

AGENDA ITEM DETAILS

- Subject:** Agency Update
- Customer Service Update
 - Group 4 Implementation
 - GBP Annual Report
 - Staying Connected Retiree Events
 - ERS 75th Anniversary
 - Strategic Planning
 - 2022 Get Fit Texas Challenge
 - Recent Agency Developments
-

Customer Service Update – ERS is progressing on the Customer Service Initiative “Action Beyond the Call”. Achieving the level of service our members are accustomed to continues to be a struggle, the “Action Beyond the Call” initiative has achieved a slight level of improvement. Initial efforts have focused specifically on recruitment and retention of employees which will continue to be a main priority. With success in recruitment and retention, there will be corresponding improvements regarding contact center hold times as well as reduced benefit processing times.

Progress and updates on:

- Staff recruitment and retention
- Reducing contact center hold times, (Average Speed of Answer (ASA))
- Reducing processing time frames
- Streamlining processes

ERS remains focused on restoring a reputation of high quality service and will continue to work to achieve that goal.

Cash Balance Retirement Benefit (Group 4) Implementation Update - The 87th Texas Legislature enacted Senate Bill 321 in an effort to return the ERS Pension Trust to long-term financial solvency and to initiate structural changes to mitigate future liability risk. SB 321 established an annual legacy payment to retire the Trust’s unfunded liabilities by 2054, and it also created a new cash balance benefit for employees beginning state service after August 31, 2022 who do not already have a retirement account with ERS. This new retirement benefit is known as Group 4.

ERS staff began Group 4 implementation in June 2021 of both the legacy payment process and the cash balance benefit for future state employees. ERS received the initial legacy payment of \$510 million September 2021. The ERS Investments team deployed the monies in line with established asset allocation and tactical plans. ERS anticipates receipt of the next legacy payment in September 2022.

The Group 4 implementation also involves a great deal of planning and research activities to design, build and integrate technical systems to support account administration functions for Group 4 employees. Staff from multiple divisions meet each business day to discuss system requirements, development efforts, and solution testing processes in preparation for the new benefit structure. Staff also coordinate with other agencies, namely the Comptroller of Public Accounts, to ensure statewide payroll and data systems are accurately updated to support the necessary payroll-related functions and processes for all state employees.

In addition to system changes, daily administration of retirement programs requires a number of policy considerations that are not specifically outlined in the governing statute. Staff engage in discussions to

consider and adopt administrative policies and procedures to address the needs of the new cash balance benefit structure. Six administrative policies – on topics ranging from timing of interest calculations to how gain sharing is applied to Group 4 member and retiree accounts – have been adopted and deployed for use by the implementation team, with others under review. Some topics included in the internal policies will come to the Board in August in the form of rule amendments and new rule adoptions.

Finally, staff are educating current and future members on the structure of the new cash balance retirement benefit. The team is also reviewing the agency’s website and existing communication, education, and correspondence materials for related updates, clarifications and revisions to ensure members make the most informed decisions possible to best prepare for their retirement. Like the other activities for Group 4 implementation, communications on the cash balance retirement benefit will continue throughout the coming months.

GBP Annual Report – On February 1, ERS completed and posted the annual report to the Legislature on the Texas Employees Group Benefits Program. The report for Fiscal Year 2021 outlines the benefits offered under this program, including health, dental, vision, life, accidental death and dismemberment, and disability insurance, as well as TexFlex flexible savings accounts. The report also includes a description of benefit changes that were made in FY21, and best practices for supporting participant health while managing plan costs. Building on information that was provided by Group Benefits staff at the December meeting, this report has updated information about ERS GBP health plan costs trends and vendor performance.

Staying Connected Retiree Events – ERS is tentatively planning two Staying Connected retiree fairs in Austin on April 26 and 27. These events are usually held in late summer or fall after a legislative session, but the surge in COVID cases and related issues securing venues led to a need to postpone. In the past, ERS held events in the Austin, Dallas-Fort Worth and Houston areas. Securing venues continues to be a challenge leading ERS to plan events only in Austin this year using the conference facilities in 1836 San Jacinto. Board members are invited to attend and ERS will provide more information closer to the events.

ERS 75th Anniversary - Calendar Year 2022 marks the 75th anniversary of ERS, which began operations Sept. 2, 1947. We are planning a variety of activities to celebrate, including a history book and an event in the fall. We will keep you updated on our plans and be sure to include trustees in events.

Strategic Planning, the next 75 years - ERS is beginning work on developing a strategic plan that will focus on key improvement opportunities over the next 5 to 10 years. We will be engaging all of ERS to elevate our highest priority issues and challenges for the agency through short surveys, brainstorming sessions, and facilitated large-group discussions. Potential topics might include access to customer service, employee recruitment and retention, internal and external communication, and our ERS ethos. This strategic planning will be facilitated internally by ERS staff who are individual contributors and not members of ERS management.

2022 Get Fit Texas Challenge –The 2022 *Get Fit Texas Challenge* kicked off on January 10, 2022 and runs through March 20, 2022. The challenge offers the chance for state employees to get active in an agency-to-agency competition to see which agency can claim the title of being the “Fittest State Agency.” State employees will strive to be physically active for 150 minutes per week for at least six of the 10 weeks of the challenge. As administrators of the state’s health plan, ERS employees are encouraged to reach 150 minutes in all 10 weeks. ERS employees who successfully complete six weeks of the 10 week challenge will earn four hours of wellness leave, employees who complete eight of the 10 weeks will earn six hours of wellness leave and employees who complete all 10 weeks will earn eight hours of wellness leave.

This year the Get Fit Texas Portal upgraded with new exciting features such as:

- individual activity history graph displaying statistics for the challenge
- ability to view previous entries on a single screen
- a Get Fit Texas Events calendar, that includes daily morning Get Fit check-ins, mid-day exercise classes, a weekly fitness connect community meeting & wellness webinars with easy, one-click tools to add events to personal calendars
- a public “share your story” option
- Fitbit synching capability.

In 2018, 2019, 2020 & 2021 ERS earned the #1 Fittest State Agency in the mid-size category (agencies with 201-500 FTEs). ERS intends to defend the title again this year.

ATTACHMENTS:

1. Slides – Agency Update