe that if a staff member were to leave, we can pick up their duties until the position is filled.

Future Workforce Profile

Recruitment and retention of staff can be a challenge, especially due to salary levels that may be uncompetitive. Presently, due to the experience level of staff in their state government careers, salary levels are moderately competitive. As staff gains more experience and responsibility, it may be a challenge to retain staff due to budget constraints.

Gap Analysis

There are currently not any gaps in terms of skilled workforce for the work that is currently being done at the agency. However, as the agency grows and new department members join the system, we will need to hire new benefit specialists. Because our system is proprietary and because our pension system is different than most, it could present a problem to find a qualified individual for one of these positions, as well as positions like Program Monitor and Recruiting Specialist.

For future work that must be done for the agency, there is inavailability of available FTE's. Three additional FTE's will be requested in the 2016-2017 biennium:

- o Contract Specialist, which is a function required by statute (added by SB 220, 83rd Legislature)
- o Recruiting Specialist, which is an activity that will positively benefit the fund
- o Accountant, which is a function that is currently being contracted out.

It is anticipated that should the agency be awarded 3 FTE's for these purposes that these skillsets are readily available for hire in the marketplace at the pay we will have available.

Strategy Development

In order to address potential gaps and retain staff, we have developed a career ladder, using the natural progression of responsibilities and development of knowledge in our positions. The contract administrative assistant role is currently used as a support function for the Benefits Department. Should an opening be posted in that department, the contract administrative assistant will be considered for the position in order to ensure continuity of service, a fit within our culture, and an entry level of understanding of our system. In addition, the Benefits Specialist position is an excellent prerequisite for a position as a recruiting specialist or program monitor, because by virtue of these positions, persons will understand our program rules, our procedures, and benefits offering.

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The availability of funds for merit increases in fiscal years 2016-2017 will be important to retaining existing staff, as their performance and experience will warrant pay increases. We will be asking for funds for this purpose in our Legislative Appropriations Request.

Phase III: Implement Workforce Plan

We have communicated our workforce plan to staff and continue to do so, because as a new agency, our plans need to be flexible. From a customer service standpoint, it is important that our stakeholders understand our organization as week. For this reason we have made customers aware of the structure of our organization, including our new Benefits Department, who takes calls from retirees, active members, and departments. We have plans to continue to keep our customers aware of organizational changes. For the benefit of visitors to our website, we have placed photos of our staff on the site, along with a description of each of their skillsets and job responsibilities.

We are fortunate in that there is alignment between staff, the Executive Director, and the Board on the Workforce Plan, with a high degree of enthusiasm for the new agency and its potential for success. The belief we have in our mission and commitment to our goals is the greatest resource we have.

Phase IV: Monitor, Evaluate, and Revise

Because the agency is new and due to our potential for growth in the next couple of years, we will continue to monitor availability of staff to meet the needs of the agency. We will review our workforce plan and make adjustments as needed on at least an annual basis.

APPENDIX F: HISTORICALLY UNDERUTILIZED BUSINESSES

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. HUB owners must be active participants in the business and also be citizens of the United States and residents of the State of Texas.

HUB Goal
We will establish and implement policies governing purchasing and contracting that foster meaningful and substantive inclusion of qualified historically underutilized businesses (HUBs) and other qualified businesses that are majority owned by an economically disadvantaged group that may not yet be registered with the State of Texas as a HUB.

HUB Objective
TESRS will continue to make a good faith effort to utilize HUBs in the procurement process for all goods and services and strive to achieve or exceed the statewide HUB goals.

HUB Strategy
- o To make a concerted effort in the professional services category to identify, solicit, and utilize qualified HUBs; and
- o To continue consideration of qualified businesses owned by economically disadvantaged groups in the procurement process.

