EPR Second Quarter Report: Strategic Measures Summary Dashboard

The CalPERS 2017-22 Strategic Plan encompasses 27 Strategic Measures (Measures) that enable us to track our progress towards achieving our strategic goals and objectives. The Strategic Measures Summary Dashboard provides a brief synopsis of how all 27 Measures are performing for the second quarter (October 1, 2020-December 31, 2020). Additional performance details can be found on the summary sheets for each Measure.

Second Quarter Measure Performance:

- 23 Pending Refresh
- 3 Under Development
- 1 Closed Session item

The Strategic Measures Summary Dashboard also provides trend analysis data that captures performance from year three (FY 2019-20). A visual depiction of all Strategic Measures can be found on the Alignment Map.

Status Key   🟢 **On-Target**   🔺 **At-Risk**   🟥 **Off-Target**   ✳ **Pending Refresh**   ✳✳ **Data Not Available**   ☐ **Under Development**

Enterprise Performance Reporting – Second Quarter Report
CalPERS 2020-21 Strategic Measures

Fund Sustainability	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend Analysis (FY 2019-20)	Page Number
Funded status	🟥	✳			🟥✳✳✳ Q1|Q2|Q3|Q4	7
Projected funded status	🟢	✳			🟢✳✳✳ Q1|Q2|Q3|Q4	9
1-year total expected fund volatility	🟥	✳			🟢✳✳✳ Q1|Q2|Q3|Q4	11
Annualized (5-year) excess investment returns relative to total fund policy benchmark	🟥	✳			🟥✳✳✳ Q1|Q2|Q3|Q4	13
Stakeholder assessment survey – risk	✳	✳			✳✳✳🟢 Q1|Q2|Q3|Q4	15
Investment managers policies and procedures for environmental, social and governance (ESG) factor integration	🟢	✳			🟢✳✳✳ Q1|Q2|Q3|Q4	17

High Quality Affordable Health Care	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend Analysis (FY 2019-20)	Page Number
Chronic disease prevention & management	✳	✳			**New for FY 2020-21**	19
Behavioral health quality	☐	☐			**New for FY 2020-21**	20
Measuring access to care	✳	✳			✳✳✳ 🟢 Q1|Q2|Q3|Q4	21
Member experience	✳	✳			**New for FY 2020-21** **Previously Rating of Health Care KPI**	23
Health care premium affordability	☐	☐			**New for FY 2020-21**	24

Reduce Complexity	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend Analysis (FY 2019-20)	Page Number
Cost effectiveness measurement (CEM) pension complexity score	✳	✳			✳✳✳ 🟢 Q1|Q2|Q3|Q4	25
CEM – information technology capability score	✳	✳			✳✳✳ 🟢 Q1|Q2|Q3|Q4	27
CEM – cost per member	✳	✳			✳✳✳ 🟥 Q1|Q2|Q3|Q4	29
Overhead operational cost	🟥	✳			🟥 ✳✳✳ Q1|Q2|Q3|Q4	31
5-year net value added	🟥	✳			🟢 ✳✳✳ Q1|Q2|Q3|Q4	33

Risk Management	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend Analysis (FY 2019-20)	Page Number
Stakeholder assessment survey – compliance and risk	✳	✳			✳✳✳ ● Q1|Q2|Q3|Q4	35
Risk employee awareness survey	✳	✳			✳✳ ● ✳ Q1|Q2|Q3|Q4	37
Risk program maturity assessment	✳	✳			✳✳ ● ✳ Q1|Q2|Q3|Q4	39
Compliance employee awareness survey	✳	✳			✳✳ ● ✳ Q1|Q2|Q3|Q4	41
Compliance program maturity assessment	✳	✳			✳✳✳ ● Q1|Q2|Q3|Q4	43
Composite security health score within range	**Closed Session**	**Closed Session**			**Closed Session**	45

Talent Management	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend Analysis (FY 2019-20)	Page Number
Effectiveness of outreach activities	🟢	✳			✳✳✳✳ Q1|Q2|Q3|Q4	46
Engagement survey results and action items – diversity & inclusion	✳	✳			✳🟢✳✳ Q1|Q2|Q3|Q4	48
Engagement survey results and action items – accountability	✳	✳			✳🟢✳✳ Q1|Q2|Q3|Q4	50
Engagement survey results and action items – senior and executive management relationships	✳	✳			✳🔺✳✳ Q1|Q2|Q3|Q4	52
Proficiency in CalPERS leadership competencies	☐	☐			☐✳☐|☐ Q1|Q2|Q3|Q4	54

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Funded Status
Executive Owner:	Michael Cohen
Strategic Goal:	Fund Sustainability
Strategic Objective:	Fund the system through an integrated view of pension assets and liabilities
Associated Initiative(s): Alignment of Asset Liability Management	

Status:	Pending Refresh (in August 2021)
Numeric Status:	70.1% (as of June 30, 2019)

Description:	Funded status is a measure of a pension system's health and is determined by dividing the market value of assets by the actuarial accrued liability. This measure will evaluate overall Funded Status for the three major components of the Public Employees' Retirement Fund (PERF): State, School, and Public Agency employers.
	As part of the CalPERS ALM cycle, the Board will examine the current funded status of the system and make decisions in alignment with the goal of strengthening the long-term sustainability of the pension fund. CalPERS is also focused on reducing complexity and system costs which will contribute positively to the Funded Status of the PERF.
	Annually the Actuarial Office provides the Funded Status of the previous fiscal year and Projected Funded Status of the current fiscal year. The inputs for this metric are influenced by five main factors: - Payment of unfunded liabilities - Actual vs. expected investment returns - Change in actuarial methods and assumptions - Benefit changes - Actuarial experience
	The funded status is based on a 7.0% discount rate.
Baseline:	PERF 67.9% (as of 6/30/17)
Target:	Long-term (beyond the current strategic plan) funded status of 100%
Refresh Frequency:	Annually, August
Reporting Range:	07/01/18 - 06/30/2019

Thresholds:	On-Target:	>100% Funded Status
	At-Risk:	80% to 100% Funded Status
	Off-Target:	<80% Funded Status

Status Narrative:

The funded status was off-target at 70.1% (as of June 30, 2019), however it did rise 0.4% from the previous year, which is in line with the projected funded status targets.

Performance Trend Chart:
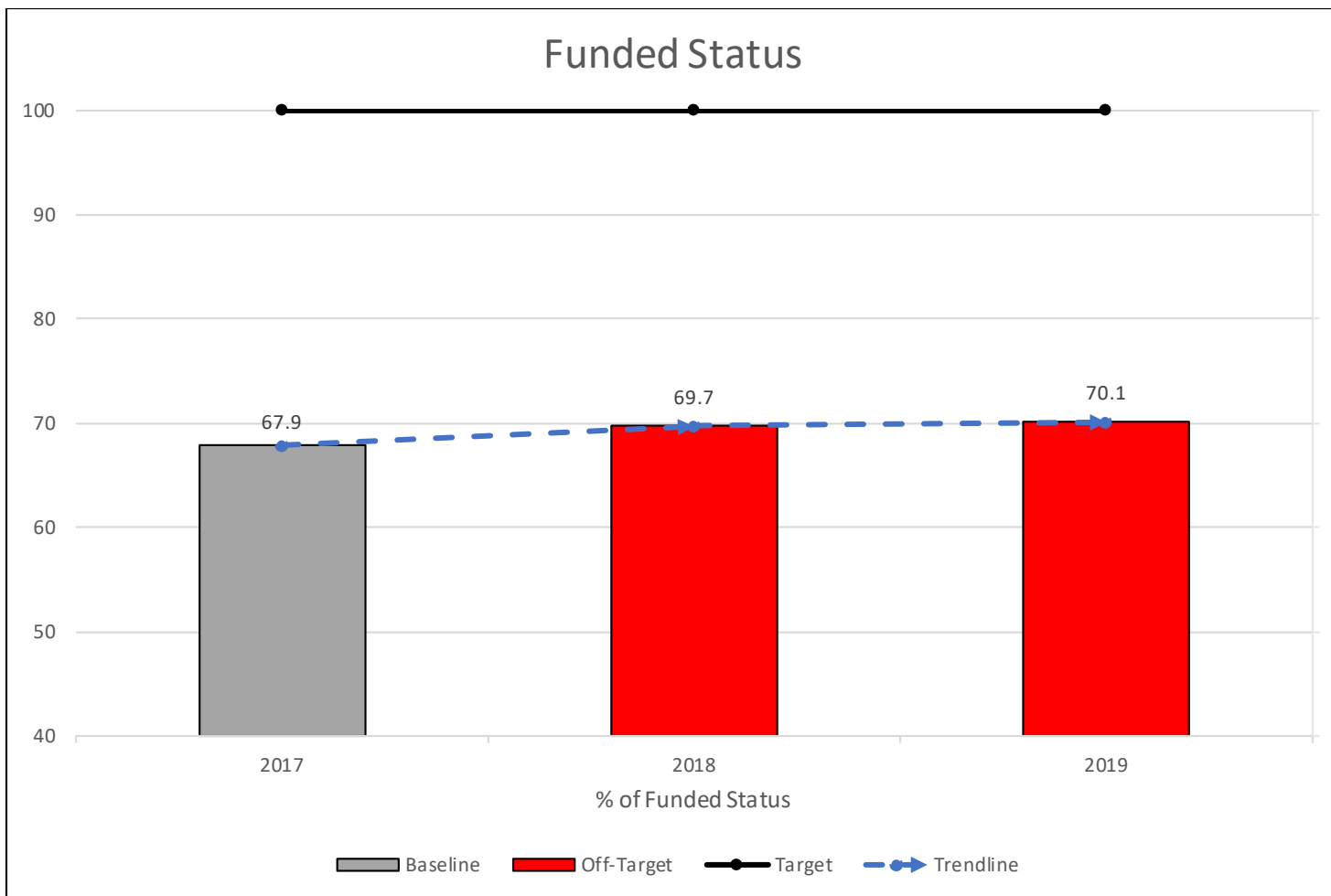
2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Projected Funded Status
Executive Owner:	Michael Cohen
Strategic Goal:	Fund Sustainability
Strategic Objective:	Fund the system through an integrated view of pension assets and liabilities
Associated Initiative(s):	Alignment of asset liability management; actuarial valuation system-advanced analytics

Status:	Pending Refresh (in August 2021)
Numeric Status:	0.06% below (as of June 2019)

Description:	Monitor the variance between actual and projected funded status of the PERF to determine if the 100% funded status projection is on track.
	Annually, the Actuarial Office provides the actual funded status of the previous fiscal year and the projected funded status of the current fiscal year.
	The inputs for this measure are influenced by five main factors:
	• Investment returns
	• Payment of unfunded liabilities (including additional discretionary payments)
	• Changes in actuarial methods and assumptions
	• Benefit changes
	• Actual experience
	Annually, the Actuarial Office produces valuation reports for the State, Schools, and Public Agency employers to determine the employer contribution requirements and the funded status of each plan. Because the funded status changes slowly, it is important to monitor performance trends to indicate if long-term funding goals are on track. The funded status is based on a 7% projected investment return. Based on the valuations at June 30, 2018, the PERF is projected to reach 100% funded status by June 30, 2041.
Baseline:	The June 30, 2018 projected funded status was 68.7%.
Target:	To meet the annual projected funded status
Refresh Frequency:	Annually, August
Reporting Range:	07/01/18-06/30/19
Thresholds:	On-Target: Less than or equal to 1% above or below the projected funded status
	At-Risk: Greater than 1% or less than or equal to 3% above or below the projected funded status
	Off-Target: Greater than 3% above or below the projected funded status

Status Narrative:

The June 30, 2019 projected funded status was 70.7%. The June 30, 2019 actual funded status was 70.1%, which is less than the target by 0.06%, making this measure on-target.

Performance Trend Chart:

Projected Funded Status

Legend:
- – – Projected Funded Status
- ● Actual Funded Status
- On-Target -1% to 1%
- At-Risk 1.1% to 3%
- At-Risk -1.1% to -3%
- Off-Target 3.1%+
- Off-Target -3.1%-
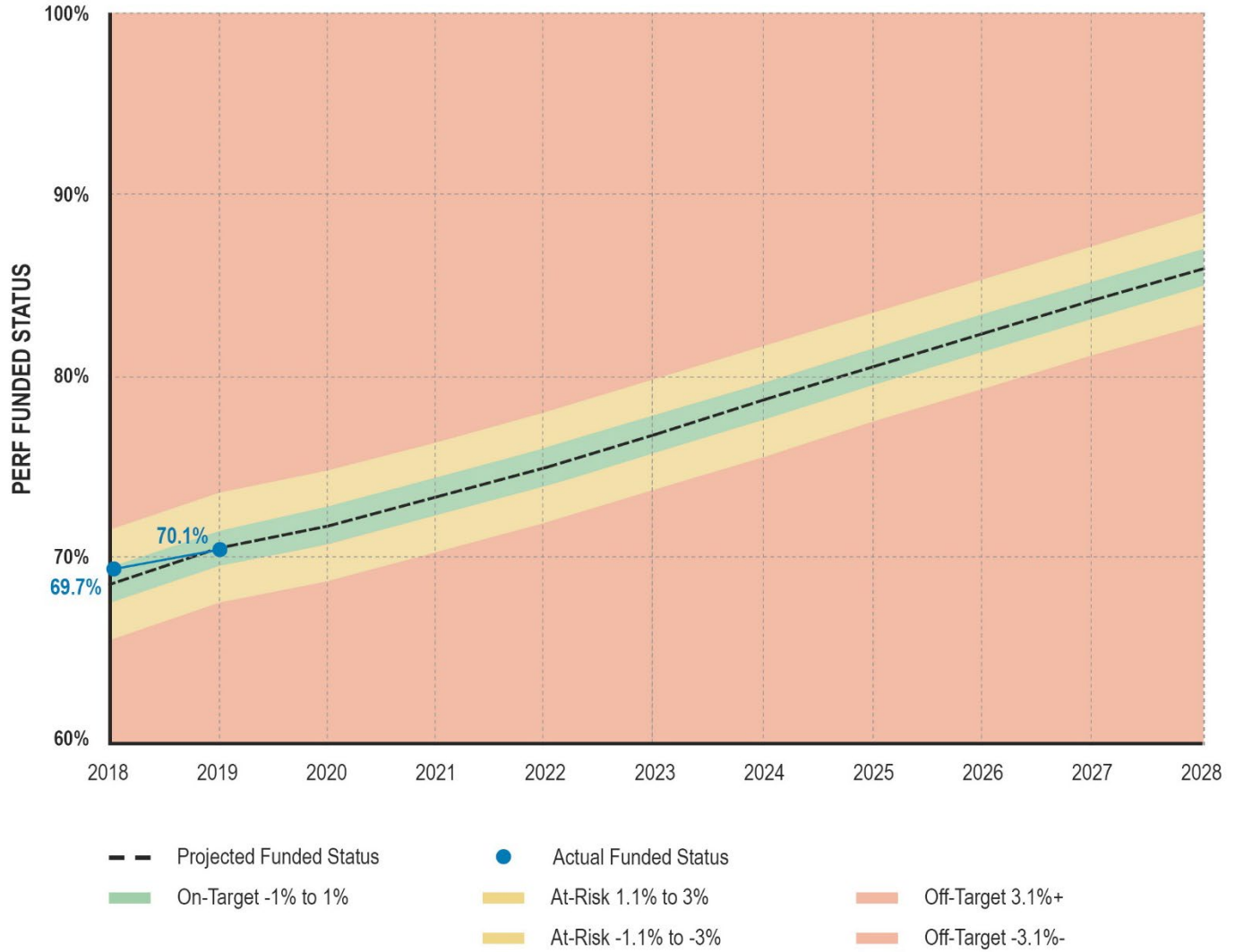
2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	1-Year Total Expected Fund Volatility
Executive Owner:	Dan Bienvenue
Strategic Goal:	Fund Sustainability
Strategic Objective:	Mitigate the risk of significant investment loss
Associated Initiative:	Investment risk management and performance attribution

Status:	Pending Refresh (in September 2021)
Numeric Status:	11.5% (for FY 2019-20)

Description:	The total (gross) risk of the Total Fund (Fund) expressed in the standard deviation (1-year) of the Funds' total return distribution, expressed in percent. Reported on a fiscal year-end basis, the metric will measure the expected volatility of the Total Fund returns. The current target was derived through the Capital Market Assumption (CMA) process used in the November 2017 Asset Liability Management (ALM) Cycle, to be effective 7/1/18. The ALM process occurs every four years.
Baseline:	Current Barra volatility estimate for PERF is 7.6%, as of 6/30/18
Target:	Current total expected fund volatility is 8% or less, as of 7/1/18.
Refresh Frequency:	Annually, September
Reporting Range:	07/01/19 - 06/30/20
Thresholds:	On-Target: Equal to or less than the target At-Risk: 1-50 basis points excess of target Off-Target: 51 basis points or more excess of target

Status Narrative:

As of July 1, 2020, this measure was Off-Target compared to the target of 8%.

