

2017-22 Strategic Plan | Business Plan Initiative Summary

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

EPR Second Quarter Report: Business Plan Initiatives Summary Dashboard

The CalPERS 2017-18 Business Plan encompasses 37 Business Plan Initiatives (Initiatives) that assist us towards achieving our strategic goals and objectives. The Business Plan Initiatives Summary Dashboard provides a brief synopsis of how all 37 Initiatives are performing for the second quarter (October 1, 2017 – December 31, 2017). Additional performance details can be found on the summary sheets for each Initiative.

Second Quarter Initiative Performance:

- 33 On-Target (Green)
- 2 At-Risk (Yellow)
- 1 Off-Target (Red)
- 1 Presented in Closed Session

The three initiatives which are At-Risk/Off-Target are listed below along with the root cause of each.

Business Plan Initiative	Root Cause
Implement digital communication strategy (At-Risk)	Customer Relationship Management solution requires collaboration of multiple business partners and additional resources before implementation.
Enterprise data management (At-Risk)	One of the tactics under deliverable 1 had an aggressive target date and was missed.
Enterprise core competencies (Off-Target)	One of the tactics under deliverable 2 had an aggressive target date delaying the completion date of the deliverable.

Progress Status Criteria for Business Plan Initiatives:

Progress on Business Plans initiatives is based on deliverables, tactics, and risks. The status criteria are listed below:

On-Target (Green):

- All deliverables and tactics will be completed by the due dates
- No risks have materialized
- Initiative will be completed by the established end date


At-Risk (Yellow):

- One or more tactics may not be completed by the due date – no impact to the deliverable due date
- Risks become issues and are being mitigated
- Initiative will be completed by the established end date

Off-Target (Red):

- Critical tactics have yellow indicators – deliverable will not be completed by the due date
- Issues cannot be mitigated
- Initiative may not be completed by the established due date

Enterprise Performance Reporting – Second Quarter Status CalPERS 2017-18 Business Plan Initiatives


 Fund Sustainability	End Date	Q1 Status	Q2 Status	Page Number
Alignment of Asset Liability Management	June 2018	▲	●	11
Employer Contracting and Collection Reporting	June 2018	●	●	12
Redesign and Enhance the Actuarial Valuation System	October 2018	●	●	14
Investment Risk Management and Performance Attribution	June 2020	●	●	16
Enhance Capital Allocation Framework	June 2020	●	●	17
Enhance Investment Platform and Controls	June 2020	●	●	18
Investment Program Long-Term Planning	June 2020	●	●	19
Stakeholder Education on System Risks and Mitigation	June 2018	●	●	20
Investment Beliefs and ESG Risk Integration	June 2020	▲	●	21


 Health Care Affordability	End Date	Q1 Status	Q2 Status	Page Number
Value-Based Insurance Design: Feasibility	June 2018	●	●	22
Site of Care Management	June 2022	●	●	23
Pharmacy Benefit Design Pilot	June 2019	●	●	24
Reference Pricing Expansion	June 2022	●	●	25
Population Health Alignment with <i>Let's Get Healthy California</i> Taskforce Report Dashboard	June 2022	●	●	26
Partner with Health Plans to Engage in Community Activities	June 2022	●	●	27
Statewide Collaboration Through <i>Smart Care California</i>	June 2022	●	●	28
Review and Update Shared Savings Accountable Care Organizations Cost and Quality Targets	June 2022	●	●	29

Status Key: On-Target ● At-Risk ▲ Off-Target ■

Enterprise Performance Reporting – Second Quarter Status CalPERS 2017-18 Business Plan Initiatives


Research and Expand Evidence-Based Medicine	June 2022	●	●	30
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 Reduce Complexity	End Date	Q1 Status	Q2 Status	Page Number
CEM Complexity Score Reduction	June 2018	●	●	31
Customer Satisfaction – Actionable Feedback	June 2018	●	●	33
Improve Pension Benefit Payments Timeliness	June 2018	●	●	35
Implement Digital Communication Strategy	June 2018	●	▲	5
External Manager Monitoring, Expectations, and Reduction Strategy	June 2020	●	●	37
Develop and Implement Continuous Process Improvement Framework	June 2019	●	●	38
Reduce System Costs and Improve Efficiencies	June 2018	●	●	39
Enhance Business Effectiveness, Resource Allocation, and Efficiency of Investment Programs	June 2020	●	●	41

 Risk Management	End Date	Q1 Status	Q2 Status	Page Number
Enterprise Data Management	June 2020	●	▲	7
Increase Enterprise-Wide Risk Awareness	June 2019	●	●	42
Increase Enterprise-Wide Compliance Awareness	June 2019	●	●	44
Enterprise Business Continuity Plan, Phase II	December 2018	●	●	46
Information Security Roadmap	June 2022	Closed Session	Closed Session	48

Status Key: On-Target ● At-Risk ▲ Off-Target ■

Enterprise Performance Reporting – Second Quarter Status CalPERS 2017-18 Business Plan Initiatives

 Talent Management	End Date	Q1 Status	Q2 Status	Page Number
Develop and Implement an Expanded Recruitment Strategy	June 2018	●	●	49
Develop and Administer Team Member Engagement Surveys	June 2018	●	●	51
Expand Diversity and Inclusion Program	June 2018	●	●	53
Emerging Leader Pilot Program	June 2020	●	●	54
Develop 2017-22 Workforce Plan	June 2018	●	●	56
Enterprise Core Competencies	June 2018	●	■	9

Status Key: On-Target ● At-Risk ▲ Off-Target ■

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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Simplify programs to improve service and/or reduce cost		
Initiative Title:	Implement Digital Communication Strategy	Owner:	Brad Pacheco
Description:	Enhance digital communications capabilities to support outreach and communication to members, employers, and other stakeholders	Start Date:	July 2016
		End Date:	June 2018
Intent:	The Digital Communications Strategic Plan is intended to modernize CalPERS communications and outreach to improve agility and maximize reach, response and reputation while increasing programmatic and operational efficiencies.		
Associated Strategic Measure(s)	Customer satisfaction		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Develop a prototype communications dashboard for business intelligence and customer relationship management integration, and benchmarks monitoring. (December 2017)	<p style="text-align: center;"></p> <p style="text-align: center;">See Root Cause Summary for Status Information.</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Research and propose customer relationship management (CRM) capacity software, to deliver enhanced customer service. (June 2018)	
<input type="checkbox"/>	New communications products based upon the three products pilot, which may include moving prototypes into actual digital publications for members, employers and/or other intended audiences. (June 2018)	
<input type="checkbox"/>	Revisit Communications & Stakeholder Relations (CSR) FY2016-17 benchmarks and prepare a new, updated 2018 CSR benchmarks baseline. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		

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Initiative Risk(s):

1. New resources for continuing initiatives may require additional time to on-board and provide context for current state and future state decision-making and implementation tasks.
2. Dashboard work request is subject to resource allocation of program areas outside of CSR.
3. CRM solution may be contingent upon a larger enterprise-wide investment in CRM.

