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# 2023-24 Business Plan

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California Public Employees' Retirement System

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# OVERVIEW

## Business Plan Initiatives Support our Strategic Goals & Objectives

The 2023-24 CalPERS Business Plan describes the Business Plan Initiatives (BPIs) designed to help us reach our Strategic Goals and Strategic Objectives.

Our Strategic Framework depicts CalPERS' strategic approach and the relationship between each level.

- Our Vision and Mission provide insight to our aspirations and clearly state our purpose.
- Strategic Goals communicate what we want to accomplish over the long term.
- Objectives clarify how we will achieve these stated Goals.
- Strategic Measures (Measures) provide meaningful progress indicators achieving our Goals and Objectives.
- BPIs are projects that develop or enhance our strategic capabilities.

### Strategic Framework



#### How to read this plan:

- Each page contains a Strategic Goal and the related objectives.
- Under the objectives are the BPIs. Each BPI serves to complete their aligned objective and, as a result, support achieving the Strategic Goal.
- Each BPI is a high-level description detailing the project and the expected due date.
- Below the BPI is the associated Strategic Measure(s).



# MEMBER EXPERIENCE

Strategic Goal: Ensure member satisfaction through accuracy, responsiveness, and respect

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## Objectives:

- Deliver accurate benefits to our members and their beneficiaries
- Ensure that our members and their beneficiaries receive benefit payments on time
- Provide timely response and appropriate action to inquiries
- Enhance services, communication, and education tools for our members

## BPIs:

- **Customer Service Projects:** Enhance members ability to securely receive electronic content and communication on demand. (June 2024)
  - **Associated Measure:** Customer Satisfaction
- **Improve Communication Channels:** Create efficiencies and enhance responsiveness by replacing the internal knowledge management system used by team members when assisting members. (June 2024)
  - **Associated Measure:** Customer Inquiry Timeliness



# PENSION SUSTAINABILITY

Strategic Goal: Strengthen the long-term sustainability of the pension fund

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## Objectives:

- Balance the costs of future pension payments with the expected future investment risks and returns through the Asset Liability Management process
- Mitigate the risk of significant investment loss while balancing contribution levels and volatility
- Deliver risk-adjusted investment returns to meet or exceed the expected rate of return
- Integrate sustainable investment strategies

## BPIs:

- **Asset Liability Management:** Incorporate elements of funding risk from both an asset and liability perspective to ensure the sustainability of the fund. (June 2027)
  - **Associated Measures:** Funded Status; Total Expected Fund Volatility; Employer Contribution Rates
- **Total Fund Performance:** Review and assess existing strategies, while researching and implementing new strategies, to ensure alignment in service of delivering our long-term projected rate of return. This aligns with the Investment Office Pension Resiliency Strategic Initiative. (June 2027)
  - **Associated Measures:** Annualized (Five-Year) Excess Investment Returns Relative to Total Fund Policy Benchmark
- **Total Fund Processes\*:** Develop, refine, and institutionalize transparent, disciplined, and clear investment decision-making processes to increase organizational effectiveness for total fund and support a culture of accountability. This aligns with the Investment Office Operational Excellence and Stakeholder Engagement Strategic Initiatives. (June 2027)
  - **Associated Measures:** Annualized (5-year) Excess Investment Returns Relative to Total Fund Policy Benchmark; Cost Advantaged vs. Peers; 5-year Net Value Added
- **Total Fund Portfolio:** Construct a Total Fund Portfolio positioned to generate the required rate of return over the long term, by ensuring effective allocation of risk, leverage, and liquidity. This aligns with the Investment Office Pension Resiliency and Sustainable Investments Strategic Initiatives. (June 2027)
  - **Associated Measures:** Total Expected Fund Volatility
- **Emerging and Diverse Managers:** Assembly Bill 890 requires CalPERS to submit and publish a report to the Legislature on the status of achieving appropriate objectives and initiatives regarding the participation of emerging and diverse managers managing capital on behalf of CalPERS investment portfolio. (June 2027)
  - **Associated Measures:** Percentage of Diverse Managers
- **Human Capital Management:** Refresh CalPERS' Investments Human Capital Management Strategy and incorporate advocacy, engagement, integration, and investment. (June 2027)
  - **Associated Measures:** Human Capital Management
- **Investment Strategy – Net Zero by 2050:** Refresh CalPERS' Investments Net Zero Strategy and incorporate advocacy, engagement, integration, and investment. (June 2027)
  - **Associated Measures:** Just Transition to Net Zero by 2050



