



## Agenda Item 9a

March 17, 2015

**ITEM NAME:** CalPERS 2015-17 Business Plan (First Reading)

**PROGRAM:** Enterprise

**ITEM TYPE:** Information

### **EXECUTIVE SUMMARY**

This agenda item presents the CalPERS 2015-17 Business Plan as a first reading to the Finance & Administration Committee for review and comment. The second reading of the CalPERS 2015-17 Business Plan will be presented for approval in April 2015.

### **STRATEGIC PLAN**

The CalPERS 2015-17 Business Plan is intended to implement the goals articulated in the CalPERS 2012-17 Strategic Plan.

### **BACKGROUND**

The CalPERS 2015-17 Business Plan builds on the progress made since the CalPERS 2012-17 Strategic Plan was adopted in 2012. We are continuing the two-year planning cycle with an annual refresh process. This allows us to continually align business planning with the CalPERS budget process and the enterprise's long-term strategic goals.

### **ANALYSIS**

The CalPERS 2015-17 Business Plan describes the initiatives that 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

Senior Management and staff worked collaboratively to identify specific, achievable initiatives that will enable us to achieve our long-term strategic goals.

Below are highlights from some of the initiatives outlined in this Business Plan that will sharpen organizational focus, sustain the pension and health programs, enhance customer service, strengthen our internal organization, and advance policy development:

- Create asset liability management strategies that will encourage greater employer contributions and explore additional allocation options.
- Build effective risk review and decision processes within and across asset classes.
- Engage in health policy discussions with employers to improve health strategies.
- Assess cost effectiveness measures to identify cost saving and performance improvements.
- Enhance customer service by strengthening functionality, compliance and business processes and increasing customer feedback opportunities.
- Maintain focus on enhancing the CalPERS workforce and reducing reliance on third-party consultants.
- Establish an enterprise roadmap that aligns technology investments to business strategy and priorities.
- Implement risk mitigation strategies to enhance management of security events and data loss prevention.
- Involve CalPERS leadership in policy issues that impact investment and pension beliefs.
- Create relationships with key academic and industry partners to heighten our perspective on critical aspects of pension, health and investment markets.

A full list of all the proposed CalPERS 2015-17 Business Plan initiatives is included in Attachment 1.

Consistent with current practice, staff will monitor progress on the CalPERS 2015-17 Business Plan and provide semi-annual updates to the Finance & Administration Committee.

### **BUDGET AND FISCAL IMPACTS**

Resources for the CalPERS 2015-17 Business Plan initiatives are being funded by existing internal resources, or funds that were requested through the annual budget planning process.

### **BENEFITS/RISKS**

The CalPERS 2015-17 Business Plan is aligned with the CalPERS 2012-17 Strategic Plan. The alignment of operational activities with long-term strategic goals provides focus and clarity to prioritize and guide our work as we keep the Strategic Plan at the forefront of our planning process.

Competing organizational priorities and staff resources may be identified as key risks that could potentially impact the completion of some initiatives by the planned completion dates. The semiannual Business Plan updates ensure transparency in the business planning process.

**ATTACHMENTS**

Attachment 1 – CalPERS 2015-17 Business Plan Initiatives

Attachment 2 – CalPERS 2012-17 Strategic Plan Overview

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