Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 6

MEETING DATE: October 19, 2022

SUBJECT: Strategic Management Plan Quarterly Performance Report–Third Quarter 2022

	Deliberation	**Receive**
SUBMITTED FOR: __ Consent	___ and Action	__X__ and File

RECOMMENDATION

Staff recommends the Board receive and file the Strategic Management Plan Quarterly Performance Report–Third Quarter 2022.

PURPOSE

This item informs the Board on progress with implementation of the Strategic Management Plan.

DISCUSSION

SCERS established the Strategic Management Program to measure and guide progress in achieving continuous improvement. The program is organized around six areas (goals):

- Customer Service and Experience
- Stakeholder Communication and Outreach
- Funding Integrity and Sustainability
- Investment Planning and Growth
- Organizational Development and Culture
- Enterprise Capability and Technology

On a quarterly basis, the Board is provided a performance update on activities and progress toward meeting objectives and targets within those goals. This quarterly report reflects a 3-month review of 2022 performance.

ATTACHMENTS

- Board Order
- Strategic Management Plan Quarterly Performance Report

Prepared by: Reviewed by:

/S/   /S/

_____   _____
Joan Kudin   Eric Stern
Senior Public Information Officer   Chief Executive Officer

Before the Board of Retirement
October 19, 2022

AGENDA ITEM:

Strategic Management Plan Quarterly Performance Report –
Third Quarter 2022

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to receive and file the Strategic Management Plan Quarterly Performance Report–Third Quarter 2022.

I HEREBY CERTIFY that the above order was passed and adopted on October 19, 2022 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

_____   _____
Keith DeVore   Eric Stern
Board President   Chief Executive Officer and
                                            Board Secretary

Strategic Management Plan

Third Quarter - 2022

October 2022

Strategic Framework

Goal 1
Customer Service and Experience

Goal 2
Stakeholder Communication
and Outreach

Goal 3
Funding Integrity
and Sustainability

Goal 4
Investment Planning and Growth

Goal 5
Organizational
Development and
Culture

Goal 6
Enterprise Capability
and Technology

Goal 1

Customer Service and Experience

Customers satisfied with timely, friendly, convenient, and accurate pension administration services.

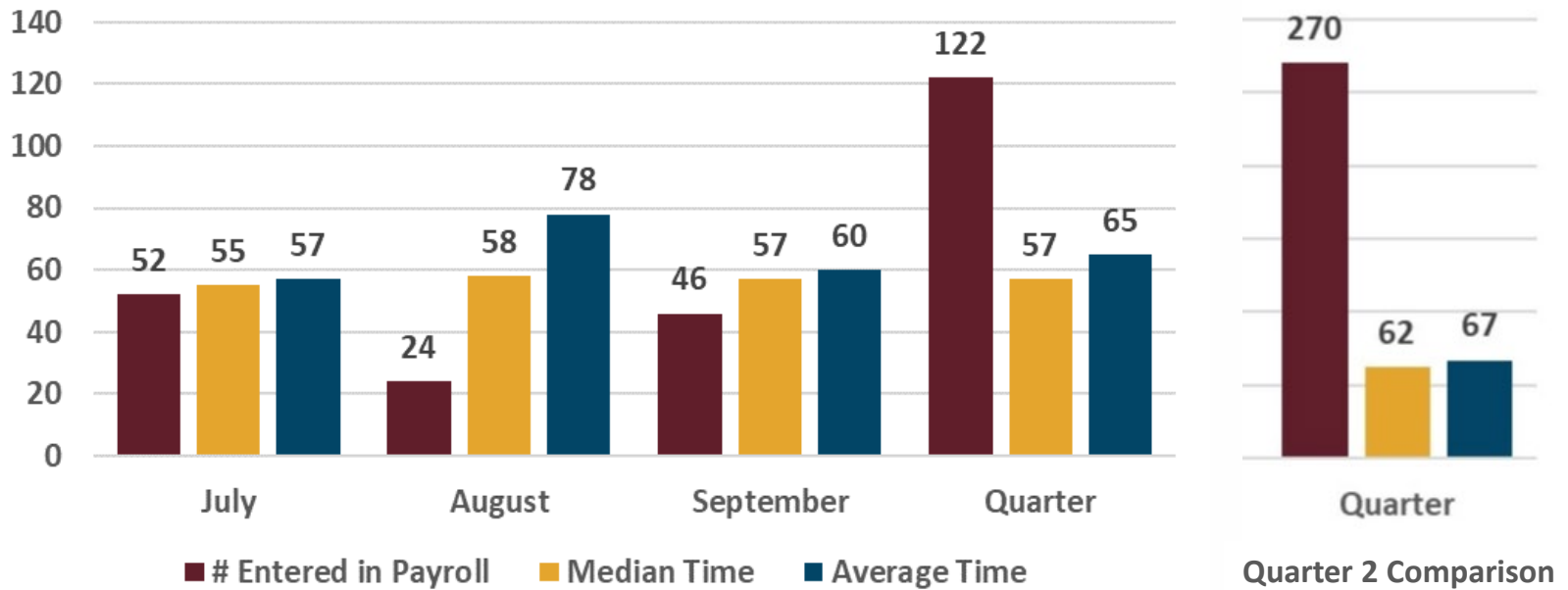| Completed	Looking Ahead
• Maintained <60-day median processing time • Electronic Signature Policy re-affirmed	• Move processing times closer to targets