Current forecast volatility of 11.5% vs. 7.7% in prior year

- 3.8% risk increase over prior year is indicative of the plan's expected short-term return dispersion given the current market environment.
- Growth assets, especially public equities, remain the primary drivers of total volatility.
- This measure was off target due in large part to concern surrounding impact of COVID-19 and changes to the risk model to align its calibration with PERF long-term investment horizon.

We are continuing review of investment capabilities to capitalize on strengths and reduce active risks that historically have not contributed positively to total fund outcome.

Performance Trend Chart:

1-Year Total Expected Fund Volatility

Current total fund volatility

Legend: Baseline | On-Target | Off-Target | Target | Trendline

Data points: 2016: 8.3 (Baseline), 2017: 7.6 (On-Target), 2018: 7.7 (On-Target), 2019: 11.5 (Off-Target)
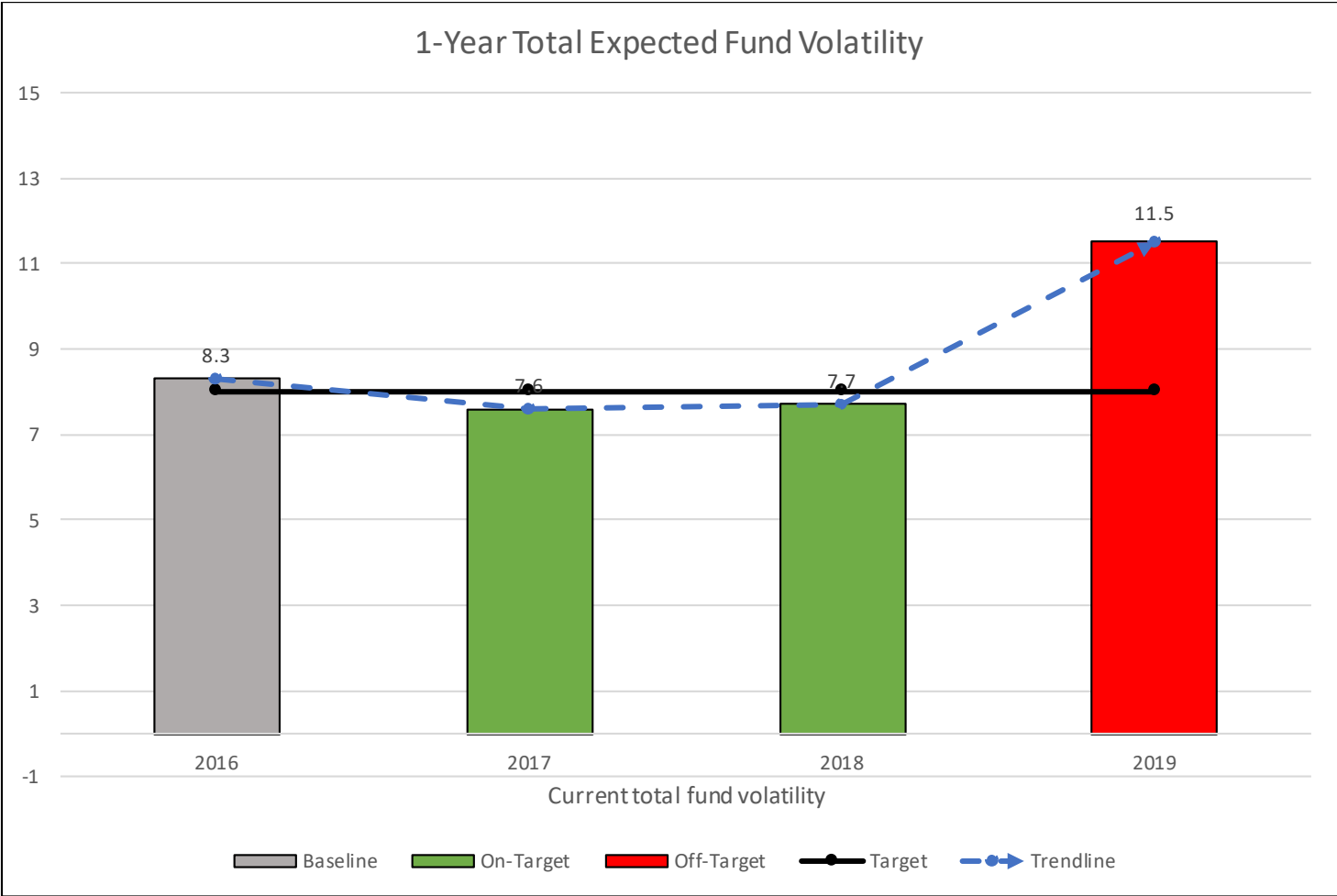
2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Annualized (5-Year) Excess Investment Returns Relative to Total Fund Policy Benchmark
Executive Owner:	Dan Bienvenue
Strategic Goal:	Fund Sustainability
Strategic Objective:	Deliver target risk-adjusted investment returns
Associated Initiative(s):	Enhance capital allocation framework; Enhance investment platform and controls; Investment program long-term planning

Status:	Pending Refresh (in September 2021)
Numeric Status:	Underperformed policy benchmark by 13 basis points (for FY 2019-20)

Description:	Measures annualized 5-year excess investment returns relative to the Total Fund policy benchmark, which is a composite established by the Investment Committee-assigned asset class benchmarks and the target weights derived from the Asset Liability Management (ALM) process.
	Reported on a fiscal year-end basis, the metric will measure the effectiveness of the Investment Office in meeting the objective of achieving investment performance relative to relevant targets. The actual performance generated by the portfolio is affected by both the active under- or over-weighting of the asset classes within their policy ranges, as well as the performance of the individual asset classes vs. their specified policy benchmark.
Baseline:	The Total Fund policy benchmark will be recalculated on a rolling 5-year period.
Target:	Meet or exceed the Total Fund policy benchmark.
	Policy benchmark weights are fixed and do not vary except by Investment Committee action, such as the approval of interim target weights.
Refresh Frequency:	Annually, September
Reporting Range:	FY 2015-16 through FY 2019-20
Thresholds:	On-Target: Exceed Total Fund Policy Benchmark
	At-Risk: Meet or Trail Total Fund Policy Benchmark by up to 10 basis points
	Off-Target: Trail Total Fund Policy Benchmark by 10 basis points or more

Status Narrative:

As of June 2020, this measure was reported as Off-Target.

The PERF generated a 5-year annualized Total Net Return of 6.3% and underperformed the policy benchmark by 13 basis points.

This measure was Off-Target for three reasons:

1. Real Estate underperformed its benchmark
2. Over the course of the 5 years, there were periods when Private Equity underperformed its benchmark while it was a larger than average percentage of PERF
3. During other periods over the same span, underweight to Private Equity required additional investment in Public Equity, when Public Equity had lower than average returns

Performance Trend Chart:
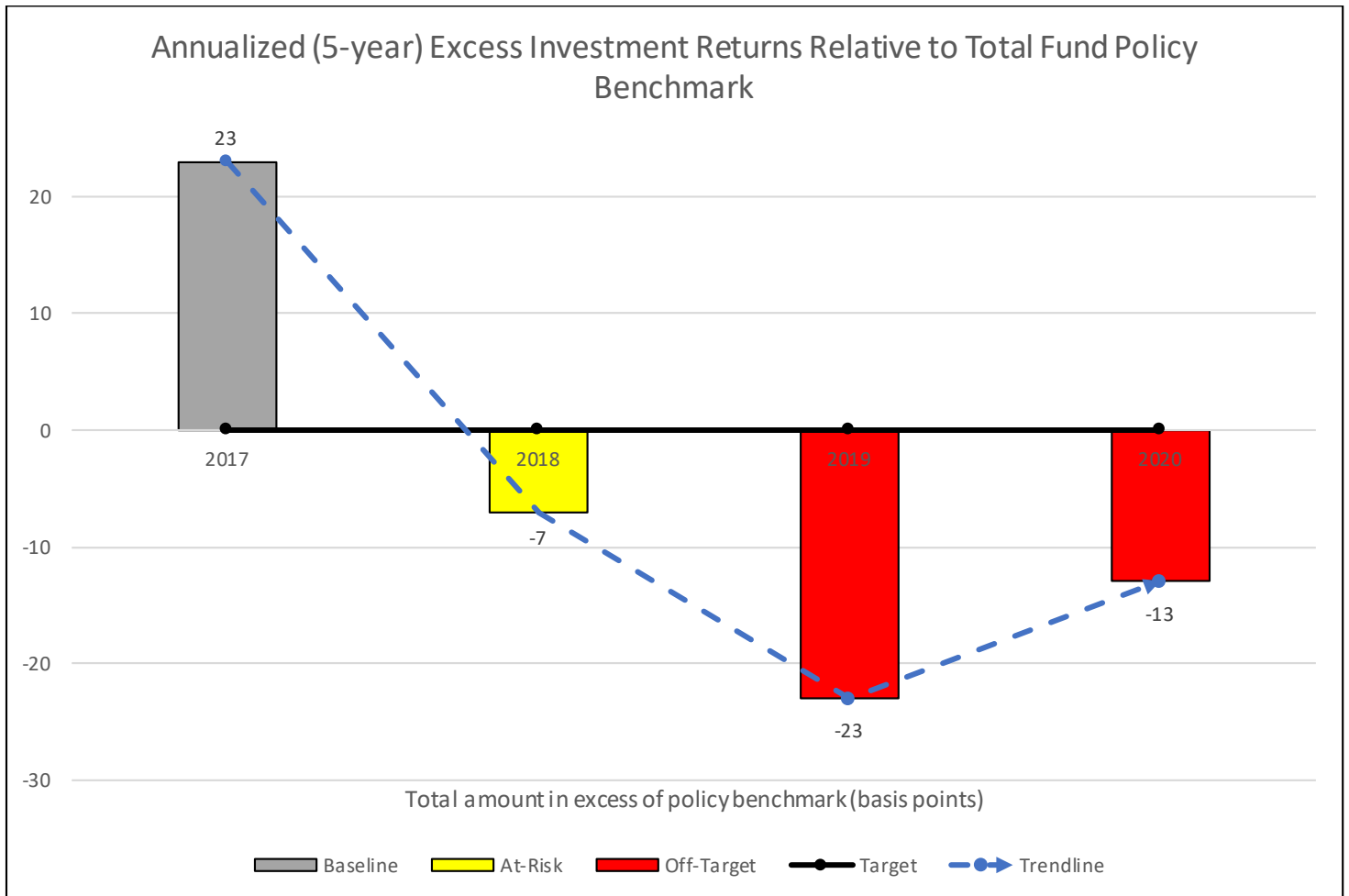
Annualized (5-year) Excess Investment Returns Relative to Total Fund Policy Benchmark

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Stakeholder Assessment Survey - Risk
Executive Owner:	Brad Pacheco
Strategic Goal:	Fund Sustainability
Strategic Objective:	Educate employers, members, and stakeholders on system risks and mitigation strategies
Associated Initiative(s):	Stakeholder education on system risks & mitigation

Status:	Pending Refresh (in June 2021)
Numeric Status:	5.32 (as of March 2020)

Description:	The measure scores the overall stakeholder perception of CalPERS' success in explaining and mitigating risks to the System. Data is gathered through the annual Stakeholder Perception Survey in response to the statement "I understand the risks inherent in the System and I am confident CalPERS is taking steps to reduce the risks." The target will be met through continued stakeholder engagement, proactive communications with our various member/employer/retiree populations, and through focused efforts to share our risks and risk mitigation strategies.
Baseline:	5.17 out of 7 possible points
Target:	Five-year goal: achieve a score of 5.43 out of 7 points; a 5% increase from the baseline. Annual increases of 1% (0.05 points).
Refresh Frequency:	Annually, June
Reporting Range:	04/2019 – 03/2020
Thresholds:	On-Target: Annual increase of 0.05 or more points from the baseline figure each year At-Risk: Annual increase of 0.0 – 0.04 points from the baseline figure each year Off-Target: Decrease from the baseline figure

Status Narrative:

This strategic measure was on target.

Performance Trend Chart:

Stakeholder Assessment Survey - Risk

Year	Value	Trendline
2017	5.17	5.17
2018	5.22	5.01
2019	5.27	5.27
2020	5.32	5.32

Score out of 7 possible points

Legend: Baseline | On-Target | Off-Target | Target | Trendline

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Investment Managers Policies and Procedures for ESG Factor Integration
Executive Owner:	Dan Bienvenue
Strategic Goal:	Fund Sustainability
Strategic Objective:	Integrate environmental, social, and governance considerations into investment decision making
Associated Initiative(s):	Investment beliefs and environmental, social, and governance risk integration

Status:	Pending Refresh (in September 2021)
Numeric Status:	96% (for FY 2019-20)

Description:	CalPERS team members developed an annual survey of internal and external strategic managers on their policies and procedures related to ESG risk and opportunity considerations. This was established as a Strategic Priority in August 2016 as part of CalPERS' Environmental Social and Governance (ESG) strategy. Asset classes are continuing to refine and evolve ESG integration efforts, including continued sharing of best practices internally and amongst external investment managers. This annual survey is to determine the percentage of internal and external strategic managers that have policies and procedures articulating how ESG risk and opportunity considerations are incorporated into investment processes and decisions.
Baseline:	For FY 2016-17, the baseline for this measure was 96% with a target of 100% integration, as established by the INVO Sustainable Investments (SI) staff responsible for central monitoring, external communication, and establishment of measurement processes and reporting.
Target:	100% of internal and external investment managers have policies and procedures in place to integrate ESG factors into investment decisions.
Refresh Frequency:	Annually, September
Reporting Range:	07/01/19 - 06/30/20
Thresholds:	On-Target: 80% and above At-Risk: 50-79% Off-Target: Less than 50%

Status Narrative:

The ESG integration score, measuring the percentage of internal and external managers with ESG policies in place, remains at or above 96% for 2019-20.

