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MAY 20, 2019

AGENDA ITEM 2  
INFORMATION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

*Executive Director's Report*

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**Board Member Resignation**

On May 14, 2019, staff learned that Board Member Dora Westerlund resigned her seat on the Board due to personal family matters. The Executive Director is supporting the Governor's Office appointments staff as they work to identify a new appointee. The seat is designated for a representative of small business.

**Budget**

Due to the implementation of FISCAL, the transmission of data from the Accounting Department remains delayed. As the FISCAL system continues to be implemented and data is available staff will provide updated budget reports. As of March 31, 2019, the most recent available reporting, the program has spent \$1.2 million in loan funding in the current fiscal year and a total of \$3.3 million since inception. A detailed budget summary is included as Attachment 1.

**Staffing**

Staff are in the final stages of hiring a Staff Services Analyst to serve in the role of Outreach Support Analyst to support the team's outreach and engagement strategies. The new team member is expected to commence work in early June.

**Contracts Executed Under Delegated Authority and Upcoming Contracts/Renewals**

Staff have not executed any contracts using its delegated authority since the previous Board meeting. Staff expect to execute an agreement with a firm for external auditing services July 1, 2019.

Staff are preparing to enter into a new contract for independent auditing services. The previous contract to provide the audited financial reports expired on December 31, 2018. A Request for Proposal to solicit bids to provide reports for fiscal years 18-19 and 19-20 has been posted with a closing date of May 31, 2019. The term of the agreement will be from July 1, 2019 through June 30, 2021 with an option to extend one additional year. The amount of the agreement will be no more than \$50,000 for the first two years, and the total amount of the agreement shall be no more than \$75,000 over the entire contract term, including all optional extensions.

The two-year contract for program consultant AKF Consulting will expire on August 6, 2019. The contract allows for a single one-year extension at the Board's discretion. Staff will bring this

matter to the Board as an action item on the July 22, 2019 agenda, with spend rate analysis and summary of performance. Staff intend to recommend proceeding with the one-year extension.

## **Legislation and Policy Update**

### *State Legislation*

At the previous Board meeting, staff provided an update on legislative efforts to make technical amendments that would facilitate data sharing with the Employment Development Department (EDD); remove EDD and employers from certain prescribed roles in statute in order to facilitate the streamlined operational process staff developed with the program administrator; and provide EDD and the Board more flexibility in the timeframe within which it must begin implementation of employer enforcement mechanisms.

On May 9, 2019, the Department of Finance released a Finance Letter to the respective Chairs of the Senate and Assembly Budget Committees that requests the amendments be added through a budget trailer bill. Staff will provide the Board updates on the progress of the trailer bill.

Additionally, staff continue to monitor other state legislation relevant to the Program, including legislation that would exempt retirement savings from certain asset tests for Medi-Cal and CalWORKS

### *Federal Legislation*

Staff continue to monitor relevant federal legislation. A number of bills have been introduced that would alter federal retirement laws by encouraging employer participation in multiple employer plans (aka “MEPs”), encourage the use of automatic enrollment, remove the maximum contribution age for Traditional IRAs, remove or alter required minimum distributions for Traditional IRAs, reestablish the myRA program, and myriad other changes.

Since the last meeting, Senators Klobuchar and Coons introduced S. 1053, the Saving for the Future Act. The act would establish a federal mandate for certain employers to sponsor a retirement plan or participate in a new federal retirement program. The Executive Director joined peers from Oregon and Illinois to advise the senators’ staff on the status of our respective programs and discuss various elements of the proposal.

## **In-Home Supportive Services (IHSS) Update**

In July 2018, the federal Center for Medicaid and Medicare Services (CMS) announced rulemaking that would prohibit states from making deductions from IHSS provider payments to third parties for myriad purposes including payments for benefits such as health insurance. The effect of the rulemaking, if adopted, would also likely eliminate the ability to make such deductions for retirement savings.

Earlier this month, CMS finalized the rule, to be effective July 5, 2019. Earlier this week, California Attorney General Xavier Becerra announced California is joining a handful of other states in suing to block the rule.

