

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

01/05/2016

2. Department

California State Teachers' Retirement System (CalSTRS)

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

Enterprise Strategy Management (ESM) / Executive Branch

4. CEA Position Title

Director of Enterprise Strategy Management

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 CalSTRS Chief Operating Officer (COO), the Director of ESM will have full management responsibility for the operations of the Enterprise Strategy Management Division which includes Strategy & Organizational Performance; Survey Research & Analysis; Research & Development; and Corporate Sustainability. The Director will be responsible for the overall planning, development organization, monitoring, evaluation and documentation of CalSTRS strategic and business plans which guide enterprise policy development and implementation. The Director will act as a policy advisor and internal staff expert to the Teachers' Retirement Board (TRB), CEO, and Executive staff on strategy, business planning and critical issues facing public pension funds.

6. Reports to: (Class Title/Level)

Chief Operating Officer, CEA Level 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 and resource to CEO, COO, Exec Staff and the TRB.

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.

Direct the development and implementation of policies for ESM programs and operations. Provide leadership, management and policy direction for the work activities and performance of the ESM Division. Plan, direct and organize the work of staff responsible for administering the Strategy & Organizational Performance; Survey, Research & Analysis; Research & Development; and Corporate Sustainability programs, and ensure the division's work is clearly aligned with the strategic priorities of the TRB. Act as the chief policy advisor to CalSTRS leadership for all aspects of the strategic and business planning process and protocols, for product and service level evaluation and recommendations, corporate sustainability and for research related to plan design and related strategy.

Act as a policy advisor and internal technical expert to the TRB, CEO, and Executive Staff, in recommending and implementing policies and strategies for the development of the TRB's Strategic Plan. Partner with Executive staff to translate the TRB's long-term strategic goals and objectives into the Annual Business Plan. Participate in board meetings and deliver formal written and oral presentations. Provide briefings, continuing education and expert consultation and advice to the TRB in rendering decisions related to the development of CalSTRS long-term Strategic Plan. Guide and facilitate board discussions and exercises to assist the TRB in evaluating the organization's strategic position. Oversee annual 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. Assist the TRB in its periodic assessment of the Strategic Plan to evaluate factors that may require a shift in strategic priorities. Participate in strategy meetings with the Chief Executive Officer and members of Executive staff to strategize on critical approaches to challenges facing CalSTRS and the public pension debate.

Oversee the activities of the Strategy & Organizational Performance program including the overall planning, development, organization, monitoring, evaluation and documentation of CalSTRS strategic and business plans. Formulate the strategies for the establishment of an enterprise-wide framework of performance measures that reinforce accountability, improvement and transparency of all key responsibilities at CalSTRS. Partner with Executive staff to establish appropriate performance benchmarks that improve internal efficiency, and identify root cause barriers to meeting benchmarks. Direct the development of custom research programs and strategies for the organization in accordance with the sensitive nature of the research topics and data.

Oversee the activities of the Survey, Research & Analysis program that integrates and synthesizes an organization-wide and pension industry perspective into research studies to achieve relevant outcomes. Oversee research designs and studies that propose and test constructs for impact to California's educators, Country Offices of Education, school districts, and community college districts, in an effort to increase understanding of members' experience, retirement knowledge, retirement preparedness and engagement.

Direct the activities of the Research & Development program to research and evaluate aspects of plan design and political trends. Oversee, monitor and evaluate conditions in the internal and external environments such as political, legislative and economic events and changes that could have a significant impact on public pensions and retirement security. Prepare and deliver reports outlining the results of solid research to assist the TRB in understanding precedent and factors to consider in decisions they are undertaking.

Oversee the Business Lead for the CEM Benchmarking survey project and peer group network to focus on the cost and effectiveness of our products and services in relation to comparable public pension plans in the United States, Canada, Europe and Australia.

Direct the design, development and implementation of CalSTRS Corporate Sustainability policy and program. Establish and implement a sustainability reporting framework according to the Global Reporting Initiative guidelines. Manage risks to the organization through the design, development and implementation of policies and practices that integrate environmental, social and governance (ESG) principles into CalSTRS culture and strategies. Design, develop and implement policy for vendor sustainability practices and policy that emphasizes CalSTRS commitment to sustainability practices and requirements in the procurement of products and services. May participate in cross functional teams on special assignment. Maintain relations with external stakeholders and research institutions to advance the concerns of CalSTRS.

