

EPR Second Quarter Report: Business Plan Initiatives Summary Dashboard

The CalPERS 2017-22 Strategic Plan encompasses 28 Business Plan Initiatives (Initiatives) that assist us in achieving our strategic goals and objectives. The Business Plan Initiatives Summary Dashboard provides a brief synopsis of how all 28 initiatives are performing for the second quarter (October 1, 2019 – December 31, 2019). Additional performance details can be found on the summary sheets for each Initiative.

Second Quarter Measure Performance:

- 26 On-Target
- 1 At-Risk
- 1 Closed Session item

Progress Status Criteria for Business Plan Initiatives:

Progress on Business Plan 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 dates – 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

The Business Plan Initiatives Summary Dashboard also provides trend analysis data that captures performance from year two (FY 2018-19).

Enterprise Performance Reporting – Second Quarter Status

CalPERS 2019-20 Business Plan Initiatives

Fund Sustainability	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend Analysis (FY2018-19)	Page Number
Actuarial valuation system – advanced analytics					    Q1 Q2 Q3 Q4	8
Alignment of asset liability management					    Q1 Q2 Q3 Q4	9
Investment risk management and performance attribution					    Q1 Q2 Q3 Q4	10
Enhance capital allocation framework					    Q1 Q2 Q3 Q4	11
Enhance investment platform and controls					    Q1 Q2 Q3 Q4	12
Investment program long-term planning					N/A	13
Stakeholder education on system risks and mitigation					    Q1 Q2 Q3 Q4	14
Investment beliefs and environmental, social, and governance risk integration					    Q1 Q2 Q3 Q4	15

Enterprise Performance Reporting – Second Quarter Status

CalPERS 2019-20 Business Plan Initiatives

Health Care Affordability	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend Analysis (FY2018-19)	Page Number
Value-based insurance design					    Q1 Q2 Q3 Q4	16
Medical pharmacy site of care management					    Q1 Q2 Q3 Q4	17
Pharmacy benefits management					    Q1 Q2 Q3 Q4	18
Medical reference pricing expansion					    Q1 Q2 Q3 Q4	19
Health stakeholder outreach & awareness					N/A	20
Statewide collaboration through <i>Smart Care California</i>					    Q1 Q2 Q3 Q4	21

Enterprise Performance Reporting – Second Quarter Status

CalPERS 2019-20 Business Plan Initiatives

Reduce Complexity	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend Analysis (FY2018-19)	Page Number
Mature targeted information technology capabilities					    Q1 Q2 Q3 Q4	22
Complexity reduction					    Q1 Q2 Q3 Q4	23
Continuous process improvement					    Q1 Q2 Q3 Q4	24
Enhance business effectiveness, resource allocation, and efficiency of investment programs					    Q1 Q2 Q3 Q4	25
Expand information technology service-level agreements					    Q1 Q2 Q3 Q4	26
Board insight tool					N/A	27

Enterprise Performance Reporting – Second Quarter Status

CalPERS 2019-20 Business Plan Initiatives

Risk Management	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend Analysis (FY2018-19)	Page Number
Increase enterprise-wide compliance awareness					    Q1 Q2 Q3 Q4	28
Increase compliance program maturity					    Q1 Q2 Q3 Q4	29
Enterprise data management					    Q1 Q2 Q3 Q4	31
Information security roadmap	Closed Session	Closed Session			Closed Session	32

Enterprise Performance Reporting – Second Quarter Status

CalPERS 2019-20 Business Plan Initiatives

Talent Management	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend Analysis (FY2018-19)	Page Number
Implement engagement survey action items					    Q1 Q2 Q3 Q4	33
Expand diversity and inclusion program					    Q1 Q2 Q3 Q4	34
Implement 2018-22 workforce plan strategies					    Q1 Q2 Q3 Q4	35
Develop leadership competencies measurement tool					    Q1 Q2 Q3 Q4	7

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Develop Leadership Competencies Measurement Tool
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Cultivate leadership competencies and develop succession plans across the enterprise
Strategic Measure:	Proficiency in CalPERS Leadership Competencies

Status:	At-Risk
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Description:	Develop and pilot a tool to measure leaders' proficiency in CalPERS competencies.
Intent:	Provide a consistent feedback and accountability tool so leaders are well-equipped to successfully demonstrate CalPERS competencies. The expected outcome is to gather data and identify trends, inform, and focus our leadership training and development strategies.
Start Date:	July 2018
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Develop and Implement Competencies Tool Training Plan (June 2020)

Risks and Mitigations

Risk(s):

Possible risk: Developing an overgeneralized tool that may not fully meet the needs of each leadership group, including the variations needed to meet the needs of four distinct incentive compensation programs.

