

AGENDA ITEM DETAILS

- Subject:** Agency Update
- Customer Service Update – “Action Beyond the Call”
 - Legislative Update
 - Building Update
 - 2023 Get Fit Texas State Agency Challenge
 - Recent Agency Developments

Customer Service Update “Action Beyond the Call” –

Progress and updates on:

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

Since December, ERS has hired three counselors who will work remotely. These positions are outside of Austin. The counselors will take phone calls and periodically do in-person counseling in the regions they represent. These regional positions are a new way of addressing the difficulty in hiring staff in Austin, given the high cost of living. Currently, however, the counseling (contact) center is fully staffed, with extra positions also staffed to address any turnover. ERS remains focused on providing the best customer experience possible and continues to concentrate on recruitment and retention as our first priority.

The other area that struggled for staffing resulting in long processing times was the Survivor Benefits area. A significant increase in the number of deaths also affected processing times. The Board approved two additional positions for this unit and they have been hired. There are now seven staff members processing these claims. While claims related to COVID-19 deaths are no longer increasing, there are still a number of Chapter 615 claims to be processed. These claims are quite complex and the delay is not always due to staffing issues. The additional staff may be able to assist in getting the information ERS needs to complete the claim.

Legislative Update –

The 88th Session of the Texas Legislature convened on Tuesday, January 10, 2023. The executive director generally testifies before the Senate Finance and House Appropriations Committee on the filed versions of the state budget. Both the House and the Senate maintained funding levels for state employee and retiree health insurance and continued their significant efforts to improve state employee and judicial retirement plans.

The filed versions of HB1 and SB1 include the following:

ERS Plan

- Appropriated \$510M each year of the biennium in Legacy Payments
- Appropriated \$1B for a one-time additional Legacy Payment, saving an estimated \$5.5B in interest over the life of the Legacy Payment schedule

Law Enforcement and Custodial Officer (LECO) Plan

- Increased the state contribution by 1% to meet LECO Plan normal cost
- Appropriated a single lump sum of \$750M to eliminate the LECOSRF (Law Enforcement and Custodial Officer Supplemental Retirement Fund) unfunded liability

JRS2 (Judicial Retirement System) Plan

- Increased the state payroll contribution by 3.587% to meet the JRS2 Plan normal cost
- Appropriated a single lump sum of \$105M to eliminate the JRS2 unfunded liability

In addition, both bills include an appropriation to provide a salary increase for state employees of 5% (with a minimum of \$3,000 per year) to begin on September 1, 2023 and an additional 5% (with a minimum of \$3,000 per year) to occur on September 1, 2024.

ERS has provided updated actuarial numbers to reflect the 8/31/2022 annual valuation results. The numbers will update again following the mid-year valuation, which is required to be completed during a legislative session. The mid-year update is based on February data and is expected to be completed by mid-March. The Legislature uses these numbers to help inform their final budget decisions.

ERS staff is reviewing filed legislation to determine the effects of proposed legislation on ERS operations and programs. Staff prepares a report of bills that could have significant impact on the agency, state employees and retirees, and other program participants. The most recent version of the report is attached as Exhibit A. The bills listed on this report are available on the ERS public website. Anyone who is interested can sign up to get an email update whenever the webpage is updated.

Building update –

Since the December 2022 Board meeting, ERS finalized and executed the first tenant lease for the 1836 San Jacinto building. The University of Texas Health Science Center at Houston School of Public Health has committed to a 150 month lease on 64,959 square feet spread across the entire 5th floor (41,327 sf), the balance of the 6th floor (16,957 sf), and approximately half of the largest 1st floor retail space (6,675 sf).

Construction of tenant improvements is expected to begin in the coming weeks and is targeted for completion in time for their spring 2024 semester. Congratulations to the ERS operations and legal team who worked on this complex and lengthy process including Wendy McAdams, Cynthia Hamilton, Cheryl Scott Ryan and Maggie Baker.

Staff is preparing for renovations to begin to the 200 E. 18th building. The 5th floor has been vacated by the Customer Benefits team and work will begin there this spring. Plans have been approved for internal construction and improvements to landscaping and outdoor break areas. As part of this work, the existing cooling tower, which was reaching end of life, will be moved from the ground floor level outside to the roof of the building. This will allow for a more efficient cooling and heating system, and a more attractive retail space at 1836 San Jacinto.

2023 Get Fit Texas State Agency Challenge –

The *2023 Get Fit Texas Challenge* kicked off on January 23, 2023 and runs through April 2, 2023. 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 staff is expected to be aware of the positive effect of regular exercise. Staff is encouraged to complete 150 minutes in all 10 weeks.

ERS has earned the #1 Fittest State Agency in the mid-size category (agencies with 201-500 FTEs) for the last five years. We intend to defend our title again this year.

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.

ATTACHMENTS:

1. Exhibit A - ERS Legislative Board Report
2. Slides – Agency Update