

FORMAL ISSUE MEMO

Date: January 28, 2010

Board of Administration Election Voter Participation**Issue:**

CalPERS has historically had a low percentage of members vote in the Board of Administration (Board) election process. This paper discusses measures that have been taken in the past and possible options to increase voter participation.

Background:**What is our current participation percentage?**

Member-At-Large:

2009 15.72 percent initial; 17.19 percent runoff
2005 16.67 percent initial; 17.08 percent runoff
2001 20.15 percent
1997 20.4 percent

Retired:

2007 32.42 percent initial; 31.58 percent runoff
2003 Incumbent Unopposed
1999 Incumbent Unopposed
1995 Incumbent Unopposed

State:

2006 16.06 percent
2002 19.97 percent
1998 18.83 percent
1994 23.05 percent

Public Agency:

2006 Incumbent Unopposed
2002 14.52 percent
1998 17.31 percent
1994 23.77 percent

Schools:

2006 Incumbent Unopposed
2002 Incumbent Unopposed
1998 19.05 percent
1994 24.76 percent

The election for the retired representative has historically had the highest voter participation. In the 2007 retired position election, the percentage was 32.42 percent in the initial vote and 31.58 percent in the runoff.

Periodically, the Board has addressed the issue of increasing voter participation in CalPERS board elections. There were significant efforts made in 1998, 2001, and 2006 to address the issue. A brief summary of those efforts and results are presented below.

1998 Public Agency, State and School Elections

In an attempt to increase voter participation in the 1998 Public Agency, State and School elections, the Board authorized the following actions:

- mailing of postcards to active members reminding them to vote in the upcoming board elections
- pay stub messages
- election reminders sent with the 1998 Annual Member Statement
- work site election posters distributed to employers

The total cost of these promotional efforts was \$152,201.

A comprehensive schedule of the promotional activities implemented for the 1998 election is attached (Attachment B). The average voting results of those efforts in 1998 compared to the previous election in 1994 show that an increase in voter participation was not realized.

1998	18.40 percent
1994	23.86 percent

2005 Member-At-Large Election

In 2001, the Board approved sweeping changes to the board election regulations including:

- Increasing the optional candidate statement from a maximum of 150 words to 200 words.
- Adding an additional optional 100-word candidate statement addendum to the optional 200-word candidate statement.
- Requiring that a Board member be elected by a majority vote, instead of plurality vote.

Part of the justification for implementing these changes, especially the majority vote provision, was to increase voter participation. The elections following the changes in 2001 (beginning with the 2005 Member-At-Large Election) did not

realize an increase in voter participation, as evidenced by the following Member-At-Large Election results:

2009	15.72 percent initial, 17.19 percent runoff
2005	16.67 percent initial, 17.08 percent runoff
2001	20.15 percent

With the exception of the Retired Election, which historically has had the highest rate of return, voter participation has consistently declined.

2007 Retired Election

In May 2006, the Board acted on a comprehensive agenda item regarding Board Member Elections presented at the Benefits and Program Administration Committee meeting. Agenda Item 11, Section A-4, reviewed the impact of the board election regulations that took effect in the 2005 Member-At Large Election and read as follows:

How Can CalPERS Increase Voter Participation?

“Current methods used to notify members of elections include direct mailings to employers and retirees [Notice of Election], the CalPERS website, CalPERS member and employer publications, and outreaches to interested employee and retired organizations”.

The Board directed the Operations Support Services Division (OSSD) Board Election Office and the Office of Public Affairs (PAOF) to consider “election promotional activities” to improve voter participation. The goal became to implement promotional activities in time for the 2007 Retired Election.

The PAOF engaged the services of a public relations firm to participate in the development of promotional ideas. As a result of this effort, it was decided to print a tri-fold color brochure to mail to retirees in advance of the first voting period of the 2007 Retired Election, in order to notify/remind retirees that CalPERS board election voting materials would be mailed in the following couple of weeks. This brochure highlighted the important responsibilities of the Board and the importance of voting in the election and was mailed to 392,130 retirees for a total cost of \$132,000.

The voting results of this outreach were as follows:

- Initial 2007 Retired Election: 32.42 percent
 - Retired Runoff Election: 31.58 percent
 - 1991 Retired Election: 46.60 percent
- (the incumbent was unopposed in 1995, 1999, and 2003)

Again, the average voting results of those efforts in 2007 compared to the previous election in 1991 show that an increase in voter participation was not realized.

Retired member response to the 2007 brochure was generally negative. The prevalent comment was “why are you spending retirement funds on telling me that you’re going to be mailing me a ballot for the election?”

Discussion:

What can we do to better increase participation?

The following are possible options to consider for increasing voter participation:

1) Webinars: Webinars are live presentations viewed online and listened to via telephone. The webinar would be marketed to CalPERS members by such means as CalPERS On-line and the PERSpective. Those wishing to participate would register in advance to receive a link to view the presentation. A participant may interact with the speaker by computer, by phone (using a dial in code) or texting.

PROS

- Candidates would be invited to have an equal opportunity to make a time-limited statement to members.
- Any member with internet access may view the webinar.
- Effective way to reach a large audience.
- Provides an opportunity to see and hear a candidate.