# EXCEPTIONAL HEALTH CARE

Strategic Goal: Ensure our members have access to equitable, high-quality, affordable health care

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## Objectives:

- Ensure our members receive high-quality health care
- Ensure our members have access to care when and where they need it
- Ensure the care we provide is affordable
- Ensure all members receive equitable care

## BPIs:

- **Advanced Primary Care:** Develop, implement, and participate in strategies that will improve quality and access to primary care services for CalPERS health care members. (June 2027)
  - **Associated Measures:** Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Health Care Affordability; Achieving Health Equity
- **Behavioral Health Screening and Treatment:** Improve behavioral health access, screening, and treatment for CalPERS health care members through health plan contracts, leveraging partnerships, and developing recommendations for further improvement. (June 2027)
  - **Associated Measures:** Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity
- **Expand Member Outreach and Education:** Implement an outreach strategy to improve CalPERS member engagement and knowledge of the health benefits and options available to them so they can make more informed health decisions. (June 2024)
  - **Associated Measures:** Health Care Member Experience
- **Improve Health Data Quality and Application:** Collaborate with CalPERS health plans to develop and implement data quality improvement plans to improve the quality, relevancy, and consistency of the data in the CalPERS Health Care Decision Support System (HCDSS). (June 2025)
  - **Associated Measures:** Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Health Care Affordability; Achieving Health Equity
- **Improve Pharmacy Benefit Strategies:** Using expert clinical input and CalPERS pharmacy data to balance member choice, quality, safety, affordability, and prescription drug access. (June 2027)
  - **Associated Measures:** Population Health Management; Health Care Member Experience; Access to Care; Health Care Affordability; Achieving Health Equity
- **Increase Health Care Affordability:** Improve health care affordability through increased competition, high-value networks, and innovative benefit designs. (June 2025)
  - **Associated Measure:** Health Care Affordability



# EXCEPTIONAL HEALTH CARE, continued

Strategic Goal: Ensure our members have access to equitable, high-quality, affordable health care

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- **Promote and Improve Health Equity:** Develop and implement a health equity strategy to advance health equity and improve clinical quality for CalPERS health care members. (June 2027)
  - **Associated Measures:** Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity
- **Promoting Clinical Quality Improvement:** Improving health outcomes through clinical quality improvement efforts that promote alignment and continuous performance evaluation, public transparency of performance results, and patient-centered care with advanced primary care and behavioral health integration. (June 2027)
  - **Associated Measures:** Access to Care; Achieving Health Equity; Behavioral Health Screening and Treatment; Health Care Member Experience; Population Health Management



# STAKEHOLDER ENGAGEMENT

Strategic Goal: Promote collaboration, support, and transparency

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## Objectives:

- Educate and engage stakeholders on system impacts including policy and program changes, risks, and mitigations
- Enhance services, communication, and education tools for our partners

## BPIs

- **Communication Tool Enhancements - Email:** Implement a new email tool to enhance communications to members, employers, stakeholders, and team members. (June 2024)
  - **Associated Measure:** Effectiveness of Digital Communications Outreach – Email Open Rates
- **Communication Tool Enhancements - Websites:** Enhance CalPERS' internal and external websites by implementing a redesign to improve user experience and increase performance. (June 2024)
  - **Associated Measure:** Effectiveness of Digital Communications Outreach – Visits to Public Website; Effectiveness of Digital Communications Outreach – Social Media Followers
- **External Communications – Proactive Policy Messaging:** Increase communications across all digital platforms focused on policy actions related to pensions, investments, and health care. (June 2025)
  - **Associated Measure:** Effectiveness of Digital Communications Outreach – Visits to Public Website; Effectiveness of Digital Communications Outreach – Social Media Followers
- **Expand Stakeholder Education:** Implement training, education, and outreach opportunities to educate members, employers, and stakeholders on system risks, mitigation strategies, and compliance enhancements. (June 2027)
  - **Associated Measures:**  
Stakeholder Perception Surveys:
    - Compliance and Risk
    - Employer Rating
    - Member Rating
    - Overall Rating
    - Participation
    - Risk
    - Stakeholder Rating
- **Facilitate Stakeholder Dialogue:** Enhance engagement with stakeholders on policy and program issues that impact active members, retired members, employers, stakeholder leaders, private sector interests, and other institutional investors and administrators. (June 2027)
  - **Associated Measures:**  
Stakeholder Perception Surveys:
    - Compliance and Risk
    - Employer Rating
    - Member Rating
    - Overall Rating
    - Participation
    - Risk
    - Stakeholder Rating