Mitigation(s):

Continue to work with ITSB and internal HRSD systems team to identify the best path forward for the full leadership group.

Has a risk materialized? Yes ☒ No ☐

If yes, will it prevent initiative completion by the end date? Yes ☒ No ☐

Root Cause (if At-Risk or Off-Target):

Unique needs for leadership evaluation, driven by the various leadership groups, including the interface for leaders at all levels for Incentive Compensation, Leadership Development, and Succession Planning programs require further consideration to ensure alignment among all leaders at CalPERS. Additionally, upon filling the HRSD Chief role, the new Chief will review, evaluate, and make recommendations on next steps.

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Actuarial Valuation System – Advanced Analytics
Executive Owner:	Scott Terando
Strategic Goal:	Fund Sustainability
Strategic Objective:	Fund the System through an integrated view of pension assets and liabilities
Strategic Measure:	Projected Funded Status

Status:	On-Target
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Description:	Develop and implement advanced analytic tools to more accurately model CalPERS' liabilities and projected funded status
Intent:	These tools will allow us to better model and obtain the anticipated cashflows of the pension plan. Also, the enhanced reports and graphics will help to educate our stakeholders with less complexity
Start Date:	November 2018
End Date:	June 2020
Resources Approved:	\$4,741,600

Completed:	Deliverable and Due Date:
☒	GASB Financing Program (October 2019)
☒	Create Test-life System for Members and Retirees (October 2019)
☒	Complete Knowledge Transfer and training for ACTO staff (December 2019)
☐	Incorporate Generational Mortality functionality in the new valuation system (June 2020)

Risks and Mitigations

Risk(s):

There are no identified risks at this point. The project has been extended to June of 2020. The extra time allotted to the project will be paid for with savings from the 18-19 fiscal year. The Actuarial Office made a conscious decision early in the project to move the deliverable of incorporating generational mortality into the valuation system to the end of the project. This timing makes more sense with the workload of the actuarial office because ACTO cannot incorporate generational mortality into the system until our next experience study in 2022. All new feature deliverables now coincide with the actual workload timing of the Actuarial Office.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Alignment of Asset Liability Management
Executive Owner:	Michael Cohen
Strategic Goal:	Fund Sustainability
Strategic Objective:	Fund the System through an integrated view of pension assets and liabilities
Strategic Measure:	Funded Status, Projected Funded Status

Status:	On-Target
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Description:	Incorporate elements of funding risk from both an asset and liability perspective to ensure the sustainability of the fund
Intent:	To provide an integrated view of pension assets and liability and actively assess and manage funding risk through the Asset Liability Management (ALM) framework in order to strengthen the long-term sustainability of the fund.
Start Date:	July 2017
End Date:	June 2022
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Implement Strategic Asset Allocation Targets (July 2019)
☒	Implement Pension Outlook Tool (December 2019)
☐	Coordinate Asset Liability Management (ALM) Mid-Cycle Update (June 2020)

Risks and Mitigations

Risk(s):

- 1) Market condition prevent execution for necessary targets.
- 2) Beta testing produces unforeseen complication.
- 3) Economic conditions create uncertainty and turbulence in capital markets.

