



association of california school administrators

December 10, 2020 WebEx Retirement Committee Minutes

Mission of ACSA

The Association of California School Administrators is the driving force of an equitable, world-class education system, and the development and support of inspired educational leaders who meet the diverse needs of all California students.

| ACSA Retirement Committee Members and Guests in Attendance | | |
|---|---------------------------------------|---------------|
| Region 2 | Kathleen McCreery – Chair | Present |
| Region 1 | Jan Schmidt | Present |
| Region 2 | Frank Chapman | Present |
| Region 3 | Sam Neustadt | Present |
| Region 4 | Dr. Cheryl Lynn de Werff, Vice-Chair | Present |
| Region 5 | Jennie Horn | Present |
| Region 6 | Gail Yothers | Present |
| Region 7 | Jerome Panella | Present |
| Region 8 | Cliff Tyler | Present |
| Region 9 | Camila Sutherland for Mike Berg | Present |
| Region 10 | Mary Anne James | Present |
| Region 11 | Guadalupe Solis | Present |
| Region 12 | Cynthia Medeiros | Present |
| Region 13 | David Gomez | Present |
| Region 14 | James Jones | Present |
| Region 15 | David Rose | Present |
| Region 16 | Pamela Donesley | Present |
| Region 17 | Robert Silva | Present |
| Region 18 | Sandy Clifton | Present |
| Region 19 | Dan Reed | Present |
| | Hedrick (Rick) Light - CalRTA Liaison | Present |
| | Dave Davini - Attendee | Present |
| CalSTRS | Joycelyn Martinez-Wade | Present |
| CalSTRS | Diane Stanton | Present |
| Region 3 | Shelton Yip – Board Liaison | Not Available |
| Staff Liaison | Alice Petrossian | Present |
| Staff Liaison | Derick Lennox | Present |
| Staff Liaison | Margarita Cuizon-Armelino | Present |
| Support Staff | Stephanie Llamas | Present |

The WebEx ACSA Retirement Committee Meeting started promptly at **10:00 a.m.**

I. Welcome:

Roll Call

Kathleen McCreery, Retirement Committee Chairperson, welcomed everyone to our second Retirement Committee Meeting for the 2020-2021 school year. Roll call was taken and every region had a representative in attendance.

Recognition

Chairperson Kathleen McCreery recognized Janis Rawlins and thanked her for her services supporting the ACSA Retirement Committee over the years. Janis has been reassigned to other responsibilities at ACSA and she will no longer be supporting the Retirement Committee. Janis has been a very special member of our team with all of her special touches at in-person meetings and her email communications throughout the years. Janis had already stepped away from the meeting to perform her new work responsibilities so Margie Cuizon-Armelino, Senior Director of Member Services, said that she would recognize and thank Janis for us.

Kathleen welcomed Stephanie Llamas as our new ACSA support staff person.

II. Action Items:

Review and Approval of Agenda

Jerry Panella, Region 7, made the motion and Dr. David Gomez, Region 13, seconded the motion to approve the agenda. The Agenda was approved by the Committee with the understanding that there be flexibility to stop when any guest speakers join the meeting so they could present and not have to wait for their particular order on the agenda.

Review and Approval of October 22, 2020 Minutes

A Motion was made to accept the October 22, 2020, minutes as written by Dr. David Gomez, Region 13, and seconded by Sandy Clifton, Region 18, and then approved unanimously by the Committee Members at the end of the meeting.

III. Information Reports:

Leg. Policy Committee: Sam Neustadt, Region 3, and Retirement Committee Representative

The first meeting of the Legislative Policy Committee was an organizational meeting. It is between legislative sessions and also election time right now. People are being sworn in and election parties are taking place in this Intersession so there are no bills to address at this time. The Committee is reviewing the prior year's activity and will forward all bills that have to do with Covid-19 and the learning loss. Sam said that we are seeing 5 – 7 month learning loss per year in the white student population and a 7 – 12 month learning loss per year in the children of color. We are seeing inequities between children groups and ACSA is focusing on advocacy to address learning inequities. Derick Lennox was very complementary of Sam's report and how accurate it was

regarding legislative activities and the Leg. Policy Committee's current work. Derick added that there are big bills hanging out there forcing schools to open when safe and not leaving opening school decisions to the local school districts, thus they will be State mandated. Derick said that there are many educators who do not want to do this new online learning type of education and we are seeing many early retirements because of this. Derick did feel that there was an alarming number of people in education entering retirement in the CalSTRS system. Diane Stanton from CalSTRS said that she pulled the data for July 2020 – October 2020 retirements compared to last year and there is a 24% – 25% increase over last year. CalSTRS said there is a small increase in retirement. Kathleen shared that she saw this as a significant increase in retirement.

