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SEPTEMBER 13, 2021

AGENDA ITEM 2  
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

*Executive Director's Report*

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**Review of Program Participation and Funding**

- Summary of Program Participation and Funding, August 31, 2021 (Attachment 2A)

**Update on Employer Compliance Enforcement**

- Series of due process notices for Wave 1 employers to be sent via the Office of State Publishing commencing in late September
- Penalty imposition letters for Wave 1 employers managed by the Franchise Tax Board commencing in December (testing) and January

**Staffing**

- Results of recent manager recruitments:
  - Staff Services Manager II (Outreach and Education): Jonathan Herrera
  - Staff Services Manager I (Administrative Operations): Angela Duvane
- Open recruitments for three analyst positions; applications due September 24, 2021.

**Budget**

- As of May 31, 2021, the most recent available reporting, the program spent \$1,603,264 in loan funding in fiscal year 2020-21 and a total of \$6.6 million since inception in November 2016. (Detailed budget summary in Attachment 2B)

**Audits**

- Program Fund Audit FY 19-20: Complete (Attachment 2C)
- Administrative Fund FY 20-21: Fieldwork Commencing in October (Gilbert CPAs)
- Program Fund Audit FY 20-21: Fieldwork Commencing in October (CliftonLarsonAllen LLC)

**Risk Monitoring**

- Quarterly risk heat map (Attachment 2D)

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

- Agreement CRSB08-20 with U.S. Bank, National Association for Purchasing, a zero dollar contract, was approved by the Department of General Services on June 15, 2021.
- Agreement CRSB09-20 with the State Treasurer's Office for IT, Legal, Personnel, and Other Administrative Services, in the amount of \$135,874, was approved by the Department of General Services.
- Agreement CRSB10-20 with the State Treasurer's Office for Building Rent and Shared Security Services, in the amount of \$65,213, was approved by the Department of General Services.

## **Annual Update on Customer Service Call Center Staffing Model**

On September 23, 2019, the Board directed the Executive Director to update the Board annually on models for providing customer service. Specifically, staff were directed to analyze costs and benefits of continuing to provide this service via the program administrator compared to operating the function in-house with state employees, including revised fee impact analysis informed by the latest knowledge of program participation and growth projections.

Staff recently revised its analysis based on new data and, similar to staff's analysis in September 2020, estimated that a substantial increase in participant fees would still be required to bring the customer service function in-house in the early years, with the difference in fees declining as the Program grows to scale. As the Program grows, the financial model and assumptions will be refined based on participation and customer service utilization and, per the Board's direction, staff will continue to revise the analysis and update the Board annually.

## **In Home Support Services (IHSS) Provider Inclusion Update**

- Ongoing research and analysis prescribed in Government Code Section 100046(a):
  1. The inclusion meets all state and federal legal requirements.
  2. The appropriate employer of record has been identified for the purpose of satisfying all the program's employer requirements.
  3. The payroll deduction can be implemented at reasonable costs.
  4. The inclusion does not create a financial liability for the state or employer of record.
- Engagement with labor union leaders, Department of Finance, Department of Social Services

## **Legislation and Policy Update**

### California Legislation

- Budget Acts of 2021: Assembly Bill (AB) 128 was signed into law June 28, 2021. The bill includes a provision extending the repayment date for the startup loans to June 2024.
- Medi-Cal Asset Test: Assembly Bill 133 was signed into law July 27, 2021. The bill includes a provision to exclude resources or other assets from the determination of eligibility for Medi-Cal applicants whose eligibility is not determined by evaluating

modified adjusted gross income-based methods. The provision is similar to the goals of Assembly Bill 470 (Carrillo), which the Board voted to support at the May 19, 2021 Board meeting.