Key risks: Vacancies, IT project implementation, and *Alameda* corrections continue to impact day-to-day workload.
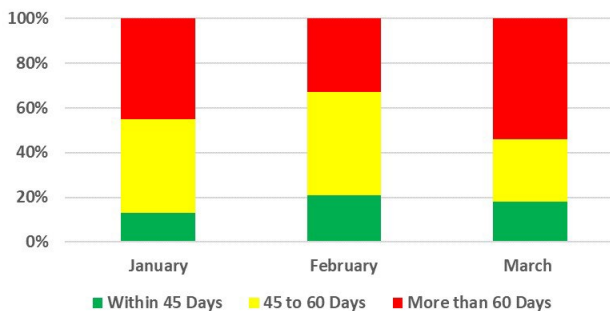
Customer Service Dashboard

Goal 1

Customer Service Dashboard (2)

Quarter 1

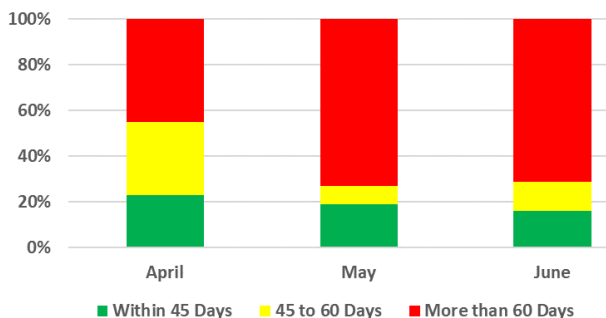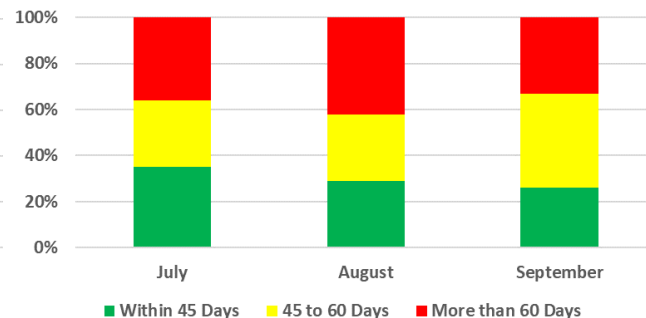**Processing Time Summary**

January — February — March

■ Within 45 Days ■ 45 to 60 Days ■ More than 60 Days

Quarter 2

Processing Time Summary

April — May — June

■ Within 45 Days ■ 45 to 60 Days ■ More than 60 Days

Quarter 3

Processing Time Summary

July — August — September

■ Within 45 Days ■ 45 to 60 Days ■ More than 60 Days

Targets:

New retirees paid –

➢ **>75% within 45 days**

➢ **>90% within 60 days**

Calendar Year to Date

22%

30%

48%
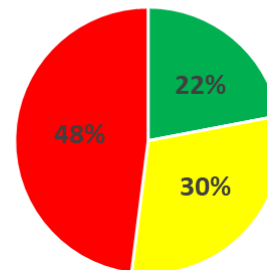
■ Within 45 Days ■ 45 to 60 Days
■ More than 60 Days

