

2017-22 Strategic Plan | Strategic Measures 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 Fourth Quarter Report: Strategic Measures Summary Dashboard


The CalPERS 2017-22 Strategic Plan encompasses 37 Strategic Measures (Measures) that enable us to track our progress towards achieving our strategic goals and objectives. The Strategic Measures Summary Dashboard provides a brief synopsis of how all 37 Measures are performing for the fourth quarter (April 1, 2018 – June 30, 2018), as well as for the previous three quarters. Additional performance details can be found on the summary sheets for each Measure.


Fourth Quarter Measure Performance:

- 8 On-Target (Green)
- 2 At-Risk (Yellow)
- 2 Off-Target (Red)
- 21 Pending refresh
- 2 Data not available
- 1 Under development
- 1 Closed session item

Thresholds have been established for each Measure that afford us the ability to assess performance and identify whether each respective Measure is On-Target, At-Risk, or Off-Target.

Enterprise Performance Reporting – Fourth Quarter Status Strategic Measures


 Fund Sustainability	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Date <i>(Upcoming refresh)</i>	Page Number
Probability of PERF falling below 50% funded over the next 30 years	●	*	*	*	August 2018	10
Probability of sharp single-year increase in employer contribution rates	●	*	*	*	August 2018	12
Probability of high employer contribution rates	■	*	*	*	August 2018	14
Funded Status	■	*	*	■	August 2019	7
Projected Funded Status	*	*	*	●	August 2019	16
1-year total expected fund volatility	▲	*	*	●	August 2019	18
Annualized (5-year) excess investment returns relative to Total Fund policy benchmark	●	*	*	▲	August 2019	5
Stakeholder assessment survey – risk	*	*	■	*	February 2019	19
Investment managers policies and procedures for ESG factor integration	**	**	**	*	August 2018	20


 Health Care Affordability	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Date <i>(Upcoming refresh)</i>	Page Number
Rating of health care	▲	*	*	▲	June 2019	6
Access to care	●	*	*	●	June 2019	21
Total health care cost annual increase	*	*	●	*	March 2019	22
Adult obesity	■	*	*	*	August 2018	23
Adult diabetes	*	*	*	*	August 2018	24
Diabetes self-management	●	*	*	●	June 2019	25
Mental health and well being	□	□	*	*	June 2019	26
Self-reported overall health status	●	*	*	●	June 2019	27

Status Key ● On-Target ▲ At-Risk ■ Off-Target * Pending Refresh ** Data Not Available □ Measure Under Development

Enterprise Performance Reporting – Fourth Quarter Status Strategic Measures


Opioids – dose	<input type="checkbox"/>	<input type="checkbox"/>	*	*	April 2019	28
Opioids – duration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	January 2019	29
C-section rate	<input type="checkbox"/>	<input type="checkbox"/>	*	*	August 2018	30
Hospital readmissions	<input type="checkbox"/>	<input type="checkbox"/>	*	*	August 2018	31

 Reduce Complexity	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Date <i>(Upcoming refresh)</i>	Page Number
CEM – pension complexity score	*	*	●	*	July 2019	32
Benefit payment timeliness	●	●	●	●	September 2018	33
Customer satisfaction	●	●	●	●	September 2018	34
External investment manager reduction strategy	●	*	*	●	August 2019	35
CEM – cost per member	**	**	**	*	July 2019	36
Total overhead cost	**	**	**	**	September 2018	37
5-year net value added	●	*	*	■	August 2019	9

 Risk Management	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Date <i>(Upcoming refresh)</i>	Page Number
Stakeholder assessment survey – compliance and risk	*	*	■	*	February 2019	38
Risk & compliance employee awareness survey	**	**	*	*	February 2019	39
Risk & compliance program maturity assessment	**	*	*	*	January 2019	40
Composite security health score within range	N/A	N/A	N/A	N/A	Reported in closed session	41

Status Key ● On-Target ▲ At-Risk ■ Off-Target * Pending Refresh ** Data Not Available Measure Under Development

Enterprise Performance Reporting – Fourth Quarter Status Strategic Measures

 Talent Management	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Date <i>(Pending refresh, Data not available, Under development)</i>	Page Number
Increase diverse recruitment channels	*	*	*	*	July 2018	42
Workforce diversity & inclusion	●	*	*	*	December 2018	44
Employee engagement survey	**	*	*	*	December 2018	45
Proficiency in CalPERS leadership competencies	**	**	**	**	September 2018	46
Internal candidates selected to fill senior and executive recruitments	*	*	*	*	August 2018	47

Status Key ● On-Target ▲ At-Risk ■ Off-Target * Pending Refresh ** Data Not Available □ Measure Under Development

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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Deliver target risk-adjusted investment returns
Measure	Annualized (5-year) excess investment returns relative to Total Fund policy benchmark
Associated Initiative or Project	Business Plan Initiatives – Enhance capital allocation framework; Enhance investment platform and controls; Investment program long-term planning

Measure Description:

Measures annualized 5-year excess investment returns relative to the Total Fund policy benchmark, which is a composite established by the Investment Committee-assigned asset class benchmarks and the target weights derived from the Asset Liability Management (ALM) process.

Reported on a fiscal year-end basis, the metric will measure the effectiveness of the Investment Office in meeting the objective of achieving superior investment performance relative to relevant targets. The actual performance generated by the portfolio is affected by both the active under- or over-weighting of the asset classes within their policy ranges, as well as the performance of the individual asset classes vs. their specified policy benchmark.

Baseline:

The Total Fund policy benchmark will be recalculated on a rolling 5-year period.

Target:

Meet or exceed the Total Fund policy benchmark.
Policy benchmark weights are fixed and do not vary except by Investment Committee action, such as the approval of interim target weights.

Measure Narrative Status:

The PERF generated a 5-year annualized Total Net Return of 8.1% and underperformed the policy benchmark by 7 basis points. The Total Net Return exceeded the actuarial target of 7.375%.




The Investment Office executive staff developed the INVO 2020 Vision, which is a 5-year strategic plan that defines long-term direction and support of the CalPERS Strategic Plan while addressing management of the CalPERS Investment portfolio in a cost-effective, transparent, and risk-aware manner.

Measure Owner: Ted Eliopoulos

Refresh Frequency: Annually, August

Reporting Range: FY 2013-14 through FY 2017-18

Thresholds:

-  Exceed Total Fund Policy Benchmark
-  Meet or Trail Total Fund Policy Benchmark by up to 10 basis points
-  Trail Total Fund Policy Benchmark by 10 basis points or more

Status:



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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
Measure	Rating of health care
Associated Initiative or Project	Business Plan Initiative – Value-based insurance design: feasibility

Measure Description:

Percent of CalPERS members who rate all their health care in the past 12 months at 8 or higher on a 0 to 10 scale with 10 being the best health care possible.

Baseline:

80.3% (survey conducted in 2016 covering experience in 2015)

Target:

90%

Measure Narrative Status:

83.6% (survey conducted in 2018 covering experience in 2017)

While this measure is currently at risk, the trend is in a positive direction: it has increased by 1.7%, up from 81.9% from the 2017 survey covering 2016 experience.

This metric represents the percentage of CalPERS members who rated their health care as positive. A higher percentage is considered good. Factors that can influence this measure include enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners.

