



Board of Administration

Agenda Item 11a

November 15, 2018

Item Name: Enterprise Performance Reporting – First Quarter Report

Program: Enterprise

Item Type: Information

Executive Summary

This agenda item provides the first quarter report (July 1, 2018 through September 30, 2018) for the recently implemented CalPERS Enterprise Performance Reporting (EPR) framework, which is comprised of Strategic Measures (Measures), Business Plan Initiatives (Initiatives), and Key Performance Indicators (KPIs). The Measures and Initiatives are part of CalPERS 2017-22 Strategic Plan (Strategic Plan) and allow us to measure progress in achieving our strategic goals and objectives. The KPIs are the third EPR component and serve as a collection of performance indicators that measure the effectiveness of our efforts at the operational level. EPR focuses on the ongoing monitoring and reporting of all three components and provides information as to how well the organization is progressing towards strategic goals and objectives, as well as operational targets.

The focus of this agenda item will be on At-Risk and Off-Target Measures and Initiatives. The EPR first quarter report will also include supplemental performance data for On-Target Measures and Initiatives, as well as for KPIs (Attachments C, D, and E).

Strategic Plan

This agenda item specifically aligns to our strategic goals and objectives, as we measure our strategic and operational progress throughout the duration of the Strategic Plan.

Background

In early 2016, we began the development of our current five-year Strategic Plan and refined our mission and vision statements. These efforts resulted in a year-long collaborative process that yielded valuable information and feedback from a variety of internal and external stakeholders. These inputs, coupled with a rigorous period of analysis, helped us identify our strategic goals - each with its own set of objectives and measures. In February 2017, the Board approved the Strategic Plan, and the Business Plan (Business Plan) – which serves as a vehicle to put the Strategic Plan into action.

In addition to Strategic Plan activities the organization began to develop the KPIs and implement the EPR framework. Through collaborative working sessions with the executive team and program areas, KPIs were identified and developed for all areas of the organization, and the EPR

framework was implemented in-tandem with the commencement of the Strategic Plan on July 1, 2017.

The EPR framework provides a comprehensive view of strategic and operational performance through quarterly reports that reflect status indicators of On-Target (green), At-Risk (yellow) and Off-Target (red), however, the presentations to the Board of Administration will focus on At-Risk and Off-Target Measures and Initiatives. This will include open discussions related to root-causes, as well as potential constraints and mitigation strategies currently underway. The intent of the EPR framework is to reinforce CalPERS' desire to be transparent and accountable in support of our strategic goals and objectives, and operational targets.

As the EPR framework continues to progress, the following status designations will appear for several Measures and KPIs:

- Pending refresh – baseline, target, and thresholds have been established, and the metric is awaiting completion of a data refresh cycle
- Data not available – baseline, target, or thresholds are currently not available; establishment dates have been noted on summary sheets
- Under development – efforts to solidify methodology are underway

Analysis

This agenda item will focus on two items: 1) Summary of metrics that refreshed during the first quarter; and 2) At-Risk and Off-Target Measures and Initiatives.

Strategic Measures

The Strategic Plan encompasses 34 Measures. In review of first quarter data, 33 Measures are currently On-Target or in a pending refresh, data not available, or under development status, and one will be reported in closed session in February and August 2019. Additional details are included in Attachment C.

Business Plan Initiatives

The Business Plan encompasses 34 Initiatives. In review of first quarter data, 31 are currently On-Target, two are At-Risk, and one will be reported in closed session in February and August 2019. Additional details are included in Attachment D.

- At-Risk:
 - Redesign and enhance the actuarial valuation system
 - Pharmacy benefit design pilot

Key Performance Indicators

There is a total of 60 KPIs. 58 KPIs are currently On-Target or in a pending refresh, data not available, or under development status, one is At-Risk, and one will be reported in closed session in February and August 2019. Additional details are included in Attachment E.

- At-Risk:
 - Project portfolio health

Budget and Fiscal Impacts

Resources for our strategic and operational needs were funded by existing internal resources, and by funding requested through the annual CalPERS budget planning process.

Benefits and Risks

The alignment of the Measures, Initiatives, and KPIs along with our long-term strategic goals, provides focus and clarity that prioritizes and guides our work as we keep the Strategic Plan at the forefront of our planning process. EPR is specifically designed to address the most significant risks and opportunities facing CalPERS and will be regularly reviewed to respond to a changing environment.

Attachments

Attachment A – Strategic Plan Alignment Map (Q1 Status)
Attachment B – Enterprise Operations Map (Q1 Status)
Attachment C – Strategic Measure Summary Sheets
Attachment D – Business Plan Initiative Summary Sheets
Attachment E – KPI Summary Sheets

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