



Finance and Administration Committee Agenda Item 5f

February 14, 2017

Item Name: CalPERS 2016-17 Business Plan Mid-Year Update

Program: Enterprise

Item Type: Information Consent

Executive Summary

This agenda item provides the Finance and Administration Committee with a Mid-Year Update for the CalPERS 2016-17 Business Plan. The report reflects each Business Plan initiative status, upcoming activities, and recent accomplishments as of December 31, 2016.

Strategic Plan

The CalPERS 2016-17 Business Plan identifies the initiatives required to achieve the goals of the CalPERS 2012-17 Strategic Plan.

Background

The CalPERS 2016-17 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 Plan builds on the progress made over the past four and a half years since adopting the CalPERS Strategic Plan in 2012. Different for this cycle, we established a one-year business planning cycle to coincide with the last year of our current Strategic Plan.

This mid-year update includes the following:

- High-level summary dashboard that provides the status of all initiatives (Attachment 1)
- Individual status reports for all Business Plan initiatives (Attachment 2)

Business Plan Initiatives completed by December 31, 2016:

- Provide Health Costs Education and Outreach (December 2016)
- Complete Pilot to Improve Long-Term Care Hospital Transition Care for Senior Members (completed September 2016)
- Master Enterprise Business Continuity Plan (December 2016)

Business Plan initiatives reported as at risk:

- Emerging Leader – The initiative was scheduled to be completed in December 2016. Deliverables through 2016 have been completed. Remaining deliverables are contingent upon funding approval.
- Redesign and Enhance the Actuarial Valuation System – The Actuarial Office has been able to successfully complete two project deliverables. Limited availability of key subject matter experts to support the Actuarial Valuation System Redesign and Enhance project may impact the project going forward. A formal budget request for backfill positions to address core workload has been submitted for the 2017-18 fiscal year and is awaiting approval.

Identifying initiatives “at risk” allows staff to communicate events, conditions, or challenges that could impact the successful completion of the initiative. The goal is to ensure transparency and engage discussion among the Executive Team and the Board. Staff will also outline mitigation activities if appropriate.

The following Business Plan initiative titles and/or descriptions have changed to better depict the work to achieve our Strategic Goals and Objectives:

1. **Original:** CalPERS Pension Prefunding Trust – Explore alternatives and provide recommendations for a funding mechanism for employers to invest in a pension prefunding trust

Revised: Pension Rate Stabilization Prefunding Vehicle – Explore alternatives and provide recommendations for establishing a pension rate stabilization prefunding vehicle
2. **Original:** Expand Diversity Program – Develop and implement a plan to expand the Diversity and Inclusion Program to increase outreach and engagement

Revised: Develop and begin implementing a plan to expand the Diversity and Inclusion Program to recruit and empower a broad range of talents to meet organizational priorities
3. **Original:** Enhance Enterprise Compliance Capabilities and internal Controls – Implement enhancements to enterprise compliance capabilities and internal controls throughout the organization as described in the five-year compliance plan

Revised: Enhance Enterprise Compliance Capabilities – Implement enhancements to enterprise compliance capabilities throughout the organization as described in the five-year compliance plan

All remaining initiatives are on track and on schedule – please refer to Attachment 2 for additional details.

Budget and Fiscal Impacts

Resources for the CalPERS 2016-17 Business Plan initiatives are being funded by existing internal resources, or funds that were requested through the annual budget planning process.



Benefits and Risks

The CalPERS 2016-17 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 to prioritize and guide our work as we keep the Strategic Plan at the forefront of our planning process.

Competing organizational priorities and staff resources may be identified as key risks that could potentially impact the completion of some initiatives by the planned completion dates.

Attachments

Attachment 1 – High-level Status Dashboard

Attachment 2 – Individual Status Reports for CalPERS 2016-17 Business Plan Initiatives

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