
JUNE 22, 2021

AGENDA ITEM 1
ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Meeting Minutes for the May 19, 2021 CalSavers Retirement Savings Board Meeting

Board members present:

State Treasurer Fiona Ma
Jacqueline Wong-Hernandez for State Controller Betty T. Yee
Gayle Miller for Director of Finance Keely Martin Bosler
Edward De La Rosa
Heather Hooper
Stephen Prough
William Sokol
Yvonne Walker

Staff present:

Kathleen Selenski, Executive Director
Alyssa Delacruz
Angela Duvane
Carolina Hernandez
Jonathan Herrera
Eric Lawyer
Jacob Schafer

Others present:

Rita Clark, State Treasurer's Office
Genevieve Jopanda, Chief Deputy Treasurer, State Treasurer's Office
Ravinder Kapoor, Senior Attorney, State Treasurer's Office
Audrey Noda, Deputy Treasurer
Sharon O'Grady, Attorney General's Office
Spencer Walker, General Counsel, State Treasurer's Office

Contractors present:

Andrea Feirstein, AKF Consulting Group ("AKF")

Jason Gilbert, Ascensus College Savings Recordkeeping Services, LLC (“Ascensus”)
 Mika Malone, Meketa Investment Group (“Meketa”)
 Troy Montigney, Ascensus
 Paola Nealon, Meketa
 Sonya Park, State Street Global Advisors (“SSGA”)
 George Piquette, Ascensus
 Kevin Sullivan, Newton Investment Managers
 Mehra Vidur, SSGA
 Aidan Yeaw, Ascensus

CalSavers Retirement Savings Board (“Board”) Chair Fiona Ma called the meeting to order at 1:01 PM.

Agenda Item 1 - Approval of the Minutes of the March 17, 2021 Meeting of the CalSavers Retirement Savings Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes of the March 17, 2021 meeting of the CalSavers Retirement Savings Board.

MOTION:	William Sokol	SECOND:	Heather Hooper
AYES:	Edward De La Rosa, Heather Hooper, Fiona Ma, Gayle Miller, Stephen Prough, William Sokol, Yvonne Walker, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 2 – Resolution No. 2021-02, Board Position on Assembly Bill 470 (ACTION ITEM)

Policy & Communications Director Eric Lawyer presented the Board with an overview of Assembly Bill 470, a bill related to Medi-Cal eligibility that may impact come CalSavers participants. Mr. Lawyer provided a brief summary of the bill, discussed how it would affect some Program participants, summarized the section of the Board Governance Policy regarding pending legislation, and provided the staff recommendation to adopt a support position on the bill. Mr. Lawyer discussed how Board adoption of the resolution would be interpreted if amendments were made to the bill and there was insufficient time for the Board to reconsider

support for the bill. Mr. Lawyer noted the Board’s support would remain if the bill is amended to eliminate the asset test for some Medi-Cal programs, but allow it to remain for some.

Public Comment

None

Board Action

Approval of Resolution No. 2021-02, authorizing the Executive Director to submit formal letters in support of Assembly Bill 470 (Carrillo) in substantially the same form as published April 13, 2021.

MOTION:	William Sokol	SECOND:	Heather Hooper
AYES:	Edward De La Rosa, Heather Hooper, Fiona Ma, Stephen Prough, William Sokol, Yvonne Walker, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	Gayle Miller		
ACTION:	Motion Passed		

Agenda Item 3 – Resolution No. 2021-03, Approval of Interagency Agreement with the Franchise Tax Board for Enforcement Services (ACTION ITEM)

Executive Director Katie Selenski presented the Board with Interagency Agreement Number CRSB04-20, an agreement with the Franchise Tax Board for employer compliance enforcement services.

Ms. Selenski provided an overview of the terms and conditions of the contract, including the role each agency will have in enforcement, the scope and anticipated timeline of the agreement, and the anticipated annual costs.

Public Comment

None

Board Action

Approval of Resolution No. 2021-03, authorizing the Executive Director to enter into an Agreement with the Franchise Tax Board for employer compliance enforcement services.

MOTION:	William Sokol	SECOND:	Heather Hooper
AYES:	Edward De La Rosa, Heather Hooper, Fiona Ma, Gayle Miller, Stephen Prough, William Sokol, Yvonne Walker, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 4 – Discussion of Draft Strategic Plan 2021-2024 (INFORMATION ITEM)

Ms. Selenski presented the Board with an overview of the draft strategic plan for 2021-2024 by reviewing each of the five strategic goals, including the 17 associated objectives and 53 measures.

Ms. Selenski discussed the first strategic goal, which covers program infrastructure and includes the goal to “cultivate a dynamic, high-performing team that serves the Board and participants efficiently and effectively.” Ms. Selenski explained that this objective is measured by maintaining a strong dynamic between staff and the board. Board Chair Ma suggested a plan on how to proceed with measuring this objective that would be used for evaluating all executive directors for each of the boards, commissions, and authorities on which the Treasurer serves as chair. Chair Ma noted the method would be designed to ensure that all Executive Directors are treated equally with regard to evaluations.

