

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

March 23, 2017

2. Department

California State Teachers' Retirement System (CalSTRS)

3. Organizational Placement (Division/Branch/Office Name)

Branch: Public Affairs, Division: External Affairs

4. CEA Position Title

Director of External Affairs

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

Under the general direction of the Public Affairs Executive Officer, the Director of External Affairs provides leadership in the development and implementation of a comprehensive and pro-active external affairs program to advance CalSTRS' strategic corporate objectives and maintain CalSTRS positive position in the pension fund industry and in the public. The incumbent directs the external outreach activities that develop and foster collaborative stakeholder relationships at the local, state, national, and global levels. The incumbent develops strategic approaches to facilitate policy driven discussions with stakeholders on high profile, sensitive and controversial issues facing CalSTRS. The incumbent is member of senior leadership staff and serves as a policy advisor and staff expert to the Chief Executive Officer, Public Affairs Executive Officer, Executive Staff and the Teachers' Retirement Board related to these responsibilities.

6. Reports to: (Class Title/Level)

Public Affairs Executive Officer - CEA C

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): As a member of Senior Leadership, serves as policy advisor, consultant and resource to CEO, Public Affairs Executive Officer, Executive Staff and the Teachers' Retirement Board.

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Provide leadership, management and policy direction for CalSTRS External Affairs program with emphasis on stakeholder relations activities. Develop, implement, evaluate and maintain a comprehensive and proactive external affairs program to guide stakeholder outreach programs, with the objective of maintaining open, positive and constructive relationships. Direct stakeholder outreach activities that build and strengthen community relations, foster partnerships, trust and communication, and develop influential relationships with member organizations, employer and employee organizations, businesses, community partners and other external organizations to advance the interests of CalSTRS. Act as advisor to executive leadership team on critical stakeholder issues, providing advice and counsel on emerging issues and trends impacting public pension funds. Interpret policy directions provided by the TRB, CEO, and Executive staff to determine program impacts that affect stakeholders. Participate in board meetings to deliver oral and written presentations related to policy issues of concern to CalSTRS stakeholders. Advise the TRB, CEO, Executive staff and other senior leaders throughout CalSTRS on high profile, sensitive and controversial programs and initiatives that affect stakeholder groups.

Oversee the formulation of strategies, approaches, communications and messaging on highly sensitive and controversial issues impacting CalSTRS, its members, constituent groups, and other stakeholders for use in media, legislative and stakeholder engagement activities. Monitor trends and initiatives within the pension community to advise executive staff and board members on emerging issues. Monitor and make policy recommendations on the impacts of legislation and regulation on CalSTRS programs. Monitor CalSTRS investments and proposed legislation that impact CalSTRS investments to identify potential conflicts with key stakeholder groups. Direct public liaison activities with stakeholder groups to gain understanding of their insights and perspectives, respond effectively to stakeholder concerns, and assure that stakeholder perspectives are taken into consideration in the development of policy and program design. Manage periodic meetings with external stakeholder groups to provide forums for stakeholder participation in forming CalSTRS policies. In partnership with the Benefit Services Executive Officer, facilitate meetings of the Employer Advisory Committee and the Client Advisory Committee and provide recommendations to executive staff to manage complex issues that arise pertaining to stakeholder concerns.

Manage the representation of the System at industry and stakeholder conferences and meetings. Direct the operation of the CalSTRS Speakers' Bureau program which connects CalSTRS speakers with stakeholder groups to share important and timely information about the fund, educate audiences on retirement issues and provide information regarding CalSTRS benefits. Manage the preparation of presentations, speeches, testimony, factsheets, briefing documents, talking points and supporting materials for CalSTRS executive staff and board members to ensure one unified CalSTRS voice. Provide briefings and expert consultation to board members who make speeches and presentations on CalSTRS-related issues that are often complex, sensitive, or controversial. Represent CalSTRS to a wide variety of external audiences by attending and presenting at meetings, conferences and other public speaking engagements. Market the Speakers' Bureau to member organizations, employer and employee organizations, the business community and editorial boards, as well as CalSTRS program area staff.

Plan, organize, manage and direct the day-to-day administration of the external affairs program operations. Oversee research activities and the monitoring of trends and emerging issues in the external environments such as political, legislative and economic events and changes that could have a significant impact on public pensions and retirement security. Partner and collaborate with other CalSTRS business areas to enhance outreach efforts and ensure consistent message and image. Collaborate with Enterprise Strategy Management in the development of CalSTRS annual Sustainability Report, various stakeholder engagement surveys and the analysis of survey findings. Develop and manage portions of the Sustainability site on CalSTRS.com, including facilitation of Ask Jack, CEO blog and CalSTRS Outlook e-newsletter. Manage the coordination of CalSTRS strategic events, including the hosting of foreign visitors, other pension funds, industry groups, businesses and other interests groups to advance CalSTRS corporate and community reputation.