Total Spent with HUBS

	Statewide Goals	Mid-Yr 2014	2013	2012	2011	2010
Professional Services	23.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Services	24.6%	10.1%	19.7%	9.9%	8.3%	2.7%
Commodities Purchases	21.0%	43.9%	22.4%	29.6%	13.4%	42.8%

APPENDIX G: CUSTOMER SERVICE SATISFACTION SURVEY

AGENCY OVERVIEW

The 83rd Legislature passed SB 220, which established the Texas Emergency Services Retirement System (TESRS) as a standalone state agency effective September 1, 2013. TESRS was created to administer the pension fund with professionalism and accountability, strengthen the fund, and provide great service to member departments and retirees.

TESRS previously existed as a pension fund under the auspice of the Office of the Firefighters' Pension Commissioner (FFPC), so the program itself is not new. 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 9-member Board of Trustees, all appointed by the Governor. The Texas Emergency Services Retirement System (TESRS) administers a voluntary pension fund for volunteer fire and emergency services departments in communities statewide. The program is a cost-effective way for departments to belong to a professionally managed fund. TESRS collects contributions from participating departments, invests the proceeds, calculates benefits, and issues payments to retirees and their beneficiaries.

I. INVENTORY OF EXTERNAL CUSTOMERS

	% of Respondents
Local Pension Board Members	57.0%
Active Volunteers	15.5%
System Retirees	6.0%
Other Fire Service-Related Personnel	21.5%

Local Pension Boards

Each department is required by statute to form a local pension Board with the composition of that Board also being directed by statute. Each local pension Board must include five members: one member from the governing body for the department, one member from the community that the department serves, and three active members of the department. We work with our local pension Boards frequently on quarterly reporting, payment collection, benefit determinations, records maintenance, and more.

Active Volunteers

Volunteer firefighters and emergency response personnel are counted as active volunteers if they are regularly working at one of our member departments. However, not all active volunteers receive service credit for retirement purposes, as they must meet annual training requirements and attend the required number of drills/emergencies. We receive calls and inquiries from actives, generally as an inquiry as to their retirement service, but sometimes because a disability claim must be made. Unfortunately, we are also notified about on-duty and off-duty death benefits that need to be claimed. Each year we provide a Benefit Statement to our active volunteers so that they can keep track of their service credit, beneficiary information, and retirement eligibility.

System Retirees

We work with actives when they become eligible to retire so that they can draw their well-deserved pensions. There are details to be worked out and paperwork to sign, and we work hard to ensure that everything is processed in a timely manner. Sometimes, we don't receive a request for retirement benefits until a surviving spouse or other family member contacts us. There are many different scenarios that develop in the course of administering benefits.

Other Local Fire-Service Related Personnel

In the course of our work with departments, we often speak with others that have different degrees of involvement with our program, which may include a paid Fire Chief if it's a combination department, an office administrator, or the City Controller.

II. DESCRIPTION OF INFORMATION GATHERING METHODS

In January 2014, TESRS conducted a volunteer customer service survey with its stakeholders using Survey Monkey, an online survey collection tool. The survey was distributed via email to departments and placed on the agency website. In all, 217 local pension boards were solicited to take the survey and asked to distribute the survey to their active members. Because we don't have email addresses for our retirees, we placed a mailer in their month check envelopes about the survey on two different occasions. In all, we received 84 responses.

III. SURVEY RESULTS

The following questions were asked during the survey in the seven customer service quality element categories:

General/Overall
Please indicate the category of stakeholder that most closely matches your relationship to TESRS?
Have you had direct experience with the agency in the last year?
have you had direct experience with the agency in the last three years?
What was the nature of your contact with the agency?
Generally speaking, in your previous contact with the agency, how would you rate the experience?

Facilities
Not applicable - our office space has been inaccessible so we have not invited the public to conduct business on-site.

Staff
How would you rate our staff (knowledge)?

Communications
Describe the Nature of Communication with the agency in the Last Year
How would you rate our staff (communication)?
How would you describe the way we provide information (over the phone)?

Internet Sites
Have you ever visited the agency website?
Do you use social media to obtain information on issues that affect you?
How would you describe the way we provide information (on the internet)?