Mitigation(s):

- 1) Timeline will have to be extended to account for longer implementation time.
- 2) Fix error from beta testing and adjust timeline.
- 3) Escalate schedule

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Investment Risk Management and Performance Attribution
Executive Owner:	Yu (Ben) Meng
Strategic Goal:	Fund Sustainability
Strategic Objective:	Mitigate the risk of significant investment loss
Strategic Measure:	1-year total expected fund volatility

Status:	On-Target
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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
Intent:	To ensure our investment activities are supported by a solid platform of effective risk management and performance attribution processes
Start Date:	July 2015
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Investment Strategy Review – Decision Framework (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Enhance Capital Allocation Framework
Executive Owner:	Yu (Ben) Meng
Strategic Goal:	Fund Sustainability
Strategic Objective:	Deliver target risk-adjusted investment returns
Strategic Measure:	Annualized (5-year) excess investment returns relative to total fund policy benchmark

Status:	On-Target
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Description:	Enhance the Capital Allocation framework through improved risk factor modeling and greater understanding and ownership of trust-level investment risk and performance
Intent:	To manage the CalPERS investment portfolio in a cost effective, transparent, and risk-aware manner in order to generate returns to pay benefits.
Start Date:	July 2015
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Leverage and Liquidity Investment Policy Guidelines (December 2019)
☐	Plan Level Leverage and Liquidity Management – Implementation (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Enhance Investment Platform and Controls
Executive Owner:	Yu (Ben) Meng
Strategic Goal:	Fund Sustainability
Strategic Objective:	Deliver target risk-adjusted investment returns
Strategic Measure:	Annualized (5-year) excess investment returns relative to total fund policy benchmark

Status:	On-Target
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Description:	Enhance the investment platform and internal controls environment to achieve optimum efficiency
Intent:	To ensure our investment and business activities are supported by a solid platform of effective risk management and controls.
Start Date:	July 2015
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Investment Data Strategy Organizational Model (December 2019)
☐	Investment Data Strategy (Milestone 1) (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Investment Program Long-Term Planning
Executive Owner:	Yu (Ben) Meng
Strategic Goal:	Fund Sustainability
Strategic Objective:	Deliver target risk-adjusted investment returns
Strategic Measure:	Annualized (5-year) excess investment returns relative to total fund policy benchmark

Status:	On-Target
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Description:	Develop new five-year Investment Office strategic plan
Intent:	To improve long-term pension and health benefit sustainability
Start Date:	July 2019
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	INVO 5-Year Strategic Plan Development (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Stakeholder Education on System Risks and Mitigation
Executive Owner:	Brad Pacheco
Strategic Goal:	Fund Sustainability
Strategic Objective:	Educate employers, members, and stakeholders on System risks and mitigation strategies
Strategic Measure:	Stakeholder assessment survey - Risk

Status:	On-Target
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Description:	Identify, develop, and implement training, education, and outreach opportunities to educate members, employers, and stakeholders on system risks, mitigation strategies, and compliance enhancements
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.
Start Date:	July 2017
End Date:	June 2022
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Host a local elected official's special session, at the Educational Forum (October 2019)
☒	Develop and implement communication material charting CalPERS path of the next ten years, identifying key factors in improving the funded status (June 2020)

Risks and Mitigations

Risk(s):

None Identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Investment Beliefs and ESG Risk Integration
Executive Owner:	Yu (Ben) Meng
Strategic Goal:	Fund Sustainability
Strategic Objective:	Integrate environmental, social, and governance (ESG) considerations into Investment decision making
Strategic Measure:	Investment Managers policies and procedures for ESG factor integration

Status:	On-Target
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Description:	Develop a framework for the integration of CalPERS Investment Beliefs and ESG risk considerations into the investment decision-making process
Intent:	To integrate ESG considerations in to the investment decision-making process to strengthen the long-term sustainability of the pension fund
Start Date:	July 2015
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	ESG Integration Framework (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Value-Based Insurance Design
Executive Owner:	Donald Moulds
Strategic Goal:	Health Care Affordability
Strategic Objective:	Restructure benefit design to promote high-value health care
Strategic Measure:	Total health care cost annual change

Status:	On-Target
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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
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.
Start Date:	July 2017
End Date:	March 2021
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Develop and implement communication plan to improve outreach to members and providers to increase Value-Based Insurance Design (VBID) engagement (December 2019)
☐	Report to the Pension & Health Benefits Committee (PHBC) the status of member engagement in the PERS Select Value-Based Insurance Design (VBID) plan (March 2021)

Risks and Mitigations

Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

Note: HPBB is extending the initiative end and deliverable #2 from March 2020 to March 2021. This change supports the recent completion of deliverable #1 (develop and implement communication plan to improve outreach to members and providers to increase Value-Based Insurance Design engagement) in December 2019 and it allows HPBB to continue monitoring, researching, updating, and implementing health benefit design strategies in support this initiative. In March 2021, HPBB is planning to provide an update to the PHBC on engagement and other benefit design strategies.