Serve as a Senior Leadership representative on CalSTRS governance councils and organization-wide forums. May act on behalf (as delegated) and serve in the absence of the Public Affairs Executive Officer.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: CalSTRS' mission is to secure the financial future and sustain the trust of California's educators. The development and implementation of a comprehensive and responsive external affairs program to build and foster strong relationships with key stakeholders program directly relates to CalSTRS Strategic Plan and the goal to enhance services to members and employers. The External Affairs program helps to ensure that CalSTRS maintains its positive public image and is well understood and well positioned in the Pension Fund industry. CalSTRS External Affairs functions are critical to upholding the organization's strong reputation and level of trust as a fiduciary of public funds.

The Director of External affairs will act as a policy advisor and staff expert to the Teachers' Retirement Board (TRB), CEO, and Executive staff on critical stakeholder issues facing public pension funds and retirement security. The incumbent will oversee the development and implementation of stakeholder engagement strategies and methodologies that build and strengthen community relations, foster partnerships, and develop influential relationships to enhance and support CalSTRS' image and reputation and advance the interests of CalSTRS' members.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

In recent years CalSTRS has dealt with several high profile, controversial and sensitive stakeholder issues requiring complex, thoughtful and transparent dialogue. The California Public Employee's Pension Reform Act of 2013 (PEPRA) involved the creation and integration of an entirely new tier of benefits within CalSTRS existing defined benefit framework requiring extensive engagement and communication with stakeholders. In 2014, CalSTRS completed comprehensive outreach efforts to secure funding legislation (AB 1469) for its Defined Benefit program. Success in enacting this plan would not have been possible without strategic engagement with the Legislature, Administration and other external stakeholders, all of which were necessary in order to stabilize the program's funding. Other high profile events include the tense stakeholder reactions to CalSTRS decision to divest from certain firearm manufacturers following the Sandy Hook Elementary School shooting in Newtown, Connecticut. Although CalSTRS supported divesting from manufacturers of firearms, contractual obligations and legal and fiduciary constraints severely limited options to exit from an investment. This delay was at the center of several on-site demonstrations and a media campaign calling for the immediate completion in our divestment action. The divestment was ultimately finalized after the necessary legal actions were complete. There continues to be strong interests from stakeholders regarding CalSTRS investments and decisions to divest from other specific sectors. Public pension policy continues to be one of the major issues of controversy confronting CalSTRS and the State of California. Although public pensions have always been the intermittent focus of media, public and legislative scrutiny, the magnitude, scope and political sensitivity of the issues facing CalSTRS have intensified significantly. Public pension obligations and unfunded liabilities continue to generate headlines, invite major political and media scrutiny, and heighten concerns of CalSTRS stakeholders.

At CalSTRS, stakeholder relations has become a continuous process. The events above and other developments have resulted in the need to emphasize and encourage the understanding of the complexities that exist in engagement process with CalSTRS stakeholders. Increasingly, CalSTRS is moving from informing and responding to involving stakeholders directly. There is greater need to grow and mature CalSTRS external affairs programs into a robust strategic program that supports and ensures the development and maintenance of strong relationships with stakeholder groups. This vital program helps to ensure that CalSTRS is well understood and well positioned in the Pension Fund industry and is critical to upholding the organization's strong reputation and level of trust. Ongoing, collaborative stakeholder engagement is vital to business operations and sustainability practices as CalSTRS stakeholders offer important and influential voices in the financial and business operations of CalSTRS. The dialogue obtained from engagement with stakeholders is necessary to strengthen our business operations. Successful strategy execution depends more than ever on continually assessing the changing environment including regulatory changes, operational risks, financial market risks and the perspectives of CalSTRS stakeholders.

Current and anticipated future issues facing CalSTRS will require ongoing and intense communication strategies with stakeholders. For example, SB 32 (Moorlach) proposes new legislation to further substantially reform public employee pensions on top of PEPRA. Additionally, at its February 2017 board meeting, the TRB adopted a new set of actuarial assumptions that reflect CalSTRS' members increasing life expectancies and current economic trends. The TRB also took action to decrease the investment return assumption over a two-year period from 7.50 percent to 7.00 percent. At its April 2017 meeting, the TRB will evaluate the actuarial valuation report to be prepared based on these new assumptions and determine the impact on member contributions. The findings suggest that there will be an increase in contributions from the State of California and an increase in contributions for PEPRA members (those hired on or after January 1, 2013), which currently equates to approximately 20 percent of CalSTRS membership.

