



## Finance and Administration Committee Agenda Item 4h

September 20, 2016

**Item Name:** CalPERS 2015-17 Business Plan – Year-End Report

**Program:** Enterprise

**Item Type:** Information Consent

### **Executive Summary**

This agenda item provides the Finance and Administration Committee with a Year-End report of the CalPERS 2015-17 Business Plan. The report reflects each business plan initiative status, upcoming activities, and recent accomplishments through June 30, 2016.

### **Strategic Plan**

The CalPERS 2015-17 Business Plan outlines the initiatives necessary to meet the Strategic Goals and Objectives in the CalPERS 2012-17 Strategic Plan.

### **Background**

The CalPERS 2015-17 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

### **Analysis**

The CalPERS 2015-17 Business Plan contained a total of 29 initiatives. Of those 29 initiatives, 13 were completed and 13 transitioned to the CalPERS 2016-17 Business Plan. Three of the 29 initiatives were deferred.

The Year-End Report of the CalPERS 2015-17 Business Plan includes the following attachments:

- High-level summary dashboard that provides the status of all initiatives
- Individual status reports for all business plan initiatives
- CalPERS 2012-17 Strategic Plan Overview
- CalPERS 2016-17 Business Plan

### **Completed Initiatives:**

Goal A

- Governmental Accounting Standards Board (GASB) Statement 68 Accounting Valuations (completed early, June 2015)
- Adopt an Asset Liability Management – Risk Mitigation Strategy

- Sustain the Growth of the California Employers' Retiree Benefit Trust Fund and Improve Service to our Employers
- Medicare-Only Health Contracting Alternatives

Goal B

- Enterprise Internal Innovation
- Customer Service Optimization Strategies
- Customer Experience
- Workforce Strategic Plan Implementation
- Workforce Investment, Knowledge Transfer, and Consultant Reductions
- Treasury Management
- Enhance Internal Controls

Goal C

- Leadership and Research Communications Strategies
- Financial Literacy

**Transitioning Initiatives:**

Goal A

- Enhance Capital Allocation Framework
- Investment Risk Management and Performance Attributions
- Complete Pilot to Improve Long-Term Care Hospital Transition Care for Senior Members
- Enhance Business Effectiveness, Resource Allocation, and Efficiency of Investment Programs
- Enhance Investment Platforms and Controls
- Investment Beliefs and Environmental, Social, and Governance (ESG) Risk

Goal B

- Complete Cost Effectiveness Measurement (CEM) Evaluation and Identify Enhancements
- Improve the Use of Data to Drive Business Insights
- Implement Digital Communication Strategy
- Compensation Policy Review
- Align Technology Planning to Business Priorities
- Enhance Cyber Security Program

Goal C

- Enhance External Partnerships

**Deferred Initiatives:**

Reporting initiatives “deferred” reflect a change in direction from the Board and the Executive team due to changes caused by internal or external factors that require CalPERS to stop work related to a specific initiative. The following initiatives were previously reported as “deferred” during the Mid-Year report to the Finance and Administration Committee in February 2016.

Goal A

- Health and Wellness Platform
- Contracting Agency Outreach and Health Data Sharing

Goal B

- Participating Employer Financial Hardship/Insolvency

The ongoing work of the California Employers' Retirement Benefit Trust (CERBT) Fund, which includes growth and retention of employers and financial reporting required by Governmental Accounting Standards Board, was originally included as an initiative on the CalPERS 2016-17 Business Plan. After careful review, staff has determined the ongoing work is actually core workload. As a result, the initiative has been removed from the Plan. The status of this workload will continue to be reported to the Finance and Administration Committee on a semi-annual basis.

**2016-17 Business Plan:**

As we approach the final year of the CalPERS 2012-17 Strategic Plan, staff will concentrate on the initiatives in the CalPERS 2016-17 Business Plan (Attachment 4) to guide the work of the organization. These initiatives will continue to support the organization's three strategic goals by focusing on sustaining the pension and health programs, enhancing customer service, and advancing policy development.

**Budget and Fiscal Impacts**

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

**Benefits and 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. This allows us to prioritize and guide our work as we keep the Strategic Plan at the forefront of our planning process.

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 – High-level Summary Dashboard
- Attachment 2 – Status Report for all Business Plan Initiatives
- Attachment 3 – CalPERS 2012-17 Strategic Plan Overview
- Attachment 4 – CalPERS 2016-17 Business Plan

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