



Agenda Item 6a

December 12, 2012

ITEM NAME: Quarterly Diversity Report

PROGRAM: Diversity Outreach Program and Legal Office

ITEM TYPE: Information Item

EXECUTIVE SUMMARY

This agenda item provides a quarterly update on Diversity and Inclusion initiatives and programs across the enterprise.

STRATEGIC PLAN

This agenda item supports Goal B of the CalPERS 2012-17 Strategic Plan, which is to cultivate a high-performing, risk-intelligent and innovative organization. Specifically, this includes the development and implementation of strategies, tools and training to integrate and sustain Diversity and Inclusion (D&I) competencies throughout the organization.

BACKGROUND

This agenda item highlights activities and initiatives in the following CalPERS organizational divisions:

- CalPERS Diversity Outreach Program (CDOP)
- CalPERS Legal Office

As a global investor, public employer, and provider of retirement and health benefits services within the nation's most ethnically and culturally diverse state, CalPERS recognizes D&I as a competitive advantage that calls for the broadest possible pool of talent, experience, skill, and perspective.

Diversity Outreach Program – Internal Operations

The focus of the Diversity Outreach Program for FY 2012-13 is to increase integration of D&I in all aspects of CalPERS operations and reduce consulting services.

For FY 2012-13 staff developed initiatives to build CalPERS D&I foundational knowledge and best practices through education and outreach. CDOP has achieved its quarterly objectives for the 2012-14 Business Plan, Objective 3.4a by executing and completing several D&I tactics this quarter.

To enhance management's D&I competencies staff conducted two management professional development sessions and nine division/unit workshops designed to promote and integrate D&I principles throughout the organization reaching nearly 230 management and staff.

To reduce consulting services and achieve actual cost savings, D&I staff completed four days totaling 32 hours of Certified Diversity Professional Training. Five staff have acquired a nationally recognized Certified Diversity Professional credential.

Staff now has the necessary skills and knowledge to understand what it takes to develop highly effective D&I programs, clear understanding of the linkages between D&I initiatives and the CalPERS mission and vision, and how to navigate cultural differences.

Staff is currently working on next quarter's D&I activities; the following is a preview of these activities:

- Quarterly D&I Professional Development Workshop for managers
- D&I Charting Your Course for the Benefit Services Division Operational Support managers and staff
- Brown Bag Luncheon Speakers Series – The Value of Diversity & Inclusion Within an Organization
- D&I All Staff Event – Keynote speaker to present staff with traditional perspectives on diversity and inclusion and how we can freshen those perspectives with creative and innovate approaches that employ the science of human behavior
- Quarterly D&I Division and Regional Office Workshops

Legal Office

Historically, the pool of outside counsel firms retained by CalPERS has been predominated by very large, full-service, U.S. law firms. The Legal Office's Diversity Program seeks to increase diversity within the pool of outside counsel with which CalPERS contracts for legal services so that the pool reflects California's diverse population, provides a broad spectrum of experience, talent, viewpoints and strategies, and elevates the professional expertise available to the CalPERS system through contracting opportunities. The means for achieving this goal have been two-fold. First, we have expanded our outreach to include smaller-sized and niche law firms, have informed these firms about CalPERS needs for legal services, our contracting processes and our commitment to diversity and have encouraged these firms to apply to participate in our outside counsel pools.

As a result of these efforts, we have added 12 small and specialty practice area law firms to our pool of outside counsel, and we are establishing a process for ensuring that these firms are given appropriate consideration for all new assignments.

The second means of achieving the goal of increasing diversity among our outside counsel is to communicate to all of the firms we engage CalPERS commitment to diversity and inclusion and to encourage these firms to share our commitment. To that end, earlier this year, we surveyed all of the law firms we have under contract (which at that time only included a few of the 12 new firms) to elicit from them statistics about the woman and minority representation at their firms and information about their diversity and inclusion policies, programs and initiatives.

In September, we reported to the Board the summary results of the survey. The Board requested that we provide the actual survey data. The survey questionnaire and data is set forth in Attachment A.

Among other statistical information, the survey requested information about each firm's diversity initiatives and programs. We learned that 18 of the 31 firms that responded have a diversity policy and 17 firms have a formal diversity plan. All of the firms that do not have a diversity policy indicated an interest in adopting one. Accordingly, staff is finalizing a letter and accompanying documents to be sent to these firms. The letter has been completed and the sample diversity policy is being finalized. The materials are simply a way for CalPERS to share with outside counsel the importance of diversity and inclusion. Adoption of a policy is in no way mandatory – we explain it is simply a tool they may choose to utilize if they decide to adopt a formal diversity policy.

In addition to our work to increase diversity among the law firms with which we do business, we also strive to achieve diversity within the internal staff of the Legal Office and to exhibit and promote inclusive behavior. In an effort to increase the diversity of the pool of applicants for positions within the Legal Office, in September we began to send Legal Office job postings to local minority bar associations and law schools.

At the September Board meeting, one of the Board members requested information about the woman and race/ethnicity representation among the staff of the Legal Office. We subsequently confirmed with the CalPERS Human Resources Division and Diversity Outreach Program that information about a person's age, gender and race/ethnicity is only provided on a voluntary basis by job applicants as part of the standard State job application and this information is not collected by CalPERS.

ATTACHMENTS

Attachment 1 – Diversity Survey Questionnaire and Data

LINDY E. PLAZA
Chief
Diversity Outreach Program

GINA RATTO
Deputy General Counsel
Legal Office

DOUGLAS HOFFNER
Deputy Executive Officer
Operations & Technology