



Agenda Item 6a

August 14, 2012

ITEM NAME: 2011-12 CalPERS Business Plan Final Report

PROGRAM: Enterprise

ITEM TYPE: Information

EXECUTIVE SUMMARY

Over the past year, significant achievements were made through the completion of the 2011-12 CalPERS Business Plan's 12 objectives (Attachment 1). These enhancements to our customer service, pension, investment, and health functions, and improvements to our governance processes, will support continued organizational success.

BACKGROUND

The 2011-12 CalPERS Business Plan (Plan) defines the operational, administrative, and program management priorities for the organization, focusing on three Enterprise Priorities: 1) Customer Focus: Today & Tomorrow; 2) Leadership and Soundness; and 3) Building Internal Strength. Staff has reported quarterly to the Board on progress, and this is the final report.

ANALYSIS

As of June 30, 2012, 43 initiatives were successfully completed and three initiatives missed their target completion dates. One of these initiatives has since been completed, one will be completed by the end of August, and the other is on track for completion in the fourth quarter of 2012.

A high level summary of the year's accomplishments can be found in the attached final report (Attachment 2). A more detailed account of the completed initiatives is set out in Attachment 3.

Here are some of the highlights:

- Launched the my|CalPERS system, merging 49 separate legacy systems to improve customer service and offer new online capabilities and functionality for our members and employers.
- Provided greater information to our employers in annual valuation reports, including details regarding sensitivity to market returns and the costs of leaving CalPERS membership.
- Reviewed actuarial assumptions, resulting in updates to certain key assumptions.

- Completed Health Benefits Purchasing Review and adopted strategies and initiatives designed to gain efficiencies, contain costs and improve outcomes, while transforming health products and offerings to meet the needs of members and employers.
- Developed an integrated asset and liability decision-making framework for the Board, and shifted to a new risk-based asset allocation to better manage the relationship between risk and return.
- Implemented several measures to improve internal investment controls and move toward a target operating model to better manage risk and ensure accountability and transparency.
- Shifted \$7 billion in assets to internal investment management and provided in-house monitoring capabilities for 340 investments in order to reduce costs.
- Developed a new Board Committee structure, agenda items and consent calendar, and governance policy to allow the Board to operate at a more strategic level and improve accountability, decision making and oversight.

The Board has approved the 2012-14 CalPERS Business Plan and work is ongoing to implement the Plan. Upon approval of the 2012-17 Strategic Plan, staff will realign the 2012-14 Business Plan as appropriate.

ATTACHMENTS

Attachment 1 – 2011-12 CalPERS Business Plan

Attachment 2 – 2011-12 CalPERS Business Plan: Final Report

Attachment 3 – 2011-12 CalPERS Business Plan: Comprehensive Report

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