



## **Benefits and Services Committee**

### **Item Number 2 – Open Session**

**Subject:** Approval of Minutes of the January 10, 2024, Benefits and Services Committee – Open Session

**Presenter(s):** Chairperson

**Item Type:** Consent Action

**Date & Time:** May 2, 2024 – 0 minutes

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**Attachment(s):** None

**PowerPoint(s):** None

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#### **PROPOSED MINUTES**

**Teachers' Retirement Board – Benefits & Services Committee Meeting**

**January 10, 2024**

**OPEN SESSION**

**LOCATION: Board Room, 100 Waterfront Place, West Sacramento, CA 95605**

#### **COMMITTEE MEMBERS PRESENT**

Sharon Hendricks, Chairperson

Karen Yamamoto, Vice Chairperson

Denise Bradford

Ken Tang

Frank Ruffino, representing the State Treasurer, Fiona Ma

#### **COMMITTEE MEMBERS ABSENT**

Joe Stephenshaw, Director of Finance

Tony Thurmond, State Superintendent of Public Instruction

#### **STAFF PRESENT**

Cassandra Lichnock, Chief Executive Officer

Brian J. Bartow, General Counsel

Lisa Blatnick, Chief Operating Officer

Melissa Norcia, Chief Administrative Officer

Bill Perez, Chief Benefits Officer  
 Teresa Schilling, Chief Public Affairs Officer  
 Julie Underwood, Chief Financial Officer  
 Lamont King, Deputy General Counsel  
 Lynn Bashaw, Director of Enterprise Risk Management & Compliance Services  
 Cheryl Cervantes Dietz, Chief Auditor  
 Karen Doron, Director, Communications  
 Kate LeBlanc, Director, Retirement Readiness  
 Joycelyn Martinez-Wade, Director of Governmental Relations  
 Reina Minoya, Assistant General Counsel, Litigation Services  
 Diane Stanton, Director, Public Affairs  
 Kristel Turko, Director, Human Resources  
 Rick Reed, System Actuary  
 David Lamoureux, Deputy System Actuary  
 Jordan Fassler, Senior Actuary  
 Phil Burkholder, Enterprise Risk Management & QA Manager  
 Tom Buffalo, Research Data Manager  
 Fred Messerer, Assistant General Counsel, Legal Services

**OTHER PRESENT**

Jennifer Baker, CalRTA  
 Pat Geyer, CalRTA  
 Joe Bartell, CTA  
 Brian Breslin, CTA  
 Mitch Olson, CTA  
 Marykay Scheid, CTA  
 Kevin Welch, CTA  
 Ed Foglia, CTA/NEA-Retired  
 Don Stauffer, CTA/NEA-Retired  
 Peter Morse, FACCC  
 Dana Dillon, CTA/NEA-Retired

A quorum being present, Chairperson Hendricks called the Open Session meeting of the Benefits and Services Committee to order at 4:28 p.m.

**I. APPROVAL OF COMMITTEE AGENDA (Item 1)**

**MOTION** duly made by Ms. Bradford, seconded by Ms. Yamamoto, and carried to approve the Committee Agenda.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	x		
Mr. Tang	x		

Ms. Yamamoto	x		
Mr. Ruffino for the State Treasurer	x		
Chairperson Hendricks	x		

**II. APPROVAL OF MINUTES FOR THE SEPTEMBER 14, 2023, BENEFITS AND SERVICES COMMITTEE MEETING – OPEN SESSION (Item 2)**

**MOTION** duly made by Ms. Yamamoto, seconded by Mr. Tang, and carried to approve the minutes for the Minutes for the September 14, 2023, Benefits and Services Committee Meeting – Open Session.

