

Workforce Strategic Plan

2014

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Introduction

A message from CalPERS Human Resources Division Chief

I am pleased to present the 2014 Workforce Strategic Plan. This plan reflects our accomplishments from the 2013 plan year, lessons learned and guides us on our path forward over the next five years. The plan positions Human Resources to achieve its mission to serve as an innovative, strategic partner by leading enterprise strategies in talent management practices to acquire, develop, motivate, and retain a diverse, high-performing workforce.

CalPERS is the largest public pension fund in the nation, governed by a 13-member board, and provides pension and health benefits to approximately 1.6 million members. We take great pride in our workforce and it is our responsibility to be thoughtful and intentional about how we recruit, retain, develop, train, and empower our nearly 2,700 employees.

This plan builds upon the solid foundation of the CalPERS talent and culture, and provides a roadmap to address current and future workforce needs. To develop this Workforce Strategic Plan, Human Resources worked collaboratively across the organization to strategize the allocation of resources necessary to meet our Strategic and Business Plan goals, anticipate workforce needs and the necessary process and system enhancements to remain agile in ever-changing times, and ultimately prepare a framework for our continued growth and progress. By allocating resources and improving processes, this plan allows us to maximize organizational effectiveness to support CalPERS vision, mission, and goals to better serve those who serve California.

Thank you for your interest in our 2014 Workforce Strategic Plan. I am eager to implement the many components of the plan and look forward to the opportunities that lie ahead.

Katrina S. Hagen

Forward

Over the past two years, Human Resources has taken a more proactive approach to workforce planning by focusing on strategic, long-range initiatives in conjunction with our annual business planning process. In doing so, Human Resources recognizes the benefits of taking a global approach and aligning our initiatives and strategies with organizational priorities and direction. As a result, we are refreshing our enterprise-wide Workforce Strategic Plan as part of the CalPERS 2014-16 Business Plan. The Workforce Strategic Plan addresses input received from our internal business partners regarding talent management needs across the enterprise and supports CalPERS 2012-17 Strategic Plan Goal B to “Cultivate a high-performing, risk-intelligent and innovative organization.”

Throughout the plan, we outline the critical nature of workforce planning, which enables us to address talent management needs, challenges, and trends impacting our workforce. The CalPERS Workforce Strategic Plan serves as a roadmap for addressing organizational workforce needs.

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The What, Why and How of Workforce Planning

Through workforce planning, we optimize the availability of critical talent to ensure CalPERS can turn strategy into action and support its continued success.

Workforce planning can be one of the greatest challenges, as it forces us to think strategically about how to align people with our business needs over the long-term. It has become one of the best strategies for supporting organizational success and provides an opportunity for human resource professionals as strategic leaders, change agents and business partners to ensure human capital issues are an organizational priority. Workforce Planning takes into account the effect of the full range of human resource activities, including recruiting; hiring; competency modeling and management; compensation; internal movement (promotions, transfers, and redeployment); succession planning; training and development; and employee engagement and retention.

Components of an effective Workforce Strategic Plan include:

- A supply and demand forecast, in which an environmental scan is conducted to identify current and future staffing needs and challenges. Such forecasts typically extend one to five years, and identify the competencies and quantity of staff needed by program/service area; hard-to-fill and/or key positions and associated skill sets; and the availability of the necessary talent, both internally and externally.
- Forecast analysis of program priorities and staffing needs to determine that necessary resources and services are in alignment with enterprise needs.
- Development of talent management strategies and tactics to address identified workforce gaps and risks prioritized by and aligned with strategic and business plan objectives.
- Evaluation of the Workforce Strategic Plan in conjunction with the organization's Strategic Plan, to ensure the effectiveness of each strategy through quantitative and qualitative performance measures and adjustment, as needed, for continued alignment.

As part of our workforce planning efforts, Human Resources reached out to business areas across the organization through our Service Level Agreement process, working with Executive and Senior Staff to identify workforce needs and/or challenges relevant to accomplishing the current two-year business plan and longer range objectives. Our Service Level Agreement process included an environmental scan of workforce trends and challenges, both internally and externally, to identify effective talent management solutions for CalPERS.

Talent Management is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing,

retaining, and utilizing people with the required skills and aptitude to meet current and future business needs.¹

The Workforce Strategic Plan is not the end of a broad, collaborative effort to address workforce needs. It is the continuation of an ongoing partnership between Human Resources and CalPERS business areas to ensure we have the talent needed to maintain core services, lead us into the future, and further CalPERS reputation as a national and global leader in investment, pension and health care.

¹ SHRM HR Glossary, www.shrm.org

Challenges and Trends

Understanding the challenges and trends facing CalPERS and other organizations -- both public and private -- is integral to effective workforce planning and aids in determining the appropriate direction of such planning efforts for the organization. However, we must not only understand these challenges and trends, we must monitor them as they evolve and may affect our workforce planning.

Public vs. Private Sector

Although public and private sector employers compete for the same labor pool, public employers such as CalPERS face an array of challenges not seen in the private sector. Civil service employees must focus on serving the public interest in the most efficient and effective manner possible. This contrasts with the private sector focus on shareholder interests, profits, and the bottom line. Additionally, the public sector faces an array of political and financial constraints and extensive human resources-related regulations, requirements, and procedures designed to protect a merit-based system. It is also not uncommon for public sector organizations to operate with human resource management systems that are often outdated.

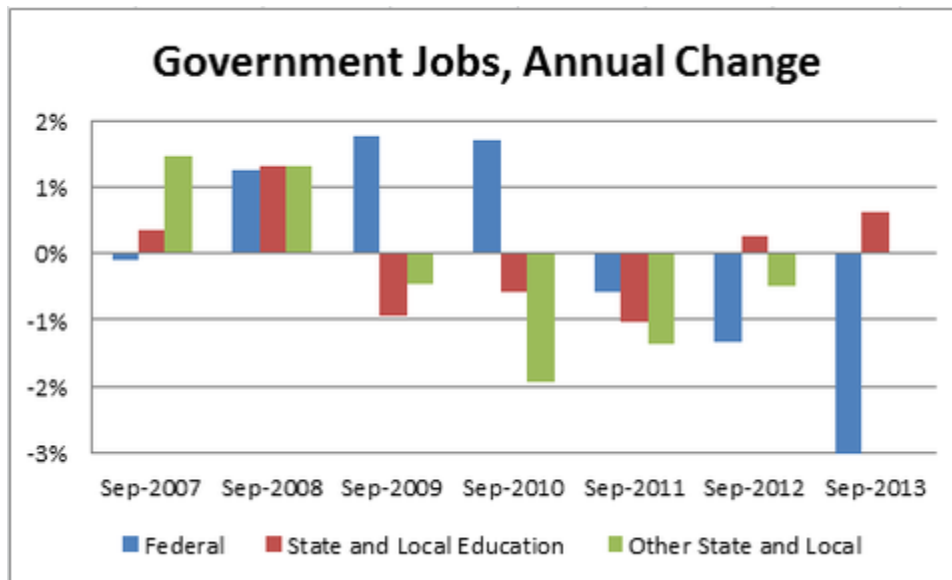
More than ever, we must continue to find innovative ways to enable, motivate, and inspire people to perform at their highest levels, accomplish our business, and serve our customers well². We have a strong positive relationship with our employee unions and look forward to ongoing collaboration and support of our robust talent management efforts.

Economy

The U.S. economy continued to expand modestly from 2012 to 2013, for an increase of 3.3 percent. Consistent with the nation, California's revenue outlook is trending upward and budget shortfalls are being addressed; however, economists remind us that the vast majority of these shortfalls have been closed through spending cuts and other measures to meet balanced-budget requirements. To the extent these shortfalls are being closed with spending cuts, they are occurring on top of past years' deep cuts to critical public services like education, health care, and human services. These cuts mean the State budget may continue to be a drag on the national economy, threatening public sector jobs. Research shows that while there is an increase in jobs across the country and government employment has stabilized nationally, the combined number of federal, state, and local government jobs in California has declined—

² *International Personnel Management Association, Workforce Planning Resource Guide for Public Sector Human Resource Professionals, 2002*

down 1.7 percent from one year ago. Government employment in California is a notable weak spot in an otherwise improving job market.



