
MAY 22, 2023

AGENDA ITEM 2
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Executive Director's Report

I. TOPICS TO BE PRESENTED DURING MEETING

Staffing

- Irma Ruiz, Staff Services Analyst, Outreach and Education, joined the team on April 17th.
- Former executive director Katie Selenski's final day leading the program was April 14th. The search for the new executive director is ongoing.
- See revised organization chart in **Attachment 2A**.

Review of Program Participation and Funding

- See **Attachment 2B**.

Update on Employer Compliance Enforcement

State law established penalties for eligible employers that do not make the Program available to their employees. For each wave of employers, after months of notices, staff begin distribution of enforcement notices ("due process notices") to employers who are not compliant due to missing their registration deadline, failing to upload their employee roster, or failing to facilitate contributions.

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. Staff will begin a new round of due process notices in the coming weeks for all waves that have passed a registration deadline, which will represent a significant expansion of enforcement efforts to date.

Summaries of enforcement activity are reported in **Attachment 2C**.

Program Administrator Fee and Service Changes

- Contract Amendment executed April 13, 2023
- Notices sent to participants on April 21, 2023
- Additional information to be reported in Item 3

Eligible Employee Identification Verification

At the November 2022 Board meeting, staff discussed efforts to refine the identity verification process for eligible employees. The program administrator, Ascensus, will provide additional detail on those efforts, which have led to improvements in the process that will ensure fewer

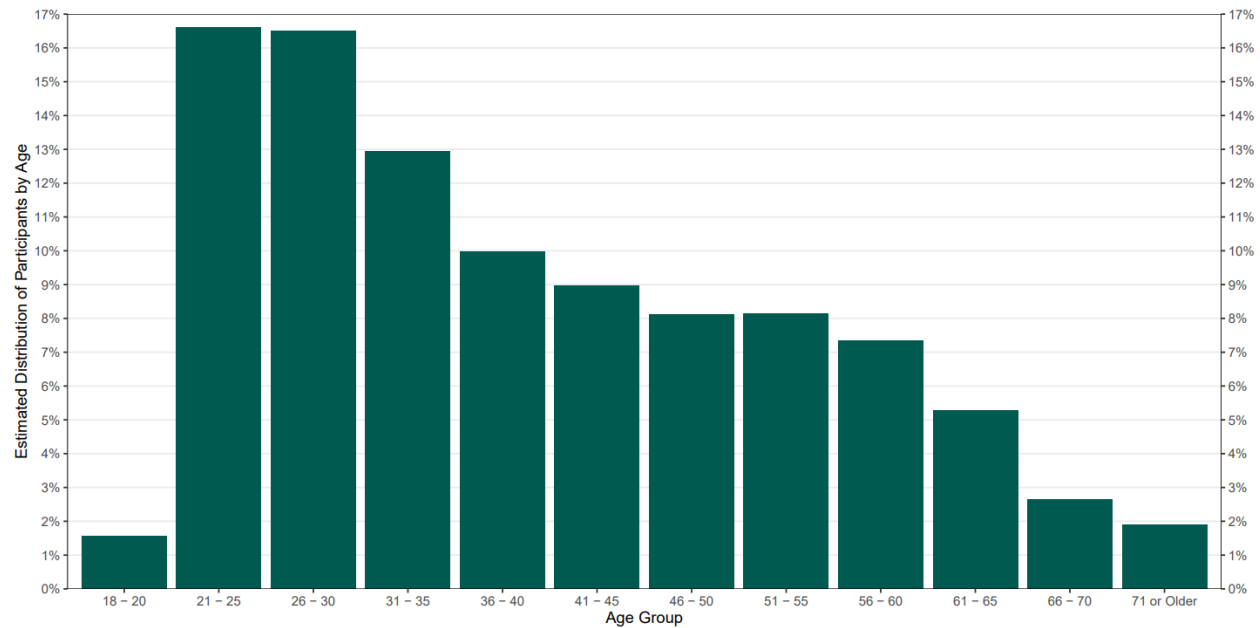
employees fail the identity verification process while ensuring the process remains in adherence with industry best practices and federal laws.

Demographic Data Collection

Staff have identified the data fields to use for a voluntary effort to estimate the race, ethnicity, and gender breakdown of participating savers; Ascensus is currently evaluating scope of project.