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Medical Pharmacy Site of Care Management
Executive Owner:	Donald Moulds
Strategic Goal:	Health Care Affordability
Strategic Objective:	Restructure benefit design to promote high-value health care
Strategic Measure:	Access to care

Status:	On-Target
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Description:	Leverage current Integrated Health Care and Population Health delivery models to contain health care costs in PPO plans by evaluating HMO plans Site of Care Programs.
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.
Start Date:	July 2017
End Date:	June 2021
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Develop and obtain approval for HMO plans' Medical Pharmacy Site of Care Management Program assessment tool (January 2020)
☐	Develop communication plan to identify stakeholders and distribute assessment tool (June 2020)
☐	Provide summary report of findings to the Pension & Health Benefits Committee (PHBC) (December 2020)

Risks and Mitigations

Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Pharmacy Benefits Management
Executive Owner:	Donald Moulds
Strategic Goal:	Health Care Affordability
Strategic Objective:	Restructure benefit design to promote high-value health care
Strategic Measure:	Total health care cost annual change

Status:	On-Target
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Description:	Develop and implement strategies to align our pharmacy benefit manager with our reference pricing model
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.
Start Date:	July 2017
End Date:	June 2022
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Implement reference pricing strategy for selected drug therapeutic classifications for health plans with pharmacy benefits managed by CalPERS Pharmacy Benefit Manager (PBM) (January 2020)
☐	Evaluate effectiveness through cost/benefit analysis and present to the Pension & Health Benefits Committee (June 2021)

Risks and Mitigations

Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Medical Reference Pricing Expansion
Executive Owner:	Donald Moulds
Strategic Goal:	Health Care Affordability
Strategic Objective:	Restructure benefit design to promote high-value health care
Strategic Measure:	Total health care cost annual change

Status:	On-Target
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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
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.
Start Date:	July 2017
End Date:	June 2021
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Develop criteria/framework for additional medical procedures to be reference priced and present to the Pension & Health Benefits Committee (PHBC) (June 2020)
☐	Develop and implement ongoing processes for assessing Quality Assurance (QA) of Ambulatory Surgery Centers (ASCs) (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Health Stakeholder Outreach and Awareness
Executive Owner:	Donald Moulds
Strategic Goal:	Health Care Affordability
Strategic Objective:	Improve the health status of our employees, members and their families, and the communities where they live
Strategic Measures:	Diabetes self-management; Mental health and well being; Self-reported overall health status

Status:	On-Target
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Description:	Conduct stakeholder outreach and awareness of wellness programs and disease management programs which create a culture of good health
Intent:	Increase CalPERS members' awareness of wellness and disease management programs offered by CalPERS health plans.
Start Date:	July 2019
End Date:	June 2022
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Incorporate wellness and disease management utilization into Quarterly Business Reviews (QBRs) with each health plan (September 2019)
☐	Evaluate and provide report on member awareness and satisfaction with existing wellness and disease management programs (June 2020)
☐	Develop and implement communication plan to conduct outreach to employers to increase usage of health plan offerings and programs (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Statewide Collaboration through <i>Smart Care California</i>
Executive Owner:	Donald Moulds
Strategic Goal:	Health Care Affordability
Strategic Objective:	Reduce the overuse of ineffective or unnecessary medical care
Strategic Measures:	Opioid – dose; Opioid - duration; C-section rate; Acute onset lower back pain and physical therapy; Acute onset lower back pain and related opioid use; Overuse of imaging for back pain

Status:	On-Target
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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, behavioral health, and spinal/back disorders
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.
Start Date:	July 2017
End Date:	June 2021
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Develop clinical measures to assess effectiveness of depression screening and treatment (December 2019)
☐	Present report to Pension & Health Benefits Committee (PHBC) to identify, develop, and implement benefit design strategies to manage patients with risky opioid regimens and streamline access to effectively treat opioid use disorder (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Mature Targeted Information Technology (IT) Capabilities
Executive Owner:	Doug Hoffner
Strategic Goal:	Reduce Complexity
Strategic Objective:	Simplify programs to improve service and/or reduce cost
Strategic Measure:	CEM information technology capability score

