2021-22 CalPERS Board Election Program Review

Finance & Administration Committee

April 17, 2023
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Operations Support Services Division

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Overview

- Board Election Program Review

  - 2021 – 22 Election Cycle

- Board Direction

  - Voting Option for Next Election and Future Elections

  - Other Items to Consider

- Stakeholder Feedback

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Board Election Cycle

- Four-year cycle
  - Years 1 – 3 elections are held for six (6) seats on the board
  - Year 4 is an off-year with no elections
    - Complete administrative and regulatory updates
    - Release Request for Proposal (RFP) and select board election vendor through a competitive bidding process

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2021-22 Board Election Cycle

Year	Election
1 (2021)	• Member-at-Large Election - Positions A and B • Special Public Agency Member Election
2 (2022)	• State Member Election (Unopposed) • School Member Election (Unopposed) • Special Retired Member Primary Election • Special Retired Member Runoff Election
3 (2023)	• Off-Year (Program Updates)
4 (2024)	• Off-Year (Continue with Program Updates and RFP)

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Program Background

- Prior to 2016

  - Mail-in ballots only

- In 2017, additional voting options were added to increase turnout

  - Online

  - Telephone/Interactive Voice Response (IVR)

- In 2020, board adopted a simplified ballot package to reduce costs

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Program Background (cont.)

- Two cycles with mail-in ballot, online, and telephone voting have been completed so far

Election Cycle	Voter Turnout	Mail-in Ballot	Online	Telephone/IVR
2021-22 Average	13.27%	72.00%	24.74%	3.27%
2017-20 Average	11.48%	73.64%	22.53%	3.83%

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Extensive Outreach to Market Elections

- Candidate statement videos

- Toolkits for employers and retired stakeholder organizations

- PERSpective blog posts and retiree member news articles

- Press releases and social media posts

- Candidate forums (virtual, live streamed, posted on YouTube)

- Election reminder email blasts

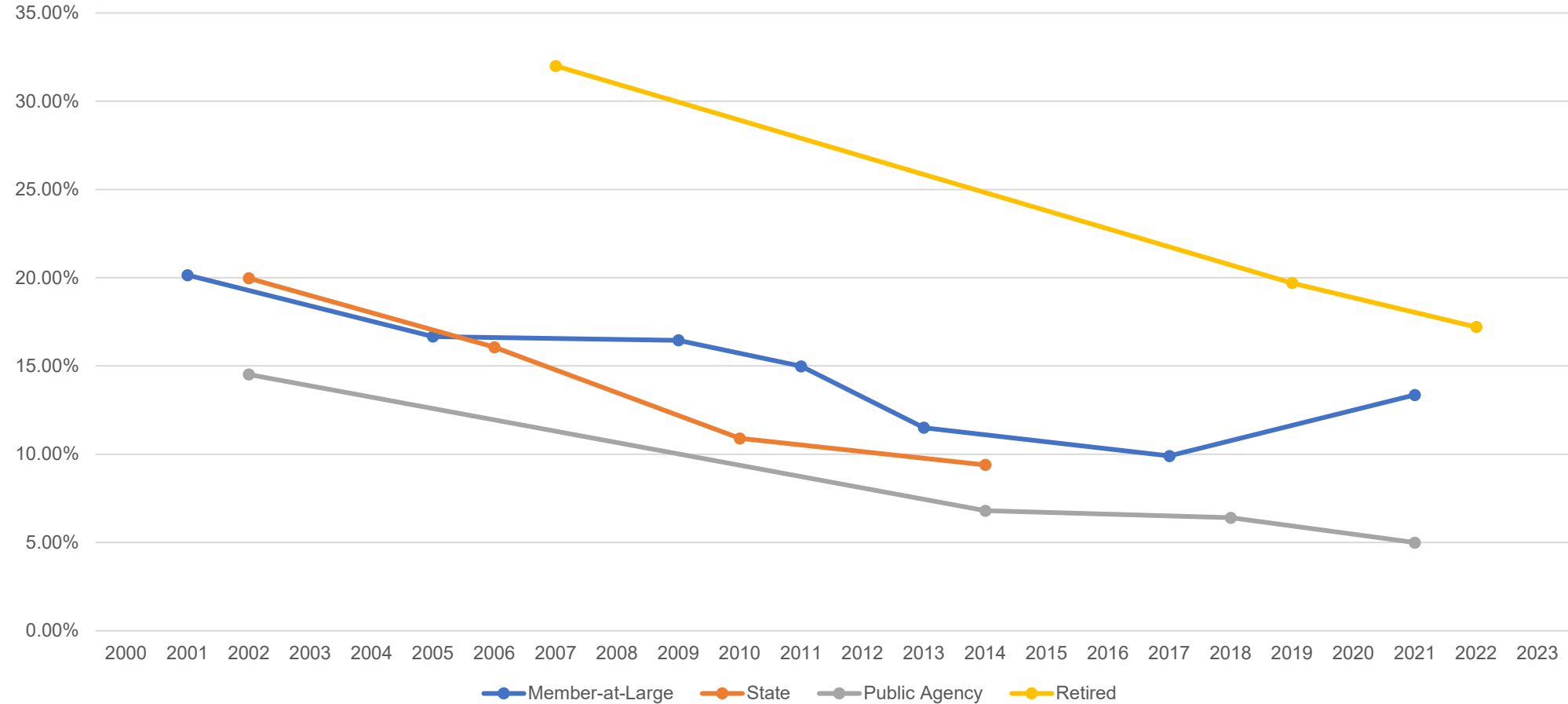- This cycle, added online tool for easy voter PIN recovery

