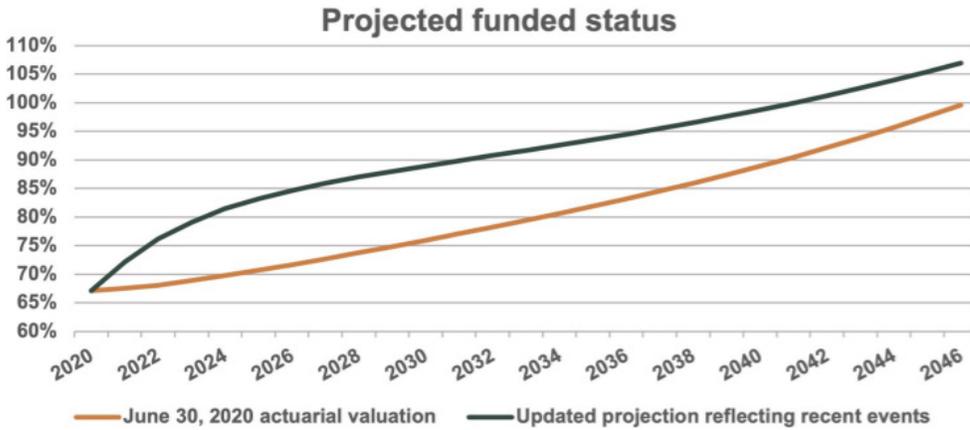


Record-breaking return strengthens CalSTRS’ path to full funding

CalSTRS actuaries presented the sixth annual edition of the *Review of Funding Levels and Risks* report to the board at the November 2021 meeting.

The report helps assess the soundness and sustainability of the CalSTRS Defined Benefit Program and tracks CalSTRS’ progress toward [achieving full funding by 2046](#). This year’s report is based on the June 30, 2020, annual actuarial valuation of the Defined Benefit Program and reflects relevant changes that have occurred since the valuation, including the record-breaking 27.2% investment return reported for the 2020–21 fiscal year.

While the return strengthened the Teachers’ Retirement Fund, there remain ongoing risks to mitigate and monitor. See the [full report](#) for more details.



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Collaborative Model strategy saving hundreds of millions of dollars

For the first time, CalSTRS has expanded our annual investment cost reporting to include [savings generated by the CalSTRS Collaborative Model](#) and an explanation of how those savings have been achieved.

The [Collaborative Model](#) is an investment strategy focused on managing more assets internally to reduce costs, control risks and increase expected returns, and leveraging external partnerships to achieve similar benefits.

According to the report, since 2017, CalSTRS has saved more than \$780 million by using the Collaborative Model approach, with an average annual savings of approximately \$195 million. The savings were earned due to fewer management fees and carried interest (profit sharing that investors pay in some partnerships) and have increased each year.

The CalSTRS Private Equity Program has contributed more savings than any other asset class since 2017, including about \$158 million in 2020.

The full annual investment cost report is available [online](#).

November TRB meeting online



See the November board meeting and an archive of previous meetings on [CalSTRS.com](#).

Board members

Harry M. Keiley
Chair, K-12 Classroom Teacher

Sharon Hendricks
Vice Chair, Community College Instructor

Keely Bosler
Ex Officio Member, Director of Finance

Denise Bradford
K-12 Classroom Teacher

Joy Higa
Public Representative

Fiona Ma
Ex Officio Member, State Treasurer

William Prezant
Public Representative

Tony Thurmond
Ex Officio Member, State Superintendent of Public Instruction

Jennifer Urdan
Public Representative

Karen Yamamoto
Retiree Representative

Betty Yee
Ex Officio Member, State Controller

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Norcia



Turko

Chief Administrative Officer Norcia and Human Resources Director Turko introduced to board

[Melissa Norcia](#) was named CalSTRS' chief administrative officer in September 2021 and was introduced to the board at the November meeting.

Norcia replaces [Lisa Blatnick](#), who became CalSTRS' chief operating officer in August 2021.

In her new role, Norcia leads human resources, procurement, facilities management, business continuity and sustainability. She also partners with the chief operating officer and other executives in overseeing multiple mission-critical projects, such as the expansion of the headquarters office in West Sacramento and management of internal resources that support an investment strategy known as the CalSTRS Collaborative Model, which brings more assets internally to reduce costs.

Norcia joined CalSTRS in 2009 as the equal employment opportunity officer and was promoted to various leadership roles before being appointed as director of human resources in 2015. She has also served as staff support to the board's Compensation Committee.

Replacing Norcia as director of human resources is [Kristel Turko](#), who had served as assistant director of human resources for the previous two years. Turko began her new role in October 2021 and is leading the human resources division and executing CalSTRS' strategic workforce goals, projects and priorities. She has been a human resources professional for more than 18 years.

Turko joined CalSTRS in 2011 as a staff services manager II in the personnel services unit and was promoted to various leadership roles before being appointed assistant director of human resources.

Record-breaking return strengthens CalSTRS' path to full funding

Next steps for CalSTRS include:

- **January 2022:** CalSTRS and the board will review the board's valuation policy at the January meeting.
- **May 2022:** The annual actuarial valuation of the Defined Benefit Program will be presented at the board meeting, including the latest funded status of the Defined Benefit Program; the state's and employers' contribution rates also will be discussed.
- **Fiscal year 2022–23:** The process of reviewing CalSTRS' asset allocation and actuarial assumptions, which typically occurs every four years, begins.

Overall, this report demonstrates that CalSTRS is financially stronger today amid the ongoing COVID-19 pandemic than it was last year—or even after the global financial crisis of 2008—and better positioned to handle future risks because of the funding plan.

Board approves operating budget for fiscal year 2022–23

The board approved an operating budget of \$374.5 million for fiscal year 2022–23 at the November meeting.

The budget includes funding for property management services, various information technology capabilities, resources to address workload management, state mandates and more.

See [the written meeting item](#) for more details on total budgetary changes between the revised 2021–22 and 2022–23 operating budgets.

Next board meeting dates:
January 27–28, 2022, West Sacramento

For board [minutes](#), written meeting items and [video archives](#) of past meetings, go to calstrs.com/teachers-retirement-board.

CALSTRS

California State Teachers' Retirement System | P.O. Box 15275 | Sacramento, CA 95851-0275

For more information on board meetings and video archives, visit [CalSTRS.com/teachers-retirement-board](https://calstrs.com/teachers-retirement-board).