

CALSTRS[®]

Business Plan

2024-25

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, coworkers and others, treating everyone with fairness, honesty and courtesy.

STEWARDSHIP

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

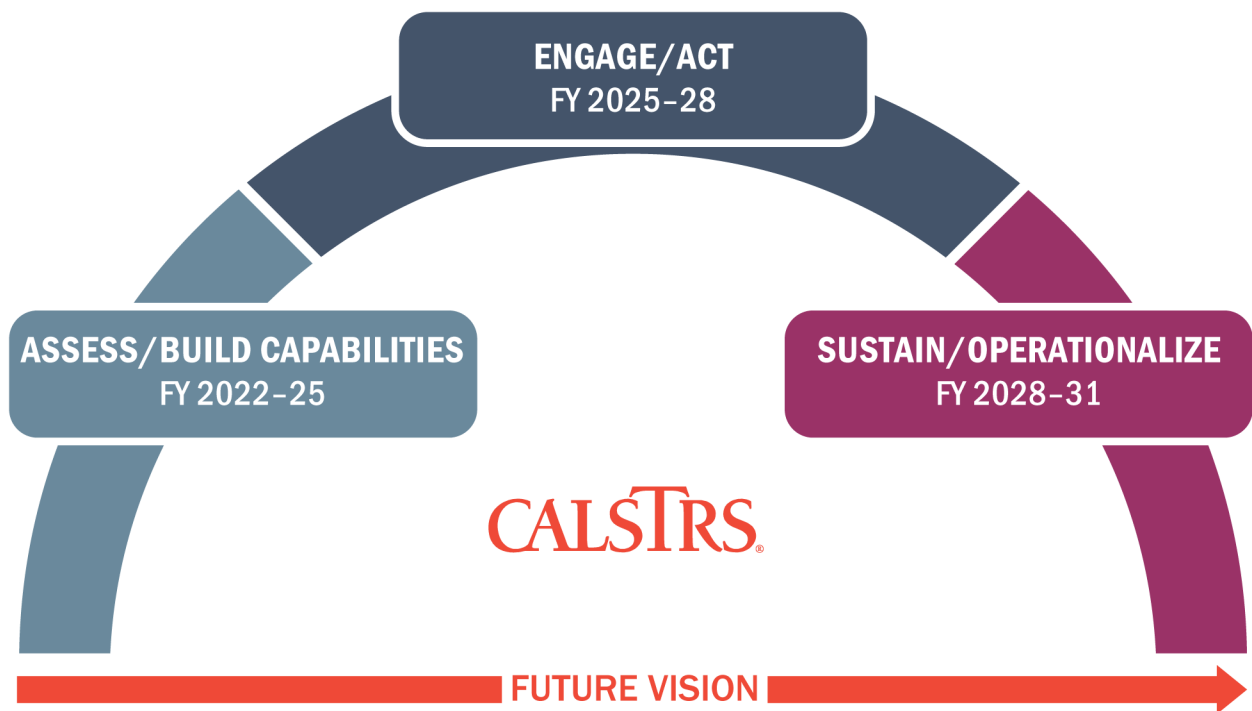
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About the Business Plan

OUR FUTURE VISION

The 2024–25 *Business Plan* describes the specific actions we’ll take over the next year toward our 10-year vision of success, as described in the 2022–25 *Strategic Plan*. Our current focus is on assessing our readiness and building organizational capabilities.



STRATEGY MAP

Our mission, vision and core values are the foundation of our annual business plan. Each of the three goals within the plan reflect our attention to sustainability, risk management and people in everything we do.



Goal 1: Trusted stewards

Ensure a well-governed, financially sound trust fund.

The health of the Teachers' Retirement Fund is essential to our mission.

In fiscal year 2024–25, we continue to implement the long-term asset allocation targets and build on the success of the CalSTRS Collaborative Model.

We're also focused on our stakeholders, with multiple initiatives that will strengthen our strategic relationships in support of our mission.

GOAL 1: OBJECTIVE A

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

INITIATIVE 1

Develop long-term asset allocation targets in conjunction with the Teachers' Retirement Board.

Key activity in 2024–25

- Implement next step toward the long-term target approved during the latest Asset Liability Management Study.