### CalSavers Regulations

- **Regular Rulemaking:** Staff are refining estimates of economic and fiscal impact of the rulemaking and engaging with the Department of Finance to determine whether they constitute major regulations.
- **Readoption of Existing Emergency Regulations:** The Board approved readoption of the emergency regulations initially approved at the July 27, 2020 meeting in May. The readoption was approved by the Office of Administrative Law on June 28, 2021 and the next readoption will be due January 28, 2022, if necessary. Staff will seek Board approval for additional readoptions later in this agenda.

### Federal Rulemaking & Legislation

- **U.S. Department of Labor on the Inclusion of ESG (environmental, social, and governance factors) in ERISA Plans:** March 10, 2021 announcement of suspension of enforcement of new rule pending review; May 20, 2021 President Biden issued executive order directing the Secretary of Labor to consider suspending, revising, or rescinding the rule by September 2021; documents were delivered at the Office of Management and Budget in August, however it is unclear if they are part of a formal rulemaking effort.
- **The House Ways and Means Committee will consider legislation during the week of September 6, 2021 that would a) establish a requirement that employers sponsor a retirement plan or provide their employees access to an individual retirement account (IRA) with automatic enrollment; and b) make the savers credit refundable.** Specific details of the text of the legislation were not available at the time this report was written.
- **Staff continue to monitor other federal retirement legislation, including Securing a Strong Retirement Act “SECURE Act 2.0,” Enhancing Emergency and Retirement Security Act, and other legislation.**

### **External Presentations**

A summary of external presentations provided since the last Board report and upcoming external presentations is included below.

	<b>Date</b>	<b>Organization</b>	<b>Event</b>	<b>Location</b>	<b>Audience</b>
1.	6/23/21	Yuba-Sutter Chamber of Commerce	Employer Educational Webinar	Webinar	Employers
2.	6/23/21	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
3.	6/24/21	CalSavers	Employer Educational Webinar	Webinar	Employers
4.	6/25/21	CalSavers	Employer Educational Webinar	Webinar	Employers
5.	6/25/21	National Association of State Treasurers	Retirement Track: Federal Initiatives panel	Webinar	Policy/Industry
6.	6/29/21	National Association of State Treasurers	Applications of Behavioral Economics panel	Webinar	Policy/Industry