Members Voting	Aye	Nay	Abstain
Ms. Bradford	x		
Mr. Tang	x		
Ms. Yamamoto	x		
Mr. Ruffino for the State Treasurer	x		
Chairperson Hendricks	x		

**III. TRENDS IN HOW STUDENTS OBTAIN THEIR EDUCATION (Item 3)**

The committee received a presentation from Mr. Buffalo covering recent trends in how K-12 students in California and the four next most populous states obtain their education. The committee heard that public school enrollment in California has declined for the sixth consecutive year and that the rate of decline increased sharply during the COVID-19 pandemic, but it has slowed and appears to have returned to the pre-pandemic trajectory. The committee also heard that New York and Pennsylvania saw similar decreases in enrollment, while Florida and Texas saw public school enrollment increases during the same time period. The committee learned that domestic migration out of California is a significant contributing factor. The committee heard that private school enrollment in California also declined during the early years of the COVID-19 pandemic but has returned to pre-pandemic levels, while homeschool enrollment sharply increased during the same time-period and remains higher than pre-pandemic levels. Private school and homeschool enrollment in New York, Pennsylvania, Texas, all followed similar trajectories while Florida has seen increased private school enrollment and continues to have three times the level of homeschool enrollment than the other states. The committee learned that homeschool enrollment is increasing nationwide.

**IV. TRENDS IN CALSTRS DEMOGRAPHICS (Item 4)**

The committee received a presentation from Mr. Lamoureux and Mr. Fassler covering historical trends in CalSTRS member demographics by age group from 1996 to 2023 and potential long-term implications of these trends on CalSTRS operations, investments and liquidity needs. The committee learned that since 2005, the number of active members has remained relatively stable, but that the number of active members eligible to retire is projected to increase in the next 10 years. Based on historical trends in the number of active members who retire each year, CalSTRS projects that in approximately 10 years there will be a period of several years where the number of retirements from active members will be at or above peak levels. The committee heard that this will result in negative cashflows, meaning that CalSTRS will pay out more in benefits than it takes in through contributions, and putting more pressure on the need to generate investment earnings. However, the committee learned that negative cash flows are natural and expected for a maturing pension plan such as CalSTRS' and that today, enough cash is being generated from investment income to cover the gap. The committee was encouraged to factor future projected cash flows into future decisions regarding asset liability management and liquidity.

**V. MARKETING AND OUTREACH STRATEGY (Item 5)**

The committee received a presentation from Ms. LeBlanc and Ms. Doron covering CalSTRS' strategy for future marketing efforts and member outreach. The committee learned about cooperative efforts between the Retirement Readiness and Communications divisions at CalSTRS aimed at driving member awareness and use of CalSTRS resources. These efforts include allowing members to schedule appointments through *myCalSTRS* and via text, event-triggered outreach based on career stage, and a digital newsletter for active members. The committee expressed concern that email communications may get lost or ignored more easily due to the large amount of digital information members may receive each day and noted that CalSTRS communications should be eye-catching, informative, and concise. The committee heard that switching to a digital newsletter will save CalSTRS approximately \$313,000 per year while enabling CalSTRS to deliver information to members in a more timely manner, enhancing readability, and increasing accessibility for members with disabilities. The committee inquired about whether CalSTRS conducts outreach via text message. The committee learned that large-scale outreach via text message is currently difficult to implement because current law prohibits CalSTRS from sending text messages to members that have not affirmatively opted into receiving text message communications.

**VI. REVIEW INFORMATION REQUESTS (Item 6)**

There were no requests for information.

**VII. DRAFT AGENDA FOR NEXT COMMITTEE MEETING (Item 7)**

There were no changes to the draft agenda.

**VIII. OPPORTUNITY FOR ADDITIONAL STATEMENTS FROM THE PUBLIC (Item 8)**

There were no statements from the public.

**IX. ADJOURNMENT**

There being no further business to conduct, Chairperson Hendricks adjourned the Benefits and Services Committee meeting at 5:19 p.m.

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Cassandra Lichnock, Chief Executive Officer  
And Secretary to the Teachers' Retirement Board

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Sharon Hendricks, Chairperson

Prepared by: Fred Messerer, Assistant General Counsel; Chris McAllister, Counsel