



Performance, Compensation &  
Talent Management Committee  
**Agenda Item 3b**

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September 19, 2017

**Item Name:** Correction to the 2017-18 Incentive Plan of the Chief Executive Officer

**Program:** Administration

**Item Type:** Action Consent

**Recommendation**

Approve the 2017-18 incentive plan of the Chief Executive Officer (CEO).

**Executive Summary**

An error was identified in one of the incentive metrics on the 2017-18 incentive plan of the CEO, which was approved by the Board of Administration (Board) in June 2017. The scoring criteria listed for the Customer Service incentive metric was listed incorrectly, and this item seeks approval of the corrected scoring criteria for that metric.

**Strategic Plan**

This agenda item supports the Talent Management goal of the 2017-22 Strategic Plan in promoting a high-performing and diverse workforce. The Executive Compensation Program provides a means for recruiting and retaining highly-skilled executives to the benefit of the CalPERS organization as a whole.

**Background**

In August 2016, the Board approved a Customer Service incentive metric, including related scoring criteria, for inclusion in the incentive plan of the CEO.

In June 2017, the Board approved the 2017-18 incentive plan of the CEO, which included the Customer Service metric. Following the Board's approval of the CEO's plan, it was discovered the scoring criteria listed for the Customer Service incentive metric was incorrectly listed and not that which was originally approved in August 2016.

**Analysis**

When the 2017-18 incentive plan of the CEO was presented and approved in June 2017, the scoring criteria listed for the Customer Service metric appeared with percentage thresholds which were inadvertently copied and pasted from the Stakeholder Engagement metric, ranging from <67 to 75 percent. These were not the Customer Service metric performance thresholds approved by the Board in August 2016. The scoring criteria approved by the Board for the Customer Service metric ranged from <88 to >95 percent. Attachment 1 reflects the correct and originally approved performance thresholds for the Customer Service incentive metric.

**Budget and Fiscal Impacts**

The cost of the incentive awards are funded from existing resources. There is no additional budget or fiscal impact related to the recommendations in this agenda item.

**Benefits and Risks**

Correction of the above-mentioned scoring criteria in the CEO's 2017-18 incentive plan ensures alignment with the Board's originally approved incentive metrics.

**Attachments**

Attachment 1 – Chief Executive Officer's 2017-18 incentive plan

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**Tina Campbell, Chief**  
Human Resources Division

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**Doug Hoffner**  
Deputy Executive Officer  
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