Mitigation(s):

1. Each team has a documentation repository and an assigned Product Owner and scrummaster to help on-board.
2. The Dashboard Initiative Project Team is working now to get the work into the queue for FY2017-18.
3. Cross-divisional team project team stakeholder will be assisting in these larger enterprise considerations to manage the investment in CRM

Root Cause *(if At Risk or Off Track)*:

Our initial work on this project has established that a Customer Relationship Management solution requires the collaboration of multiple branches and divisions, including Public Affairs, Customer Services and Support and IT. It cannot be implemented until all the involved divisions create an overall working group and establish the necessary goals and objectives. It will also cost a significant amount of money to procure and implement. We will need to begin the process by first working through the Business Technology Project Planning Proposal process.

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RISK MANAGEMENT

Cultivate a risk-intelligent organization

Objective	Enhance compliance and risk functions throughout the enterprise				
Initiative Title:	Enterprise Data Management	Owner:	Charles Asubonten		
Description:	Create/enhance policies and processes to strengthen appropriately defined data-driven decisions, ensure intent is understood, and improve the consistency of data use across the enterprise which includes people, process, technology and culture dimensions	Start Date:	July 2017		
		End Date:	June 2020		
Intent:	This initiative will help drive change across people, process, technology, and culture dimensions to achieve the following objectives: <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <u>Value Statements</u> <ul style="list-style-type: none"> - Improve data consistency and integrity across organization - Improve enterprise transparency into data - Reduce complexity inherent in data silos - Provide data-driven insights and decision-making - Facilitate enterprise collaboration and data-sharing </td> <td style="vertical-align: top; padding-left: 20px;"> <u>Risk Statements</u> <ul style="list-style-type: none"> - Minimize the risk of reputational harm to the CalPERS brand - Minimize the risk of loss of trust in our information - Minimize the risk of poor communication and knowledge sharing - Minimize the risk of misuse of resources </td> </tr> </table>			<u>Value Statements</u> <ul style="list-style-type: none"> - Improve data consistency and integrity across organization - Improve enterprise transparency into data - Reduce complexity inherent in data silos - Provide data-driven insights and decision-making - Facilitate enterprise collaboration and data-sharing 	<u>Risk Statements</u> <ul style="list-style-type: none"> - Minimize the risk of reputational harm to the CalPERS brand - Minimize the risk of loss of trust in our information - Minimize the risk of poor communication and knowledge sharing - Minimize the risk of misuse of resources
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Associated Strategic Measure(s)	Aligned to overall Risk Management goal				

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Establish Enterprise Data Management governance which includes a Steering Committee, Committee Charter, and defining Enterprise Data Management governance roles (e.g., Data Owner and Data Steward). (December 2017)	 See Root Cause Summary for Status Information. Resources approved through the 2017-18 budget process: N/A
<input type="checkbox"/>	Create a common enterprise language through Enterprise-level Business Taxonomy, Data Dictionary and by building CalPERS master data discipline. (June 2018)	
<input type="checkbox"/>	Develop change management plans including Communication and Training Plans and model development for Data Management metrics. (June 2018)	

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<input type="checkbox"/>	Define and articulate a set of repeatable Data Management, Business Intelligence, and analytics-oriented set of services to be offered to CalPERS lines of business in a consistent, transparent, and predictable way. (December 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

1. Executive sponsorship is critical to the success of commitment and participation for this initiative.
2. Executive sponsorship is critical to the success of top-down communication of Enterprise Data Management as a business-oriented capability.
3. The risk of losing the Business Plan Initiative Owner.

Mitigation(s):

- Risk 1. Perform regular check-ins with Executive team for direction. Continue to monitor and track Data Management as an enterprise-level risk using the existing risk dashboard approach.
- Risk 2. Create a Communication Plan and execution of the plan with direction from Executive team. Develop and execute a Training Plan to instill awareness of Enterprise Data Management across the organization.
- Risk 3. Develop a Transition Plan to back-fill the Business Plan Initiative Owner

Root Cause (if At Risk or Off Track):

We have changed the approach to Data Management. We are doing a bottom up approach to review and develop taxonomy and the data dictionary. We are using the existing governance groups to govern the products such as the SLC. Therefore, we did not establish a separate Steering Committee and create a separate charter.

We focused our efforts on the taxonomy and data definitions and are still in progress of working on the definition of data steward and data owner. Workload was reprioritized due to the completion of the Comprehensive Annual Financial Report (CAFR). In addition, with the departure of the Business Partner owner, reorganization of workload requires moving the deliverable due date to June 2018.

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TALENT MANAGEMENT

Promote a high-performing and diverse workforce

Objective	Cultivate leadership competencies and develop succession plans across the enterprise		
Initiative Title:	Enterprise Core Competencies	Owner:	Doug Hoffner
Description:	Adopt competencies for team members that align with expected behaviors to promote a high performing and diverse workplace	Start Date:	July 2017
		End Date:	June 2018
Intent:	Establishes a core competency model linking team member performance to CalPERS mission and goals, provides business and talent strategy alignment, and strengthens our career development culture.		
Associated Strategic Measure(s)	Aligned to cultivate leadership competencies and develop succession plans across the enterprise objective		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Develop project scope and plan to develop and introduce core competency model. (September 2017)	<div style="text-align: center;">  See Root Cause Summary for Status Information. Resources approved through the 2017-18 budget process: N/A </div>
<input type="checkbox"/>	Establish a competency model, including competency definitions and key behavior indicators, for team members. (December 2017)	
<input type="checkbox"/>	Introduce team member competencies. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

CalPERS intends to adopt the CalHR Core Competency Model, and due to CalHR's recent intent to make modifications to the model, the December 2017 date for establishing the CalPERS model is being extended to 2/28/18. The June 2018 date for introduction to the enterprise still stands.

Mitigation(s):

Pending outcome of decision by 2/28/18, CalPERS will move ahead with a recommendation model for review by HRSD, the OPT DEO, and CalPERS CEO.

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Root Cause *(if At Risk or Off Track):*

Since changes to the CalHR model are in progress, we are on hold to make final decisions on the model. We expect to have further information by the end of February and will be able to proceed with the reviews at that time. This will not affect the scheduled completion date of 6/30/18.

