
JULY 29, 2024

**AGENDA ITEM 4
INFORMATION ITEM**

SCHOLARSHARE INVESTMENT BOARD

Executive Director's Report

Background

The Executive Director's Report includes an overview of the following items:

- ScholarShare 529 accounts and assets,
- Program updates,
- Legislative updates,
- Marketing and outreach highlights, and
- Contracts.

Presenters

Stanley Zeto, Deputy Executive Director, ScholarShare Investment Board
Jose Quiaoit, Manager, ScholarShare Investment Board

**SCHOLARSHARE INVESTMENT BOARD
EXECUTIVE DIRECTOR'S REPORT**

JULY 29, 2024

SCHOLARSHARE 529 Through June 30, 2024				
Accounts and Assets	2023 Calendar Year	2023 Jan – Jun²	2024 Jan – Jun²	
Accounts				
Total New Accounts Opened	52,053	28,455	25,849	
Total Open Accounts ²	422,327	409,812	439,039	
Assets				
Total New Contributions (in millions) ¹	\$1,136.2	\$541.1	\$646.7	
Total Net Assets (in billions)	\$14.42	\$12.71 ¹	\$15.58	
Redemptions (in millions)	2023 Jan – Jun²		2024 Jan – Jun²	
	Amount	% of Total	Amount	% of Total
Total Qualified Redemptions	\$318.1	86.9%	\$353.4	83.5%
Total Other Redemptions ³	\$22.9	13.1%	\$70.0	16.5%
Total Redemptions	\$365.9	100.0%	\$423.4	100.0%

¹ Excludes assets for CalKIDS and local CSAs.

² Data is as of June 30.

³ Total includes redemptions due to rollovers, non-qualified distributions, and scholarships.

Program Updates

- **529 Performance Rankings**

Savingforcollege.com 529 Performance Rankings for Direct-sold 529 Plans ScholarShare 529		
Performance Period	Q4 2023 (Dec. 31, 2023)	Q1 2024 (Mar. 31, 2024)
One-Year Investment Performance	35 of 55 plans	11 of 55 plans
Three-Year Investment Performance	19 of 52 plans	14 of 53 plans
Five-Year Investment Performance	N/A	N/A

Source: www.savingforcollege.com

- Morningstar Annual Ratings**
 As a follow-up, since late-2023, SIB staff has continued to work collectively with the ScholarShare 529 Plan Manager and the Board’s consultants in actively preparing for the upcoming 2024 annual Morningstar ratings process, which includes completing Morningstar’s 529 Savings Plan Request for Information released in late-May and due in late-August. In addition, Morningstar has indicated that there will be updates to the ratings methodology for 2024, which is anticipated to be made available by late-July 2024.
- CalKIDS / Local Children’s Savings Accounts (CSA) Programs Outreach and Coordination Awards**
 In summer 2023, SIB executed award agreements with the 11 qualified applicants/local children’s savings account (CSA) programs resulting from SIB’s Request for Applications No. 2023-A - CalKIDS / Local CSA Programs Outreach and Coordination Awards (RFA). In late-June 2024, pursuant to the executed award agreements, the final disbursement of award funds to these applicants was completed. SIB staff is continuing to meet regularly with these local CSA programs to review preliminary reporting for their completed and planned efforts in advance of a final report due from each of these programs in fall 2025, following the completion of the award agreements.
- CalKIDS Financial Literacy Initiative**
 To address the projected state budget shortfall, the 2024-2025 State Budget reflects a reduction of the \$5 million ongoing General Fund previously provided to support financial literacy outreach efforts through the CalKIDS program. Additionally, the Budget reverts \$9.5 million General Fund previously provided to support the financial literacy initiative. The Budget impacts SIB’s abilities to procure various services related to a financial literacy initiative as previously planned. SIB has offered CalKIDS participants access to the LifeCents financial wellness program integrated in the program portal since early-2023, as previously shared with the Board, and continues to explore ways to increase engagement with this program, while also collaborating with its partners to demonstrate how CalKIDS and ScholarShare 529 can be incorporated into financial literacy efforts.

Legislative Update

- Federal Legislation:**

Bill No.	Author	Purpose of Bill	Date Introduced	Current Status
H.R. 8915	Hern	This bill, the Education and Workforce Freedom Act, would amend the Internal Revenue Code of 1986 to expand the expenses treated as qualified higher education expenses for purposes of 529 accounts to include additional elementary and secondary school expenses and certain postsecondary credentialing expenses.	7/2/24	Ordered reported (7/9/24)

- **State Legislation:**

Bill No.	Author	Purpose of Bill	Date Introduced	Current Status
AB 2508	McCarty	This bill, commencing with the 2025–26 fiscal year and subject to an appropriation by the Legislature, would (1) require a CalKIDS account, with a one-time deposit of \$500, to be opened for a pupil who is a foster youth and is enrolled in grades 1 to 12, at a school district, public charter school, state special school, or other local educational agency, if an account has not already been established for them, and would require the account to receive a one-time enhanced deposit of \$500, and (2) authorize an additional enhanced deposit of \$500 for those foster youth who did not previously receive the deposits for unduplicated pupils in the 2021–22 and 2022–23 fiscal years.	2/13/24	Re-referred to Senate Committee on Appropriations (7/2/24)
AB 2524	Ward	This bill would exempt from gross income distribution made from a long-term 529 plan during the taxable years beginning on or after January 1, 2024, and before January 1, 2029, that are paid in a direct trustee-to-trustee transfer to a Roth IRA, and would conform state tax law to those changes relating to federal law.	2/13/24	In Assembly Committee on Appropriations: Held Under Submission (5/16/24)
ACR 177	Ward	This measure would designate May 29, 2024, as 529 College Savings Day, to raise awareness about the importance of saving for college with the help of 529 college savings plans	4/16/24	Chaptered by Secretary of State (6/20/24)