Source: Bureau of Labor Statistics/New York Times (NYT)
<http://www.bls.gov/home.htm>
<http://economix.blogs.nytimes.com/2013/10/22/bloated-government-federal-employment-at-47-year-low/>

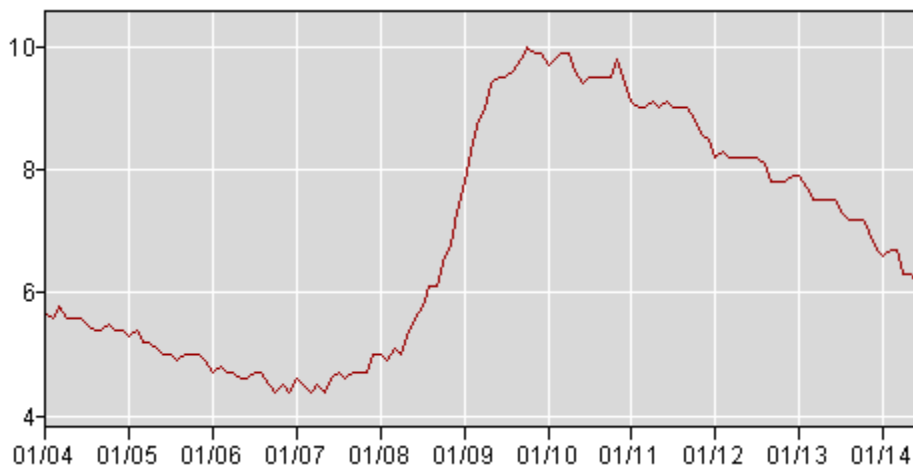
Despite the decline in government employment across California this past year, CalPERS made approximately 360 external hires – down 59 percent from the previous period where we hired 603 external hires. An additional 547 appointments represented internal movement (for example, appointment of current employees via transfer or promotion, rather than an external hire). The number of external hires was largely driven by efforts to reduce dependency on outsourced consultant expertise and augmentations to support increased internal portfolio management, sourcing, due diligence, risk management, and investment monitoring. CalPERS continues to explore ways for contraction within the organization by proactively identifying ways to increase efficiencies through process automation and staff redeployment.

Labor Market

While the nation recovers from the 2007-2009 recession, the sluggish pace of this recovery continued to have a pronounced impact on the labor market. By understanding these economic impacts, we have begun to develop recruitment and retention strategies that will allow CalPERS to continue to secure an exceptionally qualified, competent, and committed workforce.

Although the unemployment rate remains fairly high, nearly half of U.S. employers say they are experiencing difficulties filling key jobs. Despite the substantial quantity of low-skilled workers available, employers are in direct competition for the most qualified employees. Ironically, it may actually be harder to recruit during poor economic times. The issue ceases to be recruiting a reasonable pool of candidates, and instead becomes one of filtering through increasingly larger pools of unqualified candidates. Despite these challenges, the national unemployment rate has continued to fall through 2014, to rest in June at 6.1 percent.

National Unemployment by Calendar Year



Source: Bureau of Labor Statistics/
<http://www.bls.gov/home.htm>

On average, CalPERS receives 84 applications per recruitment, and it takes approximately 75 calendar days to hire a new employee. However, recruitments for entry-level jobs often draw more than 175 applications per recruitment. Manually processing this many applications has a profound impact on our hiring managers and Human Resources staff.

The demanding schedule of a hiring manager necessitates efficiency, but in the face of hundreds of applications it can be difficult to review them in a timely manner. With these challenges in mind, CalPERS was one of the first departments in California state government to implement an online applicant tracking system called NeoGov. Since the launch of this new system, we have processed more than 66,000 applications in response to approximately 830 posted job opportunities from July 1, 2013, to present.

Over the coming years we expect to realize even more gains in efficiency as integrations between NeoGov and our existing Information Technology infrastructure come online. Human

Resources staff is currently working with CalPERS hiring managers to harness the power of NeoGov's automation and pre-screening techniques. Building upon the success of the applicant tracking system, our Workforce Strategic Plan strategies will further streamline hiring process, while ensuring we adhere to state hiring requirements to capture top talent from both the public and private sectors.

CalPERS Workforce Demographics

At CalPERS, we believe our differences are our strengths and celebrate our diverse workforce and the unique talents each individual employee brings. Diversity and inclusion at CalPERS means we foster a work environment that values all people through dignity and respect. The combined experiences, perspectives, and talents of all employees and stakeholders strengthen our high-performance workforce and organizational culture.

Consistent with this broad perspective, diversity at CalPERS goes beyond traditional categories, such as gender and race. With the changing times, we recognize generational differences and their contribution to life-style and work-style values and differences; educational levels and technical savvy; employment expectations and career goals.

As new generations merge with the current workforce, CalPERS continues to foster employees' understanding and appreciation of generational differences. Workers today place high value on having flexibility, managers who communicate and empower, variety in their work, and ample training opportunities beyond the expectations of previous generations.³ As such, we have launched a number of initiatives to engage and retain our diverse workforce. Human Resources staff has established many programs aimed at supporting CalPERS commitment to work/life balance⁴ – consistent with CalPERS Core Values (See Appendix B.)

³ CalPERS LEADER Training, "Four Generations at Work" presented by Jeanie Hagen-Greene on March 14, 2013

⁴ The guiding behaviors for the Core Value of "Balance" include: supports a healthy personal and professional balance, maintains focus on long-term goals while maintaining short-term needs, embraces opportunities for personal and professional development, and supports an environment that is optimistic and enjoyable in which relationships can prosper across our organization and communities.

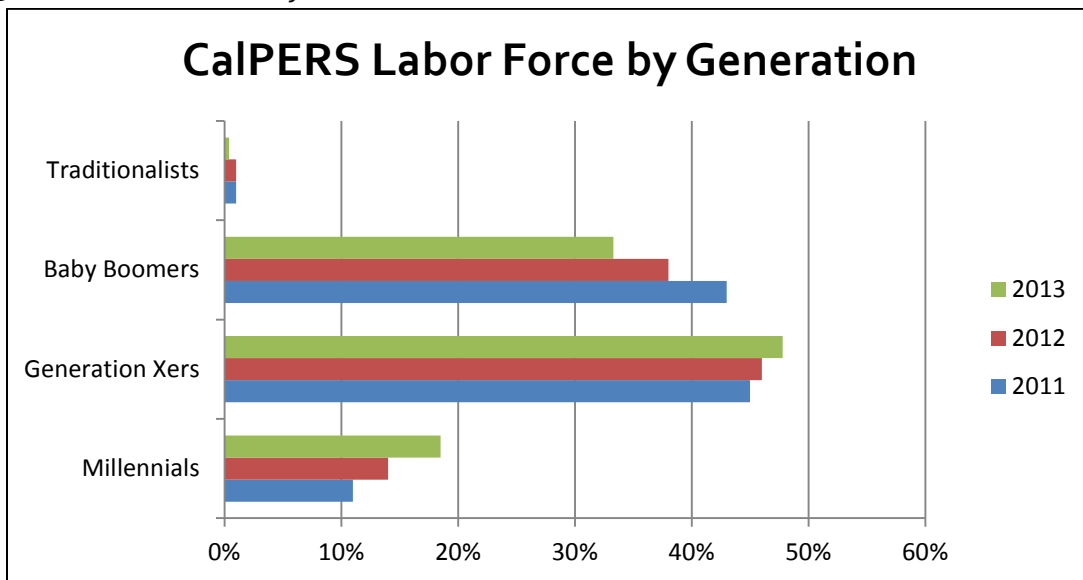
CalPERS workforce spans over all four generations (see Table 2), and we are beginning to see significant shifts in age-related demographics. In 2011, Generation X outpaced Boomers at CalPERS for the first time, and this trend continues increasing each year (see Table 3.)

Table 2: CalPERS Workforce Generations

Generation		Workforce Percentage
Traditionalist	Prior to 1946	0.4%
Boomers	1946-1964	33.3%
Gen X	1965-1981	47.8%
Millennials	1981-2000	18.5%
Total		100.0%

Source: State Controller's Office (SCO); MIRS; data pulled July 2014

Table 3: CalPERS Labor Force by Generation



Source: SCO; MIRS; data pulled July 2014

As public servants, CalPERS employees typically retire between the ages of 55 and 60. Many of these potential Boomer retirees hold a high level of institutional knowledge and are a valuable segment of our workforce. Table 4 below breaks down the current eligible retirees by age.

Table 4: CalPERS Retirement Eligibility

Total Retirements by Age	50	Percentage
Less than 55	7	14%
55	8	16%
56-59	14	28%
60-62	7	14%
63 and above	14	28%

Source: SCO; MIRS; PeopleSoft data pulled July 2014

Currently, 14.1 percent of CalPERS staff are immediately eligible or within five years of retirement. Table 5 shows by branch, the percentage of the workforce that is eligible to retire over the age of 55, and with more than 60 months of service credit.