This conclusion was derived from a comprehensive review of ESG integration activities conducted by the Sustainable Investments team during the year (split into INVO/RSG Sustain and Executive Office/GBS teams in mid-2020).

Staff produced significant progress along three main dimensions contributing to ESG integration:

- Internal Sustainable Investing Guidelines (SIPGs) refresh
- Total Fund-level GHG exposure estimation
- Sourcing and implementation of ESG analytics across asset classes.

The "no lower than 96%" assessment is also supported by the outcome of the Total Fund review of sources of active risk conducted in 2019-20 which led to a significant reduction in the number of external strategies. Additionally, all internally managed strategies, whose relative allocation increased as a percentage of the Total Fund in 2019-20, are covered by ESG policies (SIPG).

Performance Trend Chart:
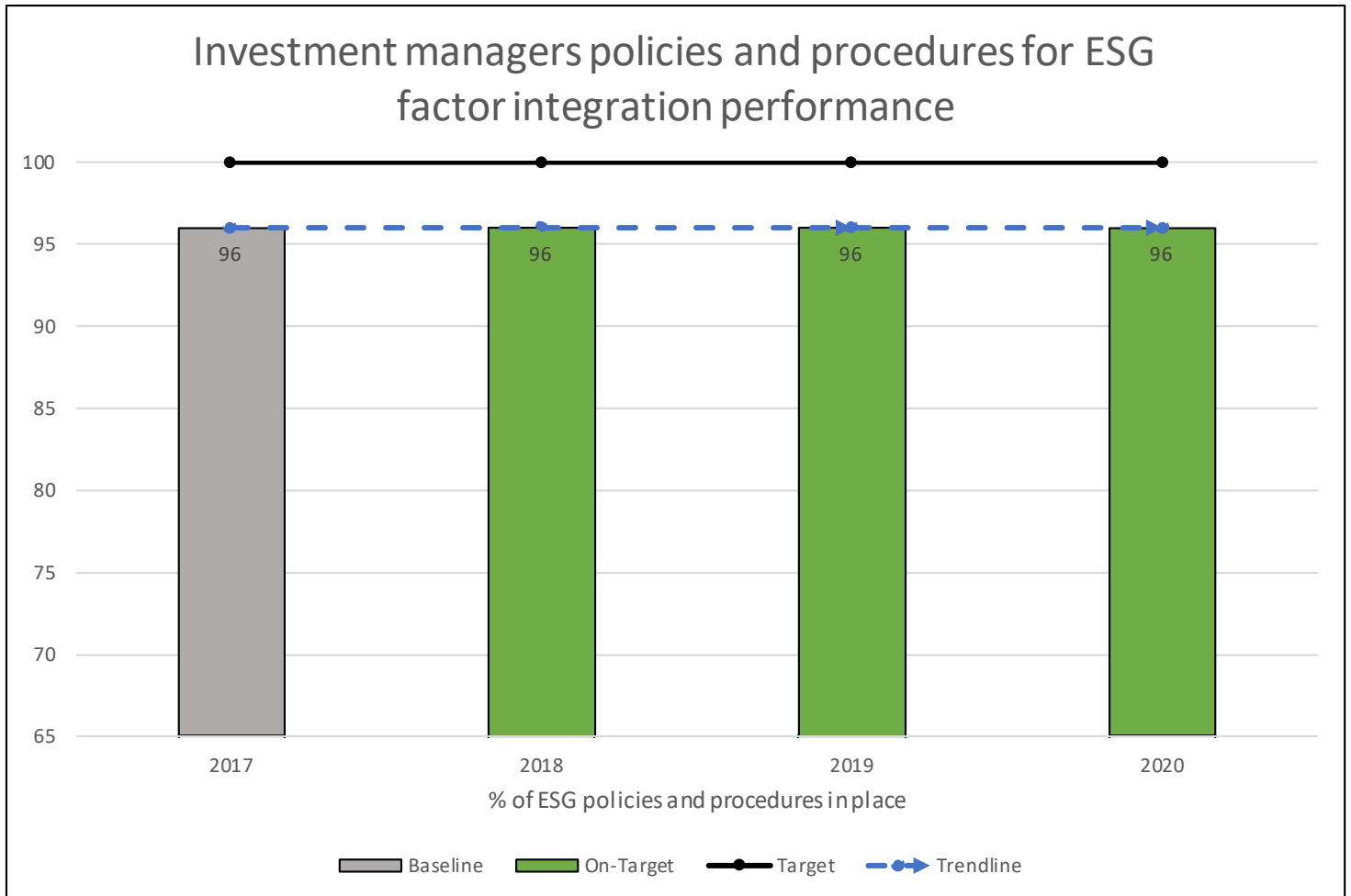
2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Chronic Disease Prevention and Management
Executive Owner:	Donald Moulds
Strategic Goal:	High-Quality Affordable Health Care
Strategic Objective:	Ensure our members receive high-quality care
Associated Initiative(s):	Update health plan contract measures; Clinical quality improvement programs; Health data quality management; Health equity

Status:	Pending Refresh (in July 2021)
Numeric Status:	N/A

Description:	More than half of all Californians suffer from one or more chronic diseases and the rate continues to increase. Accompanying this increase are associated direct costs such as hospitalization, medical care and treatment supplies, and indirect costs, such as disability and lost time from work.
	Diabetes, high-blood pressure, and obesity are the three highest prevalence chronic diseases among CalPERS health care members. This composite measure evaluates the quality of diabetes, hypertension, and obesity treatment and prevention reported by our CalPERS health plans. The measure utilizes the following three Healthcare Effectiveness Data and Information (HEDIS) measures reported by our health plans to create the composite result:
	Diabetes Care: Hemoglobin A1C management
	Hypertension: Controlling High Blood Pressure
	Obesity counseling
Baseline:	71% (covering experience in 2019)
Target:	75%
Refresh Frequency:	Annually, July
Reporting Range:	Not applicable at this time.
Thresholds:	On-Target: 75% or above
	At-Risk: 50 – 74.9%
	Off-Target: Below 50%

Status Narrative:
As of July 2020, this is a new strategic measure and performance data and the performance trend chart will be available in July 2021.

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Behavioral Health Quality
Executive Owner:	Donald Moulds
Strategic Goal:	High-Quality Affordable Health Care
Strategic Objective:	Ensure our members receive high-quality care
Associated Initiative(s):	Behavioral health access and quality; Health Equity

Status:	Under Development
Numeric Status:	N/A

Description:	Mental health disorders are among the most common health conditions Californians face as one in six California adults experiences a mental illness of some kind; one in 24 has a serious mental illness that makes it difficult to carry out major life activities; and one in 13 children has an emotional disturbance that limits participation in daily activities. In 2018, $349 million was spent on mental health disorders for Basic health plan members; the most common mental health condition was depression.
	This composite measure evaluates the quality of behavioral health prevention and treatment delivered to CalPERS health care members. It utilizes the following three Healthcare Effectiveness Data and Information Set (HEDIS) measures reported by our health plans to create a composite result:
	Depression management
	Mental health acute care follow-up
	Substance use treatment and engagement
Baseline:	To be determined.
Target:	75%
Refresh Frequency:	Annually, July
Reporting Range:	Not applicable at this time.
Thresholds:	To be determined.

Status Narrative:
As of July 2020, this is a new strategic measure and the data to develop the baseline and thresholds will be completed by June 2021. Performance data and the performance trend chart will be available in July 2021 when this measure is fully built out.

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Measuring Access to Care
Executive Owner:	Donald Moulds
Strategic Goal:	High-Quality Affordable Health Care
Strategic Objective:	Ensure our members have access to care when and where they need it
Associated Initiative(s):	Telehealth access; Behavioral health access and quality; Health data quality Management; Health Equity

Status:	Pending Refresh (in June 2021)
Numeric Status:	86.4% (covering experience in 2019)

Description:	Percentage of CalPERS health care members who answered "Usually" or "Always" to the Health Plan Member Survey (HPMS) question, "In the last 12 months, how often did you get an appointment for a check-up or routine care at a doctors' office or clinic as soon as you needed?"
	This measure provides the percentage of CalPERS health care members responding that they received routine care as soon as they needed it in the last 12 months. This metric represents the perception of CalPERS members' access to care when needed. A higher percentage is considered good. Factors that can influence this measure include enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners.
	Measure trend: 86.4% (covering experience in 2016) 86.6% (covering experience in 2017) 86.2% (covering experience in 2018) 86.4% (covering experience in 2019)
Baseline:	86.0% (covering experience in 2015)
Target:	90%
Refresh Frequency:	Annually, June
Reporting Range:	January 2019 – December 2019
Thresholds:	On-Target: 85% or above At-Risk: 80 – 84.9% Off-Target: Below 80%

Status Narrative:

As of June 2020, this measure reported at 86.4% and was On-Target.

Performance Trend Chart:

Measuring Access To Care

% of CalPERS members receiving routine care as needed

Baseline   On-Target   Target   Trendline

2020-21 Strategic Measure Summary (Quarter 2)

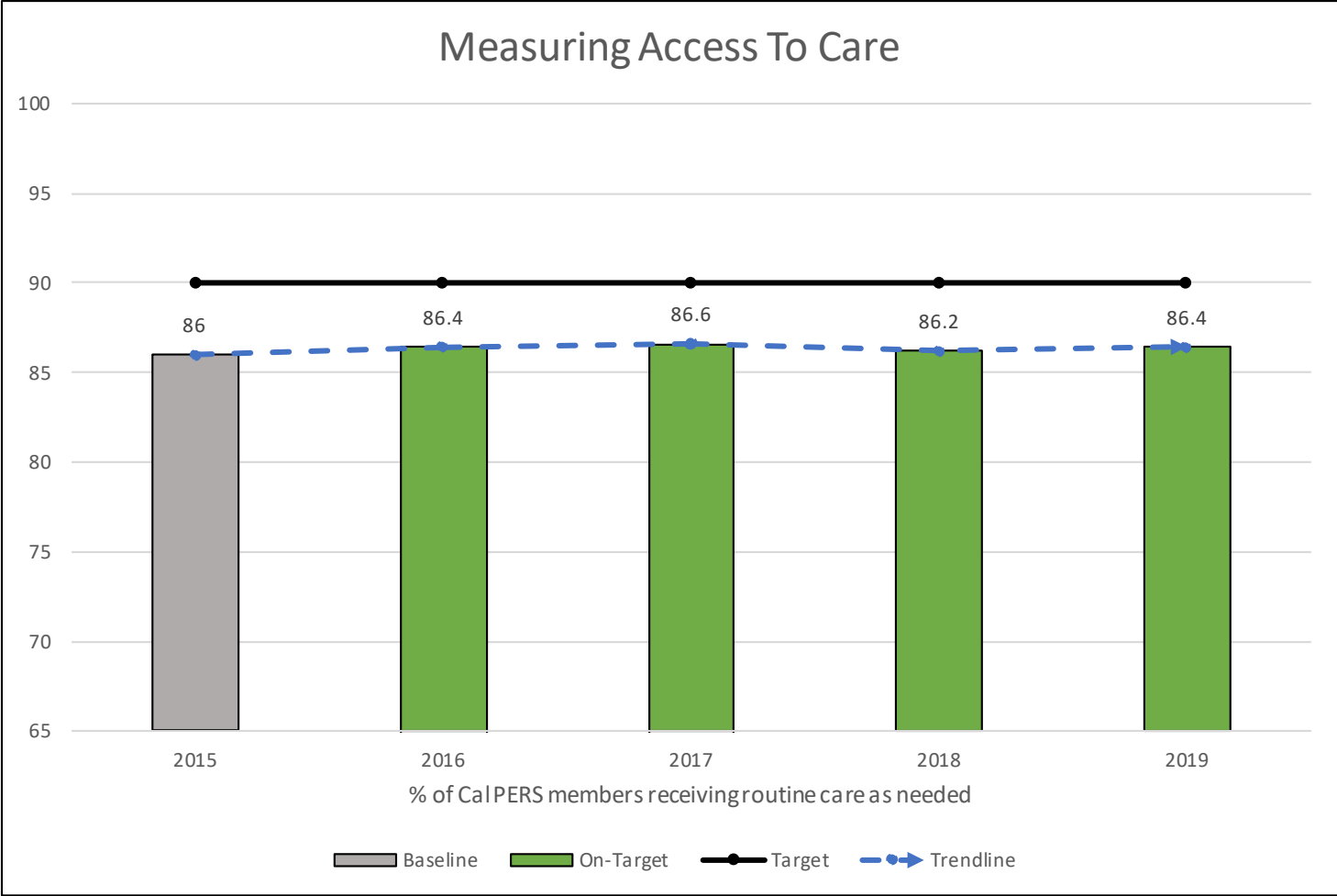| Measure Title:	Member Experience
Executive Owner:	Donald Moulds
Strategic Goal:	High-Quality Affordable Health Care
Strategic Objective:	Ensure our members have access to care when and where they need it
Associated Initiative(s):	Telehealth access; Behavioral health access and quality; Update health plan contract measures; Health Equity

Status:	Pending Refresh (in June 2021)
Numeric Status:	N/A

Description:	Percentage of CalPERS health care members who answered eight or higher on a zero to 10 scale, with 10 being the best health care possible, to the Health Plan Member Survey (HPMS) question, "Using any number from 0 to 10, where 0 is the worst health care possible and 10 is the best health care possible, what number would you use to rate all your health care in the last 12 months?"
	This metric represents the percentage of CalPERS health care members who rated their health care as positive. A higher percentage is considered good. Factors that can influence this measure include enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners.
Baseline:	80.3 % (covering experience in 2015)
Target:	85%
Refresh Frequency:	Annually, June
Reporting Range:	January 2019 – December 2019
Thresholds:	On-Target: 82% or above
	At-Risk: 80 – 81.9%
	Off-Target: Below 80%

Status Narrative:

As of July 2020, this strategic measure was previously the Rating of Health Care Key Performance Indicator (KPI). Targets and thresholds were newly created to align with the National Committee of Quality Assurance (NCQA) benchmarks.

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Health Care Premium Affordability
Executive Owner:	Donald Moulds
Strategic Goal:	High-Quality Affordable Health Care
Strategic Objective:	Ensure the care we provide is affordable
Associated Initiative(s):	Increase competition; Risk mitigation; Pharmaceutical strategies; Update health plan contract measures; Health data quality management

Status:	Under Development
Numeric Status:	N/A

Description:	This measure evaluates the year-over-year change in total premium costs for the CalPERS Health Benefits Program against a benchmark trend developed by Mercer. Data for the benchmark trend is based on experience reported by insurance companies in Oliver Wyman's Carrier Trend Survey and includes experience for over 145.3 million lives.
	Factors that can influence trends include member utilization, unit costs, new technologies, cost-shifting from public payers and leveraging of member cost sharing. Innovations and efficiencies such as promoting efficient hospital plan networks, value-based purchasing and integrated health models help mitigate medical trend increases.
	The target and thresholds are updated on an annual basis and are dependent upon data reported by insurance companies as well as changing conditions in the health care market place.
Baseline:	To be determined.
Target:	To be determined.
Refresh Frequency:	Annually, June
Reporting Range:	Not applicable at this time.
Thresholds:	To be determined.

