
2017–18 Annual Performance Report

Measuring the Effectiveness of our
Strategic Efforts and Routine Work



California Public Employees' Retirement System

A Message from Our Chief Executive Officer

We inaugurated the *CalPERS 2017-22 Strategic Plan* which includes five new goals. Notably, this plan features performance measures that set targets to assure that we deliver promised retirement and health benefits to our 1.9 million members and their beneficiaries.

We monitor progress toward achieving our strategic goals, which guide our long-term work and operational outcome targets, which measure our day-to-day work. We do this through our Enterprise Performance Management system, which supports our mission and vision using performance metrics. The performance measures fortify our ability to be a transparent, productive, and accountable steward of the pension fund.

CalPERS' *Annual Performance Report (APR)* provides a snapshot view of our performance during the 2017 - 2018 Fiscal Year. High-level performance summaries of the strategic objectives and the core processes are showcased. These summaries incorporate the strategic measures and key performance indicators.

Here are some performance highlights from last year:

- The preliminary total of the Public Employees Retirement Fund (PERF) fund performance is 8.1 percent for the five-year time period, 5.6 percent for the 10-year time period, and 6.1 percent for the 20 -year time period. Over the past 30 years, the fund returned an average of 8.4 percent.
- While we are pleased with the positive returns, we're focused on improving our funded status. The PERF's funded status for 2017-18 holds at approximately 71 percent.
- We exceeded the health care premiums target by holding the annual overall percent increase for 2018 at 2.33 percent.
- We've improved the timeliness of issuing benefit payments, evident by our performance scores of 95 percent. Treasury management reserves ensure the payment of member benefits without interruption, and this status is also on track.
- CalPERS successfully launched our Employee Engagement survey, which had a 70 percent response rate and provided results that exceeded the industry benchmark.
- We also achieved a 95 percent satisfaction score from attendees at webinars, instructor-led training, computer-based training, and CalPERS Benefits Education Events.

Thank you to everyone who helped contribute to our enterprise performance reporting. We look forward to sharing more with you as CalPERS strives to achieve goals and operational targets in the future.

Sincerely,

Marcie Frost
Chief Executive Officer



Marcie Frost
Chief Executive Officer

Table of Contents

| | |
|---|----|
| Introduction | 4 |
| Section 1: Strategic Performance | 5 |
| Goal: Fund Sustainability | 6 |
| Goal: Health Care Affordability | 10 |
| Goal: Reduce Complexity | 13 |
| Goal: Risk Management | 16 |
| Goal: Talent Management | 18 |
| Section 2: Operational Performance | 20 |
| Outcome Measure: Reliable Steward of Funds | 21 |
| Outcome Measure: Customer Satisfaction Driven Organization | 23 |
| Outcome Measure: Open and Transparent Communication | 24 |
| Outcome Measure: Efficient and Effective Organization | 26 |
| Outcome Measure: Supportive and Engaged Leadership | 29 |
| Outcome Measure: Team Member Engagement | 30 |
| Section 3: Addendum | 32 |
| Strategic Plan Alignment Map..... | 32 |
| Enterprise Operations Map..... | 33 |
| Summary Sheets..... | 34 |

Introduction

Enterprise Performance Management Overview

Enterprise Performance Management

Enterprise Performance Management (EPM) is a system that measures the effectiveness of our strategic efforts and routine work through performance metrics, and:

- Includes the development, implementation, monitoring, reporting, and refinement of these metrics to support our mission and vision.
- Helps us maintain a dynamic culture of greater accountability, transparency, stakeholder engagement, and collaboration.
- Provides valuable insights into how we are performing and progressing toward achieving our strategic goals and objectives, and operational targets.

Enterprise Performance Reporting (EPR) Structure

- Strategic measures: evaluates the progress toward achieving our strategic goals and objectives
- Business plan initiatives: project activities that develop or enhance our capabilities
- Key performance indicators (KPIs): measures the effectiveness of our core processes related to our day-to-day work

The EPR framework provides a comprehensive view of strategic and operational performance through quarterly reports that feature the following status indicators: on-target (green); at-risk (yellow); and off-target (red). The at risk and off-target measures and initiatives are presented to the board, so they can discuss root-causes, potential constraints, and mitigation strategies. 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.

Desired Outcomes

EPR provides a comprehensive view of strategic and operational performance and allows us to make better data-driven decisions and improve the efficiency and effectiveness of our processes. Ultimately, the end result is increased value for our customers.



Section 1: Strategic Performance

Our strategic performance is ultimately determined by our ability to achieve our goals. Each of these goals has objectives, strategic measures, and business plan initiatives aligned to them. They help us gauge our performance, while being accountable, transparent, and productive.

Strategy Map

The Strategy Map illustrates our 2017-22 goals, along with our Vision, Mission, and Core Values.



Our Vision

A respected partner, providing a sustainable retirement system and health care program for those who serve California

Our Mission

Deliver retirement and health care benefits to members and their beneficiaries

Our Core Values

| | |
|----------------|-----------|
| Quality | Integrity |
| Respect | Openness |
| Accountability | Balance |



Goal: Fund Sustainability

Strengthen the long-term sustainability of the pension fund

Keeping our promise of a secure pension is the cornerstone of our mission. It has been the reason for our existence since 1932. Long-term sustainability of the pension fund and availability of the funds for our members when they retire are the embodiment of that promise we made 86 years ago. To fulfill this promise, we strive to deliver targeted, risk-adjusted investment returns and to keep our stakeholders engaged and educated about how we balance risks and mitigations to achieve this goal.

7.5% → 7%

Lowered the discount rate from 7.5 percent to 7 percent over three years.

(assumed rate of return)

Highlights:

- Increased the funded status of the PERF from 68 percent for FY 2016-17, to 71 percent for FY 2017-18.
- Lowered the discount rate from 7.5 percent to 7.0 percent to reduce long-term risk to the portfolio when the marketplace under-performs.
- Shortened amortization periods from 30 years to 20 years, thereby escalating the rate at which employers pay their contributions into the PERF.
- Implemented Risk Mitigation Policy and Employer Education Outreach Plan.
- Encouraged state and public agencies to make additional payments. This year the state is contributing \$6 billion above the required contribution, which will lower the unfunded liability.
- Integrated environmental, social, and governance (ESG) considerations into investment decision-making to support long-term sustainability of the companies we invest in.

Goal: Fund Sustainability

Objective: Fund the system through an integrated view of pension assets and liabilities

The funded status of the PERF was 68 percent for FY 2016-17, to 71 percent for FY 2017-18.

CalPERS' funded status measures the pension system's health and is determined by dividing the market value of assets by the actuarial accrued liability. CalPERS monitors the actual versus projected funded status of the PERF to determine if our long-term goal of 100 percent funded status is on track.

