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OUR MISSION
Securing the financial future and sustaining the trust of California’s educators

OUR VISION
Your Reward—A secure retirement
Our Reward—Getting you there

OUR CORE VALUES
The CalSTRS Core Values are a set of attitudes, beliefs and behaviors that define CalSTRS and its employees.

CUSTOMER SERVICE
We never compromise on quality as we strive to meet or exceed the expectations of our customers.

ACCOUNTABILITY
We operate with transparency and accept responsibility for our actions.

LEADERSHIP
We model best practices in our industry and innovate to achieve higher standards.

STRENGTH
We ensure the strength of our system by embracing a diversity of ideas and people.

TRUST
We conduct ourselves with integrity, acting ethically in every endeavor.

RESPECT
We respect the needs of our members, co-workers, and others, treating everyone with fairness, honesty and courtesy.

STEWARDSHIP
We recognize our fiduciary responsibility as the foundation for all decision-making.
STRATEGY MAP

GOAL 1: FINANCIAL/GOVERNANCE
Ensure a well-governed, financially sound trust fund.

GOAL 2: DIGITAL TRANSFORMATION
Leverage technology to securely transform business and service delivery models to maximize operational efficiency.

GOAL 3: MEMBER/EMPLOYER
Strengthen partnerships and services to members, employers and stakeholders.

GOAL 4: ORGANIZATIONAL STRENGTH
Grow capacity and enhance efficiency in alignment with the mission and vision.

Vision
Your Reward—A secure retirement
Our Reward—Getting you there

Mission
Securing the financial future and sustaining the trust of California’s educators
CALSTRS BUSINESS PLAN  Fiscal Year 2019–20

GOAL 1: FINANCIAL/GOVERNANCE
Ensure a well-governed, financially sound trust fund.

OBJECTIVE A
Achieve full funding of the Defined Benefit Program by June 30, 2046.

INITIATIVE 1
Complete Asset Liability Study.

Key Activities:
- Adopt new asset allocation targets based on asset liability study.

INITIATIVE 2
Implement steps toward new long-term asset allocation targets.

Key Activities:
- Update the Investment Policy and Management Plan to reflect the new asset allocation targets.
- Prepare to shift to Step 1 target allocation.

INITIATIVE 3
Monitor and assess funding risk by ensuring future contribution levels are sufficient and actuarial assumptions are appropriate.

Key Activities:
- Present annual review of funding levels and risk report.
- Adopt experience study and new actuarial assumptions reflecting new asset allocation.

OBJECTIVE B
Integrate CalSTRS’ sustainable investment and stewardship strategies, which support long-term value creation and educate and inform interested parties.

INITIATIVE 1
Integrate environmental, social and governance risks into each investment asset class policy.

Key Activities:
- Update investment policies to reflect changes in the Investment Policy for Mitigating Environmental, Social and Governance Risks (ESG).

INITIATIVE 2
Evaluate effectiveness of reporting mechanisms and ensure they reach the appropriate audience.

Key Activities:
- Establish a cross-functional working group to develop audience context and matrix.
- Evaluate current reports to support effective communication.

OBJECTIVE C
Leverage investment cost information to yield long-term benefits.

INITIATIVE 1
Explore meaningful investment cost and return trend analysis.

Key Activities:
- Explore ways to effectively communicate investment cost trends for asset classes and relative return capture ratio.
INITIATIVE 2
Leverage investment cost data to identify and increase cost savings related to the CalSTRS Collaborative Model.

Key Activities:
- Use investment cost as a baseline for estimating implementation and ongoing costs for the CalSTRS Collaborative Model.

OBJECTIVE D
Implement investment collaborative model leveraging all of CalSTRS resources.

INITIATIVE 1
Explore areas of cost savings for investment strategies related to the CalSTRS Collaborative Model.

Key Activities:
- Create and monitor investment cost trend lines related to current strategies.

INITIATIVE 2
Explore ways to increase internal management of assets.

Key Activities:
- Explore strategies across the portfolio to increase direct control and management within the CalSTRS Collaborative Model framework.
- Evaluate the investment portfolio to define internally managed assets in support of the CalSTRS Collaborative Model to enhance efficiency of monitoring and reporting.

INITIATIVE 3
Expand internal business services to support successful implementation of the CalSTRS Collaborative Model.

Key Activities:
- Establish cross-functional teams to identify the project scope, priorities, resources and timeline for business services, including Human Resources, Procurement, Travel, Financial Services, Communications, Information Technology and Legal.
- Transform business and service processes to maximize operational efficiency in support of the CalSTRS Collaborative Model.

OBJECTIVE E
Enhance board meeting effectiveness and efficiency.