Status:	On-Target
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Description:	Mature targeted IT capabilities to enhance the delivery of core services, as well as anticipate and meet emerging business needs of the future (June 2020)
Intent:	Strengthen and maximize our competencies to better serve our partners and customers
Start Date:	July 2018
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Phase II – Increase maturity of identified capabilities and develop education materials, revised procedures, and tool configuration as needed (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Complexity Reduction
Executive Owner:	Doug Hoffner
Strategic Goal:	Reduce Complexity
Strategic Objective:	Simplify programs to improve service and/or reduce cost
Strategic Measure:	CEM pension complexity score; CEM cost per member; Overhead operational cost

Status:	On-Target
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Description:	Conduct research and analysis of complexity reduction opportunities and initiate process or policy changes
Intent:	To reduce complexity in our business processes in an effort to gain and maintain efficiencies in the services we provide to our members and business partners and maintain our CEM Complexity score.
Start Date:	July 2018
End Date:	June 2022
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Contribution Rates Complexity – Employee Contributions Report (June 2020)
☐	Benefit Payment Methods – Checks Report (June 2020)
☐	Contribution Rates Complexity – 1959 Survivor Report (June 2021)
☐	Written Pension Estimates Process Improvement Report (June 2021)
☐	Appeals Process Improvement Report (June 2022)

Risks and Mitigations

Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Continuous Process Improvement
Executive Owner:	Doug Hoffner
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Strategic Measure:	CEM cost per member; Overhead operational cost

Status:	On-Target
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Description:	Support implementation of continuous process improvement opportunities that increase efficiency and reduce complexity through the enterprise
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
Start Date:	July 2017
End Date:	June 2022
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Lean Resource Library (December 2019)
☐	Expanded White Belt Education (June 2020)
☐	Standardized Process for Improvement Sustainability (December 2020)
☐	Green Belt Training Pilot (December 2020)

Risks and Mitigations

Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Enhance Business Effectiveness, Resources Allocation, and Efficiency of Investment Programs
Executive Owner:	Yu (Ben) Meng
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Strategic Measure:	5-year net value added

Status:	On-Target
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Description:	Enhance cost effectiveness, resource allocation, and efficiency of the investment program to increase net returns on assets
Intent:	Manage the CalPERS investment portfolio in a cost effective, transparent, and risk-aware manner in order to generate returns to pay benefits.
Start Date:	July 2015
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Private Equity Business Model – Implementation (June 2020)
☐	Multi-Asset Trading Platform (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Expand Information Technology Service-Level Agreements
Executive Owner:	Doug Hoffner
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Strategic Measure:	CEM cost per member

Status:	On-Target
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Description:	Develop and implement Service-Level Agreements for services within the Information Technology Services Branch service catalog
Intent:	With agreed upon metrics, developed with our business partners, ITSB can measure and improve performance and ensure value delivery
Start Date:	July 2018
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Develop the Service Level Agreements for Data Analytics & Reporting, Pension and Health Services Suite, Administrative/Corporate Services Suite, Investment Services Suite, and Enterprise Content Management Services Suite (December 2019)
☐	Develop the Service Level Agreements for Laptop Services, Print Services, Video Conferencing, Additional Software, Tablet Services, Project Management, and Special Event Services (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Board Insight Tool
Executive Owner:	Doug Hoffner
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Strategic Measure:	Aligns to overall Reduce Complexity goal

Status:	On-Target
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Description:	Design, develop, and pilot a new content management tool that allows for a more efficient and effective way of accessing and interpreting Board Information
Intent:	Enable board members to rapidly gain insights into key direction and policy decisions required of the board.
Start Date:	July 2019
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Board Governance Committee project update at July Board Offsite (July 2019)
☒	Quarterly Board Governance Committee project update (September 2019)
☒	Develop Working Framework (December 2019)
☒	Quarterly Board Governance Committee project update (December 2019)
☐	Develop System Enhancements and Functionality for Insights Tool – Phase 2 (March 2020)
☐	Develop System Enhancements and Functionality for Insights Tool – Phase 3 (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time.