HPAD has issued satisfaction improvement action plans to health plans that failed to have eighty-five percent (85%) of survey respondents rate their overall satisfaction with the plan at eight (8) or above.


CalPERS Team will include discussions about member satisfaction in health plan quarterly business reviews and will continue to monitor for opportunities to improve member satisfaction.


Measure Owner: Liana Bailey-Crimmins

Refresh Frequency: Annually, June

Reporting Range: January – December 2017

Thresholds:

 85% and above

 80-84.9%

 Below 80%

Status:



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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
Measure	Funded Status
Associated Initiative or Project	Business Plan Initiative - Alignment of asset liability management Project – An ALM workshop was conducted with the Board in November 2017 to evaluate potential policy portfolios that best balance the long-term investment objectives, risk appetite and tolerances (thresholds), and liquidity constraints.

Measure Description:

Funded Status is a measure of a pension system’s health and is determined by dividing the market value of assets by the actuarial accrued liability. This measure will evaluate overall Funded Status for the 3 major components of the Public Employees’ Retirement Fund (PERF): State, Schools and Public Agency employers.

As part of the CalPERS ALM cycle, the Board will examine the current Funded Status of the system and make decisions in alignment with the goal of strengthening the long-term sustainability of the pension fund. CalPERS is also focused on reducing complexity and system costs which will contribute positively to the Funded Status of the PERF.

The inputs for this metric are influenced by five main factors:

- Payment of unfunded liabilities
- Actual vs. expected investment returns
- Change in actuarial methods and assumptions
- Benefit changes
- Actuarial experience

Baseline:

PERF: 67.9% (as of June 30, 2017)

- State: 65.7%
- Schools: 68.7%
- Public Agencies: 69.5%

Target:

Long-term (beyond the current strategic plan) funded status of 100%

Measure Owner: Marlene Timberlake D’Adamo

Refresh Frequency: Annually, August

Reporting Range: Investment returns through the most recent fiscal year end (June 30, 2017) are combined with actuarial valuation results (June 30, 2016) to update the measures.

Thresholds:

- ≥ 100% Funded Status
- ▲ 80% to < 100% Funded Status
- < 80% Funded Status

Status



Measure Narrative Status:

As of June 30, 2018, the Funded Status is 70.9% which is up from last year's 67.9%. The State made an additional payment of \$6 billion that was not included in the projected funded status. Even with the increase in the Funded Status, we are still off-target.

Data is typically available in August but was available earlier this year. As a result, we are able to report the status earlier than normal.

CalPERS has developed a strategy to achieve a fully funded status over a period of several years and while this measure remains off-target in absolute numbers it should be viewed in conjunction with the Projected Funded Status Measure to monitor progress toward reaching 100% funding. The status of this initiative is expected to be off-target for an extended period.

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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Measure	5-year net value added
Associated Initiative or Project	Business Plan Initiative – Enhance business effectiveness, resource allocation, and efficiency of investment programs

Measure Description:

5-year net value added relative to an appropriate peer universe median return adjusted for composition of asset allocation and after expenses.

Baseline:

5-year net value-added relative to an appropriate United States’ (US) peer universe median return, adjusted for composition of asset allocation and after expenses, is 0%. CalPERS is cost advantaged vs our peers by 7 bps.

Each year, INVO participates in a CEM Benchmarking (CEM) survey which independently analyzes costs against a customized peer group.

Target:

Exceed the median US peer on investment cost and returns

Measure Narrative Status:

This measure is the analysis of INVO’s cost drivers and cost structure versus US peers. Net value added is the component of total return from active management. The most recent data available indicates CalPERS did not exceed the US Peer median on its 5-year 2016 Net value added results, however CalPERS did have a cost savings of 4bps versus the US peer universe. CalPERS 5-year Net value added was -0.1%, while the US Peer median was 0.2%.

While the 5-year Net value added fell below the U.S. median, the CalPERS 5-year net total return was 8.5%, above the U.S. median of 8.3%. CalPERS continues to be low cost compared to the US peer universe and its global custom peer group.




Continued focus on delivering more value for cost through effective management of portfolios, resources, and technology. This includes renegotiation of external management fees and reduction of consulting and other related operating costs.

Measure Owner: Ted Eliopoulos

Refresh Frequency: Annually, August

Reporting Range: Current 5 Year Period: FY 2011-12 through FY 2015-16

Thresholds:

-  Exceed the US Peer median
-  Meet the US Peer median
-  Fall below the US Peer median

Status:



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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
Measure	Probability of PERF falling below 50 percent funded over the next 30 years
Associated Initiative or Project	Business Plan Initiative – Alignment of asset liability management

Measure Description:

This measure represents the likelihood of the Public Employees’ Retirement Fund falling below 50 percent funded over the next 30 years. Low funding levels represent risk to the employers and the members. Low funding levels will result in either high contributions or further deterioration of the funding levels. Low funding levels can lead to contribution requirements that are beyond the employer’s ability to pay and a risk to the members that benefits will not be paid in full when due.

Baseline:

- State Miscellaneous: 6%
- Schools: 3%
- Public Agency Miscellaneous: 5%
- CHP: 15%
- State POFF: 6%
- Public Agency Safety: 9%

Target:

Decrease in the probability of the PERF funded status falling below 50% over a 30-year time frame

Measure Narrative Status:

Performance data will be available in August 2018. Each year a model is used to estimate the probability that the funding levels will fall below 50% at some point in the next 30 years. The measure is calculated separately for six subsets of the PERF: State Miscellaneous, Schools, Public Agency Miscellaneous, CHP, State POFF, and Public Agency Safety.

It is desirable for these probabilities to be low, but they will never be zero. The probability decreases when investment returns cause the funding level to increase and vice versa, but many other factors affect this metric.

Measure Owner: Scott Terando

Refresh Frequency: Annually, August

Reporting Range: Investment returns through the most recent fiscal year end (June 30, 2017) are combined with actuarial valuation results from the prior fiscal year end (June 30, 2016) to update the measures.

Thresholds:

- 10% or less
- ▲ 10% to 20%
- 20% or greater

Status:



Measure Narrative Status continued:

For example, a more aggressive funding policy such as shorter amortization periods, a lower amortization payment escalation rate (or level dollar amortization), or shorter “ramp” would decrease (improve) this probability, but would have a negative impact on other strategic measures.

More conservative assumptions can have a negative impact on this measure initially but a positive impact in the long run. For example, reducing the discount rate lowers the current funding levels and can increase this probability for a plan that is already close to 50 percent funded. However, if a lower discount rate means a lower likelihood of actuarial losses in the future, this probability would be expected to decrease (improve) later.

One action that causes an immediate improvement in this metric is when an employer makes an additional payment towards the unfunded liability. Public agencies continue to make additional payments and this year the State is contributing \$6 billion above the required contribution.

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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
Measure	Probability of sharp single-year increase in employer contribution rates
Associated Initiative or Project	Business Plan Initiative – Alignment of asset liability management

Measure Description:

This measure represents the likelihood of sharp single year increases in contribution rates. Sharp increases in contribution rates can impose financial strain on employers and may increase the risk that employers fail to make their required contributions.