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Voter Turnout and Costs

Election	Voter Population	Voter Turnout	Cost per Vote Received	Total Cost
2021 Member-at-Large	1,484,291	13.36%	$18.92	$3,753,756
2021 Special Public Agency Member	262,115	4.99%	$36.01	$471,181
2022 State Member	270,000	n/a	n/a	$0*
2022 School Member	350,000	n/a	n/a	$0*
2022 Special Retired Member Primary	656,151	17.21%	$14.20	$1,603,890
2022 Special Retired Member Runoff	661,033	17.51%	$7.68	$889,093

*Unopposed elections. Costs based on contractual expenses, estimated postage, and estimated voter population are $517,872 for State and $644,522 for School.
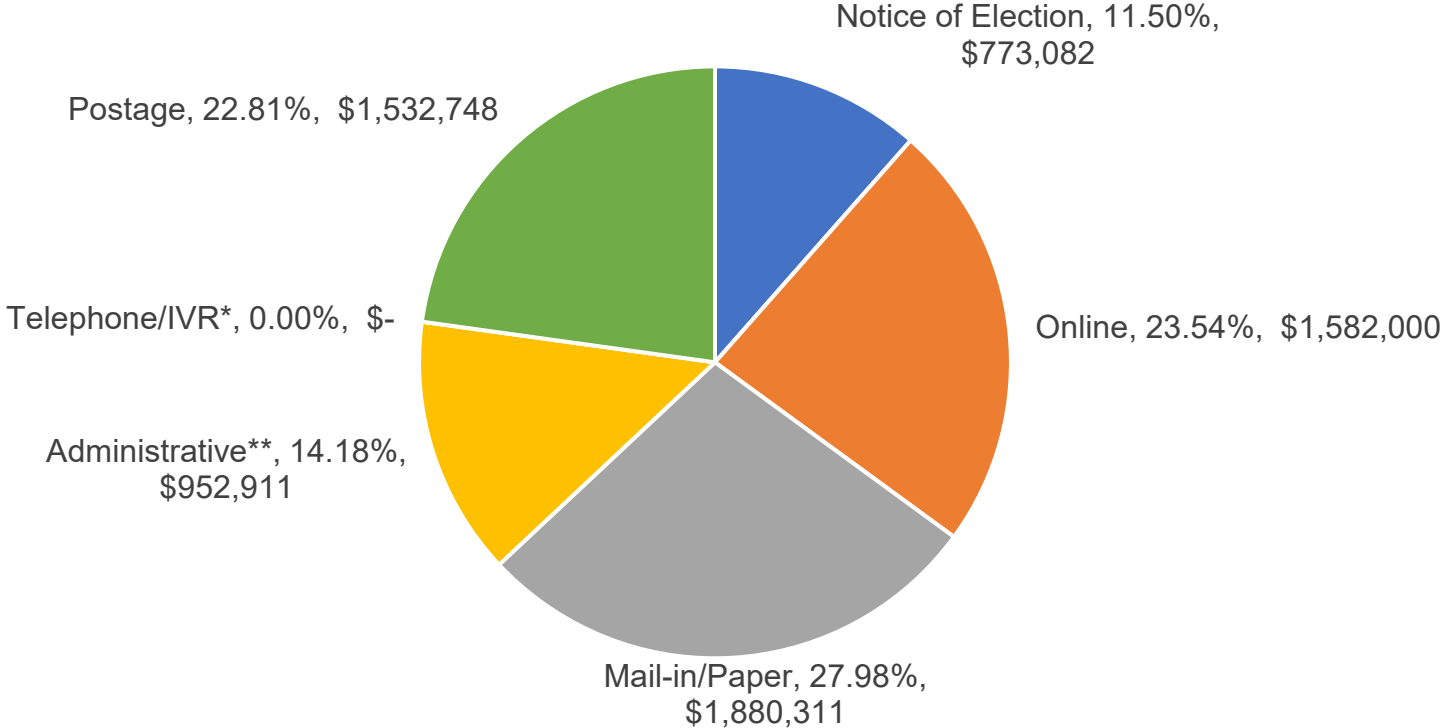
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Historical Voter Turnout

*School seat has been unopposed since 1998.

