

---

NOVEMBER 18, 2019

AGENDA ITEM 2  
INFORMATION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

*Executive Director's Report*

---

**Board Members**

On September 26, 2019 the Governor's Office [announced](#) the appointment of Stephen Prough to the Board, replacing Robert Purcell. The Board and staff welcome Mr. Prough, whose expertise in finance and investments, as well as his community leadership in the Los Angeles area, will surely be valuable in service of the Board's mission. The Board and staff also wish to express gratitude to Mr. Purcell for his nearly two years of service during a critical period in the Program's development. Mr. Purcell contributed to important decisions around program and investment design, contractor selection, participant experience, and other marketing and operational matters.

**Budget**

The August, September, and October budget reports are not available at this time due to delay in 2018-19 year-end data reporting from the implementation of FISCAL. As of July 31, 2019, the most recent available reporting, the program had spent \$125,878 in loan funding in fiscal year 2019-20 and a total of \$3.8 million since inception. A detailed budget summary is included as Attachment 1.

**Staffing**

Staff are currently recruiting a policy and communications analyst. Applications were due November 13<sup>th</sup>.

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

*Newton Investment Management Name Change*

The Board currently has a contract with Newton Investment Management North America Limited (NIMNA) to provide the environment, social, and governance (ESG) investment option. NIMNA notified staff that at the end of the calendar year, it will be absorbed into its affiliate Newton Investment Management Limited (NIM). This will not result in any change to key personnel assigned to the contract or the management of the fund and ultimately is a change in name only. However, since the contract is currently with NIMNA, staff will execute an amendment to the contract to replace NIM as the contracted party.

*Upcoming Contract for Outdoor Advertising*

Staff are researching options for procuring services to operate a test of various types of outdoor advertising on buses, bus stop enclosures, small and large billboards, and other physical out of

home locations. Staff intend to provide an update and proposal during the Board meeting in January 2020.

### **Due Diligence Visit**

Staff conducted their second due diligence visit to the headquarter offices for the program administrator, Ascensus, on September 26, 2019. Staff met with leadership from Ascensus, reviewed progress of the program to date, and discussed upcoming and possible program enhancements.

### **Regulations**

Permanent regulations for the CalSavers Retirement Savings Program were approved by the Office of Administrative Law October 31, 2019. The regulations replace the existing regulations adopted in November 2018 through what is referred to as the emergency rulemaking process.

### **Legislation and Policy Update**

#### *State Legislation*

Senate Bill 112 was signed by Governor Newsom on September 27, 2019. Among other things, the bill amended the Program's enabling statute to remove unnecessary language regarding program design options.

#### *Federal Legislation and Rulemaking*

The Executive Director presented an overview and update of the three states implementing automatic enrollment Individual Retirement Account (IRA) programs at a briefing for congressional staff in Washington, D.C. on October 23, 2019, organized by the Aspen Institute's Financial Security Program, and heard updates about pending and expected legislative proposals.

Staff continue to monitor the SECURE Act (H.R. 1994). At the time this item was written, the act remained in the Senate after passing the House on a vote of 417 to 3. If enacted, the bill would modify rules regarding retirement plans and IRAs, 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. Additionally, the bill would classify certain income earned by in-home supportive service (IHSS) providers as "earned income," which would have the effect of making such income eligible to be deposited into an individual retirement account.

Rulemaking aimed at increasing the use of MEPs took effect September 30, 2019. The rule, implemented by the U.S. Department of Labor, established that employer associations or professional employment organizations are able to serve as the sponsor of a MEP.

Staff continue to monitor rulemaking promulgated by the U.S. Department of the Treasury also aimed at increasing the use of MEPs. The rule would alter what is known as the "One Bad Apple" rule for MEPs, under which an entire MEP's tax status is disqualified if one member of the MEP violates MEP rules.

## **Board Education Sessions in 2020**

The Executive Director will present a proposed set of topics for Board education sessions in 2020 and welcome feedback and requests for different or additional topics.

## **Enforcement**

Staff continue to work with leadership of the Employment Development Department (EDD) to refine the enforcement roles and processes outlined in statute and will present updated plans to the Board in early 2020.

## **External Presentations**

A summary of external presentations provided since the last Board meeting and upcoming external presentations is included as Attachment 2.

## **Media**

### *Earned Media*

Staff have continued efforts to garner earned media coverage about the program. Media coverage, including 47 articles, television and radio segments, and podcasts published since the previous Board meeting, is summarized in Attachment 3.

### *Digital and Social Media*

Staff have continued digital and social media efforts, including some promoted campaigns. Staff and representatives from the Program administrator will present on social media efforts in greater detail later in the agenda.

## **Attachments**

- Attachment 1: Summary of Monthly Budget Report (through July 31, 2019)
- Attachment 2: External Presentations
- Attachment 3: Media Coverage (through November 14, 2019)