



Agenda Item 6a

October 20, 2015

ITEM NAME: CalPERS 2014-16 Business Plan – Year-End Report

PROGRAM: Enterprise

ITEM TYPE: Information

EXECUTIVE SUMMARY

This agenda item provides the Board of Administration with a year-end report of the CalPERS 2014-16 Business Plan. Over the past fiscal year, a great deal of progress was made. We enhanced our customer service, our processes and procedures, as well as our pension, investment, and health functions, resulting in our ability to continually support organizational success.

STRATEGIC PLAN

The CalPERS 2014-16 Business Plan outlines the initiatives required to achieve the Strategic Goals and Objectives in the CalPERS 2012-17 Strategic Plan.

BACKGROUND

The CalPERS 2014-16 Business Plan focuses on 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 Year-End Report of the CalPERS 2014-16 Business Plan includes the following:

- Dashboard summary that provides the status of all initiatives (Attachment 1)
- Status update with information on initiatives that are completed or in need of management attention (Attachment 2)
- List of key accomplishments for in-progress initiatives (Attachment 3)

ANALYSIS

The Business Planning process includes a two-year planning cycle and an annual refresh process. The CalPERS 2014-16 Business Plan (Attachment 4) contained a total of 35 initiatives. Several of those initiatives are multi-year projects that have transitioned directly to the 2015-17 Business Plan, approved by the Board in April. CalPERS successfully completed 13 initiatives over the past fiscal year and Attachment 2 reflects the accomplishments for each completed initiative.

Completed Initiatives – First and Second Quarters

The accomplishments for the following four initiatives were reported to the Finance & Administration Committee during the mid-year report in February 2015.

- Improve Health Care for Senior Members
- Employer Wellness Platform
- Strategic Measures
- Financial Market Reform Principles

Completed Initiatives – Third and Fourth Quarters (See Attachment 2 for details)

Goal A

- Governmental Accounting Standards Board (GASB) Statement 68 Report
- Employer Health Benefits
- Population Health Management (PHM)
- Employer Wellness Partnerships

Goal B

- Enterprise Content Management
- Strategic Risk Measures

Goal C

- Strategic Partnerships
- Thought Leadership
- Demonstrate Industry Leadership

Transitioning Initiatives

Several of the in-progress initiatives are multi-year projects. After careful consideration and review of the intent and scope of the initiatives by Executive Staff, the following initiatives from the 2014-16 Business Plan will transition directly to the 2015-17 Business Plan.

Goal A

- Investment Risk Management
- Asset Allocation (*Retitled: Capital Allocation*)
- Explore Asset Allocation Options for Employers (*Combined into the Asset Liability Management – Risk Mitigation Strategy Initiative*)
- California Employers' Retiree Benefit Trust (CERBT) Fund Growth Strategies
- Investment Performance (*Combined into the Investment Platform and Controls Initiative*)
- Cost Effectiveness (*Retitled: Business Effectiveness*)
- Organization, Systems, and Controls (*Retitled: Investment Platform and Controls*)
- Environmental, Social, Governance (ESG) Investment Strategy (*Retitled: Investment Beliefs and Environmental, Social, and Governance Risk*)

- Emerging Manager Programs (*Combined into the Investment Beliefs and ESG Risk Initiative*)

Goal B

- Enterprise Internal Innovation
- End-to-End Business Intelligence
- Service Delivery Transformation (*Combined into the Customer Service Optimization Strategies Initiative*)
- Workforce Investment, Knowledge Transfer, and Consultant Reductions
- Workforce Strategic Plan Implementation
- Compensation Policy Review (*Combined into the Compensation Policy Implementation Initiative*)
- Information Security Roadmap
- Participating Employer Financial Hardship/Insolvency
- Financial Office Strategic Transformation (*Retitled: Enhance Internal Controls*)
- Treasury Management

Goal C

- Investment and Pension Beliefs Communication Strategies (*Combined into the Leadership and Research Communication Strategies Initiative*)

BUDGET AND FISCAL IMPACTS

Resources for the CalPERS 2014-16 Business Plan initiatives were funded by redirecting existing internal resources or funds were requested through the annual budget planning process.

BENEFITS/RISKS

The CalPERS 2014-16 Business Plan builds on the progress made over the past three years since the CalPERS 2012-17 Strategic Plan was adopted in 2012. We are continuing the two-year business planning cycle, which includes an annual refresh process. This allows us to align business planning with the CalPERS budget process and the long-term strategic goals of the enterprise.

This report ensures transparency regarding initiative progress made for the past fiscal year. Competing organization priorities and staff resources are identified as key risks which may potentially impact the completion of some initiatives by the planned completion dates.

ATTACHMENTS

Attachment 1: CalPERS 2014-16 Business Plan – Dashboard

Attachment 2: CalPERS 2014-16 Business Plan – Status Update for Initiatives Completed or Needing Management Attention

Attachment 3: CalPERS 2014-16 Business Plan – Key Accomplishments for In-Progress Initiatives Transitioning to the CalPERS 2015-17 Business Plan or to Core Workload

Attachment 4: CalPERS 2014-16 Business Plan

SABRINA HUTCHINS, Chief
Enterprise Strategy and Performance Division

DOUGLAS HOFFNER
Deputy Executive Officer
Operations and Technology