Status Narrative:
As of July 2020, this is a new strategic measure and the data to develop the baseline, target and thresholds will be available by March 2021. Performance data and the performance trend chart will be available in June 2021 when this measure has been fully built out.

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	CEM Pension Complexity Score
Executive Owner:	Anthony Suine
Strategic Goal:	Reduce Complexity
Strategic Objective:	Simplify Programs to improve service and/or reduce cost
Associated Initiative(s): Complexity reduction	

Status:	Pending Refresh (in June 2021)
Numeric Status:	59 (as of June 2020)

Description:	The total Cost Effectiveness Measurement (CEM) complexity score represents the weighted average of CEM's complexity measure by cause, from the annual CEM Pension Administration Benchmarking Survey.
Baseline:	Weighted average complexity score 59.8 points (Fiscal Year 2016-17)
Target:	Maintain weighted average complexity score between 58 – 62 points
Refresh Frequency:	Annually, June
Reporting Range:	07/01/19 – 06/30/20
Thresholds:	On-Target: Complexity score 58 – 62 points At-Risk: Complexity score <58 points Off-Target: Complexity score >62 points

Status Narrative:

This strategic measure was on target as of June 2020.

Performance Trend Chart:

CEM Pension Complexity Score

Weighted average complexity score

Legend: Baseline | On-Target | Target | Trendline
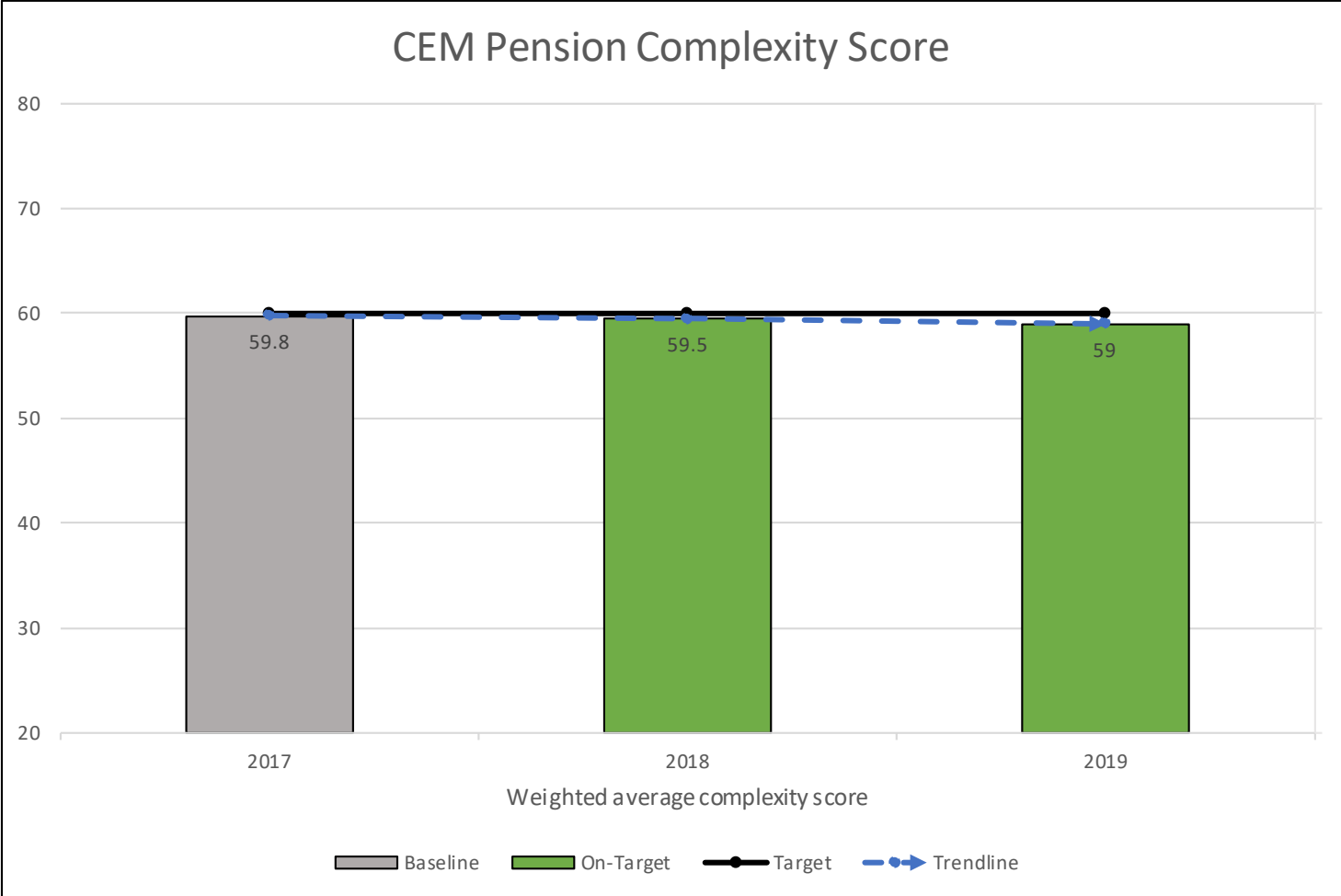
2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	CEM Information Technology Capability Score
Executive Owner:	Doug Hoffner
Strategic Goal:	Reduce Complexity
Strategic Objective:	Simplify programs to improve service and/or reduce cost
Associated Initiative(s):	Mature targeted information technology capabilities

Status:	Pending Refresh (in June 2021)
Numeric Status:	87 (for FY 2018-19)

Description:	This measures the overall contribution of the value IT provides to business capability. Drivers of this metric include website and contact center access to member data, as well as data accuracy and completeness.
Baseline:	The baseline is the FY 2015-16 CEM IT Capability Score of 85 points.
Target:	CalPERS target is to stay within the range of 80-90 points.
Refresh Frequency:	Annually, June
Reporting Range:	07/01/18-06/30/19
Thresholds:	On-Target: 80 points or above
	At-Risk: 75 to 79 points
	Off-Target: Less than 75 points

Status Narrative:

The score for FY 2018-19 was 87. This score was above peer median of 79 and has remained reasonably consistent for the past four years.

Performance Trend Chart:

CEM Information Technology Capability Score

IT Capability Score

Legend: Baseline | On-Target | Target | Trendline

Data by year:
- 2016: 85 (Baseline)
- 2017: 84 (On-Target)
- 2018: 85 (On-Target)
- 2019: 87 (On-Target)

Target line: 80
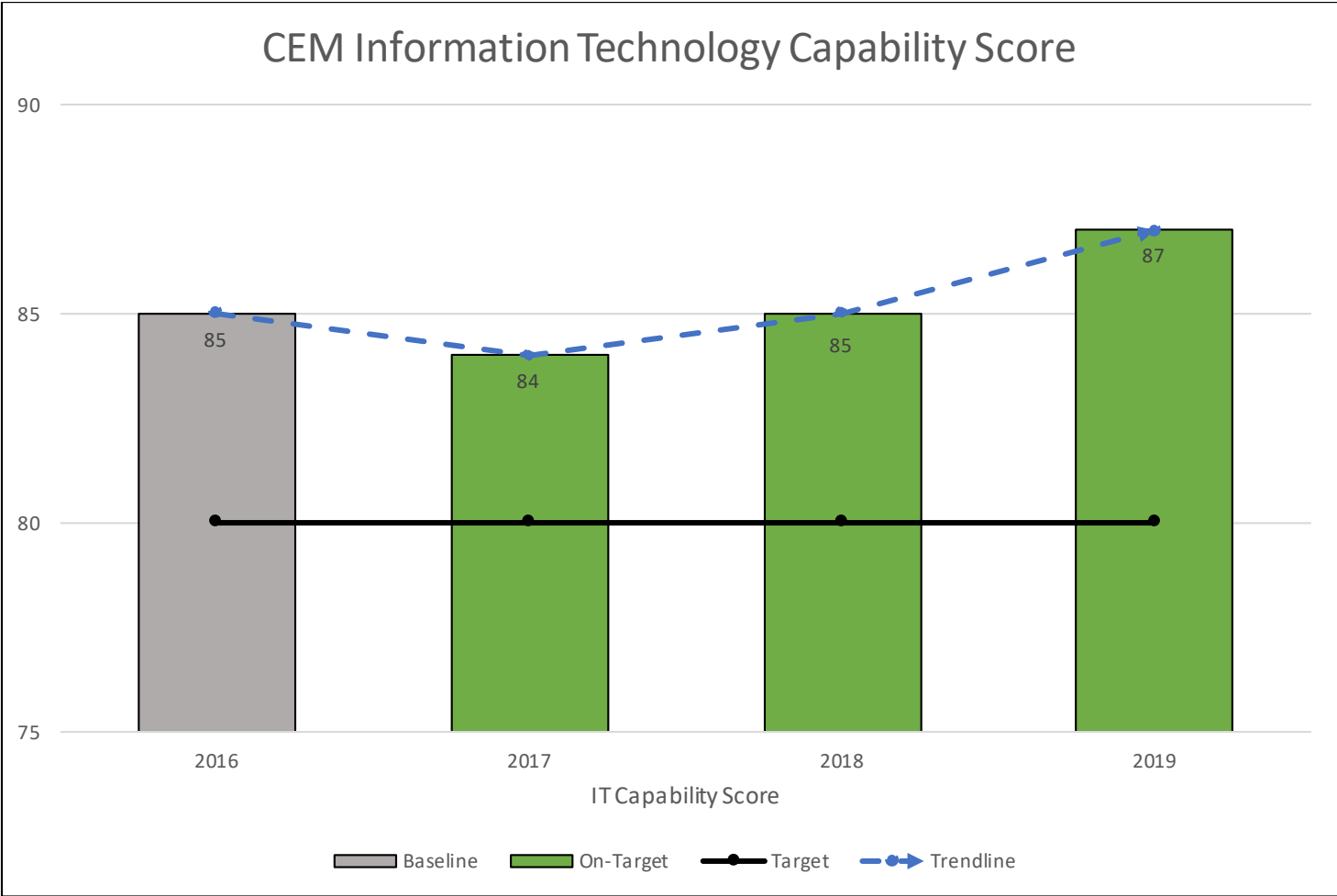
2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	CEM Cost Per Member
Executive Owner:	Michael Cohen
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Associated Initiative(s):	Develop and implement continuous process improvement framework; Develop Information Technology Service Level Agreements

Status:	Pending Refresh (In June 2021)
Numeric Status:	$209 (for FY 2018-19)

Description:	From the annual CEM Pension Administration Benchmarking Survey, reduce cost per member, exclusively to pension administration, and does not include health and investment.
Baseline:	$207 cost per member for FY 2016-17
Target:	Reduce by 2% annually
Refresh Frequency:	Annually, June
Reporting Range:	07/01/18-6/30/19
Thresholds:	On-Target: Reduced by 2.0% annually At-Risk: Reduced by 1.5-1.99% annually Off-Target: Reduced by less than 1.5% annually

Status Narrative:

This measure continues to be off-target. While the cost-per-member declined $2.00 per member, from $211 in 2017-18 to $209 in 2018-19, it is higher than the target of $199. The 1.1% decrease is attributed to a slight increase in membership calculated over a mostly-steady expenditure level.

Performance Trend Chart:

CEM Cost Per Member
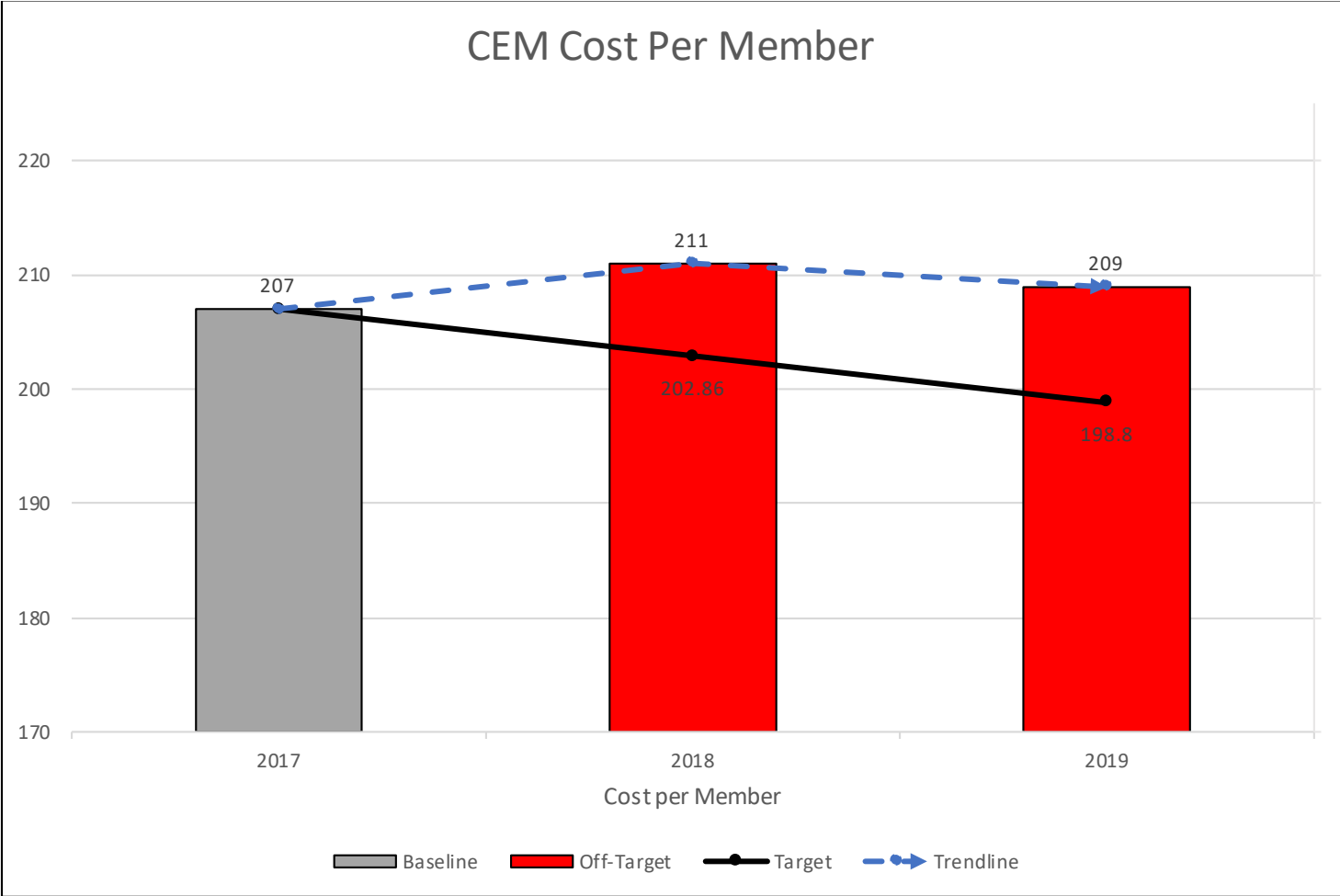
2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Overhead Operational Cost
Executive Owner:	Michael Cohen
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Associated Initiative(s):	Develop and implement continuous process improvement framework

Status:	Pending Refresh (in September 2021)
Numeric Status:	$206.6 million (2.9% over target as of June 2020)

Description:	Overhead operational costs calculated for pension administration and health.		
Baseline:	The overhead operational costs for FY 2016-17 was $210,114,665.		
Target:	Reduce by 1.5% - 2% annually		
Refresh Frequency:	Annually, September		
Reporting Range:	07/01/19-06/30/20		
Thresholds:	On-Target:	Reduced by 1.5% - 2.0% annually	
	At-Risk:	Reduced by 1.0% - 1.49% annually	
	Off-Target:	Reduced by less than 1.0% annually	

Status Narrative:

This measure was Off-Target for fiscal year 2019-20. Overhead operational costs, as adjusted for statewide employee compensation increases, totaled $206.6 million. This is $5.8 million, or 2.9%, over the targeted range of $200.8 million to $197.8 million.