**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: The ESM program area is responsible for organization-wide strategic management, business planning, research and development, and corporate sustainability processes in support of CalSTRS mission to secure the financial future and sustain the trust of California's educators. The CEA will oversee the review, revision, and implementation of the organization's Strategic Plan and the establishment of priorities for strategic business planning initiatives in collaboration with the Teachers' Retirement Board (TRB), CEO and Executive staff. The Strategic Plan establishes priorities for CalSTRS and provides a clear blue print for the future of the organization, outlining a focused direction for the achievement of CalSTRS long-term goals which includes a comprehensive approach to corporate sustainability. The CEA will oversee activities that monitor and evaluate conditions in the internal and external environments that could have a significant impact on public pensions and retirement security.

**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.

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 and invite major political and media scrutiny. CalSTRS is tasked to pro actively, but prudently keep abreast and address the ever-evolving environment and issues it operates within. The growing nationwide dynamics, volatility in the market and greater scrutiny of pension systems within and outside of California impose ever-growing demands that require CalSTRS to position itself to meet today's challenges and tomorrow's events. In recognition of the continued growth and operational complexity of CalSTRS programs, and the need to effectively fortify strategy and respond to external pressures on public pension funds, the COO has assessed the organizational structure, reorganized the Enterprise Strategy Management Division, and is establishing a new senior leadership position titled, Director of Enterprise Strategy Management. Prior to March 2013, ESM was a single unit under the leadership of a Staff Services Manager II and reported to the Human Resources Executive Officer. In March 2013, the unit was escalated to the Executive Branch with a direct reporting relationship to the COO. Later, a Corporate Sustainability function, dedicated to environmental, social and governance issues as key components of the culture, investments, core values and vision of CalSTRS, was added to the responsibilities of ESM. Over time, the overall approach to strategic performance management at CalSTRS has grown to influence all aspects of work and holds the organization accountable for consistent and excellent performance. At CalSTRS, strategy development has become a continuous process, and successful execution depends more than ever on rapid and effective decision-making requiring the need for timely, meaningful and relevant data and information for decision makers. The COO continued to assess the organizational structure and, in November 2014, moved the Survey, Research and Analysis (SRA) unit to ESM to take advantage of synergies between the two programs. The SRA program is a system of surveys, focus groups, opinion polls, and customer opinion panels designed to collect, analyze, interpret, and distribute data regarding CalSTRS members' needs and their experience with staff, services and products, as well as internal service and employee satisfaction surveys. In April 2015, the COO completed the restructure by incorporating the Research & Development unit, previously residing in the Plan Design & Communication Branch, into ESM. The Research & Development unit performs research and studies pertaining to CalSTRS plan design matters and benchmarking in the areas of retirement, health benefits, plan design issues, benefit program trends, and their short-term and long-term impact on the System. Expanding ESM to include the newly combined research and development team increases CalSTRS ability to integrate performance data, construct analysis and conduct current research to identify enterprise-wide issues and possibilities. This information will inform the TRB and Executive staff, and assist them in drawing sound conclusions and making educated decisions. Together, these functions will continue to be instrumental in meeting and reporting on strategic goals for the organization. When established, the CEA will serve as a policy advisor to the CEO, Executive staff and the TRB on all aspects of strategic and business planning which guide enterprise policy development and implementation. The establishment of the CEA will provide leadership, management direction and policy guidance to ensure that CalSTRS key management processes will be aligned for effective strategy execution.

### 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.

Specific Policies under the responsibilities of the Director of Enterprise Strategy Management include, but are not limited to:

- CalSTRS Board Strategic Plan – The Strategic Plan is a guide for the future of CalSTRS as an organization, that establishes CalSTRS' strategic direction. The Plan contains long-range goals, objectives, and initiatives. An example of a recently completed initiative on the Strategic Plan is to engage in seeking a long-term funding solution for the CalSTRS' Defined Benefit Program. This was realized with Assembly Bill 1469 to fully fund the plan over 32 years. The outcome represents a significant impact on reducing the state obligation and changing the contribution of members, school districts and the state.
- Biennial Strategic Plan Review – The TRB's periodic re-assessment of CalSTRS long-term Strategic Plan to review emerging issues that may require a shift in direction and a refresh in the Strategic Plan content with respect to priorities and relevance.
- CalSTRS Business Plan – Annual operational plan directs the organizational priorities and decisions over the fiscal year in alignment with the TRB's goals. Each strategic goal is broken down further by objectives with measures and key activities to complete in each fiscal year. Each of these initiatives is monitored and reported on to the TRB. CalSTRS Business Plan represents the commitment of accountability towards execution of the strategic plan. The objectives, initiatives and activities identified in the business plan provide the framework that exemplifies a cause and effect relationship across each of the Strategic Plan goals. An example is the initiative to educate CalSTRS' employers on the impact of proposed and actual changes to Governmental Accounting Standards Board statements and similar changes by other entities, such as rating agencies, to accounting and financial reporting of pensions through a broad spectrum of communication channels. Communicating and educating school districts on these changes has a significant impact on their financial operations.
- SWOT Analysis – Oversight of the Strengths, Weaknesses, Opportunities and Threats Analysis, which assists the TRB in evaluating the organization's current strategic position and is the foundation for developing the Strategic Plan's strategies and objectives. Each year, the TRB is presented with an analysis of the organization's strengths and weaknesses of the internal organization as well as the external opportunities and threats that might impact CalSTRS in a positive or negative way. The SWOT analysis evaluates potential legislative changes, current and future projects, as well as the long-term sustainability of the fund.
- Performance Measurement and Review of Major Responsibilities – The necessary organizational-wide performance metrics, benchmarks, standards, and measurements that link enterprise strategy and management processes and systems, evaluate and improve internal efficiency, track progress, and provide the TRB and Executives with meaningful information. This framework reinforces accountability, improvement and transparency of all key responsibilities at CalSTRS to improve the success of the organization. The performance requirements that will be set throughout each of the eight end-to-end processes will determine service levels and efficiencies for the organization and stakeholders. The Executive staff will approve each of the documented processes and targets and will use the accompanying policy to evaluate performance and hold staff accountable.
- CalSTRS Sustainability Policy – CalSTRS internal organization-wide policy outlining environmental, social, governance practices. This policy formalizes and focuses on responsible investment efforts, internal awareness of sustainable practices, and provides a set of expectations to improve our services to our members, employees and other influential stakeholders. CalSTRS sustainable strategy focuses not only on delivering profitable risk-adjusted returns, but on everyday business practices that encompass facilities operations, human resources and organizational standards. All CalSTRS business and investment decisions consider environmental, social and governance factors to meet targets and benchmarks for performance and lead to establishing a truly sustainable organization.
- Sustainable Procurement Policy - A Statement of Commitment for CalSTRS to recognize that the products and services purchased have inherent social, human health, environmental and economic impacts, and CalSTRS procurement decisions should reflect an ongoing commitment to sustainability. The goal is to ensure sustainable practices and products on the part of our suppliers, adherence to best practices, and consistency with CalSTRS sustainability policies. The policy will be incorporated into the RFP requirements and the contract award process.

**C. ROLE IN POLICY INFLUENCE (continued)**

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

The Director will direct the development and implementation of policies for all ESM programs and operations. The Director of ESM is the chief policy advisor providing critical policy direction and advice to the TRB, CEO and Executive staff for all aspects of the strategic and business planning process, corporate sustainability, survey and research and will assist the TRB and Executive staff in meeting their fiduciary responsibilities. The Director will plan, organize and direct the work of multi-disciplinary professional and administrative staff responsible for the following programs: Strategy and Organizational Performance, Corporate Sustainability, Survey Research and Analysis, Research and Development, and Cost Effectiveness Measurement (CEM) Peer Benchmarking. The Director will formulate the strategies for the establishment of an enterprise-framework of performance measures that reinforce accountability, improvement and transparency of all key responsibilities at CalSTRS.

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

The CEA will formulate and direct the development of new or revised policies and strategies that enhance services and support CalSTRS mission. The CEA will lead the design of a new Strategic Plan, with CalSTRS Executive staff and the TRB, which will guide enterprise policy development and implementation. The CEA will oversee the activities that translate the Strategic Plan into an annual operating strategy, or Business Plan to establish and communicate goals, objectives, and initiatives that set the priorities for business processes. Each year the 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 develop new policies, programs and strategies in response to these ongoing changes and assist the TRB in its periodic reassessment of the Strategic Plan.