Leadership Summit: Alice Petrossian, Margarita Cuizon-Armelino, and Kathleen McCreery

Kathleen shared some information about the Virtual Leadership Summit and what a great job Gayle Olson, Past Retirement Committee Chairperson, did at our Committee sponsored "To Retire or Not To Retire?" breakout session. Dr. David Gomez, Region 13, mentioned that he was very impressed by the speakers at the Leadership Summit. He said that they were amazing! Kudos to the individuals co-anchoring the conference. He felt that the Retirement Workshop was superb and he would like to share Gayle Olson's session with Region 13.

IV. Importance of Advocacy Going Forward: Derick Lennox, ACSA GR Leg. Advocate

Advocacy News:

Derick said that it has been an eventful couple of months doing advocacy work with CalSTRS. This coming year will be an interesting one for schools. Remarkable and surprising is that revenues came in at \$10 Billion higher than we thought in the January Governor's Pre-Budget. There will be \$10 million to pay-off deferrals. Next year is a good opportunity for retirees to get involved with local legislators. Derick recommended using Zoom conferences to talk to local legislators. He said that ACSA could help retirees with this Zoom Conference with a legislator. There will be competing competition in January for these funds so advocacy is very important. Prop. 98 funds came in so that is good news. From Derick's perspective nothing is as important as equity for kids. He encouraged our Committee Members to stay active and stay involved as well as stay connected to local officials and keep fighting for kids.

Legislative Proposal from CalSTRS results in a member's benefits being reduced due to an audit with the district. Derick emphasized that we have got to fix this. He says that other parties need to step-up and fill this gap. The employer audit reports have shown district errors. This legislative bill and employers being hit on the front end could hit 20% of school districts. Derick emphasized again that we need to fix this. There is a bigger problem and CalSTRS needs to be accountable to train districts. Advice that districts receive needs to be accurate and consistent. One staff member at CalSTRS will say one thing and districts follow-up with that advice and then the audit says something else. The result is that CalSTRS is premature on this legislative item. The plan is to bring a bill to the Legislature in November 2021 to fix this problem.

Derick asked for questions: A testimony was given at the 12/9/2020 CalSTRS Bd. Meeting by ACSA. The ACSA team spoke straight from their hearts. Dave Davini, Region 2, said that he

was proud to be an ACSA member when he witnessed ACSA testifying at the CalSTRS Board Meeting in December. Derick said “Yes, lets pause and take the next year to fix this legislation.” Sam Neustadt, Region 3, said that “this mess” came from the City of Bell audit. Schools got dragged along because of CalPERS. There are 1600 different agencies in the CalPERS Pension System but “Schools” (School employees in CalPERS) is just one of these many agencies. 2013 and 2014 brought pension reforms. According to Sam, CalSTRS has no written document or rules and regulations addressing this issue. Our Committee Members stressed that there needs to be clarity and improve the reporting process.

V. CalSTRS Presentation:

Diane Stanton, Acting CalSTRS Director of Public Affairs, discussed CalSTRS issues regarding legislation/regulations. Diane was expecting Joycelyn Martinez-Wade, Director of Governmental Relations, to join our virtual meeting when she was done with a phone conference/meeting, but since Joyce never spoke we are not sure she was able to join the meeting. Scott Chan, Deputy Chief Investment Officer, and Tom Buffalo, the New Director of Research, also joined our meeting to do the CalSTRS presentations. CalSTRS did two PowerPoint presentations during their portion of the meeting. One PPT focused on the results of the Annual Members Satisfaction Survey and the second PPT presentation was to share the Collaborative Model, which will bring more assets in-house to manage and save funds. Diane Stanton from CalSTRS sent copies of these two presentations to Kathleen who then sent them immediately out to Committee Members on December 16, 2020.

Diane mentioned that the CalSTRS Board Meetings would continue to be virtual each month. She said that the virtual environment is a challenge to have multiple meetings that are each very long.

Member Satisfaction Survey Presentation

Tom Buffalo, the new CalSTRS Director of Research, presented the first PPT addressing the Annual Member Satisfaction Survey results for 2020. According to Tom, CalSTRS does this survey every January. Tom said that 3200 members responded to the survey. 2100 respondents were active CalSTRS members and 1,100 were Retired CalSTRS members. The results have been relatively flat over the years in each age band according to Tom and members taking the survey are not using the 1, 2, or 3 rating score choices. 4 is a neutral rating on this 7-point rating scale. Score results have been higher with retirement members and younger members tend to fall in the 3, 4, 5 rating, which CalSTRS calls the “swing” band.

2020 Member Satisfaction Survey Highlights:

“How satisfied are you with CalSTRS Overall?” was the question.

