

CalPERS 2019 Retired Member Election Results and Program Review

Finance & Administration Committee

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Operations Support Services Division

Overview

Board Election Program Review:

- 2017 – 2020 Cycle

Board Direction:

- Ballot package
- Voting methods

Board Election Program Review

Years 1 – 3:

- Active elections

Year 4:

- Conduct RFP for Board election vendor selection
- Make administrative and regulatory updates

Board Election Program Review (cont.)

Year*	Election
1 (2017)	Member-at-Large Election - Positions A and B
2 (2018)	State, School, and Public Agency Member Elections (simultaneous elections)
3 (2019)	Retired Member Election
4 (2020)	RFP and Program Updates

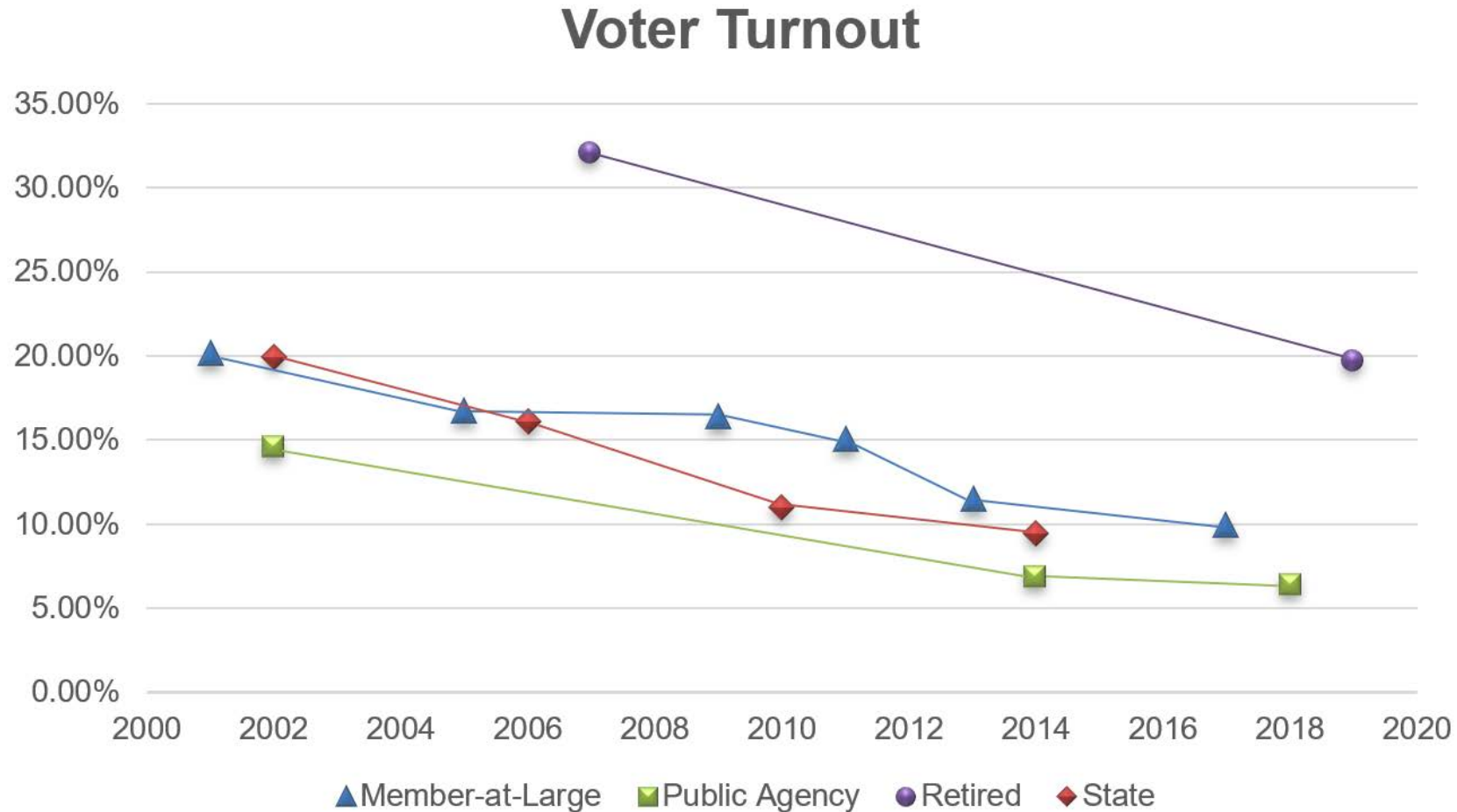
*Current election cycle years in parentheses

