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NOVEMBER 21, 2022

AGENDA ITEM 2  
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

*Executive Director's Report*

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**I. TOPICS TO BE PRESENTED DURING MEETING**

**Staffing**

- New Office Technician Conner Van Vorhis started October 17
- Interviews underway for three new positions authorized in the FY 2022-23 budget
  - One new manager for Data, Enforcement, Reporting
  - Two new analysts for Outreach, Education, Customer Service
- Currently considering staffing request for budget change proposal (BCP) for FY 2023-24

**Review of Program Participation and Funding**

See Attachment 2A

**Update on Employer Compliance Enforcement**

For each wave, after months of notices staff begin distribution of enforcement notices (“due process notices”) to non-compliant employers. State law requires a series of three due process notices at least 90, 60 and 30 days prior to penalty imposition. Following these notices and extensive staff research efforts to identify exempt employers, staff transfer employers to the Franchise Tax Board (FTB) for penalty imposition. Summaries of enforcement activity for wave 1 (registration deadline 9/30/20) and wave 2 (6/30/21) are shown below. Enforcement for wave 3 (6/30/22) and wave 2022 (12/31/22) employers will begin in early 2023.

Wave 1 Enforcement Summary (as of 11/9/22)

	A	B	C	D	
Penalty Type	Count at First Due Process Notice on 9/2/21	FTB Penalties Sent Jan-Jun	Remaining with FTB	Pending in Due Process	Total Outstanding Non-Compliant (C + D)
Type 01: Failure to Register	1,021	216	92	154	246
Type 02: Failure to Upload Roster	156	33	39	51	90
Type 03: Failure to Facilitate Payroll	259	109	0	41	41
<b>Total</b>	<b>1,436</b>	<b>358</b>	<b>131</b>	<b>246</b>	<b>377</b>

Wave 2 Enforcement Summary (as of 11/9/22)

	A	B	C	D	
Penalty Type	Count at 1st Due Process Notice on 8/1/22	Resolved to-date	Transfer to FTB in Dec. (A – B)	Newly Non-compliant, Start Due Process Notices	<b>Total Outstanding Non-Compliant (C + D)</b>
Type 01: Failure to Register	619	187	432	323	755
Type 02: Failure to Upload Roster	525	353	172	176	348
Type 03: Failure to Facilitate Payroll	415	294	121	145	266
<b>Total</b>	<b>1,559</b>	<b>834</b>	<b>725</b>	<b>644</b>	<b>1,369</b>

**Annual Due Diligence Site Visit to Program Administrator**

- Summary of management team’s visit to the central office of Ascensus Government Savings in Newton, Massachusetts on October 25, 2023

**State Administrative Fee**

- Upcoming proposal from Executive Director to change state administrative fee from 0.05% to either a flat dollar fee or a hybrid fee

**ESG Fund Conversion**

- Completed November 11, 2023; See Item 3 for more information

**Risk Monitoring**

- Quarterly risk heat map (Attachment 2B)

**Legislation and Policy**

California Legislation

- **SB 1126 (CalSavers Employer Size Threshold):** Senate Bill 1126 (Cortese) was signed into law on August 26, 2022 and takes effect January 1, 2023.

CalSavers Regulations

- **Regular Rulemaking (Annual Employer Deadlines):** Staff filed a standardized regulatory impact analysis (SRIA) with the Department of Finance (DOF) on September 2, 2022 and responded to DOF comments on October 24, 2022. Staff began the regular rulemaking to make the emergency regulations permanent on November 1, 2022.
- **Emergency Rulemaking:** See Items 5 and 6