- **7 point rating scale:** 1 = Completely dissatisfied, 2 = Dissatisfied, 3 = Somewhat dissatisfied, 4 = Neutral, 5 = Somewhat satisfied, 6 = Satisfied and 7 = Completely satisfied
- Overall satisfaction with CalSTRS is consistent with prior years percent of members responding who rate satisfaction as a 6 or 7 on a 7-point rating scale.

- Although, Tom Buffalo said the number of survey respondents were 3200, the slide show said the N=3,165 members surveyed.
- Overall satisfaction increased with age. Newly retired members resulted in 37% choosing a 6 rating and 55% selecting a 7 rating. Those enjoying retirement showed 37% rated the question using a 6 and 53% chose a 7 rating. Therefore, the majority of retired educators are satisfied to completely satisfied with CalSTRS overall.

The Engagement score question also used a 7-point rating scale like the Satisfied Question rating scale. CalSTRS saw engagement (relationship over time) with CalSTRS increase with age. Newly Retired members had 20% of members' ratings fall in the swing portion of the scale and 80% were engaged. The Enjoying Retirement group had 21% of members fall in the swing-rating band and 78% fell in the Engaged-rating band.

The next question was "How likely are you to recommend or promote CalSTRS as a great organization?" They called this the Net Promoter Score. This was a 10 point scale with 0 = Not at all Likely and 10 = Extremely Likely. Newly Retired members scored 59% and the Enjoying Retirement group had 49% of members rating this question as likely or extremely likely to promote CalSTRS. Tom shared that retired members were also more open to using products offered by CalSTRS.

Kathleen took a quick check with our Committee Members after this Members Satisfaction PPT presentation and not one person on our Committee was part of the 2020 survey sample. This has been the case over the last few years. No ACSA Retirement Committee Member has ever received this annual Members Satisfaction Survey. Kathleen asked the CalSTRS Team if our Committee could participate in the survey?

Tom explained that there are much fewer retired members surveyed because the response return rate for ages 50, 60 and retired is so good that they do not have to send many surveys out to this age group. He said that you only have a chance of 1 in 60,000 to get a survey if you fall in this older age group.

The last slide in the PPT showed CalSTRS member satisfaction compared to other corporations in the U.S. Sam Neustadt, Region 3, shared a concern that there were no comparisons with other pension agencies listed in their satisfaction comparison with other businesses/corporations chart. The question was also asked, "How does CalSTRS compare with private systems?" Tom shared that CalSTRS recently formed a Research Consortium of pension systems across the U.S. It will be interesting for our Committee to hear more about other pension systems in this Pension System Research Collaborative and how CalSTRS fairs compared to other education pension systems.

Kathleen thanked Tom for his presentation and invited him to come back to our January Meeting. Tom did encourage anyone to send questions to Kathleen who could then forward these questions to him directly.

CalSTRS Collaborative Model Presentation

Diane Stanton introduced Scott Chan, Deputy Chief Investment Officer, to present the CalSTRS Collaborative Model. Scott shared that his wife was a veteran teacher for 30 years so he

appreciates the work of educators. He explained that the mission of CalSTRS is securing the financial future and sustaining the trust of California educators. He explained that for every CalSTRS dollar that 60 cents of the dollar comes from Investments and 40 cents from every dollar comes from contributions from the State, employers and members. According to Scott, the Collaborative Investment Strategy is to manage more assets internally and keep their Investments inside and leverage external partnerships. This strategy reduces costs and controls the portfolio rise. It increases expected returns. The cost to manage the Investment portfolio is 37% - 38% more expensive to manage Investments externally.

Highlights of The CalSTRS Collaborative Model – Evolution of CalSTRS Investment Program:

- CalSTRS is a hybrid system consisting of traditional defined benefit, cash balance and voluntary defined contribution plans.
- \$15.2 Billion in benefit payments disbursed annually
- Over \$246 billion in assets under management
- Collaborative Model – Why is CalSTRS doing this?
 - This is an investment strategy to manage more assets internally and leverage external partnerships to reduce costs, control portfolio risk and increase expected returns,
 - If fully implemented, the Collaborative Model may produce between \$200 - \$300 million of benefits in cost savings and increased returns annually over the next 10 – 15 years.
 - Present value of future savings through 2046 is estimated to be about \$3.5 billion.
 - 70% of Global Equity assets are now managed internally.

Since 2017-2018 Global Equity has funded \$6 billion in internally managed portfolios transferring funds from defunded external manager strategies, resulting in cost savings of \$19 million. The next steps are to share information with stakeholders, and to pursue a multi-year BCP to ensure staff members are on board when opportunities are present.

CalSTRS plans to “pursue investment procurement legislation” to give the Teachers’ Retirement Board the authority to contract with investment managers and advisers under policies that it adopts. Most of all the CalSTRS Administrative team wants to position CalSTRS to compete Globally and respond quickly to opportunities.