	<b>Date</b>	<b>Organization</b>	<b>Event</b>	<b>Location</b>	<b>Audience</b>
7.	6/29/21	Office of Senator Hurtado	California's Retirement Mandate & CalSavers	Webinar	Employers
8.	6/29/21	CalSavers	Employer Educational Webinar	Webinar	Employers
9.	6/30/21	CalSavers	Employer Educational Webinar	Webinar	Employers
10.	7/2/21	CalSavers	Employer Educational Webinar	Webinar	Employers
11.	7/7/21	Robert Half Finance and Accounting	Train-the-Trainer/CalSavers Explainer	Webinar	Employers
12.	7/7/21	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
13.	7/8/21	CalSavers	Employer Educational Webinar	Webinar	Employers
14.	7/9/21	CalSavers	Employer Educational Webinar	Webinar	Employers
15.	7/13/21	Treasurer Fiona Ma w/ Santa Barbara Tri County EDC	Small Biz Workshop	Webinar	Employers
16.	7/13/21	CalSavers	Employer Educational Webinar	Webinar	Employers
17.	7/14/21	CalSavers	Employer Educational Webinar	Webinar	Employers
18.	7/15/21	CalSavers	Employer Educational Webinar (Mandarin)	Webinar	Employers
19.	7/16/21	CalSavers	Employer Educational Webinar	Webinar	Employers
20.	7/19/21	CalSavers	Employer Educational Webinar	Webinar	Employers
21.	7/20/21	CalSavers	Employer Educational Webinar (Cantonese)	Webinar	Employers
22.	7/21/21	Aspen Institute & Commonwealth	Equity, Investment, and Strategies to Expand Market Participation	Webinar	Policy/Industry
23.	7/21/21	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
24.	7/22/21	CalSavers	Employer Educational Webinar	Webinar	Employers
25.	7/23/21	CalSavers	Employer Educational Webinar	Webinar	Employers
26.	7/27/21	CalSavers	Employer Educational Webinar	Webinar	Employers
27.	7/28/21	CalSavers	Employer Educational Webinar	Webinar	Employers
28.	7/30/21	CalSavers	Employer Educational Webinar	Webinar	Employers
29.	8/2/21	CalSavers	Employer Educational Webinar	Webinar	Employers
30.	8/4/21	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
31.	8/5/21	CalSavers	Employer Educational Webinar	Webinar	Employers
32.	8/6/21	CalSavers	Employer Educational Webinar	Webinar	Employers
33.	8/10/21	CalSavers	Employer Educational Webinar	Webinar	Employers
34.	8/11/21	CalSavers	Employer Educational Webinar	Webinar	Employers
35.	8/12/21	Jurupa Valley Chamber of Commerce	Business Networking Meeting	Webinar	Employers
36.	8/13/21	CalSavers	Employer Educational Webinar	Webinar	Employers
37.	8/16/21	CalSavers	Employer Educational Webinar	Webinar	Employers
38.	8/18/21	CA Small Business Association	California Small Business Day 2021	Sacramento	Employers
39.	8/18/21	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
40.	8/19/21	Coalition of Filipino American Chambers of Commerce	CalSavers Retirement Savings Program	Webinar	Employers
41.	8/19/21	CalSavers	Employer Educational Webinar	Webinar	Employers
42.	8/23/21	CalSavers w/ Treasurer Fiona Ma and CalChamber	Engagement workshop for local Chambers of Commerce Workshop	Webinar	Employer
43.	8/24/21	CalSavers w/ Treasurer Fiona Ma and CalChamber	Engagement workshop for local Chambers of Commerce	Webinar	Employer
44.	8/24/21	Small Business Majority	California Comeback	Webinar	Employers

	<b>Date</b>	<b>Organization</b>	<b>Event</b>	<b>Location</b>	<b>Audience</b>
45.	8/24/21	CalSavers	Employer Educational Webinar	Webinar	Employers
46.	8/25/21	Ventura County Community Development Corporation (VCCDC)	Post Purchase Workshop: Saving for Retirement w/ CalSavers	Webinar	Community
47.	8/25/21	Small Business Majority	California Comeback (Spanish)	Webinar	Employers
48.	8/25/21	CalSavers	Employer Educational Webinar	Webinar	Employers
49.	8/26/21	California Childcare Providers United	CalSavers: How it Works and What it Means for Child Care Providers	Webinar	Community
50.	8/26/21	CalSavers	Employer Educational Webinar (Mandarin)	Webinar	Employers
51.	8/27/21	CalSavers	Employer Educational Webinar	Webinar	Employers
52.	8/30/21	CalSavers w/ Treasurer Fiona Ma and CalChamber	Engagement workshop for local Chambers of Commerce	Webinar	Policy/Industry
53.	8/30/21	CalSavers	Employer Educational Webinar	Webinar	Employers
54.	8/31/21	CalSavers	Employer Educational Webinar (Cantonese)	Webinar	Employers
55.	9/1/21	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
56.	9/2/21	CalSavers	Employer Educational Webinar	Webinar	Employers
57.	9/3/21	Mission Asset Fund	Planning For Your Retirement	Webinar	Community
58.	9/3/21	Mission Asset Fund	Planning For Your Retirement (Spanish)	Webinar	Community
59.	9/3/21	CalSavers	Employer Educational Webinar	Webinar	Employers
60.	9/7/21	CalSavers	Employer Educational Webinar	Webinar	Employers
61.	9/7/21	Dixon Chamber of Commerce	Business In Action clinic	Dixon	Employers
62.	9/8/21	CalSavers	Employer Educational Webinar	Webinar	Employers
63.	9/8/21	Hawaii Retirement Savings Task Force	Testimony on CalSavers Experience	Online Hearing	Policy
64.	9/9/21	CalSavers	Employee Educational Webinar	Webinar	Employees
65.	9/10/21	CalSavers	Employer Educational Webinar	Webinar	Employers
66.	9/13/21	CalSavers	Employer Educational Webinar	Webinar	Employers