2016-17 Funded Status:

PERF: 68 percent (combined)

State: 66 percent

Schools: 70 percent

Public Agencies: 69 percent

CalPERS takes steps to address various factors that influence our funded status. These include:

- Monitoring of actuarial influences, such as increased life spans and number of retirees.
- Shortening the amortization periods from 30 years to 20 years, thereby escalating the rate at which employers pay their contributions into the PERF.
- Encouraging state and public agencies to make additional payments. This year the state is contributing \$6 billion above the required contribution, which will lower the unfunded liability.

CalPERS developed three measures to monitor our funded status, to monitor long-term risk to the PERF, and to examine the impact of employer contribution rates, which can pose as a hardship to these organizations. These measures will not be included in this report next year because they are becoming risk measures. They are:

- CalPERS estimates the probability of the PERF falling below 50 percent funded over the next 30 years.
- We estimate the probability that the employer contribution rates will increase by 5 percent of payroll (7 percent for Safety plans) in a single year at some point in the next 30 years.
- CalPERS measures the likelihood of high employer contribution rates.

Low funding levels represent risk to both employers and members and will result in either high contributions or further deterioration of funding levels. It is desirable for these probabilities to be as low as possible. The probability decreases when investment returns cause the funding level to increase and vice versa, but many other factors affect this metric. CalPERS also lowered the discount rate from 7.5 percent to 7.0 percent to reduce long-term risk to the portfolio when the marketplace under-performs. The discount rate reflects the expected return on investment and the impact on liabilities.

The CalPERS Actuarial Office produces annual valuation reports for the state, schools, and public agency employers to determine minimum employer contribution requirements and the 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.

Goal: Fund Sustainability

Objective: Mitigate the risk of significant investment loss

CalPERS is building an effective investment risk and performance attribution review and decision processes within and across asset classes. This will ensure risks are fully understood, intended, and compensated and ensure our investment activities are supported by a solid platform of effective risk management and performance attribution processes.

The current forecast volatility is 7.6 percent, compared to 8.1 percent in prior year. A 0.5 percent risk reduction is primarily a reflection of historically low market volatility. This implies a 28-percent 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.

Goal: Fund Sustainability

Objective: Deliver target risk-adjusted investment returns

CalPERS measures the effectiveness of achieving superior investment performance relative to the total fund policy benchmark. We measure annualized five-year excess investment returns relative to the total fund policy benchmark.

The total fund policy benchmark is affected by the weighting of the asset classes, as well as the performance of the individual asset classes.

The weight of an asset class is the percentage composition of an asset class in a portfolio.

The performance of an asset class is based on an internally set benchmark, like how an index is compared to. This weight, along with the performance of the asset class, is measured against our policy benchmark.

The PERF generated a five-year annualized total net of 8.1 percent, which exceeded the actuarial target of 7.375 percent. The actuarial performance is based on CalPERS' ability to ensure we have enough funds to pay the promised benefits to our members.

The policy benchmark underperformed by seven basis points. This benchmark is a comparison of our actual investment returns and the prediction of our investment returns.

Goal: Fund Sustainability

Objective: Educate employers, members, and stakeholders on system risks and mitigation strategies

CalPERS surveys stakeholders on the overall perception of our success in explaining and mitigating risks to the system. Stakeholders responded to the statement “I understand the risks inherent in the system and I am confident CalPERS is taking steps to reduce the risks.”

The response score decreased from 5.17 to 5.01, out of 7 possible points. This lowered score indicates that we are off-target in our goal of educating stakeholders on the value and efficacy of our work to address and reduce risk.

| Segment | Mean |
|---------------------|------|
| Active Members | 4.94 |
| Employers | 4.60 |
| Retired Members | 5.38 |
| Employer Leaders | 4.15 |
| Inactive Members | 4.68 |
| Stakeholder Leaders | 5.00 |
| Total (All) | 5.01 |

The primary driver of this drop was the employer leader cohort, whose responses scored at 4.15. Employers have seen significant increases to their projected employer pension contributions because of lower-than-expected market returns, the discount rate change, and the new amortization policy.

While many employers have supported these as prudent actions to take, they also express the view that CalPERS is less effective in mitigating risks to their budgets than they would like. Therefore, this low score can be viewed as something of a referendum on CalPERS’ cost increases for employers.

Goal: Fund Sustainability

Objective: Integrate environmental, social, and governance (ESG) considerations into investment decision making

CalPERS wants investment managers to put policies and procedures in place to integrate ESG risk and opportunity considerations into investment processes and decisions.

An annual survey was established for CalPERS to measure the percentage of investment managers with ESG factors incorporated into investment processes and decisions.

We encourage our investment managers to be environmentally responsible, to address sustainability challenges such as global climate change and water scarcity that may affect performance.

Additionally, we want companies we invest in to have a healthy, productive, and motivated workforce. Company employees play an important role in how wealth is created. We believe that effective and accountable corporate governance is often an indicator of management quality, which we use to discover whether sustainability is embedded into a company’s practices.

Based on the survey methodology and universe of managers surveyed, 96 percent responded that they incorporate ESG practices in their investment processes. The managers surveyed represent approximately 81 percent of CalPERS externally managed portfolio net asset value.



Goal: Health Care Affordability

Transform health care purchasing and delivery to achieve affordability

We aspire to transform health care purchasing and delivery, to make it affordable while providing the best value in health care to our members. We seek to understand rising health care costs and the impact of wellness on those costs.



2.33%

Held the annual overall percent increase in health care premiums for 2018 below our target of 5.51 percent.

Highlights:

- Held the annual overall percent increase in health care premiums for 2018 to below our target of 5.51 percent. The percent increase in health care premiums for 2018 was 2.33 percent.
- Looked at the epidemic of opioid overuse: We will measure the duration of opioid use, using national comparative data, to establish a target and thresholds, which will be available in FY 2019-20.
- Measured the percent of in-network hospitals providing obstetric services to CalPERS members that have a cesarean section rate of 23.9 percent or less. Our target is that 45 percent of these hospitals reduce their C-section overuse rate.

Goal: Health Care Affordability

Objective: Restructure benefit design to promote high-value health care

CalPERS measures the annual overall percent increase in CalPERS Health Care premiums compared to the U.S. Health Care inflation rate.

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

CalPERS measures the percent of members who rated their healthcare as positive at 8 or higher on a 0 to 10 scale. The result from the experience in 2017 is 83.6 percent of health care providers had a score of 8 or higher.

The trend is in a positive direction, having increased by 1.7 percent from the previous year. CalPERS issued satisfaction improvement action plans to health plans that failed to have 85 percent of survey respondents rate their overall satisfaction with the plan at 8 or above. We continuously conduct research and development of health benefit design strategies to improve member health and value of care.

We also measure the perception of CalPERS members' access to care when needed, by the percent of respondents who say they received routine care as soon as they needed it in the last 12 months.

The result from the experience in 2017 is 86.6 percent responded with a favorable rating. The trend is in a positive direction, with an increase of 0.2 percent from the previous year. Factors that can influence this include enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners.

