Performance, Compensation and Talent Management Committee

California Public Employees' Retirement System

Consent

Agenda Item 3b

September 16, 2014

ITEM NAME: Revised Executive Compensation Policy

PROGRAM: Administration

ITEM TYPE: Action Consent

RECOMMENDATION
Approve the proposed changes to the Compensation Policies and Procedures for Executive and Investment Management Positions.

EXECUTIVE SUMMARY
The purpose of this agenda item is to present for approval the revised Compensation Policies and Procedures for Executive and Investment Management Positions (Policy) that will modify the existing performance plan status reporting frequency from quarterly to semiannual.

STRATEGIC PLAN
The Executive Compensation Program supports Goal B of the 2012-17 Strategic Plan in cultivating a high-performing, risk-intelligent and innovative organization. The program provides a means for recruiting and retaining highly-skilled executives to the benefit of the CalPERS organization as a whole.

BACKGROUND
To date, Executive Compensation Policy has required each covered position to prepare a status report on both quantitative and qualitative performance measures on a quarterly basis.

ANALYSIS
Based on feedback from Committee members and Executive staff, a move to semiannual reporting would be consistent with other policy committee reporting schedules, including semiannual Business Plan updates. Semiannual reporting would streamline the current process and provide more meaningful and comprehensive reporting, especially for multi-year initiatives.

Requests for changes to performance plan measures have historically been part of the quarterly review process. Staff recommends maintaining the quarterly schedule for changes to performance plan measures, including adding, amending or deleting measures, in order to more closely reflect critical workload changes throughout the year.

BENEFITS/RISKS

Moving to a semiannual reporting schedule for performance plans will provide the potential for more meaningful and comprehensive reporting; this would positively impact reporting on long-term or multi-year projects. Alignment with Business Plan reporting cycles would also alleviate the need for duplicative reporting by staff on initiatives that are reported on to multiple audiences.

ATTACHMENT

Attachment 1 – Compensation Policies and Procedures for Executive and Investment Management Positions (with changes in strikethrough format on pages 9, 11 and 27)

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