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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Fund the System through an integrated view of pension assets and liabilities		
Initiative Title:	Alignment of Asset Liability Management	Owner:	Charles Asubonten
Description:	Incorporate elements of funding risk from both an asset and liability perspective to ensure the sustainability of the fund	Start Date:	July 2017
		End Date:	June 2018
Intent:	To provide an integrated view of pension assets and liabilities and actively assess and manage funding risk through the Asset Liability Management (ALM) framework in order to strengthen the long-term sustainability of the pension fund.		
Associated Strategic Measure(s)	Projected funded status		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Prepare and conduct ALM Workshop. (November 2017)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input checked="" type="checkbox"/>	Develop and implement an Annual Stakeholder Relations Update to share information on current risks and mitigation strategies with stakeholders. (December 2017)	
<input checked="" type="checkbox"/>	Present the experience study results and actuarial assumptions to the Board. (December 2017)	
<input type="checkbox"/>	Implement Strategic Asset Allocation Targets. (July 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Fund the System through an integrated view of pension assets and liabilities		
Initiative Title:	Employer Contracting and Collection Reporting	Owner:	Charles Asubonten
Description:	Develop and implement a report for identifying agency collection issues and contract terminations	Start Date:	July 2017
		End Date:	June 2018
Intent:	Provide the Finance and Administration Committee with an assessment of employer financial health.		
Associated Strategic Measure(s)	Projected funded status		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Develop a delinquency report to monitor employer's financial health. (February 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Develop a report to track employer terminations for presentation to the Finance and Administration Committee in June. (May 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

1. Resource constraints due to competing division priorities.
2. Technology limitations to access required information, data quality, or data availability problems.
3. Unclear communication for team members.

Mitigation(s):

1. Identify and commit the resources needed for the specific risk mitigation alternatives.
2. Identify methods and tools for each major risk associated with technology limitations, data availability and data quality.

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3. Communicate planning to team members for implementation and communication.

Root Cause (if At Risk or Off Track):

N/A

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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Fund the System through an integrated view of pension assets and liabilities		
Initiative Title:	Redesign and Enhance the Actuarial Valuation System	Owner:	Scott Terando
Description:	Redesign and enhance the Actuarial Valuation System to increase capabilities, streamline processes, and create a more flexible and scalable valuation system	Start Date:	July 2016
		End Date:	October 2018
Intent:	To deliver a flexible and scalable solution that supports the business operation of the Actuarial Office (ACTO) in ensuring the ability for CalPERS to support strategic objectives, business goals, and meet its pension obligations. The existing system presents challenges in terms of support, functionality, and flexibility. The replacement system will address each of these concerns. The future solution will be developed and supported by CalPERS staff and will include improved valuation processing times and added functionality.		
Associated Strategic Measure(s)	Projected funded status		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Establish Development and Test Environments. (December 2017)	 Resources approved through the 2017-18 budget process: \$3,931,000
<input checked="" type="checkbox"/>	Establish the User Interface (UI) (Staff interaction with all system functionality). (December 2017)	
<input type="checkbox"/>	Configure Development and Test Environments (February 2018)	
<input type="checkbox"/>	Establish the Actuarial Valuation System redesign and enhance the core to calculate and produce employer valuations. (October 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

Resources 1: If ACTO subject matter experts are not reassigned to focus on the project, then project activities may be delayed, causing impacts to the project budget and schedule.

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Resources 2: If IT resources are not available to develop the new application, modify the extract and convert data, then project activities may be delayed, causing impacts to the project budget and schedule.

Environment: If database structures between Actuarial Valuation System Redesign (AVSRE) and my|CalPERS are not realigned, numerous manual interventions will continue to be required, impacting staff workload and process efficiency.

Mitigation(s):

Resources 1:

- Look at hiring consultants to backfill staff needed to participate on the project.
- Coordinate ACTO staff scheduling to ensure that appropriate staff is available when necessary.

Resources 2:

- Identify additional IT resources via temporary loans for specific activities.
- Hire consultant resources for activities specific to the development of the application, to modify the extract process, and handle the data conversion.

Environment:

- Work with my|CalPERS staff to improve the extract process and deliver cleaner data to the AVSRE system.
- Align the AVSRE data model with the myCalPERS data model wherever possible.
- Leverage the Functional Optimization Project to upgrade the my|CalPERS system.

Root Cause (if At Risk or Off Track):

N/A

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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Mitigate the risk of significant investment loss		
Initiative Title:	Investment Risk Management and Performance Attribution	Owner:	Ted Eliopoulos
Description:	Build effective investment risk and performance attribution review and decision processes within and across asset classes to ensure risks are fully understood, intended, and compensated	Start Date:	July 2015
		End Date:	June 2020
Intent:	To ensure our investment activities are supported by a solid platform of effective risk management and performance attribution processes.		
Associated Strategic Measure(s)	1-year total expected fund volatility		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Performance Platform Review. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Risk Function Business Design. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Deliver target risk-adjusted investment returns		
Initiative Title:	Enhance Capital Allocation Framework	Owner:	Ted Eliopoulos
Description:	Enhance the Capital Allocation framework through improved risk factor modeling and greater understanding and ownership of trust-level investment risk and performance	Start Date:	July 2015
		End Date:	June 2020
Intent:	Manage the CalPERS investment portfolio in a cost effective, transparent, and risk-aware manner in order to generate returns to pay benefits.		
Associated Strategic Measure(s)	Annualized (5-year) excess investment returns relative to Total Fund policy benchmark		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Total Fund Currency Strategy. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Growth Allocation Implementation (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Deliver target risk-adjusted investment returns		
Initiative Title:	Enhance Investment Platform and Controls	Owner:	Ted Eliopoulos
Description:	Enhance the investment platform and internal controls environment to achieve optimum efficiency	Start Date:	July 2015
		End Date:	June 2020
Intent:	To ensure our investment and business activities are supported by a solid platform of effective risk management and controls.		
Associated Strategic Measure(s)	Annualized (5-year) excess investment returns relative to Total Fund policy benchmark		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Broker Selection and Evaluation Review. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Investment Data Strategy. (June 2018)	
<input type="checkbox"/>	Trade Controls – Design & Implementation. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Deliver target risk-adjusted investment returns		
Initiative Title:	Investment Program Long-Term Planning	Owner:	Ted Eliopoulos
Description:	Explore long-term planning considerations including private assets business model, talent management, and office locations	Start Date:	July 2016
		End Date:	June 2020
Intent:	To improve long-term pension and health benefit sustainability.		
Associated Strategic Measure(s)	Annualized (5-year) excess investment returns relative to Total Fund policy benchmark		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Deliver a board presentation on the long-term vision for the management of the CalPERS Investment portfolio. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Private Markets Business Model Design. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track):*

N/A

2017-22 Strategic Plan | 2017-18 Business Plan Initiative Summary (as of 12/31/17)