Table 5: Eligible Retirees

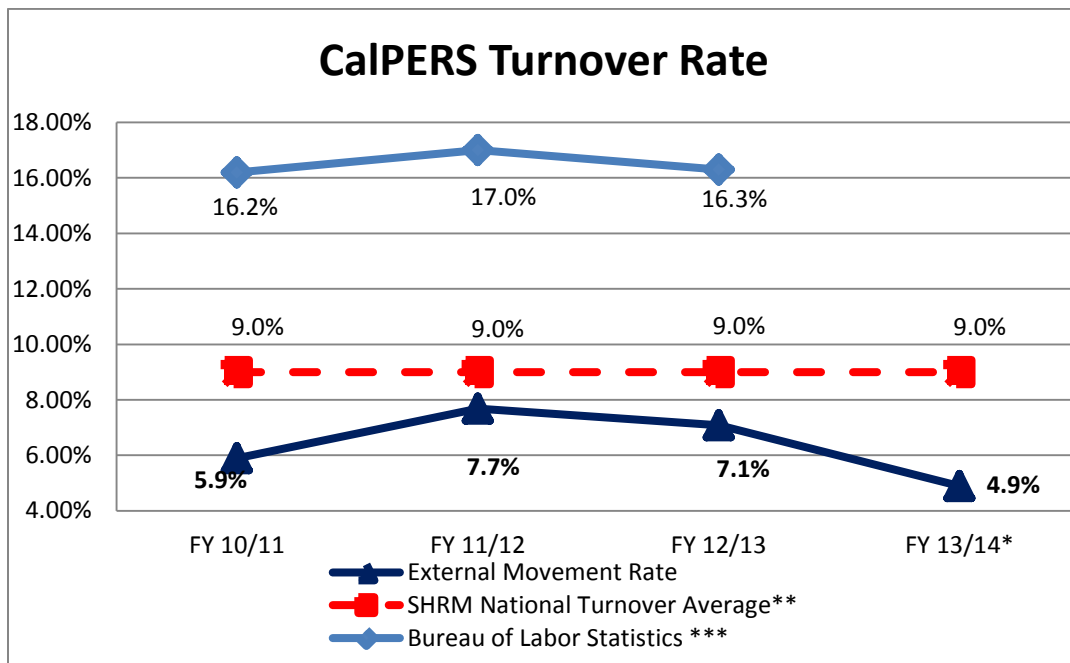
Branch	Number of employees eligible to retire	Percentage of employees eligible to retire
ACTO	5	0.2%
BPPP	10	0.4%
CSS	116	4.9%
EXAB	9	0.4%
EXEO	2	0.1%
FINO	34	1.4%
GCO	16	0.7%
INVO	20	0.8%
OPT	119	5.1%
TOTAL	331	14.1%

Source: SCO; MIRS; HCM PeopleSoft; data pulled July 2014

In the past, State government has been able to retain this talent by use of retired annuitants. However, legislation brought significant changes to public pensions and impacted retired annuitants in a number of ways⁵. As such, many of these retirees are no longer working in the public sector after retirement, and are no longer a viable solution for knowledge transfer. Anticipating the impending retirement of these employees, CalPERS has taken on key initiatives to facilitate knowledge transfer as part of our technical succession planning efforts.

⁵ California Special Districts Association, CSDA News, accessed June 3, 2013

Through ongoing monitoring, we can understand the make-up of our workforce and effectively address and implement talent management strategies that continue to foster diversity and inclusion at CalPERS. From fiscal year 2010-11 to fiscal year 2012-13, the Bureau of Labor Statistics (BLS) turnover rate was 16.2, 17.0, and 16.3 percent, respectfully. For the past three fiscal years (2010-11, 2011-12, and 2012-13) CalPERS turnover rate was 5.9, 7.7, and 7.1 percent, respectively. In the last three years, CalPERS turnover rate has continued to be below the Society for Human Resource Management (SHRM) national turnover average of 9 percent⁶, and far below the turnover rate from the BLS⁷ for each of those years.



⁶ California Special Districts Association, CSDA News, accessed June 3, 2013; 2010 Society for Human Resource Management (SHRM) Differences in Employee Turnover Across Key Industries Report

⁷ FY 2010/2011 – 2012/2013 State and Local government average turnover; California Special Districts Association, CSDA News, accessed June 3, 2013

The Foundation of the CalPERS Workforce Strategic Plan

An Historical Perspective

In the 1990s, in support of CalPERS initial Strategic Plan, Human Resources undertook numerous best practice initiatives designed to foster a high-performing work culture. We led a grassroots effort to establish Core Values, which serve as the foundation of the CalPERS culture and “refreshed” our Core Values in 2011, through another grassroots effort. We implemented a nationally recognized three-dimensional recognition program to foster a positive, employee-centric organization, and we enhanced employee health and wellness by launching an award-winning Worksite Wellness Program, including our onsite Fitness Center. We rolled out a Progressive Leadership Series to train new supervisors and ensure effective leadership practices, as well as an expanded training program for all CalPERS staff. These various initiatives, along with other Human Resources programs, have contributed to CalPERS’ reputation as a destination employer in State service and reinforced the organization’s commitment to sustaining a high-performing workforce.

Taking a proactive approach to understanding customer needs and aligning resources, Human Resources reached out to internal customers across the organization between April and June 2014 to gain insights about customer service levels and needs. These insights confirmed the appropriateness of the Human Resources Division-level Strategic Plan and vision. In support of CalPERS strategic direction, we identified four areas of focus:

- Fostering strategic partnerships
- Building a resilient, cohesive team
- Achieving workload balance
- Sustaining quality customer service

The Human Resources leadership team subsequently worked to analyze and confirm alignment of the existing workload with CalPERS’ strategic focus. These initial steps were key to enabling a more proactive approach to talent management and workforce planning, and enhancing Human Resource’s ability to commit necessary staffing to maintain core services and support strategic initiatives.

We also recognize the need to leverage technology to more effectively serve our internal customers. Although Human Resource’s pursuit of automated processes and system enhancements has been a top priority in the last few years, such improvements will not happen overnight. It will take time and resources to improve the division’s technology infrastructure. More specifically, Human Resources staff is working to create and/or expand procedures across all of its business units to ensure CalPERS’ employees have the capability and access to accurate resources to effectively perform their jobs.

Creating a Strategic Focus

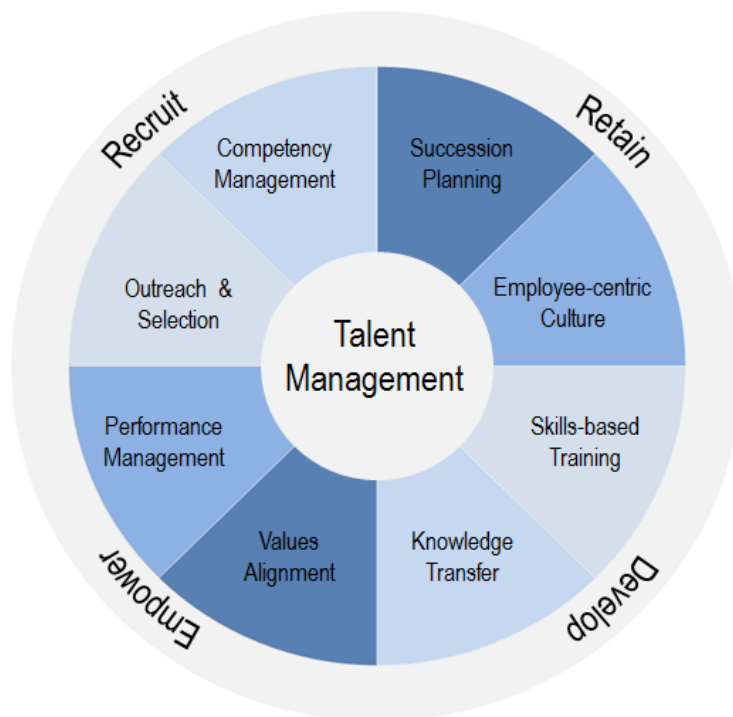
"Life is a continuous process of remaking ourselves." – Anonymous

Human Resources is continually working to improve programs and services through our talent management efforts. Effective talent management strategies require integration between the various human resources functions, along with proactive partnerships with our business line management. This strategic approach will:

- Make our recruiting processes more efficient and effective by using competency-based recruiting
- Develop marketing and outreach strategies to further establish CalPERS as a destination employer and attract key candidates
- Ensure continuous development of our leaders to reinforce culture, instill values, and create a sustainable leadership pipeline
- Manage people in a consistent and measurable way so that everyone is clear on what they are accountable for
- Identify high performers and potential successors to key positions and leverage training to ensure knowledge transfer at all levels

The following wheel depicts the CalPERS talent management model and specific areas of focus.

Chart 1: CalPERS' Approach to Talent Management



The CalPERS Board of Administration understands the significance of talent management and its impact on an organization's ability to attract and retain high performing employees. As a result, the Board made talent management a focus in the CalPERS Strategic Plan.

