

TEACHER RETIREMENT SYSTEM OF TEXAS

Issue 1

TRS Needs to Repair Its Relationship With Its Members by Focusing on Their Needs.

Change in Statute

Rec. 1.1, Adopted as Modified

Require TRS to develop a communication and outreach plan to better help members and employers plan for retirement. Also require TRS to respond to appeals at all levels of staff review within the same amount of time that members have to appeal agency decisions. Additionally, require TRS to create communication and engagement materials informing members of the existing option to request an external review of healthcare coverage appeals denied by third-party health plan administrators, and ensure members are aware they may work directly with TRS for assistance in navigating the appeals process.

Rec. 1.2, Adopted as Modified

Require TRS to make improved efforts to return contributions to inactive members before funds are forfeit.

As a management action, direct TRS to develop a process to submit inactive member information to the comptroller's office upon request by the comptroller's office.

Management Action

Rec. 1.3, Adopted as Modified

Direct TRS to adopt a member engagement policy to increase transparency on key decisions. Also direct TRS to review the TRS-Care Retirees Advisory Committee and make any changes needed to more effectively receive feedback from retirees on TRS-Care.

As a statutory change, require the TRS Board of Trustees to appoint an ombudsman to monitor the agency's interactions with members; investigate, escalate, and report to the board on member complaints; and recommend changes to agency operations that would benefit members and increase their input into agency decisions.

Issue 2

TRS Needs More Effective Contract Management and Oversight.

Management Action

Rec. 2.1, Adopted

Direct TRS to fully centralize contracting functions and clarify roles and responsibilities between central contracts department staff and division staff managing contracts.

Rec. 2.2, Adopted

Direct TRS to enhance its contract monitoring process.

Rec. 2.3, Adopted

Direct TRS to include standard remedies in contracts and consistently apply enforcement tools.

Rec. 2.4, Adopted

Direct TRS to require staff who procure or manage contracts to complete the comptroller's contract training.

Issue 3

As One of the Largest Public Pension Funds in the U.S., TRS Would Benefit From Additional Oversight and Greater Transparency of Its Investment Practices.

Management Action

Rec. 3.1, Adopted

Direct TRS to perform a cost-benefit analysis of implementing an enhanced investment accounting system to provide increased oversight of the custodian bank's accounting data.

Rec. 3.2, Adopted

Direct TRS to have its Internal Investment Committee review internal investments and strategies.

Rec. 3.3, Adopted

Direct TRS to include clear, easily understandable information about alternative investments in its *Comprehensive Annual Financial Report*.

Issue 4

TRS' Statutes Do Not Reflect Some Standard Elements of Sunset Reviews.

Change in Statute

Rec. 4.1, Adopted

Update the standard across-the-board requirement related to board member training.

Rec. 4.2, Adopted as Modified

Abolish three, modify two, and consolidate two of TRS' reporting requirements.

As a management action, direct TRS to provide more comprehensive information on TRS-Care healthcare costs to the Legislature and the Texas Department of Insurance in the consolidated TRS-Care report, including out-of-pocket costs for retirees such as co-payments, deductibles, and non-covered services. Also direct TRS to provide information on incentive payments to TRS investment staff in its *Comprehensive Annual Financial Report*, including the method of calculating incentive pay and the amounts paid.

Rec. 4.3, Adopted

Update TRS' statute to reflect the requirements of the person-first respectful language initiative.

Management Action

Rec. 4.4, Adopted

Direct TRS to develop and maintain a system for receiving and responding to complaints.

Adopted New Recommendation

Employment After Retirement Reductions

Specify that TRS members who retire after January 1, 2011, and exceed employment after retirement limitations are subject to either a dollar-for-dollar reduction in their monthly annuity or forfeiture of their full monthly annuity, whichever is less. The dollar-for-dollar reduction does not apply if a disability retiree exceeds the 90-day limit for a school year, unless other existing exceptions for disability retirees apply.