ACCOMPLISHED INITIATIVE 2

Revise the board policy related to the lump-sum death benefit for active and retired members.

Completed in 2023–24

ACCOMPLISHED INITIATIVE 3

Deliver second report to the Legislature on the progress of the CalSTRS Funding Plan.

Completed in 2023–24

ACCOMPLISHED INITIATIVE 4

Perform a review of the actuarial assumptions used in the funding of the system.

Completed in 2023–24

GOAL 1: OBJECTIVE B

Operationalize sustainable investment beliefs to create long-term value.

INITIATIVE 1

Implement initial steps to support the Teachers' Retirement Board's net zero pledge.

Key activity in 2024–25

- Assess and monitor the path to net zero emissions with respect to current market conditions.

INITIATIVE 2

Refine mapping of CalSTRS' low carbon and net zero transition-aligned investments.

Key activity in 2024–25

- Establish CalSTRS' definition of low carbon and net zero transition-aligned investments.

INITIATIVE 3

Integrate diversity, equity and inclusion across the Investments Branch.

Key activity in 2024–25

- Develop and implement strategies in support of diversity in the management of investments.

GOAL 1: OBJECTIVE C

Execute the CalSTRS Collaborative Model 2.0 phase of the continuum.

ACCOMPLISHED INITIATIVE 1

Optimize cost and savings reporting related to the Collaborative Model.

Completed in 2022–23

ACCOMPLISHED INITIATIVE 2

Develop and implement a Collaborative Model Pillars Project transition plan to operationalize across the organization.

Completed in 2022–23

INITIATIVE 3

Transform technologies and services to advance investment analytics and decision-making capabilities.

Key activities in 2024–25

- Grow data and analytics expertise in the Investments Branch.
- Invest in technology to make data more streamlined, accessible and trusted, enabling self-service analytics and reporting.

INITIATIVE 4

Develop opportunistic investment strategies that capitalize on enhanced risk-return payoffs as well as cost savings from direct control and internal management.

Key activity in 2024–25

- Implement the Collaborative Strategy Portfolio policy and governance structure.

GOAL 1: OBJECTIVE D

Grow strategic relationships with policymakers, stakeholders and partner organizations.

INITIATIVE 1

Demonstrate our dedication to sustainability; diversity, equity and inclusion; and ethical principles.

Key activities in 2024–25

- Develop a stakeholder communication plan to socialize activities related to sustainability; diversity, equity and inclusion; and ethical principles.
- Prioritize and execute action plan provided by diversity, equity and inclusion consultant.
- Report our economic, environmental and social impacts to stakeholders through our annual *Sustainability Report*.

INITIATIVE 2

Establish an organizational understanding of CalSTRS' audiences—including stakeholders, policymakers and partner organizations.

Key activities in 2024–25

- Use operational performance and business reviews to identify gaps and opportunities to improve our strategic relationships.
- Present at operational performance review meetings and other organizational events to enhance organizational understanding of strategic relationships and CalSTRS audiences.

Note: Key activity was revised in 2024–25 from a focus on identifying the root cause of issues affecting external engagement to a focus on enhancing organizational understanding of our relationships and audiences.

INITIATIVE 3

Assess and evolve communication mediums to reach our audiences where they are.

Key activities in 2024–25

- Use operational performance and business reviews to identify gaps and opportunities.
- Present to the board annually, focusing on how communications and engagement activities support the organization and our mission, quantifying content delivered to targeted audiences through available mediums.

INITIATIVE 4

Explore options to promote consistent organizational principles related to plan design.

Key activities in 2024–25

- Create a repository that captures and documents past and future organizational decisions on principles and policies; inform and educate business areas on the decisions.
- Explore options for a formalized cross-division unit on plan design.

INITIATIVE 5

Establish an organizational framework to foster a balanced understanding among member and employer groups and CalSTRS business areas.

Key activity in 2024–25

- Foster feedback and information exchange between system users, staff and impacted business units in preparation for the launch and implementation of the new pension administration system.

INITIATIVE 6

Conduct an economic impact study demonstrating the impact of CalSTRS benefits on California’s economy.

Key activity in 2024–25

- Publish Economic Impact Study.

