



## Regular Meeting

### Item Number 4 – Open Session

**Subject:** CalSTRS Strategic Plan 2022–25

**Presenter(s):** Amy McDuffee, Mosaic Governance Advisors, LLC and Cassandra Lichnock

**Item Type:** Information

**Date & Time:** March 4, 2022 – 30 minutes

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**Attachment(s):** Attachment 1 – Draft CalSTRS 2022–25 Strategic Plan

**PowerPoint(s):** None

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#### **PURPOSE**

The purpose of this item is to engage the board in a first reading of the CalSTRS Draft 2022–25 Strategic Plan and to seek feedback on the plan that staff drafted by responding to the board's consensus and strategic direction articulated at the October 2021 Board Offsite. The plan lays out our 10-year vision for the future, overarching goals that communicate the board's priorities, objectives to guide our collective direction, and indicators to evaluate progress in actualizing our future vision.

#### **DISCUSSION/SUMMARY**

In 2018, the board developed a three-year strategic plan that concludes June 30, 2022. Each new strategic plan is designed to maintain the viability of our fund and foster continuous improvement for the benefit of CalSTRS members and beneficiaries.

CalSTRS planning process begins with information gathering to survey the current landscape. Perspectives are gathered from a variety of different sources, including the board, executives, staff, members, and stakeholders. A summary report is prepared to set the stage of where we are now and how things stand as a critical context for deciding our future direction.

The report informed the strategy work with executive staff that followed. The board's governance consultant, Amy McDuffee of Mosaic Governance Advisors, LLC (Mosaic) facilitated discussions over a period of several months with CalSTRS executives to review and evaluate the changing context of the organization. The process included a visioning session, an assessment of the strengths, weaknesses, opportunities, and threats of the organization along with potential policy

and socioeconomic trends, current and future projects, and the identification of critical issues the organization may face over the next three years.

In October 2021, the board provided critical feedback on a 10-year future vision, the executive staff's assessment of the strengths, weaknesses, opportunities and threats, and the canvas of critical issues to address. Board and executive staff also discussed important projects currently in the execution phase that will carry forward into this next planning cycle.

Continuity is created between planning cycles by carrying over incomplete strategic plan items. The 2019–22 strategic plan is a steppingstone to the next three-year chapter. The board and executive staff discussed which strategies from the 2019–22 plan are completed or operationalized and which strategies needed to continue with clarification or modification. New objectives were added to address the current environment.

Accordingly, the CalSTRS 2022–25 *Strategic Plan* reflects a mixture of carryover and new items organized under the three broad goals. Listed below are the objectives from 2019–22 that will carry over to the new 2022–25 *Strategic Plan*.

<b>2019–22 Carryover objectives</b>	<b>2022–25 Strategic Plan</b>
Achieve full funding of the Defined Benefit Program by June 30, 2046.	Carried forward as is.
Integrate CalSTRS' sustainable investment and stewardship strategies, which support long-term value creation and educate and inform interested parties.	Operationalize sustainable investment beliefs to create long-term value.
Implement the CalSTRS Collaborative Model leveraging all of CalSTRS resources.	Execute the CalSTRS Collaborative Model 2.0 phase of the continuum.
Implement and integrate a highly adaptive pension administration system.	Implement and integrate a highly adaptive pension administration system to modernize transactional capabilities.
Explore advanced technology to securely gain business agility and enhance user experience.	Explore advanced technology to securely gain business agility and enhance user interface experience.
Improve business processes and reduce costs.	Innovate, streamline and automate processes to increase efficiency.
Drive adoption of transforming business processes and technology.	Transform business processes and drive digital adoption.

Based on board's input at the October 2021 offsite, staff created a refined, straightforward plan focused on the board's strategic direction. The CalSTRS 2022–25 *Strategic Plan* outlines where we're going with a bold and clear ten-year vision and broadly defined goals and objectives that translate how we will get there. Progress indicators provide the vehicle for annual evaluations through a strategic plan accomplishments report to the board.

We will realize this lofty ten-year vision over the next three, three-year strategic plan cycles as follows:



Our 2022–25 *Strategic Plan* is primarily characterized by assessing organizational readiness and building capabilities within the following three priorities:

- **Trusted Stewards**  
Ensure a well-governed, financially sound trust fund.
- **Leading Innovation and Managing Change**  
Innovate to grow resiliency and efficiency in service of our members.
- **Sustainable Organization**  
Fully integrate a unified environmental, social and governance ethos in all we do.

The 2022–25 *Strategic Plan* features new or expanded directions, coupled with projects from the 2019–22 plan that are currently in the execution phase.

During this first reading of the CalSTRS 2022–25 *Strategic Plan*, staff is prepared to respond to questions on the content of the plan. At the board’s discretion, action can be taken on this item to adopt the plan now. Alternatively, staff will incorporate the board’s input, make any necessary adjustments and bring the plan back to the board in May for adoption.

Once adopted, the strategic plan serves as the platform to guide annual business plans developed by executive staff. It also links to the operating budget, executive and staff evaluations, and board and committee agendas, among other important governance practices.