Performance Trend Chart:

Overhead Operational Costs

Legend:
- 1.5% Target
- 2.0% Target
- Adjusted Actuals

Y-axis (Millions): $195, $200, $205, $210, $215

X-axis: FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20

Data labels: $206.6, $200.8, $197.8
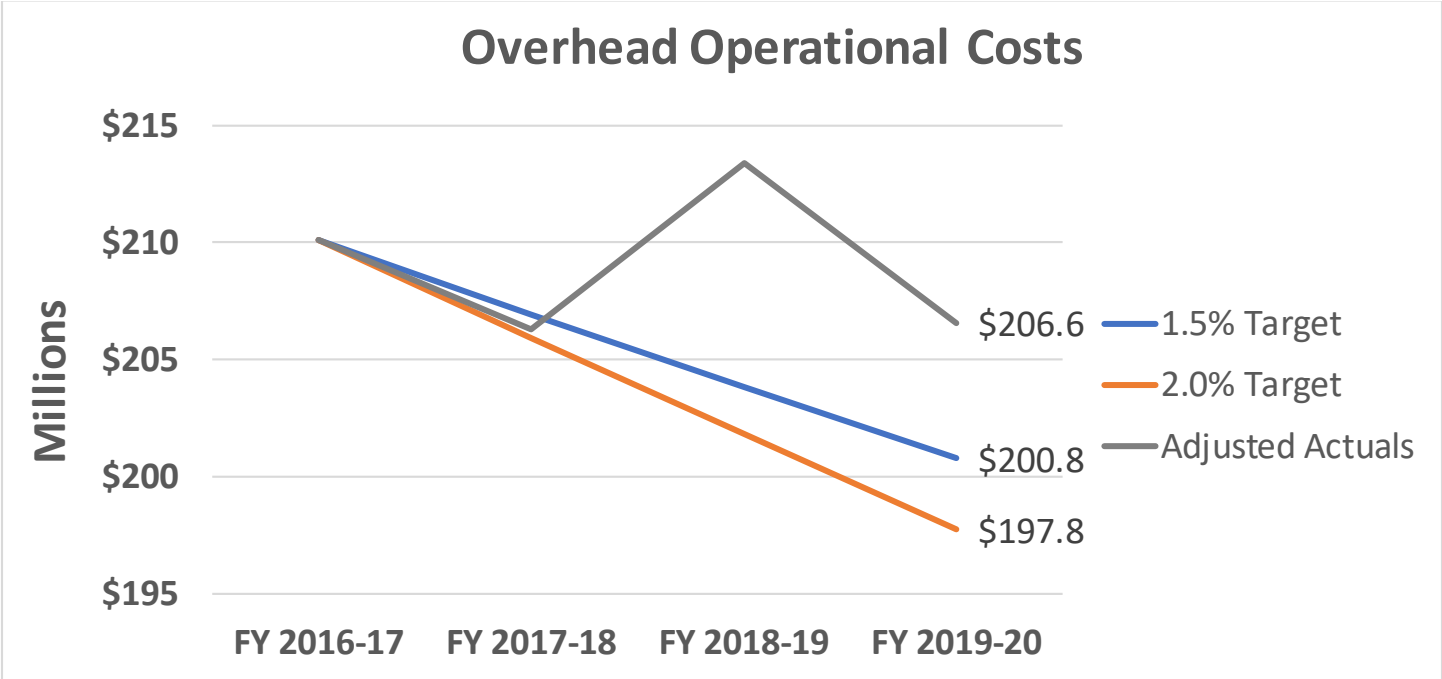
2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	5-Year Net Value Added
Executive Owner:	Dan Bienvenue
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Associated Initiative(s):	Enhance business effectiveness, resource allocation, and efficiency of investment programs

Status:	Pending Refresh (in September 2021)
Numeric Status:	Did not exceed the US Peer median (for FY 2017-18)

Description:	5-year net value added relative to an appropriate peer universe median return adjusted for composition of asset allocation and after expenses. Each year, INVO participates in a Cost Effectiveness Measurement Benchmarking (CEM) survey which independently analyzes costs against a customized peer group.
Baseline:	5-year net value-added relative to an appropriate United States' (US) peer universe median return, adjusted for composition of asset allocation and after expenses. The baseline will be readjusted based on the new aggregate 5-year period.
Target:	Exceed the median US peer on investment cost and returns
Refresh Frequency:	Annually, September
Reporting Range:	Current 5 Year Period: FY 2013-14 through FY 2017-18
Thresholds:	On-Target: Exceed the US Peer median At-Risk: Meet the US Peer median Off-Target: Fall below the US Peer median

Status Narrative:

As of June 2020, this measure was Off-Target.

This measure is the analysis of the Investment Office's cost drivers and cost structure versus US peers. Net value added is the component of total return from active management. The most recent data available indicated CalPERS did not exceed the US Peer median on its 5-year 2018 Net value added results, however CalPERS did have cost savings of 3 bps versus the US Peer universe. CalPERS 5-year Net value added was -0.3% while the US Peer median was 0.0%.

Although the 5-year Net value added fell below the U.S. median, the CalPERS 5-year net total return of 5.0% was above the peer median of 4.7%.

CalPERS continues to be low cost compared to the US peer universe and its global custom peer group. As of the most recent 5-year survey period, CalPERS continued to be in the low-cost quadrant.

Performance Trend Chart:

CalPERS 5-Yr Net Value Added and Excess Cost/Savings Better/Worse Relative to Target

+Better/–Worse Relative to Target (bps)

Year	Net Value Added	Excess Cost/Savings
2015	Equal to Target, CalPERS 10 bps, Target 10 bps	+5 bps Better, CalPERS 5 bps
2016	-31 bps Worse, CalPERS -11 bps, Target 20 bps	+4 bps Better, CalPERS 4 bps
2017	+6 bps Better, CalPERS 16 bps, Target 10 bps	+4 bps Better, CalPERS 4 bps
2018	-30 bps Worse, CalPERS -30 bps, Target 0 bps	+3 bps Better, CalPERS 3 bps

Legend: ■ CalPERS 5-Yr Net Value Added ■ CalPERS 5-Yr Excess Cost/Savings

2020-21 Strategic Measure Summary (Quarter 2)

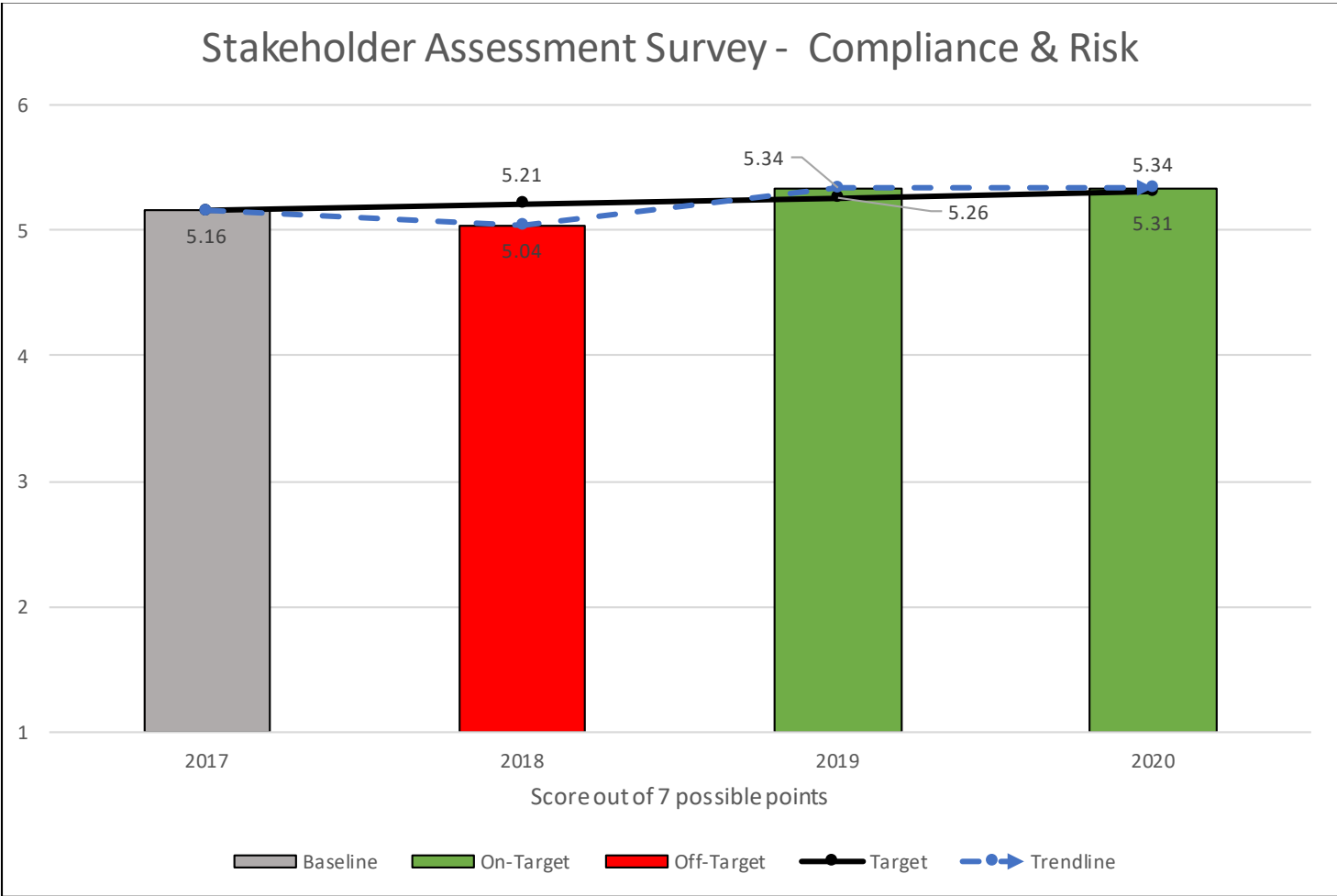| Measure Title:	Stakeholder Assessment Survey – Compliance and Risk
Executive Owner:	Brad Pacheco
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Associated Initiative(s):	Increase enterprise-wide compliance awareness

Status:	Pending Refresh (in June 2021)
Numeric Status:	5.34 (as of March 2020)

Description:	The measure scores the overall stakeholder perception of CalPERS' success in implementing functions and programs that support compliance and risk. Data is gathered through the annual Stakeholder Perception Survey in response to the statement: "CalPERS has effective functions and programs to address compliance and risk." The target will be met through continued stakeholder engagement and the consistent demonstration of our commitment to a culture of compliance and risk as an organization and as a system.
Baseline:	5.16 out of 7 possible points
Target:	Five-year goal: 5.43 out of 7 points; a 5% increase from the baseline. Annual increases of 1% (0.05 points)
Refresh Frequency:	Annually, June
Reporting Range:	04/2019-03/2020
Thresholds:	On-Target: Annual increase of 0.05 or more points from the baseline figure each year At-Risk: Annual increase of 0.0-0.04 points from the baseline figure each year Off-Target: Decrease from the baseline figure

Status Narrative:

This strategic measure was on target.

Performance Trend Chart:

Stakeholder Assessment Survey - Compliance & Risk

Score out of 7 possible points

Legend: Baseline | On-Target | Off-Target | Target | Trendline

Year	Value
2017	5.16
2018	5.04
2019	5.31
2020	5.31

Target/Trendline labels: 5.21, 5.34, 5.26, 5.34

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Risk Employee Awareness Survey
Executive Owner:	Marlene Timberlake D'Adamo
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Associated Initiative(s):	Supported by Core Workload

Status:	Pending Refresh (in February 2021)
Numeric Status:	89% (for FY 2019-20)

Description:	Annual Employee survey example question: "I am aware of CalPERS risk program. I incorporate risk functions into my daily work."
	Each division has education and communication components intended to increase team member and leadership awareness and understanding of CalPERS' expectations and their personal responsibilities under the risk functions on an annual basis. The metric is the percentage of CalPERS employees, including team members, managers, and executives, that respond "Yes" to the question: "I am aware of CalPERS risk program. I incorporate risk functions into my daily work." on the annual employee survey.
Baseline:	Based on the 2018 CalPERS Compliance & Risk Annual survey, 78% of respondents answered "Yes" to the question, "I am aware of CalPERS risk program. I incorporate risk functions into my daily work."
Target:	Incrementally increase the baseline by 2% annually (8% from 2019-2022), with a target of 86%.
Refresh Frequency:	Annually, February
Reporting Range:	FY 2019-20
Thresholds:	On-Target: Annual increase of ≥2%
	At-Risk: Annual increase of 0.1% - 1.9%
	Off-Target: No annual increase

Status Narrative:

As of February 2020, this measure reported out 89%, which exceeded the 2022 target of 86%. The survey response rate remains sound at 43%.

Performance Trend Chart:

Risk Employee Awareness Survey

% of "Yes" responses to " I am aware of CalPERS risk program..."