Complaint Handling Process
If you had a complaint regarding how something was handled at the agency, how do you think it would be handled?
How would you rate our staff (customer service)?

Timliness
How would you rate our staff (response time)?

Printed Information
How would you describe the way we provide information (printed)?

The below tables illustrate the responses that were collected:

Stakeholder Relationship
o   84 individuals responded to the survey
o   57.14% (48 individuals) of the responses were attributed to Local Board Members
o   15.48% (13 individuals) were Active Volunteers
o   5.95% (3 individuals) were Retirees
o   21.43% (18 individuals) of the respondents were categorized as "Other." This makes up Fire Chiefs, CFO, System Administrator's, Administration, etc.

Direct Agency Experience within the Last Year
  o   66 individuals had direct contact (some in more than one way) with the agency the last year by:
    ▪   Phone Call
    ▪   Agency Visit
    ▪   Email
    ▪   U.S. Postal Mail
  o   17 individuals did not have any contact with the agency within the last year

Direct Experience %

Yes — 79.52%
No — 20.48%
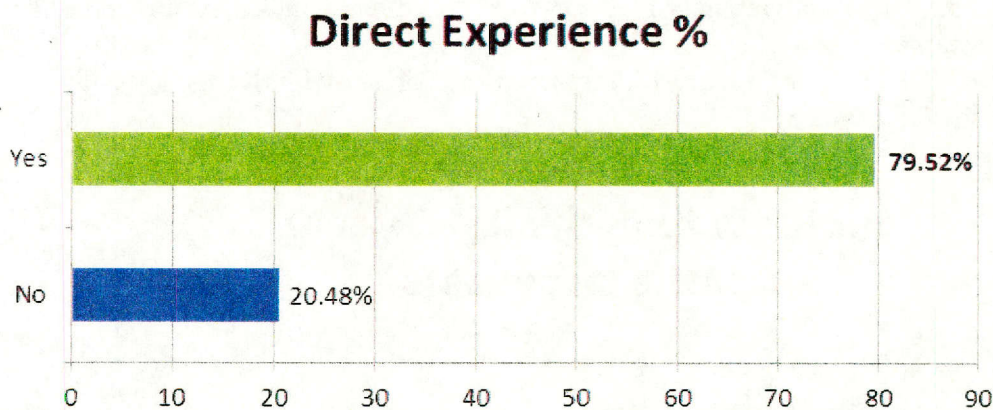
Nature of the Communication within the last year
The 71 individuals that answered in the affirmative on the previous question were prompted to tell us about the nature of their contact in the last year:

  o   Top three communication methods
    ▪   Stakeholders called the agency - 74.65%
    ▪   Stakeholders received mail from the agency – 64.79%
    ▪   Stakeholders mailed something to the agency – 50.70%
  o   Least two methods on communication
  •   Agency visited the stakeholders – 9.86%
 •   Stakeholders attended an agency event – 5.63%

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Nature of Communication %

Category	Value
Stakeholders mailed something to...	50.70%
Stakeholders received mail from the...	64.79%
Agency visited the stakeholders...	9.86%
Stakeholders attended an agency...	5.63%
Agency emailed the stakeholders	49.30%
Stakeholders emailed the agency	45.07%
Agency called the stakeholders	33.80%
Stakeholders called the agency	74.65%

**Direct contact with the agency in the last 3 years, but not in the last year**
- o 35.29% (6 individuals) of the surveyed had direct contact within the last 3 years
- o 64.71% (11 individuals) did not have any contact with the agency within the last 3 years