Chair Ma explained the proposed process would begin with a draft evaluation prepared by the Board Chair, which would then be presented to the Board in a closed session to solicit feedback and input from other Board members. Chair Ma noted the final draft of the evaluation would then be approved by the Board at a public meeting. Board Chair Ma suggested the process would relieve the Board members of any administrative burden associated with conducting an annual evaluation while still allowing for contributions by other board members.

Chair Ma also proposed that instead of an employee satisfaction survey to measure the health of the CalSavers Program, staff could work with the Board’s program consultant, AKF Consulting Group, to create a dashboard to be presented at every other board meeting, showing a set of metrics the Board would choose. If the Board were to accept this approach to evaluating this metric, the dashboard would be presented at a future meeting this year.

Board member Heather Hooper requested more information on if, or how, the proposed Executive Director evaluation process is currently used. Board Chair Ma explained that it has not been tradition at the State Treasurer's Office to evaluate Executive Directors, so the process described is still being created, and the CalSavers Board would be the first to use the new process.

Board member Hooper asked about the proposed frequency for the executive director evaluation and Chair Ma noted her suggestion is it would occur annually and the Board could choose a certain date for the evaluation to occur each year.

Board member Prough asked for more detail on the proposed dashboard for the program, including how frequently it would be reviewed. Chair Ma noted the dashboard would be used to

evaluate the direction of the Program and noted Board members would have the option to influence the metrics included in the dashboard and the executive director evaluation.

Board member De La Rosa asked about whether adoption of the Chair's recommendation regarding the evaluation of the executive director would reduce the Board members' abilities to serve as fiduciaries. Board member Sokol noted Board members have full fiduciary duty and suggested Board members would be delegating fiduciary duty to the Chair if they chose to adopt the Chair's proposal. Senior Attorney Ravinder Kapoor disputed member Sokol's suggestions and noted his belief that the delegation would be administrative, and not one of delegating fiduciary duty. Member Sokol noted the Chair would have ultimate authority to complete the review, and therefore Board members would be relinquishing fiduciary responsibility to the Chair. Mr. Kapoor affirmed that the Chair would have ultimate authority to approve the evaluation.

Board member Walker noted she was in favor of the Chair's suggestions because she did not have concerns about unilateral authority to approve the evaluation given the proposal would include a process for Board member input. Board members Wong-Hernandez and Hooper also expressed support for the Chair's proposal. Board member Miller requested the Board be able to exercise its fiduciary duty when necessary. Mr. Sokol noted that, by delegating fiduciary authority to the Chair, the Board would retain the ability to revoke that delegation of authority.

Mr. Sokol requested the Board hold a separate vote on the delegation of authority when it considers approving the strategic plan.

Ms. Selenski summarized that a final draft of the strategic plan will be presented to the Board for potential adoption during its meeting on June 22, 2021, and it can include a separate resolution to delegate authority to the Board Chair.

Ms. Selenski noted Objective 1B is "recruiting and retaining a diverse, dynamic, and experienced staff where each member exercises leadership in service of the mission." Ms. Selenski explained that the second and third measurements were not changed from the previous version of the Strategic Plan the Board reviewed, and that the first measure was added to have an annual assessment of staffing needs, ensuring the program staff is growing appropriately for the needs of the Program. Ms. Selenski further explained that the employee satisfaction survey was removed based on advice from the State Treasurer's Office.

Board member Walker expressed support for retaining an employee satisfaction survey, or some other method to measure employee satisfaction. The Chair, Ms. Walker, and Mr. Kapoor discussed challenges with such a method given the relatively small size of the staff especially with regard to protecting anonymity of respondents. Chair Ma suggested including Human

Resources in the conversation about the employee satisfaction survey. Ms. Walker noted she withdrew her support for retaining the employee satisfaction survey.

Ms. Selenski moved on to the second goal, which is related to participant service, and is to “ensure program design and customer service meet the evolving needs of participants.

Ms. Selenski noted Objective 2A is to “continually reassess and refine program design elements to maintain a best-in-class state-run retirement savings program”. Ms. Selenski explained that this objective is measured by the rate and nature of complaints from both participants and employers, the responsiveness to participant feedback, the utilization of regulations amendments as needed, and the nature of public comment content.

Ms. Selenski noted Objective 2B for the goal is to “ensure high quality, accessible customer services for all participants”. Ms. Selenski explained that this objective is measured by the portion of calls answered in 30 seconds or fewer, the call abandon rate, the average speed to answer calls, customer satisfaction survey feedback in English and other languages, and the number of languages serviced by phone.

