



Agenda Item 8a

September 17, 2013

ITEM NAME: Semi-annual Diversity Report

PROGRAM: Diversity Office

ITEM TYPE: Information

EXECUTIVE SUMMARY

This agenda item provides the semi-annual update on Diversity and Inclusion (D&I) 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 D&I competencies throughout the enterprise.

BACKGROUND

This agenda item highlights activities and programs across the enterprise. CalPERS has a strategic three tiered approach to D&I in the workforce, workplace and marketplace. Workforce – we recruit and retain a high performance team inclusive of our State's rich diversity. Workplace – we actively educate our employees to increase D&I awareness, understanding the skills that lead to greater quality, respect and accountability. Marketplace – we serve our members with sensitivity to their diverse perspectives. Our business partners include certified Small and Disabled Veteran Business Enterprises.

As the nation's largest public pension fund within one of the most ethnically and culturally diverse state we believe the combined experiences, perspectives and talents of all employees strengthen our high performance work culture and organization - *Our Differences Are Our Strengths*.

ANALYSIS

The D&I strategy applied by various programs in FY 2012-13 was an enterprise approach that significantly increased awareness and integration of best practices within CalPERS operations.

CalPERS Workforce and Member Comparison Demographics

It is CalPERS mission to provide our members with a secure retirement and affordable healthcare. To that end, we strive daily to ensure we uphold our fiduciary obligations to our members and that our workforce emulates the same representative values, norms and guiding principles. We believe comparing the CalPERS workforce demographics to the customer base we serve, is a more relevant comparison than comparing to census data or other organizations with similar missions.

All such comparisons have limitations. The State of California asks employees to identify their ethnicity, but cannot require employees to do so. Demographic researchers have specific ways of projecting ethnicity information and our contractor, Epsilon, used the method described below.

Recently, the Human Resource Services Division worked in collaboration with ITSB's Business Intelligence Unit to collect ethnicity data for CalPERS employees and our members. Active employee and retiree names and addresses were pulled from myCalPERS as well as a subset of data that identified CalPERS employees. The data was supplied to an external data provider, Epsilon, who provided ethnicity information for these populations. The ethnic data provided by Epsilon was appended to myCalPERS data, which resulted in the CalPERS workforce and member comparison demographic charts on Attachment 1.

The value of knowing the ethnic makeup of CalPERS employees and our members can potentially assist the organization in addressing any barriers such as language, retirement and health literacy gaps and cultural differences in communication styles when delivering our services and programs.

The results indicate the CalPERS employee population is within 5 percent when compared to our member population, except for Hispanic and Asian ethnicities. The Asian employee percentage is greater at 11.17% and the Hispanic employee population is less at 8.25%. However all other ethnic categories, in both the employee and membership, is less than a 1 percent difference.

Having staff reflect the diversity of our members incorporates different cultural perspectives, helps us understand and communicate with the people we serve.

Internally, educating staff on the importance of cultural competence and providing them with the knowledge and skills to recognize and understand the needs of our members with whom they interact with each day is critical to the ongoing success of CalPERS.

CalPERS Workplace - Diversity Outreach Program (CDOP)

CDOP achieved its 2012-14 Business Plan objectives for FY 2012-13 by developing initiatives to build CalPERS D&I foundational knowledge and best practices. This was accomplished through education, outreach and close collaboration with internal stakeholders.

First Annual All Staff D&I Event, Dr. Steve Robbins

To deepen employees' understanding on how to enhance diversity and inclusion in the workplace, CDOP invited Dr. Steve L. Robbins as its guest speaker for this event.

Dr. Robbins is a nationally recognized author and speaker on "unintentional intolerance." He explored issues that dominate today's culturally and ethnically diverse workplace and challenged us to not only be mindful about valuing people for their unique gifts, abilities and experiences, but to be intentional about it.

The presentation was video conferenced live to the Regional Offices and was recorded to allow those who were unable to attend in person the opportunity to view the presentation in a team building setting in the future.

Diversity and Inclusion Day

CalPERS held its annual Diversity & Inclusion Day August. The CalPERS Diversity & Inclusion Group and the CalPERS Disability Advisory Council hosted 48 community-based organizations at D&I Day. The objective was to promote awareness of community needs for volunteers and to spark an interest among CalPERS employees. The event connected employees and organizations with opportunities to work together and build stronger communities.

Organizational Health Index

Questions about D&I were included in the recent Organization Health Index's employee survey. This survey measures organizational health and 81 percent of CalPERS employees participated.

The findings for the D&I questions were positive and revealed employees strongly agree CalPERS leverages individual experiences, perspectives and talents to ensure quality outcomes, fosters a work environment that values individual differences and contributions, and the organization consciously publicizes and educates employees on D&I.

2013 Language Fluency List

To ensure that our members, including those who are non-English speaking and Limited English Proficient, have equal access to CalPERS program services and information, CDOP updated the CalPERS Language Fluency list. The list identifies staff who volunteer their services of interpretation and translation as needed for business. To date, there are 29 languages spoken at CalPERS besides English and 77 employees on the volunteer list.