Contact within the last 3 years
Not the last year %

Yes	35.29%
No	64.71%
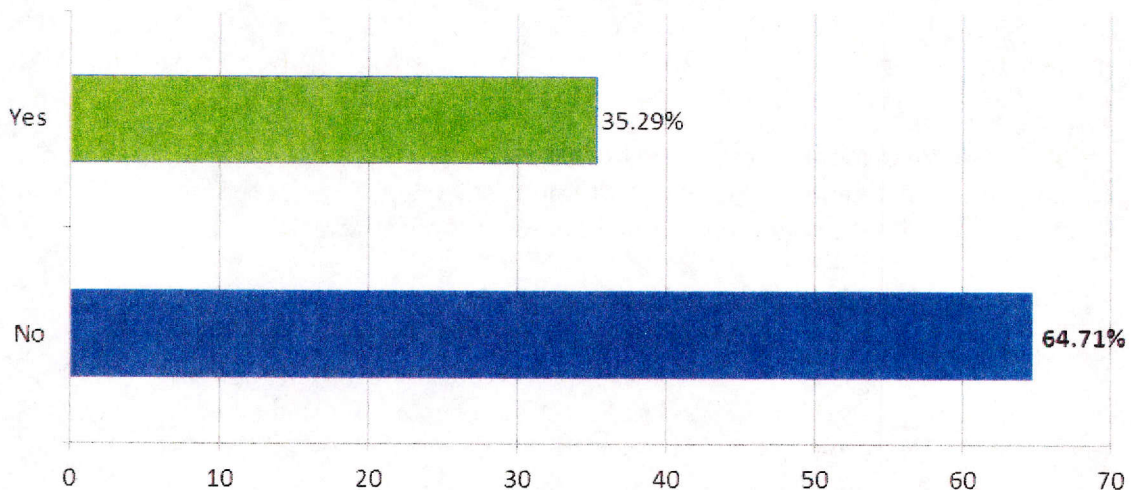
Overall experience
- Satisfied 87.32%
  - 62 out of 71 respondents were satisfied with the overall experience with the agency
- Somewhat satisfied 8.45%
- Somewhat dissatisfied 4.23%
- Dissatisfied
 - **Zero responses on dissatisfaction**

