

DEI Supplemental Pre-Read – July 2023 Board Offsite

CalSTRS Diversity & Inclusion Vision

The Power of Difference

CalSTRS welcomes and embraces diversity of thinking, background and experience to enhance our culture and drive business success. By working together to respect, value and include each individual's perspectives, CalSTRS empowers staff to perform their best work toward the fulfillment of our mission.

Definitions



All the ways people can differ from one another, visibly and not.



Creating a work environment where differences are welcomed, and every employee feels valued and respected.

Investment Branch Diversity Definition



At CalSTRS, diversity supports our mission to secure the financial future and sustain the trust of California's educators. We believe diversity of experience, background, skills, gender, race, culture, and all the ways people can differ from one another – visibly and not – produces a diversity of thought that leads to better decision-making and better results.

Where We Learn



Helping evolve CalSTRS' D&I effort using the Global DEI Benchmarks (GDEIB). Work will be done over three phases: Assessment, Design and Evolve, and Implementation, through December 2024.



Stanford
**Michelle R. Clayman Institute
for Gender Research**

CalSTRS has been a corporate member with Stanford's Clayman Institute for Gender Research since 2015 and reference their research as well as attend biannual meetings. Previous topics have included Cultural Transformation in Challenging Times, Advancing Equity, and Building More Inclusive Teams.



The Society for Human Resource Management is a leader on issues impacting today's evolving workplaces and has robust research and practices for DEI. Staff have attended their annual conference and continue to review their best practices for the DEI industry.

Who Are DEI Leaders?



DEI Vendor Information

In September 2022, AB 2019 and Executive Order N-16-22 passed requiring state agencies to advance equity in their business practices for Small Businesses (SB), Microbusinesses, and Disabled Veteran owned businesses.

CalSTRS supports the State of California's efforts to advance equity and achieve participation goals of 25% SB and 3% participation of Disabled Veterans Benefit Enterprises (DVBE). CalSTRS achieved 12.1% SB and 5.6% DVBE contract participation as of 2022 prior to any policy changes as a result of AB 2019 or the Executive Order.

CalSTRS exceeds the DVBE requirement by almost double; however, the increased requirement and expanded definition for SBs is posing a challenge as this is a new area for CalSTRS Procurement Management Division (PMD), as well as the Government Operations Agency and Department of General Services, and there is no current process for businesses to become certified as a women, minority, or LGBTQ+ owned business. To address this, PMD already started efforts to improve participation of SBs and DVBE's, including those owned by women, minorities, and the LGBTQ+ community.

CalSTRS developed a survey to gather DEI information from potential vendors and will soft launch the survey in June 2023. The survey will allow CalSTRS to gather data that will indicate whether an organization has established DEI policies or initiatives, and surveys data results are expected after the first quarter in FYI 2023-24. Also in FY 2023-24, PMD will develop an Outreach Team, a Small Business purchasing policy, and an "economic equity first" action plan. PMD will also train CalSTRS employees in ways to solicit and select SB's and DVBE's.

Internal DEI Metrics/Measures of Diversity



Workforce demographics data:

- Ethnicity
- Gender
- Generations
- Salary
- Retirement Risk

Employee experience data:

- Engagement and satisfaction
- Turnover and attrition

Additional data is collected, but not currently assessed as KPI's for DEI effort. Guidehouse will provide recommendations for future consideration.

- Hire to Separation Data: time to fill, vacancy rates, % of recruitments with screening criteria prior to posting, % of probation reports completed timely
- Training and Onboarding Data: % compliance with onboarding courses within first 12 months, % employee satisfaction in first 90 days and nine months of employment, training academy and series completion rates, % of new managers completing mandatory 40-hours of training within 12-months, % of new CEAs completing mandatory 20-hours of training within 12 months
- Biennial Engagement Survey Results: various organizational culture items, and occupational opinion items.

Proposition 209 and the California Constitution

Proposition 209 was a California ballot proposition, approved in November 1996, which amended the state constitution and prohibits state governmental institutions from considering race, sex, or ethnicity, specifically in the areas of public employment, public contracting, and public education.

Executive Performance Criteria

At the July board offsite the board will consider the performance criteria for the Chief Executive Officer and Chief Investment Officer. At the May board meeting, the board provided direction to staff regarding further incorporating diversity, equity and inclusion into the criteria for both roles.

Currently, CalSTRS Competency Guide helps guide leaders and staff in their work, professional development, job performance, and short- and long-term career planning. Competencies are grouped into family groupings, and fostering diversity is included in the Teamwork/Team Leadership competency for Leadership and Investment Leadership annual performance reviews (APRs). Similar language is also included in the Communication, and Relationship Development competencies for staff, and the Communication, Negotiation, Relationship Development, and Teamwork competencies for Investment Officer.

The competency model was created in 2010 – prior to the Diversity & Inclusion effort at CalSTRS. The Workforce Planning and Analysis team in Human Resources is refreshing the competency model and work is being done to define and incorporate a DEI Competency. Release date is expected FY23-24.

Board Report Frequency

The new 2023/2024 board workplan includes a strategic plan update about the Diversity, Equity and Inclusion assessment in March 2024. Previously, the board has been provided updates about Diversity in the Management of Investments in [May 5, 2022](#), and [May 4, 2023](#) meetings, and CalSTRS organization Diversity, Equity and Inclusion effort in [April 7, 2022](#), and [March 1, 2023](#) meetings.

Good Things to Know!

- California Equity Action Plan: [Executive Order N-16-22](#)
 - In September 2022, Governor Newsom signed an executive order directing state agencies and departments to take additional actions to embed equity analysis and considerations in their mission, policies, and practice. CalSTRS supports this executive order and the state's equity goals by participating in monthly Government Operations Agency (GovOps) equity meetings.
- Workforce Analysis:
 - California State agencies, including CalSTRS, conduct and report an annual workforce analysis for use in equal employment opportunity and workforce planning efforts.
 - [Workforce Analysis and Census of Employees](#): This page includes reports compiled from the workforce analysis data as well as information about the process.
 - [Demographic Reports for CalSTRS](#): This page includes various demographic reports by department.
 - [CalSTRS Workforce Plan 2022-25](#): CalSTRS' three-year plan containing workforce analyses and strategies reflecting CalSTRS' commitment to maintaining a sustainable organization, leading innovation and managing change, and continuing to be trusted stewards of the fund.
- Investment Related
 - [Catalyst 2023: California's Diverse Investment Manager Forum](#)
 - Catalyst will bring together institutional investors and other global allocators to meet and engage with diverse investor entrepreneurs and general partners who are prepared to forge a new path in leadership and growth. This event was held June 27-28, 2023.
 - Beyond Talk (no website available)
 - Beyond Talk encourages investment industry leaders to move beyond simply talking about gender diversity within the workplace to making tangible change. In February 2021, CalSTRS virtually hosted our seventh Beyond Talk event, in partnership with Invesco, which included approximately 200 investment industry professionals.
 - [Rock the Street, Wall Street](#)
 - Rock The Street, Wall Street is a financial and investment literacy program designed to bring both gender and racial equity to the financial markets and spark the interest of high school girls into careers of finance.