CalSTRS Board-Level AI Governance Foundational Beliefs and Principles

Introduction

These board-level governance foundational beliefs and principles cover the use of artificial intelligence (AI) at CalSTRS. The statements play a clarifying and boundary-setting role in guiding how the board and staff approach decisions about AI over time. These statements:

- Set direction by articulating values and expectations without prescribing tools or implementation approaches;
- Provide a stable reference point as technologies, risks, and use cases evolve;
- Support consistent oversight and shared expectations between the board and staff; and
- Enable the board to exercise oversight without engaging in operational detail.

These statements are the result of a recommendation by the Board-Staff Working Group on Technology Governance that was delivered to the full board in May 2026. Developing the foundational beliefs and principles was a collective effort between board members and CalSTRS Executive Staff.

The board shall review these statements at least once every three years, or sooner if material changes in technology, law, risk, or CalSTRS' use of AI warrant.

Additional Notes on the Use of these Statements

These statements govern the use of AI by CalSTRS staff and board members in the performance of their responsibilities. They are designed to harmonize with the staff-level, operational principles and are intended to guide how AI-enabled tools and processes are used to support CalSTRS operations, analysis, decision-making, and service delivery.

These statements do not apply directly to vendors, consultants, or other third parties. However, staff should consider the statements when selecting, overseeing, and managing third parties that use AI in connection with CalSTRS data, information, systems, or business activities. The statements may also inform the level of due diligence, monitoring, contractual requirements, and oversight applied to such third-party activities.

The statements do not govern investment strategy, asset allocation, security selection, or other investment decisions, including decisions related to investments in AI-related securities, companies, or assets. Such matters are governed by applicable investment policies and the CalSTRS Investment Beliefs. The statements apply only to the use of AI tools and systems that may support investment-related analysis, research, operations, or decision-making processes.

Our Foundational Beliefs

The Teachers Retirement Board affirmatively believes the following.

- AI is a distinct category of technology that requires board-level oversight.
- We ground our oversight of AI usage in our fiduciary responsibility to ensure CalSTRS meets its mission and preserves the trust of California's educators.
- There are both opportunities and risks in using AI.
- AI will have a material impact on how CalSTRS operates.
- Human judgment should remain primary for decision-making processes affecting members and those with material investment implications.
- Board-level oversight of AI should be commensurate with the risk and impact of individual use cases.
- The governance principles are intended to provide clear guardrails that enable CalSTRS staff to deliberately, intentionally, and proactively pursue innovation.
- Trustees commit to continuous education related to this evolving space.

About these Foundational Beliefs

These foundational beliefs are intended to serve as durable statements that capture how the board understood AI at the time these principles were adopted. They should be used to preserve the board's unified governance perspective across trustee turnover and leadership succession. Trustees are encouraged to reference these statements to understand the original strategic intent behind the governance principles and to uphold consistent interpretation as AI applications and implementation parameters shift.

Board-Level AI Governance Principles

The following principles shall govern the use of AI by staff and board members.

Fiduciary Alignment: AI is only adopted when it securely strengthens CalSTRS' ability to meet its fiduciary obligations and long-term responsibilities to members.

Human Accountability: CalSTRS' people at all levels remain fully responsible for decisions and outcomes influenced by AI and must be prepared to explain and stand behind those decisions through their own knowledge and individual expertise.

Trust: AI use upholds CalSTRS' role as a trusted public institution responsible for the retirement security of California's educators.

Human Judgment: AI use builds CalSTRS' institutional capability by enhancing the human judgment, collaboration, and discretion required to do CalSTRS' work well and to continue to grow and develop the CalSTRS team.

Fairness: CalSTRS seeks to align its use of AI with its core values, treating everyone with fairness, honesty, and courtesy.

Adopted: TBD