Experience %

4.23%
8.45%

- Satisfied
- Somewhat Satisfied
- Somewhat Dissatisfied
- Dissatisfied

87.32%
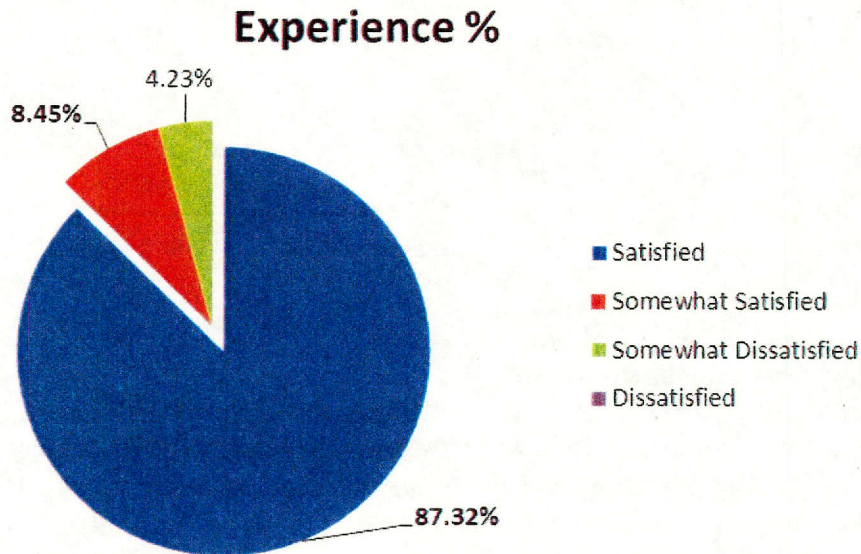
Handling of a Complaint

71 respondents commented on how a complaint would be handled in the following ways:
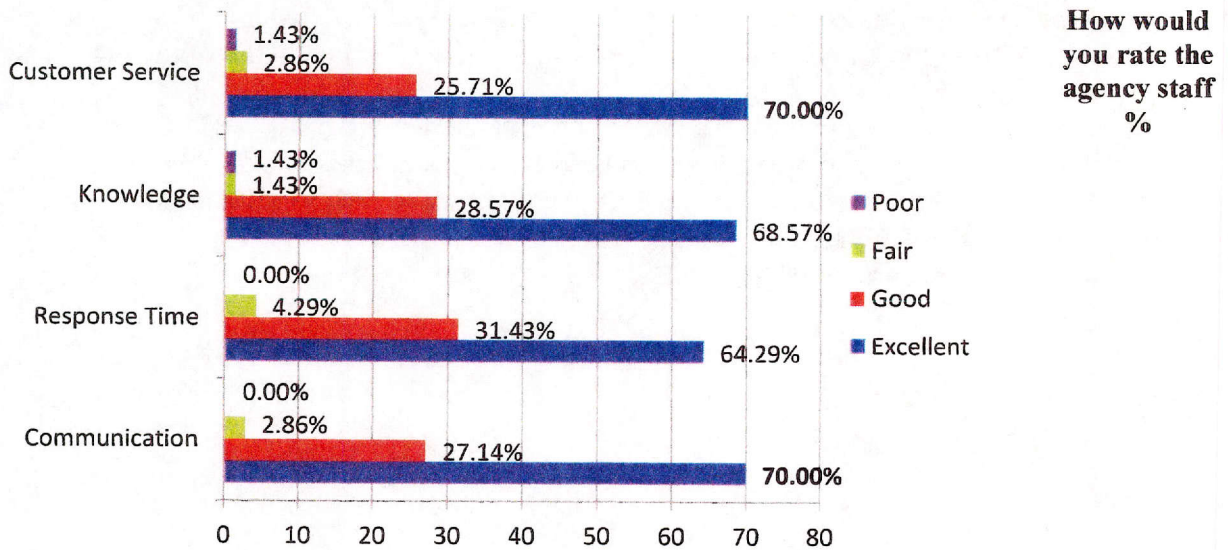
- Believe it would be handled promptly and courteously - 83.10%
- Sure it would be addressed before too much time passed - 9.86%
- Have doubts as to whether it would be addressed to satisfaction - 0.00%
- Don't believe it would be handled at all - 0.00%
- Not sure - 7.04%

Handled Complaint %

Believe it would be	83.10%
I'm sure it would be	9.86%
Have doubts as to	0.00%
Don't believe it	0.00%
I'm not sure	7.04%
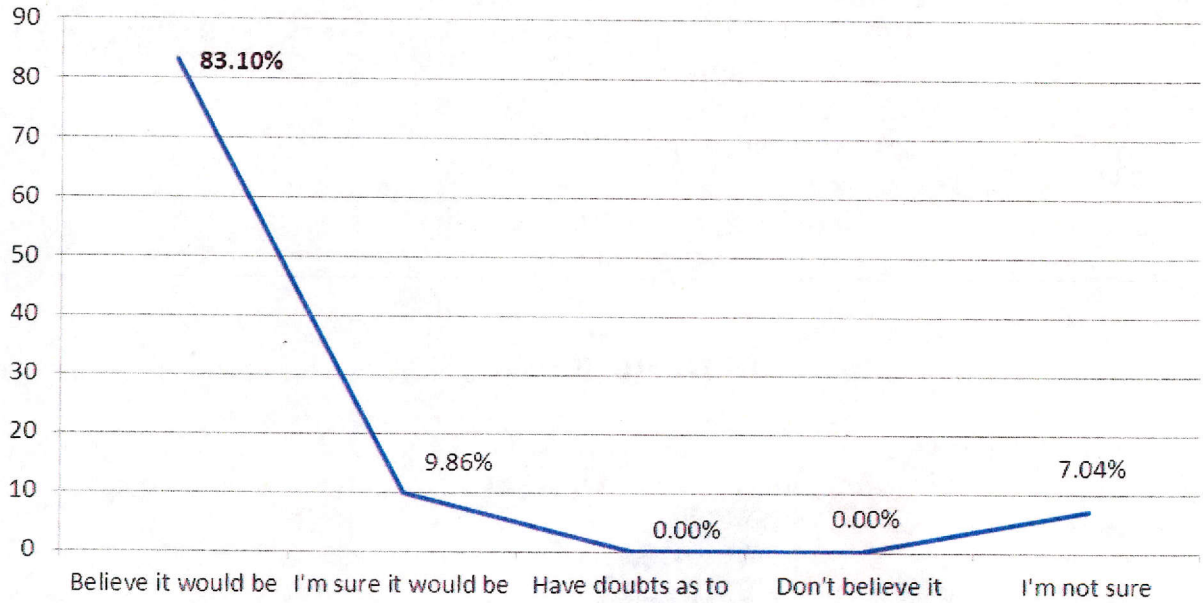
How would you rate the agency staff?