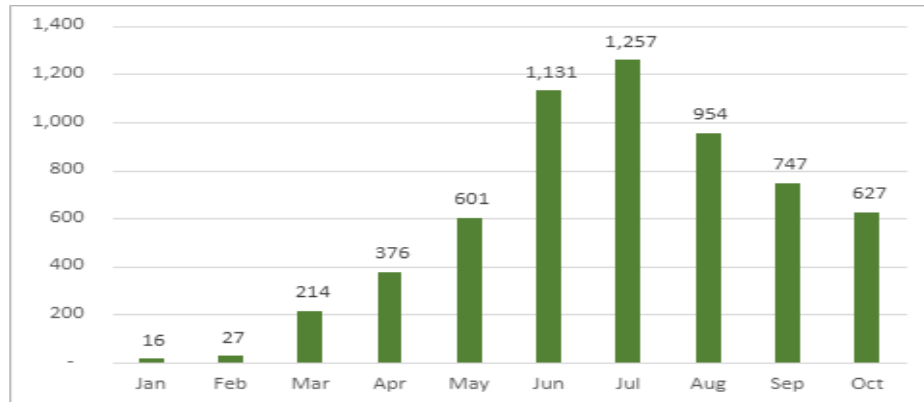
Federal Rulemaking & Legislation

- **U.S. Department of Labor on the Inclusion of ESG (environmental, social, and governance factors) in ERISA Plans:** Final rule submitted to the Office of Management and Budget, contents not publicly available.

- **SECURE Act 2.0, RISE & SHINE Act, and EARN Act:** Staff continue to monitor; no updates from last report to the Board in August 2022.

**Staff Customer Service Caseload Referred by Call Center**

*Counts of employer cases handled by Board staff, thru 10/31/22*



**External Presentations**

*Public Webinars Summary*

	English	Spanish	Mandarin	Cantonese	TOTAL
Attendees Aug-Oct	1,369	49	14	9	1,441
Attendees YTD	13,900	248	121	52	14,321
Sessions Aug-Oct	62	13	7	6	88
Sessions YTD	187	43	17	20	267

*Stakeholder/Community Presentations, Employer visits, and Policy Forum Remarks  
(Events Since August Board Report)*

	Date	Organization	Event	Location
1.	8/26/22	San Pasqual Winery	Employer Visit	San Diego
2.	9/20/22	National Association of State Treasurers (NAST)	Engaging Small Business	Phila., PA
3.	9/27/22	County of San Mateo Commission on the Status of Women	CalSavers Retirement Savings Program	Virtual
4.	10/3/22	Peter’s Kettle Korn	Employer Visit	Oakland
5.	10/3/22	TMC Community Capital	Employer Resources Film	Oakland
6.	10/15/22	Yacanex Community	Latina Emprendedora	San Jose
7.	10/18/22	Aspen Leadership Forum on Retirement Savings	Expanding Access to Automatic Enrollment	Virginia
8.	10/19/22	Western Pension & Benefits Council, Sacramento Chapter	CalSavers Overview and Update	Sacramento
9.	10/19/22	San Francisco City and County Treasurer’s Office	Train the Trainer for Smart Money Coaches	Virtual
10.	10/28/22	Farm Employer Labor Services (FELS)	CalSavers Is Expanding: Are You Ready?	Virtual

	<b>Date</b>	<b>Organization</b>	<b>Event</b>	<b>Location</b>
11.	11/16/22	Salinas Valley Chamber of Commerce	CalSavers Retirement Savings Program	Salinas
12.	11/18/22	Negozee	Negocios al 100	Fullerton
13.	11/18/22	CA Farm Bureau & Farm Employer Labor Services	Grow In the Know	Virtual

## **II. TOPICS AVAILABLE FOR PRESENTATION BY REQUEST**

### **Tentative 2023 Board Meeting Schedule**

Board meetings are tentatively scheduled for February 27, May 22, August 21, and November 20, 2023. Additional meetings may be scheduled. The tentative schedule is updated on an ongoing basis here: <https://www.treasurer.ca.gov/calsavers/meeting/schedule.asp>.

### **Budget**

- As of June 30, 2022, the most recent available reporting, the program had spent \$2.0 million in loan funding in fiscal year 2021-22 and a total of \$9.0 million since inception in November 2016. (Detailed budget summary in Attachment 2C)
- Budget Change Proposal for FY 2023-24 pending

### **Audits**

- Program Fund Audit FY 21-22: Fieldwork underway (CliftonLarsonAllen)
- Administrative Fund FY 21-22: Fieldwork to begin December 2022 (Gilbert CPAs)

### **Contracts**

Upcoming Contracts/Renewals/Amendments (\* indicates contracts under the Executive Director's Delegated Authority of \$300,000)

- Program Administrator Agreement, possible amendments: See Item 9
- Investment Consultant Agreement, extension: See Item 8
- External Legal Services Agreement, new search: See Item 8
- Interagency Agreement with Office of State Publishing (OSP)\*: in development

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

Staff are meeting with the California Department of Social Services (CDSS) to discuss payroll system changes to facilitate payroll contributions for IHSS providers who opt into CalSavers.