GOAL 1: OBJECTIVE E

Enhance how risks are defined, viewed and managed.

ACCOMPLISHED INITIATIVE 1

Assess the mandate and scope of the Enterprise Risk Management and Enterprise Compliance Services programs and identify opportunities to mature the programs.

Completed in 2023–24

INITIATIVE 2

Implement the 18-month plan to mature the enterprise risk management and compliance programs.

Key activities in 2024–25

- Procure software to support enterprise risk and compliance program maturity and integrate organizational data.
- Enhance education of enterprise risk management stakeholders.
- Develop framework for assessing impacts from internal and external environmental risk factors.
- Align enterprise risk management and compliance risk assessments.
- Develop and document enterprise compliance monitoring framework and processes.

Goal 2: Leading innovation and managing change

Innovate to grow resiliency and efficiency in service of our members.

Superior service to our members and their employers is among our highest priorities. We're determining the most effective member service delivery mechanisms, educational channels and other tools to meet evolving customer needs.

Meanwhile, we're implementing technologies to support our hybrid workforce and pursuing continuous improvement of our processes. A focus on digital adoption and change management ensures our workforce is ready to embrace those tools and continue to build new efficiencies.

We're also evolving to support a strategic and innovation mindset. These efforts will help us grow our resilience to inevitable change in the future.

GOAL 2: OBJECTIVE A

Implement and integrate a highly adaptive pension administration system to modernize transactional capabilities.

INITIATIVE 1

Address implementation risks associated with the next phase of the pension administration system project.

Key activities in 2024–25

- Incorporate root cause analysis and risk response action in implementation planning.
- Deliver transformation readiness activities.

INITIATIVE 2

Enhance quality assurance capabilities.

Key activities in 2024–25

- Realign project status reporting to regularly report on quality metrics.
- Strengthen mechanisms for identifying and addressing quality issues.

INITIATIVE 3

Identify business realignment opportunities.

Key activities in 2024–25

- Identify staff supporting the Pension Solution Project whose roles will transform post-implementation.
- Prepare realignment strategy for resource alignment and associated budget needs.

GOAL 2: OBJECTIVE B

Grow capabilities and culture to support a strategic and innovation mindset.

ACCOMPLISHED INITIATIVE 1

Engage an innovation expert to assess our current stage in the innovation maturity spectrum.

Completed in 2022–23

ACCOMPLISHED INITIATIVE 2

Evaluate the future of work and retirement.

Completed in 2023–24

INITIATIVE 3

Enhance cost-conscious culture throughout the organization.

Key activities in 2024–25

- Prepare current state cost-conscious culture framework and conduct a gap analysis that identifies opportunities for improvement.
- Integrate resource and budget considerations into strategic planning process for the plan effective in 2025.

INITIATIVE 4

Establish the CalSTRS innovation program.

Key activities in 2024–25

- Test and refine playbook for the innovation program.
- Establish funding for proofs of concept.
- Formalize the CalSTRS Innovation Program with dedicated resources.

INITIATIVE 5

Explore responsible artificial intelligence to enhance CalSTRS' operations.

Key activities in 2024–25

- Promote CalSTRS AI policy and statewide guidelines for organizational AI initiatives.
- Develop a process for AI request intake, evaluation and approval that integrates with existing governance frameworks.
- Provide responsible and ethical AI awareness training to ensure that AI technologies are used appropriately and in alignment with CalSTRS standards and principles.
- Develop a responsible AI risk management framework to manage the risks of AI and promote trustworthy and responsible development and use of AI systems.
- Explore AI use cases for proof of concept development to enhance business efficiency and productivity.

GOAL 2: OBJECTIVE C

Enhance the customer experience to improve engagement and reduce effort.

INITIATIVE 1

Increase reliability and accuracy of member account data and final benefit components.

Key activities in 2024–25

- Continue exploration of contribution reporting laws and regulations for potential improvements.
- Add details, examples and specifics to employer education materials and explore employer field manual concept.
- Implement the pre-benefit account review process to analyze a sample of members yet to retire to reduce risk of postretirement benefit changes.
- Measure the new Quality Control Program output and incorporate insights into training and refreshers to maintain quality standards.