Goal: Health Care Affordability

Objective: Improve the health status of our employees, members and their families, and the communities where they live

CalPERS assesses the percent of adult members who have a body mass index of 30 or above based on self-reported weight and height.

We also assess the prevalence of diagnosed diabetes per 100 adults and measure the percentage of 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. CalPERS measures diabetes-specific diagnosis codes reported by the health plan for basic members.

Factors that can influence these measurements include:

- Provider diabetes education programs, and member behavior, such as 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.

CalPERS surveyed our members to determine how they answered this question: "In the last 12 months, how often was it easy to get the treatment or counseling you needed through your health plan?"

Access to mental health services can impact a variety of mental illnesses, such as depression, schizophrenia, bipolar disorder, attention deficit hyperactivity disorder, post-traumatic stress disorder, anorexia, and bulimia.

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

The result from the experience in 2017 is 87.5 percent responded favorably. This is a 0.3 percent decrease from the previous year; however, the status is still above the threshold. By identifying and focusing on specific population health indicators, we can improve the overall health status. We are collaborating with health plans to engage at the community level to positively impact the health of members where they live or work.

Goal: Health Care Affordability

Objective: Reduce the overuse of ineffective or unnecessary medical care

CalPERS is measuring annual opioid (morphine) dose per capita, although our members have a lower per capita usage rate than the state or nation as a whole. We are shifting to a target of 45 percent of the national average as a stretch goal, and the status becomes off target if it reaches 50 percent of the national average.

We will measure the duration of opioid use, using national comparative data to establish a target and thresholds, which will be available in FY 2019-20.

CalPERS measures the percent of in-network hospitals providing obstetric services to CalPERS members that have a cesarean section rate of 23.9 percent or less. Although cesarean births can be lifesaving and medically optimal, far too many are performed for non-medical reasons. Our target is to have 45 percent of these hospitals meet this C-section rate.

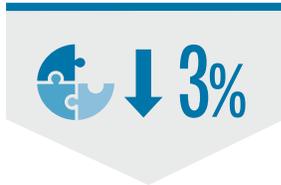
We assess the rate of adult acute inpatient stays that were followed by an unplanned readmission within 30 days after discharge. Reducing hospital readmissions is important because they are associated with unfavorable patient outcomes and high financial costs. Nevertheless, a measure must be chosen carefully because not all readmissions are “bad readmissions.”



Goal: Reduce Complexity

Reduce complexity across the enterprise

CalPERS is a large organization, but large doesn't have to mean complicated. We will focus on streamlining our operations, processes, and procedures over the next five years. We believe this will benefit us by gains in efficiency and improve productivity among our employees. By simplifying our benefit programs, we believe we can improve service delivery, decrease costs, and reduce risk.



Reduced our overall complexity score by 3 percent, while continuing to improve service and reduce costs.

Highlights:

- Participated in an annual benchmarking survey called Cost Effectiveness Measurement (CEM) to help evaluate our services, complexity, and costs compared to other public pension systems across the world. Based on the results of the 2017 CEM Pension Administration Benchmarking System Report, CalPERS reduced its overall complexity score by 3 percent, achieving our target, while continuing to improve service and reduce costs.
- Measured benefit payment timeliness as one of our commitments to ensure that customers receive benefit payments on time. We delivered 95 percent of identified benefit payments within our established service levels, reflecting our absolute dedication to issuing timely payments to our customers.
- Reduced the number of external investment managers retained to manage assets on our behalf to decrease investment management fees.
- Continued to be low cost compared to our national peers and global custom peer group, and focused on delivering more value for cost through effective management of portfolios, resources, and technology.

Goal: Reduce Complexity

Objective: Simplify programs to improve service and/or reduce cost

Every year, CalPERS participates in a benchmarking survey called Cost Effectiveness Measurement (CEM) that helps evaluate our services, complexity, and costs, compared to other public pension systems across the world.

CalPERS is unique in providing a wider range of services to a larger and more diverse group of customers than other pension systems, which results in a highly complex organization. Strategically reducing the complexity of our system, operations, and services can reduce costs and improve service, so we established a strategic measure to monitor our progress toward this objective. Our CEM complexity score allows us to quantify the effectiveness of our efforts so we can simplify our system and gain efficiencies through targeted complexity reduction activities.

Based on the results of the 2017 CEM Pension Administration Benchmarking System Report, CalPERS reduced its overall complexity score by 3 percent, achieving our target, while continuing to improve service and reduce costs.

To ensure we are listening to our customers and acting on their feedback, CalPERS measures data through customer satisfaction surveys to increase our flexibility and responsiveness to their needs.

We measure benefit payment timeliness as one of our commitments to ensure that customers receive benefit payments on time. We delivered 95 percent of identified benefit payments within our established service levels, reflecting our absolute commitment to issuing timely payments to our customers.

Additionally, 90 percent of customers reported satisfaction, indicating that their expectations were consistently met. This demonstrates sustained high customer satisfaction rates with our benefit payment processes.

CalPERS also examines the total population of external investment managers retained to manage assets on our behalf. Significant progress has been made over the last year, and as of June 2018, we are on track to decrease five or more managers for FY 2017-18, with the current count at 144, a decrease of seven managers.

Goal: Reduce Complexity

Objective: Streamline operations to gain efficiencies, improve productivity, and reduce costs

CalPERS calculates the total administrative cost per member by dividing the total members by the total pension overhead operating costs.

Several variables impact these costs. For example, if our membership numbers go down and our operating costs remain the same, costs per member will go up. Employee salary increases also drive up the costs per member.

In efforts to reduce costs per member, process improvement efforts are being developed to increase efficiencies. The baseline of \$207 per member for FY 2016-17 was established and will be measured in FY 2019-20.

Another calculation is the total overhead costs for pension administration and health. A baseline and status on CalPERS total overhead costs will be reported in FY 2019-20.

CalPERS participates in a benchmarking survey, which independently analyzes investment costs against a national peer group. We have a continued focus on delivering more value for cost through effective management of portfolios, resources, and technology. Net value is a key component of this analysis.

Net value added is the component of total return from active management, the difference between a benchmark and the actual return. CalPERS did not exceed the national peer median for net value results, however we had a cost savings of four basis points over the peer universe, a benchmarking survey we participate in. CalPERS five-year net value added was -0.1 percent, while the national peer group was 0.2 percent.

While our five-year net value added fell below the national median, the CalPERS five-year net total return was 8.5 percent, above the national median of 8.3 percent, and the CalPERS five-year policy return was 8.6 percent, also above the national median of 8.2 percent.

We continue to be low cost compared to our national peers and global custom peer group and 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 operating costs.



Goal: Risk Management

Cultivate a risk-intelligent organization

We continue our efforts to be a risk-intelligent organization. This means protecting the data of our members and employers is paramount to us. We are keenly aware of the potential risks we face and have risk mitigation methods in place for use on a daily basis. We also work to make our compliance and audit processes more strategic based on risk and trend analysis.



87%

87 percent of team members are aware of our compliance program and incorporate compliance functions into their daily work.

Highlights:

- Surveyed team members on incorporating risk and compliance functions into their daily work. Seventy-eight percent are aware of CalPERS' risk program and incorporate risk functions into their daily work and 87 percent are aware of CalPERS' compliance program and incorporate compliance functions into their daily work.
- Established a five-year goal of 5 percent increase from baseline of overall stakeholder perception of our success in implementing functions and programs that support compliance and risk. 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.

Goal: Risk Management

Objective: Enhance compliance and risk functions throughout the enterprise

CalPERS is increasing compliance and risk functions into our employees' daily work. To establish a baseline and measure progress, our team members are surveyed annually and asked to respond to the following risk and compliance questions:

- "I am aware of CalPERS' risk program. I incorporate risk functions into my daily work."
- "I am aware of CalPERS' compliance program. I incorporate compliance functions into my daily work."

Based on the 2018 CalPERS Compliance and Risk Annual survey, 78 percent of respondents answered "Yes" to the risk question and 87 percent answered "Yes" to the compliance question.

CalPERS is measuring the overall stakeholder perception of our success in implementing functions and programs that support compliance and risk. To measure success, CalPERS employees respond to survey questions focused on risk and compliance: "CalPERS has effective functions and programs to address compliance and risk."

Our five-year goal is to achieve a score of 5.43 out of 7, which is a 5 percent increase from the baseline, and requires an annual increase of 1 percent (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.

CalPERS defines risk and compliance maturity as the degree to which processes have been formalized, implemented, and integrated into an organization's operations. Metrics are driven by the level of progress we make to incorporate recognized compliance and risk elements and best practices into business operations and decision-making processes across the enterprise. The baseline was established for FY 2017-18, with risk and compliance program maturity to be measured in FY 2018-19.

Goal: Risk Management

Objective: Continue to evolve cyber security program

CalPERS is advancing the cyber security strategy and roadmap to mitigate cyber security risks. This strategy is discussed during CalPERS Board of Administration closed sessions.



Goal: Talent Management

Promote a high-performing and diverse workforce

We strive to maintain a high-performing and diverse workforce. To achieve this, we want to ensure that our employees have the resources they need to provide outstanding service to our members, business partners, stakeholders, and staff. We will continue to step up our efforts to recruit and empower a broad range of talented employees to meet our organizational priorities.



67%

Hiring from within: 67 percent rate for filling senior and executive recruitments with internal candidates.

Highlights:

- Conducted the CalPERS Annual Employee Engagement Survey in support of our efforts to foster a culture of engagement. The questions in the survey corresponded to engagement and retention drivers, such as manager relationships, learning and development, culture, and organization potential. The survey achieved a 70 percent response rate, showing that nearly three-quarters of our team members were fully engaged.
- We increased the number of recruitment channels from seven to nine, and added new recruitment activities within existing channels. These two new recruitment channels were established to attract the most diverse and qualified applicant pool to CalPERS and engage prospective applicants in innovative ways.
- Began work toward industry best practices, that 67 percent of senior and executive recruitments be filled by internal candidates.
- CalPERS Leadership proficiency measures will be available in FY 2018-19, from an online competency-based assessment.

Goal: Talent Management

Objective: Recruit and empower a broad range of talents to meet organization priorities

At CalPERS, we 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 the services we provide.

With diversity in mind, CalPERS increased the number of recruitment channels from seven to nine and added new recruitment activities within existing channels. These new channels have been incorporated into our existing recruitment and outreach processes.

The two new recruitment channels were established to attract the most diverse and qualified applicant pool to CalPERS and engage prospective applicants in new ways.

We collaborated with the Honor a Hero, Hire a Vet organization in the past and want to add more such partnerships. In 2017, we connected with four additional veteran organizations to increase recruitment channels. CalPERS will continue to increase the number of veteran organization partnerships, attend career fairs, and promote job openings.

In addition, four LinkedIn recruiter seats were established that will allow CalPERS to actively seek out additional candidates for hard-to-recruit positions.

The CalPERS Annual Employee Engagement Survey supports our efforts to foster a culture of engagement. The questions in the survey correspond to engagement and retention drivers, such as manager relationships, learning and development, culture, and organization potential.

Following our first Employee Engagement Survey administered in September 2017, we established a baseline of 59.5 percent for our overall level of employee engagement. In 2017, the survey achieved a 70 percent response rate, showing that more than half of our team members were fully engaged.

Goal: Talent Management

Objective: Cultivate leadership competencies and develop succession plans across the enterprise

CalPERS measures the percentage of senior and executive recruitments filled by internal candidates who participate in the competitive recruitment process. The rate for filling senior and executive recruitments with internal candidates is 67 percent. Senior and executive recruitments are classified as division leaders at a career executive appointment or equivalent classification and branch leaders that are direct reports to the chief executive officer.

The merit process limits what we can do to affect change, but outreach efforts to include diversity and inclusion, and build talent pools of qualified candidates using LinkedIn, are some ways we engage external candidates.

The Succession Planning and Leadership Development programs are internal factors that also contribute to successful leadership competencies and succession planning. Beginning in FY 2018-19, this measure will be renamed to Retain Highly Skilled Senior Leaders to focus on retention.

CalPERS is measuring proficiency in CalPERS Leadership competencies. Leadership take an online competency-based assessment to evaluate proficiency. Status of this measure will be updated once target and baseline are established. Performance data will be available by FY 2018-19.

Section 2: Operational Performance

Our operational performance is ultimately determined by our ability to achieve operational expectations by using outcome measures. Each of these outcome measures has core processes and key performance indicators aligned to them. They help us track our performance by measuring the effectiveness of our daily work.

The Operational Outcome Measures



Outcome Measure: Reliable Steward of Funds

Ensuring responsible investment and daily management of CalPERS assets

Effectively developing, implementing, and monitoring the asset allocation decisions of the board

Safeguarding the solvency of the funds through sound actuarial practices

Highlights:

- CalPERS sets strategic asset allocation ranges every four years to realign levels of investment risk and financial liquidity. The current asset allocation ranges remain within approved targets.
- Treasury management reserves ensure the payment of member benefits without interruption. All reserves and targets were met.
- Each year the Actuarial Office produces a report to explain and generate current and future employer pension contribution costs. The reports are on schedule to be released in August of FY 2018-19.

Outcome Measure: Reliable Steward of Funds

Core Process: Accounting for funds

Each year, public agencies and state entities are required to disclose their fiduciary net position based on their pension plan data. CalPERS creates Governmental Accounting Standards Board 68 (GASB 68) reports each year as a part of these disclosures. CalPERS completed the FY 2016-17 GASB reports on time by December 31, 2017.

The CalPERS Comprehensive Annual Financial Report (CAFR) provides a detailed summary of the CalPERS financial results and investment activities over a one-year period ending on June 30, 2017. The CAFR presents an in-depth statistical analysis of pension and health finances of the system.

The current CAFR was produced and released in November 2017, with no material weaknesses reported by the external auditors. The 2016-2017 CAFR can be viewed at:

<https://www.calpers.ca.gov/docs/formspublications/cafr-2017.pdf>

CalPERS manages the percentage of forecast to actual expenses to measure how closely the organization's ability is to adequately project future expenses. The FY 2017-18, the mid-year total budget of \$1,675,851,000 and 2,875 positions will serve as the baseline for the remaining fiscal year. This KPI will be measured in December 2018.

Treasury management (TM) reserves are established to ensure the payment of member benefits and other obligations without interruption while optimizing the use of fund assets. This status is on track and all reserves and targets were met. A TM reserve is defined as liquid assets dedicated to the payment of member benefits and other obligations during a stressed or crisis event.

Outcome Measure: Reliable Steward of Funds

Core Process: Projecting liabilities

Each year, all pension plans are reviewed and the contribution rates are adjusted to account for any gains and losses the pension plan must pay for. The Actuarial Office produces a report to explain and generate costs each year. The reports also give employers a projection of future costs.

The project was nearly completed for the 2017 valuation cycle by fiscal year end. The reports are on schedule to be released in August of FY 2018-19. These reports will set the contribution rates for the 2019-20 fiscal year.

Each year, the CalPERS Long-Term Care plan is reviewed and adjusted to ensure its viability. The Actuarial Office produces a report and an agenda item to inform the plan sponsor and the CalPERS Board of the health of the plan.

The project was completed on time for the 2017 valuation cycle. The report was presented to the CalPERS board in April of 2018. [Click here](#) to review the report.

Outcome Measure: Customer Satisfaction Driven Organization

Understand the needs
and expectations of
our customers

Continuous improvement
and innovation for the
benefit of our customers

Highlights:

- Customer satisfaction surveys scored 90 percent, demonstrating flexibility and responsiveness.
- CalPERS demonstrated a high level of accuracy of benefit payments, scoring 98 percent during the benefit payment process.
- CalPERS measures benefit payment timeliness, one of our most critical priorities. A total of 95 percent of payments were made within our targets

Outcome Measure: Customer Satisfaction Driven Organization

Core Process: Provide and administer retirement benefits

To ensure we are listening to our customers and acting on their feedback, we administer customer satisfaction surveys for many of our business processes. CalPERS measures the overall customer satisfaction rate of our ability to perform its core function to provide and administer retirement benefits. This year, 90 percent of customers reported satisfaction, indicating that customer expectations were consistently met.

Collecting data on the accuracy of the benefit payments we issue ensures our customers receive the benefits they have earned and aids in long-term stability for the fund. Benefit payment accuracy for FY 2017-18 was 98 percent, exceeding performance targets and demonstrating the payments we issue meet accuracy standards.

CalPERS measures benefit payment timeliness, one of our most critical priorities, ensuring that customers receive benefit payments on time. In FY 2017-18, a total of 95 percent of identified benefit payments were made within our established service levels, reflecting our absolute commitment to issuing timely payments to our customers.

Outcome Measure: Customer Satisfaction Driven Organization

Core Process: Provide and administer health care benefits

CalPERS is assessing the satisfaction with health plan performance in account management services.

Our contract compliance and rate development team members assess their satisfaction with health plan account management teams' responsiveness and quality of service. This assessment is driven by CalPERS team member satisfaction with their health plan account management team for the prior 12 months.

The score for the 2017 calendar year was 96.73 percent, exceeding the target of 90 percent.

Outcome Measure: Open and Transparent Communication

Hiring and empowering a talented executive team

Striving for excellence and setting a clear vision for the future together

Creating and maintaining a high level of accountability

Highlights:

- CalPERS measures the satisfaction of employers who attend training. This year 95 percent of attendees reported satisfaction, exceeding our targets.
- The Member Stakeholder Perception Survey score increased from 80.7 percent to 83.7 percent in response to the question, “Does CalPERS do a good job of keeping members informed?”
- CalPERS measures the total number of attendees and total number of unique employers who attend the Educational Forum. Our target is to increase registration by 2 percent every year for the next five years.

Outcome Measure: Open and Transparent Communication

Core Process: Educate members, employers and stakeholders

CalPERS hosts the Educational Forum every October. We measure the total number of attendees and total number of unique employers represented. Our target is to increase registration totals by 2 percent every year for the next five years of number of attendees and unique employers. Performance data will be available in FY 2018-19.

CalPERS measures the satisfaction of our customers who receive member education offerings, including webinars, instructor-led training, computer-based training, and CalPERS Benefit Education Events. Closely monitoring satisfaction data ensures our educational offerings meet customer expectations. For FY 2017-18, a total of 95 percent of attendees reported satisfaction with member education offerings, exceeding performance targets and demonstrating an overall positive customer experience.

We also measure the satisfaction of business partners who receive employer education via webinars, computer-based training, and instructor-led training. The collection of this data ensures we effectively educate employers on our benefit programs and enable them to report accurate information to us on behalf of their employees.

Satisfaction was rated at a score of 96 percent for the fourth quarter, a three-percentage point increase from the previous quarter, and reflects consistently high satisfaction with our Employer Response Dialogues and employer education offerings.

Outcome Measure: Open and Transparent Communication

Core Process: Listening and informing

The Member Stakeholder Perception Survey result is based on responses to the question “Does CalPERS do a good job of keeping members informed?”

The survey score increased from 80.7 percent to 83.7 percent. The path forward is to build on the positive perception about our communications and engagement, while strengthening confidence in the long-term sustainability of the fund.

The Employer Stakeholder Perception Survey result is based on responses to the question: “Does CalPERS do a good job of keeping employers informed?” The score decreased from 82.1 percent to 71.5 percent. Several controversial actions were taken or considered when this question was asked:

- Board action to lower the CalPERS discount rate from 7.5 to 7.0 over three years
- Reduction of CalPERS pensions for members of the city of Loyaltan
- Increased calls for CalPERS divestments from tobacco, thermal coal, and the Dakota Access Pipeline

The Stakeholder Perception Survey is administered every year to a list of the 75 stakeholder leaders with whom CalPERS is most closely engaged. These stakeholders represent members, employers, retirees, private sector business, the Legislature, peer pension funds, and business partners.

The survey result is based on responses to the question: “Does CalPERS do a good job of keeping stakeholders informed.” The score increased from 69 percent to 90 percent, signaling that CalPERS does good job of keeping stakeholders informed. Participation from stakeholders in this survey was low, with just 10 out of 75 submitted responses.

CalPERS also measures its efforts to modernize communications and outreach. We measure our efforts to modernize our communications and outreach to improve agility and maximize reach, response, and reputation. Measurement factors include visits to our public website, total social media followers, and the number of CalPERS News and Ambassador Newsletter email subscriptions.