Upcoming External Presentations

	<b>Date</b>	<b>Organization</b>	<b>Event</b>	<b>Location</b>	<b>Audience</b>
1.	9/14/21	San Pedro Chamber of Commerce	CalSavers Retirement Savings Program	Webinar	Employers
2.	9/14/21	CalSavers	Employee Educational Webinar	Webinar	Employees
3.	9/15/21	Norwalk Chamber Board Meeting	CalSavers Presentation for Chamber Board	Webinar	Employers
4.	9/15/21	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
5.	9/16/21	CalSavers	Employer Educational Webinar	Webinar	Employers
6.	9/17/21	CalSavers	Employer Educational Webinar	Webinar	Employers
7.	9/21/21	CalSavers	Employer Educational Webinar	Webinar	Employers
8.	9/22/21	CalSavers	Employer Educational Webinar	Webinar	Employers
9.	9/23/21	CalSavers	Employee Educational Webinar	Webinar	Employees
10.	9/23/21	CalSavers	Employer Educational Webinar (Mandarin)	Webinar	Employers
11.	9/24/21	CalSavers	Employer Educational Webinar	Webinar	Employers
12.	9/27/21	CalSavers	Employer Educational Webinar	Webinar	Employers
13.	9/28/21	CalSavers	Employee Educational Webinar	Webinar	Employees

	<b>Date</b>	<b>Organization</b>	<b>Event</b>	<b>Location</b>	<b>Audience</b>
14.	9/28/21	CalSavers	Employer Educational Webinar (Cantonese)	Webinar	Employers
15.	9/29/21	Ventura County Community Development Corporation (VCCDC)	Post Purchase Workshop: Saving for Retirement w/ CalSavers (Spanish)	Webinar	Community
16.	9/29/21	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
17.	9/30/21	CalSavers	Employer Educational Webinar	Webinar	Employers
18.	10/1/21	CalSavers	Employer Educational Webinar	Webinar	Employers
19.	10/5/21	CalSavers	Employer Educational Webinar	Webinar	Employers
20.	10/6/21	CalSavers	Employer Educational Webinar	Webinar	Employers
21.	10/7/21	CalSavers	Employee Educational Webinar	Webinar	Employees
22.	10/8/21	CalSavers	Employer Educational Webinar	Webinar	Employers
23.	10/11/21	Small Business Majority	California Comeback	Webinar	Employers
24.	10/11/21	CalSavers	Employer Educational Webinar	Webinar	Employers
25.	10/12/21	CalSavers	Employee Educational Webinar	Webinar	Employees
26.	10/13/21	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
27.	10/14/21	CalSavers	Employer Educational Webinar	Webinar	Employers
28.	10/15/21	CalSavers	Employer Educational Webinar	Webinar	Employers
29.	10/19/21	Barstow Area Chamber of Commerce	CalSavers Retirement Savings Program	Webinar	Employers
30.	10/19/21	CalSavers	Employer Educational Webinar	Webinar	Employers
31.	10/20/21	CalSavers	Employer Educational Webinar	Webinar	Employers
32.	10/21/21	CalSavers	Employee Educational Webinar	Webinar	Employees
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41.	11/2/21	CalSavers	Employer Educational Webinar	Webinar	Employers
42.	11/3/21	CalSavers	Employer Educational Webinar	Webinar	Employers
43.	11/4/21	CalSavers	Employee Educational Webinar	Webinar	Employees
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57.	11/23/21	CalSavers	Employer Educational Webinar (Cantonese)	Webinar	Employers
58.	11/24/21	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
59.	11/30/21	CalSavers	Employer Educational Webinar	Webinar	Employers
60.	12/1/21	CalSavers	Employer Educational Webinar	Webinar	Employers
61.	12/2/21	CalSavers	Employee Educational Webinar	Webinar	Employees
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66.	12/9/21	CalSavers	Employer Educational Webinar	Webinar	Employers
67.	12/10/21	CalSavers	Employer Educational Webinar	Webinar	Employers

### **Earned Media**

Media coverage, including articles, television and radio segments, and podcasts published since the previous Board report, is summarized below.