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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Educate employers, members, and stakeholders on system risks and mitigation strategies		
Initiative Title:	Stakeholder Education on System Risks and Mitigation	Owner:	Brad Pacheco
Description:	Identify, develop, and implement training, education, and outreach opportunities to educate members, employers, and stakeholders on system risks, mitigation strategies, and compliance enhancements	Start Date:	July 2017
		End Date:	June 2018
Intent:	Provide training, education, and outreach opportunities to our stakeholders and constituencies to enhance understanding of actions and policies that impact our retirement, health, and investment programs.		
Associated Strategic Measure(s)	Stakeholder assessment survey – Risk		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Provide education to senior level employer audiences at 2017 Educational Forum. (October 2017)	<div style="font-size: 2em; color: green; margin-bottom: 10px;">●</div> <p>Resources approved through the 2017-18 budget process:</p> <p style="font-size: 1.5em; margin-top: 10px;">N/A</p>
<input checked="" type="checkbox"/>	Develop and implement webinars to educate stakeholders on System risks, costs, and mitigation efforts. (December 2017)	
<input type="checkbox"/>	Develop a handbook for elected officials to provide education and guidance on CalPERS retirement, health and investment program. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Integrate environmental, social, and governance considerations into investment decision making		
Initiative Title:	Investment Beliefs and Environmental, Social, and Governance (ESG) Risk Integration	Owner:	Ted Eliopoulos
Description:	Develop a framework for the integration of CalPERS Investment Beliefs and ESG risk considerations into the investment decision-making process	Start Date:	July 2015
		End Date:	June 2020
Intent:	To integrate ESG considerations in to the investment decision-making process to strengthen the long-term sustainability of the pension fund.		
Associated Strategic Measure(s)	Investment managers policies and procedures for ESG factor integration		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Diversity & Inclusion Talent Management Engagement & Recruitment. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Diversity and Inclusion (Board Diversity). (June 2018)	
<input type="checkbox"/>	UN PRI Montreal Pledge Company Engagement. (June 2018)	
<input type="checkbox"/>	Sustainable Investment Research. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

Objective	Restructure benefit design to promote high-value health care		
Initiative Title:	Value-Based Insurance Design: Feasibility	Owner:	Liana Bailey-Crimmins
Description:	Research and develop health benefit design strategies to improve member health, and value of care, while decreasing costs in Preferred Provider Organization (PPO) plans	Start Date:	July 2017
		End Date:	June 2018
Intent:	This initiative is intended to contain the overall employer and employee health benefit premium increases by: promoting access to and use of higher value providers, treatments, and services; reducing use of low value care; and improving health outcomes for members over the long term.		
Associated Strategic Measure(s)	Rating of health care; health care cost annual increase		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Develop definitions for high-value and low-value care to be presented to the Pension & Health Benefits Committee and used to design a VBID program. (December 2017)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input checked="" type="checkbox"/>	Conduct a feasibility study of Value-Based Insurance Design that looks at consumer and provider approaches to VBID. (December 2017)	
<input type="checkbox"/>	Identify VBID strategies to implement 1/1/19 for PPO health plans and present as an agenda item to the Stakeholders and Pension & Health Benefits Committee. (June 2018)	

Initiative Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

Objective	Restructure benefit design to promote high-value health care		
Initiative Title:	Site of Care Management	Owner:	Liana Bailey-Crimmins
Description:	Leverage current Integrated Health Care and Population Health delivery models to contain health care costs in PPO plans for possible expansion to Health Maintenance Organizations	Start Date:	July 2017
		End Date:	June 2022
Intent:	This initiative is intended to reduce health care expenditures for both members and the CalPERS health plans by steering members to lower cost sites of care when medically appropriate.		
Associated Strategic Measure(s)	Access to care		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
☒	Design and implement site of care benefit design for PPO plans and present as an agenda item to Stakeholders and Pension & Health Benefits Committee. (December 2017)	●
☒	Expand Value Based Purchasing Design (VBPD) benefit for use of Ambulatory Surgery Centers (ASCs) and present as an agenda item to Stakeholders and Pension & Health Benefits Committee. (January 2018)	Resources approved through the 2017-18 budget process: N/A

Initiative Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

Objective	Restructure benefit design to promote high-value health care		
Initiative Title:	Pharmacy Benefit Design Pilot	Owner:	Liana Bailey-Crimmins
Description:	Develop and implement strategies to align our pharmacy benefit manager with our reference pricing model	Start Date:	July 2017
		End Date:	January 2019
Intent:	This initiative is intended to reduce prescription drug expenditures for both members and the CalPERS health plans by guiding members to lower cost therapeutic equivalent drugs, redefining drug tiering structure based on drug prices, and modifying prescription drug copayment structure.		
Associated Strategic Measure(s)	Health care cost annual increase		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Develop reference pricing strategy for selected drug therapeutic classifications and present as an agenda item to the Stakeholders and Pension & Health Benefits Committee. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Redefine drug tiering structure and present as an agenda item to the Stakeholders and Pension & Health Benefits Committee. (June 2018)	
<input type="checkbox"/>	Implement reference pricing strategy for selected drug therapeutic classifications for health plans with pharmacy benefits managed by CalPERS Pharmacy Benefit Manager. (January 2019)	
<input type="checkbox"/>	Implement redefined drug tiering structure. (January 2019)	

Initiative Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

Objective	Restructure benefit design to promote high-value health care		
Initiative Title:	Reference Pricing Expansion	Owner:	Liana Bailey-Crimmins
Description:	Leverage existing efforts to reduce health care costs by expanding the use of reference pricing for routine non-emergency procedures with price variation in the PPOs	Start Date:	July 2017
		End Date:	June 2022
Intent:	This initiative is intended to reduce the overall cost of health care for CalPERS members and employers as part of our goal to make health care affordable.		
Associated Strategic Measure(s)	Health care cost annual increase		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Develop more reference pricing programs for the Preferred Provider Organization (PPO) health plans for 1/1/19 implementation and present as an agenda item to the Stakeholders and Pension & Health Benefits Committee. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Implement reference pricing programs for the PPO health plans for 1/1/19. (January 2019)	

Initiative Risk(s):

Potential limitation on the number of Centers of Excellence facilities available in the PPO network to adequately administer reference priced benefit for all PPO members..

Mitigation(s):

Identify medical procedures that would have Center of Excellence facilities available statewide. Provide a travel benefit for members who don't have access to a Center of Excellence.

