



## Finance and Administration Committee Agenda Item 5a

September 20, 2016

**Item Name:** Proposed Board of Administration Election Regulations

**Program:** Board of Administration Elections

**Item Type:** Action

### **Recommendation**

Operations Support Services Division (OSSD) staff recommends the Finance & Administration Committee (FAC) approve the revised proposed regulations that were made available for a 15-day comment period and approval to submit the final rulemaking package to the Office of Administrative Law (OAL).

### **Executive Summary**

The proposed regulation (Attachment 1) was amended to adopt language provided by the public during the 45-day comment period and to include additional details covering online, telephone and paper ballot voting options and security of member data. The proposed regulations were made available to the public for a 15-day comment period. We have not received public comment, although the comment period ended on September 16, 2016. To the extent we receive public comment within this timeframe, we will orally update the FAC.

### **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 of Administration election process, CalPERS can improve upon the current process and deliver superior end-to-end customer service that is adaptive to the voters' needs.

### **Background**

At the March 2016 FAC meeting, the Board approved the proposed Board of Administration election regulatory changes that would allow additional voting methods, that could result in a higher voter turnout, as well as make technical changes to provide more clarity to the election process. The 45-day comment period commenced on April 29, 2016, and closed on June 13, 2016. During the comment period CalPERS received one letter containing multiple comments and a request for a public hearing.

Based on the comments received, CalPERS conducted a public hearing during the August 16, 2016 FAC and additional proposed amendments were approved. These amendments were made available to the public during a 15-day comment period that began on August 17, 2016 and ended on September 1, 2016.

Since this meeting, CalPERS has procured a new Board election vendor and have started the design phase with them on the new election process. Based on discussions with the Board election vendor, it was determined that additional regulations governing online and telephone voting are sufficiently related to the original proposed regulation text and may be added to this regulation package.

### **Analysis**

Based on the new election process, staff added the following amendments to the Board election regulations:

- Added an electronic perjury statement for online and telephone voting, similar to the perjury statement on existing paper ballot.
- Added details explaining what criteria is needed to ensure that electronic ballots will be deemed valid.
- Clarified the first vote received (paper ballot, telephone, and online) will be the only vote counted.
- Added member security language requiring the voter to enter a unique identification number provided by CalPERS, and a secure pin number.

All changes are reflected in Attachment 1 with double strikethrough and double underlined text.

If the FAC approves the proposed regulation, staff will finalize the regulation package and submit the package to OAL for final review. OAL will have 30 working days to review the approved regulation package and make a final determination.

### **Budget and Fiscal Impacts**

The Board of Administration elections is part of the budgetary process and is the regular and ongoing workload of the Operations Support Services Division.

### **Benefits and Risks**

#### Benefits

- Provides clarification on the Board of Administration election process.

#### Risks

- If unchanged, confusion due to ambiguities in the current Board of Administration Election Regulations will persist.

### **Attachments**

Attachment 1 – Text of Amended Proposed Regulatory Action

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