
JULY 22, 2019

AGENDA ITEM 2
INFORMATION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Executive Director's Report

Budget

As of May 31, 2019, the most recent available reporting, the program had spent \$1.6 million in loan funding in fiscal year 2018-19 and a total of \$3.6 million since inception. A detailed budget summary is included as Attachment 1.

Staffing

Carolina Hernandez began working with the CalSavers Program as a Staff Services Analyst on June 1, 2018. Ms. Hernandez previously worked on the ScholarShare Program in the Treasurer's office. Her duties will focus on employer and participant outreach.

Contracts Executed Under Delegated Authority and Upcoming Contracts/Renewals

External Auditor Contract

CalSavers staff anticipate agreement CSCRSIB01-19 for external auditing services will be executed in July. After a competitive bid process, the agreement was awarded to Gilbert Associates, Inc., the same firm that was conducted the first two annual audits. The maximum cost of the contract is \$39,100 and the term of the agreement will conclude June 30, 2021.

The firm will conduct two audits, for fiscal years 2018-19 and 2019-20, of the financial and operational status of the California Secure Choice Retirement Savings Trust in accordance with generally accepted accounting principles. The audits will be required to fulfill the requirements set forth in Government Code §100038, which requires the board to submit an annual audit report to the Governor, the Controller, the State Auditor, and the Legislature by August 1 of each year.

EDD Contract for Data Sharing

Staff executed an interagency agreement with the Employment Development Department (EDD) for data sharing services. The term agreement is for two years, and the maximum cost of the contract is \$17,680. The purpose of this agreement is for EDD to provide the CalSavers Retirement Savings Program ("CalSavers" or "the Program") with employer data on a quarterly basis. This data will be used to validate whether employers meet the program requirements and to distribute notices and other information to employers.

Legislation and Policy Update

State Legislation

Senate Bill 83 (“budget trailer bill”) was signed by Governor Newsom June 27, 2019. Among other things, the bill amended some provisions of statute governing the Program by removing employers and the EDD from prescribed roles in distributing CalSavers materials; alter the timeline by which EDD must begin enforcement of the mandate for eligible employers to participate in CalSavers; and allow EDD to share employer data necessary for the administration of the Program. The amendments took effect immediately upon the Governor’s signature.

State Rulemaking

Staff will bring a revised set of regulations for the Board’s consideration this fall. The new version of the regulations will make some amendments to conform with statutory changes made through the budget trailer bill. Staff will also continue to evaluate whether any other changes are necessary based on the experiences of participating employers and savers.

Federal Legislation

House Resolution 1994, the SECURE Act, passed the House by a vote of 417-3 on May 23, 2019. If enacted, the bill would modify myriad rules regarding retirement plans and Individual Retirement Accounts, including altering rules regarding multiple employer plans (“MEPs”), eligibility of part-time workers in employer sponsored plans, alter required minimum distribution rules, and encourage the use of automatic enrollment by creating a new tax credit. Since passage in the House, the bill has been held in the Senate.

In-Home Supportive Services (IHSS) Update

Rulemaking promulgated by the federal Center for Medicaid and Medicare Services (CMS) that would prohibit states from making deductions from In-Home Supportive Service (IHSS) provider payments to third parties for numerous purposes including payments for benefits such as health insurance took effect July 5, 2019. The effect of the rulemaking, eliminates the ability of the state to make such deductions for retirement savings. In May of 2019, 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. Staff are beginning to work with IHSS labor unions and other stakeholders for education and outreach opportunities for the IHSS provider community.

Separately, the California Department of Social Services (CDSS) revised their cost estimate of the technological changes that would be necessary to facilitate automatic payroll contributions for IHSS worker participation in CalSavers. Should the federal CMS matter be resolved in favor of the State of California’s position, and should the Board decide to resume study of this option, this information would be an important component of the analysis. CDSS estimates slightly lower costs than initially proposed, at a little over \$2 million for the first year and annual ongoing costs of over \$800,000.

