



Finance and Administration Committee Agenda Item 5b

March 15, 2016

Item Name: Board of Administration Election Voting Process and Regulatory Changes

Program: Board of Administration Elections

Item Type: Action

Recommendation

Staff recommends the CalPERS Board approve the proposed regulatory changes listed in Attachment 1. The regulatory changes are expected to take effect January 1, 2017 for the 2017 Member-At-Large election.

Executive Summary

CalPERS staff have researched options to increase voter participation and identify ways to reduce overall election costs. One proposed change is to add internet and telephone voting options, among other regulatory changes. The Secretary of State has agreed to continue to certify our elections. These proposed changes would require staff to initiate the rulemaking process with the Office of Administrative Law (OAL).

Strategic Plan

The Agenda Item supports Goal B of the CalPERS 2012-17 Strategic Plan, which is to cultivate a high-performing, risk-intelligent, and innovative organization. Through the proposed changes to the Board election process, CalPERS can improve upon the current process and deliver superior end-to-end customer service that is adaptive to the voter's needs, while potentially decreasing the cost to administer an election.

Background

CalPERS has historically realized low voter turnout for the Board of Administration elections. Over the last five years, CalPERS has expanded its various marketing resources in an effort to increase voter participation. Even with the expanded marketing resources, CalPERS voter participation continues to decline and the cost to conduct the elections continues to be significant. Staff researched the California State Teachers' Retirement System (CalSTRS) to better understand their Board election processes. The research revealed that CalSTRS offers a blended election method allowing voters the flexibility to vote by telephone, internet or by mail. Staff anticipates that allowing additional voting methods could result in higher voter turnout, potential reduction in cost, and a more efficient process.

The proposed regulatory changes do not go into detail regarding the new electronic voting process; however, a Request for Proposal (RFP) is scheduled for release April 4, 2016 to procure a new Board election vendor who will be tasked to manage the new CalPERS blended election process. Once a new vendor is selected, staff will gain insight into their internal

processes and submit additional comprehensive regulations covering additional voting options, security of member data, as well as the physical security of the ballots.

Analysis

Below is a high level description of the significant proposed regulatory changes to the Board election process:

- Allow internet and telephone voting in addition to mailed ballots.
- Modifying the statement “majority of votes (i.e. 50% of votes cast plus one vote)” to “majority of all valid votes cast”.
- Removing the Arbitration Process and provide the Election Coordinator the authority to modify a candidate’s statement because of a controversy or claim.
- Adding language that encourages candidates to answer five predetermined questions for their candidate statement. This will give uniformity to the statements and provide enough information about the candidates to potentially motivate voters to cast their vote.
- Adding Campaign Guidelines governing the conduct of candidates running for the CalPERS Board of Administration.
- Removing the agencies’ role of distributing election materials to their employees.
- Allowing candidates to bring complaints of workplace election violations to the attention of their employers. Complaints raised by candidates will no longer be reviewed by CalPERS except as part of the protest process.
- Removing the Nomination Petition and Nomination Acceptance/Ballot Designation forms. This would allow the forms to be updated and changed without having to pursue new regulations.

Budget and Fiscal Impacts

There is a potential for cost savings to CalPERS with the new Board election voting process; however, this is unknown until staff procure a new vendor.

Benefits and Risks

Benefits

- Potential increase in voter participation by allowing a voter to submit their vote in the manner most convenient to them.
- May reduce cost to administer an election.
- Streamline the Board election process.

Risks

- If unchanged, CalPERS could continue to realize low voter turnout.
- The voter will continue to be limited in voting options.
- The cost per voter for the current Board election process will continue to be significant.

Attachments

Attachment 1 – Text of Proposed Regulatory Action



KIMBERLY A. MALM, Chief
Operations Support Services Division

DOUGLAS HOFFNER
Deputy Executive Officer
Operations and Technology