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

Note: This initiative is being extended out from January 2020 to June 2020 to add in additional system enhancements and functionality.

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Increase Enterprise-Wide Compliance Awareness
Executive Owner:	Marlene Timberlake D'Adamo
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Strategic Measure:	Compliance employee awareness survey; Compliance program maturity assessment; Stakeholder assessment survey- compliance and risk

Status:	On-Target
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Description:	Develop compliance communication and training plans to increase awareness throughout the enterprise
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.
Start Date:	July 2017
End Date:	June 2022
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Enhance compliance and ethics education by developing and implementing a compliance and ethics training plan for FY 2019-20 that combines web-based and instructor-led formats (March 2020)
☐	Create and implement and internal compliance and ethics communication plan for FY 2019-20 to increase awareness of the compliance program throughout the enterprise (April 2020)
☐	Reinforce communications around laws and policies that inform team member ethical behavior (June 2020)

Risks and Mitigations

Risk(s):

Lack of business partner buy in. Competing priorities

Mitigation(s):

Engage with business partners early to let them know how our initiatives will impact them.

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Increase Compliance Program Maturity
Executive Owner:	Marlene Timberlake D'Adamo
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Strategic Measure:	Compliance program maturity assessment; Compliance employee awareness survey

Status:	On-Target
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Description:	Enhance the Compliance Program maturity and performance by annually identifying and completing initiatives across a broad set of functional objectives and activities that strengthen CalPERS compliance and ethics culture
Intent:	To continue to mature CalPERS compliance function to prevent, detect, and correct compliance failure within the organization. The annual assessment will help Enterprise Compliance: • Understand how well the function is performing in its current state • Support short-term and long-term planning by clearly identifying next steps and associated resources • Ensure alignment of strategy and resources with market opportunities and business needs
Start Date:	July 2018
End Date:	June 2022
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Continue to strengthen and enhance oversight of the conflict of interest rules (June 2020)
☐	Strengthen existing Delegation of Authority and Policy governance practices (June 2020)
☐	Monitor business changes and create a process to make sure CalPERS complies with applicable laws and regulations (June 2020)
☐	Compliance Maturity Benchmark Survey (June 2020)

Risks and Mitigations

Risk(s):

The assessment should be validated by members of the Senior Leadership Council and members of the Compliance and Risk Liaisons. Depending on each program area's workload, timely completion might impact the deadline of June 2020. The results are tabulated by the vendor, the data is then analyzed by ECOM team members. Competing priorities and lack of resources. Additionally, the assessment is quite detailed and non-ECOM team members may have difficulty in accurately assessing ECOM's activities and functions.

2019-20 Business Plan Initiative Action Plan (Quarter 2)

Mitigation(s):

ECOM will facilitate the sessions with each impacted business partner, questions will be provided in advance to give ample review time.

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Enterprise Data Management
Executive Owner:	Marlene Timberlake D'Adamo
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Strategic Measure:	Aligned to overall Risk Management Goal

Status:	On-Target
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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.
Intent:	This initiative will help drive change across people, process, technology, and culture dimensions to achieve the following objectives: <u>Value Statements:</u> 1) Improve data consistency and integrity across the organization; 2) Improve enterprise transparency into data; 3) Reduce complexity inherent in data silos; 4) Provide data-driven insights and decision making 5) Facilitate enterprise collaboration and data sharing <u>Risk Statements:</u> 6) Minimize the risk of reputational harm to CalPERS brand; 7) Minimize the risk of loss of trust in our information; 8) Minimize the risk of poor communication and knowledge sharing; 9) Minimize the risk of misuse of resources
Start Date:	July 2017
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Finalize Communication Plan (January 2020)
☐	Review and Develop Enterprise Data Management Policies (June 2020)
☐	Refine Data Glossary and Make Available to all CalPERS Team Members (June 2020)

Risks and Mitigations

Risk(s):

1) Data Management is being undertaken without any dedicated resources and the initiative could be slowed due to competing priorities.