Baseline:

- State Miscellaneous: 0%
- Schools: 0%
- Public Agency Miscellaneous: 0%
- CHP: 1%
- State POFF: 0%
- Public Agency Safety: 0%

Target:

Low probability of a single year employer contribution rate increase of 5% of payroll for miscellaneous or 7% of payroll for safety

Measure Narrative Status:

Performance data will be available in August 2018. Each year a model is used to estimate the probability that the employer contribution rates will increase by 5% of payroll (7% for Safety plans) in a single year at some point in the next 30 years. The measure is calculated separately for six subsets of the PERF; State Miscellaneous, Schools, Public Agency Miscellaneous, CHP, State POFF, and Public Agency Safety.

It is desirable for these probabilities to be low, but the goal is not for these probabilities to be zero. There will always be a chance that future extraordinary and/or successive actuarial losses will require a sharp increase in employer contribution rates.

Increases in employer contribution rates can occur when actuarial losses

Measure Owner: Scott Terando

Refresh Frequency: Annually, August

Reporting Range: Investment returns through the most recent fiscal year end (June 30, 2017) are combined with actuarial valuation results (June 30, 2016) to update the measures.

Thresholds:

- 10% or less
- ▲ 10% to 20%
- 20% or greater

Status:



Measure Narrative Status continued:

(particularly investment losses) occur, or there are changes in actuarial assumptions. Unfunded liabilities from these events are amortized over extremely long periods (30 years for losses and 20 years for assumption changes) precisely to avoid sharp increases in contribution rates.

There is also a 5 year ramp up and ramp down built into the amortization schedules, which further smooths the contribution rates. Increases in employer contribution rates can also occur with a change in actuarial methodology such as shortening the amortization period. The impact on employer contribution rates would be thoroughly analyzed before making any such change.

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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
Measure	Probability of high employer contribution rates
Associated Initiative or Project	Business Plan Initiative – Alignment of asset liability management

Measure Description:

This measure represents the likelihood of high employer contribution rates. High employer contribution rates impose significant financial stress and may increase the risk the employers will default and be unable to make their required contributions.

Baseline:

- State Miscellaneous: 73%
- Schools: 4%
- Public Agency Miscellaneous: 11%
- CHP: 100%
- State POFF: 69%
- Public Agency Safety: 78%

Target:

Decrease in the probability of employer contribution rates exceeding 35% of payroll for miscellaneous or 55% of payroll for safety

Measure Narrative Status:

Performance data will be available in August 2018. Each year a model is used to estimate the probability that the employer contribution rates will exceed 35% of payroll (55% for Safety plans) at some point in the next 30 years. The measure is calculated separately for six subsets of the PERF; State Miscellaneous, Schools, Public Agency Miscellaneous, CHP, State POFF, and Public Agency Safety.

It is desirable for these probabilities to be low, but they will never be zero. The probability decreases when investment returns cause the contribution rates to decrease and vice versa, but many other factors affect this metric. A more aggressive funding policy such as shorter amortization periods can have a

Measure Owner: Scott Terando

Refresh Frequency: Annually, August

Reporting Range: Investment returns through the most recent fiscal year end (June 30, 2017) are combined with actuarial valuation results (June 30, 2016) to update the measures.

Thresholds:

- 10% or less
- ▲ 10% to 20%
- 20% or greater

Status:

Measure Narrative Status continued:

negative impact on this measure initially but a positive impact in the long run. For example, amortizing gains and losses over 10 years could cause this probability to increase, because a future loss would cause a larger increase in the employer contribution rate. Eventually though, in any given year the employer would only be paying for the previous 10 years of gains and losses rather than the previous 30 years.

One action that causes an immediate improvement in this metric is when an employer makes an additional payment towards the unfunded liability. Public agencies continue to make additional payments and this year the State is contributing \$6 billion above the required contribution.

2017-22 Strategic Plan | Strategic Measure Summary (as 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
Measure	Projected Funded Status
Associated Initiative or Project	Business Plan Initiatives – Alignment of asset liability management; Employer contracting and collection reporting; Redesign and enhance the actuarial valuation system

Measure Description:

Monitoring the actual vs. projected Funded Status of the PERF to determine if CalPERS’ goal of 100% funding is on track.

The inputs for this metric are influenced by five main factors:

- Payment of unfunded liabilities
- Actual vs. expected investment returns
- Change in actuarial methods and assumptions
- Benefit changes
- Actuarial experience

Annually, the Actuarial Office produces valuation reports for the State, Schools and Public Agency employers to determine minimum employer contribution requirements and the Funded Status of each plan. Because Funded Status changes slowly over time, it is important to monitor performance trends to indicate if long-term funding goals are on track.

Baseline:

PERF: 67.9% (as of June 30, 2017)

- State: 65.7%
- Schools: 68.7%
- Public Agencies: 69.5%

Baseline for the PERF will be established annually in August using annual actuarial valuation reports.

Target:

Meet or exceed the projected funded status for the PERF of 68.7% as of June 30, 2018, based on actuarial valuation reports.

Measure Owner: Marlene Timberlake D’Adamo

Refresh Frequency: Annually, August

Reporting Range: Investment returns through the most recent fiscal year end (June 30, 2017) are combined with actuarial valuation results (June 30, 2016) to update the measures.

Thresholds:

- Not more than 1.0% below projected funded status
- ▲ 1.0% - 3.0% below projected funded status
- More than 3.0% below projected funded status

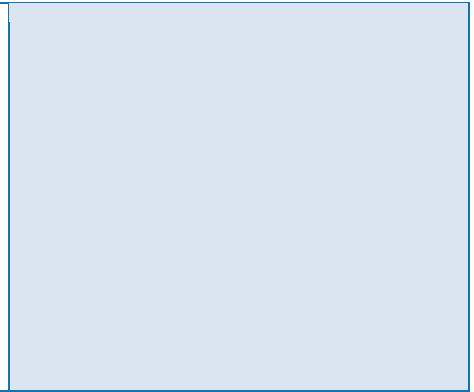
Status:



Measure Narrative Status:

As of June 30, 2018, the Funded Status is 70.9% which is up from our starting point of 67.9%. The State made an additional payment of \$6 billion that was not included in the projected funded status. We have surpassed our projected funded status on-target threshold for FY 2017-18.

Data is typically available in August but was available earlier this year. As a result, we are able to report the status earlier than normal.



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FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund

Objective	Mitigate the risk of significant investment loss
Measure	1-year total expected fund volatility
Associated Initiative or Project	Business Plan Initiative – Investment risk management and performance attribution

Measure Description:

The total (gross) risk of the Total Fund expressed in the standard deviation (1-yr) of the funds’ total return distribution, expressed in percent. Reported on a fiscal year-end basis, the metric will measure the expected volatility of the Total Fund returns

Baseline:

Current Barra volatility estimate for PERF is 8.1%, as of June 30, 2017

Target:

Current total expected fund volatility is 8% or less; target derived through the capital market assumption process used in the most recent Asset Liability Management (ALM) Process which is set every four years. A new target was set as part of the November 2017 ALM Cycle, to be effective July 1, 2018.

Current target was established in 2016, when based upon expected long-term capital markets outlook and CalPERS’ risk tolerance, the Investment Committee approved changes to the interim Asset Allocation Targets to reduce the Total Fund risk. *Timeframe to achieve this target is greater than 5 years.

