



Board of Administration

# FY 2021-22 - First Quarter Report

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**November 5, 2021**

**Item Name:** Enterprise Performance Reporting – First Quarter

**Program:** Enterprise

**Item Type:** Information

## **Executive Summary**

This report provides the first quarter report (July 1, 2021, through September 30, 2021) for the Enterprise Performance Management (EPM) framework, which is comprised of Strategic Measures (measures), Business Plan Initiatives (initiatives), and Key Performance Indicators (KPIs). The measures and initiatives are part of CalPERS 2017-22 Strategic Plan (Strategic Plan) and allow us to measure progress in achieving our strategic goals and objectives. The KPIs serve as a collection of performance indicators that measure the effectiveness of our efforts at the operational level. EPM focuses on the ongoing monitoring and reporting of all three components and provides information as to how well the organization is progressing toward strategic goals and objectives, as well as operational targets.

This report focuses on At-Risk and Off-Target measures and initiatives. The reference material documents also include supplemental performance data for On-Target measures and initiatives, as well as KPIs. The Strategic Plan Alignment and Enterprise Operation Maps illustrate the status of each EPM element.

As an enterprise, we are dealing with the continuing COVID-19 pandemic and are striving to address and manage the risks associated with this challenge. Taking this into consideration, we continue to focus on our priorities to ensure ongoing customer service, the safety of team members, and ensure our facilities remain a safe work environment for onsite team members.

## **Strategic Plan**

This report specifically aligns to our strategic goals and objectives, as we measure our strategic and operational progress throughout the duration of the Strategic Plan.

## **Background**

In early 2016, we began the development of our current five-year Strategic Plan and refined our mission and vision statements. These efforts resulted in a year-long collaborative process that yielded valuable information and feedback from a variety of internal and external stakeholders. These inputs, coupled with a rigorous period of analysis, helped us identify our strategic goals –

each with its own set of objectives and measures. In February 2017, the Board approved the Strategic Plan, and the Business Plan – which serves as a vehicle to put the Strategic Plan into action.

In addition to the Strategic Plan activities, the organization began to develop the KPIs and implement the EPM framework. Through collaborative working sessions with the executive team and program areas, KPIs were identified and developed for all areas of the organization, and the EPM framework was implemented in tandem with the commencement of the Strategic Plan on July 1, 2017.

The EPM framework provides a comprehensive view of strategic and operational performance through quarterly reports that reflect status indicators of On-Target (green), At-Risk (yellow), and Off-Target (red), however, the focus is on At-Risk and Off-Target measures and initiatives. This report will include an explanation of root causes, as well as potential constraints and mitigation strategies currently underway. The intent of the EPM framework is to reinforce CalPERS' desire to be transparent and accountable in support of our strategic goals and objectives, and operational targets.

As the EPM framework continues to progress, the following status designations will appear for several measures and KPIs:

- Pending refresh – baseline, target, and thresholds have been established, and the metric is awaiting completion of a data refresh cycle
- Under development – efforts to solidify methodology are underway

## **Analysis**

This report will focus on two items: 1) Summary of metrics that refreshed during the first quarter; and 2) At-Risk and Off-Target measures and initiatives.

### Strategic Measures

The Strategic Plan encompasses 27 measures. In review of first quarter data, two are On-Target; five are Off-Target; two are At-Risk; 17 are pending refresh or under development; and one will be reported in closed session.

- Off-Target
  - Funded status
  - 1-year total expected fund volatility
  - Annualized (5-year) excess investment returns relative to total fund policy benchmark
  - Overhead operational cost
  - 5-year net value added
- At-Risk
  - Projected funded status
  - Chronic disease prevention and management

### Business Plan Initiatives

The Business Plan encompasses 26 initiatives. In review of first quarter data, 22 are currently On-Target; two are Off-Target; one is Complete; and one will be reported in closed session.

- Off-Target
  - Implement engagement survey action items
  - Implement 2018-22 workforce plan strategies
- Completed
  - Risk mitigation

Key Performance Indicators

The operational model encompasses 62 KPIs. In review of first quarter data, 25 KPIs are currently On-Target; two are At-Risk; 24 are pending refresh; six are informational; one is data not available; and four are reported in closed session.

- At-Risk
  - Generate liability data and rates for pension funding - public agency
  - Solicitation, contract, amendment, & purchase order service level compliance

**Budget and Fiscal Impacts**

Resources for our strategic and operational needs were funded by existing internal resources, and by funding requested through the annual CalPERS budget planning process.

**Benefits and Risks**

The alignment of the Measures, Initiatives, and KPIs with our long-term strategic goals provides focus and clarity that prioritize and guide our work as we keep the Strategic Plan at the forefront of our planning process. EPM is specifically designed to address the most significant risks and opportunities facing CalPERS and will be regularly reviewed to respond to a changing environment.

**Reference Materials**

- Strategic Measures Summary Sheets
- Business Plan Initiatives Summary Sheets
- KPI Summary Sheets
- Strategic Plan Alignment Map
- Enterprise Operations Map

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