INITIATIVE 1
Develop a decision chart and workflow to apply a consistent framework for ESG priorities.

Key Activities:
- Present framework to Investment Committee to adopt and gain consensus on the decision-making process for prioritizing ESG issues.
- Reflect ESG priorities in relevant investment policies and present any policy changes to the board.

INITIATIVE 2
Develop proposal for new public comment framework.

Key Activities:
- Research state agencies’ policies on public comment practices, including reviewing the California Code of Regulations and analyzing relevant case law.
- Present memo discussing public comment practices that includes a recommendation proposal for board consideration.
GOAL 2: DIGITAL TRANSFORMATION

Leverage technology to securely transform business and service delivery models to maximize operational efficiency.

OBJECTIVE A

Implement and integrate a highly adaptive pension administration system.

INITIATIVE 1

Complete Functional Rollout 1 successfully.

Key Activities:
- Complete FR1 soft launch Contractor Acceptance Test.
- Complete FR1 soft launch User Acceptance Test.
- Carry out FR1 soft launch Go Live.

OBJECTIVE B

Secure the confidentiality and integrity of data and member information.

INITIATIVE 1

Implement a cloud access security broker to secure access and protect data.

Key Activities:
- Select the CASB product that best aligns with CalSTRS business, technical and security requirements.
- Engage in a proof-of-concept evaluation of the selected CASB product.
- Conduct user acceptance testing.
- Implement selected CASB product.

INITIATIVE 2

Procure and implement a cloud-based internet gateway.

Key Activities:
- Select the product that best aligns with CalSTRS business, technical and security requirements.
- Engage in a proof-of-concept evaluation of the selected product.
- Conduct user acceptance testing.
- Implement selected product.
INITIATIVE 3
Procure and implement an enterprise information management tool.

Key Activities:
- Procure selected EIM product.
- Implement the EIM product that best aligns with CalSTRS business and technical requirements and Enterprise Information Management requirements.
- Conduct user acceptance testing.

INITIATIVE 4
Structure CalSTRS information security policies to proactively address risks.

Key Activities:
- Engage a third party to assess existing security policies, standards and framework.
- Secure management responses and framework approval.
- Engage a third party to develop top-level policy language.
- Prioritize policies and standards.

OBJECTIVE C
Enhance business resiliency capabilities.

INITIATIVE 1
Use multi-modal data center solution for business continuity and disaster recovery.

Key Activities:
- Develop, issue and evaluate a Request for Proposal to acquire multi-modal center services.

OBJECTIVE D
Explore advanced technology to securely gain business agility and enhance user experience.

INITIATIVE 1
Implement technologies to improve the effectiveness of CalSTRS business operations.

Key Activities:
- Explore solutions to enhance contact center capabilities.
- Research technology trends and opportunities for enhancing business capabilities.

INITIATIVE 2
Research and assess enterprise customer relationship management solutions.

Key Activities:
- Complete market research for CRM solutions.

INITIATIVE 3
Complete business intelligence and data warehouse readiness and implementation.

Key Activities:
- Develop and issue Request for Offer for consulting services.
- Develop a business case for enterprise BI and DW systems and design BI and DW strategy.
- Define a supporting business and technical architecture as well as a roadmap for implementation.
GOAL 3: MEMBER/EMPLOYER
Strengthen partnerships and services to members, employers and stakeholders.

OBJECTIVE A
Educate and inform CalSTRS constituent groups on strategic priorities.

INITIATIVE 1
Encourage participation and refresh agendas for the Client Advisory Committee.

Key Activities:
- Adjust CAC meeting schedule to allow board members and their designees to observe and participate.
- Solicit feedback from attendees and evaluate new format of presenters to increase meeting effectiveness.

INITIATIVE 2
Develop stakeholder feedback platform.

Key Activities:
- Conduct briefings with key stakeholders prior to each board meeting.
- Coordinate six board member-led constituent meetings.

INITIATIVE 3
Create annual communication and outreach plan including key messages.

Key Activities:
- Develop and implement a 2019–20 communication and outreach plan that includes strategic and proactive messaging on key issues.
- Assess execution and effectiveness of the plan at mid-year and end of year.

OBJECTIVE B
Enhance collaborative partnerships with employers to increase alignment on key initiatives and increase awareness about the value of CalSTRS defined benefit plan.

INITIATIVE 1
Develop a strategy to increase alignment between CalSTRS and employers with respect to the value of the CalSTRS Defined Benefit Program and other CalSTRS products and services.