Measure Narrative Status:

Current forecast volatility of 7.6% vs. 8.1% in prior year

- 0.5% risk reduction primarily a reflection of historically low market volatility
- Implies 28% chance of negative returns in a given year; however, it likely understates the probability as market returns are not normally distributed

Growth assets, especially public equities, remain the primary drivers of total volatility.

Measure Owner: Ted Eliopoulos

Refresh Frequency: Annually, August

Reporting Range: FY 2017-18

Thresholds:

- Equal to or less than the target
- ▲ 1- 50 basis points excess of target
- 51 basis points or more excess of target

Status:



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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
Measure	Stakeholder assessment survey - risk
Associated Initiative or Project	Business Plan Initiative – Stakeholder education on system risks & mitigation Project - Local Elected Officials Handbook

Measure Description:

The measure scores the overall stakeholder perception of CalPERS' success in explaining and mitigating risks to the System. Data is gathered through the annual Stakeholder Perception Survey in response to the statement "I understand the risks inherent in the System and I am confident CalPERS is taking steps to reduce the risks."

Baseline:

5.17 out of 7 possible points

Target:

Five-year goal: achieve a score of 5.43 out of 7; a 5% increase from the baseline. Annual increases of 1% (0.05 points). This target will be met through continued stakeholder engagement, proactive communications with our various member/employer/retiree populations, and through focused efforts to share our risks and risk mitigation strategies.

Measure Narrative Status:

Performance data will be available in February 2019.

Measure Owner: Brad Pacheco

Refresh Frequency: Annually, February

Reporting Range: February 2017 – February 2018

Thresholds: The five-year goal is an increase of 5%, giving us a target of 1% increase annually.

- Annual increase of 0.05 + points
- ▲ Annual increase of 0.0 - 0.04 points
- Decrease from 5.17 or failure to increase 1% from the previous year

Status:



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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
Measure	Investment managers policies and procedures for ESG factor integration
Associated Initiative or Project	Business Plan Initiative – Investment beliefs and environmental, social, and governance risk integration

Measure Description:

Annual survey to determine percentage of internal and external strategic managers that have policies and procedures articulating how environmental, social, and governance (ESG) risk and opportunity considerations are incorporated into investment processes and decisions.

Baseline:

The baseline for this measure will be 96% with a target of 100% integration, as established by the INVO Sustainable Investments (SI) staff responsible for central monitoring, external communication, and establishment of measurement processes and reporting.

Target:

100% of internal and external strategic investment managers have policies and procedures in place to integrate ESG factors into investment decisions.

Measure Narrative Status:

Based on the survey methodology and universe of managers surveyed, 96% of managers incorporate ESG practices in their investment processes. The managers surveyed represent approximately 81% of CalPERS externally managed portfolio NAV.

CalPERS team members continue to develop a framework to conduct an annual survey of internal/external managers on their policies and procedures related to ESG risk and opportunity considerations. This was established as a Strategic Priority in August 2016 as part of CalPERS' Environmental Social and Governance (ESG) strategy. Asset classes are continuing to refine and evolve ESG integration efforts, including continued sharing of best practices internally and amongst external investment managers.

Measure Owner: Ted Eliopoulos

Refresh Frequency: Annually, August

Reporting Range: FY 2017-18

Thresholds:

- 80% and above
- ▲ 50 – 79%
- Less than 50%

Status:



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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
Measure	Access to care
Associated Initiative or Project	Business Plan Initiative – Site of care management

Measure Description:

Percent of CalPERS members responding that they received routine care as soon as they needed it in the last 12 months.

Baseline:

86.0% (survey conducted in 2016 covering experience in 2015)

Target:

90%

Measure Narrative Status:

86.6% (survey conducted in 2018 covering experience in 2017)

The trend is in a positive direction: it has increased 0.2%, up from 86.4% from the 2017 survey covering 2016 experience.

This metric represents the perception of CalPERS members’ access to care when needed. A higher percentage is considered good.

Factors that can influence this measure include enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners.

Measure Owner: Liana Bailey-Crimmins

Refresh Frequency: Annually, June

Reporting Range: January – December 2017

Thresholds:

- 85% +
- ▲ 80 – 84.9%
- Below 80%

Status:



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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
Measure	Total health care cost annual increase
Associated Initiative or Project	Business Plan Initiatives – Value-based insurance design: feasibility; Pharmacy benefit design pilot; Reference pricing expansion

Measure Description:

This measure assesses the annual overall percent increase in CalPERS Health Care premiums compared to the US Health Care inflation rate.

Baseline:

The US Health Care inflation rate, measured by change in the Consumer Price Index (CPI) for medical care. The baseline for 2017 is 2.51 percent.

Target:

Below 5.51 percent for 2018. The goal is to keep annual overall increase in CalPERS Health Care premiums below change in medical care CPI plus 3 percent. These amounts change annually.

Measure Narrative Status:

Performance data will be available March 2019.

CalPERS exceeded the target by holding the annual overall percent increase in health care premiums for 2018 below 5.51 percent. The percent increase in health care premiums for 2018 is 2.33 percent.

The medical care index is one of eight major groups in the CPI and is divided into two main components: medical care services and medical care commodities, each containing several item categories, including health insurance and medical drugs.

Factors that can influence this measure include member utilization, unit costs, and contract negotiations. Innovations and efficiencies such as promoting efficient hospital plan networks, value based purchasing and integrated health models, help mitigate medical trend increases.

Measure Owner: Liana Bailey-Crimmins


Refresh Frequency: Annually, March

Reporting Range: January – December 2018

Thresholds: 2018

 Below 5.51%

 5.51 – 7.51%

 Above 7.51%

Status:



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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
Measure	Adult obesity
Associated Initiative or Project	Business Plan Initiative – Population health alignment with <i>Let's Get Healthy California</i> taskforce report dashboard

Measure Description:

This measure assesses the percent of adult members who have a Body Mass Index (BMI) of 30 or above based on self-reported weight and height.

Baseline:

28.3% (survey conducted in 2016 covering experience in 2015)

Target:

11%

Measure Narrative Status:

Performance data will be available August 2018.

This metric represents the percentage of CalPERS members who have a BMI of 30 or above based on self-reported height and weight in the annual Health Plan Member survey. A lower percentage is considered good.

Factors that can influence this measure include:

- Provider and member behavior (e.g., diet and exercise)
- Enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners. For example, obese members who have prediabetes may be eligible for Diabetes Prevention Programs that can help them to lose weight.

Measure Owner: Liana Bailey-Crimmins

Refresh Frequency: Annually, August

Reporting Range: January – December 2016

Thresholds:

 11-15%

 16-20%

 21% +

Status:



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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
Measure	Adult diabetes
Associated Initiative or Project	Business Plan Initiative – Population health alignment with <i>Let's Get Healthy California</i> taskforce report dashboard

Measure Description:

This measure assesses the prevalence of diagnosed diabetes per 100 adults.

Baseline:

13.3% (based on 2016 data)

Target:

7.0%

Measure Narrative Status:

Performance data will be available August 2018.

This metric represents diabetes specific diagnosis codes reported by the health plans for Basic members. Lowering this metric is considered good.