CalHR Conference – New Beginnings 2013 and Beyond

CDOP conducted a two-hour workshop on diversity and inclusion at CalHR's Second Annual Diversity & Equal Employment Opportunity Conference. The presentation topic was entitled *Reaching Organizational Excellence through Diversity & Inclusion*. CalPERS was recognized during this conference as the model agency for a D&I program within the State of California.

Additional D&I activities and accomplishments include:

- Staff received D&I Practitioner Credentials
- Quarterly Management D&I Professional Development Sessions
- Quarterly Division and Regional Office Outreach Sessions
- Brown Bag Luncheon Speakers Series
- D&I Business Assessment Pilot
- CalPERS IT Career Fair

Legal Office

The Legal Office conducted its second annual D&I Survey (Survey) of the outside counsel firms with which CalPERS has contracts. The goals of the Survey are to support and encourage diversity among our outside counsel, to communicate CalPERS commitment to D&I and to encourage these firms to share our commitment. The voluntary Survey requested statistics about the woman and minority representation at the firms and information about the firms' D&I policies, programs and initiatives. It was sent to 52 law firms and 31 firms responded. The results are set forth in Attachment 2.

With respect to the firms' diversity and inclusion policies, practices and programs, we learned the following:

- 94% of the firms (29 firms) have a hiring committee that includes female and/or minority lawyers
- 74% of the firms (23 firms) have a diversity policy
- 61% of the firms (19 firms) have a formal diversity program

Several of the firms with formal diversity plans shared a copy of those diversity plans with us.

The Survey requested the total number of lawyers employed by the firm, and the number of attorneys that are male or female, Caucasian or an enumerated minority. The Survey results reveal the following:

Female Representation

- At 13% of the firms (4 firms), 40% or more of all of the lawyers are women
- At 10% of the firms (3 firms), 50% or more of all of the lawyers are women

Minority Representation Among Associates

- At 23% of the firms (7 firms), 25% or more of the associates (male or female) are minorities
- At 10% of the firms (3 firms), 25% or more of the associates are minority women
- At 23% of the firms (7 firms), 25% or more of the associates are minority men

Minority Representation Among Partners

- At 16% of the firms (5 firms), 25% or more of the Partner level lawyers (male or female) are minorities
- At 3% of the firms (1 firm), 25% or more of the Partner level lawyers are minority women
- At 16% of the firms (5 firms), 25% or more of the Partner level lawyers are minority men

Attachment 2 includes a graphic display of the survey results.

Small Business and Disabled Veteran Business Enterprise

Annually, CalPERS reports its Small Business (SB) and Disabled Veteran Business Enterprise (DVBE) contract participation levels to the Department of General Services.

In FY 2012-13, CalPERS exceeded its three percent DVBE participation goal at 6.39 percent for an increase of 1.06 percent from the prior year.

The SB participation goal of 25 percent for FY 2012-13 was not achieved; however, the SB contract participation level saw an increase from 15.08 percent to 15.66 percent from the prior year.

Outreach

The SB/DVBE advocate provided personal assistance to SB and DVBE contractors by proactively identifying subcontracting opportunities and helped companies become certified businesses through the Department of General Services SB and DVBE certification process.

The SB/DVBE advocate also educated division contract managers from across the organization on our programs as well as participated in more than a dozen SB and DVBE workshops and conferences meeting with vendors interested in doing business with CalPERS.

Future Enterprise D&I Strategic Initiatives

California Department of Human Resources (CalHR) Disability Survey

CalHR requires each State agency to conduct a disability survey to determine if they are meeting their mandated goal to employ a certain percentage of their workforce with persons with disabilities. The online survey, administered by CalHR, is confidential and allows employees to self-identify any disabilities or confirm they do not have one.

As part of October's Disability Awareness month, CalPERS will launch CalHR's online Disability Survey and encourage employees to voluntarily participate.

D&I Competencies Development Labs (Pilot)

The D&I competencies development lab pilot is currently in the conceptual stage. The objective is to expand D&I skills and knowledge of the workforce. The lab concept demonstrates inclusiveness by using a collaborative process to develop and implement strategies, to cultivate a high performing, risk intelligent and innovative organization.

CalPERS must continue to empower staff to bring all of their talents to the table, develop new skills to meet future needs and foster an inclusive environment allowing differing perspectives.

The pilot will enable CalPERS to grow internal talent by providing a platform for participants to look at business issues from a D&I perspective. Participants will benefit from the opportunity to work on a key business issue, build relationships with peers and coworkers and access to senior leadership. The value to the organization is the retention of talent.

Employee Resource Group (ERG) Program

To further embed D&I into the organizational culture, CDOP continues to seek support from its two established employee resource groups: CalPERS Diversity & Inclusion Group and the CalPERS Disability Advisory Council.

In response to feedback from CalPERS staff, CDOP will collaborate with internal stakeholders to establish a formal portal to enable employees to develop additional CalPERS recognized employee resource groups that actively engage in gathering around a central unifying purpose, interest, mission or background to support employee engagement, diversity awareness, recruitment and retention, and philanthropic initiatives.

The cross-functional nature of employee resource groups fosters collaboration, peer-to-peer knowledge transfer, informal mentoring opportunities, and connections to our diverse member base and supports CalPERS Workforce Strategic Plan.

Attachment 1 – CalPERS Employee to Member Population by Ethnic Group
Attachment 2 – Outside Counsel Firms Surveyed

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