



Agenda Item 5a

April 14, 2014

ITEM NAME: CalPERS 2014-16 Business Plan (Second Reading)

PROGRAM: Enterprise

ITEM TYPE: Action

RECOMMENDATION

Approve the CalPERS 2014-16 Business Plan as a second reading.

EXECUTIVE SUMMARY

This agenda item contains the CalPERS 2014-16 Business Plan and is presented to the Finance and Administration Committee for review and approval.

STRATEGIC PLAN

The CalPERS 2014-16 Business Plan is intended to implement the goals articulated in the CalPERS 2012-17 Strategic Plan.

BACKGROUND

As presented to the Finance and Administration Committee in March, the CalPERS 2014-16 Business Plan builds on the progress made over the past two years since adopting the CalPERS Strategic Plan in 2012. We are continuing the two-year planning cycle, which includes an annual refresh process, to help align business planning with the CalPERS budget process and long-term strategic goals of the organization.

ANALYSIS

The CalPERS 2014-16 Business Plan describes the initiatives staff will undertake to support the organization's three Strategic Goals:

- **Goal A:** Improve long-term pension and health benefit sustainability
- **Goal B:** Cultivate a high-performing, risk-intelligent and innovative organization
- **Goal C:** Engage in State and national policy development to enhance the long-term sustainability and effectiveness of our programs

The Business Plan initiatives presented to the Committee in March are intended to sharpen organizational focus and help sustain the pension and health programs,

enhance customer service, strengthen our internal organization and advance policy development.

In March, staff reported there were two new initiatives under Goal C still under development. The following is the proposed language and completion date for each new initiative:

- **Financial Market Reform Principles** – Develop financial market reform principles to influence global legislative and regulatory engagement and policy development (June 2015)
- **Investment and Pension Beliefs Communication Strategies** – Develop and execute external communication and outreach strategies that foster a greater understanding of investment and pension beliefs, promote policy leadership, and strengthens confidence in CalPERS among key stakeholders (June 2016)

The complete CalPERS 2014-16 Business Plan is included as Attachment 1.

Consistent with current practice, staff will monitor progress on the CalPERS 2014-16 Business Plan, and provide regular updates to the Finance and Administration Committee.

BUDGET AND FISCAL IMPACTS

Resources for the CalPERS 2014-16 Business Plan initiatives are being funded by existing internal resources and through the annual budget process.

BENEFITS/RISKS

Approval of the CalPERS 2014-16 Business Plan identifies the business direction for the enterprise for the next two years. Longer term planning improves alignment to the operational realities and complexities in a large public organization.

The risks of accurately predicting future occurrences in a two-year business planning cycle are better managed by adopting an annual refresh process. The CalPERS 2014-16 Business Plan is designed to address the most significant risks and opportunities facing CalPERS, and will be reviewed annually to respond to any environmental changes.

ATTACHMENTS

Attachment 1 – CalPERS 2014-16 Business Plan

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