Due to the Board's decision to allow individuals to participate on an opt-in basis outside of an employment arrangement, IHSS workers will still be able to participate as individuals beginning September 1, 2019. However, participation via an employer-facilitated automatic enrollment payroll contribution requires further cost analysis and, due to this rulemaking, legal analysis. As reported at the previous Board meeting, staff evaluation of those statutory requirements with the Department of Finance and California Department of Social Services is ongoing.

### **Program Launch Events**

The Treasurer will host a press conference at the State Treasurer's Office in Sacramento on July 1, 2019 to announce the full statewide open of the Program. Current and former Board Members, stakeholder partners, legislators, and pilot participants will join to celebrate the launch. Other regional events are in development for the summer and fall and staff will notify the Board as details are set.

### **External Presentations since the Last Board Meeting**

1. April 3, 2019: Auburn Chamber of Commerce Power Lunch; Auburn, CA
2. April 3, 2019: Aspen Institute Leadership Forum on Retirement Savings panel presentation; Warrenton, Virginia
3. April 5, 2019: Treasurer's Small Business Seminar presentation; Rowland Heights, CA
4. April 9, 2019: Meketa Investment Group Investment Conference ESG Integration panel presentation; San Diego, CA
5. April 10, 2019: Propel Fintech CEO Summit panel presentation; San Francisco, CA
6. April 12, 2019: Defined Contribution Institutional Investment Association Public Policy Forum panel presentation; Washington, DC
7. April 24, 2019: Department of Business Oversight: Financial Literacy Resource Fair; Los Angeles, CA
8. April 24, 2019: California State Association of Counties: Legislative Conference; Sacramento, CA
9. April 30, 2019: Treasurer's Financial Literacy Workshop presentation; Colma, CA
10. May 10, 2019: California State Teachers' Retirement System Board Meeting presentation; Sacramento, CA
11. May 15, 2019: County of Los Angeles Department of Consumer and Business Affairs Center for Financial Empowerment: Tools For Financial Empowerment; Los Angeles, CA
12. May 15, 2019: San Luis Obispo Chamber EXPO at the Expo: Small Business Expo; San Luis Obispo, CA
13. May 20, 2019: Treasurer's Small Business Seminar presentation for Chinese American Business Owners; Hacienda Heights, CA

### **Upcoming External Presentations**

1. May 21, 2019: United Way of Kern County 29<sup>th</sup> Annual Professional Development Conference For Nonprofits; Bakersfield, CA
2. May 22-23, 2019: National Association of State Treasurers Treasury Management Training Symposium panel presentation; Providence, RI

3. June 5, 2019: Capital Forum on Pensions hosted by the Sacramento chapters of Western Benefits & Pension Council and National Institute of Pension Administrators; Sacramento, CA
4. June 4, 2019: Refinery on Portable Retirement Benefits panel presentation; San Francisco, CA
5. June 5-6, 2019: Defined Contribution Program panel presentation hosted by International Centre for Pension Management (ICPM), The Aspen Institute Financial Security Program, and UK NEST Insight; Vancouver, Canada
6. May 30, 2019: Napa County Farm Bureau: CalSavers Workshop; Napa, CA
7. June 10, 2019: Treasurer's Small Business Seminar; Merced, CA
8. June 14, 2019: United Way Greater Los Angeles Breakfast Event for Potential Workgroup Members; Los Angeles, CA
9. June 17, 2019: CA Winegrower's Association CalSavers Workshop; St Helena, CA
10. June 24, 2019: Sonoma County Farm Bureau: CalSavers Workshop; Sonoma, CA

## **Media**

### *Earned Media*

Media coverage is summarized in Attachment 2.

### *Digital and Social Media*

Staff and the Ascensus marketing team continue to focus on a steady volume of social media posts that include both field-based content from events and employer enrollments, as well as general informative posts about the Program and retirement security. As the full launch date approaches, the team will focus on actionable promoted campaigns. Other digital media efforts, including the development of a series of short animated videos, will be discussed in Item 3 Implementation Update.

### *News & Review / AARP Regional Promotional Material, volume 2*

AARP continues its work with the *News & Review* to develop a second series of educational material targeted to employers in five regions: Sacramento, Fresno, Inland Valley, Los Angeles and the Bay Area. The Spanish language version will include content focused on Latinos' interests, not simply translate the standard version. The material will be available this summer.

### ***Attachments***

- Attachment 1: Summary of Monthly Budget Report (through March 31, 2019)
- Attachment 2: Media Coverage