Voter Turnout and Costs

Election	Voter Population	Voter Turnout	Cost per Vote Received	Total Cost
2017 Member-at-Large Primary	1,397,141	9.1%	\$25.86	\$3,184,692
2017 Member-at-Large Runoff	1,409,358	10.7%	\$17.13	\$2,529,811
2018 State Member	256,429	n/a	n/a	\$0*
2018 School Member	310,987	n/a	n/a	\$0*
2018 Public Agency Member	258,899	6.4%	\$29.62	\$481,164
2019 Retired Member Election	604,192	19.7%	\$11.38	\$1,354,783

*Unopposed elections. If held, estimated cost: State Member \$462,547 and School Member \$549,151

Historical Voter Turnout



Note: The School Member election has been unopposed since 1998

CalPERS Introduced New Voting Methods

To increase voter turnout, additional voting options added in 2017:

- Online
- Telephone (Interactive Voice Response or IVR)

Extensive Outreach to Market Elections

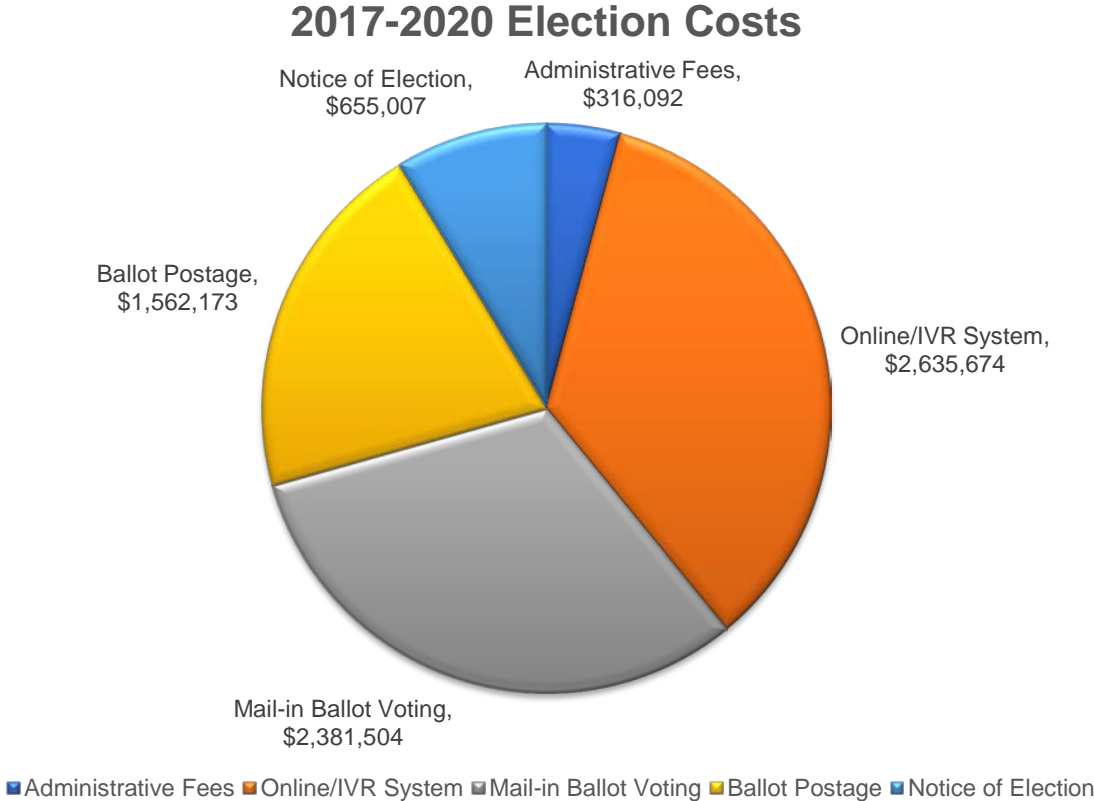
- Online voting demonstrations at Stakeholder Forums and Benefit Education Events
- Marketing partnership with the top 10 largest public agency employers
- Candidate statement videos
- Toolkits for employers and retired associations
- Spotlight ads/banners on Inside CalPERS
- Press releases and social media posts
- Candidate forums (in-person, live streamed, on YouTube)
- Election reminder email blasts