### **Earned Media**

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

	<b>Date</b>	<b>Publication</b>	<b>Headline/Link</b>
1	8/13/2022	California Globe	<a href="#">Overview of 'CalSavers' Act</a>
2	8/17/2022	ASPPA	<a href="#">CalSavers Expansion Now Up to Newsom</a>
3	8/18/2022	ASPPA	<a href="#">A Look at CalSavers' Service Operations</a>
4	8/18/2022	AARP	<a href="#">What to Do if You Don't Have a 401(k) Plan</a>

	<b>Date</b>	<b>Publication</b>	<b>Headline/Link</b>
5	8/24/2022	Forbes	<a href="#">Why Offering Retirement Benefits Helps Attract And Retain Top Employees</a>
6	8/29/2022	ASPPA	<a href="#">CalSavers to Cover Nearly all Employees in California</a>
7	8/29/2022	Society for Human Resource Management	<a href="#">California Passes Legislation to Expand Retirement Plan Mandate</a>
8	8/29/2022	JD Supra	<a href="#">California Passes Legislation to Expand Mandated Retirement Plans</a>
9	8/29/2022	P&I	<a href="#">CalSavers now available to smallest businesses under new law</a>
10	8/29/2022	The Benefit of Benefits	<a href="#">CalSavers Threshold Number of Employees to Drop to One</a>
11	8/29/2022	PlanSponsor	<a href="#">California Expands State Retirement Savings Program</a>
12	8/31/2022	Bloomberg Law	<a href="#">CalSavers State Retirement Initiative Expanded to More Workers</a>
13	9/1/2022	AARP	<a href="#">California Governor Expands AARP-Backed Retirement Savings Program</a>
14	9/1/2022	Insurance News Net	<a href="#">Keeping up with state IRA programs across the US</a>
15	9/2/2022	ASPPA	<a href="#">Continued Strong Growth for CalSavers in August</a>
16	9/4/2022	Broadcast Retirement Network	<a href="#">BRN Sunday   Expanding Coverage: CalSavers Now Available To Smallest Businesses Under New Law</a>
17	9/7/2022	Massena Associates LLC	<a href="#">CalSavers: 340,000 New Savers, and Counting</a>
18	9/8/2022	Spidell	<a href="#">CalSavers will apply to more employers</a>
19	9/16/2022	401k Specialist	<a href="#">Maryland's State-Run IRA Is Different, Better, and Still Less Than Optimal</a>
20	9/29/2022	Barron's	<a href="#">CalSavers Requires Employers to Have a Retirement Plan. Most Californians Are Unaware.</a>
21	9/29/2022	Los Angeles Times	<a href="#">Can most Californians even afford to retire?</a>
22	10/3/2022	Wealth Management	<a href="#">Potential Explosion of Small Business Startup Market Will Stress the Private 401(k) System</a>
23	10/3/2022	North Bay Business Journal	<a href="#">How small businesses are coping with California's expanded worker retirement savings requirement</a>
24	10/4/2022	CalMatters	<a href="#">What's next for Fiona Ma as California treasurer?</a>
25	10/11/2022	BOSS Magazine	<a href="#">Why Companies Should Be Matching Their Employees' Retirement Contributions</a>
26	10/11/2022	Los Angeles Times	<a href="#">In race for California's top banker, Cudahy councilman looks to oust incumbent who weathered political storms</a>
27	10/12/2022	PlanSponsor	<a href="#">Aon PEP Passes Assets Milestone</a>
28	11/7/2022	Rice University	<a href="#">Could state-sponsored retirement plans help workers save more? Maybe, says Baker Institute report</a>
29	11/8/2022	Los Angeles Times	<a href="#">Does your employer still not offer a retirement plan? They may be running out of time</a>
30	11/14/2022	Lexology	<a href="#">Overview of New California Employment Laws</a>

***Attachments***

- Attachment 2A: Summary of Program Participation & Funding as of October 31, 2022
- Attachment 2B: Quarterly Risk Heat Map
- Attachment 2C: Summary of Monthly Budget Report through June 30, 2022