Scott was also invited to our January Meeting for follow-up questions. Scott will share the PPT with Kathleen so she can forward it to Committee Members to review and share.

After both presentations were completed Diane Stanton thanked everyone on our Committee and said that she looks forward to continued cooperation.

VI. ACSA Update Regarding Diversity – Adonai Mack, ACSA Senior Director of Equity

Adonai Mack posed many thought-provoking questions during his Equity presentation. The minutes tried to capture most of these thoughtful questions.

Adonai said, “Our students are struggling with distance learning as well as the adults.” He explained that there are equity concerns with students of color. Adonai sees his work as really

trying to dig in and examine these issues. With the death of George Floyd people are getting involved in the Black Lives Matter movement and there is a new focus on equity. There will be an anti-racism task force to look at how to break down the systemic problem. “We need more teachers of color and more administrators of color.” How do we breakdown these barriers? How do we control the policing on campus? Children of color do not think school is a safe place with police on campus while white students feel safe with police on campus.

How do we make sure all students feel safe? ACSA Advisory Group will look at policing and school climate. There is a growing number of research in the area of student and teacher diversity. The research shows that an Afro-American student will have just one Afro-American teacher in their K-12 career. The Afro-American students who do have Afro-American teacher role models have better grades and tend to go to college.

Curriculum – How are we using equity framework and addressing this in the schools? History – Are we using the diversity of thought when teaching History and Science in the schools?

What does racial healing look like? ...Conversations about white privilege and white supremacy? How can we support a curriculum that engages all students?

Adonai asked this question of our Committee Members – “How can I engage you in this work? How do you want to be involved?”

Bob Silva, Region 17, shared that he hired teachers based on skills not race. He is concerned about rigor and not making things so racial. He said that in Santa Ana the kids want police on campus “because of shootings.”

Cynthia Medeiros, Region 12, mentioned that there are a lot more multi-ethnic children in our schools. She emphasized to celebrate culture and celebrate differences. Sandy Clifton, Region 18, shared that she was keenly aware that teachers had different expectations for white students VS students of color. Sandy said, “Kids are very honest about things.” Adonai shared that he plans to incorporate students in his work. Jan Schmidt, Region 1, said that she has looked at the questions that Adonai asked and in Humboldt County there is a lot of work being done around diversity and reading books to understand. “We need to figure out terms that we use as triggers.” Jan wants to be involved in ACSA’s Equity work and asked Adonai if he could send articles to us with a list of books to read.

Adonai explained that articles are coming out of the Equity Corner in EdCAL and that people are writing articles for ACSA.

VII. Review 2020-2021 Retirement Committee Meeting Dates:

Upcoming Retirement Committee Meetings:

- 1/14/2021 WebEx 10:00 am – 2:00 pm
- 2/24/2021 Sacramento or Virtual, TBD
- 4/9/2021 WebEx 10:00 am – 11:30 am
- 5/27/2021 – WebEx 10 am – 2:00 pm

VIII. Closure:

Announcement:

Kathleen shared that Derick Lennox will be leaving ACSA to become the **Senior Director, Governmental Relations and Legal Affairs** at CCSESA (CA County Superintendents Educational Services Association). Kathleen explained that it is bittersweet for us because we are excited for Derick but we will miss him. Derick shared that he liked our honesty and appreciated working with our Committee. He has mixed feelings about the career move because the ACSA Government Relations Team is such a great team, every single team member is so dedicated and they all work together collaboratively in such an encouraging environment. Derick plans to continue staying active in ACSA. Derick looks forward to continuing to do the same type of work fighting for kids and schools through CCSESA as well as working on CalSTRS concerns. Kathleen thanked Derick for all of his hard work and wonderful service. Derick has been such an asset to our Committee, especially his work moving our participation forward with the Retired Charter Group. Derick and all of his support will be missed very much. Thanks Derick for being so wonderful! We wish Derick all the best in his new position. We know that he will do a great job.

Raffle Prizes:

There were four raffle prizes given away through a drawing at the end of the meeting and the winners were Mary Anne James, Region 10; Sam Neustadt, Region 3; Cynthia Medeiros, Region 12; and Gail Yothers, Region 6. Congratulations to these 4 lucky winners!

Kathleen shared with the Committee that she welcomed feedback from today's meeting and to feel free to send Pros and Cons to her. She also asked for topics for our January Meeting. Alice Petrossian, ACSA Staff Liaison, thanked Kathleen for all of her time each day as our Chairperson. Dr. Cheryl Lynn de Werff, Region 4, welcomed Stephanie Llamas to our Committee.

Adjournment:

Chairperson Kathleen McCreery adjourned the Retirement Committee Meeting at **11:38 a.m.**

Minutes for December 10, 2020, respectfully submitted by Dr. Cheryl Lynn de Werff, Region 4, Vice-Chair.

