
SEPTEMBER 23, 2019

AGENDA ITEM 7
ACTION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Call Center Staffing

Background

Statute requires that the Board operate CalSavers using a third-party administrator (TPA) model¹, whereby program administration is carried out by a contracted professional financial services firm. When the Board approved the release of the request for proposals (RFP) for CalSavers' TPA on February 26, 2018, it delayed a decision on how to permanently operate the customer service call center—either with the TPA's call center or with a state employee operated call center. The RFP reflected the Board's decision to launch the program using the call center capacity of the TPA, but leave the matter open in the first year of program operations. The RFP and the subsequent contract include the statements: "While it is the Board's intention to manage the call center ultimately using State employees, that decision will rest upon consideration of cost, liability and other applicable factors"; and "unless the Board chooses otherwise by the end of year one of Program operation, the services will be transitioned to state employees during years two and three."

Analysis

Program staff conducted an extensive analysis and estimate that a substantial increase in participant fees would be required to bring the call center function in-house in the early years, with the difference in fees declining as the Program grows to scale. As the Program grows, a more refined financial model and set of assumptions will be developed based on participation and call center utilization. Reconsidering this analysis every year based on actual experience could lead to different conclusions.

The Department of Finance (DOF) reviewed staff's analysis and concurred with the methodology, results, and recommendation. Should the Board decide to bring the function in-house in the future, the program administrator should be given two to three years notice during which time the services could be transitioned.

Staff Recommendation

Staff recommend that the Board vote to (1) continue providing the customer service call center function via the program administrator and (2) reconsider this matter every year in September, including revised fee impact analysis informed by the latest knowledge of program participation and growth projections.

¹ Government Code Section 100043(b)(1)(D)