# ORGANIZATIONAL EXCELLENCE

Strategic Goal: Cultivate a diverse, risk-intelligent, and innovative culture through our team and processes

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## Objectives:

- Integrate and sustain leadership competencies to promote behaviors that retain and engage a high-performing workplace
- Recruit and retain diverse talent
- Enhance team member engagement and employment experience
- Cultivate compliance and risk functions throughout the enterprise
- Improve processes, operations, and advance technologies to gain efficiencies and effectiveness

## BPIs

- **Leadership Competency Education and Performance Integration:** Develop programs to increase leaders' proficiency in the CalPERS Competencies. Implement an assessment tool to annually measure leaders' proficiency. This will provide an enhanced interactive and meaningful performance evaluation experience. (June 2024)
  - **Associated Measure:** CalPERS Leadership Competencies
- **Develop FY 2023-28 Workforce Plan Strategies:** Support and enhance workforce planning efforts to align with the CalPERS Strategic Plan. (June 2024)
  - **Associated Measures:** Candidate Pool Outreach; Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development
- **Establish and Implement a Diverse Outreach Strategy:** Develop and implement new recruitment strategies that expand CalPERS' candidate pools. (June 2025)
  - **Associated Measures:** Candidate Pool Outreach; Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development
- **Human Capital Management Cloud Upgrade:** Upgrade the existing Human Capital Management (PeopleSoft) system to a cloud-based solution. (June 2024)
  - **Associated Measures:** Candidate Pool Outreach; Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development
- **Talent Management Strategies:** Provide a multi-year assessment and reporting of career advancement at CalPERS. (June 2024)
  - **Associated Measures:** Candidate Pool Outreach; Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development; Team Member Engagement
- **Total Fund People:** Realign Investment Office resources and skills in support of the total fund portfolio to reinforce working as one team, with a culture of trust, respect, and accountability. This aligns with the Investment Office People and Culture Strategic Initiative. (June 2027)
  - **Associated Measures:** Workforce Demographics; Employee Development



# ORGANIZATIONAL EXCELLENCE, continued

Strategic Goal: Cultivate a diverse, risk-intelligent, and innovative culture through our team and processes

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- **Implement Engagement Survey Action Items:** Develop and implement action items using results from the annual Employee Engagement Survey. Action items are identified based on areas that have the greatest impact on engagement, including low scoring items and/or items with significant downtrend. (June 2024)
  - **Associated Measures:** Team Member Engagement; Net Promoter Score; Response Rate of Employee Engagement Survey
- **Information Security Strategy:** Advance the Information Security Office strategy and mitigate cybersecurity threats and vulnerabilities. (June 2027)
  - **Associated Measure:** Information Security Assessment Score
- **Organizational Compliance and Risk Management Effectiveness:** Develop and deploy a multi-year implementation plan for the first line of defense (FLOD) and second line of defense (SLOD) by organizing enterprise and division resources to support new and enhanced compliance and risk management functions. (June 2025)
  - **Associated Measures:** Organizational Compliance Effectiveness; Risk Management Effectiveness
- **Data Retention:** Ensure member-sensitive information are appropriately retained. Review the data retention process and identify opportunities for improvement to align with CalPERS' policies and procedures. (June 2024)
  - **Associated Measure:** Operational Efficiencies
- **Enterprise Performance Reporting (EPR) Enhancements:** Evaluate and implement improvements related to EPR as it pertains to the framework, development, and reporting of enterprise metrics (Strategic Measures, Business Plan Initiatives, Key Performance Indicators (KPIs), Executive Dashboard Indicators and Workload Metrics). (June 2024)
  - **Associated Measures:** Enterprise Operational Effectiveness; Operational Efficiencies
- **Enterprise Project Services (EPS) Establishment:** Establish a core team responsible for providing enterprise project management (PM) services for non-IT focused projects. The focus will be primarily on strategic projects as services are evaluated and refined. (June 2024)
  - **Associated Measure:** Operational Efficiencies
- **Managing User Access:** Mature IT capabilities to simplify and automate the process of onboarding and offboarding to ensure only CalPERS authorized team members have access to organizational data and resources. (June 2024)
  - **Associated Measure:** CEM Benchmarking Information Technology Capability Score
- **Mature Measures for Information Technology (IT) Assets:** Improve operational efficiencies by optimizing IT infrastructure performance through analysis of the internal state of our complex technology systems that are responsible for maintaining CalPERS' hybrid work environment. (April 2024)
  - **Associated Measure:** CEM Benchmarking Information Technology Capability Score