In December 2012, talent management was added as part of the scope of the Board's Performance and Compensation Committee. In the past, the Performance and Compensation Committee's scope was relatively narrow, focusing on hiring, evaluating, and setting the compensation for positions such as the Chief Executive Officer and Chief Investment Officer, as well as other key executives and investment manager positions covered by statute.⁸ The benefit of this new scope is that it leveraged the expertise of Human Resources through a best-practice approach to talent management, while ensuring consistency throughout the organization. It also ensures that business areas are working with Human Resources to identify viable talent management solutions and leverage initiatives across the organization to address multiple needs.

In early 2013, Human Resources engaged its customers for the first time in an annual **Service Level Agreement** process. This comprehensive approach allowed us to work with our business partners to understand their long-term workforce and human resource service needs, identify effective solutions, and appropriately allocate resources to meet these needs. Through this annual process, we are now able to support programs and enterprise priorities by taking proactive measures to address talent management needs on the front end. Aligned with CalPERS business planning process, Service Level Agreements with each branch define program-area challenges/issues and outline Human Resources solutions, including the level and type of service, and timeframes for completion.

The Service Level Agreement process helps us educate our customers on the broad range of core services we provide. What's more, the process helped us clearly define program-area challenges and needs to support the development of strategic solutions, including leveraging talent management initiatives across the organization. During the 2014 process, our business partners identified approximately 67 service requests to address their challenges and needs, and in some cases, included high volume core services. The most commonly requested services at the branch- level was:

- Organizational structure review (five requests)
- Customized training solutions (14 requests)
- Recruitment planning services (six requests)
- Staff and leadership onboarding (four requests)

⁸ California Government Code section 20098 provides CalPERS Board of Administration with the authority to appoint and set compensation for CalPERS Chief Executive Officer, General Counsel, Chief Actuary, Chief Investment Officer, and other Investment Officers and Portfolio Managers whose positions are designated managerial pursuant to Section 18801.1.

As Human Resources continues to lead an enterprise-wide, strategic approach to talent management, we look forward to building upon the lessons learned from our Service Level Agreement efforts and anticipate ongoing process enhancements in subsequent years.

Current Talent Management Programs and Initiatives

Human Resources Division leads a number of initiatives in support of talent management and CalPERS Strategic Plan goals. Below are brief descriptions of these enterprise-wide initiatives, each listed under the primary goal it supports, though it may support multiple strategic goals. For a comprehensive list of initiatives and the relevant strategic goal, see Table 6 on page 23.

Recruit

Effective recruitment begins with the identification of critical competencies, outreach and marketing, and targeted recruitment to hire highly qualified applicants with the capabilities to meet business needs.

Outreach and Selection

In early 2014, work began on the ***Compensation Review Project***, with the goal of identifying a compensation strategy that is transparent, streamlined, and remains aligned with organizational objectives to effectively drive desired organizational performance and behaviors. Recommendations were presented to the CalPERS Board of Administration for revisions to the performance measure rating criteria for Career Executive Assignments and positions covered under Government Code 20098. Additionally, third-party compensation experts were engaged by the Board to understand the overall goals of our compensation programs and provide consultative services for a thorough compensation policy review.

As a result of the 2013-14 Human Resources Hiring Process Review, several findings and recommendations were presented for consideration. As such, a focus this year will be on continuing efforts for ***Hiring Process Improvements***, which will include: process changes to provide faster access for hiring managers to NeoGov for application review; a thorough review of NeoGov capabilities to ensure Human Resources is maximizing its functionality; reinforce utilization of supplemental questions for all hires to establish more qualified applicant pools; increase training for Human Resources staff, personnel liaisons, and hiring managers; assess practice of advertising multiple hires under one single recruitment; and impacts to metrics and time-to-fill stats.

As part of our outreach and selection efforts, we continue to explore the development of ***Internship Guidelines*** to facilitate educational and experiential opportunities related to student's course of study that also allows CalPERS to develop a pipeline for future vacancies.

Internships may also be part of an educational program in which students may earn academic credit toward their college degrees.

The Talent Management Strategic Objective in the Investment Office (INVO) Roadmap has a goal to enhance their ability to attract, develop, and retain a highly-skilled, diverse, and motivated team to ensure success. In July 2014, a steering committee and work group consisting of members of the Investment Office, Human Resources, and the Diversity and Inclusion Office was formed to identify gaps and opportunities for improvement in the Investment Office's diversity and inclusion leadership practices. The goal of the ***INVO Talent Sourcing Plan*** is to identify opportunities for better access to key talent pools and pinpoint the most efficient strategies to communicate and work with relevant communities. Human Resources will participate on the steering committee as a full member and on the working group as an active partner, to provide information regarding CalPERS' workforce and polices, as well as to provide support and guidance to ensure the civil service process is followed.

In evaluating potential employment candidates, we need to be mindful of CalPERS' fiduciary responsibility to:

- Protect its assets
- Prevent fraud and embezzlement
- Maintain the integrity of our system
- Deter workplace violence, discrimination, and harassment

As a result, under phase 1 of implementing ***Enhanced Pre-employment Screening***, a criminal history check will be added for new CalPERS employees to ensure we are making informed decisions about new hires and increasing the safety and security of the organization.

Currently, our process includes verification of education and previous employment, and contacting references. We will now include Live Scan (fingerprinting) of all new CalPERS employees to gather criminal history, if any, and use this information to determine if the candidate is suitable for employment. This enhancement will bring CalPERS into alignment with industry pre-employment best practices.

Competency Management

To grow our workforce from within and develop a pipeline of internal talent, we completed classification studies for the ***Investment Manager\FINO Series***, and participated in two consortium classification studies: ***Pension Financial Accounting Series and Actuarial Series***. These studies were aimed at broadening recruitment efforts for hard-to-fill positions. For each of these series, classification revision packages were submitted to the California Human

Resources Department (CalHR) for approval. Further we continue to engage on the progress of these studies.

CalPERS and California State Teachers' Retirement System (CalSTRS) partnered to conduct a classification study of the state's **Pension Financial Accounting Series Classification Study**. This study will provide an avenue for both agencies to recruit and retain highly qualified individuals to support qualitative and quantitative analysis, research, feasibility analysis preparation, and the increased level of fiduciary responsibility related to pension financial accounting. Based on the analysis, a proposal was presented to CalHR to establish a new Pension Financial Accountant classification series.

The **Investment Manager\FINO Classification Study** includes a job analysis of the classification series and a salary survey (using McLagan data) to benchmark against industry standards and address gaps within the classification hierarchy and structure. Based on the job analysis and survey data, a proposal was presented to CalHR to broaden the classification series to include a bridging supervisory classification.

Led by the California Department of Insurance, we participated in the **Actuarial Classification Series Review**, to develop a statewide actuarial classification with updated job descriptions and qualifications that will enhance our ability to recruit highly-skilled candidates. This study will establish a current, uniform actuarial series which will also facilitate transferability of competencies within the State.

To further our efforts to hire and retain high quality staff, CalPERS offers **Actuarial and Auditor Study Programs, a Chartered Financial Analyst Study Program for Investment Staff, and INVO SMART**, in addition to the previously mentioned classification series reviews conducted across the organization. These best practice programs are a fundamental way to improve the knowledge of our employees. They provide for a defined amount of study time and reimbursement of exam-related fees to support the pursuit of higher level professional skills and certifications in these hard-to-fill positions. The INVO Smart certificate is designed for those professionals who are not directly involved in making investment decisions. The program requires participation in the following fundamental components: Financial Fundamentals, Pension Fundamentals, and CalPERS Fundamentals.

Retain

Critical to retaining staff is an employee-centric culture that empowers employees, enables them to make unique contributions, ensures they feel respected and valued, and provides development and career opportunities for those interested in moving up in the organization.

Succession Planning

Executive Succession Planning is critical to ensuring a talent pipeline for our hard-to-fill, Executive-level positions. As a result, the Board of Administration made traditional succession planning efforts a top priority to ensure continuity and effective transition for all levels of Executive Staff. With the aging workforce and impending Baby Boomer retirements, organizations worldwide are facing a significant loss of critical knowledge and skills, a declining labor pool, and a widening talent gap for the next generation of middle and senior leaders. This is particularly true in the public sector, where workers are markedly older than in the private sector. To ensure CalPERS continued success, we have implemented a succession planning framework that addresses the creation of future leaders and the retention of critical institutional knowledge through the development of talent pools for Executive-level positions.

An Executive Succession Planning effort began with our Chief Executive Officer and Chief Investment Officer, and was later applied to the remaining Executive positions. Each Executive conducted meetings with their direct reports to solicit interest in serving as either a permanent successor, interim, or acting replacement for any Executive-level positions. The candidates who self-nominated into the process received readiness assessments from their direct manager and an Executive Assessment Panel. Through this process, key strengths and areas for improvement were identified, and suggestions made for development opportunities and timeframes documented and tracked through individual Leader Development Plans (LDPs).