Baseline | On-Target | Target | Trendline
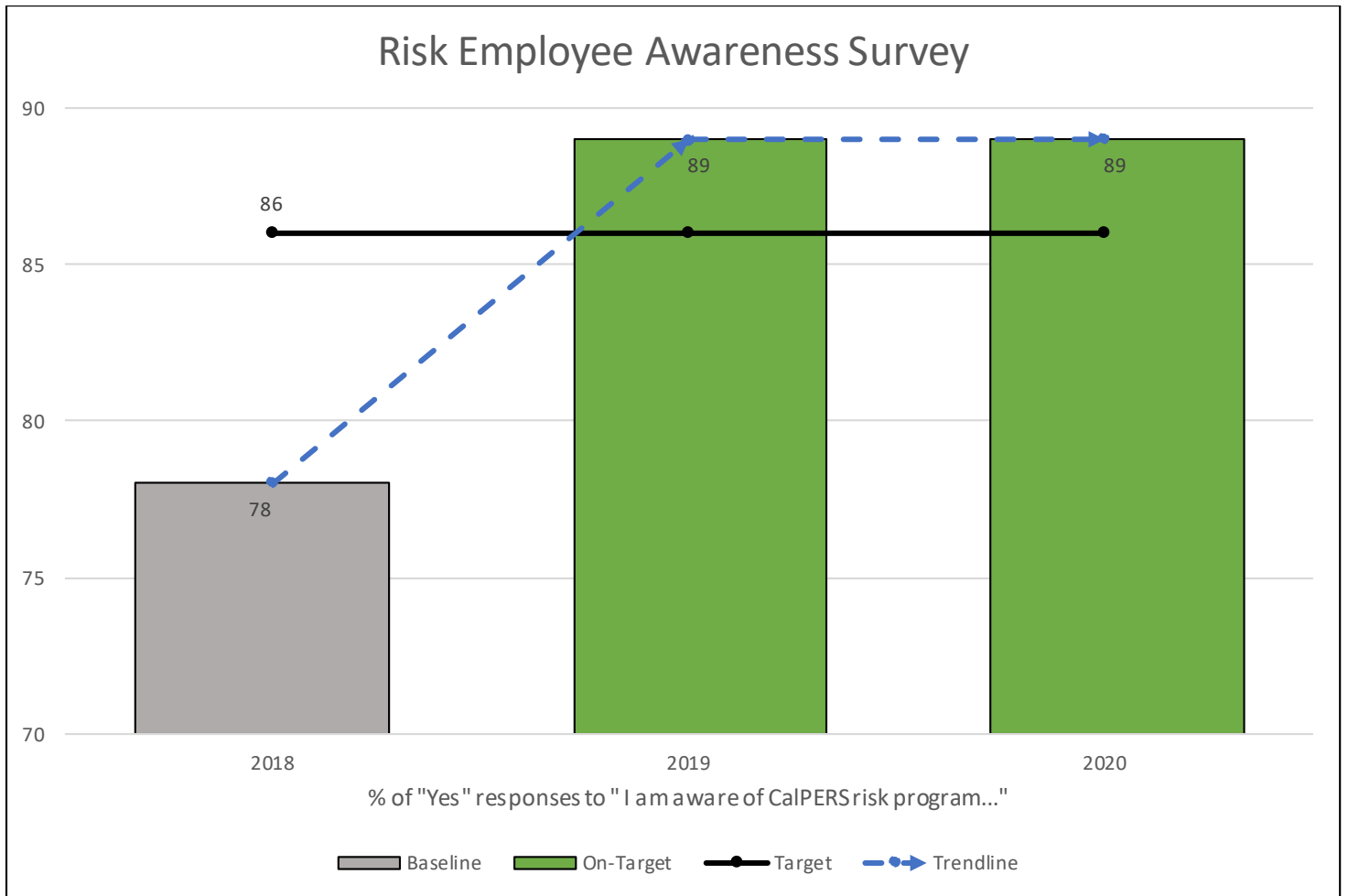
2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Risk Program Maturity Assessment
Executive Owner:	Marlene Timberlake D'Adamo
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Associated Initiative(s):	Supported by Core Workload

Status:	Pending Refresh (in January 2021)
Numeric Status:	4 (for FY 2019-20)

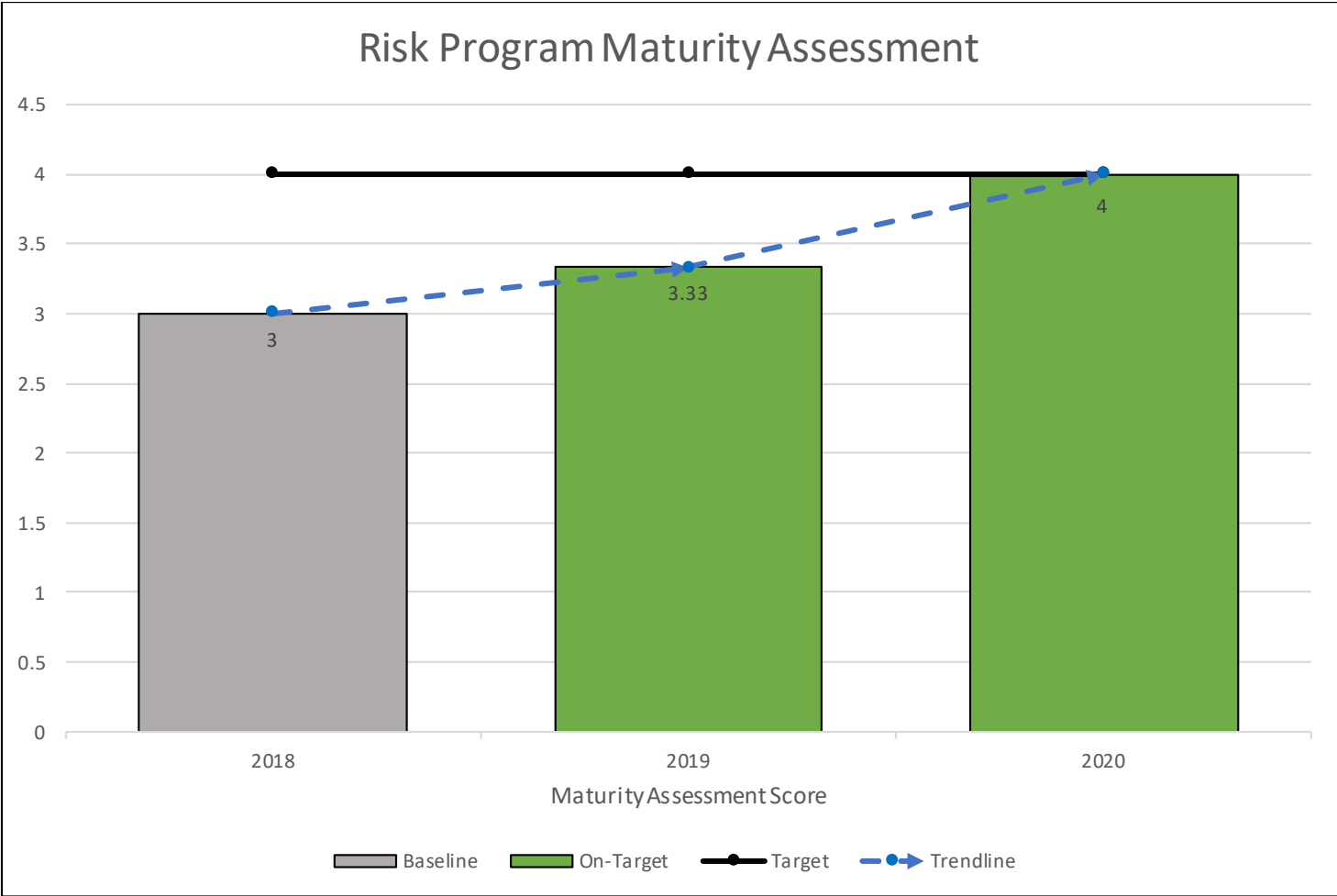| Description:	Risk program maturity model assessments are completed annually to assess risk functions throughout the enterprise. Maturity scores are refined with a (+) or (-) to indicate intermediate levels of maturity.
Baseline:	The baseline is a 3 on a point scale of 1 (low) to 5 (high) based on the 2017-18 Gartner Corporate Executive Board's Maturity Survey results.
Target:	CalPERS risk program maturity assessment scores are targeted to increase one point by 2021-22, from the baseline scores set in FY 2017-18.
Refresh Frequency:	Annually, January
Reporting Range:	FY 2019-20
Thresholds:	On-Target: Year-over-year increase in score At-Risk: No change in score Off-Target: Year-over-year decrease in score

Status Narrative:

Maturity scores are refined with a (+) or (-) to indicate intermediate levels of maturity. The Risk Program Maturity Assessment score increased from 3+ to 4 for FY 2019-2020.

Performance Trend Chart:

Risk Program Maturity Assessment

2020-21 Strategic Measure Summary (Quarter 2)

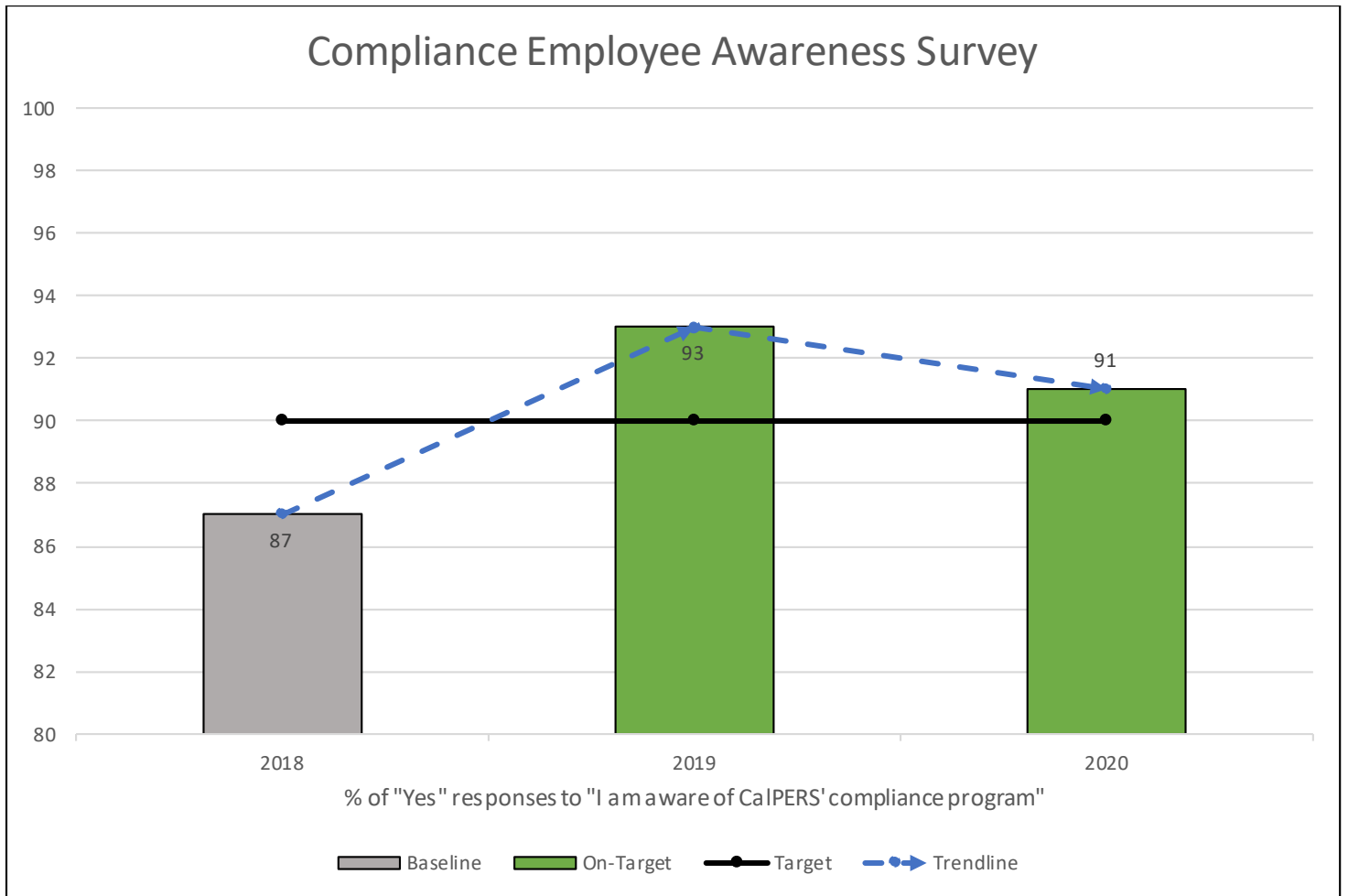| Measure Title:	Compliance Employee Awareness Survey
Executive Owner:	Marlene Timberlake D'Adamo
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Associated Initiative(s):	Increase enterprise-wide compliance awareness; Increase compliance program maturity

Status:	Pending Refresh (in February 2021)
Numeric Status:	91% (for FY 2019-20)

Description:	Annual Employee survey example question: "I am aware of CalPERS' compliance program. I incorporate compliance functions into my daily work."
Baseline:	Based on the 2018 CalPERS Compliance & Risk Annual survey, 87% of respondents answered "Yes" to the question, "I am aware of CalPERS' compliance program. I incorporate compliance functions into my daily work."
Target:	Maintain 90% or greater positive response rate to the compliance survey question through June 2022.
Refresh Frequency:	Annually, February
Reporting Range:	July 1, 2019 to June 30, 2020
Thresholds:	On-Target: 90-100% At-Risk: 80-89% Off-Target: ≤ 79%

Status Narrative:

The 2019-20 survey results reflected the efforts of the Enterprise Compliance team to promote compliance awareness through our comprehensive communication and training plan. Major efforts contributing enterprise-wide awareness of CalPERS's compliance program included regular training sessions for Form 700 and Personal Trading regulations, and Targeted Annual Compliance Training sessions for all team members. Additionally, CalPERS compliance and risk liaisons continued to provide support and communications for compliance functions within the enterprise's largest branches. Enterprise Compliance will use the results of the survey to build the FY 2021-22 Communications and Training Plan.

Performance Trend Chart:

Compliance Employee Awareness Survey

87

93

91

% of "Yes" responses to "I am aware of CalPERS' compliance program"

Baseline   On-Target   Target   Trendline

2020-21 Strategic Measure Summary (Quarter 2)

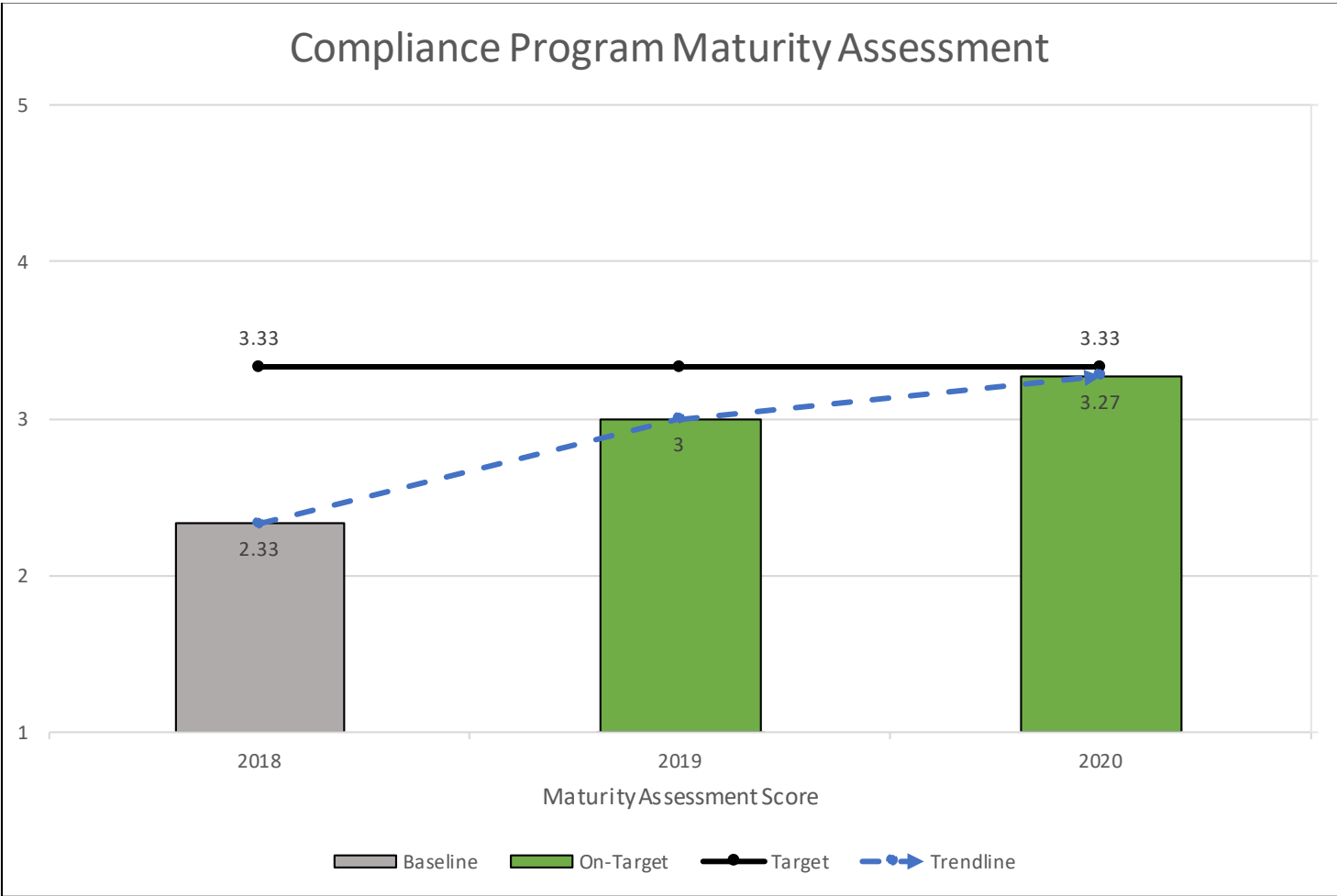| Measure Title:	Compliance Program Maturity Assessment
Executive Owner:	Marlene Timberlake D'Adamo
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Associated Initiative(s):	Increase enterprise-wide compliance awareness; Increase compliance program maturity

Status:	Pending Refresh (in June 2021)
Numeric Status:	3.27 (for FY 2019-20)

Description:	Assesses the compliance and ethics program's functional performance against a structured framework. Measured on a scale ranging from 1 (low) to 5 (high), maturity is an organization's performance relative to Gartner's best practice research.
Baseline:	The Fiscal Year 2017-18 baseline for Enterprise Compliance (ECOM) is a 2.33 on a point scale of 1 (low) and 5 (high)
Target:	CalPERS compliance maturity assessment score is targeted to increase one point by FY 2021-22, from the baseline scores set in FY 2017-18
Refresh Frequency:	Annually, June
Reporting Range:	July 1, 2019 to June 30, 2020
Thresholds:	On-Target: Year-over-year increase in score. At-Risk: No change in score. Off-Target: Year-over-year decrease in score.