Voter Adoption Was Mixed

- Mail-in ballot was the most popular
- Large increase in online voting during the 2018 Public Agency Member election

Election	Mail-In	Online	IVR
2017 Member-at-Large Primary	78.73%	18.69%	2.58%
2017 Member-at-Large Runoff	77.89%	19.05%	3.06%
2018 Public Agency	60.71%	34.72%	4.57%
2019 Retired Member	77.84%	17.41%	4.75%
Election Cycle Average	77.47%	19.08%	3.45%

Election Costs



How Can We Improve the Process?

To increase turnout and minimize costs, we will explore the following election components:

1. Develop a simplified ballot package
2. Adjust voting methods according to voter preference

1. Simplified Ballot Package

Current Ballot Package	Simplified Ballot Package
<p>Candidate statement booklet: (approx. 8-10 pages)</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 candidate information • Personal Identification Number • Tear-off ballot for return <p>Prepaid return envelope (security tint)</p>

Why Simplify the Ballot Package?

Benefits	Challenges
Environmentally friendly ballot package	Modification to voter experience
Reduce complexity for voters	Regulatory amendments required
Cost savings	

Cost Savings: Approximately \$425k based on previous cycle

2. Adjust the Voting Methods

Additional voting methods have been adopted with varying success

Election	Mail-In	Online	IVR
2017 Member-at-Large Primary	78.73%	18.69%	2.58%
2017 Member-at-Large Runoff	77.89%	19.05%	3.06%
2018 Public Agency	60.71%	34.72%	4.57%
2019 Retired Member	77.84%	17.41%	4.75%

Option A: (Baseline) Status Quo

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

Benefits	Challenges
Received positive feedback from stakeholders	High costs
Secure and accessible experience	Low voter turnout
No regulatory updates needed	Heavy reliance on enterprise support

Cost: Approximately \$8.5 million based on previous cycle

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	Does not support sustainability goals
	Possible decrease in voter turnout
	Regulation amendments required

Cost Savings: Approximately \$3 million based on previous cycle

Option C: Move to Online/IVR Ballot Only

Votes will be submitted online or by IVR ballot only

Benefits	Challenges
Active members trending towards online voting	Modification to voter experience
Reduce paper	Possible decrease in voter turnout
Cost savings	Regulation amendments required

Cost Savings: Approximately \$2.1 million based on previous cycle

Option D: Hybrid Voting System

Customize the voting method by election type

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

Option D: Hybrid Voting System (cont.)

Benefits	Challenges
Tailored to each voting community	Modification to voter experience
Cost savings	Regulation amendments required

Cost Savings: Approximately \$730k based on previous cycle

Next Steps

- **Conduct RFP Process**
 - April 2020: Release RFP
 - Fall 2020: Anticipated contract award
- **Update Regulations**
 - April 2020: FAC Agenda Item to conduct 45-day comment period on selected option and minor regulation changes
 - May/June 2020: 45-day comment period on regulation changes
 - September 2020: FAC Agenda Item seeking final board approval
 - January 2021: Regulations effective
- **Vendor onboarding and preparations**
 - February 2021: FAC Agenda Item to approve Member-at-Large election

Summary

Board Action Requested:

1. Simplified Ballot Package

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

2. Adjust the Voting Methods

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