Factors that can influence this measure include:

- Provider and member behavior (e.g., diet and exercise)
- Enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners. For example, members who have prediabetes may be eligible for Diabetes Prevention Programs that can help them prevent the onset of diabetes.

Measure Owner: Liana Bailey-Crimmins

Refresh Frequency: Annually, August

Reporting Range: January – December 2018

Thresholds:

 7-10%

 10-13%

 13% +

Status:



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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
Measure	Diabetes self-management
Associated Initiative or Project	Business Plan Initiative – Population health alignment with <i>Let's Get Healthy California</i> taskforce report dashboard

Measure Description:

This measure assesses the proportion of diabetics who report that they check their blood glucose or sugar at least once a day.

Baseline:

67.3% (survey conducted in 2016 covering experience in 2015)

Target:

70%

Measure Narrative Status:

60.1% (survey conducted in 2018 covering experience in 2017). The trend is in a downward direction: it has decreased 4%, down from 64.1% from the 2017 survey covering 2016 experience. However, the status is still above the threshold.

This metric represents the percentage of CalPERS members with diabetes who indicated that they check their blood for glucose or sugar at least once a day, based on the Annual Health Plan Member survey. A higher percentage is considered good.

Factors that can influence this measure include:

- Provider and member behavior.
- Enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners. For example, many health plans have disease management programs through which members receive advice and coaching on diabetes by telephone.

Measure Owner: Liana Bailey-Crimmins

Refresh Frequency: Annually, June

Reporting Range: January – December 2017

Thresholds:

- 60% and above
- ▲ 50-59.9%
- Below 50%

Status:



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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
Measure	Mental health and well being
Associated Initiative or Project	Business Plan Initiative – Population health alignment with <i>Let's Get Healthy California</i> taskforce report dashboard

Measure Description:

Percentage of CalPERS members who answered “Usually” or “Always” to the Health Plan Member Survey (HPMS) question “In the last 12 months, how often was it easy to get the treatment or counseling you needed through your health plan?”

Baseline:

72.2% (2017 data covering member experience in 2016)

Target:

80%

Measure Narrative Status:

Performance data will be available June 2019.


Access to mental health services can impact a variety of mental illnesses, such as depression, schizophrenia, bipolar disorder, Attention Deficit Hyperactivity Disorder (ADHD), Post Traumatic Stress Disorder (PTSD), anorexia, and bulimia. The 2019 annual member survey will be modified to include mental health service access questions and the results will be published in June 2019.

Measure Owner: Liana Bailey-Crimmins

Refresh Frequency: Annually, June beginning in 2019

Reporting Range: January – December 2018

Thresholds:

 80% and above

 65-79.9%

 Below 65%

Status:



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HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

Objective	Improve the health status of employees, members and their families, and the communities where they live
Measure	Self-reported overall health status
Associated Initiative or Project	Business Plan Initiatives – Population health alignment with <i>Let's Get Healthy California</i> taskforce report dashboard; Partner with health plans to engage in community activities

Measure Description:

This measure assesses the proportion of CalPERS members who rate their overall health as good, very good, or excellent.

Baseline:

88.4% (survey conducted in 2016 covering experience in 2015)

Target:

90%

Measure Narrative Status:

87.5% (survey conducted in 2018 covering experience in 2017). The trend is in a downward direction: it has decreased 0.3%, down from 87.8% from the 2017 survey covering 2016 experience. However, the status is still above the threshold.

This metric represents the percentage of CalPERS members who rated their overall health as good, very good, or excellent on the annual Health Plan Member survey. A higher percentage is considered good.


Factors that can influence this measure include enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners.


Measure Owner: Liana Bailey-Crimmins


Refresh Frequency: Annually, June

Reporting Range: January – December 2017

Thresholds:

 85% and above

 80-84.9%

 Below 80%

Status:



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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
Measure	Opioids – dose
Associated Initiative or Project	Business Plan Initiative – Statewide collaboration through <i>Smart Care California</i>

Measure Description:

Morphine milligram equivalents (MME) per capita on an incurred year basis for Basic plans.

Baseline:

317.46 for 2017

Target:

Below 288

Measure Narrative Status:

Performance data will be available April 2019.

This measure has undergone development. Prior to 2018, the original target for this measure was tentatively the national average (640) because CalPERS was unable to perform MME analyses in the data warehouse. As CalPERS team members discovered that CalPERS is already much better than national and California averages, we are shifting to a target of 45% of the national average as a “stretch” goal, and 50% of the national average as “red zone.” (The calculations exclude Methadone and Suboxone, drugs which are typically used to treat opioid addiction.)

The federal Centers for Disease Control and Prevention (CDC) reported that the average daily morphine milligram equivalents (MME) of opioids prescribed per capita in the United States increased from 180 in 1999 to 782 in 2010, then decreased to 640 in 2015. The California MME per capita, as reported by amfAR (The Foundation for AIDS Research) is 467.0.

Medicare data are currently unavailable for this measure. However, the Centers for Medicare and Medicaid Services (CMS) requires Medicare plans to take actions regarding opioid management, and our Medicare plans are following CMS guidelines in this area.

Measure Owner: Liana Bailey-Crimmins


Refresh Frequency: Annually, April

Reporting Range: January – December

Thresholds:

 Below 288

 289-319

 320 and above

Status:



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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
Measure	Opioids - duration
Associated Initiative or Project	Business Plan Initiative – Statewide collaboration through <i>Smart Care California</i>

Measure Description:

Prescription opioid misuse is a public health problem that can lead to long-term health consequences, including death.

Baseline:

This measure is under development with an estimated completion date of January 2019. CalPERS team members are currently researching the feasibility of calculating this measure using a “HEDIS-like” methodology.

Target:

Measure under development with an estimated completion date of January 2019.

Measure Narrative Status:

Measure under development.

CalPERS management requested a measure related to the duration of opioid use. The only known relevant nationally-accepted, common measure is the Healthcare Effectiveness Data and Information Set (HEDIS) measure “Use of Opioids at High Dosage.” A new HEDIS measure for 2018, this is defined as “For members 18 years and older, the rate per 1,000 receiving prescription opioids for greater than or equal to 15 days during the measurement year at a high dosage (average morphine milligram dose (MED) greater than 120mg). As the measure is new, national comparative data to establish a target and thresholds will not be available till 2019.

CalPERS will wait for the measure to be available within the data warehouse and for national benchmarks to be established.

Measure Owner: Liana Bailey-Crimmins

Refresh Frequency: Annually, August

Reporting Range: January – December

Thresholds: Under development

Status:



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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
Measure	C-section rate
Associated Initiative or Project	Business Plan Initiative – Statewide collaboration through <i>Smart Care California</i>

Measure Description:

Percent of in-network hospitals providing obstetric services to CalPERS members that have a NTSV (“nulliparous” [i.e., first time], “term” [i.e., not preterm or post-term], “single” [i.e., not twins, triplets, etc.], and “vertex” [i.e., not breech]) cesarean section rate of 23.9% or less.

Baseline:

36.96%. That is, out of the 257 in-network hospitals that provided obstetric services to CalPERS members in 2017, 95 (36.96%) had an NTSV C-section rate of 23.9% or less.

Target:

45% of in-network hospitals meet the NTSV C-section rate of 23.9%

Measure Narrative Status:

Performance data will be available August 2018.

