
FEBRUARY 27, 2023

AGENDA ITEM 2
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Executive Director's Report

I. TOPICS TO BE PRESENTED DURING MEETING

Staffing

- Transition of Angela Duvane to Manager of Data, Enforcement, and Reporting
- New Manager of Administrative Operations Jessica Stroing (Staff Services Manager I)
- Second search underway for two new analysts for Customer Service and Outreach
- See revised organization chart in **Attachment 2A**

Review of Program Participation and Funding

- See **Attachment 2B**
- Update on plans to collect voluntarily self-reported racial and gender information

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 spring 2023.

Wave 1 Enforcement Summary (as of 2/13/23)

	A	B	C	D	E
Penalty Type	Employers Sent Due Process Notice on 9/2/21	FTB Penalties Sent (Jan-Jun 2022)	Penalty Notice Issued, Still Noncompliant	Noncompliant, Not Yet Noticed	Total Outstanding Non-Compliant (C + D)
Type 01: Failure to Register	1,021	216	25	131	156
Type 02: Failure to Upload Roster	156	33	3	111	114
Type 03: Failure to Facilitate Payroll	259	109	0	92	92
Total	1,436	358	28	334	362

Wave 2 Enforcement Summary (as of 2/13/23)

	A	B	C	D	E
Penalty Type	Employers Sent Due Process Notice on 8/1/22	FTB Penalties Sent (Dec. 2022)	Penalty Noticed Issued, Still Noncompliant	Noncompliant, Not Yet Noticed	Total Outstanding Non-Compliant (C + D)
Type 01: Failure to Register	619	337	308	348	656
Type 02: Failure to Upload Roster	525	119	106	374	480
Type 03: Failure to Facilitate Payroll	415	65	48	412	461
Total	1,559	521	462	1,134	1,596

Program Administrator Fee and Service Changes

- Status of Contract Amendment
- Preparation for Participant Disclosure Communications

State Administrative Fee

Update on consideration of state administrative fee change

Risk Monitoring

Quarterly risk heat map (**Attachment 2C**)

Contracts / Interagency Agreements / Amendments

Exceeding \$300,000 or Otherwise Requiring Board Action

1. Program Administrator Agreement amendments approved by the Board on December 15, 2022: pending review with Department of General Services

Up to \$300,000 (Executive Director’s Delegated Authority)

1. External Legal Services Agreement, new search via Request for Qualifications: vendor selected, agreement in process
2. Interagency Agreement with Office of State Publishing (OSP): in development
3. Program Consultant Agreement, new search: Request for proposals (RFP) to be released in March, reduced scope and budget (**Attachment 2D**)
4. Translation and Design Services: Solicitation to be released in March
5. External Program Fund Audit Services: RFP in development

Legislation and Policy

California Legislation

- Senate Bill 1126 (Cortese) took effect on January 1, 2023, expanding the CalSavers mandate to employers with fewer than five employees; staff do not anticipate pursuing

any legislation in 2023 and are monitoring for any state legislation that could impact the program.

CalSavers Regulations

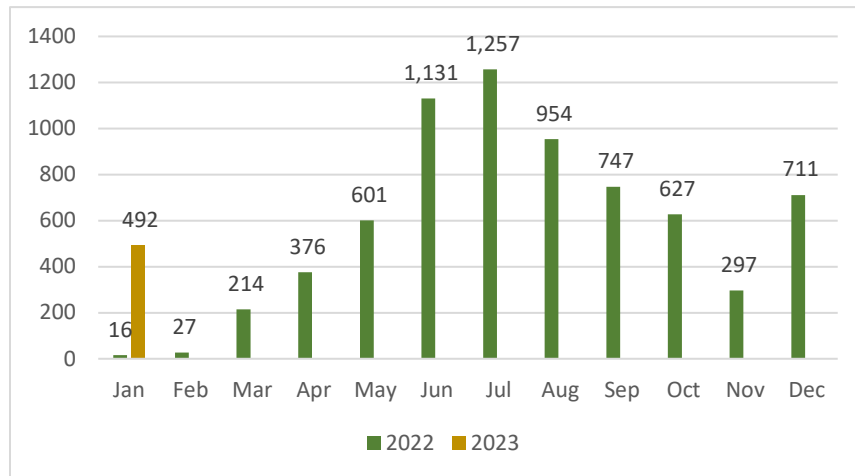
- **Regular Rulemaking (Annual Employer Deadlines):** Staff filed the regular rulemaking package with the Office of Administrative Law on January 31, 2023.
- **Emergency Rulemaking:** Board approved amendments to conform with Senate Bill 1126 at November 21, 2022 Board meeting; amendments approved by OAL and took effect January 1, 2023; staff will seek Board approval for first re adoption at May Board meeting.

Federal Rulemaking & Legislation

- **U.S. Department of Labor on the Inclusion of environmental, social, and governance (ESG) factors in ERISA Plans:** Final rule made public November 22, 2022 and took effect February 1, 2023; rule clarifies that plan sponsors can consider climate change and other ESG factors when they select investment options for a plan.
- **SECURE 2.0 Act of 2022:** A variety of changes to retirement laws, referred to as “SECURE 2.0 Act” were signed into law through passage of the Consolidated Appropriations Act of 2023. (See agenda item 6)

Staff Customer Service Caseload Referred by Call Center

Counts of employer cases handled by Board staff, thru 1/31/23



External Presentations

Public Webinars Summary

- In January 2023, webinar activities were transitioned solely to Board staff. Prior to 2023, they were cohosted jointly by the Board staff and Ascensus field representatives.