Mitigation(s):

1) Seeking continual buy-in from leadership and adjusting Enterprise Data Council (EDC) and Enterprise Data Stewards (EDS) participants in the event their core workload precludes them from being able to contribute to data management efforts.

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Reported in Closed Session Q2 & Q4

Initiative Title:	Information Security Roadmap
Executive Owner:	Matt Jacobs
Strategic Goal:	Risk Management
Strategic Objective:	Continue to evolve cyber security program
Strategic Measure:	Composite security health score within range

Status:	Information to be provided in closed session.
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Description:	Advance the cyber security strategy and roadmap to mitigate cyber security risks
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.
Start Date:	July 2017
End Date:	June 2022
Resources Approved:	N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Implement Engagement Survey Action Items
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Recruit and empower a broad range of talents to meet organization priorities
Strategic Measure:	Engagement survey results and action items – accountability; Engagement survey results and action items – senior and executive management relationships

Status:	On-Target
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Description:	In partnership with senior leaders, develop and implement a plan to address Accountability and Senior & Executive Management Relationships from the Employee Engagement Survey results.
Intent:	Measure the effectiveness of engagement activities.
Start Date:	July 2018
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Develop Accountability Activity Plan for FY 2019-20 (June 2020)
☐	Develop Executive/Senior Leader Activity Plan for FY 2019-20 (June 2020)

Risks and Mitigations

Risk(s):

Possible future risk: Difficulty developing and implementing an action plan in response to the Engagement Survey results.

Mitigation(s):

Take a strategic approach when planning activities.

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Expand Diversity & Inclusion Program
Executive Owner:	Brad Pacheco
Strategic Goal:	Talent Management
Strategic Objective:	Recruit and empower a broad range of talents to meet organizational priorities
Strategic Measure:	Engagement survey results & action items – diversity & inclusion

Status:	On-Target
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Description:	Sustain the strategy to embed Diversity & Inclusion as an enterprise comprehensive approach to be a leader in best practices and to meet organizational goals.
Intent:	This business initiative is intended to be an enterprise approach to implement Diversity and Inclusion (D&I) efforts to increase engagement and integrate best practices across the enterprise
Start Date:	July 2019
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☒	Establish a D&I Advisory Committee as an enterprise approach of D&I efforts (December 2019)
☐	Expand education and training to all Team Members (Implement the last phase of the D&I Enterprise Strategy) (June 2020)
☐	Develop survey to capture self-identifying demographic data (June 2020)

Risks and Mitigations

Risk(s):

None identified at this time

Mitigation(s):

N/A

Root Cause (if At-Risk or Off-Target):

N/A

2019-20 Business Plan Initiative Summary (Quarter 2)

Initiative Title:	Implement 2018-22 Workforce Plan Strategies
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Cultivate leadership competencies and develop succession plans across the enterprise
Strategic Measure:	Proficiency in CalPERS leadership competencies

Status:	On-Target
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Description:	Implement three workforce planning strategies focused on expanding recruitment, knowledge transfer, and resource alignment
Intent:	Workforce Planning is good business practice and a statewide CalHR requirement.
Start Date:	July 2018
End Date:	June 2020
Resources Approved:	N/A

Completed:	Deliverable and Due Date:
☐	Develop a new Supervisory Skills Enhancement Training Module to ensure all team leaders understand their role in Succession Planning (June 2020)
☐	Enhance the Workforce Management Dashboard by adding critical position and people (single point-of-failure) risk mapping that will lead to documented action plans for mitigation. Enterprise-wide unit assessments done in Fall 2019 through the dashboard will include established risk factors such as: retirement risk and flight risk used in previous workforce planning efforts (June 2020)
☐	Develop and implement a workshop for leaders to expand and promote the importance of Knowledge Transfer to mitigate workforce risks identified in the unit assessments including critical position, people, retirement and flight risk for all team members (June 2020)

Risks and Mitigations

Risk(s):

Possible future risk: Overcommitting based on enterprise-wide competing priorities.

Mitigation(s):

Utilizing HRSD Internal Business Calendar to plan project resources across the fiscal year.

Root Cause (if At-Risk or Off-Target):

N/A