Ms. Selenski noted Objective 2C for this goal is to “ensure fees remain competitive and grow assets to reduce total fees over time.” Ms. Selenski explained that this objective is measured by benchmarks against peers and more mature publicly governed defined contribution plans, fees for third part administration, fees for investment management, and fees for state administration.

Ms. Selenski noted Objective 2D for this goal is to “operate a high quality, culturally competent, and engaging education program for savers.” Ms. Selenski explained that this objective is measured by the number of Saver educational sessions offered publicly and to groups, saver engagement with financial education content, saver participation in educational sessions satisfaction survey results for savers participating in educational sessions, and the number of languages available for participant materials, website, and other collateral.

Ms. Selenski noted Objective 2E for this goal is to “maximize participation of eligible employees.” Ms. Selenski explained that this objective is measured by the opt-out rate, the number of funded accounts, the average employee contribution rate of participating employees, and the average and median account balance. Ms. Selenski suggested adding the number of enrolled accounts as well, which the board agreed would be helpful. Ms. Selenski indicated it would be added for the final draft.

Ms. Selenski noted Objective 2E for this goal is to “understand participant preferences for the decumulation phase and evaluate design options.” Ms. Selenski also noted that this is a new

objective, which will be measured by expert research shared with the Board, survey results presented to and discussed by the Board, and options analysis considered by the Board.

Ms. Selenski moved to the third goal, which is related to program growth, and is to “maximize participation for eligible workers by ensuring full compliance by employers.”

Ms. Selenski noted Objective 3A for this goal is to “operate a high quality, culturally competent, and engaging education/onboarding program for employers.” Ms. Selenski explained that this goal is measured by the number of Employer educational sessions offered publicly and offered to groups, satisfaction survey results for savers participating in educational sessions, the portion of employer onboarding engagements that led to compliance, and the number of languages available for employer materials, website, and other collateral.

Ms. Selenski noted Objective 3B for this goal is to “offer and operate effective technologies to ensure a simple and easy employer facilitation experience.” Ms. Selenski explained that this objective is measured by the adoption of payroll API among payroll providers, the benchmark technology ease of use against peer programs, and the portion of participating employers reporting positive user experience.

Ms. Selenski noted Objective 3C for this goal is to “ensure employer compliance with statutory requirements and regulations.” Ms. Selenski explained that this objective is measured by the portion of employers in full compliance, and the portion of employers partially compliant.

Ms. Selenski noted Objective 3D for this goal is to “collaborate with the Franchise Tax Board (FTB) on implementation of penalty structure to drive compliance.” Ms. Selenski explained that this objective is measured by the portion of noncompliant employers engaged by FTB, the portion of FTB engaged employers converted to compliance, and the rate of penalty payment among continued noncompliant employers.

Ms. Selenski noted Objective 3E for this goal is to “ensure the diversity of the target employer population is reflected among participating employers.” Ms. Selenski explained that this objective is measured by the diversity of participating employers by location, size, and industries, and the willingness of employers and participants to serve as spokespersons.

Ms. Selenski moved to the fourth goal, which is related to program financial stability, and is to “build toward operational self-sufficiently.”

Ms. Selenski noted Objective 4A for this goal is to “establish baseline operational budget and growth projections.” Ms. Selenski explained that this objective is measured by legislatively approved budgets and projections shared publicly annually.

Ms. Selenski noted Objective 4B for this goal is to “Reduce reliance on start-up loan.” This objective is measured by the trend of draws on start-up loan, and the plan in place to repay start-up loan.

Board Member Edward De La Rosa requested that the Board begin to investigate requesting loan forgiveness by reaching out to the Governor and other appropriate lawmakers. Chair Ma noted the recent announcements regarding state revenue and suggested the Board could ask for loan forgiveness. Chair Ma also suggested the request include a request to relieve the startup loan for the CalABLE program.

Ms. Selenski moved to the fifth goal, which is related to responsiveness, and is to “continually adapt to changing opportunities and risks.

Ms. Selenski noted Objective 5A for this goal is to “manage and mitigate financial, legal, political, and operational risks.” Ms. Selenski explained that this objective is measured by ongoing staff monitoring of risks via risk monitoring heat map, and a quarterly presentation of risk monitoring report to Board.

Board Chair Fiona Ma adjourned the open session at 3:18 PM.

Agenda Item 5 – Litigation (Government Code Section 11126(e)) – Discussion with Legal Counsel Regarding Litigation (Howard Jarvis Taxpayers Ass’n., et al. v. The California Secure Choice Retirement Savings Program, et al.; U.S. Court of Appeals for the Ninth Circuit

Board Action

No action taken

Board Chair Fiona Ma reconvened the open session at 3:38 PM. Chair Ma announced that the Board met in closed session and that no action was taken.

Agenda Item 6 – Public Comment

None

Other Business

None

The meeting adjourned at 3:40 PM.