INITIATIVE 2

Determine the most effective member service environment to maximize service delivery.

Key activities in 2024–25

- Streamline and optimize technology in member service centers.
- Determine strategy for relocation, redesign or lease renegotiation for member service centers with upcoming lease expirations.
- Execute and implement identified strategy for each member service center affected by upcoming lease expirations.
- Implement final suite refinements, install permanent furniture, complete technology upgrades, and hold grand reopening event for the new Irvine Member Service Center.

INITIATIVE 3

Explore opportunities to optimize and adapt educational services and their delivery channels.

Key activities in 2024–25

- Identify enhanced technological capabilities to expand digital interactivity, accessibility and effectiveness.
- Evaluate customer satisfaction survey practices to advance our ability to gather timely, actionable customer feedback.
- Analyze webinar and workshop topics and offerings to explore consolidation of services.

INITIATIVE 4

Explore tools and methods to enhance service delivery.

Key activities in 2024–25

- Explore ways to better align with and measure customer expectations.
- Perform gap analysis between our current services and the services customers prefer.
- Document employer journeys as part of customer experience program and customer relationship management activities.
- Document customer journeys for members and beneficiaries.
- Leverage technology to expand communication channels.
- Explore new, more agile member services that provide targeted and timely information.
- Investigate ancillary functionality and products provided by our newly acquired telephony technology to identify benefits we can glean.

INITIATIVE 5

Create a culture of customer experience throughout the organization.

Key activities in 2024–25

- Develop and refine customer experience program implementation plan and roadmap.
- Develop and refine customer experience organizational change management plan.
- Design a mechanism to funnel the voice of our customer, heard through contact center interactions, to the applicable business areas.
- Leverage industry knowledge, best practices, and data to inform our program and establish customer experience metrics.

INITIATIVE 6

Optimize telephonic communications to enhance performance.

Key activities in 2024–25

- Leverage our newly acquired telephony technology's functionality to enhance the service we provide our customers.
- Implement our newly acquired telephony technology's Feedback Management product to gather customer satisfaction feedback through additional service channels.

GOAL 2: OBJECTIVE D

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

INITIATIVE 1

Expand data analytic capabilities to drive business decisions.

Key activities in 2024–25

- Expand business intelligence and data warehouse capabilities for advanced analytics, artificial intelligence and machine learning.

Note: Key activity was revised in 2024–25 from a focus on cognitive computing to analytics, artificial intelligence and machine learning.

- Evaluate, prioritize and implement the developed use cases.
- Conduct data governance assessment for the implementation of data policies, data procedures and data tools.
- Enhance data visualization and reporting tools to make it more intuitive to explore and analyze data effectively.

INITIATIVE 2

Assess long-term strategy for CalSTRS' enterprise resource planning system and ancillary solutions.

Key activities in 2024–25

- Obtain software licenses for the selected procurement solution.
- Onboard the system implementation vendor.
- Evaluate existing enterprise resource planning system roadmap for current state and identify gaps.

INITIATIVE 3

Implement technologies to support hybrid workforce and enhance collaboration.

Key activities in 2024–25

- Migrate business data to cloud storage for improved reliability and resiliency.
- Migrate business files to the cloud to enable greater collaboration in a hybrid environment.
- Modernize device setup and delivery to streamline new hire process.
- Deploy infrastructure to augment service modalities and modernize the IT Service Desk.

INITIATIVE 4

Implement technologies to improve the effectiveness of CalSTRS' business operations.

Key activities in 2024–25

- Migrate to Microsoft Windows 11 to secure end-user devices.
- Explore use cases and develop a roadmap for enterprise chatbot implementations.
- Explore solutions to enhance capabilities.

GOAL 2: OBJECTIVE E

Innovate, streamline and automate processes to increase efficiency.

ACCOMPLISHED INITIATIVE 1

Identify business processes to streamline or improve.
Completed in 2022–23

ACCOMPLISHED INITIATIVE 2

Conduct research to identify policy, technology or other strategies to promote efficiency.
Completed in 2023–24

INITIATIVE 3

Monitor implementation of recommended process improvements.

Key activity in 2024–25

- Assess performance of implemented process improvements.