Root Cause *(if At Risk or Off Track):*

N/A

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HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

Objective	Improve the health status of our employees, members, and their families, and the communities where they live		
Initiative Title:	Population Health Alignment with Let's Get Healthy California Taskforce Report Dashboard	Owner:	Liana Bailey-Crimmins
Description:	Provide employers with aggregate health care data to identify major health care costs and enhance Population Health Management	Start Date:	July 2017
		End Date:	June 2022
Intent:	Educate stakeholders about the Population Health of the CalPERS Health Program pool and work to align pertinent information with the Let's Get Healthy California dashboard. By identifying and focusing on specific population health indicators, we can improve the overall health status.		
Associated Strategic Measure(s)	Adult obesity; adult diabetes; diabetes self-management; mental health and well being; self-reported overall health status		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Population Health Management report exploring the Let's Get Healthy California dashboard and how it aligns with existing CalPERS strategies and programs. (June 2018)	 Resources approved through the 2017-18 budget process: N/A

Initiative Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

Objective	Improve the health status of our employees, members, and their families, and the communities where they live		
Initiative Title:	Partner with Health Plans to Engage in Community Activities	Owner:	Liana Bailey-Crimmins
Description:	Collaborate with health plans to positively impact the health of our members by engaging in community activities which create a culture of good health	Start Date:	July 2017
		End Date:	June 2022
Intent:	Engage at the community level to positively impact the health of members where they live or work.		
Associated Strategic Measure(s)	Self-reported overall health status		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Develop calendar and schedule of existing health plan community outreach efforts for 2017. (November 2017)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input checked="" type="checkbox"/>	Develop assessment summary document of 2017 health plan community outreach calendar and schedule. (December 2017)	
<input checked="" type="checkbox"/>	Develop the 2018 health plan community outreach calendar. (December 2017)	
<input type="checkbox"/>	Actively participate in 1-2 health plan events. (June 2018)	

Initiative Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

Objective	Reduce the overuse of ineffective or unnecessary medical care		
Initiative Title:	Statewide Collaboration through Smart Care California	Owner:	Liana Bailey-Crimmins
Description:	Partner with Covered California and Department of Health Care Services through the Smart Care California coalition to promote safe, affordable care in the areas of opioid use, Cesarean sections, and spinal/back disorders	Start Date:	July 2017
		End Date:	June 2022
Intent:	This initiative is intended to reduce barriers to health care access and coordination of care which will improve health outcomes for members over the long term. By reducing use of low value services, this program will reduce health care expenditures for both members and the health plans.		
Associated Strategic Measure(s)	Opioid – dose; opioid - duration; C-section rate		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Collaborate with Smart Care California partners to develop strategies that prevent progression of acute Low Back Pain (LBP) to chronic pain and disability. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Collaborate with health plan partners to implement LBP strategies among CalPERS health plans. (December 2018)	
<input type="checkbox"/>	Provide annual report to Pension and Health Benefits Committee on Smart Care progress. (annually in May, 2018-2022)	

Initiative Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

Objective	Reduce the overuse of ineffective or unnecessary medical care		
Initiative Title:	Review and Update Shared Savings Accountable Care Organizations Cost and Quality Targets	Owner:	Liana Bailey-Crimmins
Description:	Research, analyze, and update shared savings cost and quality targets and expand the use of evidence-based medicine in improving outcomes while decreasing costs	Start Date:	July 2017
		End Date:	June 2022
Intent:	CalPERS health plan carriers contain several shared savings agreements with providers for which quality and total cost of care lacks assessment. Evaluation of these arrangements will improve understanding of alternative payment models in integrated health management systems.		
Associated Strategic Measure(s)	Aligned to overall Health Care Affordability goal		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Integrated health management evaluation (IHM) framework report. (December 2017)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Summary report of IHM patient experience survey data. (June 2018)	

Initiative Risk(s):

Surveys can yield low response rates. Historically, the CalPERS annual member survey have completion rates varying between 20 to 30% among the commercial plans. We anticipate similar response rates as the IHM member experience survey will be deployed in parallel with the annual member survey.

Mitigation(s):

Our vendor, DSS Research, is a Center for Medicare Medicaid Services-approved Consumer Assessments for Healthcare Providers and Systems (CAHPS) for Accountable Care Organizations survey vendor. Nearly 20 years as an experienced major research supplier for CAHPS programs, they are well equipped to ensure the required contacts are made with the member for survey completion.

Root Cause *(if At Risk or Off Track):*

N/A

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HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

Objective	Reduce the overuse of ineffective or unnecessary medicine		
Initiative Title:	Research and Expand Evidence-Based Medicine	Owner:	Liana Bailey-Crimmins
Description:	Apply outcome-based medical strategies to provide affordable and high value care	Start Date:	July 2017
		End Date:	June 2022
Intent:	Using only the strongest evidence to inform medical practice will improve member health and reduce the cost of care.		
Associated Strategic Measure(s)	Hospital readmissions		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	An internal report that summarizes CalPERS health plan and national approaches to implement evidence based medicine into clinical practice and makes recommendations about strategies moving forward. (June 2018)	 Resources approved through the 2017-18 budget process: N/A

Initiative Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Simplify programs to improve service and/or reduce cost		
Initiative Title:	CEM Complexity Score Reduction	Owner:	Donna Lum
Description:	Assess current complexity score and identify target areas of complexity reduction	Start Date:	July 2017
		End Date:	June 2018
Intent:	To assess and identify opportunities to reduce complexity in our business processes in an effort to gain efficiency in the services we provide to our members and business partners and reduces our overall CEM Complexity Score.		
Associated Strategic Measure(s)	CEM (pension administration) complexity score		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Report on recommendations for two to three targeted initiatives for reducing complexity. (October 2017)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Implement consistent data collection and reporting methodology to ensure accurate responses to CEM’s annual benchmarking survey. (June 2018)	
<input type="checkbox"/>	Complete legislative proposal development for targeted activities. (June 2018)	
<input type="checkbox"/>	Approval to initiate development of implementation plan for identified activities. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

Successful completion of some deliverables relies on dependencies in business areas outside of Customer Services and Support (CSS). Resource or other constraints within a critical linkage area represents a risk to successful completion.

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Deliverable 3 involves the completion of legislative proposals. The nature of the legislative proposal process presents a risk to successful completion, as proposals may be halted at multiple steps of the process due to a directive from executives or the Board. Changing political environments and stakeholder responses may also affect the progress of a legislative proposal.

Mitigation(s):

CSS has established collaborative partnerships with the identified critical linkage areas for this workload. We have included mitigation strategies in our planning for this initiative, including developing critical time frames for completion and review periods and a communication plan to ensure other business areas are notified of the priority level of the workload. We will closely monitor tactic completion and act to mitigate any materializing risks as they emerge.

CSS works closely with the Legislative Affairs Division to analyze and prepare for risks to legislative proposals.