As the administrator of enterprise-wide succession planning efforts, Human Resources oversees the Executive talent pools and progress under LDPs throughout the year. As Executive-level vacancies occur, ongoing succession planning will support leader continuity by providing visibility for both hiring managers and potential candidates to these opportunities, and ensure an internal pipeline to address future leadership needs.

In September, Retirement Research and Planning Division (RRPD) will host the first installment of its ***RRPD Insight & Inquiry Speaker Series***. This quarterly speaker series will feature speakers to promote research, share ideas, and encourage research collaboration on topics important to the retirement and health industry. In support of this effort, Human Resources

partnered with RRPD to provide a special offering of the Presenters Certificate training series to Benefit Programs Policy and Planning Branch staff. This training will help develop and prepare RRPD staff for Insight & Inquiry presentations.

Foster an Employee-centric Culture

CalPERS recognition-based culture helps ensure our employees feel respected and valued. The ***Employee Recognition Program*** is integral to demonstrating our Core Values. Our nationally recognized three-dimensional program consists of day-to-day, informal and formal recognition, and reinforces organizational values, supports business objectives, and helps us attract and retain motivated, high-performing employees. CalPERS' approach to recognition empowers all staff with the ability to recognize one another at all levels. This peer-driven process is an important component of our recognition program, as we continue to look for opportunities to provide our staff with meaningful recognition that is consistent and ongoing, and encourages them to do their very best, to grow and learn, and enjoy themselves in the process. At CalPERS, we encourage all levels of staff to provide recognition that is sincere; specific; timely; and appropriate to the individual and/or team, as well as the accomplishment. CalPERS leaders sponsor a number of recognition events throughout the year, recognizing individuals and team accomplishments, including Achieving Performance Excellence (APEX) and an annual All Staff Forum that highlights employee accomplishments during the past year.

As a large-scale purchaser of health benefits and a model employer, we are working to be a leader in the field of health, starting with our employees. ***Wellness Works, the CalPERS Wellness Program***, has three cornerstones-- Balance, Fitness, and Nutrition -- that contribute to a healthier workforce. In 2009 CalPERS received the California Fit Biz award and in 2014, our program was a finalist in the *Sacramento Business Journal's* Healthiest Employer award. We received this recognition for providing an environment that educates and motivates employees to live a zestful, balanced, and healthy lifestyle. CalPERS' onsite Fitness Center provides cardiovascular equipment and group exercise classes to promote increased employee health, vitality, and productivity. In line with the CalPERS Core Value of "balance," and ensuring an optimistic and enjoyable work environment, the Wellness Program supports annual golf, softball, and flag football tournaments that foster an atmosphere of collegiality, team building, and fun. The Wellness Works program benefits from the support of the CalPERS Wellness Committee, which consists of division volunteers who help develop and implement programs related to fitness, nutrition, stress reduction, and disease management. The program reinforces our culture and helps employees maintain balance in their professional lives.

Over the years, CalPERS has made positive and lasting contributions to our community through our **Community Outreach** efforts. Each year, CalPERS sponsors, at an organizational level, various charitable events that allow employees to give back to the community. These community outreach efforts demonstrate CalPERS commitment to our Core Values of integrity, quality, openness, respect, accountability and balance through involvement and/or donations which help make a difference in the lives of others. As larger pools of Millennials, who tend to be more civic-minded, enter our workforce, these efforts will be a key component in our talent management strategies, aligning CalPERS values with the values of individual employees, and supporting enhanced employee recruitment, engagement, and retention.

Customer Service & Outreach Division (CSOD) partnered with Human Resources to successfully collaborate and negotiate with the Service Employees International Union and CalHR to develop and implement the new **CSOD Vacation Bidding Policy**. This policy was designed to be more equitable for all Contact Center staff, while maintaining compliance with State and union contract requirements. With assistance from Human Resources, CSOD was able to communicate and educate staff of the changes in policy to ensure their understanding and gain acceptance.

Another area of focus to create our employee-centric culture is through efforts, such as the **Joint Labor Management Committee** (JLMC). This committee is designed to create a better working environment and give both Labor and Management a pro-active tool to use in addressing issues that arise in the workplace that are of mutual concern in a problem-solving context. The JLMC facilitates this by identifying problems and/or health and safety issues. Through routine meetings, the JLMC allows Labor and Management to discuss issues regarding workload, productivity, workplace efficiencies and customer service.

Our culture tightly links and supports CalPERS identity as a destination employer, and is critical that Human Resources expand its current Employee Exit Survey program to provide a more robust **Employee Lifecycle Survey** (ELS). ELS enables us to capture data about employees leaving CalPERS separately from those moving internally. Additionally, it will provide employee feedback upon hire, after their first anniversary, when there is internal movement, and upon separation. While exit interviews will remain a part of the ELS, the survey positions us to more accurately analyze data to identify trends, understand turnover, and why our employees leave or choose to stay with CalPERS, identifying movement throughout the organization.

In a larger effort, to gauge employee satisfaction levels, CalPERS has administered biennial employee surveys since the mid 1990's. In March 2013, Human Resources partnered with a third-party firm to administer the ***Organizational Health Index (OHI) survey***. With an 81 percent participation rate, aggregated employee ratings and anecdotal input regarding organizational outcomes and management practices, indicated where we are doing well and where we can improve as an organization. Staff ratings confirmed improved management practices in all nine outcome areas, although overall health driven by outcome scores remained the same. To assist CalPERS leaders in responding to OHI input from staff, Executive Staff created two cross-functional, multi-level action planning teams to focus on "employee-based innovation" (Innovation team) and "role clarity" and "process-based capabilities" (Accountability team). To date, the Innovation and Accountability teams have coordinated a number of initiatives to address high-impact practices in support of improved organizational health and employee satisfaction. As such, Human Resources is prepared to support each CalPERS branch to accomplish their branch-specific initiatives selected.

Additionally, based on recommendations from the Accountability action planning team, staff suggested a number of activities they felt could enhance accountability across the organization. Some recommendations being explored include:

- Through the Informal Mentoring initiative, a "Boss do the Job Day or Week"
- Review existing onboarding tools for new employees, including exploring the recommendation of assigning an "onboarding buddy" for all new employees
- Acknowledge management accountability in annual performance plans
- Develop a new Business Process Development Training for managers and staff to assist in the documentation of critical business processes, including drafting of guidelines and procedures, desk or unit manuals and other job aids

As we look for ways to enhance innovation, CalPERS is developing an employee-driven innovation program to inspire and enable staff to share ideas and solutions that improves performance and service based on specific recommendations from the OHI Innovation team. As part of that team, Enterprise Strategy Performance Division (ESPD) published an Innovation intranet web page in June 2014, which includes program design milestones, innovation tools, and educational materials. Innovation program design recommendations, implementation actions, and a roadmap were presented to the Executive sponsor in late summer 2014.

Develop

One effective way to increase employee engagement and retention is to offer development opportunities. Important to staff development, training keeps employees informed regarding job-specific knowledge and skills, as well as preparing them for additional responsibilities and/or career advancement.

Onboarding Programs

CalPERS ***Onboarding Program Enhancement*** for new employees has multiple components. All employees below the Executive and Senior Staff level are required to attend a two-day, instructor-led New Employee Orientation (NEO), which includes presentations from and about a wide cross-section of the CalPERS organization—its mission, Core Values, culture, business lines, resources, and overall expectations. In addition to NEO, many divisions provide expanded onboarding with a division-specific orientation for new staff. Based on employee feedback, we are reviewing NEO curriculum to ensure we efficiently orient new employees with pertinent information. As a result, we are exploring options to reduce class time to one day and leverage web-based learning, where applicable. A self-service, web-based onboarding program gives staff access to comprehensive information on the CalPERS campus and operations, employee benefits and resources. In addition, managers utilize a checklist tool to ensure new employees are given pertinent information and resources specific to their role.

It is also critical that an executive be acclimated to CalPERS culture expeditiously and efficiently. Realizing the expertise they bring to their role, we are developing an ***Executive Onboarding*** program for executive and senior staff that will cover key elements of our *New Employee Orientation* and *Leadership Essentials and Direction for your Emerging Role (LEADER)* training, and will leverage web-based technology, wherever applicable, to familiarize this group with the organization.

Skills-based Training

To ensure a skilled and competent workforce, we offer extensive training and development resources, including: a skilled training delivery team, a well-equipped Learning Center, custom-designed onsite classes, curriculum design and development, web-based training development and delivery hosted through our Learning Management System, GoLearn computerized training system, and consulting services to address unique learning/business needs within the organization.