Targets for public website visits and social media follower metrics have been achieved. Email subscriptions metrics increased 2.5 percent over the previous year.

Outcome Measure: Open and Transparent Communication

Core Process: Brand reputation

The Stakeholder Perception Survey is administered to members, employers, and stakeholder leaders. This survey result is based on responses to the question: “My overall perception of CalPERS is positive.”

The combined overall perception of CalPERS declined from 5.65 to 5.47, with negative scores from the employer community as the main contributing factor to the decline. Factors such as rising pension costs, pension reductions, and public services being cut due to pensions are driving negative perceptions of CalPERS.

We are reaching out to employers, member associations, and retiree groups to increase understanding of the low-return environment, and increased employer contribution projections.

Outcome Measure: Efficient and Effective Organization

Building working relationships with the board, team members, stakeholders, and outside organizations including the media

Be open and accessible, working for a solution in a collaborative way, ensuring all voices are heard

Keeping the board informed on key issues and strengthening partnership

Highlights:

- CalPERS measures the value IT provides to business capability. The score was 84, above the peer median of 82.
- CalPERS measures the proportion of employers current on their pension program obligations: Ninety nine percent of employers are current.
- CalPERS uses the Lean Process Improvement Framework to reduce waste and increase value to the customer. This year about 35 percent of CalPERS leadership participated in Lean white belt training, and all four green belt candidates completed a lean improvement project.

Outcome Measure: Efficient and Effective Organization

Core Process: Leveraging technology

CalPERS measures the value that information technology provides to business capability. Drivers of this metric include website and contact center access to member data, as well as data accuracy and completeness.

The score for this measure during FY 2016-17 was 84, which is above peer median of 82, and has remained consistent the past four years. This score is derived by CEM, an international benchmarking organization. This performance data will be available in FY 2018-19.

CalPERS measures the overall health component of board reportable IT projects in the portfolio. The established target is 70 percent of projects on track. The score is calculated using the project size and overall project health score.

CalPERS exceeded the established target of 70 percent in quarters 1 through 4 and finished the year with all projects on track. Six board reportable projects were delivered during FY 2017-18.

Outcome Measure: Efficient and Effective Organization

Core Process: Compliance and managing risks

CalPERS developed three key performance indicators to monitor our funded status and the impact of employer contribution rates, which can pose as a hardship to these employer organizations. These measures will not be included in this report next year because they are becoming risk measures:

- The probability that the PERF falling below 50 percent funded over the next 30 years. CalPERS also estimates the probability that the employer contribution rates will increase by 5 percent of payroll (7 percent for Safety plans) in a single year at some point in the next 30 years.
- The likelihood of high employer contribution rates. High employer contribution rates impose significant financial stress and may increase the risk of employers defaulting, and therefore unable to make their required contributions.
- The probability that the employer contribution rates will exceed 35 percent of payroll (55 percent for Safety plans) at some point in the next 30 years. A more aggressive funding policy, such as shorter amortization periods, can have a negative impact on this measure initially, but a positive impact in the long run.

Low funding levels represent risk to both employers and members, and will result in either higher contributions or further deterioration of funding levels. It is desirable for these probabilities to be low, but they will never be zero. Risk decreases when investment returns cause the funding level to increase and vice versa, but many other factors affect this metric.

CalPERS' focus on compliance and managing risk has additional measures, including the following:

- CalPERS measures the timely resolution of public agency reviews to ensure compliance with CalPERS' audit resolution policy of closing observations within 12 months of issuance.
 - When a final public agency review audit report is issued, the appropriate program areas have up to 12 months to assist the agency in gaining compliance with the PERL and its contract with CalPERS.
 - This measure supports the audit compliance and resolution process established in 2017, to hold employers accountable to resolving findings in a timely manner.
- We also ensure CalPERS business is conducted in an open, transparent, and impartial way by providing information online related to economic interests, travel, and education for board members and key staff.
- And CalPERS measures the timely submission of Statements of Economic Interest Form 700 by board members and employees. In 2017, there were a total of 1,046 annual filers, of which 1,038 filed by the April 2, 2018 due date, or 99.24 percent of all filers. Enterprise compliance continues to enhance communication and outreach to ensure Form 700 statements are filed timely.
- CalPERS supports the delivering of retirement and health care benefits to members and beneficiaries during disaster recovery, and to remain effective after an interruption to business operations. Annual business continuity plan updates and submission to California Office of Emergency Services, and biennial emergency operations team training updates are provided to support this priority.

- We are also focused on ensuring team members have the tools to efficiently and effectively evacuate during an emergency to increase the overall health and safety of all team members. As of June 2018, our floor warden and emergency response teams participation was at 86 percent, exceeding our target of 85 percent. We continue to hold training, mock drills, and disseminate communications regarding emergency evacuation assistance.
- We measure the proportion of employers that are current on their CalPERS obligations. This ensures fulfillment of the employer's contractual and statutory responsibilities when participating in CalPERS' pension programs.
 - Employer contract obligations include their financial contributions to the fund. A total of 99 percent of employers are current on their CalPERS obligations as of June 30, 2018.
- CalPERS is adopting the Lean continuous business process improvement method to eliminate waste and increase value to customers. Lean adoption begins with education and will, over time, help manage operational and financial risks by increasing operational effectiveness and efficiency, which supports an efficient and effective organization.
 - We measured the percent of CalPERS leadership who participated in Lean white belt training, as well as the percentage of completion for four green belt projects. As of June 2018, about 35 percent of CalPERS leadership participated in Lean white belt training and all four green belt candidates completed their training and a Lean improvement project.
 - Due to the success of Lean training and improvements, we have expanded training to all CalPERS team members.

Outcome Measure: Efficient and Effective Organization

Core Process: Purchasing and acquisition

CalPERS' focus is to ensure 100 percent compliance with purchasing and acquisition rules, regulations, and policies, to reduce the dependency on external consultants. Performance data will be available in FY 2018-19.

Spring-fed pools save CalPERS and bidders time to enter into a contract, but this may be negatively impacting the overall number of engagements.

Expansion of our Small Business/Disabled Veterans Business Enterprise advocate role is underway.

Our focus is to ensure we meet service level agreements for contracts, solicitations, and purchase orders. We are developing a tracking tool that will automatically calculate engagement initiation and completion to assist in the monitoring and reporting of contract adherence.

The Request for Proposal/Solicitation Status Report is now being produced to determine on track status. Additionally, policies and procedures are being developed to clearly identify expedite scenarios and approval processes.