	Date	Publication	Headline/Link
1	6/10/2021	ASPPA Net	<a href="#">CalSavers Participation, Assets Spring Forward</a>
2	6/11/2021	Office of Governor Gavin Newsom	<a href="#">Governor Newsom Announces Appointments 6.11.21</a>
3	6/14/2021	Los Angeles Times	<a href="#">Tap the state's future surpluses to give everyone a share in California's wealth</a>
4	6/15/2021	Los Angeles Times	<a href="#">Newsletter: California's economy has officially reopened. Here's what happens next</a>
5	6/15/2021	Bloomberg Law	<a href="#">Tax Group Denied Second Look at California Auto-Retirement Plan</a>
6	6/21/2021	Financial Times	<a href="#">Capital for the people — an idea whose time has come</a>
7	6/22/2021	Next City	<a href="#">California Has a Plan to Restore Trust in Banking</a>
8	6/22/2021	Korea Herald Business in English!	<a href="#">직장인 은퇴 연금 플랜 캘세이버스 등록 30일 마감 (Employee Retirement Pension Plan Cal saver Registration 30 Days Deadline)</a>
9	6/29/2021	SSRN	<a href="#">The Ninth Circuit's Jarvis Opinion: A Correct Application of Retrenched ERISA Preemption</a>
10	7/1/2021	JD Supra	<a href="#">Ninth Circuit Upholds California Mandatory Auto-IRA Law</a>
11	7/12/2021	ASPPA Net	<a href="#">CalSavers Registrations Jumped in June; Other Measures Hold Steady</a>
12	7/20/2021	Next City	<a href="#">The Women's Wealth Gap Glares Harsher than Ever, So It's Time to Close It</a>
13	7/22/2021	ThinkAdvisor	<a href="#">6 States Where Auto-IRAs Are Up and Running</a>
14	7/28/2021	Money Talks News	<a href="#">These 9 States Want to Increase Your Retirement Savings Automatically</a>
15	7/31/2021	Lexology	<a href="#">California Dreamin': Ninth Circuit Affirmation of CalSavers Decision May Forecast State Auto-IRA Nightmare for Some Employers</a>
16	8/4/2021	Bloomberg Law	<a href="#">Support Builds to Make Every U.S. Worker Save for Retirement</a>
17	8/9/2021	Pensions & Investments	<a href="#">Digital plan providers see opportunity in state mandates</a>
18	8/10/2021	Sacramento Observer	<a href="#">There Is Cash in California's Comeback Plan for Your Small Business</a>
19	8/12/2021	Responsible Investor	<a href="#">CalSavers: ESG option attracts just 0.4% of funded accounts after two years</a>
20	8/27/2021	Spidell's California Taxletter	<a href="#">CalSavers requirements and registration deadlines</a>

	<b>Date</b>	<b>Publication</b>	<b>Headline/Link</b>
21	9/1/2021	Forbes	<a href="#">Stark And Growing Economic Inequality Fuels Retirement Insecurity</a>
22	9/2/2021	Monterey Herald	<a href="#">Sara Boyns, Workplace Law: Registering for CalSavers Program</a>

***Attachments***

- Attachment 2A: Summary of Program Participation & Funding as of August 31, 2021
- Attachment 2B: Summary of Monthly Budget Report through May 31, 2021
- Attachment 2C: Program Fund Audit FY 19-20
- Attachment 2D: Quarterly Risk Heat Map