



## Regular Meeting

### Item number 11 – Open session

**Subject:** Board/Staff AI – Technology Working Group Outcomes and Recommendations

**Presenter(s):** Cassandra Lichnock / Amy McDuffee and Natasha Smith, Mosaic

**Item type:** Information

**Date and time:** May 28, 2026– 15 minutes

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**Attachment(s):** AI Governance at CalSTRS: Summary of Findings from the Board-Staff Working Group on Technology Governance

**PowerPoint presentation(s):** Working Group Report

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#### Item purpose

This item is for information and board discussion. No board action or approval is being requested at this time. The Board-Staff Working Group on Technology Governance (the “Working Group”) is presenting its final report to summarize key findings and recommendations related to governance-level oversight of technology, with a particular focus on artificial intelligence (AI). The Working Group is seeking the board’s consensus direction on how to proceed with the next phase of AI governance work. Any specific board approvals related to individual activities will be brought forward separately, as needed.

#### Recommendation

Based on the board responsibilities outlined in the report, the working group recommends that the Board provide consensus direction to proceed as follows:

- **Board-level oversight of AI**  
The board should oversee AI at the board level and, as appropriate, through its existing committee structures by explicitly incorporating AI considerations into standing agendas, board materials, and deliberations.
- **Direction to the CEO**  
The board should direct the CEO to develop and implement an approach for integrating the board’s AI governance responsibilities into existing board practices, including

governance processes, reporting, and decision-support materials, and to provide the board with periodic updates on progress, emerging issues, and any recommended adjustments.

- **Targeted trustee support**

The board should designate two trustees, on a time-limited basis, to work with the CEO to support the initial integration of AI governance responsibilities, help ensure clear and timely information flow to the board, and assist in preparing future board discussions and decision points related to AI.

- **Use of external expertise**

The board should authorize the targeted use of external consulting resources, as needed, to periodically assess and support the board’s AI-related expertise as the technology, regulatory environment, and risk landscape evolve.

### Summary

Through its work, the Working Group developed a clearer view of what effective board-level technology and AI governance requires in a public pension context.

A consistent theme across discussions with peers and experts was that AI governance is most effective when it is integrated into existing governance practices, rather than treated as a separate or standalone oversight function. Boards add the most value by setting direction, establishing boundaries, and ensuring accountability; they should not manage technology or oversee implementation.

The Working Group concluded that the CalSTRS Board already oversees many of the areas where AI introduces material implications, including strategy, risk, and fiduciary oversight. Peer organizations and external experts also reinforced CalSTRS’ strong global reputation for governance. The opportunity is not to expand the board’s role, but to clarify how AI considerations should be explicitly embedded within existing responsibilities and decision processes.

### ***Key Recommendations in the Report***

The Working Group identified two initial governance-level actions for the board to undertake, supported by three enabling recommendations related to integration, oversight, and external expertise.

1. **AI Governance Principles.** Governance level principles would provide clarity for the Board on the use of AI in decision-making and organizational support. These principles are intended to play a clarifying and boundary-setting role, not an operational one; they would complement the existing staff-level operational policy.
2. **AI-related Risk Framework:** This framework would help distinguish higher-risk applications of AI from lower-risk uses and clarify appropriate board actions based on the type and level of risk. This framework would be integrated into CalSTRS’ existing enterprise risk management practices.

3. **Ongoing Board Education:** Integrate AI-related topics more intentionally into the board’s continuing education curriculum and onboarding processes.
4. **High-Level AI Use Overview & Readiness Assessment:** Request that staff provide the board a periodic, high-level report summarizing how AI is used across the organization and assessing the organization’s readiness, framed to support the board’s understanding of overall direction and risk awareness.
5. **External Expertise:** Take a deliberate approach to leveraging external expertise to provide the board with access to appropriate fiduciary, investment, governance, actuarial, and risk perspectives as AI-related issues arise.

Collectively, these recommendations ask the board to articulate board-level principles to guide the use of AI, confirm how AI-related risk should be overseen within existing structures, and direct how these responsibilities are integrated into current governance practices. These actions are intended to clarify board expectations, not to expand the board’s role into operational management.

### *Next Steps*

As an initial step, CalSTRS has retained Dr. Param Singh, who provided the board with AI education in March to work with Mosaic, the board’s governance consultant, to support the board in developing governance-level AI principles.

Following the May board meeting, trustees will receive an email from Mosaic with a link to a short survey designed to gather initial input on these principles. Trustees are encouraged to complete the survey in a timely manner. The results will inform a facilitated discussion with the board, Dr. Singh, and Mosaic at the July Offsite.

### *About the Working Group*

In October 2025, CalSTRS convened the Board-Staff Working Group on Technology Governance to clarify the board’s responsibilities for overseeing technology at CalSTRS, with a particular focus on artificial intelligence.

Between October 2025 and April 2026, the Working Group met with leading public pension organizations globally and engaged academic experts and external advisors to explore approaches to technology and AI governance across both pension administration and investment operations. These discussions allowed the Working Group to explore approaches to technology and AI governance as well as to gather insights from peers that were farther ahead in their learning journey than CalSTRS.

Members of the working group included:

- Denise Bradford (Board Chair)
- Harry Keiley (Investment Committee Chair)
- Cassandra Lichnock (Chief Executive Officer)

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- Ashish Jain (Chief Technology Officer)
- April Wilcox (Senior Investment Director)
- Dylan Pletcher (Chief Information Security Officer)

Trustees Michael Gunning (Board Governance Committee Chair) and Karen Yamamoto (Board Vice Chair) served as alternates. The Board’s governance consultant, Mosaic Governance Advisors, supported and advised the working group’s efforts.

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Strategic Plan linkage: Goal 1, Trusted Stewards, Objective E., Enhance board practices to evolve excellence in governance.

Board Policy linkage: [Teachers Retirement Board Charter \(BGM Section 3\)](#)

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**Optional reference material:**

[November 2025 Regular Meeting Item 7: CEO Report](#)

[January 2026 Regular Meeting Item 3: CEO Report](#)

[January 2026 Regular Meeting Item 2: Board Education – Tech Enablement and Artificial Intelligence](#)

[March 2026 Regular Meeting Item 3: CEO Report](#)

[March 2026 Regular Meeting Item 2: Governing in the Age of AI: Defining the Board’s Role](#)