Although cesarean births can be lifesaving and medically optimal, far too many are performed for non-medical reasons. This measure originally involved total C-section rates; however, both nationally and in California (e.g., under Let's Get Healthy California), the preferred measure for C-sections is the NTSV rate, and the NTSV C-section target rate is 23.9% or less.

Calculating the overall NTSV C-section rates among CalPERS membership would require linkage to external data sources, which would be administratively difficult. In contrast, it is simple to determine from each health plan which contracted hospitals provide obstetric services to CalPERS members.

Measure Owner: Liana Bailey-Crimmins

Refresh Frequency: Annually, August

Reporting Range: January - December

Thresholds:

- > 45%
- ▲ 37%-45%
- < 37%

Status:

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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
Measure	Hospital readmissions
Associated Initiative or Project	Business Plan Initiative – Research and expand evidence-based medicine

Measure Description:

Assess the rate of adult acute inpatient stays that were followed by an unplanned readmission within 30 days after discharge.

Baseline:

For Plan All-Cause Readmissions for Basic members, the 2016 PPO baseline was 9.51%, and the 2016 HMO baseline was 9.79%.

Target:

8.0% for PPO plans and 8.0% for HMO plans, which are the national averages in 2016 according to the National Committee for Quality Assurance.

Measure Narrative Status:

Performance data will be available August 2018. Reducing hospital readmissions is important because they are associated with unfavorable patient outcomes and high financial costs. Nevertheless, a measure must be chosen carefully because not all readmissions are “bad readmissions.” This strategic measure is consistent with the “Plan All-Cause Readmissions” measure in the Healthcare Effectiveness Data and Information Set (HEDIS).

A previous refinement was separating HMO and PPO measures. With this revision, we are excluding Medicare members because: (1) for Plan All-Cause Readmissions, pertinent Medicare data are unavailable in the CalPERS data warehouse, and (2) the Centers for Medicare and Medicaid Services reduces payments to hospitals for excessive Medicare readmissions.

Measure Owner: Liana Bailey-Crimmins

Refresh Frequency: Annually, August

Reporting Range: January - December 2018

Thresholds:

- < 8.0%
- ▲ 8.0%-11%
- > 11.0%

Status:

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REDUCE COMPLEXITY
 Reduce complexity across the enterprise

Objective	Simplify programs to improve service and/or reduce cost
Measure	CEM pension administration benchmarking survey – pension complexity score
Associated Initiative or Project	Business Plan Initiative: CEM complexity score reduction

Measure Description:

The total Cost Effectiveness Measurement (CEM) complexity score represents the weighted average of CEM’s complexity measure by cause, before scaling, from the annual CEM Pension Administration Benchmarking Survey.

Baseline:

A score of 71 (Weighted Average from 2016)

Target:

Reduce the weighted average CEM complexity score by 3 percent

Measure Narrative Status:

Performance data will be available in July 2019. After remaining steady at 71, as of June 2018 our weighted average complexity score before relative scaling was reduced to 69. This Strategic Measure reflects the achievement of our goal to reduce CalPERS CEM Complexity Score, based on the 2017 CEM Benchmarking draft report approved in April. This decrease was driven primarily by the simplification of our pension payment options, achieved through legislative change we initiated. While CalPERS remains the most complex system in CEM’s global database, we were able to achieve higher service levels and a total service score above the peer average despite our complex plan design. We remain committed to assessing and identifying 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 reduce our overall CEM Complexity Score. This Strategic Measure Summary will be updated if there is any change in the final version of the report. No changes are anticipated.

Measure Owner: Donna Lum

Refresh Frequency: Annually, July

Reporting Range: July 2016-June 2017

Thresholds:

- Reduced by 1 % or more annually or target met
- ▲ Reduced by less than 1% annually
- Any increase

Status:

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REDUCE COMPLEXITY
 Reduce complexity across the enterprise

Objective	Simplify programs to improve service and/or reduce cost
Measure	Benefit payment timeliness
Associated Initiative or Project	Business Plan Initiative – Improve Pension Benefit Payment Timeliness

Measure Description:

This measure captures the timeliness of four payment types: Service Retirement, Refunds, Disability Retirement, and Survivor Benefits (Lump Sum and ASAP payments).

Baseline:

FY 2017-18, Quarter 1: 95%

Target:

Issue 95% of benefit payments within service level timeframes.

Measure Narrative Status: This metric performed well with a score of 95 percent for the fourth quarter of 2017-18. Survivor benefits payment timeliness improved significantly due to mitigations implemented to address the sustained workload increase for these payments. This strategic measure is transitioning solely to an operational measure beginning FY 2018-19.

Measure Owner: Donna Lum

Refresh Frequency: Quarterly

Reporting Range: April 1-June 30, 2018

Thresholds:

- 87% or above
- ▲ 79-87%
- Below 79%

Status:



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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Simplify programs to improve service and/or reduce cost
Measure	Customer satisfaction
Associated Initiative or Project	Business Plan Initiative – Customer Satisfaction – Actionable Feedback

Measure Description:

This metric reflects data from our customer satisfaction surveys. Collecting satisfaction data through surveys allows us to utilize the full value of customer feedback and increases our flexibility and responsiveness to their needs.

Baseline:

FY 2017-18, Quarter 1: 86%

Target:

Achieve an overall satisfaction rate of 90 percent, reflecting a positive customer experience across core business processes.

Measure Narrative Status: This metric performed well with a score of 92 percent for the fourth quarter of 2017-18, reflecting stable performance over the past two quarters and demonstrating sustained high customer satisfaction rates without benefit payment process. This strategic measure is transitioning to solely an operational measure beginning FY 2018-19.

Measure Owner: Donna Lum

Refresh Frequency: Quarterly

Reporting Range: April 1 – June 30, 2018

Thresholds:

80% or above

70-79%

69% and below

Status:



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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Simplify programs to improve service and/or reduce costs
Measure	External investment manager reduction strategy
Associated Initiative or Project	Business Plan Initiative – External manager monitoring, expectations, and reduction strategy

Measure Description:

Annual evaluation of the number of strategic and transition external managers.

Baseline:

151 external strategic and transition managers

Target:

100 or fewer external strategic and transition managers

Measure Narrative Status:

This metric examines the total population of strategic and transition external managers retained to manage assets on behalf of CalPERS. Significant progress has been made over the last year, as of June 2018, the Investment Office has met the goal of decreasing 5 or more managers for FY 2017-18, with the current count at 144 (-7 from the baseline measurement). Transparent, fair and competitive ongoing evaluation processes are driving this metric.

The INVO 2020 Vision, a 5-year strategic plan, focuses on reducing management fees and complexity, enhancing governance and manager expectations, and moving to fewer but more strategic partnerships.

Measure Owner: Ted Eliopoulos & Elisabeth Bourqui

Refresh Frequency: Annually, August

Reporting Range: FY 2017-18

Thresholds:

- Decrease of 5 or more managers per year
- ▲ Decrease of 4 or less managers per year
- No reduction, or increase in # of managers

Status:



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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Measure	CEM pension administration benchmarking survey – cost per member
Associated Initiative or Project	Business Plan Initiatives – Develop and implement continuous process improvement framework; Reduce system costs and improve efficiencies

Measure Description:

From the annual CEM Pension Administration Benchmarking Survey, reduce cost per member, exclusively to pension administration, and does not include health and investment.