GOAL 2: OBJECTIVE F

Transform business processes and drive digital adoption.

INITIATIVE 1

Enhance resource capacity planning and resource management capabilities.

Key activity in 2024–25

- Secure consultant to conduct assessment of CalSTRS resource management capabilities.
- Review consultant recommendations and develop an implementation roadmap for optimizing resource capacity planning and management.

INITIATIVE 2

Grow organizational change management capabilities.

Key activities in 2024–25

- Design CalSTRS' organizational change management structure.
- Develop organizational change management program.
- Integrate cross-functional partnerships.
- Build organizational change management team.
- Roll out organizational change management program.
- Evaluate program impact.

ACCOMPLISHED INITIATIVE 3

Increase digital adoption of newly implemented technologies.
Completed in 2023–24

Goal 3: Sustainable organization

Fully integrate a unified environmental, social and governance ethos in all we do.

Consistent with our fiduciary responsibility to our members, our policies are designed to create long-term value for the fund. Reducing environmental, social and governance risks—in our investments, operations and business partnerships—is a key part of our commitment to stewardship and sustainability.

Through our focus on being a sustainable organization and a premier employer, we'll continue to provide superior service to our members and achieve our financial objectives. We prioritize diversity, equity and inclusion efforts to attract, develop and retain a highly skilled and engaged workforce.

We're also focused on building our business continuity and security capabilities, so we're ready to respond to challenges and disruptions, including cybersecurity risks.

GOAL 3: OBJECTIVE A

Shape a resilient, sustainable, blended workforce that reflects fully integrated diversity, equity and inclusion practices.

INITIATIVE 1

Incorporate diversity, equity and inclusion into all CalSTRS practices.

Key activities in 2024–25

- Identify roles and responsibilities in support of the program.
- Promote diversity, equity and inclusion principles and activities across CalSTRS.
- Participate in and incorporate statewide diversity, equity and inclusion efforts and best practices into CalSTRS strategies.
- Identify best practice benchmarks and collaborate with leadership to create and define CalSTRS benchmarks for success.
- Build a process for regular reassessment of program goals and accomplishments.

INITIATIVE 2

Evaluate current and anticipated staffing needs and volume, identify goals and strategies to reach them.

Key activity in 2024–25

- Support and complete prioritized activities identified in the Workforce and Leadership Development and Succession plans.

INITIATIVE 3

Support a hybrid workforce with updated tools, operational processes and infrastructure.

Key activities in 2024–25

- Provide training and additional tools to leaders to manage a hybrid workforce.
- Identify culture-enhancing strategies through organizational assessments, best practice research and data collection methods.
- Expand learning and development opportunities that support staff growth and leadership in the core competency of adaptability/flexibility.
- Explore opportunities to improve productivity, create flexibility and promote work-life balance.

INITIATIVE 4

Position CalSTRS to attract, acquire and retain top talent.

Key activities in 2024–25

- Implement strategies to recruit, engage, develop and retain staff.
- Identify opportunities to enhance or strengthen current recruitment and retention strategies.

INITIATIVE 5

Research, implement and evaluate recognition program enhancements to support the blended workforce.

Key activities in 2024–25

- Conduct external assessment of the recognition program.
- Research best practices in recognition programs.
- Implement recommendations from assessment results.

Note: Key activity was revised in 2024–25 from prescribing specific activities (conduct focus groups, survey staff) to instead implement the recommendations of the external assessment.

GOAL 3: OBJECTIVE B

Integrate and align environmental, social and governance principles across the organization.

ACCOMPLISHED INITIATIVE 1

Prepare a plan to integrate and align environmental, social and governance principles throughout the organization.

Completed in 2023–24

INITIATIVE 2

Embed environmental, social and governance principles across the organization.

Key activities in 2024–25

- Develop enterprise net zero strategy.
- Gain consensus on disclosures for the 2023–24 *Sustainability Report* to strengthen our transparency.

Note: Key activity revised in 2024–25 changing “voluntary disclosures” to “disclosures.”

- Evaluate how our sustainability guiding principles align with our culture, policies and industry best practices.

GOAL 3: OBJECTIVE C

Complete headquarters expansion and transition activities.

INITIATIVE 1

Effectively manage space optimization.