To help CalPERS develop the skills needed today and into the future, Human Resources is implementing a number of strategies to ensure training is aligned with business needs. We

offer flexible learning solutions like web-based training, webinars; instructor-led training in smaller segments (one- to two-hour sessions); and leverage GoLearn to deploy training quickly and efficiently throughout the organization. Human Resources internal web-based development team works to address customized training needs. Where there is a lack of talent or hard-to-fill classifications because of a highly specialized skill set, we collaborate with program areas to plan for changing skill needs and close gaps. This strategic approach to training ensures a skilled and competent workforce able to execute CalPERS business strategies.

Recognizing the need to provide managers and supervisors with increased and on-going knowledge and skills pertaining to recruitment, employee relations, and performance management, we are collaborating with the Office of Public Affairs to develop a series of instructor-led and web-based training workshops. This **Supervisory Skills Enhancement Series** rolled out its first module, Positive Employee Relations, in early summer 2014. The next training series, Performance Management and Coaching, will become available by fall 2014, with Hiring Overview training issued in winter, 2014. Additionally we expect to continue to use this series to offer training on other key topics necessary to our leadership team's success.

Human Resources serves as sponsor for the **CalPERS Training Advisory Group** (TAG). TAG is a chartered, enterprise-wide group that was initiated in response to my|CalPERS. It is currently undergoing a transformation, with focus on supporting standardization of high quality learning practices and training governance, and recommending training strategy and policy in support of enterprise business needs. As part of its oversight role, Human Resources provides:

- Vision and direction for TAG
- Input and guidance on learning-related aspects of key business initiatives
- A conduit for communication between TAG and Executive leaders
- Suggested topics for TAG to discuss/address
- A first-line of escalation for TAG issues

Core Competency Training – During the last year, Customer Services and Support (CSS) partnered with Human Resources to develop and implement a training plan to ensure CSS staff possesses necessary core skills to improve the quality, consistency, and accuracy of services. The training plan involved the delivery of four courses: LifeCycle Education; Business Etiquette; Writing Notes in my|CalPERS; and a Job Aid for Resolving Complex Cases.

Human Resources partnered with regional office managers to assess **Regional Office Training** needs and provide a wide range of training resources and opportunities, including video-conferenced classes, on-site classes, and web-based courses. Staff enrolled in the Essentials

for Employee Excellence (E3) certificate program have been provided with web-based class options to fulfill elective requirements, and have been granted additional time to complete the program. Plans are in place to provide video-conferenced classes and on-site classes for the Contact Center staff following the move to West Sacramento.

Ensure Knowledge Transfer

Knowledge Transfer is critical to ensuring CalPERS ability to mitigate potential loss of expertise needed to maintain core services. Through technical succession planning, we identify core services and processes at risk, pinpoint individuals with specialized knowledge, and identify those individuals most at risk for leaving the organization. Human Resources developed online tools and resources to facilitate the ongoing exchange of knowledge transfer across the organization. The organization continues to leverage these knowledge transfer tools in support of the 2014-16 Business Plan Consultant Reduction initiative aimed at reducing the organization's reliance on outsourced expertise. Over the next year, Human Resources will work closely with the Information Technology Services Branch (ITSB) to explore a ***Skills-Based Volunteer Program***, where staff can share and document their skills, certifications, and knowledge for future self-development opportunities. If the program is successful, it could potentially be leveraged and used throughout the organization in future years.

To further enculturate knowledge transfer and the sharing of expertise in all directions and at all levels across the enterprise a two-year initiative was launched in July 2012, to incorporate ***Informal Mentoring*** into the CalPERS culture. This initiative aligned our knowledge transfer efforts by encouraging continuous learning and building bench strength across the organization, giving staff a more global perspective, strengthening diversity by helping employees reach their full potential, and engaging employees more fully in CalPERS mission. So far, the initiative has been tremendously successful. We've been able to build mentoring into the culture at CalPERS by implementing activities such as Meeting Mentoring Week, Informal Mentoring Conversation Videos that highlight how staff incorporates informal mentoring into their daily activities, and enhanced web resources on Inside CalPERS. This effort led by Human Resources continues to work with our partners across the organization to identify tactics to further instill informal mentoring into our culture.

To provide opportunities to grow and retain our high-potential leaders and support knowledge transfer as part of succession planning, we offer the ***Leadership Mentoring Program*** for Staff Services Manager II level (or equivalent classification) and above. This program allows these leaders to enhance their personal and professional leadership development utilizing a group mentoring approach. This approach uses a group mentoring approach and the learning

experience and expertise of a mentor, while leveraging the personal experiences of all participants.

Empower

At CalPERS, empowering staff means leaders provide employees development opportunities, coach and mentor, share information, remove barriers, delegate authority, give recognition, ensure accountability, and foster a values-driven environment. Ultimately, empowered employees are engaged, competent, confident, motivated, and accountable for the outcomes of their actions. The integration of our Core Values and the emphasis on performance coaching and feedback, as well as timely employee recognition, foster values alignment and openness in the CalPERS culture.

The **Career Services Program** provides career development information and tools to assist CalPERS employees in meeting their job goals, as well as supporting the CalPERS Business Plan. The Career Services and Outreach Unit represents CalPERS at employment outreach and marketing events to help attract a well-qualified and diverse candidate pool for CalPERS job opportunities. In 2013 and 2014, the Career Services and Outreach Unit provided a total of 194 in-person consultations and 203 phone and/or email consultations to CalPERS staff on an array of career development issues, such as resume and cover letter review, career path development, preliminary examination qualification determination, and mock hiring interviews. Additionally, the Career Services and Outreach Unit attended 14 external outreach events in 2013 and 11 in the first six months of 2014 with six planned for the remainder of the 2014 calendar year.

Developing Automated Infrastructure

In 2010, the strategic **Enterprise Resource Plan (ERP)** roadmap (with specific focus on the next five years) was developed to focus efforts to modernize and automate administrative and enterprise support process and systems, improve responsiveness to internal customers, and expand self-service offerings. The three main objectives for Human Resources within the ERP are workforce and productivity reporting, talent management, and reduced human resources processing time. In coordination with Information Technology, we've undertaken and identified several projects to automate and improve manual business processes and access to date. Some of these projects include: the implementation of NeoGov to automate recruitment and hiring, the PeopleSoft HCM upgrade, and time and labor timesheet automation. In each effort and initiative undertaken we look for ways to leverage technology to enhance the services we provide. Additionally, in an effort to enhance electronic resource accessibility, we are working to add **Library Automation** to the ERP Roadmap. This automated solution will

promote library resource availability and provide alternative options to request library materials throughout the organization.

Align Values

Acknowledging the diversity of the CalPERS workforce, Human Resources continues to partner with CalPERS Diversity Outreach Program (CDOP) to increase awareness and understanding of ***Diversity and Inclusion***. Human Resources will collaborate with CDOP to develop a new eLearning webinar series called Inclusive Business Skills. This series will be administered through CalPERS' GoLearn system. In addition, Human Resources will continue to work closely with CDOP on the Limited Examination Appointment Program (LEAP) and Equal Employment Opportunity (EEO), and make efforts to incorporate diversity and inclusion in all Human Resources initiatives such as training, mentoring, and leadership development.

Performance Management

As part of our efforts to update and monitor progress of the Human Resources Strategic Plan, we developed ***HR Performance Metrics***. Initial metrics included turnover and tracking OHI relative to innovation. The employee turnover rate is comprised of the external movement rate and the internal movement rate. The external movement rate is the percentage of employee separations from CalPERS, including involuntary separation and retirements, and excluding promotions and transfers within CalPERS. The internal movement rate is the percentage of employee changes in appointments to authorized positions within CalPERS, for transfer and promotion. To track OHI relative to innovation, CalPERS has developed a performance measure to gauge employees' assessment of the extent to which their working environment encourages them to contribute to a high-performing, risk-intelligent, and innovative organization. The measure is further broken down into management practices that provide additional insight and assist in providing recommendations for improving initiatives. Innovation and turnover measures were considered a priority as understanding our progress and opportunities for improvement in these areas ensures we keep pulse on the organization overall and organizational health. Going forward, we will continue to identify and implement performance measures that help us understand how the enterprise is doing with regard to human resource management and in meeting our customers' expectations.

Table 6: Current CalPERS Talent Management Initiatives

As described in this plan, Human Resources helps to identify and lead many talent management strategies throughout the enterprise. The table below reflects current programs/initiatives and their benefits in our ability to recruit, retain, develop, and empower a high-performing workforce.