Baseline:

\$207 cost per member for FY 2016-17

Target:

Reduce by 2% annually

Measure Narrative Status:

Performance data will be available July 2019.

The total cost per member is calculated by taking the total members divided by the total pension overhead operating costs. There are several variables that impact the increase or decrease of these costs, including those that are out of our control. For example, if our membership numbers go down, and our operating costs remain the same, costs per member will go up. Employee salary increases drive up the costs per member, determined by collective bargaining.

In efforts to reduce costs per member, process improvement efforts are being developed to increase efficiencies. Working cross-divisionally the Financial Office will identify enterprise cost drivers for the organization and produce a baseline report. Based on the report, the Executive team can look at assessing the members return on investment for the customer service provided and identify possible ways to reduce costs.

Measure Owner: Marlene Timberlake D’Adamo

Refresh Frequency: Annually, July

Reporting Range: FY 2016-17

Thresholds:

- Reduced by 2.0% annually
- ▲ Reduced by 1.5-1.99% annually
- Reduced by less than 1.5% annually

Status:

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REDUCE COMPLEXITY

Reduce complexity across the enterprise

Objective	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Measure	Total overhead cost
Associated Initiative or Project	Business Plan Initiatives – Develop and implement continuous process improvement framework; Reduce system costs and improve efficiencies

Measure Description:

Total overhead costs calculated for pension administration and health.

Baseline:

Baseline for FY 2016-17 data will be established in the first quarter of 2018-19.

Target:

Reduce by 1.5-2% annually

Measure Narrative Status:

Performance data will be available September 2018.

Measure Owner: Marlene Timberlake D’Adamo

Refresh Frequency: Annually

Reporting Range: Annually, September

Thresholds:

- Reduced by 1.5-2.0% annually
- ▲ Reduced by 1.0-1.49% annually
- Reduced by less than 1.0% annually

Status:

2017-22 Strategic Plan | Strategic Measure Summary (as of 6/30/18)

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RISK MANAGEMENT

Cultivate a risk-intelligent organization

Objective	Enhance compliance and risk functions throughout the enterprise
Measure	Stakeholder assessment survey – compliance and risk
Associated Initiative or Project	Increase enterprise-wide compliance awareness

Measure Description:

The measure scores the overall stakeholder perception of CalPERS' success in implementing functions and programs that support compliance and risk. Data is gathered through the annual Stakeholder Perception Survey in response to the statement: "CalPERS has effective functions and programs to address compliance and risk."

Baseline:

5.16 out of 7 possible points

Target:

Five-year goal: 5.43 out of 7; a 5% increase from the baseline. Annual increases of 1% (0.05 points). This target will be met through continued stakeholder engagement and the consistent demonstration of our commitment to a culture of compliance and risk as an organization and as a system.

Measure Narrative Status:

Performance data will be available in February 2019.

Measure Owner: Brad Pacheco

Refresh Frequency: Annually, February

Reporting Range: February 2017-February 2018

Thresholds: The five-year goal is an increase of 5%, giving us a target of 1% increase annually.

- Annual increase of 0.05 + points
- ▲ Annual increase of 0.0-0.04 points
- Decrease from 5.16 or increase of less than 1% from previous year

Status:



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RISK MANAGEMENT

Cultivate a risk-intelligent organization

Objective	Enhance compliance and risk functions throughout the enterprise
Measure	Risk and compliance employee awareness survey
Associated Initiative or Project	Business Plan Initiatives – Increase enterprise-wide risk awareness; Increase enterprise-wide compliance awareness

Measure Description:

This measure will be based on two survey questions focused on risk and compliance.

Risk – Annual Employee survey example question: “I am aware of CalPERS risk program. I incorporate risk functions into my daily work.”

Compliance – Annual Employee survey example question: “I am aware of CalPERS’ compliance program. I incorporate compliance functions into my daily work.”

Baseline:

Risk Baseline – Based on the 2018 CalPERS Compliance & Risk Annual survey, 78% of respondents answered “Yes” to question four, “I am aware of CalPERS risk program. I incorporate risk functions into my daily work.”

Compliance Baseline – Based on the 2018 CalPERS Compliance & Risk Annual survey, 87% of respondents answered “Yes” to question five, “I am aware of CalPERS’ compliance program. I incorporate compliance functions into my daily work.”

Target:

Risk Target – Incrementally increase the baseline by 2% annually through 2022, with a target of 86%.

Compliance Target – Maintain 90% or greater positive response rate to the compliance survey question through June 2022.

Measure Narrative Status:

Next fiscal year, this measure will be broken out into two separate measures.

Performance data will be available in February 2019.

Measure Owner: Marlene Timberlake D’Adamo

Refresh Frequency: Annually, February

Reporting Range: Current Fiscal Year Snapshot (i.e. first survey in FY 2017-18 will cover FY 2017-18)

Thresholds:

Risk Thresholds

- Annual increase of ≥2%
- ▲ Annual increase of 0-1.9%
- No annual increase

Compliance Thresholds

- 90% - 100%
- ▲ 80% - 89%
- ≤ 79%

Status:

*

2017-22 Strategic Plan | Strategic Measure Summary (as of 6/30/18)

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RISK MANAGEMENT

Cultivate a risk-intelligent organization

Objective	Enhance compliance and risk functions throughout the enterprise
Measure	Risk and compliance program maturity assessment
Associated Initiative or Project	Business Plan Initiatives – Increase enterprise-wide risk awareness; Increase enterprise-wide compliance awareness

Measure Description: Compliance and risk program maturity model assessments are completed annually.

Baseline:

The Fiscal Year 2017-18 baseline for Enterprise Compliance (ECOM) is a **2+** and Enterprise Risk Management (ERMD) is a **3** on a scale of 1 (low) to 5 (high).

Target:

CalPERS risk management and compliance maturity assessment scores are targeted to increase one point by 2021-2022, from the baseline scores set in FY 2017-18.

Measure Narrative Status:

Performance data will be available January 2019.

Measure Owner: Marlene Timberlake D’Adamo

Refresh Frequency: Annually, January

Reporting Range: Current fiscal year snapshot (i.e. first assessment in FY 2017-18 will cover FY 2017-18)

Thresholds:

- Year-over-year increase in score
- ▲ No change in score
- Year-over-year decrease in score

Status:

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RISK MANAGEMENT

Cultivate a risk-intelligent organization

Objective	Continue to Evolve Cyber Security Program
Measure	Composite security health score within range REPORTED IN CLOSED SESSION
Associated Initiative or Project	Business Plan Initiative - Information security roadmap

<p>Measure Description: Information to be provided in closed session</p> <p>Baseline: Information to be provided in closed session</p> <p>Target: Information to be provided in closed session</p> <p>Measure Narrative Status: Information to be provided in closed session</p>	<p>Measure Owner: Doug Hoffner</p> <p>Refresh Frequency: Information to be provided in closed session</p> <p>Reporting Range: Information to be provided in closed session</p> <p>Thresholds: Information to be provided in closed session</p> <p>Status: Information to be provided in closed session</p>
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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
Measure	Increase diverse recruitment channels
Associated Initiative or Project	Business Plan Initiatives – Develop and implement an expanded recruitment strategy; Expand diversity and inclusion program

Measure Description:

Increase the number of diverse channels used to broadcast open positions across the enterprise.