Key activities in 2024–25

- Create policy and enforcement mechanisms pertaining to tenants and the headquarters expansion.
- Create optimization plan, including growth chart, current staffing levels and campus capacity.
- Develop and initiate actions based on the results of the optimization plan.
- Continue change management activities to support workplace transitions.
- Identify tenants to occupy vacant space in the existing building.
- Prepare existing building for leasing (tenant improvements).
- Relocate staff into new building workspaces.

ACCOMPLISHED INITIATIVE 2

Determine funding gap and secure bond financing.

Completed in 2022–23

INITIATIVE 3

Complete Headquarters Expansion Project deliverables on time and on budget.

Key activities in 2024–25

- Implement change management activities to support workplace transitions related to the completion of the Headquarters Expansion Project.
- Provide ongoing evaluation of staffing resources to effectively meet the schedule and budget.
- Monitor project costs through monthly reconciliation reports.
- Revise staff occupancy analysis to align with a blended workplace model.
- Ensure timely approvals of change requests, submittals and completed designs.

GOAL 3: OBJECTIVE D

Strengthen preparedness capabilities to address change and disruptions.

INITIATIVE 1

Secure the confidentiality and integrity of data and member information.

Key activities in 2024–25

- Automate technology asset and software inventory.
- Procure domain name system security cloud services.
- Procure threat intelligence cloud services.

ACCOMPLISHED INITIATIVE 2

Enhance cybersecurity plans.

Completed in 2023–24

INITIATIVE 3

Enhance business resiliency.