The rapid evolution of the pension system, ongoing pension reform, the impact of legal and regulatory matters, and the sensitivity surrounding CalSTRS investments, requires CalSTRS to expand its stakeholder relations activities. The establishment of the CEA will provide the necessary leadership and management direction to ensure that CalSTRS develops and fosters collaborative stakeholder relationships at the local, state, national, and global levels to advance CalSTRS' strategic corporate objectives and maintain CalSTRS' positive position in the public.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The Director of External Affairs will be a member of CalSTRS Senior Leadership team which is responsible for providing program and policy direction, carrying out the Strategic Plan and Annual Business Plan and formulating and implementing department-wide policies related to CalSTRS programs. The Director of External Affairs' policy role includes, but is not limited to the following:

- Provide leadership in the development, implementation and maintenance of a comprehensive and pro-active external affairs program that will develop and foster collaborative stakeholder relationships at the local, state, national, and global levels to advance CalSTRS' strategic corporate objectives and maintain CalSTRS' positive position in the public.
- Develop policies and programs that define CalSTRS' stakeholder engagement practices that provide comprehensive and balanced involvement and result in strategies, plans, actions and outcomes that address and respond to issues and impacts affecting stakeholders in an accountable and transparent way.
- Develop programs that facilitate liaison activities with stakeholder groups to gain understanding of their insights and perspectives and assure that stakeholder perspectives are taken into consideration in the development of policy and program design. Develop programs to regularly elicit feedback from stakeholders through public meetings, speaking engagements, surveys and Web-based communications to set the tone that stakeholder concerns and interests are heard, considered and valued.
- Develop and implement pro-active communications strategies, approaches and messaging on issues impacting pension systems and retirement security that are often complex, highly sensitive or controversial. Develop communication programs that inform stakeholders of the activities of the System, including board decisions and policy directions.
- Make policy recommendations on the impacts of new and proposed legislation and regulations on CalSTRS programs for early and effective resolutions to conflicts with stakeholders.
- Participate in a leadership role in the development CalSTRS' annual sustainability report, "Fostering a Secure Future". This annual report conveys to CalSTRS' stakeholders its sustainable practices to provide insurance for the future, beginning with a commitment to a viable fund and members' retirement security, and extending community partnerships and leadership in ethics and risk management. The report is prepared in accordance with the Global Reporting Initiative Sustainability Reporting Framework, the most widely used and globally recognized framework for sustainability reporting.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The Director of External Affairs will provide leadership in the formulation, development and implementation of a comprehensive and proactive external affairs program and has full management authority to direct the stakeholder engagement activities that maintain CalSTRS' positive reputation in the pension fund industry and the in the public. The incumbent will serve as a policy advisor to the CEO, Public Affairs Executive Officer, Executive Staff and the TRB and on matters related to external affairs and stakeholder relations.

The Director of External Affairs will formulate the strategies and approaches for external stakeholder relations activities necessary to enhance the corporate and community reputation of CalSTRS to advance its financial sustainability. The incumbent will develop strategic approaches to facilitate policy driven discussions with stakeholders on high profile, sensitive and controversial issues facing CalSTRS. Because it is neither possible nor desirable to engage with every possible stakeholder on every conceivable issue, appropriate planning is necessary to engage strategically. The Director of External Affairs will establish priorities of stakeholder engagement initiatives and determine the appropriate communication channels and engagement methods for the many different stakeholder groups, with varying needs, concerns and perspectives. The incumbent will oversee stakeholder engagement activities that are used to determine prioritization of concerns and material issues and help establish direction for CalSTRS strategic planning purposes.

The incumbent will provide critical subject matter expertise to the CEO, Executive staff and CalSTRS Board members on high profile and highly sensitive issues that affect stakeholder groups. The incumbent will provide expert consultation requiring in-depth knowledge of CalSTRS plan design, Teachers' Retirement Law and member benefit structure to Executive staff and Board members who make speeches to external audiences. The 12-member board is composed of: three active CalSTRS members, one retired CalSTRS member appointed by the Governor, three public representatives appointed by the Governor, one school board representative appointed by the Governor, four ex-officio members: Director of Finance, State Controller, State Superintendent of Public Instruction and State Treasurer. The Director of External Affairs will represent CalSTRS to a wide variety of external audiences by attending and presenting at meetings, conferences and other speaking events on issues impacting CalSTRS, the pension community and retirement security.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

The CEA will formulate and implement new strategies that enhance external affairs programs and strengthen stakeholder relations. Each year CalSTRS conducts environmental scan activities including assessing CalSTRS strengths, weaknesses, opportunities, and threats (SWOT), potential legislative changes, and current and future projects that impact the system's long-term sustainability. Additionally, each year CalSTRS business plan is fine-tuned to represent the focus of the organization allowing CalSTRS to continually assess the changing environment including regulatory changes, operational risks, financial market risks and the changing needs of CalSTRS members. The CEA will formulate and direct the development of new or revised stakeholder relations programs, communication strategies, and outreach activities based on these ongoing changes to build and support CalSTRS positive reputation and level of trust.