✓ *Blue, bold check mark indicates the primary benefit*

✓ *Un-bolded check mark indicates additional benefits*

Initiative	Recruit	Retain	Develop	Empower
Actuarial & Auditor Study Programs	✓	✓	✓	✓
Actuarial Classification Series Review	✓	✓		
CalPERS Training Advisory Group		✓	✓	✓
CalPERS Wellness Program, Wellness Works	✓	✓		
Career Services Program		✓	✓	✓
Chartered Financial Analyst Study Program	✓	✓	✓	✓
Community Outreach Program	✓	✓		✓
Compensation Review Project	✓	✓		
Conflict Management Training				✓
Core Competency Training	✓	✓	✓	✓
CSOD Vacation Bidding Policy	✓	✓		✓
Diversity & Inclusion Support	✓	✓	✓	✓
Employee Lifecycle Survey		✓		✓
Employee Recognition Program	✓	✓	✓	✓
Enhanced Pre-employment Screening	✓			
Enterprise Resource Plan (ERP)				✓
Executive Onboarding Program		✓	✓	
Executive Succession Planning		✓	✓	✓
Hiring Process Improvements	✓			
HR Performance Metrics				✓

Initiative	Recruit	Retain	Develop	Empower
Human Resources Service Level Agreement	✓	✓	✓	✓
Informal Mentoring		✓	✓	✓
Internship Guidelines	✓			
Investment Manager\FINO Classification Study	✓	✓		✓
INVO Smart	✓	✓	✓	✓
INVO Talent Sourcing Plan	✓		✓	
Joint Labor Management Committees		✓		
Knowledge Transfer		✓	✓	✓
Leadership Mentoring Program		✓	✓	✓
Onboarding Program Enhancements		✓	✓	
Organizational Health Index Survey Action Plan		✓		✓
Pension Financial Accounting Series Classification Study	✓			
Regional Office Training		✓	✓	✓
RRPD Insight & Inquiry Speaker Series		✓	✓	
Skills-Based Volunteer Program		✓	✓	✓
Supervisory Skills Enhancement Series			✓	

A Strategic Path Forward

It is important that workforce planning be recognized for the longer-term context of linking business and people strategies to support organizational success. Its effectiveness relies on our flexibility and responsiveness to customer's needs. The Workforce Strategic Plan will continue to be integrated with business plans in an interdependent relationship, where they both react to and inform each other.

The future continues to look bright for CalPERS as we work in a concerted effort to identify, understand and plan for long-term talent management needs. This strategic partnering allows us to embrace the organization's talent management needs and employ strategies to meet those needs. With the support of the CalPERS Board and Executive Staff, these talent management strategies will leverage technology through alignment with the Enterprise Roadmap Plan and focus on:

- Acquiring and retaining top talent
- Enhancing our learning environment to support knowledge transfer and prepare staff and leaders for future opportunities
- Promoting innovative solutions
- Onboarding that connects new staff to the values and work of CalPERS

We are committed to continuing to provide solutions to customer needs expressed through the Service Level Agreement process. We will also explore a number of programs and initiatives in the areas of data collection and analysis, improved customer service and enhanced technology and systems. While we anticipate changes to CalPERS program areas' long-term needs within the duration of this plan, we expect to explore the following short and long-term initiatives over the next five years.

Short-term Initiatives

CalPERS takes great pride in its progressive HR programs that help recruit and retain the best and brightest. To ensure we continue to provide relevant services to our employees we are engaged in the following statewide activities:

- HR Advisory Group (Gov/Ops) – CalPERS Chief of Human Resources is a representative on our California Government Operations Agency (Gov/Ops) newly formed HR Advisory Group, to provide counsel, leadership, and direction on human resources needs within state government.
- HR Credentialing Task Force (Gov/Ops) – Building on the work conducted by CalHR and California State University, Sacramento, a project team led by CalPERS will work together and collaborate with partners to deliver a Human Resources (HR) credentialing program for state of California human resources professionals centered on the desired core competencies needed to be successful business partners.
- Appointments Work Group (SPB) – CalPERS' Human Resources Office is currently participating in a workgroup sponsored by the State Personnel Board (SPB). The purpose of this group is to review and make recommendations on all SPB Policy Memos. The workgroup submits recommendations to SPB for adoption into regulation on items that are still applicable. Once the SPB Policy Memos have been reviewed and all recommendations are complete, the workgroup will review sections of the Personnel Management Policy and Procedures Manual (PMPPM) and update, as needed, to make it a more robust and comprehensive manual usable by all state agencies.
- Personnel Specialist Class Study (CalHR) – CalPERS' Human Resources Office personnel transactions managers are currently participating in the Personnel Specialist (PS)

Classification Study workgroup with CalHR staff. The workgroup was formed to review the PS classification specifications, salary levels, and alternate range criteria. We are acting in a subject matter expert capacity, which includes providing feedback on technical aspects of the classification, and input on knowledge, skills, and abilities that should be mastered before moving through the ranges. The workgroup is scheduled to conclude in the summer of 2015.

The following initiatives are planned or are in progress for the next one to two years:

ePerformance— Included in the Enterprise Resource Plan (ERP) Roadmap, the ePerformance module within PeopleSoft HCM allows for a more robust employee performance management system to provide workflow management of the overall performance process, linking the appraisal to goal planning evaluations, performance history, and the overall employee development process. In addition, the ePerformance module will support and improve our executive performance plan development, reporting, and evaluation processes.

Form 700 Ethics Training— Explore alternative Form 700 Ethics Training to include staff reminders and compliance tracking mechanisms.

Health Plan Administration Division (HPAD) Organizational Structure Review— Review workload distribution, including new roles and responsibilities arising from additional and re-engineered workload, within and between HPAD's Long-Term Care (LTC) and Health Plan Funded Services and Procurement section/units, to ensure a functional organizational structure.

Human Resources Customer Survey— Develop and administer a survey to internal customers to gauge the quality of Human Resources' customer service and determine what improvements can be made.

Human Resources Transactions and Health & Safety Training Curriculum Development— Develop training criteria for Human Resources Transactions and Health & Safety staff including customer service, communication, and technical skills.

INVO Talent Community Strategy— Partner on refinement of interview and hire process to include:

- Identification of core competencies for Investment Officer III (IO III) and above

- Development of content library, which houses a broad range of questions and assessment, tied to identified competencies (available for hiring managers to select from and use during the interview process)

In support of the 2014-2017 ITSB Strategic Plan, Human Resources will participate in the following initiatives:

- ***ITSB Classification GAP Analysis*** — Human Resources will perform a GAP analysis of classifications within ITSB, to evaluate the need/opportunity for classification addition, expansion, or change.
- ***ITSBs Culture of Excellence*** — Create the foundation of a strong positive workplace culture by defining “excellence” as it means to ITSB staff, complementing the CalPERS Core Values, providing guidelines how to “live” them in day-to-day actions, and provide guidelines for ways to cultivate staff engagement and positive morale.
- We will partner with ITSB to implement a ***New ITSB Employee Orientation*** to build cooperation and understanding of roles and responsibilities for new ITSB staff.
- ***Recruitment and Selection Strategies*** will be developed to better attract candidates that embody ITSB's Culture of Excellence and infuse the selection process with techniques designed to highlight a candidate’s capability, aptitude, and potential.
- ***Workforce Investment Communication Plan*** — Develop a reoccurring communication plan that leverages existing training and professional development opportunities to promote workforce investment.

Learning Management System (LMS) Technology Update — As a part of the ERP Roadmap, Human Resources will partner with ITSB to evaluate and establish LMS requirements, solicit vendor proposals, and engage an LMS vendor in an effort to keep up with emerging technology. Technology requirements include self-registration of instructor-led training, workflow, on-line learning and assessment, competency-based talent management, development of training plans, automated training evaluations, and training resources management.

Sexual Harassment Prevention Training — Partner with CDOP to explore interactive web-based Sexual Harassment Prevention Training options for staff, managers, and supervisors.

Succession Planning for Division Chiefs and Portfolio Manager-Level Positions — Over the next one to two years, we will focus efforts to broaden succession planning and increase internal talent pools. To accomplish this, we plan to develop an informal program for Division Chief and Portfolio Manager-level positions.

Long-term Initiatives

Competency Development— Establish an enterprise-wide competency modeling and skills assessment process to identify gaps and provide targeted, cost-effective training and development solutions in support of CalPERS mission.

Conflict Management Training— Explore the delivery of conflict management training options for CalPERS personnel, to broaden employee skillset in conflict resolution.

Emerging Leader Training— Explore feasibility of developing journey-level training to prepare non-supervisory employees for future leadership roles. We will capitalize on current training solutions for an integrated approach with leadership training.

Enhanced Pre-employment Screening/Phase 2— Explore implementing background investigations for new hires in specialized positions to be consistent with best practice, and ensure we are hiring the right candidates while reducing risks to CalPERS.

Learning Management System Decentralization for Customer Services & Support (CSS)— Support further integration of CSS job-required training for employees utilizing Learning Management System functionality.

Recruitment Application for Mobile Devices— Explore a CalPERS jobs application for mobile devices for targeted recruitment efforts. Use of this technology will help us keep pace with demands of the incoming millennial workforce as part of the ERP Roadmap.