Voter Preference Was Mixed

- Mail-in ballot remains the most popular
- Increase in online voting average compared to previous cycle (22.53%)
- Active member elections have higher preference for online voting
- Telephone/IVR remains least preferred

Election	Mail-in/Paper	Online	Telephone/IVR
2021 Member-at-Large	77.62%	19.63%	2.75%
2021 Special Public Agency Member	57.93%	38.72%	3.35%
2022 Special Retired Member Primary	76.03%	20.75%	3.23%
2022 Special Retired Member Runoff	76.42%	19.84%	3.74%
Election Cycle Average	**72.00%**	**24.74%**	**3.27%**

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Election Cost Breakdown

Notice of Election, 11.50%, $773,082

Online, 23.54%, $1,582,000

Postage, 22.81%, $1,532,748

Telephone/IVR*, 0.00%, $-

Administrative**, 14.18%, $952,911

Mail-in/Paper, 27.98%, $1,880,311

*There are no contractual costs for the Telephone/IVR voting system. Staff spend an estimated 20 to 70 hours per election on the development and testing of the system.

**Administrative costs include the consultation and modification of the voting system, including voter tracking system maintenance, paper ballot scanning, adjudication, and election tabulation/certification.

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How Can We Improve the Process?

1. Consider a voting method option based on the four options

2. Other items to consider

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Option A: Status Quo

Continue with online, telephone/IVR, and mail-in ballot options for all elections

Benefits	Challenges
Provides voter with the most voting options	High costs
No regulatory updates needed	Heavy reliance on enterprise support

Cost Savings: $0

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Option B: Return to Mail-in Ballot Only

Allow only mail-in ballot votes, similar to elections prior to 2017

Benefits	Challenges
Most popular voting stream	Active members trending towards online voting preference
Cost savings	Unknown impact on voter turnout
	Regulation amendments required

Cost Savings: Approximately $1.6M based on this cycle.

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Option C: Move to Mail-in Ballot/Online Only

Votes will be submitted by mail-in ballot and online only

Benefits	Challenges
Supports retirees' preference for mail-in ballots and active members trending towards online voting	Modification to voter experience with elimination of telephone/IVR voting
Decreases use of staff resources	Unknown impact on voter turnout
	Regulation amendments required

Cost Savings: No contractual savings.

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Option D: Hybrid Voting System

Customize the voting method by member trends; eliminates telephone/IVR completely

Election	Mail-In	Online	IVR
Member-at-Large	✓	✓	
State, School, and Public Agency Member		✓	
Retired Member	✓	✓	

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Option D: Hybrid Voting System (cont.)

Benefits	Challenges
Tailored to each voting community	Modification to voter experience
Cost savings	Unknown impact to voter turnout
Paper reduction	Regulation amendments required

Cost Savings: Approximately $300K based on this cycle.

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2. Other Items to Consider

- Safeguard measures for perjury statement signature by adding a reveal tab over signature area in return envelope

- Costs an additional $630K based on this election cycle

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3. Stakeholder Feedback

- Ranked Choice Voting/Instant Runoff Voting

- This is a single election voting method which allows voters to rank candidates in order of preference to determine the winner, without the need for a separate runoff election.

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Next Steps

- Update Regulations (if applicable)
  - September 2023: FAC Agenda Item to conduct 45-day comment period on selected option and regulation changes
  - November 2023: 45-day comment period on regulation changes
  - February 2024: FAC Agenda Item seeking final board approval
  - June/July 2024: Regulations effective if approved

- Next Election Preparations
  - February 2025: FAC Agenda Item to approve Notice for Member-at-Large Election

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Summary

Board Action Requested:

1. Select Voting Option

Option	Approximate Cost per Election Cycle	Approximate Savings
Option A (Baseline): Status Quo	$6,700,000	$0
Option B: Return to Mail-in Ballot Only	$5,100,000	$1,600,000
Option C: Move to Mail-in Ballot/Online Only	$6,700,000	$0
Option D: Hybrid Voting System	$6,400,000	$300,000

2. Other Items to Consider
    *   Safeguard measures for perjury statement signature by adding a reveal tab over signature area in return envelope

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