Key Activities:
- Establish a cross-functional workgroup to develop key messaging on the value proposition for employers.
- Operationalize a cross-functional team focused on positive employer partnerships.
- Develop an annual employer communication plan with strategic key messaging, including the value of the CalSTRS Defined Benefit Program products and services.
- Incorporate key messaging into all outreach materials and employer training.
- Develop and incorporate key message training for staff on the value of the CalSTRS Defined Benefit Program and integrate into staff competencies.
- Brand employer communication materials and training documents that translate the value of the CalSTRS Defined Benefit Program.
- Conduct mid-year and end-of-year assessment of the employer communication plan.
IN Initiative 2
Deliver key messages to primary employers, leveraging all communication channels.

Key Activities:
- Coordinate School Business Officials Symposium.
- Coordinate quarterly Employer Advisory Committee Meetings.
- Conduct regular meetings with identified key County Offices of Education and large school districts.
- Conduct regular employer outreach and education sessions, including systemic audit trainings that incorporate key messages.
- Coordinate quarterly meetings with key employer lobbyists and other employer representatives.

Objective C
Increase the accuracy, completeness and timeliness of employer reporting.

Initiative 1
Increase analytics on high-risk employers.

Key Activities:
- Assess effectiveness of current tracking system to ensure data integrity.

Initiative 2
Improve financial oversight of employers.

Key Activities:
- Mature the charter school database and assess the functionality in identifying and tracking suitable information.

Initiative 3
Implement the New File Format.

Key Activities:
- Complete the rulemaking process to adopt the NFF into formal regulations.
- Create a CalSTRS Employer Toolkit with finalized details of the NFF new reporting requirements, success criteria for soft launch, and additional tools and resources for successful reporting at FR2 Go Live.
- Include strategic messaging about the NFF in the annual communication plan for employers.

Initiative 4
Increase penalties and interest visibility.

Key Activities:
- Develop additional training and outreach opportunities related to penalties and interest.

Objective D
Provide educational opportunities to improve the retirement readiness of CalSTRS' members.

Initiative 1
Develop annual member communication plan focused on retirement readiness.

Key Activities:
- Develop and implement a retirement readiness communication plan to increase awareness about CalSTRS workshops and other educational events.
- Communicate the value of the Defined Benefit Program for members.
OBJECTIVE E
Grow Pension2® participation.

INITIATIVE 1
Grow Pension2 participation by targeting rollovers.

Key Activities:
- Explore legislation changes to add IRA and 401(a) investment vehicles to the Pension2 program.
- Target marketing for statement comparison efforts.

INITIATIVE 2
Penetrate markets through outreach using hybrid specialists and increasing marketing.

Key Activities:
- Refresh the Pension2 annual marketing campaign.
- Build and grow relationships with external stakeholders.
- Develop procedures for hybrid specialists to conduct Pension2-specific planning sessions.

INITIATIVE 2
Produce products and services targeting members aged 44 and younger.

Key Activities:
- Create and execute market plans for events and workshops specific to this age demographic.
- Offer New Educator Day events in all member service centers with targeted marketing materials.
- Institutionalize member onboarding framework with employers.

INITIATIVE 3
Redesign CalSTRS.com.

Key Activities:
- Secure Enterprise Program Investment Council approval and funding for the CalSTRS.com redesign.
- Begin procurement process to secure a vendor.
GOAL 4: ORGANIZATIONAL STRENGTH

Grow capacity and enhance efficiency in alignment with the mission and vision.

OBJECTIVE A

Develop board and staff competencies to respond to changing business environments.

INITIATIVE 1
Implement mission-critical position plan.

Key Activities:
- Determine critical positions for competency assessment.
- Prioritize CalSTRS mission-critical positions.
- Develop a workplan to assess prioritized critical positions’ competencies for current and future state, aligned with organizational strategic direction.
- Initiate mission-critical position mapping activities with all branches.

INITIATIVE 2
Develop learning strategies and resources for a mobile workforce.

Key Activities:
- Research best practices for supporting a mobile workforce.
- Introduce education, learning and resources that support a mobile work environment.

INITIATIVE 3
Establish a framework to support trustee onboarding and development curriculum.

Key Activities:
- Discuss board education preferences during board meeting agendas; capture and implement consensus.
- Develop and implement a new onboarding process, including refreshing and building curriculum content.
- Implement self-development questionnaire based on curriculum content into the annual board self-evaluation process.

OBJECTIVE B

Improve business processes and reduce costs.

INITIATIVE 1
Develop process improvements for service performance objectives and key performance indicators not meeting target.

Key Activities:
- Determine which service performance objectives and key performance indicators to formally analyze.
- Work across key business areas to coordinate efforts and collaborate on common themes.
- Collect data and analyze root cause.

INITIATIVE 2
Implement human capital management system solution.