Baseline:

As of July 1, 2017, the Human Resources Division actively engages in 7 distinct recruitment channels:

- Online Job Board
- Social Networks
- CalPERS Brand
- Search Firms
- Print Advertisements
- Outreach Activities
- Job Notifications

Target:

Increase diverse recruitment channels by 25%

Measure Narrative Status:

Performance Data will be available July 2018.

To attract the most diverse and qualified applicant pool to CalPERS and engage prospective applicants in new ways, two new recruitment channels have been established.

Career Services & Outreach (CSO) has collaborated with the “Honor a Hero, Hire a Vet” organization in the past and wants to expand to additional partnerships. CSO continually increases the number of veteran recruitment partnerships and in 2017 has connected with four additional veteran organizations in the effort to increase recruitment channels. CalPERS will continue to reach out and increase the number of veteran organization partnerships to attend career fairs and promote job openings.

Measure Owner: Doug Hoffner

Refresh Frequency: Annually, July

Reporting Range: Fiscal year

Thresholds:

- Increase of 25% or more channels from baseline
- Increase of 14% or more channels from baseline
- No increase

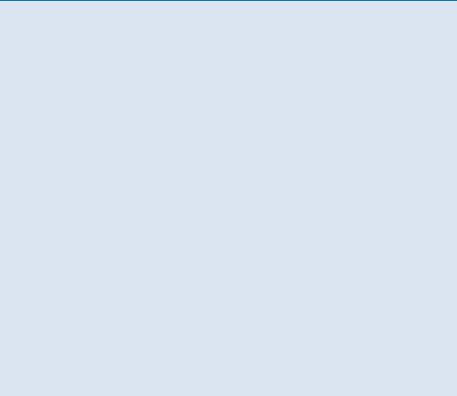
Status:



Measure Narrative Status continued:

In addition to our Veteran recruitment partnerships, CalPERS has also established four LinkedIn Recruiter seats. This recruitment channel allows us to actively search and reach out to top qualified candidates on LinkedIn. LinkedIn Recruiter seats are being used by Executive Recruitment and Employment Services Unit to search for qualified candidates for vacancies across the enterprise.

This measure has expanded our recruitment channels from seven to nine and has added new recruitment activities within existing channels. These new channels have been incorporated into our existing recruitment and outreach processes.



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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
Measure	Workforce diversity & inclusion
Associated Initiative or Project	Business Plan Initiative – Expand diversity & inclusion program

Measure Description:

This measure focuses on our efforts to help foster a culture of inclusion that welcomes diversity of thought, experience, and background. We have learned that diversity within an inclusive working environment enhances the relevance of our work, increases productivity, and improves the value of services we provide. The annual Employee Engagement Survey has several specific questions aimed at gauging the success of our diversity and inclusion (D&I) efforts.

A survey score above 59% represents a high-performing organization.

Baseline:

66% (2017) D&I Driver Employee Engagement Survey results.

Target:

Increase the Engagement Survey score average related to D&I by 2% Annually (8% by 2022).

Measure Narrative Status:

Performance data will be available December 2018.

The next Employee Engagement Survey will be administered September 2018, and will provide data to refresh this measure.

Measure Owner: Brad Pacheco

Refresh Frequency: Annually, December

Reporting Range: October – September

Thresholds: Increase engagement scores related to D&I by at least 2% each year

- Annual increase of 2% or more
- ▲ Annual increase of 1-1.9%
- Annual increase of less than 1% or no increase

Status:



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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
Measure	Employee engagement survey
Associated Initiative or Project	Business Plan Initiative - Develop and administer team member engagement surveys

Measure Description:

This measure focuses on our annual employee engagement survey which supports our efforts to foster a culture of engagement at CalPERS. The questions in the survey correspond to engagement and retention drivers, such as manager relationships, learning and development, culture, and organization potential.

Baseline:

59.5%

Target:

High performing status of > 59%

Measure Narrative Status:

Performance data available December 2018.

Measure Owner: Doug Hoffner

Refresh Frequency: Annually, December

Reporting Range: October-September

Thresholds:

- Above 59% represents high performance
- ▲ 40-59% represents average performance
- Under 40% represents low performance

Status:

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TALENT MANAGEMENT

Promote a high-performing and diverse workforce

Objective	Cultivate leadership competencies and develop succession plans across the enterprise
Measure	Proficiency in CalPERS leadership competencies
Associated Initiative or Project	Projects – Online competency-based assessment to evaluate proficiency; integration of competencies into our leadership training classes

Measure Description: Measure proficiency in CalPERS leadership competencies in a phased approach.

Baseline: Will be established in August 2018 when Year 1 efforts conclude.

Target: Will be established in August 2018 for Year 1 evaluated leaders.

Measure Narrative Status:

Performance data will be available in September 2019.

Performance data for Year 1 available following the 2017-18 CEA Incentive Compensation calibration (July/August 2018). Year 2 data to include CEAs and Investment Office leaders will be available following the January 2019 Incentive Compensation mid-year calibration. Year 3 data to include all CalPERS leaders. Beginning of Year 4 data to be all-inclusive baseline.

Measure Owner: Doug Hoffner

Refresh Frequency: Annually, September

Reporting Range: July-June

Thresholds: Will be developed once the Baseline and Target have been established.

Status:

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TALENT MANAGEMENT

Promote a high-performing and diverse workforce

Objective	Cultivate leadership competencies and develop succession plans across the enterprise
Measure	Internal candidates selected to fill senior and executive recruitments
Associated Initiative or Project	Projects – Succession Planning Program and Leadership Development Program

Measure Description:

This current measure combines the two previously titled measures - *Participation in succession planning program* and *Active development plans for succession planning program participant* - which allows us to better measure the outcome of the strategic objective. This measure assesses the percentage of senior and executive recruitments filled by internal candidates who participate in the competitive recruitment process.

Baseline:

In FY 2016-17, 75% of senior and executive recruitments were filled by internal candidates.

Target:

In accordance with industry best practices, 67% of recruitments should be filled by internal candidates.

Measure Narrative Status:

Performance Data will be available August 2018. Starting in 2018-19, this measure will be re-named to *Retain Highly Skilled Senior Leaders* in order to focus more on retention. For 2017-18, the rate for filling senior and executive recruitments with internal candidates is 67%. Senior and executive recruitments are classified as Division leaders at a CEA or equivalent classification and Branch leaders that are direct reports to the CEO.

The target of this measure is based on the 67/33 build/buy ratio from Korn Ferry’s Real World Leadership Study, which commissioned a comprehensive, global survey of views on leadership development with broad representation from a variety of international markets. The merit process limits what we can do to affect change to this measure, but outreach efforts to include Diversity and Inclusion and building talent pools of qualified candidates with LinkedIn are some ways we engage external candidates.

Measure Owner: Doug Hoffner

Refresh Frequency: Annually, August

Reporting Range: Fiscal year

Thresholds: Monitor and report outcomes of senior and executive recruitments

- 62-72%
- ▲ 56-61% or 73-77%
- <55% or = > 78%

Status:

