

		TOLERANCES	FREQ	2020–21	Q1	Q2	Q3	Q4	COMMENTS
 FUND SUSTAINABILITY Strengthen the long-term sustainability of the pension fund									
Probability of PERF funding levels below 50% <i>Owner: Chief Actuary</i>	<ul style="list-style-type: none"> ■ > 20% ■ 10%–20% ■ < 10% 	Annually	10%-20%						Each plan has a unique probability of falling below 50%. Most plans fall between 10% and 20%.
Investment return: Funded status impact <i>Owner: Chief Actuary</i>	<ul style="list-style-type: none"> ■ < 6% ■ 6%–7% ■ > 7% 	Annually	21.3%						Status based on actual returns reported July 2021.
Employer contribution rate impact <i>Owner: Chief Actuary</i>	Projected vs. Actual <ul style="list-style-type: none"> ■ > 2% ■ 1%–2% ■ < 1% 	Annually	Misc. < 1%					Results represent the variance between projected and actual annual contribution rates. Most plans are expected to have a rate change of less than 1% of payroll.	
			Safety < 1%						
 HIGH-QUALITY AFFORDABLE HEALTH CARE Improve health care quality, access & affordability									
Percent of contracting agencies retained <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> ■ ≤ 97.9% ■ 98%–98.9% ■ ≥ 99% 	Annually	99.7%	99.6%					
Increase in Total Covered Lives (TCLs) <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> ■ ≤ 5,999 TCLs ■ 6,000–8,999 TCLs ■ ≥ 9,000 TCLs 	Annually	16,597	12,463					
Legislation that negatively impacts CalPERS <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> ■ Legislation exists ■ No legislation exists 	Quarterly							
Maintain Health Care Fund Actuarial Reserve <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> ■ <90% / >110% Actuarial Reserve ■ 90%–110% Actuarial Reserve 	Annually	99%						Data as of December 2021
 REDUCE COMPLEXITY Reduce complexity across the enterprise									
Proposed legislation that would reduce plan designs <i>Owners: Deputy Executive Officer, Communications & Stakeholder Relations</i>	<ul style="list-style-type: none"> ■ No Legislation exists ■ Legislation exists 	Quarterly / Point in time							No proposed legislation exists as of March 2022

		TOLERANCES	FREQ	2020–21	Q1	Q2	Q3	Q4	COMMENTS
 REDUCE COMPLEXITY Reduce complexity across the enterprise									
Externally proposed bills that have the potential to increase the complexity of the plan design <i>Owners: Deputy Executive Officer, Communications & Stakeholder Relations</i>	<ul style="list-style-type: none"> ■ Legislation exists ■ No legislation exists 	Quarterly / Point in time							
Continuous process improvement adoption <i>Owners: Chief Operating Officer, Operations & Technology</i>	<ul style="list-style-type: none"> ■ Decrease in adoption ■ No change (0.0) ■ Increase in adoption 	Biannual	0.0%						<i>Data as of December 2021</i>
 RISK MANAGEMENT Cultivate a risk-intelligent organization									
Enterprise Risk Training Index <i>Owner: Chief Compliance Officer</i>	<ul style="list-style-type: none"> ■ ≤ 84% ■ 85%–94% ■ ≥ 95% 	Annually							<i>In development</i>
 TALENT MANAGEMENT Promote a high-performing and diverse workforce									
Employee Engagement Survey – Diversity and Inclusion (D&I) <i>Owners: Deputy Executive Officer, Communications & Stakeholder Relations</i>	<ul style="list-style-type: none"> ■ ≤ 44% agree ■ 45%–59% agree ■ ≥ 60% agree 	Annually	80.2%						<i>Data as of January 2021</i>

HIGH-QUALITY AFFORDABLE HEALTH CARE | Improve health care quality, access & affordability



Legislation that negatively impacts CalPERS

CURRENT STATUS — FY 2021–22		PERFORMANCE		
■	Legislation exists			
■ Legislation exists ■ No legislation exists				
ROOT CAUSE / SUCCESS		NEXT STEPS		
Bill Number	Action Items	Owner	Targeted Completion Date	
SB 510 The California legislature passed, and Governor Newsom signed, SB 510 in 2021 which provides that COVID-19 testing and treatment will be without cost-sharing including employer ongoing/surveillance testing. Covering the cost of testing is a good public health policy and ultimately in our member’s best interest although the employer testing portion of costs being shifted to health plans could impact affordability. CalPERS is working with the Department of Managed Health Care (DMHC) to ensure that costs are reasonable.	Coordinate with DMHC to ensure costs are reasonable.	HPRA	6/30/2022	
	Monitor costs passed to health plans.	HPRA	12/31/2022	

REDUCE COMPLEXITY | Reduce complexity across the enterprise



Externally proposed bills that have the potential to increase the complexity of the plan design

CURRENT STATUS — FY 2021–22		PERFORMANCE		
■	Legislation exists			
■ Legislation exists ■ No legislation exists				
ROOT CAUSE / SUCCESS		NEXT STEPS		
Bill Number	Action Items	Owner	Targeted Completion Date	
SB 457 Requires CalPERS to provide a separate trust fund for requesting school employers and cities that does not include specified investments related to the Government of Turkey. Significant administrative complexity to establish a separate trust.	SB 457–Monitor. Board adopted an Oppose position, so will advocate opposition.	Multiple program areas	6/30/2022	
SB 1173 Requires CalPERS to divest from fossil fuel companies, as defined. Administrative complexity to identify and track fossil fuel companies, and investment portfolio impacted by divestment. CalPERS believes engagement as a shareholder is the best strategy to maintain our voice. Divestment reduces diversification within our portfolio.	SB 1173–Monitor and potentially bring to the Board for a position.	INVO	9/30/2022	
SB 1328 Requires CalPERS to divest from any company with operations in Russia or Belarus. Significant administrative complexity to identify and track such companies, and investment portfolio impacted by divestment. Selling illiquid assets during a crisis can magnify losses.	SB 1328–Monitor and potentially bring to the Board for a position.	INVO	9/30/2022	