Customer Service Dashboard (3)

Retiree Survey Response Rates

	Jul	Aug	Sep
Number of Surveys	52	25	45
Number of Responses	23	8	15
Response Rate	44%	32%	33%

Retiree Responses to Questions

- Q1: How would you rate your overall experience
- Q2: SCERS made my retirement process easy
- Q3: SCERS communicated effectively
- Q4: SCERS staff is knowledgeable and answered my questions
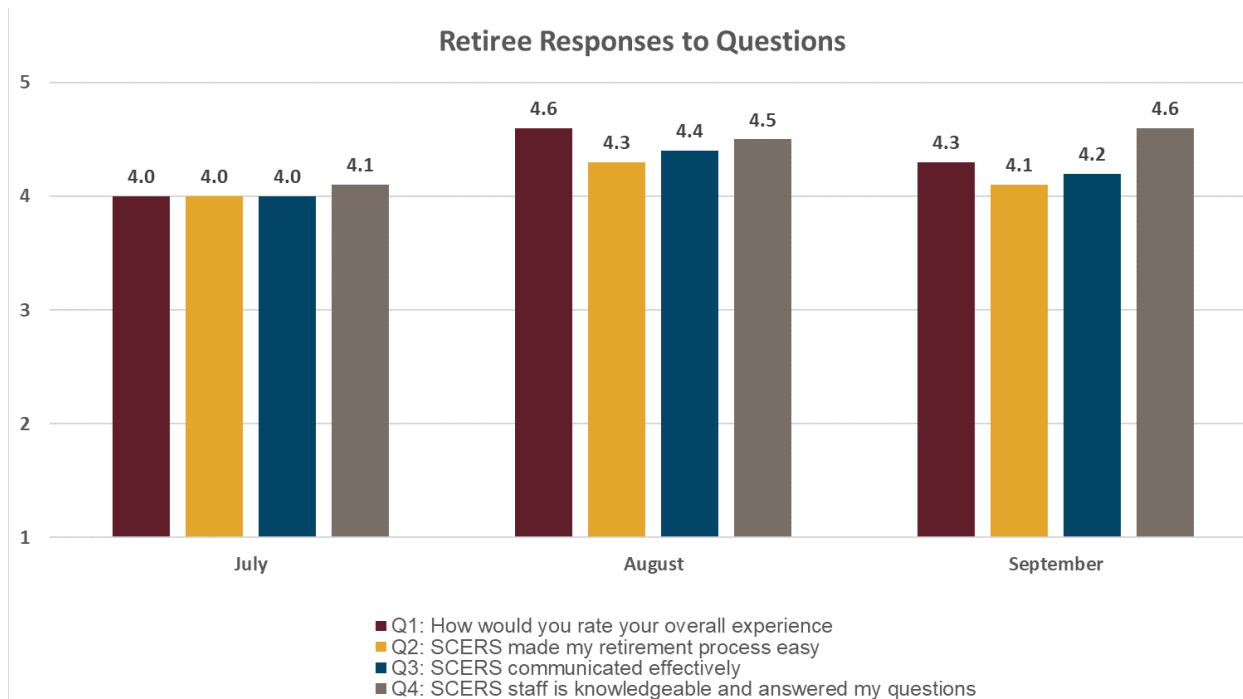
Goal 2

Stakeholder Communication and Outreach

Transparent communication among stakeholders to support clear understanding of roles and responsibilities, and the value of defined-benefit pensions.

Completed

- Re-affirmed Dissolution of Marriage Documents Policy
- Updated deferred member addresses
- Provided outreach to members regarding *Alameda* updates
- Communicated election information regarding Board seats

Looking Ahead

- Produce evergreen pension planning webinar
- Redesign member forms
- Develop hand-held pension calculator slide

Key risks: Ambitious goals to ramp up member/employer engagement programs remain challenging with limited staff resources, priorities.

Stakeholder Communication and Outreach

Pension Planning Webinars

August 2022

100%
"Good," "Very Good"
or "Excellent"
on Presentation
Effectiveness

4.4/5
Average Score

Funding Integrity and Sustainability

Prudent and effective funding policies and practices that assist in producing low contribution rate volatility and plan sustainability.