## ORGANIZATIONAL EXCELLENCE, continued

Strategic Goal: Cultivate a diverse, risk-intelligent, and innovative culture through our team and processes

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- **Mature Targeted Information Technology (IT) Capabilities:** Mature targeted IT capabilities to enhance the delivery of core business services, as well as anticipate and meet emerging business needs of the future. (June 2027)
  - **Associated Measure:** CEM Benchmarking Information Technology Capability Score
- **Operational Process Improvements - Phase II:** Utilize Lean principles to identify and implement process improvements. (June 2024)
  - **Associated Measures:** Operational Efficiencies
- **Total Fund Processes\*:** Develop, refine, and institutionalize transparent, disciplined, and clear investment decision-making processes to increase organizational effectiveness for total fund and support a culture of accountability. This aligns with the Investment Office Operational Excellence and Stakeholder Engagement Strategic Initiatives. (June 2027)
  - **Associated Measures:** Annualized (5-year) Excess Investment Returns Relative to Total Fund Policy Benchmark; Cost Advantaged vs. Peers; 5-year Net Value Added



# ORGANIZATIONAL EXCELLENCE, continued

Strategic Goal: Cultivate a diverse, risk-intelligent, and innovative culture through our team and processes

## Objective:

- Cultivate diversity, equity, & inclusion through culture, talent, investments, health equity, and supplier diversity

## Pillar: Culture

- **Implement Diversity, Equity, & Inclusion (DE&I) Framework:** Implement and mature the DE&I Framework Five (5) Pillars: Culture, Talent Management, Health Equity, Supplier Diversity, and Investments, through collaboration and efforts with contributing program areas. (June 2027)
  - **Associated Measure:** DE&I Engagement Survey Results
- **Increase Enterprise-Wide Diversity, Equity, & Inclusion (DE&I) Knowledge and Awareness:** Increase knowledge and awareness of DEI themes and concepts by providing communication, training, and engagement opportunities, as well as develop tools and resources for the enterprise. (June 2027)
  - **Associated Measure:** DE&I Engagement Survey Results

## Pillar: Supplier Diversity

- CalPERS complies with the California State law which states that all State Agencies must meet or exceed the target of 25% Small Business participation and 3% for Disabled Veterans Business Enterprise participation for total contracting dollars. This information is reported to our Board of Administration on an annual basis and provides detailed information and fiscal year totals for both procurement and contracting activities.
  - **Associated Measures:** Disabled Veterans Business Enterprise Requirements Compliance; Small Business Requirements Compliance

## These initiatives integrate DE&I throughout the plan.

### Pillar: Talent

- Develop 2023-28 Workforce Plan Strategies
- Establish and Implement a Diverse Outreach Strategy
- Leadership Competency Education and
- Performance Integration
- Talent Management Strategies
- Total Fund People

### Pillar: Investments

- Emerging and Diverse Managers
- Investment Strategy - Net Zero by 2050
- Human Capital Management

### Pillar: Health Equity

- Advanced Primary Care
- Behavioral Health Screening and Treatment
- Improve Health Data Quality and Application
- Improve Pharmacy Benefit Strategies
- Increase Health Care Affordability
- Promote and Improve Health Equity
- Promoting Clinical Quality Improvement

\* Supports multiple Strategic Goals





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