Estimated Age Breakdown of Participating Savers

A Board member asked about age breakdown of savers at the February 27, 2023, meeting. Staff have estimated the ages of participants via the rates of participation in the target retirement funds, presented below:



Risk Monitoring

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

Contracts / Interagency Agreements / Amendments

Exceeding \$300,000 or Otherwise Requiring Board Action

1. Employer Enforcement Services Amendment with Franchise Tax Board (FTB): under final review at FTB
2. Investment Consultant: Authority to issue RFP to be considered at August Board meeting. Full RFP build in progress (**Attachment 2E**).

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

1. Interagency Agreement with Office of State Publishing (OSP): executed March 1, 2023
2. Program Consultant Agreement, new search: Request for Proposals (RFP) released on April 26, 2023, with Proposals due on May 25, 2023
3. Translation and Design Services: vendor selected, agreement in process.

4. External Program Fund Audit Services: RFP released on April 12, 2023, with Proposals due on May 1, 2023. Vendor Selection in progress.

Legislation and Policy

California Legislation

- **AB 1381 (Weber) Call Centers** - As written on May 12, 2023, the bill would require that state contractors with call center services have at least 50% of call center work performed within California, and that at least 75% of such work be performed within California by 2027. The bill would have a significant impact on the Program. Staff have provided technical feedback to the author’s office in conjunction with the chair’s staff and similar programs for which the Treasurer serves as chair.

CalSavers Regulations

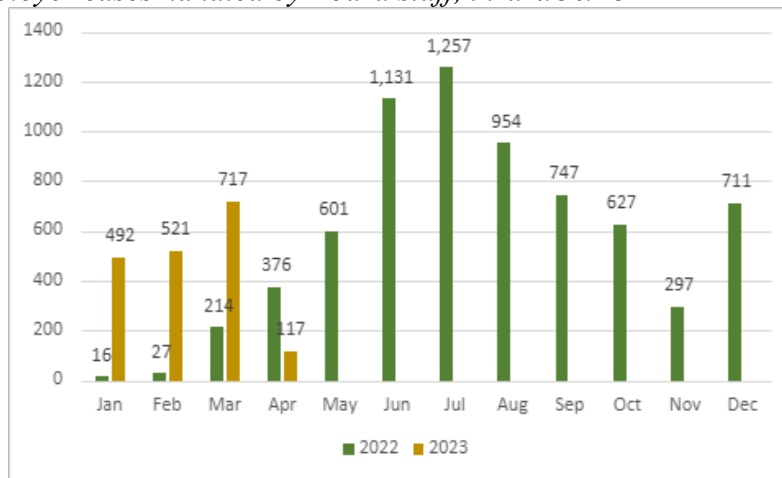
- **Regular Rulemaking (Annual Employer Deadlines):** The Office of Administrative Law (OAL) approved the rulemaking on March 15, 2023.
- **Amendments to Conform Regulations with SB 1126:** Board approved amendments to conform with Senate Bill 1126 at the November 21, 2022, Board meeting; amendments approved by OAL and took effect January 1, 2023; staff initiated the regular rulemaking process to make the amendments permanent on March 24, 2023.

Federal Rulemaking & Legislation

- **U.S. Department of Labor on the Inclusion of Environmental, Social, and Governance (ESG) factors in ERISA Plans:** Final rule took effect January 30, 2023; rule clarifies that plan sponsors can consider ESG factors when making investment decisions if the factors are relevant to the financial performance of the investments. President Biden issued first veto of presidency in March for a bill that would have overturned the rulemaking.

Staff Customer Service Caseload Referred by Call Center

Counts of employer cases handled by Board staff, thru 4/30/23



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 Feb-Apr	382	37	5	1	425
Attendees YTD	522	42	7	4	575
Sessions Feb-Apr	25	12	6	6	49
Sessions YTD	35	15	7	8	65

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

	Date	Organization	Event	Location
1.	3/2/23	Small Business Majority	Negocio Saludable, Ganancias Saludables	Virtual
2.	3/10/23	Young Invincibles	Introduction to CalSavers	Virtual
3.	3/14/23	Treasurer Fiona Ma w/ Fresno Chamber of Commerce	Small Biz University	Virtual
4.	4/5/23	Placer County	Regional Economic Development Stakeholder Meeting	Virtual
5.	4/13/23	Federal Deposit Insurance Corporation	Banking Spanish Speakers in San Jose	Virtual
6.	4/19/2023	California Hispanic Chambers of Commerce	Business Policy Summit Legislative Reception	Sacramento
7.	4/26/23	CA Department of Financial Protection and Innovation	Financial Literacy Resource Webinar	Virtual
8.	4/30/23 – 5/3/2023	Milken Institute	2023 Global Conference	Beverly Hills
9.	5/4/2023	United States Small Business Administration w/ California Hispanic Chambers of Commerce	Capital Region SBA Awards Luncheon & Expo	Sacramento
10.	5/18/2023	Monterey Peninsula Chamber of Commerce	"Food for Thought" with CalSavers	Monterey
11.	5/19/2023	National Hispanic Organization of Real Estate Agents	Business Workshop	Salinas