Outcome Measure: Supportive and Engaged Leadership

The executive and leadership teams shall reflect CalPERS Core Values

Leadership needs to collaborate to achieve support and success

Top-down approach - leading by example from the CEO level

Highlights:

- CalPERS managed 122 metrics through the Enterprise Performance Management System, including 37 strategic measures, 37 business plan initiatives, and 48 key performance indicators.
- Our first Employee Engagement Survey results show perception of leadership in two areas: Manager relationship perception scored 71 percent, and Senior and executive management relationships scored 54 percent.
- CalPERS maintains compliance with sustainability practices and the California State Governor's Executive Orders. CalPERS will complete the Sustainability Roadmap, with deliverables for initiatives including greenhouse gas emissions, water conservation, and environmental preferable purchasing.

Outcome Measure: Supportive and Engaged Leadership

Core Process: Managing resources and performance

The annual Employee Engagement Survey will help CalPERS measure how team members perceive their relationship with their direct managers and members of the senior and executive leadership teams.

Our first Employee Engagement Survey, given in September 2017, shows perceptions of leadership in two areas:

- Manager relationship perceptions was 71 percent
- Senior and executive management relationships was 54 percent

Our next Engagement Survey is expected to take place in September 2018.

CalPERS maintains compliance with sustainability practices and the California State Governor's Executive Orders. CalPERS will complete the Sustainability Roadmap administered by Department of General Services, which requires monthly deliverables for each initiative, such as: greenhouse gas emissions, water conservation, and environmental preferable purchasing.

CalPERS identified and developed operational performance metrics representative of all areas of the organization. These metrics were used to create an operational model that functions in tandem with the CalPERS strategic model comprised of its strategic measures and business plan initiatives. Together, these two models constitute the organization's EPM system.

EPM includes an enterprise performance reporting framework focused specifically on the ongoing monitoring and reporting of strategic and operational performance metrics. At the conclusion of FY 2017-18, CalPERS was managing 122 metrics through the EPM system, including 37 strategic measures, 37 business plan initiatives, and 48 key performance indicators.

CalPERS also streamlined the way all performance metrics were reported by implementing quarterly reporting to its board of administration. This centralized approach aligned well with the organization's desire to be collaborative, transparent, and accountable in support of CalPERS' strategic goals, objectives, and operational expectations. The EPM systems allows CalPERS to promote an internal culture focused on the "what" versus the "who," and ultimately allows us to better serve our customers.

Outcome Measure: Team Member Engagement

Creating a destination workplace where every team member can thrive and feel proud to work for CalPERS

Fostering an inclusive environment where team members are valued and supported for their ideas by both their managers and colleagues

Highlights:

- The Annual Employee Engagement Survey will help ensure we continue to foster a culture where engaging behaviors are part of our daily interactions. The target response rate for this survey is in the high-performing range of greater than or equal to 70 percent.
- CalPERS will measure the average time to hire for those defined as hard-to-recruit. The time that is measured starts when the recruitment request is submitted to Human Resources until the time an official job offer is accepted by the candidate.
- Idea Factory is CalPERS employee-driven innovation program. It is designed to inspire team members to share ideas and solutions. One hundred percent of ideas submitted were responded to within 120 days of idea submission. And 100 percent of approved ideas were implemented as scheduled.

Outcome Measure: Team Member Engagement

Core Process: Attracting and supporting team members

The annual Employee Engagement Survey helps us ensure we continue to foster a culture where engaging behaviors are part of our daily interactions and practices. The target response rate for this survey is in the high-performing range of greater than or equal to 70 percent.

In 2017, CalPERS achieved a 70 percent response rate, showing that more than two thirds of our team members are fully engaged. Our next Engagement Survey is expected to take place in FY 2018-19.

The survey also captured team members' perceptions of recognition and wellness in the following two areas: work life balance and rewards and recognition. Through this survey, CalPERS set a target range of high performance at greater than 59 percent. The survey was first administered in September 2017 and shows perceptions of work-life balance to be 65 percent and rewards and recognition at 57 percent.

There is a proven return on investment for wellness and recognition programs, according to the Society for Human Resource Management. This is realized through employee attendance, lower health care costs, lower workers' compensation cost, increased productivity, and reduced employee turnover.

The survey also measured how CalPERS team members perceive training and development. Our target was to achieve a high-performing range of greater than 59 percent, which was surpassed with a score of 60 percent. CalPERS will measure the average time to hire for those positions defined as hard to recruit. The time that is measured starts when the recruitment request is submitted to human resources until the time an official job offer is accepted by the candidate. Performance data will be available in September 2018.

A review of employee retention on an annual basis involves identifying trends for areas where we have success, as well as areas where we may be experiencing challenges. We are researching best practices, including identifying the most appropriate retention formula for CalPERS. Therefore, no retention rate is reported for FY 2018-19.

Some additional measures that CalPERS tracks as part of this Core Process are:

- CalPERS also supports Our Promise, one of the largest philanthropic giving campaigns in California. It brings state employee donors, volunteers, and nonprofits together to care for communities and causes. CalPERS successfully streamlined the fall Our Promise events while still maintaining an active campaign.
- Idea Factory is a CalPERS employee-driven innovation program, designed to inspire team members to share ideas and solutions that will improve the organization. All ideas are evaluated and scored based upon perceived business value and effort to implement. The evaluation outcomes are then shared with the organization. Responding to each idea submitted through Idea Factory shows that leadership supports team members by being open to innovative thinking and valuing continuous improvement.
 - Implementing viable ideas submitted through Idea Factory shows that leadership supports team members by being open to innovative thinking and valuing continuous improvement. A total of 100 percent of viable ideas submitted through Idea Factory were implemented as scheduled, as of June 30, 2018.

Section 3: Addendum

Strategic Plan Alignment Map

The 2017-22 Strategic Plan Alignment Map depicts the relationship between the goals, strategic objectives, strategic measures, and business plan initiatives.

Strategic Plan Alignment Map (PDF)

2017-22 Strategic Plan | Alignment Map (FY 2017-18)



