

## CEO Report highlights state budget proposal, teacher retirement trends

CalSTRS Chief Executive Officer Jack Ehnes discussed the state budget, recent teacher retirement statistics, the CalSTRS Strategic Plan and more in his CEO Report at the January meeting.

Governor Gavin Newsom's proposed state budget for fiscal year 2021–22 includes additional payments of \$173 million from the General Fund and \$410 million from [Proposition 2](#) funds to reduce CalSTRS' unfunded liability and generate long-term savings. The proposed extra payments from the state would help keep the [CalSTRS Funding Plan](#) on track and demonstrate the commitment and high priority California places on its educators' retirement security.

The proposed budget also includes language regarding future supplemental payments to CalSTRS using Prop. 2 revenues. The current proposal, if future funds are available, is to provide CalSTRS with additional supplemental payments using those revenues totaling \$602 million between 2022–23 and 2024–25. To be implemented, the proposal must be approved by the Legislature.

See the [full report](#) for more details on the proposed budget.

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## CalSTRS complies with investment performance standards

CalSTRS furthered our commitment to transparency and ethical standards by complying with the [Global Investment Performance Standards \(GIPS®\)](#) for the 2020 fiscal year. The GIPS standards establish a standardized, industry-wide approach for asset managers and [asset owners](#) in calculating and presenting historical investment results to oversight bodies.

CalSTRS informed the board of its commitment to GIPS at the January board meeting.

Benefits of voluntary GIPS compliance include external guidance on standards, improved documentation and procedures, and better peer comparison. Compliance helps ensure that asset owners' investment performance is thoroughly and fairly presented.

Complying with GIPS required:

1. Documenting and abiding by a GIPS procedures document.
2. Creating a GIPS Asset Owner Report.
3. Engaging an independent party to conduct a performance verification and examination.

See the [board meeting item on GIPS](#) for more details and to read the asset owner report.

## January TRB meeting online



See the January board meeting, and an archive of previous meetings, on [CalSTRS.com](#).

## Board members

**Harry M. Keiley**  
Chair, K-12 Classroom Teacher

**Sharon Hendricks**  
Vice Chair, Community College Instructor

**Keely Bosler**  
Ex Officio Member, Director of Finance

**Denise Bradford**  
K-12 Classroom Teacher

**Joy Higa**  
Public Representative

**Fiona Ma**  
Ex Officio Member, State Treasurer

**William Prezant**  
Public Representative

**Tony Thurmond**  
Ex Officio Member, State Superintendent of Public Instruction

**Jennifer Urdan**  
Public Representative

**Karen Yamamoto**  
Retiree Representative

**Betty Yee**  
Ex Officio Member, State Controller

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### Teacher retirements increase in second half of 2020

CalSTRS noticed a significant increase in teacher retirements over the second half of 2020 compared to similar periods in the prior four years. In 2020, the number of retirements (3,202) represented a 26% increase over 2019.

CalSTRS surveyed most of the members who retired to better understand the trend. Two questions were posed:

- **Did you decide to retire earlier than planned?**
- **If so, what contributed to your decision to retire earlier than planned?**

CalSTRS received 517 responses and 62% of those surveyed retired earlier than planned. Those respondents then selected as many options as they wished on why they decided to retire. Here were the top three responses:

- **56%:** Challenges teaching during the COVID-19 pandemic.
- **35%:** Did not want to continue working remotely.
- **35%:** Did not want to risk exposure to COVID-19.

## CIO Report updates board on financial markets, coronavirus impact

Chief Investment Officer Christopher Ailman discussed trends in global financial markets and the impact of the COVID-19 vaccine rollout, and introduced CalSTRS' new diversity officer during his [CIO Report](#) at the January meeting.

CalSTRS partner Meketa also presented on the current low interest rates and the prospect of a low-return future.

Watch the CIO Report and the rest of the Investment Committee meeting in the [board meeting video](#).

**Next virtual board meeting dates:**  
March 4–5, 2021

For board [minutes](#), [full items](#) and [video archives](#) of past meetings, go to [CalSTRS.com/teachers-retirement-board](http://CalSTRS.com/teachers-retirement-board).

## Path forward: Adapting to a new work environment

At the start of the COVID-19 pandemic, CalSTRS adapted to a remote work environment while continuing to serve members through our secure online messaging system, webinar workshops and our call-in contact center.

With that as a backdrop, the primary focus of the board presentation was the future state and vision for CalSTRS' blended work environment.

Highlights of the [path forward plan](#) include:

- We had well-established standards in place to sustain the organization and complete a successful transition to a remote environment. We've continued our core functions of collecting contributions, investing funds and paying benefits with a dedicated professional workforce. In preparation for a post-pandemic era, we are developing fresh practices for a blended work environment and are analyzing which business functions are best suited for permanent telework.
- We are bolstering our information technology solutions and have adapted to emerging needs in the remote environment. We are managing information security software to protect member information while employees work at home.
- We are carefully considering future business practices to ensure they are tied to our mission of sustaining the trust and securing the financial future of California's educators. We are focused on achieving these outcomes in an ethical, equitable and socially responsible manner.



California State Teachers' Retirement System | P.O. Box 15275 | Sacramento, CA 95851-0275

For more information on board meeting items and video archives, visit [www.CalSTRS.com/teachers-retirement-board](http://www.CalSTRS.com/teachers-retirement-board)