



Finance and Administration Committee

Agenda Item 7b

February 18, 2020

Item Name: CalPERS 2019 Retired Member Election Results and Review of Board Election Program

Program: Board of Administration Election

Item Type: Action

Recommendation

Adopt a simplified ballot package containing relevant voting information and transition to a hybrid voting system based on voter preference.

Executive Summary

CalPERS team members from the Operations Support Services Division, in conjunction with the Office of Public Affairs, Office of Stakeholder Relations, Information Technology Services Branch and the Legal Office completed the 2019 CalPERS Board of Administration Retired Member Election. In addition, the Office of Audit Services provided oversight throughout the election process with an auditor present during the random drawing for the order of candidate names to appear on the ballot, logic & accuracy ballot testing prior to the start of the election, paper ballot intake process, and the electronic tabulation process.

Henry Jones was re-elected to the retired member position. The election was officially certified by the Secretary of State on October 17, 2019. The term of office is January 16, 2020 through January 15, 2024.

After careful review of this last election cycle and in an effort to improve the board election program, an analysis was performed on the current board election process. It is recommended that the ballot package and voting methods be modified to reduce complexity and overall costs to administer elections.

It is recommended that we move to a single page, simplified ballot package which would significantly reduce paper waste, printing and postage costs. In addition, this agenda item presents several options for revised election procedures for the Board's consideration.

Strategic Plan

The Agenda Item supports the CalPERS 2017-22 Strategic Plan by reducing complexity in the election process to help strengthen the long-term stability of the pension fund.

Background

The CalPERS Board of Administration consists of 13 members; six of the members are elected by their represented membership. In accordance with the Public Employees' Retirement Law (PERL) California Code of Regulations, Section 554.8(d), the candidate receiving the majority vote for each position shall be certified by the Secretary of State as being elected.

Historically, the board election voting process only offered the mail-in ballot. In 2017, CalPERS implemented online and telephone voting methods to increase voter turnout. Although mail-in ballots continued to be the most popular voting method, with 77.47% of all votes received, there was an increase in online voting by the active member population during the 2018 Public Agency Member election, with 34.72% of votes received.

Analysis

2019 CalPERS Retired Member Results

The following is a summary of the 2019 Retired Member election results:

- The retired member position was decided by a majority vote and Henry Jones was elected with 65.97% of the votes.
- The voter turnout for the 2019 Retired Member election was 19.7%. There were 604,192 eligible voters and 116,065 valid votes. An additional 2,952 ballots were received; however, they were deemed invalid. This information can be found in Attachment 1. In comparison, the 2007 Retired Member election voter turnout was 31.58%. There were 396,937 eligible voters and 125,357 votes were submitted.
- Demographic information can also be found in Attachment 1.

Marketing Efforts

The Operations Support Services Division partnered with the Office of Public Affairs and the Office of Stakeholder Relations to increase voter awareness of the 2019 board election. Some of the outreach efforts shown in Attachment 2 included:

- Hosted a candidate forum, streamed live and placed on the CalPERS website for future viewing
- Toolkit for the retired members
- Election reminder email blasts
- Candidate Statement videos
- Facebook, Twitter, and LinkedIn messages
- News Releases

Protest of an Election

On November 4, 2019, the CalPERS Board Election Office received a request for a protest of an election from Mr. Joseph "JJ" Jelincic. In accordance with the California Code of Regulations § 554.11, the request for a protest was distributed to the Office of Administrative Hearings (OAH) and candidates in the Retired Member election.

On December 2, 2019, Mr. Jelincic withdrew his request for a protest of an election.

Budget and Fiscal Impacts

The total cost to conduct the 2019 Retired Member election for Fiscal Years 2018-19 and 2019-20 was \$1,354,782.76 and the cost per voter was approximately \$11.38. In comparison, the 2017 Member-at-Large Election was \$25.86 for the primary election, and \$17.13 for the runoff election, and the 2018 Public Agency Election cost per vote was \$29.62. The 2019 Retired Member Election detailed Cost Summary is shown in Attachment 3.

Board Election Program Review

To reduce complexity and improve the voter experience for the next election cycle, below is a comparison of the current ballot package and the recommended simplified ballot package.

Current Ballot Package	Simplified Ballot Package
<p>Candidate statement booklet:</p> <ul style="list-style-type: none"> • Candidate statements • Voting instructions • Customer service contact information • Election process information <p>Ballot card:</p> <ul style="list-style-type: none"> • Voting instructions • Customer service contact information • Personal Identification Number • Tear-off ballot for return <p>Prepaid return envelope (security tint)</p>	<p>One-page document:</p> <ul style="list-style-type: none"> • Voting instructions • Customer service contact information • Webpage URL to find candidate information • Personal Identification Number • Tear-off ballot for return <p>Prepaid return envelope (security tint)</p>

Additional analysis was performed using statistics from the 2017-2020 election cycle to identify voting method preferences and what changes could be made to the election process that would provide immediate cost-savings and increase voter turnout. The voting methods for the Board's consideration are:

- Option A (Baseline): Status Quo – Continue with online, IVR, and mail-in ballot methods for all elections. CalPERS developed secure and accessible voting methods that received positive feedback from stakeholders. However, this is the most expensive option that could continue to experience low voter turnout.
- Option B: Return to Mail-in Ballot Only – Allow only mail-in ballot votes, similar to elections prior to 2017. Currently, mail-in ballot votes are the most popular form of voting. However, the active membership and future voting population are trending towards an online voting preference. This is demonstrated by the increase in online ballots received in the 2018 Public Agency Member election.
- Option C: Move to Online/IVR Ballot Only – Votes will be submitted online or by IVR ballot only. The future voting population is trending towards online voting preference, but the mail-in ballot method continues to be the most popular voting choice by the current CalPERS membership.

- Option D: Hybrid Voting System - The hybrid system allows CalPERS to reduce costs by customizing voting methods by election:
 - **Member-at-Large Election** – Online, IVR, and mail-in ballot: The hybrid option will accommodate active and retired members by allowing all three voting methods.
 - **State, School, and Public Agency Elections** – Online and IVR ballot only: Active members will be required to submit their votes online or by IVR, which aligns with the election trends and would reduce paper and postage costs.
 - **Retired Member Election** – Mail-in ballot only: Retired members will continue to utilize the mail-in ballot method. This aligns with the voting population’s current preference and will eliminate online and IVR costs.

Budget and Fiscal Impacts

Cost savings projections are based on the 2017-2020 election cycle, which include projected costs for the two elections that ran unopposed (State and School Member Elections):

1) Simplified Ballot Package

Option	Approximate Cost Savings per Election Cycle
Current Ballot Package	\$0
Simplified Ballot Package	\$425,000

2) Customized Voting Methods

Option	Approximate Cost per Election Cycle	Approximate Cost Savings per Election Cycle
Option A (Baseline): Status Quo	\$8,500,000	\$0
Option B: Return to Mail-in Ballot Only	\$5,500,000	\$3,000,000
Option C: Move to Online/IVR Ballot Only	\$6,400,000	\$2,100,000
Option D: Hybrid Voting System	\$7,770,000	\$730,000

Benefits and Risks

Simplifying the ballot package could cause a possible decrease in voter turnout. However, by simplifying the ballot package, there will be a reduction in cost, paper waste and will position the election program to better serve our voting population that has shown a preference in utilizing the online voting method.

Attachments

Attachment 1 – Retired Member Election Information

Attachment 2 – Voter Outreach Statistics

Attachment 3 – Cost Summary

Attachment 4 – CalPERS Board Election Program Review

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