CONS

- There may be limitations on the content of verbal statements via the CalPERS website.
- Members without internet access will be unable to participate in a webinar.

COST

The PAOF has a contract with Conference Plus to provide webinars. A “listen only” session via telephone while viewing on the computer is four cents per minute per person. To interact with the presenters via telephone (while viewing on the computer) the fee is 21 cents per person per minute. CalPERS is billed for the accumulated minutes per person.

RECOMMENDATION

It is recommended that CalPERS move forward with exploring the use of webinars for future elections.

2) CalPERS online video of each candidate: The PAOF Video Productions Unit can provide production resources to develop candidate testimonial videos. Each candidate would be invited to participate in a video shoot of prepared statements no longer than two minutes in length. Each candidate would speak into the camera to give their statement as to why he/she is running and why they are qualified. The camera would shift to the next candidate until all have spoken. Candidates would not have the option to re-take or stop and start over. Following the taping, the video would be posted on the CalPERS On-line website in its un-edited form.

PROS

- Candidates have an equal opportunity to make a time-limited statement to members.
- Any member with internet access may view the video.
- The PAOF Video Productions Unit is able to produce candidate testimonial videos (see PAOF Board Candidate Video Proposal – Attachment C).

CONS

- There may be limitations on the content of verbal statements via the CalPERS website.
- Members without internet access will be unable to view a video.

COST

The cost for this production, including production development, one-day of shooting, editing, and delivery to the web is estimated at \$2,500 – \$3,000.

RECOMMENDATION

It is recommended that an online video be considered as another option (along with webinars) for members to see and hear a candidate. Producing such a video is more cost effective than mailers.

3) Marketing/Blog: CalPERS has accounts on Twitter and Facebook. Currently there are 600 followers on Twitter and 500 on Facebook. This service is free. It can be used to advertise and post official CalPERS board election information. It can also be used to provide links to board election candidate websites and other contact information.

PROS

Quick and easy for members to access CalPERS Twitter and Facebook social communities.

CONS

Members without internet access will be unable to view the information.

COST

None

RECOMMENDATION

It is recommended that Twitter and Facebook be used to advertise elections and provide links to the CalPERS board election website.

4) Longer candidate statements: Currently candidates are allowed by regulation (Board Election Regulation Statute 554.4—Attachment D) to submit a 200-word candidate statement and a 100-word candidate statement addendum (300-words total). Depending on the format of the statement, as submitted by the candidate, often there is unused space on the page.

PROS

- Candidates will have the opportunity to expand on their qualifications and position on issues in the CalPERS official election document that is mailed to members.
- Members will have more information from the candidates to help them make their voting decision.
- The current 200-word limit sometimes results in empty space on the page (depending on statement format – bullets, indentations, etc.) An increase in the word limit could fill an otherwise empty space, while at the same time limiting the candidates' statements text layout formatting options as detailed in the Candidate Statement/Addendum Booklet Format Requirements.

CONS

- The present regulation related to the 200-word candidate statements and 100-word candidate statement addendum would have to be changed through the rulemaking process before implementing an increase in words. The process would require up to 18 months to complete.
- Longer candidate statements may result in an increase in the number of pages and weight of the candidate statement booklets, increasing election expenditures for paper and postage.

COST

If a large increase in the word count resulted in adding a page to the booklet, additional costs for paper and postage would be incurred. Under the present booklet construction, adding one additional page to the candidate statement booklet for 1.275 million voters (2009 Member-At-Large election) would result in an estimated increase of \$235,750.

RECOMMENDATION

It is recommended that consideration be given to increasing the maximum number of words on the candidate statement, taking into

consideration any potential issues related to increasing the number of words.

5) Conduct a debate at Lincoln Plaza: All candidates could be invited to participate in a debate in the Lincoln Plaza auditorium. The debate would need to be moderated by an impartial third party. The debate could be streamed live on the CalPERSNetwork or YouTube.com so that members can view from any where in the world in real time.

PROS

- Candidates who choose to participate would be able to discuss issues and express their positions on them.
- Members will have the opportunity to receive more information from the candidates in order to help them make their voting decision.
- The debate can be recorded and available online for viewing.

CONS

- A debate held at Lincoln Plaza, sponsored/conducted by CalPERS, could be perceived as “favorable” to incumbent Board members. A debate could be held at a neutral site, by an independent voter organization such as the League of Women Voters.
- Only local Sacramento members will have a reasonable opportunity to attend such a debate in person.
- If the debate is streamed live on-line, members without internet access will be unable to watch the debate.

COST

Cost considerations would be: facility costs (engineering, janitorial, security), staff and technology resources for coordinating the debate including live streaming on the CalPERSNetwork or on YouTube.com, marketing the debate, and managing the debate.

RECOMMENDATION

It is recommended that debates be sponsored by an independent organization and take place at a neutral location. Debates can be streamed live on the CalPERSNetwork and/or YouTube.com so it can be viewed by CalPERS members any where in the world in real time.

6) Get-Out-the-Vote/Photo Mailer: A flyer or postcard could be mailed out to all members in advance of the voting materials reminding them to vote.