70 respondents commented on how they would rate the agency staff. Overall, the agency scored the highest in Communication and Customer Service, with 70% of respondents rating those areas as Excellent. Over 95% of respondents rated the agency at Excellent or Good across categories.

How would you rate the agency staff %

	Poor	Fair	Good	Excellent
Customer Service	1.43%	2.86%	25.71%	70.00%
Knowledge	1.43%	1.43%	28.57%	68.57%
Response Time		0.00%	4.29%	31.43%	64.29%
Communication		0.00%	2.86%	27.14%	70.00%

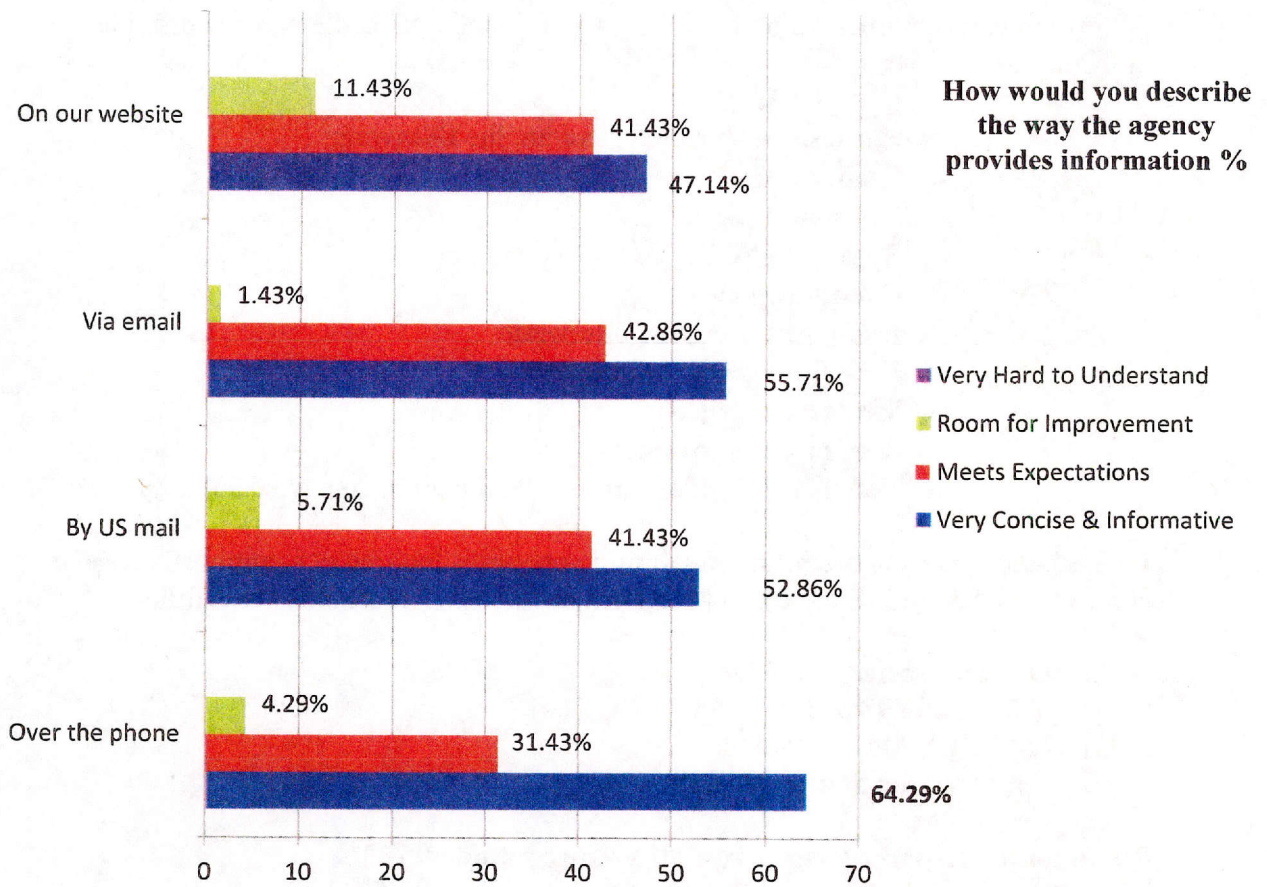**How would you describe the way the agency provides information?**
70 respondents commented on how they would you describe the way we provide information

