



Performance, Compensation and Talent Management Committee

California Public Employees' Retirement System

Agenda Item 6

June 16, 2015

ITEM NAME: Biennial Salary Survey Approach and Methodology

PROGRAM: Administration

ITEM TYPE: Action

RECOMMENDATION

Approve a comparator group as presented by the compensation consultant, for conducting the 2015 Biennial Salary survey.

EXECUTIVE SUMMARY

The purpose of this agenda item is to present for consideration the comparator groups to be used in conducting the 2015 Biennial Salary Survey for Executive and Investment Management positions covered under Government Code 20098.

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

As part of a sound executive compensation program and according to the Executive Compensation Policies and Procedures (Policy), a salary survey of comparable executive and investment management positions is to be conducted every two years. These salary surveys assist the Performance, Compensation and Talent Management Committee (Committee) in exploring and refining strategies for the recruitment and retention of highly skilled executives and investment managers, and demonstrate good governance and risk management practices.

The last salary survey was conducted in May 2013 by McLagan. McLagan reviewed all base pay policy provisions, incentive award schedules, gathered salary data, and made recommendations for several changes for the Investment Management positions. The salary survey did not address any changes to the Non-Investment Executive positions under Government Code Section 20098. Although the survey compared current incentive ranges against market data of the peer group used for base salary benchmarking, no action was taken to amend the incentive ranges for Investment Management positions.

In April 2015, the Committee directed staff to move forward with conducting a comprehensive salary survey of all positions covered under the Board's Executive Compensation Policies and Procedures. Koff and Associates was selected by the Committee Chair and Vice Chair. Koff will conduct the survey based upon direction received by the Committee today.

ANALYSIS

Staff recommends the Committee approve one of the comparator groups presented by Koff and Associates.

Upon Board approval, any proposed recommendations for changes to the current policy's comparator groups will be presented in a separate agenda item to the Committee at a future meeting.

BUDGET AND FISCAL IMPACTS

The approximate cost for the survey is estimated to be \$24,000, which will be funded from existing resources. Any costs that arise from the recommendations of the completed survey, such as salary range changes, will be addressed at the time of the recommendations.

BENEFITS/RISKS

The conducting of a regular salary survey demonstrates good governance and risk management practices, as well as aids in the refining of strategies for the recruitment and retention of highly skilled executives and investment managers.

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