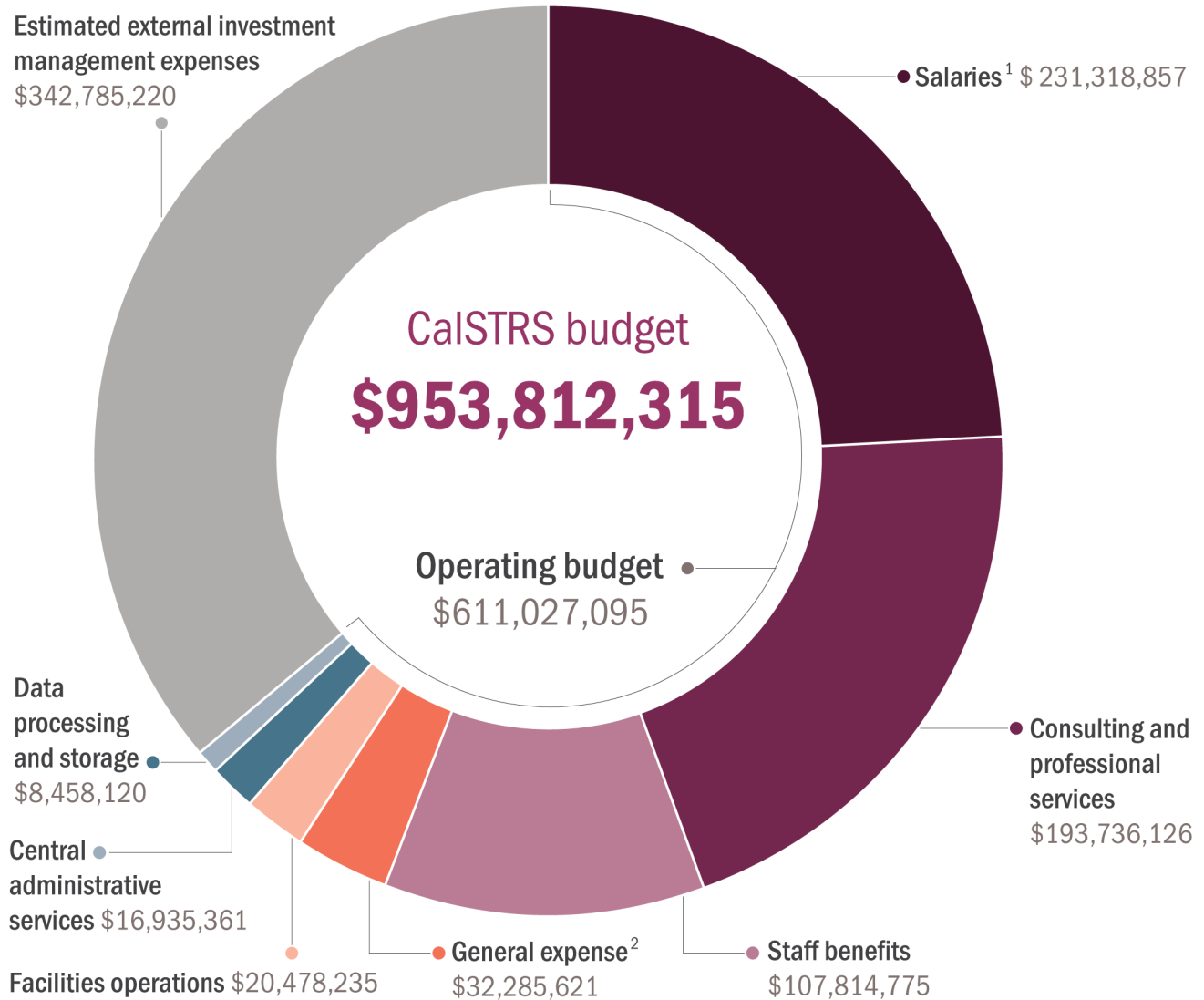
Key activities in 2024–25

- Continue to migrate pertinent business applications to cloud-hosted data center solution.
- Integrate, to the extent determined by Emergency Operations Center leadership, the critical events management module.
- Conduct an Emergency Operations Center tabletop exercise that builds upon the previous exercise with more complexity and robustness.
- Enhance business continuity plans to reflect current workplace dynamics and emerging risks.
- Convert business continuity annual schedule from calendar year to fiscal year.

Budget and resources

FISCAL YEAR 2024-25 CALSTRS BUDGET

As of March 1, 2024



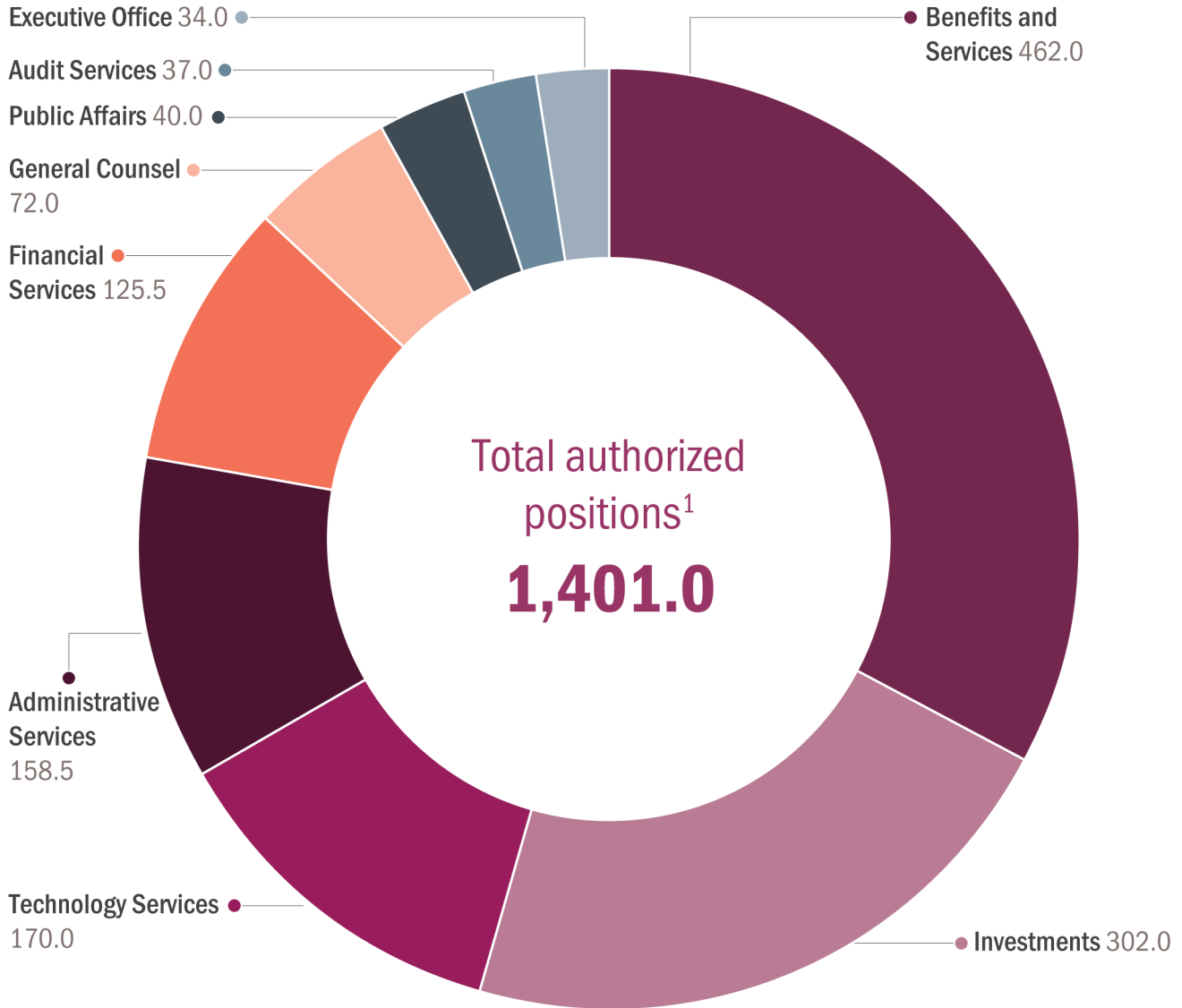
¹ Figure includes \$29.5 million for incentives and \$189,185 for overtime.