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

| Strategic Goals | FUND SUSTAINABILITY Strengthen the long-term sustainability of the pension fund | | | | | HEALTH CARE AFFORDABILITY Transform health care purchasing and delivery to achieve affordability | | | REDUCE COMPLEXITY Reduce complexity across the enterprise | | RISK MANAGEMENT Cultivate a risk-intelligent organization | | TALENT MANAGEMENT Promote a high-performing and diverse workforce | | |
|-----------------------------------|--|--|---|--|--|---|--|--|--|--|---|---|--|--|--|
| Strategic Objectives | Fund the System through an integrated view of pension assets and liabilities | Mitigate the risk of significant investment loss | Deliver target risk-adjusted investment returns | Educate employees, members, and stakeholders on system risks and mitigation strategies | Migrate environmental, social, and governance considerations into investment decision making | Restructure benefit design to promote high-value health care | Improve the health status of our employees, members and the families and the communities where they live | Reduce the overuse of ineffective or unnecessary medical care | Simplify programs to improve service and/or reduce cost | Streamline operations to gain efficiencies, improve productivity, and reduce costs | Enhance compliance and risk functions throughout the enterprise | Continue to evolve cyber security program | Recruit and empower a broad range of talents to meet organization priorities | Cultivate leadership competencies and develop succession plans across the enterprise | |
| Strategic Measures | Probability of FRSB falling below 50% funded over the next 30 years | 1-year total expected fund volatility | Annualized (3-year) excess investment returns relative to total fund policy benchmark | Stakeholder assessment survey - risk | Investment manager policies and procedures for ESG factor integration | Rating of health care | Adult obesity | Opoids - dose | CEM pension complexity score | CEM cost per member | Stakeholder assessment survey - risk | Composite security health score within range | Increase diverse recruitment channels | Proficiency in CalPERS leadership competencies | |
| 2017-18 Business Plan Initiatives | Alignment of asset liability management | Investment risk management and performance attribution | Enhance capital allocation framework | Stakeholder education on system risks & mitigation | Investment beliefs and environmental, social, and governance risk integration | Value-based insurance design: feasibility | Population health alignment with Lri's Get Healthy California taskforce report dashboard | Statewide collaboration through Smart Care California | CEM complexity score reduction | Develop and implement continuous process improvement framework | Enterprise data management | Enterprise business continuity plan, phase II | Develop and implement an expanded recruitment strategy | Develop 2017-22 workforce plan | |
| | Employer contracting and collection reporting | Investment program long-term planning | Enhance investment platform and controls | | | Site of care management | Partner with health plans to engage in community activities | Review and update shared savings accountable care organizations cost and quality targets | Customer satisfaction - actionable feedback | Reduce system costs and improve efficiencies | Increase enterprise-wide risk awareness | Information security roadmap | Develop and administer team member engagement surveys | Enterprise core competencies | |
| Legend | Strategic Objective | Strategic Measure | Strategic Initiative | CEM | | | | | | | | | | | |

Last Updated 04.11.2018

Enterprise Operations Map

The 2017-18 Enterprise Operations Map depicts the relationship between the operational outcome measures, core processes, and key performance indicators.

Enterprise Operations Map (PDF)

Enterprise Operations Map (EOM) - High Level View (FY 2017-18)



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

| Operational Outcome Measures | RELIABLE STEWARD OF FUNDS Marlene Timberlake D'Adamo | | | CUSTOMER SATISFACTION DRIVEN ORGANIZATION Donna Lum | | OPEN & TRANSPARENT COMMUNICATION Brad Pacheco | | | EFFICIENT & EFFECTIVE ORGANIZATION Doug Hoffman | | | SUPPORTIVE & ENGAGED LEADERSHIP Ted Ellopoulos | TEAM MEMBER ENGAGEMENT Liana Bailey-Crimmins | |
|----------------------------------|---|--|--|--|--|---|---|---|---|--|---|---|---|---|
| Core Processes | Accounting for Funds Marlene Timberlake D'Adamo | Managing Investments Ted Ellopoulos | Projecting Liabilities Scott Tronzo | Provide & Administer Retirement Benefits Donna Lum | Provide & Administer Health Care Benefits Liana Bailey-Crimmins | Educate Members, Employees & Stakeholders Brad Pacheco | Listening & Informing Brad Pacheco | Brand Reputation Brad Pacheco | Leveraging Technology Doug Hoffman | Compliance & Managing Risks Marlene Timberlake D'Adamo | Purchasing & Acquisition Doug Hoffman | Managing Resources & Performance Doug Hoffman | Attracting & Supporting Team Members Doug Hoffman | |
| Key Performance Indicators (KPI) | GASB 68 reports completed timely ACTO | Stay within risk boundaries for total fund INVO | Generate liabilities and rates for pension funding ACTO | Customer satisfaction CSS | Health plan scorecard of 90% or better HPBB | % of employer participation in CalPERS events CSR | Member rating on Stakeholder Perception Survey CSR | Member, Employer & Stakeholder rating on Perception Survey CSR | IT capability (GIM) OPT | Probability of high employer contribution rates ACTO | Contract/procurement requirement compliance OPT | Team member assessment of Leadership OPT | Average time to hire for hard-to-recruit positions OPT | |
| | Produce CAFR with no material weaknesses FINO | % of moderate and elevated risk TOM functions INVO | Generate liabilities for long-term care program ACTO | Benefit payment accuracy CSS | | Member education satisfaction CSS | Employer rating on Stakeholder Perception Survey CSR | | Project portfolio health OPT | Probability of PERE falling below 50% funded ACTO | Contract & procurement agreement saves cost compliance OPT | Health of Enterprise Performance Reporting Framework OPT | Recognition and wellness perceptions OPT | |
| | % forecast to actual expenses (annually) FINO | Strategic asset allocation ranges (if outside approved ranges) INVO | | Benefit payment timeliness CSS | | Employer education satisfaction CSS | Stakeholder rating on Perception Survey CSR | | | Probability of sharp single year increase in employer contribution rates ACTO | | Operational sustainability report OPT | Turnover OPT | |
| | Maintain appropriate reserve levels HPBB/FINO | Liquidity coverage ratios accuracy FINO | | | | | % of community reach CSR | | Timely resolution of public agency reviews CSS | | | | Team members' perception of training and development OPT | Team members' annual food drive CSR |
| | | Cash forecasting accuracy FINO | | | | | | Form 700 completed timely ECOM | | | | | 100% of all ideas responded to within 120 days OPT | 80% of all viable ideas implemented as scheduled OPT |
| | | | | | | | | Cyber security risk rating OPT | | | | | | Response rate of employee engagement survey OPT |
| | | | | | | | | Ensure evacuation readiness OPT | | | | | | |
| | | | | | | | | Business continuity readiness OPT | Employees earned on CalPERS pension obligations FINO | | Lean adoption OPT | | | |

Last Updated: 6/15/2018

Summary Sheets

Summary sheets provide descriptions of the strategic measures, business plan initiatives, and key performance indicators. They are updated quarterly, providing descriptions, baselines, targets, and statuses.

Click the following links to view the Summary sheets presented quarterly to the CalPERS Board of Administration.

First Quarter Report to the CalPERS Board of Administration - November 2017

[Agenda \(PDF\)](#)

[Strategic Measure Summary \(PDF\)](#)

[Business Plan Initiative Summary \(PDF\)](#)

[Key Performance Indicators Summary \(PDF\)](#)

Second Quarter Report to the CalPERS Board of Administration - March 2018

[Agenda \(PDF\)](#)

[Strategic Measure Summary \(PDF\)](#)

[Business Plan Initiative Summary \(PDF\)](#)

[Key Performance Indicators \(PDF\)](#)

Third Quarter Report to the CalPERS Board of Administration Offsite Meeting - July 2018

[Enterprise Performance Reporting \(PDF\)](#)

Fourth Quarter Report to the CalPERS Board of Administration - September 2018

[Agenda \(PDF\)](#)

[Strategic Measure Summary \(PDF\)](#)

[Business Plan Initiative Summary \(PDF\)](#)

[Key Performance Indicators \(PDF\)](#)



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