	English	Spanish	Mandarin	Cantonese	TOTAL
Attendees Nov-Jan	486	12	6	8	512
Attendees YTD	87	5	2	3	97
Sessions Nov-Jan	46	10	4	7	67
Sessions YTD	9	3	1	2	15

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

	Date	Organization	Event	Location
1.	12/1/2022	Employee Benefit Research Institute	EBRI 2022 Retirement Summit	Washington, D.C.
2.	12/2/2022	Young Invincibles	Why Saving for Retirement Matters	Virtual
3.	12/6/2022	California Asset Building Coalition	CABC 2022 Annual Symposium	Virtual
4.	1/24/2023	Georgetown University Center for Retirement Initiatives	Annual States Conference	Los Angeles
5.	2/8/2023	Asociacion de Emprendedor@s	Dinner'n Learn en Español	Virtual
6.	2/13/2023	National Association of State Treasurers	2023 NAST Legislative Conference	Washington, D.C.

II. TOPICS AVAILABLE FOR PRESENTATION BY REQUEST

2022 Year in Review

See **Attachment 2E**

Budget

- As of December 31, 2022, the most recent available reporting, the program had spent \$978,899 in loan funding in fiscal year 2022-23 and total of \$10.0 million since inception in November 2016. (Detailed budget summary in **Attachment 2F**)
- Loan Repayment Extension Proposal Pending

Audits

- Program Fund Audit FY 21-22: Fieldwork in progress (CliftonLarsonAllen)
- Administrative Fund FY 21-22: Fieldwork has been completed and the Audit Report is in progress (Gilbert CPAs)

In Home Support Services (IHSS) Provider Inclusion Update

Staff are working 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.

	Pub. Date	Publication	Headline/Link
1	11/17/2022	PlanSponsor	State-Sponsored IRA Plans Have Potential to Boost Worker Savings
2	12/1/2022	401k Wire	Who are the 401(k) Industry's Most Influential?
3	12/1/2022	Financial Advisor Magazine	Retirement Plan Execs Urge Creation Of Employer Plan Mandates
4	12/1/2022	Pensions & Investments	Mandating retirement plans could address inequity, experts say at EBRI summit
5	12/1/2022	Think Advisor	9 State-Run Retirement Plans With Key Dates to Watch in 2023
6	12/2/2022	CNBC	'This is a crisis.' Why more workers need access to retirement savings
7	12/5/2022	Insurance News Net	EBRI panelist: Retirement plan mandate needed now to solve crisis
8	12/6/2022	Spectrum News	Rep.-elect Sydney Kamlager on her priorities in office
9	12/9/2022	PlanSponsor	Bipartisan Group Introduces Bill for Portable Federal Retirement Accounts
10	12/13/2022	California Dental Association	CalSavers Retirement Savings Program expands to include employers with 1-4 employees
11	12/22/2022	Human Resources Director	More gold for the golden years: Federal government seeks to improve retirement
12	12/27/2022	401k Specialist	State Mandated, Payroll-Deducted IRAs
13	1/3/2023	Human Resources Director	7 California employment law changes in 2023
14	1/5/2023	Los Angeles Times	The omnibus bill will help you save for retirement, though Wall Street will get its cut
15	1/5/2023	Autobody News	New California Laws Affect Auto Repairers
16	1/6/2023	Unidos Univision Los Angeles	Negocios de California ya pueden registrarse en CalSavers para ayudar a sus empleados a ahorrar para la jubilación
17	1/9/2023	Bond Buyer	Tim Schaefer, who made a huge impact on California public finance, has died
18	1/10/2023	California Dental Association	California dentists will comply with a dozen new employment laws beginning in 2023
19	1/13/2023	National Association of Plan Advisors	What's Next with the Evolution of State-Sponsored Retirement Plans?
20	1/18/2023	National Association of Plan Advisors	Case of the Week: CalSaver's Plan and Federal Plan Startup Tax Credit
21	1/25/2023	Pensions & Investments	State retirement plan execs ponder effect of new saver's match
22	2/7/2023	American Society of Pension Professionals & Actuaries	State-Sponsored Plans: A Look at Participation
23	2/9/2023	American Society of Pension Professionals & Actuaries	No Winter Chill for CalSavers
24	2/12/2023	Connecticut Inside Investigator	Middleman: The Costs and Benefits of Connecticut's Retirement Program
25	2/13/2023	WealthManagement.com	The 10 Most Impactful People in the 401(k) Industry

	Pub. Date	Publication	Headline/Link
26	2/14/2023	American Society of Pension Professionals & Actuaries	Economy Shifts What Employees Are Looking for in a Plan

Attachments

- Attachment 2A: CalSavers Organization Chart
- Attachment 2B: Summary of Program Participation & Funding as of January 31, 2022
- Attachment 2C: Quarterly Risk Heat Map
- Attachment 2D: Draft Scope of Work for Upcoming Program Consultant RFP
- Attachment 2E: CalSavers 2022 Year in Review
- Attachment 2F: Summary of Monthly Budget Report through December 31, 2022