



Finance and Administration Committee

Agenda Item 4c

September 19, 2023

Item Name: Treasury Analysis and Liquidity Status Report

Program: Financial Office

Item Type: Information Consent

Executive Summary

This is the Semi-Annual Treasury Analysis and Liquidity Status Report for the period ending June 30, 2023. The report shows CalPERS maintained adequate liquidity coverage levels for all funds in normal and stressed environments.

The Enterprise Treasury Team (ETT) conducted an annual review of the Funding Contingency Plan, and no changes were recommended. During the reporting period, no events occurred that would have required use of the Funding Contingency Plan. The review was conducted in August 2023.

Strategic Plan

This agenda item aligns with the pension sustainability goal to strengthen the long-term sustainability of the pension fund.

Background

The Treasury Management Policy requires the Treasury Management Program to provide the Finance and Administration Committee with an update on fund liquidity status. The Semi-Annual Treasury Analysis and Liquidity Status Report (Attachment 1) fulfills this obligation by providing liquidity coverage ratio analysis and cash flow forecasting analysis for the Public Employees' Retirement Fund (PERF), Legislators' Retirement Fund (LRF), Judges' Retirement Fund I (JRF I), Judges' Retirement Fund II (JRFII), Health Care Fund (HCF), and the Long-Term Care Fund (LTCF) to be known as all funds. The last report was presented to the committee in February 2023.

Analysis

Liquidity Coverage Analysis

The report confirms the liquidity coverage for all funds remained above the threshold in normal environments. In addition, all funds would have maintained adequate Level I liquidity had a

stressed or crisis event occurred during this reporting period.

Cash Flow Forecasting Accuracy Analysis

Overall cash flow forecasting accuracy for the PERF, LRF, JRF I, JRF II, and LTCF was in the 90th percentile. The PERF's increase in April's contributions was due to receipt of the quarterly state employer contribution. Similarly, in June, the increase in contributions was due to receipt of the quarterly state employer contribution and annual Unfunded Accrued Liability contributions. The HCF's cash flow forecasting accuracy was in the 90th percentile from January through June with the exception of March, which was in the 60th percentile. The variance in March was due to the timing of health premiums being paid on Monday, April 3, 2023, as opposed to Friday, March 31, 2023, which was a state holiday.

Status of the Funding Contingency Plan

During the reporting period, no events occurred that would have required use of the Funding Contingency Plan. The plan review was conducted in August 2023 and no changes were recommended. The team continues to use the plan to manage, measure, monitor and control funding coverage with respect to the payment of member benefits and all other CalPERS' obligations.

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

Not Applicable

Attachments

Attachment 1 – Semi-Annual Treasury Analysis and Liquidity Status Report

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