- o The categories that were selected are the following:
    - On our website
    - Via email
    - By the US Mail
    - Over the phone
- o The scales ranged from the following:
    - Very Concise & Informative
    - Meets expectations
    - Room for improvement
    - Very hard to understand – All categories received a **0.00%**

Overall, the agency scored high in all four categories looking at a combined score of Very Concise & Informative and Meets expectations. The results are as follows:

- o On our website – **88.57%**
- o Via email – **98.57%**
- o By the US Mail – **94.29%**
- o Over the telephone – **95.72%**

Room for improvement had an overall average rating of **5.71%**

How would you describe the way the agency provides information %

Legend:
- Very Hard to Understand
- Room for Improvement
- Meets Expectations
- Very Concise & Informative

On our website: 11.43%, 41.43%, 47.14%
Via email: 1.43%, 42.86%, 55.71%
By US mail: 5.71%, 41.43%, 52.86%
Over the phone: 4.29%, 31.43%, 64.29%

Have you ever visited the agency website?
- 81 individuals responded
  - 87.65% (71 individuals) have visited our website
  - 12.35% (10 individuals) have not visited our website

How many visited the Agency Website %
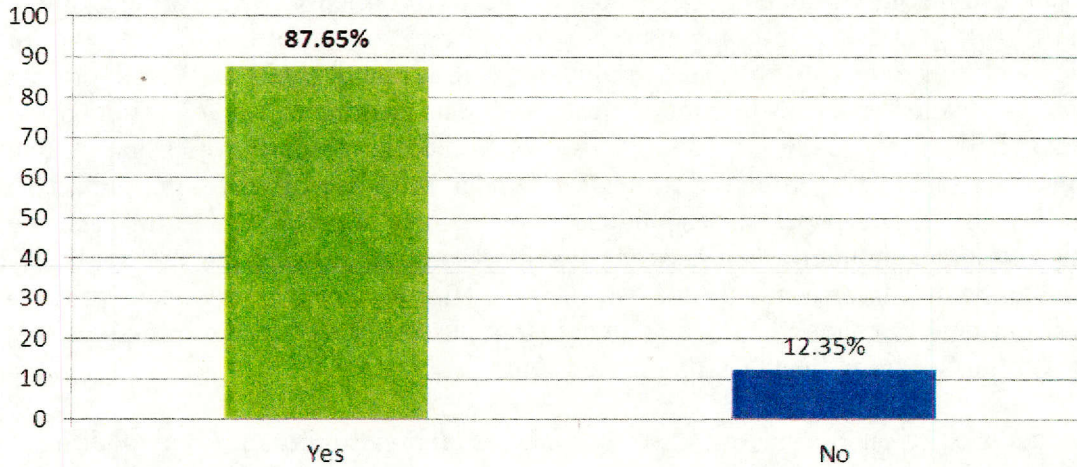
Do you use social media to obtain information on issues that affect you?
81 individuals answered the following four choices:
- o   Often 20.99% (17 individuals)
- o   Frequently 24.69% (20 individuals)
- o   Rarely 37.04% (30 individuals)
- o   Never 17.28% (14 individuals)

Based on this information, we can estimate that **45.68% of our stakeholders regularly use social media** which is valuable information, considering our recent efforts to engage stakeholders on Facebook and Twitter.