II. TOPICS AVAILABLE FOR PRESENTATION BY REQUEST

Budget

- As of March 31, 2023, the most recent available reporting, the program had spent \$1,560,918 in loan funding in fiscal year 2022-23 and total of \$10.5 million since inception in November 2016. (Detailed budget summary in **Attachment 2F**)
- Loan Repayment Extension Proposal Pending

Audits

- Program Fund Audit FY 21-22: Audit Report completed and will be submitted prior to August 1 deadline (CLA)
- Administrative Fund FY 21-22: Fieldwork has been completed and the Audit Report is in progress, pending the final OPEB and pension information from SCO (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	2/15/2023	Seattle Times	WA lawmakers could look, again, at automatic retirement savings plan
2	2/17/2023	NOEMA Magazine	When The Blue-Collar Backbone Meets Generative AI
3	2/23/2023	MarketWatch	The racial, ethnic and gender retirement gaps: How do we close them?
4	2/28/2023	CNBC	The racial retirement savings gap remains wide – How these state IRA programs are working toward equity
5	3/3/2023	JD Supra	Employees are not interested in state plans
6	3/6/2023	Lexology	A Recap of the New California Employment Laws That Took Effect in 2023
7	3/22/2023	Mercury News	MMA pension proposal should be knocked out in Round 1
8	3/27/2023	401 Specialist	Women’s Retirement Savings Suffer Due to Wage Gap
9	3/29/2023	PR Daily	Keeping it real with California Treasurer Fiona Ma: How to lead with empathy
10	3/29/2023	PlanAdvisor	Latino-Owned Businesses May Be Poised for 401(k) Plan Growth
11	3/30/2023	Trucker Huss	CalSavers vs. Qualified Employee Benefit Plans: Choosing the Right Retirement Plan in California
12	4/10/2023	Bloomberg Law	Congress Could Be Your Next Workplace Retirement Plan Sponsor
13	4/13/2023	The Wall Street Journal	Millions Gain Access to 401(k)s as More Small Businesses Launch Plans
14	4/14/2023	Pensions & Investments	Departing CalSavers' CEO tackled lawsuit, pandemic while launching state-run retirement plan
15	4/14/2023	Pew Charitable Trusts	State Automated Retirement Savings Programs Continue to Complement Private Market Plans
16	4/14/2023	PlanSponsor	Study Shows State-Built Retirement Programs Complement Private Plans
17	4/14/2023	PlanAdviser	Fears of State IRA Plans Overtaking Private Not Realized, Data Shows
18	4/14/2023	National Association of Plan Advisors	Surprising Findings About State Plans’ Impact on Private-Sector 401(k)s
19	4/17/2023	401k Wire	Who Will Succeed Selenski?
20	4/17/2023	Investment News	CalSavers on hunt for new leader as executive director Selenski departs
21	4/17/2023	Pensions & Investments	State-run retirement savings programs may fuel launch of private plans, Pew study says

	Pub. Date	Publication	Headline/Link
22	4/24/2023	Capitol Weekly	CalSavers enforcement, enrollment deadlines fast approaching
23	4/26/2023	Click Liverpool	Everything You Need to Know About State-Sponsored Retirement Plans
24	4/28/2023	Pensions & Investments	CalSavers on the hunt for general program consultant
25	4/28/2023	American Society of Pension Professionals & Actuaries	Surprising Findings About State Plans' Impact on Private-Sector 401(k)s
26	5/1/2023	Pensions & Investments	State-run retirement programs spurring more private-sector plans
27	5/2/2023	American Society of Pension Professionals & Actuaries	Consulting Services Sought for CalSavers
28	5/4/2023	JD Supra	State IRA programs help out private plans
29	5/5/2023	Massena Associates LLC	Do Rising Tides in Auto IRA States Float All the Boats? Pew Dishes.

Attachments

- Attachment 2A: CalSavers Organization Chart
- Attachment 2B: Summary of Program Participation & Funding as of April 30, 2023
- Attachment 2C: Employer Enforcement Activity (as of May 10, 2023)
- Attachment 2D: Quarterly Risk Heat Map
- Attachment 2E: Investment Consultant RFP: Purpose and Description of Services
- Attachment 2F: Summary of Monthly Budget Report through March 31, 2023