



Regular Meeting

Item Number 11 – Open Session

Subject: Diversity, Equity and Inclusion (DEI) Organizational Assessment Update

Presenter(s): TJ Kochhar and Kristel Turko, CalSTRS and Collin Lopes, Winta Tewolde, Kim Turner, and Davita Vance-Cooks, Guidehouse

Item Type: Information

Date & Time: January 10, 2024 – 45 minutes

Attachment(s): Global Diversity, Equity, and Inclusion Benchmark (GDEIB) Primer

PowerPoint(s): DEI Benchmark Organizational Assessment Summary Presentation

Item Purpose

The purpose of this item is to provide the board an update on enterprise diversity, equity and inclusion (DEI) activities at CalSTRS, including an overview of the organizational assessment completed by Guidehouse.

Executive Summary

DEI continues to be a priority for CalSTRS and is included as an initiative in the 2022-25 Strategic Plan, focused on incorporating DEI into all CalSTRS practices. In March 2023, the board received an update from Lisa Blatnick and Scott Chan regarding ongoing DEI efforts within the organization. Then, in November 2023, the board heard from the Investments team regarding their branch's internal DEI efforts as well as external efforts in the diversity in the management of investments. That report was followed by an education session from three external investment industry experts with diverse, cross-disciplinary, and applicable DEI knowledge who shared their insight into best practices in DEI.

In alignment with the Strategic Plan, CalSTRS has engaged Guidehouse to conduct an organizational assessment of internal DEI efforts to understand the current CalSTRS DEI state, identify opportunities for improvement, and implement evidence-based, impactful recommendations as appropriate. The DEI Project in partnership with Guidehouse commenced in March 2023 and has three (3) phases: (1) Assessment, (2) Design and Evolve, and (3)

Implementation. At the January meeting, the board will be presented information regarding phase one, the organizational assessment as well as be provided an opportunity to ask Guidehouse questions about the health of DEI at CalSTRS.

Background

CalSTRS has always been a leader in implementing best practices in its workplace strategies. This is especially true when it relates to DEI. Diversity is a core principle incorporated within our Strength core value: we maintain a focus to build a strong inclusive workforce culture, we strive to be a destination employer, and we set a global standard with connecting DEI and Sustainability.

Guidehouse consultants, who are experts in the field of diversity, equity, and inclusion, have completed an organizational assessment on the state of DEI at CalSTRS and have identified opportunities for improvement, which is the first of a three-phase project. In November 2023, Guidehouse presented the findings and recommendations to the executive leadership team.

The phase one assessment occurred between March and September 2023, and involved a benchmark analysis based on the Global DEI Benchmarks (GDEIB) model. Guidehouse assessed both the current state and future state of the CalSTRS enterprise DEI effort.

The current state DEI assessment was conducted by reviewing over 500 pages of documents and artifacts, and through validation conversations with CalSTRS project sponsors to determine CalSTRS' GDEIB category ratings.

The identification of future state DEI best practice priorities was conducted by facilitating 16 individual stakeholder interviews and 20 focus groups comprised of 56 CalSTRS employees from all branches and with diverse and varying backgrounds including 23 staff, 21 managers, 10 executives, and two board members.

According to the analysis, the results of the assessment process point to three key observations:

1. CalSTRS is a proactive DEI organization and was rated “proactive” overall.
2. CalSTRS demonstrates strong commitment in managing DEI activities in recruitment, job design, and sustainability.
3. CalSTRS stakeholders support a future state DEI best practice strategy that is data-driven, evidence-based, continually assessed, and measurable.

Phase two started in October 2023 and will continue through April 2024. During this phase, in collaboration with CalSTRS, Guidehouse will develop DEI strategies and initiatives based on the findings in the organizational assessment.

Guidehouse will develop an action plan including inputs, outputs, action items, outcomes, reporting cadence, and DEI measures/metrics through a return-on-investment lens. Guidehouse

will work with existing departments to determine what is already in existence, plans currently under development, and current goals.

Next Steps

In alignment with the board workplan and CalSTRS dedication to DEI, continued updates on the DEI Guidehouse partnership outcomes as well as ongoing operational DEI efforts will be provided.

Strategic Plan Linkage:

- CalSTRS Enterprise 2022-25 Strategic Plan: “Goal 1: Trusted stewards – Diversity, equity and inclusion efforts drive organizational outperformance.”
 - CalSTRS Enterprise 2022-23 Business Plans: “4-D-6 – Incorporate diversity, equity and inclusion across all CalSTRS practices.”
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Optional Reference Material: *(prior board items, supplemental educational materials, etc.)*

- July 2023, Item 17 - [DE&I and the Board’s Role: Leading the Way](#)
- March 2023, Item 3 - [Update on Incorporating Diversity, Equity, and Inclusion Practices Across the Enterprise](#)
- April 2022, Item 7 - [CalSTRS Approach to Diversity, Equity, and Inclusion](#)