Recruitment Referral Program— Explore opportunities to encourage existing employees to refer strong, potential candidates for vacant positions.

Training Curriculum Review Process— through the enterprise-wide Training Advisory Group (TAG), we will develop and implement a curriculum review process to ensure all CalPERS training supports our mission and commitment to build talent and address risks associated with inconsistent training practices.

Upward Mobility Resources— In support of the CalPERS Diversity and Outreach Program's development of a department-specific Upward Mobility Program, we will assist in efforts to educate all our employees on the opportunities, resources, and options available to them. Human Resources will also develop a targeted marketing effort to ensure incumbents in

identified entry level or paraprofessional classifications are aware of the career development support available to them through the Career Services Program.

Ensuring the Success of the Workforce Strategic Plan

Human Resources is pleased to have led the development of this Workforce Strategic Plan. We will continue to oversee its implementation and adjust direction as necessary, based on organizational needs. The plan's success requires the support and commitment of our Board of Administration, Executive and Senior Staff, and impacted business areas.

Resources

This Workforce Strategic Plan was compiled using the following data and reference resources:

2013 CalPERS Annual Workforce Analysis
2013 Workforce Strategic Plan
CalPERS 2012-14 Business Plan
CalPERS 2012-17 Strategic Plan
Human Capital Management – PeopleSoft
Management Information Reporting System – State Controller’s Office
Workforce Management Data Reports

Appendices

Appendix A: 2013 Workforce Strategic Plan Successes
Appendix B: CalPERS Core Values & Guiding Behaviors

Appendix A: 2013 Workforce Strategic Plan Successes

The CalPERS Actuarial Office focused efforts on improving talent development for all staff levels within their operation in the last year, based on OHI survey results. They have created a two-day workshop for staff called **ACTO University**, which is complex and challenging. It is designed to challenge the staff to become experts in the specific content of actuarial science that applies to their jobs. So far, they completed two sessions of ACTO University with approximately 30 staff attending each session.

As part of our **Compensation Review** effort, we made changes to the 2014/15 Executive Compensation Policy and the Career Executive Assignment Compensation Policy. These changes were presented to the CalPERS Board of Administration, or delegated authority, and approved for the 2014 plan year. Work on this effort continues and will provide a comprehensive look at CalPERS Compensation Policies.

To increase efficiency, timeliness, quality, and customer satisfaction, we partnered with the Customer Services and Support team to design and implement a **Customer Services and Support Training Plan** aimed at strengthening staff competencies and skills to support enhanced customer service in the new my|CalPERS environment.

As a key pilot participant for the **Enterprise Content Management** project, Human Resources reviewed and streamlined 866 pages of web content for publishing in the new SharePoint platform, and as a member of the Governance Model Workgroup, staff assisted with enterprise efforts to develop governance for CalPERS 2013 SharePoint upgrade organization-wide.

Human Resources partnered with the Financial Office to further strengthen the expertise, knowledge and experience within this area through a **Financial Office Restructure**. We accomplished the creation of the Controller's organizational structure and established a new Treasury Management function. The new leadership structure consists of the Controller, Investment Accounting Officer, Financial Reporting Officer and Chief of Financial Planning and Policy. This will add bench strength and depth to the Financial Office, ensuring appropriate expertise, assurance, and leadership. With the increased complexity and focus on pension accounting, more specialized fiscal management skills are required.

Hiring Process Improvements — Since the September 2012 implementation of NeoGov, CalPERS has made several improvements in its recruitment and hiring process, including:

- Implementation of focused hiring strategies to provide customized end-to-end hiring processes for each hire, including targeted marketing, enhancing job postings, and duty statements to attract quality applicants.
- Implementation of quarterly division Personnel Liaison meetings and communications to provide system updates and useful information related to changes and improvements to hiring policies and processes.
- Consolidation and migration of the Personnel Liaison Manual, forms, policies, and procedures to Inside CalPERS to provide a more intuitive, easy-to-use recruitment and hiring resource center.
- Development of a CalPERS hiring process overview workflow to show the recruitment lifecycle, including Human Resources service-level timeframes.
- Development and implementation of “green” archiving processes, ensuring all completed hiring package files are uploaded and maintained electronically onsite for easy retrieval.
- Maximization of outreach efforts with the INVO by posting all INVO classification vacancies on approximately 21 INVO-specific external websites.

ITSB Focused Recruitment Plan — Human Resources in partnership with ITSB, executed a focused recruitment effort from July 2013 to March 2014, to fill 49 new ITSB vacancies in support of my|CalPERS. This collaborative effort was a tremendous success.

To provide fundamental, job-related knowledge regarding financial literacy, institutional investing, and CalPERS various asset classes, we are supporting the implementation of the ***Investment Office Smart Certification Program***, known as “INVO Smart”, through the Learning Management System. The training is intended for INVO staff and other employees in Fiscal Services, Human Resources, Office of Audit Services, and Public Affairs Office, who directly support INVO programs.

Human Resources partnered with the Operations Support Services Division (OSSD) to support an organization-wide initiative to implement ***Knowledge Transfer Strategies***. OSSD leveraged knowledge transfer tools and resources as part of the fiscal year 12-14 Business Plan Consultant Reduction initiative, aimed at reducing the organization’s reliance on outsourced expertise. We also updated Leadership Essentials and Direction for your Emerging Role (LEADER) training curriculum to ensure that managers and supervisors are aware of their roles and responsibilities with regards to knowledge transfer, implemented a Contract Manager Certification module in GoLearn, and helped develop and implement an on-site consultant tracking process and annual knowledge transfer exception tracking report for Executive staff.

In addition, Human Resources continues to work with OSSD and other divisions across the enterprise to socialize knowledge transfer strategies.

We updated **Learning Management System** to take advantage of new functionality and provide an enhanced user experience. Specifically, the upgrade provided us with:

- A simpler user interface (look and feel) with less clutter and organized for better accessibility
- An enhanced cloud platform that eliminates the need for future larger scale upgrades
- Easier, dynamic analytics for improved tracking and reporting capabilities
- Global search capabilities for all training and learning resources in one place
- Simplified training registration, enabling employees to launch courses with one click

In response to an enterprise-wide directive, Human Resources partnered with the Financial Office to **Reduce Blanket Positions** throughout the enterprise. In spring 2013, Human Resources began a clean-up effort to redirect permanent staff in blanket positions. From June 30, 2013 to June 30, 2014, the number of permanent employees in blanket positions was reduced from 244 positions to 194 positions. This 50 blanket position reduction over the last fiscal year was achieved through attrition, redirecting workload of staff, and utilizing the Formal Budget Request (FBR) process to obtain permanent positions for permanent workload.

We partnered with ITSB on the **Time and Labor—Electronic Time Reporting** effort and interface enhancements to provide time sheet automation and system functionality for both Human Resources staff and our customers. This includes automating the process for Human Resources to submit leave data to control agencies.

Appendix B: CalPERS Core Values & Guiding Behaviors

Our Core Values guide us in our work and are woven into the fabric of our daily interactions with our members, our employers and each other. In 1995, employee focus groups, interviews and surveys were conducted to establish CalPERS Core Values. All levels of staff had a voice in the process. In 2010 CalPERS engaged the organization in a two-day online dialogue about our values referred to as the Super Jam. Our employees confirmed the Core Values are still the right values and recommended we add the additional value of “Balance” as something we can all benefit from. Our employees also suggested we clarify the values. A cross-functional Core Values Work Group honored the Super Jam feedback and developed guiding behaviors (bulleted items below) to ensure a common understanding of what each value means.

Quality

- Strives to exceed customers’ needs and expectations through competence, innovation, and teamwork
- Proactively explores policy and product opportunities to better serve our customers
- Seeks to “do it right” the first time
- Considers, understands, and manages risk

Respect

- Treats every person with kindness and humility
- Values and recognizes every individual for their unique skills, talents, and contributions
- Stays present in the moment and actively listens to understand others
- Is courteous, responsive, and professional

Accountability

- Takes ownership of, and responsibility for, actions, risks, and results and uses outcomes as learning opportunities
- Makes sound decisions from experience, good judgment, and collaboration
- Gives and seeks clear expectations
- Finds solutions that contribute to desired results

Integrity

- Acts in all endeavors with an ethical, honest mindset, and in a professional manner
- Honors commitments, keeps promises, and builds trust
- Is truthful in all actions and communications

Openness

- Approaches every situation with good intentions
- Is receptive to new and diverse ideas
- Listens, cooperates, and shares across the organization

- Encourages a trusting environment by being genuine and transparent in actions and communications

Balance

- Supports a healthy personal and professional balance
- Maintains focus on long-term goals while meeting short-term needs
- Embraces opportunities for personal and professional development
- Supports an environment that is optimistic and enjoyable in which relationships can prosper across our organization and communities