Completed	Looking Ahead
• Improved PAS expense and budget tracking • Re-affirmed Declining Employer Payroll and Terminating Employer Policies	• Complete court-mandated *Alameda* benefit corrections • Monitor Sanitation District separation from County

Key risks: *Alameda* compliance presents significant workload and technical challenges that may prolong correction process.

Investment Planning and Growth

An investment program that meets SCERS' assumed rate of return over time and carefully manages investment risks.

Completed

- Updated Cash Management Policy
- Began implementation of portfolio analytics and risk management software
- Conducted Board education on compliance reports and private markets investing
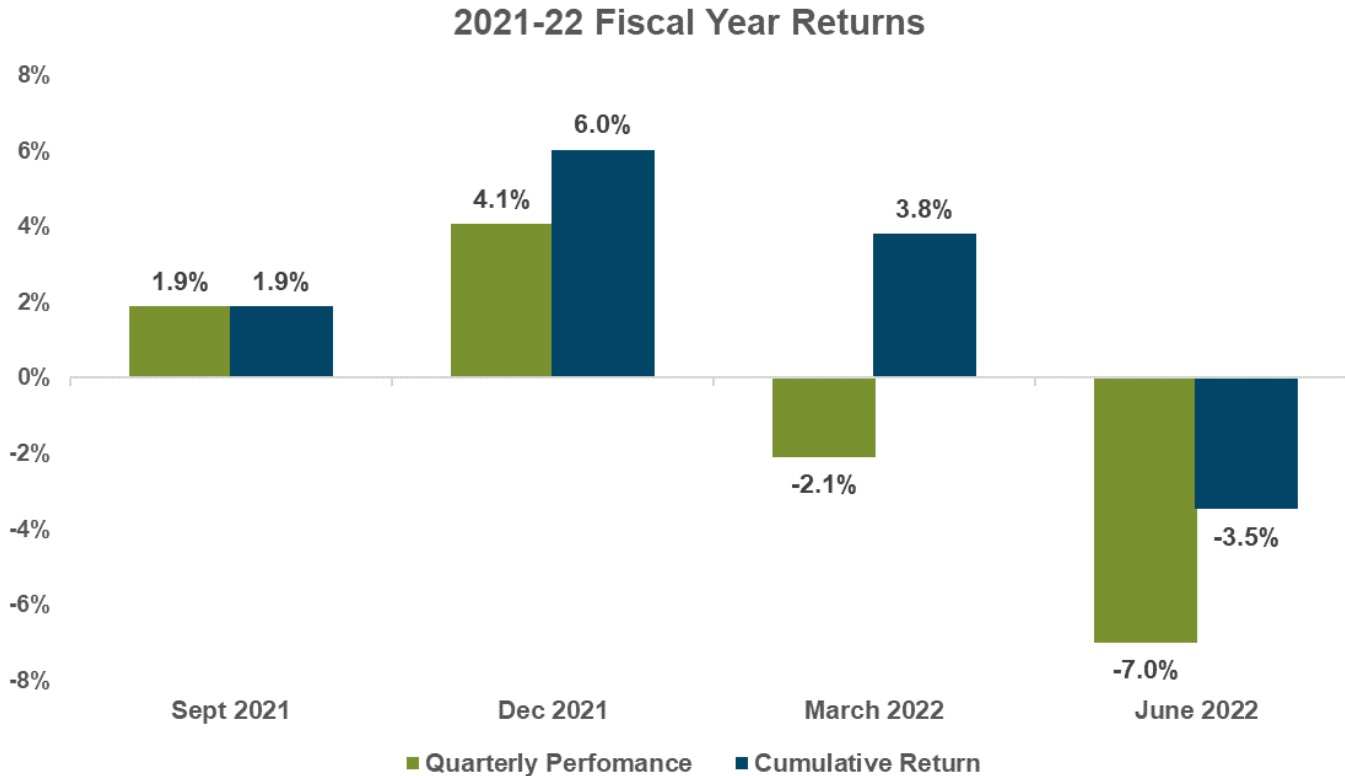
Looking Ahead

- Conclude Emerging Market manager search
- Finalize plan to conduct fiduciary health check
- Adopt 2023 Annual Investment Plan

Key risks: Geopolitical environment, inflation, rising interest rates, and slowing growth are potential risks to financial markets.