PROS

- Members receive a mail notification in advance of the upcoming voting materials to be sent to them and reminding them to vote.

CONS

- In the 1998 and 2007 elections, this type of get-out-the-vote mailing was made and both times there was no increase in voting generated.
- These mailers are the most expensive of all the options. In 1998 the cost was \$152,201 (659,327 active members) and in 2007 the cost was \$132,000 (392,130 retired members). The cost for the Member-At-Large election (1.275 million members) would be substantially higher.
- There may be Political Reform Act provisions which govern elected CalPERS Board members' pictures in CalPERS publications, maybe including election related materials.

RECOMMENDATION

Due to the costs associated with producing mailers, it is not recommended that this option be pursued.

7) Advertisements in local newspapers and PERSPective articles:

Advertisements can be made in local newspapers or CalPERS articles announcing the elections.

PROS

- Publicizing the board election in the PERSPective reaches our target audience for free

CONS

- The cost of advertisements is cost prohibitive compared to other options presented
- Audience is limited to the subscribers of the newspaper

COST

- Sacramento Bee ads can cost \$10,000
- Capitol Weekly ads can cost \$400
- Articles in PERSPective and Employer News, Press Releases – no cost

RECOMMENDATION

Continue to use the PERSPective and other CalPERS publications as a vehicle for marketing the board elections.

What we already do to encourage participation?

Currently CalPERS completes the following activities to encourage voter participation:

- Direct mails the Notice of Election to retirees and to employers for distribution to active employees.

- In coordination with PAOF-Web Projects, maintains a board election web page on CalPERS On-Line.
- In coordination with ITSB-Telecommunications, maintains a board election voicemail system that includes board election information and a replacement ballot card/ballot package request auto-attendant.
- Develops and provides election information to Agency Election Officers (employers) for posting in employee work areas (Notice of Election and Public Service Announcement).
- Provides election information to interested organizations (Public Service Announcement and applicable circular letters).
- In coordination with PAOF, develops board election articles for the PERSpective and Employer News, and provides requested election information for press releases.
- In coordination with board election contractors, prepares candidate statement booklet and ballot card for mailing to members.

What about other elections?

SEIU Local 1000:

- 63,000 members.
- Voter participation range - 13.50 percent - 16.33 percent in recent elections.
- Mail paper ballots and candidate statements to members similar to CalPERS elections.
- Promote elections in weekly Update flyers distributed at worksites and on SEIU Local 1000 website (Channel 1000).
- Voter interest is promoted by controversial issues, and the candidates themselves by personal campaigning, flyers, and campaign websites.

California State Teachers' Retirement System Board (CalSTRS):

- Three elected members on the CalSTRS Board that serve the same four year terms. Total CalSTRS Board has 12 members.
- Election every four years for all three elected board members.
- Total 388,000 active members, retirees not eligible to vote.
- 38,000 active members voted in the last 2007 election; total 10 percent return.
- Able to vote by mail (paper booklets/ballot cards), telephone, or internet (no statutory requirement for Secretary of State election certification).
- Paper vote 80 percent, phone 6 percent, internet 14 percent.
- Candidate statement length maximum 250 words.
- Promote elections to eligible voting members on CalSTRS website, press releases, and member publications.

California State Automobile Association (CSAA):

- 4 – 5 million members.
- AAA members approve a slate of board of directors by proxy, not by vote.
- Proxy materials are sent to AAA members who receive the Via magazine – the proxy materials are attached in the magazine.

- There is no record maintained of how many proxy materials are returned – only interested in receiving a required percentage of responses to satisfy the quorum requirements.
- Notify members of proxy voting period in Via magazine and on AAA website.
- No correlation to CalPERS Board member elections.

Strategic/Annual Plan Impact

None

Fiscal Impact

Dependent upon actions taken

Legal Impact

Board election regulations, FPPC Political Reform Act rules, the State election code, and multiple government codes govern the Board of Administration election and campaign activities.

Any potential candidate related activity such as: debates, printed materials, web related postings, webinars, pictures of Board members, will have to be evaluated by the Legal Office before implementation. Free speech and first amendment rights may also be issues related to any CalPERS imposed limitations imposed on verbal or written statements from candidates. Eligible member voter equal accessibility issues must be considered prior to implementation of any of these options.

A change to the candidate statement and addendum would require regulation modifications through the rulemaking process.

Legislative Impact

Not applicable

Stakeholder Impact

Candidates:

- Greater exposure to eligible voting members to get their message and ideas disseminated.
- Participation in any promotional activities is not required for candidacy.

Eligible Voting Members:

- Potentially increased interest in the elections leading to higher voter return.
- The cost to the Public Employees' Retirement Fund must be minimal or members will perceive the promotional activities as an unnecessary and improper usage of retirement funds.

Critical Time Frames

Historically, in CalPERS board elections, 70 percent of the votes are cast in the first two weeks of the election voting period. Any efforts to increase voting participation should be made just ahead of the ballot mailing when members would likely be most interested and aware of the election as a result of candidate and interested organizations campaign activities.

Alternatives

Not applicable