Root Cause (if At Risk or Off Track):

N/A

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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Simplify programs to improve service and/or reduce cost		
Initiative Title:	Customer Satisfaction – Actionable Feedback	Owner:	Donna Lum
Description:	Identify actionable feedback from customer satisfaction surveys and implement systems to monitor and facilitate reasonable improvements to enhance customer service	Start Date:	July 2017
		End Date:	June 2018
Intent:	Implementing an actionable feedback process supports our commitment to improve customer satisfaction and enhance the customer experience. Developing a systematic approach to address customer feedback allows us to gain a greater understanding of the usefulness and effectiveness of our business processes as well as our customers' satisfaction with the services we provide. Taking action on satisfaction data through surveys allows us to utilize the full value of customer feedback and increases our flexibility and responsiveness to their needs.		
Associated Strategic Measure(s)	Customer satisfaction		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Establish systems and processes to analyze actionable feedback for Customer Services and Support (CSS) program areas. (September 2017)	<p>Resources approved through the 2017-18 budget process:</p> <p>N/A</p>
<input type="checkbox"/>	Implement quarterly reports on actionable feedback trends and resolutions to CSS senior leadership. (March 2018)	
<input type="checkbox"/>	Develop a plan for ongoing governance process for CSS survey development and administration. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

Successful completion of some deliverables relies on dependencies in business areas outside of CSS. Resource or other constraints within a critical linkage area represents a risk to successful completion.

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Mitigation(s):

CSS has established collaborative partnerships with the identified critical linkage areas for this workload. We have included mitigation strategies in our planning for this initiative, including developing critical time frames for completion and review periods and a communication plan to ensure other business areas are notified of the priority level of the workload. We will closely monitor tactic completion and act to mitigate any materializing risks as they emerge.

Root Cause (if At Risk or Off Track):

N/A

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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Simplify programs to improve service and/or reduce cost		
Initiative Title:	Improve Pension Benefit Payments Timeliness	Owner:	Donna Lum
Description:	Identify current issues impacting benefit payment timeliness and mitigate constraints to increase service levels more consistently toward the goal or accept the current level of service	Start Date:	July 2017
		End Date:	June 2018
Intent:	Evaluate opportunities to further increase the timeliness of pension benefit payments to implement improvements or confirm the acceptability of performing within current service level agreements.		
Associated Strategic Measure(s)	Benefit payment timeliness		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Develop framework documentation for each pension benefit payment type analysis. (October 2017)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Develop individual recommendations for the five pension benefit types. (March 2018)	
<input type="checkbox"/>	Develop a plan to increase performance in pension benefit payments or accept current service targets. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

Resource constraints exist within some areas of the two divisions involved in this initiative. If a critical core workload need developed, project team members involved on production teams may be limited in their ability to participate actively on this initiative.

Mitigation(s):

Customer Services and Support leadership will prioritize this activity appropriately, carefully select project team members, and verify internal controls will ensure minimal impact to core workload.

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Root Cause (if At Risk or Off Track):

N/A

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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Simplify programs to improve service and/or reduce cost		
Initiative Title:	External Manager Monitoring, Expectations, and Reduction Strategy	Owner:	Ted Eliopoulos
Description:	Develop enhanced governance and protocols to improve efficiencies and controls in assessing and engaging external managers and migrating additional asset types in house	Start Date:	July 2016
		End Date:	June 2020
Intent:	Identify the most strategic partners through enhanced governance and protocols in assessing and engaging external managers to reduce complexity and simply program(s) to reduce cost.		
Associated Strategic Measure(s)	External investment manager reduction strategy		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Implement External Manager Monitoring Evaluation Program - Phase I. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Transfer Manager Expectations (ESG). (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective		Streamline operations to gain efficiencies improve productivity, and reduce costs	
Initiative Title:	Develop and implement continuous process improvement framework	Owner:	Doug Hoffner
Description:	Develop and implement a framework to identify and support continuous process improvement opportunities that increase efficiency and reduce complexity throughout the enterprise	Start Date:	July 2017
		End Date:	June 2019
Intent:	As a complex agency our goal is to develop a culture of continuous business process improvement by empowering our team members with a common methodology to define our processes, identify opportunities to increase efficiency and reduce complexity, and ensure we provide the most value to our customers.		
Associated Strategic Measure(s)	CEM cost per member; total overhead cost		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Establish Cultural Framework. (October 2017)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input checked="" type="checkbox"/>	Develop and implement program infrastructure. (December 2017)	
<input checked="" type="checkbox"/>	Develop Enterprise Training Plan. (December 2017)	
<input type="checkbox"/>	Develop and Implement Communication Plan (March 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A

2017-22 Strategic Plan | 2017-18 Business Plan Initiative Summary (as of 12/31/17)

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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Streamline operations to gain efficiencies, improve productivity, and reduce cost		
Initiative Title:	Reduce System Costs and Improve Efficiencies	Owner:	Charles Asubonten
Description:	Identify cost drivers and assess enterprise-wide cost savings for proposed areas of improvement to reduce costs and improve efficiencies to the System	Start Date:	July 2017
		End Date:	June 2018
Intent:	Reducing system costs and improving efficiencies will support the sustainability of the retirement and health system and demonstrate CalPERS' continued commitment to its fiduciary responsibility.		
Associated Strategic Measure(s)	Total overhead cost; CEM-cost per member		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Gather, validate, and assess cost drivers. (February 2018)	<p style="text-align: center;"> Resources approved through the 2017-18 budget process: N/A </p>
<input type="checkbox"/>	Report on findings of the identified cost drivers and prepare a baseline report. (June 2018)	
<input type="checkbox"/>	Communicate baseline report to senior leadership. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

- Not properly identifying the appropriate methodology for determining baseline data.
- Timing of the benchmark data.
- Fill key leader position.

Mitigation(s):

- Create workgroup to identify the methodology for baseline data.
- Document desk procedures and process documents.

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- Timely submission of data to CEM Vendor.

Root Cause (if At Risk or Off Track):

N/A

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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective		Streamline operations to gain efficiencies improve productivity, and reduce costs	
Initiative Title:	Enhance Business Effectiveness, Resource Allocation, and Efficiency of Investment Programs	Owner:	Ted Eliopoulos
Description:	Enhance cost effectiveness, resource allocation, and efficiency of the investment program to increase net returns on assets	Start Date:	July 2015
		End Date:	June 2020
Intent:	Manage the CalPERS investment portfolio in a cost effective, transparent, and risk-aware manner in order to generate returns to pay benefits.		
Associated Strategic Measure(s)	5-year net value added		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Implement Global Investment Performance Standards (GIPS). (February 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Assembly Bill 2833 Report Implementation. (June 2018)	
<input type="checkbox"/>	Tobacco Divestments Execution for Affiliate Funds. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track):*