Investment Planning and Growth

2021-22 Fiscal Year Returns

Quarterly performance numbers may differ slightly from prior versions of this report as a result of the reporting time frame of the underlying fund managers. The quarterly performance will not total the cumulative performance due to compounding.

Organizational Development and Culture

A high-performance organizational structure and workforce that is not dependent on any one person.

Completed

- Filled several vacancies and hired more temps
- Conducted staff trainings and workshops on customer-service and personality types
- Rolled out new on-the-job training program

Looking Ahead

- Fill key vacancies
- Develop plan for Telework 2.0
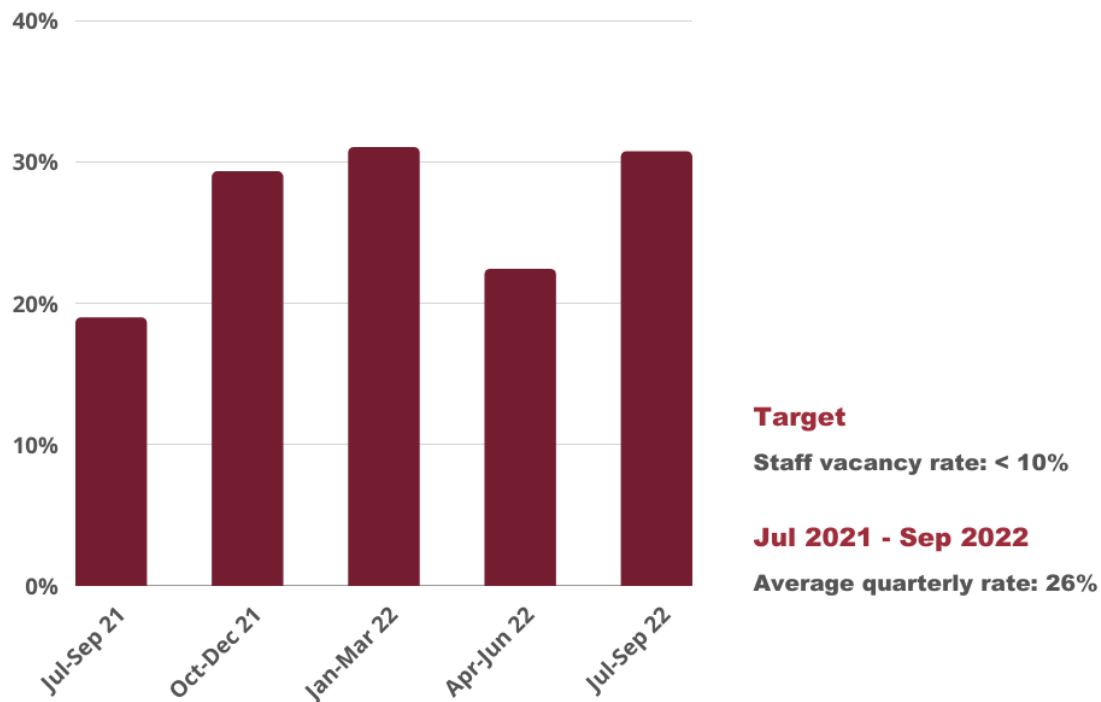- Build online library of training resources and procedure guides

Key risks: Ability to onboard a large number of new team members quickly and successfully creates challenging environment.

Organizational Development and Culture

Staff Vacancy Rates

Target
Staff vacancy rate: < 10%

Jul 2021 - Sep 2022
Average quarterly rate: 26%

2
Board Education Session

Target: Conduct at least one Board educational presentation a quarter to improve effective oversight.

Enterprise Capability and Technology

Enterprise cross-functional capabilities and technology platforms, continuously enhanced to improve performance, productivity, and efficiency.

Completed

- Established more efficient organizational structure and internal controls to maintain progress on IT project with core business needs

Looking Ahead

- Implement new operational processes with other County Departments
- Roll out internal IT service ticket process

Key Risk: Operational readiness of staff is critical to successful IT project launch.