Status Narrative:

The industry benchmark set by Gartner is 3.00. There were 228 other organizations who took the assessment during FY 2019-20. Enterprise Compliance's score increased to 3.27. The program continues to engage in the right activities to mature the organization's compliance program. This includes partnering with IT to build a policy repository for the enterprise, providing tools to program areas to monitor legislative changes that affect CalPERS, and continued enhancement of the Form 700 filing processes, including improving the outreach and timeliness of filings.

Performance Trend Chart:

Compliance Program Maturity Assessment

Maturity Assessment Score

Legend: Baseline | On-Target | Target | Trendline

Data points:
- 2018: 2.33 (Baseline)
- 2019: 3 (On-Target)
- 2020: 3.27 (On-Target)
- Target: 3.33

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Composite Security Health Score within Range
Executive Owner:	Matt Jacobs
Strategic Goal:	Risk Management
Strategic Objective:	Continue to evolve Cyber Security program
Associated Initiative(s):	Information security roadmap

Status:	Information to be provided in closed session

2020-21 Strategic Measure Summary (Quarter 2)

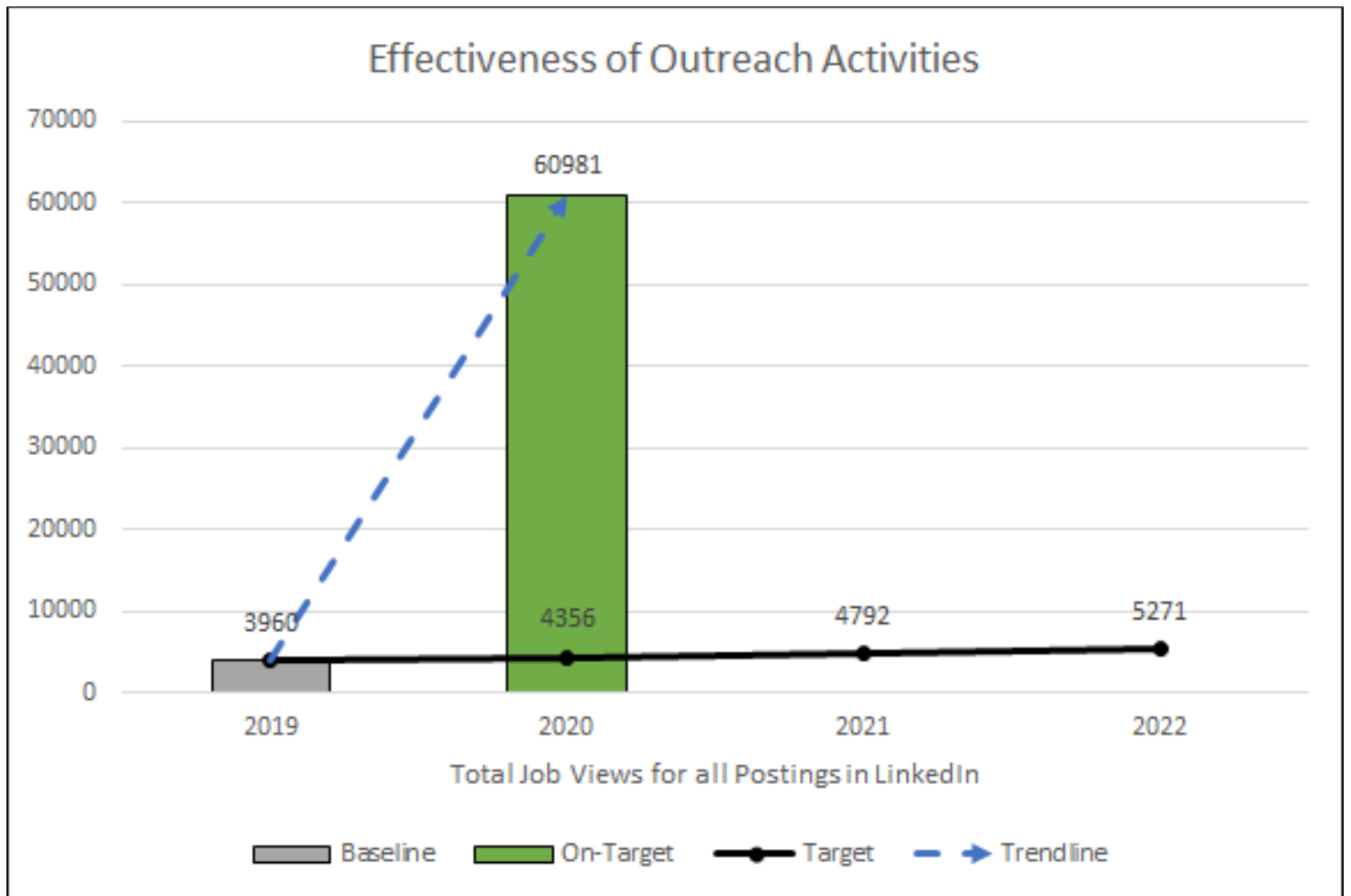| Measure Title:	Effectiveness of Outreach Activities
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Recruit and empower a broad range of talents to meet organization priorities
Associated Initiative(s):	Talent outreach activities

Status:	Pending Refresh (in August 2021)
Numeric Status:	60,981 (for FY 2019-20)

Description:	We will continue expanding our outreach efforts to include diverse candidates in collaboration with CalPERS Diversity Outreach Program (CDOP), CalPERS Diversity & Inclusion Group (CDIG), CalPERS Disability Advisory Committee (CDAC), and community partnerships. To achieve this goal during the ongoing telework environment, we will focus our efforts on virtual outreach opportunities. This measure will implement data collection points to measure the variety and effectiveness of outreach activities through LinkedIn and other virtual platforms. For FY 2019-20, a breakdown was added to provide visibility on what types of outreach events are being attended to support our goal of a diverse and inclusive talent pool. Data collection points are continuing to be evaluated and adjusted as we implement new strategies in our outreach and recruitment efforts. This Strategic Measure will continue to mature as we further define what success/effectiveness looks like in a primarily virtual outreach environment.
Baseline:	Baseline is 3960 total job views for all postings in LinkedIn.
Target:	Target is to increase total job views in LinkedIn by 10% annually.
Refresh Frequency:	Annually, August
Reporting Range:	07/01/19 – 06/30/20
Thresholds:	On-Target: 10% and above At-Risk: 7% to 9% Off-Target: below 7%

Status Narrative:

This Strategic Measure was on target with 60,981 page views for fiscal year 2019-20 and was updated to include emphasis on utilizing virtual events to support diversity and inclusion recruitment efforts.

Performance Trend Chart:

Effectiveness of Outreach Activities

Total Job Views for all Postings in LinkedIn

Legend: Baseline · On-Target · Target · Trendline

2020-21 Strategic Measure Summary (Quarter 1)

Measure Title:	Engagement survey results & action items – diversity & inclusion

Executive Owner:	Brad Pacheco
Strategic Goal:	Talent Management
Strategic Objective:	Recruit and empower a broad range of talents to meet organization priorities
Associated Initiative(s):	Expand diversity & inclusion program

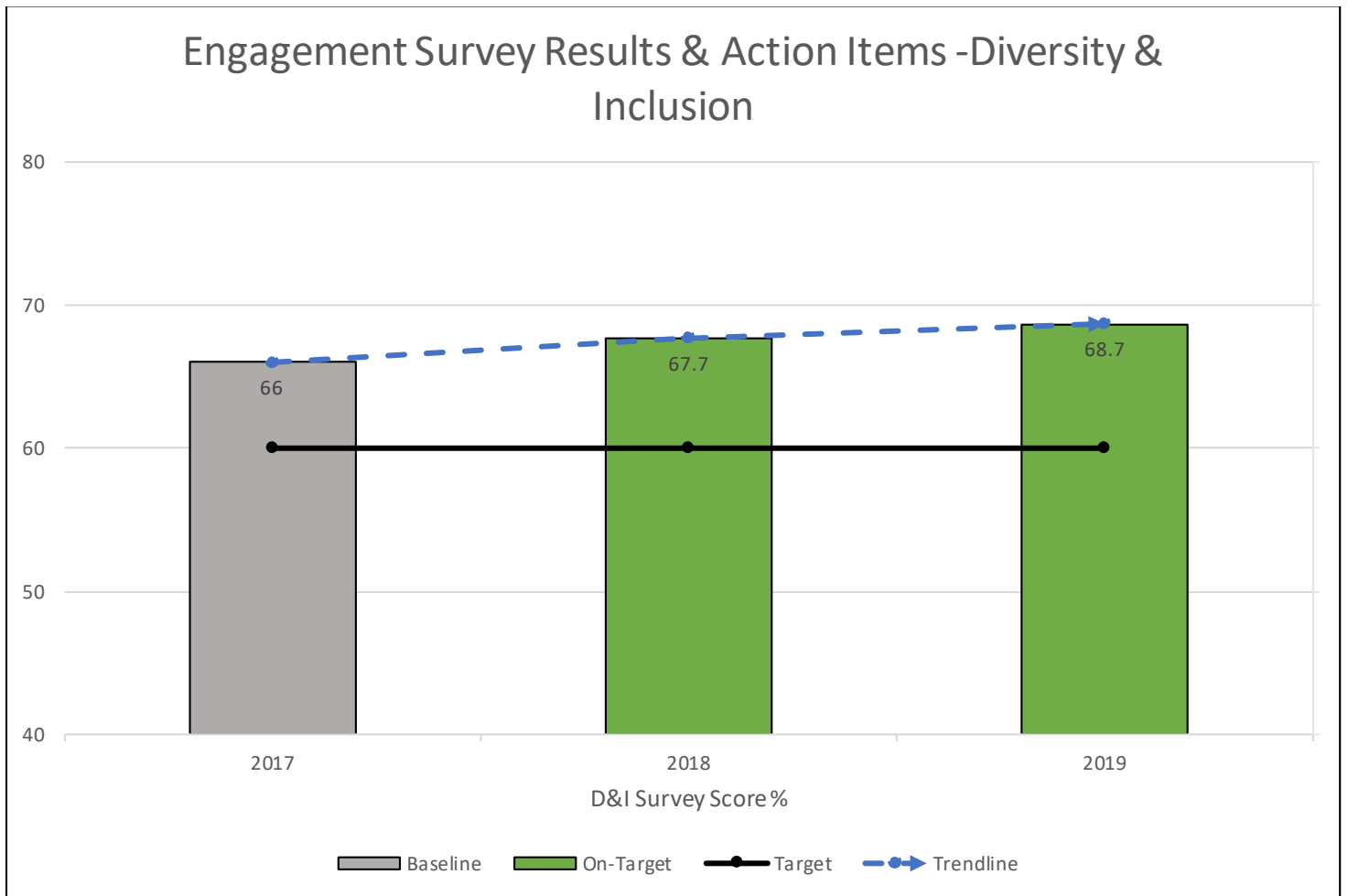|	
Status:	Pending Refresh (in March 2021)
Numeric Status:	68.7% (as of December 2019)

Description:	This measure focuses on our efforts to help foster a culture of inclusion that welcomes diversity of thought, experience, and background. We have learned that diversity within an inclusive working environment enhances the relevance of our work, increases productivity, and improves the value of services we provide. The annual Employee Engagement Survey has several specific questions aimed at gauging the success of our diversity and inclusion (D&I) efforts.
	A survey score above 59% represents a high-performing organization.
Baseline:	66% (2017) D&I Driver Employee Engagement Survey results.
Target:	High performing status of > 59%
Refresh Frequency:	Annually, December
Reporting Range:	November 2018-October 2019
Thresholds:	On-Target: Above 59% represents high performance
	At-Risk: 40-59% represents average performance
	Off-Target: Under 40% represents low performance

Status Narrative:

As of December 2019, this measure was reported at 68.7% and was On-Target. Increased engagement score by 1% via the Employee Engagement Survey D&I related questions. Current D&I efforts also connect talent management, education, and communication to other initiatives across the enterprise serving to be more cohesive and efficient with cross-divisional partnerships.

For FY 2020-21 only, we will report out on this Strategic Measure in Quarter 3 instead of Quarter 2. CalPERS is using a new vendor for the Engagement Survey this year and results will not be available until mid-late January which is too late to compile and report to the Enterprise in Quarter 2.