Key Activities:
- Procure an implementation vendor through the RFP process.
- Complete requirement refinement and business process documentation.
- Roll out organizational change management efforts.
- Implement the core component of the HCM system, Employee Central.
INITIATIVE 3
Assess comparative methodologies and implement a cost measuring system for noninvestment activities.

Key Activities:
- Survey other pension plans and research industry best practices.
- Identify benchmarks used in other financial entities.
- Document analysis and recommendations.

INITIATIVE 4
Increase online member transactions.

Key Activities:
- Form a cross-functional workgroup to research best practices and recommend policy for online transactions.
- Develop and implement communication plan that supports member use of current online transactions.

OBJECTIVE C
Drive adoption of transforming business processes and technology.

INITIATIVE 1
Train employers in preparation for soft launch and FR2.

Key Activities:
- Conduct New File Format Updates webinar series for employer report sources and payroll software vendors.
- Develop the CalSTRS Employer Toolkit and publish the approved toolkit on the external reporting partners landing page.
- Conduct CalSTRS Employer Toolkit Overview webinar for employer report sources and payroll software vendors.
- Deliver computer-based training through the Pension Solution Learning Management System to supplement on-site/in-person training.

OBJECTIVE D
Hire, develop and retain staff to meet the needs of our changing business models and growth expectations.

INITIATIVE 2
Train employees in preparation for FR1 soft launch.

Key Activities:
- Complete soft launch staff training material.
- Complete soft launch train-the-trainer program.
INITIATIVE 2
Implement statewide classification consolidation recommendations.

Key Activities:
- Refresh the CalSTRS Competency Model and library to reflect classification changes or additions resulting from the efforts.
- Realign workforce structures and job descriptions to support consolidation efforts.
- Develop and implement a communication plan to support staff and leaders through the transition.

INITIATIVE 3
Implement human capital and Pension Solution business alignment plan.

Key Activities:
- Assess future-state duty statements and organization structure based on Functional Rollout phases.

INITIATIVE 4
Execute targeted Headquarters Expansion Project deliverables on budget.

Key Activities:
- Establish the Guaranteed Maximum Price.

INITIATIVE 5
Execute targeted Headquarters Expansion Project deliverables on time.

Key Activities:
- Complete 90 percent of the detailed construction documents to enable readiness for bid.
- Commence site work.
- Complete bond financing process.
Overview FY 2019–20 CalSTRS Budget

$290,353,207
Operating Budget

$124,113,816 | 42.75%
Salaries

$69,085,106 | 23.79%
Benefits

$256,814,745
Estimated External Investment Management Expenses

$547,167,952
CalSTRS Budget

$290,353,207
Operating Budget

$9,065,544 | 3.12%
Facilities Operations

$9,855,060 | 3.40%
Data Processing and Storage

$11,036,506 | 3.80%
Central Administrative Services (Pro Rata)

$18,156,391 | 6.25%
General Expense

$49,040,784 | 16.89%
Consulting and Professional Services

$9,065,544
Facilities Operations

$9,855,060
Data Processing and Storage

$11,036,506
Central Administrative Services (Pro Rata)

$18,156,391
General Expense

$49,040,784
Consulting and Professional Services

1 Figure includes salaries for authorized positions ($104.96M), incentives ($8.54M), overtime ($0.31M) and blanket positions ($10.30M).

2 Figure includes printing, communications, postage, insurance, travel in and out of state, training, indirect cost, equipment over $5K and special items of expense.

3 Figure includes significant information technology consulting resources for the Pension Solution project.

4 Figure includes $15.42M pursuant to the FY 2018-19 multiyear budget change proposal. Of this amount, $3.40M was allocated in FY 2018-19, $7.03M is allocated in FY 2019-20 and the remaining authority is to be deployed in FY 2020-21.
FY 2019–20 Authorized Positions by Branch

1,328.5
Teachers' Retirement Board
Authorized Positions\(^1\)

Benefits and Services
492.5 | 37.07%

Executive Office
32.0 | 2.41%

Public Affairs
36.0 | 2.71%

Audit Services
42.0 | 3.16%

General Counsel\(^2\)
57.0 | 4.29%

Financial Services
111.5 | 8.39%

Administrative Services
136.5 | 10.28%

Technology Services
192.0 | 14.45%

Investments\(^3\)
229.0 | 17.24%

\(^1\) Figure includes blanket positions.

\(^2\) Pursuant to the FY 2018-19 multiyear budget change proposal, one position is scheduled to be deployed in FY 2020-21.

\(^3\) Figure includes 55 positions pursuant to the FY 2018-19 multiyear budget change proposal. Of these positions, 12 were allocated in FY 2018-19, 27 are allocated in FY 2019-20 and the remaining are to be deployed in FY 2020-21.