

# 2017-22 Strategic Plan | Alignment Map (for 2017-18)

DRAFT



VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California

MISSION: Deliver retirement and health care benefits to members and their beneficiaries

CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

Strategic Goals	<b>FUND SUSTAINABILITY</b> Strengthen the long-term sustainability of the pension fund					<b>HEALTH CARE AFFORDABILITY</b> Transform health care purchasing and delivery to achieve affordability			<b>REDUCE COMPLEXITY</b> Reduce complexity across the enterprise		<b>RISK MANAGEMENT</b> Cultivate a risk-intelligent organization		<b>TALENT MANAGEMENT</b> Promote a high-performing and diverse workforce	
Strategic Objectives	Fund the System through an integrated view of pension assets and liabilities	Mitigate the risk of significant investment loss	Deliver target risk-adjusted investment returns	Educate employers, members, and stakeholders on system risks and mitigation strategies	Integrate environmental, social, and governance considerations into investment decision making	Restructure benefit design to promote high-value health care	Improve the health status of our employees, members and their families, and the communities where they live	Reduce the overuse of ineffective or unnecessary medical care	Simplify programs to improve service and/or reduce cost	Streamline operations to gain efficiencies, improve productivity, and reduce costs	Enhance compliance and risk functions throughout the enterprise	Enhance cyber security program	Recruit and empower a broad range of talents to meet organization priorities	Cultivate robust leadership competencies and develop succession plans across the enterprise
Strategic Measures	Probability of PERF falling below 50% funded over the next 30 years Decrease probability over 30-year time frame	Total expected fund volatility Total expected fund volatility, 8% or less*	Annualized (3-year) excess investment returns relative to policy benchmark Meet or exceed policy benchmark	Stakeholder assessment survey Establish baseline year-one; followed by upward trend †	Managers have policies and procedures (survey) 100% of internal/external managers have policies & procedures in place	Overall quality composite Establish a baseline followed by an upward trend	Proportion of adults who are obese (BMI within the obese range) 11%	Opioid prescription volume Establish a baseline followed by a downward trend	CEM pension complexity score Reduce the weighted average CEM complexity score by 3%	CEM cost per member Reduce by 2% annually	Stakeholder assessment survey Establish a baseline in the first year, followed by an upward trend ††	Cyber security risk rating Annual information security assessment results are within Board approved pre-designated risk levels	Increase recruitment channels Increase by 25%	Leadership proficiency assessments Establish a baseline, followed by an upward trend
2017-18 Business Plan Initiatives	Alignment of asset liability management Employer contracting and collection reporting Redesign and enhance the actuarial valuation system	Investment risk management and performance attribution	Enhance capital allocation framework Enhance investment platform and controls	Stakeholder education on system risks & mitigation	Investment beliefs and environmental, social, and governance risk integration	Value-based insurance design: feasibility Site of care management Pharmacy benefit manager pilot Reference pricing expansion	Population health alignment with Let's Get Healthy California taskforce report dashboard Partner with health plans to engage in community activities	Statewide collaboration through Smart Care California Review and update shared savings accountable care organizations cost and quality targets Research and expand evidence-based medicine	CEM complexity score reduction Customer satisfaction - actionable feedback Improve pension benefit payments timeliness Implement digital communication strategy External manager monitoring, expectations, and reduction strategy	Develop lean business process improvement culture Reduce system costs and improve efficiencies Enhance business effectiveness, resource allocation, and efficiency of investment programs Investment program long-term planning	Data governance policies and procedures Increase enterprise-wide risk awareness Increase enterprise-wide compliance awareness	Enterprise business continuity project, phase II Information security roadmap	Develop and implement an expanded recruitment strategy Develop and administer team member engagement surveys Expand diversity program Emerging leader pilot program	Develop 2017-22 workforce plan Enterprise competencies
Legend					* Timeframe to achieve this target is greater than 5 years	** Low probability of a single year employer contribution rate increase of 5% of payroll for miscellaneous or 7% of payroll for safety	*** Decrease in the probability of employer contribution rates exceeding 35% of payroll for miscellaneous or 55% of payroll for safety	† Responses to survey question "I understand the risks inherent in the System and I am confident that CalPERS is taking steps to reduce the risks" will establish a baseline in the first year, followed by an upward trend in score for this question	†† Responses to the survey question "CalPERS has effective functions and programs to address compliance and risk" will establish a baseline in the first year, followed by an upward trend in score for this question	††† Responses to the survey question "I am aware of CalPERS' compliance and risk programs. I incorporate these functions into my daily work" will establish a baseline in the first year, followed by an upward trend in score for this question	CEM Cost Effectiveness Measurement pension administration benchmarking	1 Responses to survey question on employee engagement will establish a baseline in the first year, followed by an upward trend in score	+ Diversity Sample question: "CalPERS fosters a work environment that values individual differences and contributions"	