Performance Trend Chart:

Engagement Survey Results & Action Items -Diversity & Inclusion

D&I Survey Score %

Baseline — On-Target — Target — Trendline

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Engagement Survey Results & Action Items - Accountability
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Recruit and empower a broad range of talents to meet organization priorities
Associated Initiative(s):	Implement engagement survey action items

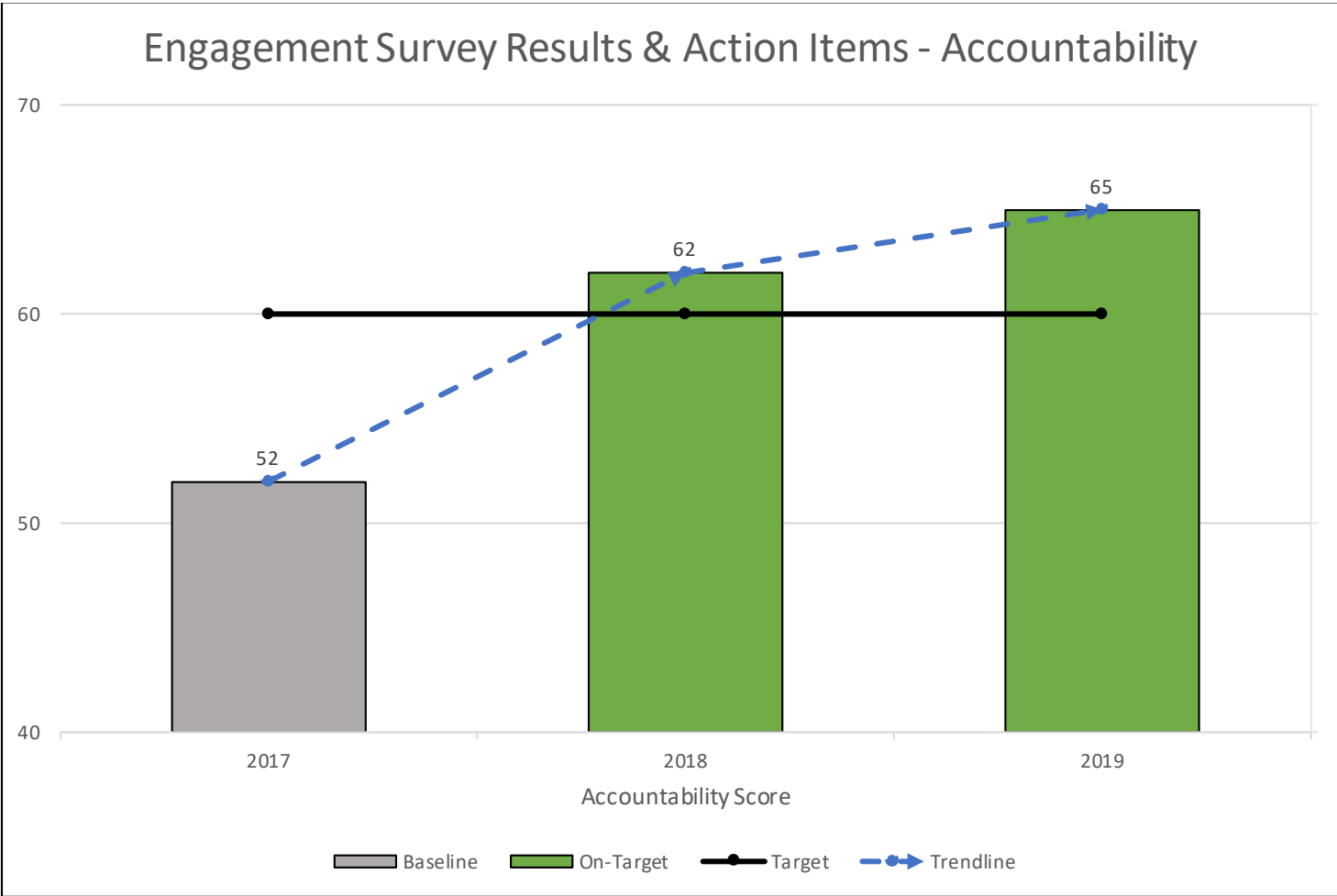| Status:	Pending Refresh (in March 2021)
Numeric Status:	65% (as of December 2019)

Description:	This measure focuses on our annual employee engagement survey which supports our efforts to foster a culture of engagement at CalPERS. The questions in the survey correspond to engagement and retention drivers, such as manager relationships, learning and development, culture, and organization potential.
	The Senior Leadership Council (SLC) received focus group feedback on Accountability – specifically recommendations for how to improve in this area. While this item has exceeded the baseline set in 2017 and continues to show improvement, for purposes of measuring consistency, we will continue to monitor this measure for the duration of the Strategic Plan (Through FY 2021-22).
Baseline:	Accountability: 52% as of December 2017.
Target:	High performing status of > 59%
Refresh Frequency:	Annually, December
Reporting Range:	November 2018 - October 2019
Thresholds:	On-Target: Above 59% represents high performance
	At-Risk: 40-59% represents average performance
	Off-Target: Under 40% represents low performance

Status Narrative:

As of December 2019, this measure reported at 65% and was On-Target. Updated performance data will be available December 2020.

For FY 2020-21 only, we will report out on this Strategic Measure in Quarter 3 instead of Quarter 2. CalPERS is using a new vendor for the Engagement Survey this year and results will not be available until mid-late January which is too late to compile and report to the Enterprise in Quarter 2.

Performance Trend Chart:

Engagement Survey Results & Action Items - Accountability

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Engagement Survey Results & Action Items – Senior & Executive Management Relationships
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Recruit and empower a broad range of talents to meet organization priorities
Associated Initiative(s):	Implement engagement survey action items

Status:	Pending Refresh (in December 2020)
Numeric Status:	56% (as of December 2019)

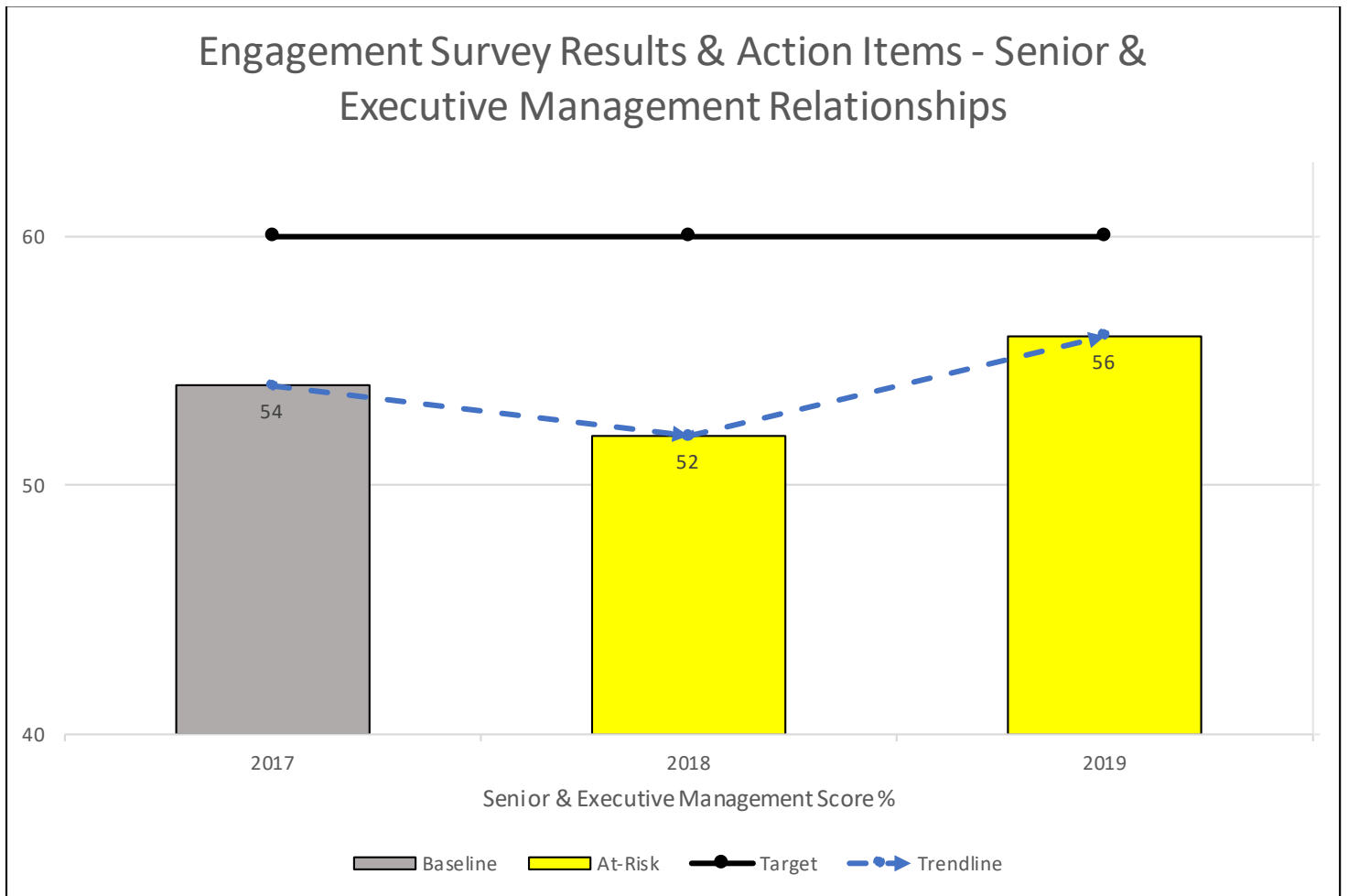| Description:	This measure focuses on our annual employee engagement survey which supports our efforts to foster a culture of engagement at CalPERS. The questions in the survey correspond to engagement and retention drivers, such as manager relationships, learning and development, culture, and organization potential.
	The Senior Leadership Council (SLC) received focus group feedback on Senior & Executive Management Relationships – specifically recommendations for how to improve in this area. For purposes of measuring consistency, we will continue to monitor this measure for the duration of the Strategic Plan (FY 2021-22).
Baseline:	Senior & Executive Management Relationships: 54% as of December 2017
Target:	High performing status of > 59%
Refresh Frequency:	Annually, December
Reporting Range:	November 2018 - October 2019
Thresholds:	On-Target: Above 59% represents high performance
	At-Risk: 40-59% represents average performance
	Off-Target: Under 40% represents low performance

Status Narrative:

As of December 2019, this measure reported at 56% and was deemed "At Risk" since it fell within the 40-59 percent threshold, indicating average performance. This is a 4% increase over the 2018 result. The Senior Leadership Council will develop action plans to address this driver aimed at improving the score for this measure. Updated performance data will be available December 2020.

For FY 2020-21 only, we will report out on this Strategic Measure in Quarter 3 instead of Quarter 2. CalPERS is using a new vendor for the Engagement Survey this year and results will not be available until mid-late January which is too late to compile and report to the Enterprise in Quarter 2.

Performance Trend Chart:

Engagement Survey Results & Action Items - Senior & Executive Management Relationships

Senior & Executive Management Score %

Baseline   At-Risk   Target   Trendline

2020-21 Strategic Measure Summary (Quarter 2)

Measure Title:	Proficiency in CalPERS Leadership Competencies
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Cultivate leadership competencies and develop succession plans across the enterprise
Associated Initiative(s):	Develop leadership competencies measurement tool; Implement 2018-22 workforce plan strategies

Status:	Under Development
Numeric Status:	N/A

Description:	Measure leaders' proficiency in CalPERS' Leadership Competencies to ensure leaders are modeling these competencies.
Baseline:	To be determined.
Target:	To be determined.
Refresh Frequency:	To be determined.
Reporting Range:	To be determined.
Thresholds:	On-Target: TBD At-Risk: TBD Off-Target: TBD

Status Narrative:

Currently, we measure leadership competency proficiency for those leaders who participate in an incentive program. CalPERS team members are working on an approach to measure proficiency in leadership competencies for all other leaders. Once the new HRSD Chief role is filled, the new chief will review, evaluate, and make recommendations on next steps.

New HRSD Chief hired as of 3/2/2020.

Project team participated in two demos of a proposed tool using existing software.

In July of 2020, the new HRSD Division Chief was briefed on the proposed tools. Potential next steps are being discussed and evaluated with leaders in Talent Engagement & Development (TED) and the Performance Management Unit (PMU).

In June of 2020, the leadership competency assessment tool utilizing GoLearn was piloted with volunteer Staff Services Manager Is and their managers in the Human Resources Division. The assessment process is intended to quantitatively capture leaders' proficiency in CalPERS leadership competencies, develop leaders around a common set of expectations, and identify trends that can help inform training and development strategies. After the completion of the pilot, feedback was collected to improve the tool and process before further piloting across the enterprise. Next steps include executing deliverables in the 2020-21 Business Plan.

2017-22 Strategic Plan │ Alignment Map (FY 2020-21) - Status as of 12/31/2020 - Quarter 2

CalPERS

VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California

MISSION: Deliver retirement and health care benefits to members and their beneficiaries

CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

Strategic Goals

| FUND SUSTAINABILITY — Strengthen the long-term sustainability of the pension fund | HIGH-QUALITY AFFORDABLE HEALTH CARE — Improve health care quality, access & affordability | REDUCE COMPLEXITY — Reduce complexity across the enterprise | RISK MANAGEMENT — Cultivate a risk-intelligent organization | TALENT MANAGEMENT — Promote a high-performing and diverse workforce |

Strategic Objectives

- Fund the System through an integrated view of pension assets and liabilities
- Mitigate the risk of significant investment loss
- Deliver target risk-adjusted investment returns
- Educate employers, members, and stakeholders on system risks and mitigation strategies
- Integrate environmental, social, and governance (ESG) considerations into investment decision making
- Ensure our members receive high-quality care
- Ensure our members have access to care when and where they need it
- Ensure the care we provide is affordable
- Simplify programs to improve service and/or reduce cost
- Streamline operations to gain efficiencies, improve productivity, and reduce costs
- Enhance compliance and risk functions throughout the enterprise
- Continue to evolve cyber security program
- Recruit and empower a broad range of talents to meet organization priorities
- Cultivate leadership competencies and develop succession plans across the enterprise

Strategic Measures

- Funded status *
- Projected funded status *
- 1 - year total expected fund volatility *
- Annualized (5-year) excess investment returns relative to total fund policy benchmark *
- Stakeholder assessment survey - risk *
- Investment managers policies and procedures for ESG factor integration *
- Chronic disease prevention & management *
- Behavioral health quality
- Measuring access to care *
- Member experience *
- Health care premium affordability
- Cost effectiveness measurement pension complexity score *
- Cost effectiveness measurement information technology capability score *
- Cost effectiveness measurement cost per member *
- Overhead operational cost *
- 5 - year net value added *
- Stakeholder assessment survey - compliance and risk *
- Risk employee awareness survey *
- Risk program maturity assessment *
- Compliance employee awareness survey *
- Compliance program maturity assessment *
- Composite security health score within range (Closed Session)
- Effectiveness of outreach activities *
- Engagement survey results & action items - diversity & inclusion *
- Engagement survey results & action items - accountability *
- Engagement survey results & action items - senior & executive management relationships *
- Proficiency in CalPERS leadership competencies

2019-20 Business Plan Initiatives

- Alignment of asset liability management
- Total fund portfolio design (Portfolio)
- Total fund investment strategy (Performance)
- Stakeholder education on system risks & mitigation
- Total fund portfolio design (Portfolio)
- Update health plan contract measures
- Health data quality management
- Behavioral health access & quality
- Health equity
- Clinical quality improvement programs
- Telehealth access
- Increase competition
- Risk mitigation
- Pharmaceutical strategies
- Mature targeted information technology capabilities
- Continuous process improvement
- Complexity reduction
- Total fund investment decision-making processes (Process)
- Increase enterprise-wide compliance awareness
- Increase compliance program maturity
- Enterprise data management
- Information security strategy (Closed Session)
- Implement engagement survey action items
- Expand diversity & inclusion program
- Total fund portfolio resources (People)
- Implement 2018-22 workforce plan strategies
- Develop leadership competencies measurement tool

Legend

- Strategic Objectives
- Strategic Measures and Targets
- Business Plan Initiatives
- On-Target
- At-Risk
- Off-Target
- Measures under development
- * Pending refresh
- ** Data not available