² Figure includes printing, communications, postage, insurance, travel in and out of state, training, indirect cost, equipment over \$5,000 and special items of expense.

Budget and resources

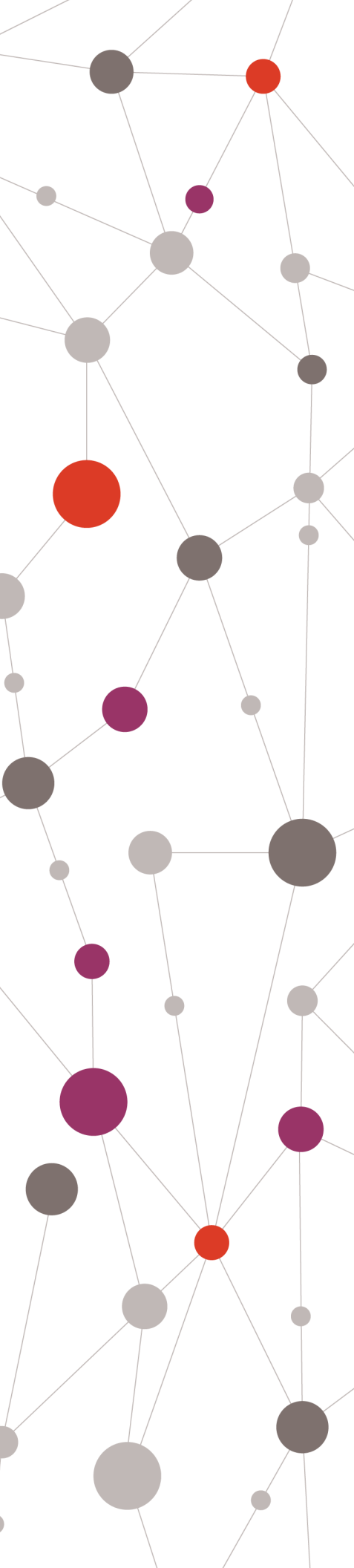
FISCAL YEAR 2024-25 AUTHORIZED POSITIONS BY BRANCH

As of March 1, 2024



¹ In support of the CalSTRS Collaborative Model, a Multi-Year Internal Investment Management Plan was approved by the Teachers' Retirement Board that established 109 authorized positions to be dispersed across fiscal years 2021-22 through 2025-26. Of the total, 30 were distributed in 2021-22, 24 were distributed in 2022-23, 21 were distributed in 2023-24, and 19 are included in the 2024-25 budget. The remaining 15 positions will be distributed in fiscal year 2025-26.

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CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

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