N/A

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RISK MANAGEMENT

Cultivate a risk-intelligent organization

Objective	Enhance compliance and risk functions throughout the enterprise		
Initiative Title:	Increase Enterprise-Wide Risk Awareness	Owner:	Charles Asubonten
Description:	Develop enterprise-wide risk communication and training plans to increase risk awareness, and strengthen and expand risk capabilities	Start Date:	July 2017
		End Date:	June 2019
Intent:	To enhance and mature risk functions throughout the enterprise by developing and implementing communication and training programs intended to cultivate a more risk-intelligent organization in alignment with the Strategic Plan Risk Management goal.		
Associated Strategic Measure(s)	Risk & compliance program maturity assessment; Risk & compliance employee awareness survey		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Initiate Enterprise Risk Training Plan, including modules for CalPERS' new employees and Internal Controls for the Compliance and Risk Liaisons. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Using the stakeholder assessment survey, establish baseline to assess stakeholder awareness of CalPERS' risk programs. (June 2018)	
<input type="checkbox"/>	Establish baseline for the employee survey (June 2018)	
<input type="checkbox"/>	Create an Enterprise Risk Management Division (ERMD) Communication Plan to inform CalPERS team members on Enterprise Risk Management services, tools, and training. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

Some of the potential risks are maturity and acceptance of Enterprise Risk Management (ERM) framework, changes to organizational governance as well as limited resources and competing priorities.

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Mitigation(s):

Enhance ERM framework, implement training and communication plan. Foster staff professional growth and development to maintain acceptable staffing levels and continue building positive relationships across the enterprise

Root Cause (if At Risk or Off Track):

N/A

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RISK MANAGEMENT

Cultivate a risk-intelligent organization

Objective	Enhance compliance and risk functions throughout the enterprise		
Initiative Title:	Increase Enterprise-Wide Compliance Awareness	Owner:	Marlene Timberlake D'Adamo
Description:	Develop compliance communication and training plans to increase awareness throughout the enterprise	Start Date:	July 2017
		End Date:	June 2019
Intent:	The purpose of the Enterprise Compliance Plan is to ensure that CalPERS strives to maintain compliance with the letter and spirit of all applicable laws, regulations and policies in partnership with program areas.		
Associated Strategic Measure(s)	Risk & compliance program maturity assessment; Risk & compliance employee awareness survey; Stakeholder assessment survey - compliance		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Create and implement an internal compliance and ethics communication plan for FY 2017-18 to increase awareness of the compliance program throughout the enterprise. (June 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Create and implement an external compliance and ethics communication plan for FY 2017-18 to create awareness of CalPERS' compliance functions and programs among our members and stakeholders. (June 2018)	
<input type="checkbox"/>	Enhance compliance and ethics education by developing and implementing a compliance and ethics training plan for FY 2017-18 that combines web-based and instructor-led formats. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

- Obtaining funding for web-based training.
- Unable to gain buy-in from other program areas for communications plans and training plan.

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Mitigation(s):

- Some intended web-based training may need to be conducted as instructor-led training.
- Roll out the strategy to governance committees in order to educate and gain buy-in from leadership.

Root Cause *(if At Risk or Off Track)*:

N/A

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RISK MANAGEMENT

Cultivate a risk-intelligent organization

Objective	Continue to evolve cyber security program		
Initiative Title:	Enterprise Business Continuity Plan, Phase II	Owner:	Doug Hoffner
Description:	Develop a comprehensive Enterprise Business Continuity Plan that identifies operational needs, business functions, procedures and applications needed for all business operations beginning 31-days post disaster through full resumption	Start Date:	July 2017
		End Date:	December 2018
Intent:	Design comprehensive and functional Business Continuity Plans to ensure that CalPERS is prepared to resume business operations post-disaster by identifying resources and system requirements to restore critical and non-critical business operations to reduce risk to the organization in an emergency.		
Associated Strategic Measure(s)	Aligned to overall Risk Management goal		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Business Continuity Consultant Onboarding (Familiarize consultant with previously completed plans and materials needed for critical business functions in the 30 day period post-disaster). (October 2017)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">\$250,000</p>
<input type="checkbox"/>	Complete Phase II - update of all division Business Continuity Plans. (April 2018)	
<input type="checkbox"/>	Update ITSB Gap Analysis that identifies the gaps between the program areas' requests and Information Technology Services Branch's capabilities. (August 2018)	
<input type="checkbox"/>	Update Master Enterprise Business Continuity Plan, which will include the updated Enterprise Business Processes and Critical Systems spreadsheet, a calendar identifying the "time of year" sensitive processes, and Integrated Key Process Plans. (November 2018)	
<input type="checkbox"/>	Develop operational procedures in the event CalPERS' Headquarters is uninhabitable for longer than six months. (December 2018)	
<input type="checkbox"/>		

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Initiative Risk(s):

1. Program areas – missed deadlines and failure to identify all critical processes and/or applications.
2. Consultant – failure by consultant to provide deliverables by the deadlines.
3. OSSD staffing – Loss of key personnel in Emergency Management and Administrative Unit (EMAU).

Mitigation(s):

1. Work closely with the program areas to make sure their deliverables are met by the due dates. EMAU will provide orientation training for program area Business Continuity representatives to ensure they have the knowledge and resources to effectively update their plans.
2. Receive frequent progress reports to ensure consultants are on track to complete deliverables.
3. Facilitate knowledge transfer amongst EMAU staff.

Root Cause (if At Risk or Off Track):

N/A

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Reported in Closed Session

RISK MANAGEMENT

Cultivate a risk-intelligent organization

Objective	Continue to evolve cyber security program		
Initiative Title:	Information Security Roadmap	Owner:	Doug Hoffner
Description:	Advance the cyber security strategy and roadmap to mitigate cyber security risks	Start Date:	July 2017
		End Date:	June 2022
Intent:	This initiative moves from the technology implementation focus of the 2011 Security Roadmap, which built our Defense in Depth foundation, to include people and processes. This initiative will build a 5-Year Security Roadmap, emphasizing processes and security awareness while increasing operational efficiency and leveraging the proper technology of our defense in depth foundation. This focus will increase our ability to respond to and identify new threats, increase awareness, and adopt adaptable processes.		
Associated Strategic Measure(s)	Composite security health score within range		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status (select one):
<input type="checkbox"/>	Information to be provided in closed session.	Information to be provided in closed session. Resources approved through the 2017-18 budget process: N/A

Initiative Risk(s):

Information to be provided in closed session.

Mitigation(s):

Information to be provided in closed session.

Root Cause *(if At Risk or Off Track)*:

Information to be provided in closed session.

