

		TOLERANCES	FREQ	2020–21	Q1	Q2	Q3	Q4	COMMENTS
 <b>FUND SUSTAINABILITY</b>   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"> <li><span style="color: red;">■</span> &gt; 20%</li> <li><span style="color: yellow;">■</span> 10%–20%</li> <li><span style="color: green;">■</span> &lt; 10%</li> </ul>	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"> <li><span style="color: red;">■</span> &lt; 6%</li> <li><span style="color: yellow;">■</span> 6%–7%</li> <li><span style="color: green;">■</span> &gt; 7%</li> </ul>	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"> <li><span style="color: red;">■</span> &gt; 2%</li> <li><span style="color: yellow;">■</span> 1%–2%</li> <li><span style="color: green;">■</span> &lt; 1%</li> </ul>	Annually	Misc. < 1%					Results represent the variance between projected and actual annual contribution rates.	
			Safety < 1%					Most plans are expected to have a rate change of less than 1% of payroll.	
 <b>HIGH-QUALITY AFFORDABLE HEALTH CARE</b>   Improve health care quality, access & affordability									
Percent of contracting agencies retained <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> ≤ 97.9%</li> <li><span style="color: yellow;">■</span> 98%–98.9%</li> <li><span style="color: green;">■</span> ≥ 99%</li> </ul>	Annually	99.7%	99.6%					
Increase in Total Covered Lives (TCLs) <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> ≤ 5,999 TCLs</li> <li><span style="color: yellow;">■</span> 6,000–8,999 TCLs</li> <li><span style="color: green;">■</span> ≥ 9,000 TCLs</li> </ul>	Annually	16,597	12,463					
Legislation that negatively impacts CalPERS <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> Legislation exists</li> <li><span style="color: green;">■</span> No legislation exists</li> </ul>	Quarterly							
Maintain Health Care Fund Actuarial Reserve <i>Owner: Chief Health Director</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> &lt;90% / &gt;110% Actuarial Reserve</li> <li><span style="color: green;">■</span> 90%–110% Actuarial Reserve</li> </ul>	Annually	99%						Data as of December 2021
 <b>REDUCE COMPLEXITY</b>   Reduce complexity across the enterprise									
Proposed legislation that would reduce plan designs <i>Owners: Deputy Executive Officer, Communications &amp; Stakeholder Relations</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> No Legislation exists</li> <li><span style="color: green;">■</span> Legislation exists</li> </ul>	Quarterly / Point in time							No proposed legislation exists as of March 2022

		TOLERANCES	FREQ	2020–21	Q1	Q2	Q3	Q4	COMMENTS
 <b>REDUCE COMPLEXITY</b>   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 &amp; Stakeholder Relations</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> Legislation exists</li> <li><span style="color: green;">■</span> No legislation exists</li> </ul>	Quarterly / Point in time							
Continuous process improvement adoption <i>Owners: Chief Operating Officer, Operations &amp; Technology</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> Decrease in adoption</li> <li><span style="color: yellow;">■</span> No change (0.0)</li> <li><span style="color: green;">■</span> Increase in adoption</li> </ul>	Biannual	0.0%						<i>Data as of December 2021</i>
 <b>RISK MANAGEMENT</b>   Cultivate a risk-intelligent organization									
Enterprise Risk Training Index <i>Owner: Chief Compliance Officer</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> ≤ 84%</li> <li><span style="color: yellow;">■</span> 85%–94%</li> <li><span style="color: green;">■</span> ≥ 95%</li> </ul>	Annually							<i>In development</i>
 <b>TALENT MANAGEMENT</b>   Promote a high-performing and diverse workforce									
Employee Engagement Survey – Diversity and Inclusion (D&I) <i>Owners: Deputy Executive Officer, Communications &amp; Stakeholder Relations</i>	<ul style="list-style-type: none"> <li><span style="color: red;">■</span> ≤ 44% agree</li> <li><span style="color: yellow;">■</span> 45%–59% agree</li> <li><span style="color: green;">■</span> ≥ 60% agree</li> </ul>	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		
<span style="color: red;">■</span>	<b>Legislation exists</b>			
<span style="color: red;">■</span> Legislation exists <span style="color: green;">■</span> No legislation exists				
ROOT CAUSE / SUCCESS		NEXT STEPS		
Bill Number	Action Items	Owner	Targeted Completion Date	
<b>SB 510</b> 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		
<span style="color: red;">■</span>	<b>Legislation exists</b>			
<span style="color: red;">■</span> Legislation exists <span style="color: green;">■</span> No legislation exists				
ROOT CAUSE / SUCCESS		NEXT STEPS		
Bill Number	Action Items	Owner	Targeted Completion Date	
<b>SB 457</b> 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	
<b>SB 1173</b> 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	
<b>SB 1328</b> 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	