



Board of Administration

# FY 2022-23 - First Quarter Report

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**November 4, 2022**

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

**Program:** Enterprise

**Item Type:** Information

## **Executive Summary**

This report provides the first quarter report (July 1, 2022 through September 30, 2022) 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 the CalPERS 2022-27 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 routine work 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.

## **Strategic Plan**

This report specifically aligns to our strategic goals and objectives, as we measure our strategic and operational progress throughout our 2022-27 Strategic Plan.

## **Background**

We began developing the 2022-27 Strategic Plan in late 2019. This Plan is the result of a two-year process that yielded valuable information and feedback from a variety of external and internal stakeholders, including the Board. This input, along with rigorous analysis, showed that a refresh and expansion of the previous Plan was called for, instead of a complete overhaul. Our vision, mission, and core values were left unchanged, while the strategic goals and objectives were updated. The Board approved the updated Strategic Plan in April 2022.

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). The reporting focus is on At-Risk and Off-Target measures and initiatives and includes explanations of root causes and potential constraints and mitigation strategies. 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 our operational targets.

The following status designations 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 52 measures. In review of first quarter data: five are On-Target; one is At-Risk; two are Off-Target; 38 are pending refresh, data not available, or under development; five are informational; and one will be reported in closed session.

- At-Risk
  - Funded Status
- Off-Target
  - 1-Year Total Expected Fund Volatility
  - 5-Year Net Value Added

### Business Plan Initiatives

The Business Plan encompasses 35 initiatives. In review of first quarter data: 31 are currently On-Target; two are At-Risk; one is Off-Target; and one will be reported in closed session.

- At-Risk
  - Facilitate Stakeholder Dialogue
  - Communication Tool Enhancements
- Off-Target
  - Develop 2023-28 Workforce Plan Strategies

## Key Performance Indicators

The operational model encompasses 49 KPIs. In review of first quarter data: 23 KPIs are currently On-Target; 20 are pending refresh; two are informational that report out in this quarter; and four are reported in closed session.

## **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

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