



Agenda Item 5a

April 14, 2015

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

PROGRAM: Enterprise

ITEM TYPE: Action

RECOMMENDATION

Approve the initiatives contained in the CalPERS 2015-17 Business Plan as a second reading.

EXECUTIVE SUMMARY

This agenda item contains the initiatives within the CalPERS 2015-17 Business Plan and is presented to the Finance and Administration Committee for review and approval.

STRATEGIC PLAN

The CalPERS 2015-17 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 2015-17 Business Plan builds on the progress made over the past three 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 2015-17 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 strengthen the pension and health programs, enhance internal performance, and advance policy development.

In the March first reading, three initiatives were still under development. The following is the revised description for each of these initiatives:

- **Investment Platform and Controls** - Enhance the investment platform and internal controls environment to achieve optimum efficiency
- **Medicare-Only Health Contracting Alternatives** - Explore feasibility of simplifying Medicare Advantage contract and, if directed by the Board, implement changes
- **Participating Employer Financial Hardship / Insolvency** - Assess the impacts of participating employer bankruptcy cases and evaluate legislative and/or regulatory action to protect the System and mitigate risks

The comprehensive list of all CalPERS 2015-17 Business Plan initiatives is included as Attachment 1.

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

BUDGET AND FISCAL IMPACTS

Resources for the CalPERS 2015-17 Business Plan initiatives are being funded by existing internal resources and through the annual budget process.

BENEFITS/RISKS

Approval of the CalPERS 2015-17 Business Plan identifies the enterprise activities over the next two years that directly work towards Strategic Goals. 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 utilizing an annual refresh process. The CalPERS 2015-17 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.

ATTACHMENT

Attachment 1 – CalPERS 2015-17 Business Plan Initiatives

Attachment 2 – CalPERS 2012-17 Strategic Plan Overview

SABRINA STROUD, Chief
Enterprise Strategy and
Performance Division

DOUGLAS HOFFNER
Deputy Executive Officer
Operations and Technology