External Presentations since the Last Board Meeting

1. May 20, 2019: Treasurer's Small Business Seminar presentation for Chinese American Business Owners; Hacienda Heights, CA
2. May 21, 2019: United Way of Kern County 29th Annual Professional Development Conference For Nonprofits; Bakersfield, CA
3. May 22-23, 2019: National Association of State Treasurers Treasury Management Training Symposium panel presentation; Providence, RI
4. May 30, 2019: Napa County Farm Bureau: CalSavers Workshop; Napa, CA
5. 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
6. June 4, 2019: Refinery on Portable Retirement Benefits panel presentation; San Francisco, CA
7. 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
8. June 10, 2019: Treasurer's Small Business Seminar; Merced, CA
9. June 13, 2019: LA County Department of Business and Consumer Affairs: Contracting Connections; Torrance, CA
10. June 14, 2019: United Way Greater Los Angeles Breakfast Event for Potential Workgroup Members; Los Angeles, CA
11. June 18, 2019: CA Winegrower's Foundation/Ag Health Benefits Alliance CalSavers Workshop; St Helena, CA
12. June 19, 2019: California Small Business Association: CA Small Business Day; Sacramento, CA
13. June 22-23: Univision: Posible 2019; Los Angeles, CA
14. June 24, 2019: Sonoma County Farm Bureau: CalSavers Workshop; Sonoma, CA
15. June 24, 2019: Mendocino County Farm Bureau: CalSavers Workshop; Ukiah, CA
16. June 25, 2019: Workforce Alliance North Bay; Business Resource Fair; Napa, CA
17. July 1, 2019: CalSavers Launch event; Sacramento, CA
18. July 8, 2019; California SBDC District Directors Meeting, Sacramento, CA
19. July 9, 2019; West Sacramento Chamber: Economic & Government Affairs Forum; West Sacramento, CA
20. July 10, 2019; Bakersfield SBDC: Webinar for Central Valley Business Owners; Web
21. July 16, 2019; California Asset Building Coalition and Small Business Majority: Financial Inclusion Summit for the Central Valley; Clovis, CA

Upcoming External Presentations

1. August 3-4, 2019: UnidosUS Annual Conference; San Diego, CA
2. August 8, 2019: Bay Area SparkPoint Director's Meeting; San Francisco, CA
3. August 9, 2019: Treasurer's Small Business Seminar; Chino Hills, CA
4. August 9, 2019: ICON CDC CalSavers Train the Trainer; Los Angeles, CA
5. August 14, 2019: Multicultural Institute of the Bay Area; Berkeley, CA
6. August 20, 2019: Los Angeles County BizFed Board Meeting; Los Angeles, CA

7. August 27, 2019: Opportunity Junction; Berkeley, CA
8. August 29, 2019: Los Angeles Family Source Centers CalSavers Train the Trainer; Los Angeles, CA
9. September 5, 2019: Santa Maria Business Expo; Santa Maria, CA
10. September 10, 2019: United Way of Greater Los Angeles: Introduction to CalSavers for Small Business Owners (English); Los Angeles, CA
11. September 11, 2019: Presentation to Colma City Council; Colma, CA
12. September 19, 2019: CA Small Business Development Centers: Webinar for SBDC Consultants; Web

Media

Earned Media

The Executive Director engaged in dozens of media interviews during June and July, working in conjunction with both the Ascensus marketing team and the Treasurer's communications team to generate and respond to leads. In addition, the Treasurer and the Executive Director spoke about CalSavers during several of the Treasurer's editorial board visits and the Treasurer sat for a national television news interview that will be featured in a segment in late July. The Executive Director is planning a separate editorial board tour to continue later this summer and into the fall, in addition to extensive engagement with local television outlets. Media coverage, including 303 articles and segments, is summarized in Attachment 2.

Digital and Social Media

As discussed in more detail in Item 4, staff and the Ascensus marketing team increased social media efforts leading up to and following the launch day event July 1. Promoted campaigns began July 2, focusing on increasing employer engagement.

Attachments

- Attachment 1: Summary of Monthly Budget Report (through May 31, 2019)
- Attachment 2: Media Coverage
- Attachment 3: Cost Estimate of Payroll Deduction for IHSS Providers