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TALENT MANAGEMENT

Promote a high-performing and diverse workforce

Objective	Recruit and empower a broad range of talents to meet organization priorities		
Initiative Title:	Develop and Implement an Expanded Recruitment Strategy	Owner:	Doug Hoffner
Description:	Develop and implement a plan to increase the number of channels used to broadcast open positions	Start Date:	July 2017
		End Date:	June 2018
Intent:	Ensure that CalPERS' recruitment and outreach efforts maximize opportunities to connect with potential candidates.		
Associated Strategic Measure(s)	Increase diverse recruitment channels		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Develop a comprehensive recruitment strategy to engage veteran organizations and assist veteran applicants in the hiring process. (June 2018)	<p style="text-align: center;">  Resources approved through the 2017-18 budget process: N/A </p>
<input type="checkbox"/>	Develop a comprehensive strategy to engage utilized LinkedIn capabilities to source qualified candidates. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

1. Class Consolidation would impact Deliverable 1 because any current classifications identified matching veteran skill-sets may be impacted by CalHR's ongoing class consolidation project implementation – IT Class Consolidation was adopted by SPB on January 11, 2018 and will be effective on January 31, 2018. We will need to update our classification matching document for veterans.

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2. Reduction in funding for LinkedIn Recruiter seats would impact Deliverable 2 with a diminished outreach, smaller pool of qualified candidates, and increased use of search firms for specialized positions.

Mitigation(s):

1. Revise position matching to accommodate new classification structures.
2. Consolidate Recruiter seat efforts to accommodate reduced funding.

Root Cause (if At Risk or Off Track):

N/A

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TALENT MANAGEMENT

Promote a high-performing and diverse workforce

Objective	Recruit and empower a broad range of talents to meet organization priorities		
Initiative Title:	Develop and Administer Team Member Engagement Surveys	Owner:	Doug Hoffner
Description:	Develop a plan and implement a new engagement survey(s) to continually improve our culture and preserve our reputation as a destination employer	Start Date:	July 2017
		End Date:	June 2018
Intent:	Preserve our culture and reputation as a destination employer by continually seeking to understand the level of engagement across the enterprise and respond accordingly.		
Associated Strategic Measure(s)	Employee engagement survey		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Develop a plan to administer a customized annual engagement survey, which includes pulse check mechanisms and a process to analyze outcomes. (July 2017)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Develop a plan to address key drivers of engagement based on results of the annual engagement survey and the McLean Leadership Index (MLI) pulse checks. (January 2018)	
<input type="checkbox"/>	Implement improvement efforts to address priority engagement drivers identified through the survey results. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

1. Low survey response rate will result in incomplete picture of engagement and drivers impacting the score and the inability to appropriately address true areas of concern.
2. Competing enterprise priorities may delay the release of the survey and subsequent action.

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Mitigation(s):

1. Ensure a detailed communication plan includes the benefits and compelling reasons to participate and be part of the change or eventual action.
2. Release the survey at an appropriate time allowing sufficient time to work around competing priorities and engage executive sponsorship to promote a collaborative effort regarding actions to be taken based on survey results.

Root Cause *(if At Risk or Off Track):*

N/A

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TALENT MANAGEMENT

Promote a high-performing and diverse workforce

Objective	Recruit and empower a broad range of talents to meet organization priorities		
Initiative Title:	Expand Diversity and Inclusion Program	Owner:	Brad Pacheco
Description:	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	Start Date:	July 2016
		End Date:	June 2018
Intent:	This business initiative is intended to be an enterprise approach to implement Diversity and Inclusion (D&I) efforts in order to increase engagement and integrate best practices across the enterprise.		
Associated Strategic Measure(s)	Workforce diversity and inclusion		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Establish partnerships with organizations and educational institutions to share CalPERS perspective on Diversity and Inclusion. (August 2017)	 Resources approved through the 2017-18 budget process: N/A
<input checked="" type="checkbox"/>	Finalize, communicate, and implement the new D&I Enterprise Strategy to engage all CalPERS team members. (December 2017)	
<input type="checkbox"/>	Implement best practices for hiring and capturing self-identifying data i.e. demographics. (June 2018)	
<input type="checkbox"/>	Develop D&I survey reporting to achieve desired outcomes related to the Workforce Diversity and Inclusion Strategic Measure. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

Staffing and onboarding challenges, and timelines.

Mitigation(s):

Cross-training and proper on-boarding of new team members.

Root Cause (if At Risk or Off Track): N/A

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TALENT MANAGEMENT

Promote a high-performing and diverse workforce

Objective	Recruit and empower a broad range of talents to meet organization priorities		
Initiative Title:	Emerging Leader Pilot Program	Owner:	Doug Hoffner
Description:	Implement and evaluate a journey-level training program to prepare non-supervisory employees for future leadership roles	Start Date:	July 2016
		End Date:	June 2020
Intent:	Conduct a six-month pilot with up to 25 CalPERS hi-potential journey-level analysts and technical staff to develop their leadership competencies in support of the 2017-22 Strategic Plan Talent Management goal and to mitigate the risk of losing these highly skilled team members.		
Associated Strategic Measure(s)	Aligned to talent management goal		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input checked="" type="checkbox"/>	Identify journey-level analyst/technical staff to participate in the six-month pilot. (September 2017)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Implement six-month pilot program. (April 2018)	
<input type="checkbox"/>	Present post-pilot evaluation and recommendations report to executive staff to determine future delivery and funding. (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

Lack of future funding will jeopardize enterprise implementation of the Emerging Leader Program upon successful pilot results.

Mitigation(s):

HRSD will propose options to the Executive team:

--Each division share a portion of the program costs

--The selected participants' division pays the tuition to attend the program

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--HRSD cuts other enterprise training projects to support this program

Root Cause (if At Risk or Off Track):

N/A

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TALENT MANAGEMENT

Promote a high-performing and diverse workforce

Objective	Cultivate leadership competencies and develop succession plans across the enterprise		
Initiative Title:	Develop 2017-22 Workforce Plan	Owner:	Doug Hoffner
Description:	Develop a plan to implement a phased approach to workforce planning that includes: recruitment, retention, development, empowerment, and succession planning	Start Date:	July 2017
		End Date:	June 2018
Intent:	Workforce Planning incorporates initiatives and strategies necessary to ensure we have the human capital and talent management efforts to support our business goals. Workforce Planning is good business practice and a statewide CalHR requirement.		
Associated Strategic Measure(s)	Aligned to cultivate leadership competencies and develop succession plans across the enterprise objective		

Deliverables with due dates *(Month YYYY)*

Completed	Deliverable and Due Date	Status
<input type="checkbox"/>	Business initiative updates on current findings and next steps of Workforce Planning efforts. (February 2018)	<p style="text-align: center;">●</p> <p style="text-align: center;">Resources approved through the 2017-18 budget process:</p> <p style="text-align: center;">N/A</p>
<input type="checkbox"/>	Publish 2018-22 CalPERS Workforce Plan (4-year plan). (June 2018)	
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Initiative Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause *(if At Risk or Off Track)*:

N/A