Do you use social media to obtain information on issues that affect you %
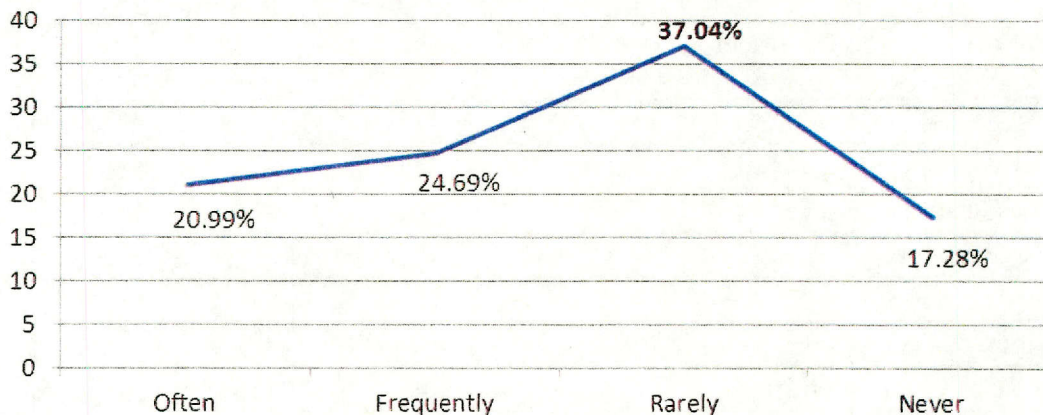
IV. ANALYSIS OF THE FINDINGS IDENTIFIED

As a new agency committed to engaging its stakeholders, we believe that over time and as we demonstrate our willingness to consider the needs of our customers, participation in our survey will increase. Respondents reported that they are pleased with the level of customer service we provide with an overall satisfaction rate of 95.77%. We plan to use social media as another means to communicate with our customers. Survey results show that almost half of our customers (45.7%) use social media regularly, which means that this approach is indeed an effective strategy. Coupled with use of other communication devices like email, and paper correspondence, we believe we will be able to reach the majority of our stakeholders when needed. Feedback on our website showed that 11.4% felt the site needed improvement, and we agree. The survey was conducted prior to rollout of our new website, which we believe is more user-friendly and informative. We look forward to receiving feedback on our new site.

At the conclusion of our survey, we gave respondents an opportunity to submit additional feedback and the number of positive comments and responses were overwhelming. We also received a few constructive comments on improvements to consider, which included changes to the website, online training opportunities and clarification on our rules. We have implemented most of those suggestions and feel that the survey is a valuable feedback mechanism. We are pleased with the feedback we received and look forward to future surveys and increased participation, so we can continually improve on the services we provide.

V. PERFORMANCE MEASURES

The following standard measures were developed in order to measure the effectiveness of our surveying efforts and track the cost of obtaining the information. In future years, we will have more information to develop agency-specific survey-related measures.

	Actual	Goals	
	2014	2015	2016
Outcome Measure			
Percentage of Surveyed Customer Respondents Expressing Overall Satisfaction with Services Received	95.80%	95.0%	95.0%
Percentage of Surveyed Customer Respondents Identifying Ways to Improve Service Delivery	5.90%	5.0%	5.0%
Output Measure			
Number of Customers Surveyed	84	125	125
Number of Customers Served	254	300	300
Efficiency Measure			
Cost per Customer Surveyed	$1.78	$1.75	$1.75
Explanatory Measure			
Number of Customers Identified	84	125	125
Number of Customer Groups Inventoried	4	4	4