



Agenda Item 8a

October 20, 2015

ITEM NAME: Annual Customer Service and Cost Effectiveness Measurement (CEM) Update

PROGRAM: Financial Office and Customer Services and Support

ITEM TYPE: Information

EXECUTIVE SUMMARY

Cost Effectiveness Measurement (CEM) Benchmarking, Inc. provides the California Public Employees' Retirement System (CalPERS) with benchmarking analysis by conducting a Defined Benefit Administration Survey. The survey results provide CalPERS with a peer comparison of costs, service levels, work volumes, and work processes by activity area.

STRATEGIC PLAN

This informational item supports the CalPERS Strategic Plan Goal B, "Cultivate a high-performing, risk-intelligent, and innovative organization." Measuring our performance continuously allows CalPERS to meet our customers' needs and anticipate any possible challenges that may impact the customer experience.

BACKGROUND

CEM Benchmarking, Inc. is a respected international entity in the field of retirement system benchmarking. CEM provides performance reporting, cost analysis, quality measurement, management information and peer comparisons to other pension systems in various areas of pension benefit administration.

CalPERS and other participating public pension systems were requested to complete an extensive questionnaire for pension activities and costs. CEM provides statistics and analysis designed to provide individual data, benchmarks and comparisons. This agenda item presents an overview and examples of key results in the CEM Benchmarking Report for Fiscal Year (FY) 2013-2014.

The benchmarking process is another tool for decision makers. Pension systems continually balance providing high quality customer service and containing costs. Each system must determine its own threshold based on the best interests of its membership.

The CEM Report provides CalPERS management with an analysis of how CalPERS compares to its peers, and a view of CalPERS' performance, in key activities within the areas of service levels, costs, and volumes using standardized measures. CEM results can help management to identify areas for improvement, set priorities, allocate resources effectively, and meet strategic goals.

ANALYSIS

CalPERS staff will present the CEM Defined Benefit Administration Benchmarking Results (Attachment 1) as an oral presentation on October 20, 2015, at the Finance & Administration Committee Meeting. The FY 2013-2014 results reflect an increase to last year's CalPERS customer service levels from 66 to 73. CalPERS exceeded its service scores beyond the peer median in the following activities: satisfaction surveying, one-on-one counseling, withdrawals and transfers out, member presentations, and website communications.

We saw a decrease in cost per member from \$246 to \$241. Although CalPERS' costs are higher than their peers, CalPERS serves a diverse and growing pool of customers and stakeholders, and was rated the most complex among all pension systems surveyed. There are opportunities for improvement in the areas of cost and service which are highlighted within Attachment 1.

BUDGET AND FISCAL IMPACTS

This item is informational in nature and will not itself create any budget or fiscal impacts.

BENEFITS/RISKS

There are no identified risks associated to this informational item.

ATTACHMENTS

Attachment 1 – CEM Defined Benefit Administration Benchmarking Results
FY 2013-2014

DONNA RAMEL LUM
Deputy Executive Officer
Customer Services and Support

CHERYL EASON
Chief Financial Officer