Marketing and Outreach Highlights for First Quarter 2024

- **Partnerships**

<i>Employer Partnerships</i>	13 new Workplace Savings Program (WSP) partners were on-boarded and included six (6) additional public agency employers: County of Fresno, Washington Unified School District, City of Benicia, County of Shasta, San Bernardino County Employees’ Retirement Association.
------------------------------	--

<i>General Partnerships</i>	137 new General Partnerships were added and included such partners as: Chester High School, Herlong High School, Plumas County Office of Education (COE), Sacramento Asian Pacific Chamber of Commerce, Los Angeles Urban League, Vista Nueva Career and Technology High School, First 5 Plumas, First 5 Amador, Next up Program, UC Riverside, Nueva Vista High School, Garden Grove Unified School District (USD), CA Association of School Counselors, Mt San Antonio College, New Los Angeles Charter Schools, Montebello USD, California Youth Connection
-----------------------------	--

• **Statewide Outreach and Education**

<i>Partnership Meetings</i>	<p>SIB staff participated in 208 introductory meetings with new and prospective partners, which included:</p> <ul style="list-style-type: none"> • Cities and Counties: Butte County Social Services Partnership, City of Eureka, San Francisco County, Marin County, City of Palm Springs, Amador County Office of Education, City of San Leandro • Community-based Organizations: CASA (Court Appointed Special Advocates) of Mariposa County, Early Care and Early Access, Shasta Parent Provider Educational Advertising, Amador COE, Lassen Community Day Center, Pregnancy Care Center of North Coast, BFRG Foundation, Schweitzer Leadership Academy, Catalyst Kids, United Way Orange County, San Diego Water Authority, Mexican Consulate of San Jose, Amador College Connect • Education-based organizations: Fresno USD, Sanger Unified School, Oxnard USD, Kentfield USD, Madera USD, Credence High School, Plumas Charter School, Mt Carmel High School, Tustin Public Schools, Juliette Low of the Arts, Trabuco Hills High School, San Diego USD, Mesa Verde High School, Temple City High School, Soar Charter Academy, South San Francisco Education Foundation, Montebello HeadStart, San Benito High School
<i>Webinars, Presentations, and Events</i>	<p>ScholarShare 529 and CalKIDS participated in 183 events, with nearly 26,000 estimated total attendees. These included regularly scheduled consumer webinars, monthly workplace savings employer webinars, dedicated webinars for employees, presentations to organizations and their audiences, and conferences or benefits fairs.</p> <p>Many of these events were in collaboration with a number of diverse partners that include Butte COE, County of Sacramento, Siskiyou Local Community Support, Trinity USD, Ventura County Local Planning Council, CA Department of Transportation, UC Merced, Vallejo City USD, Pacific Collegiate School, Learn4Life Schools, First 5 Plumas, San Diego Virtual High School, Growing Inland Achievement, CA Department of Health Care Services, Ventura COE, City of Vallejo, CA Department of Motor Vehicles, City of San Leandro, San Leandro USD, South County Cal-SOAP, Bay Area Community Resources, CA State Lottery, First 5 Amador, Contra Costa COE, City of Pinole, West Contra Costa USD, CalPERS, Glenn-Colusa Irrigation District, California State University Sacramento, CA Franchise Tax Board, and Long Beach City Employees Federal Credit Union.</p>

<i>Targeted E-Blasts</i>	<p>Emails were distributed on nine (9) occasions. Topics included:</p> <ul style="list-style-type: none"> • CalKIDS – First Partner Message, Register Now, Webinar; 300K Registrations • Financial Wellness Month • Black History Month
------------------------------	--

- **529 Day Offer and Event**

In May 2024, ScholarShare 529 launched its annual National 529 College Savings Day promotion, this year offering families \$50 to incentivize them to start saving by opening and contributing to a new ScholarShare 529 account. The offer, which ran from May 20-31, resulted in 2,746 new accounts opened and over \$5.3 million in new contributions during the 12-day promotion period. The offer was supported by traditional marketing channels, such as online, social media, direct mail, email, media relations, online webinars, and statewide outreach efforts.

On May 29th, Treasurer Ma, Diploma Dog, and the ScholarShare 529 team met with a number of legislators, including Assemblymembers Mike Fong, David Alvarez, Wendy Carrillo, Joaquin Arambula, Greg Wallis and other ScholarShare 529 supporters to stress the importance of college savings and the benefits of having a 529 account and highlighted the 529 Day promotion. In addition, the Assembly adopted Assembly Concurrent Resolution 177, authored by Assemblymember Christopher Ward of San Diego and sponsored by Treasurer Ma, which recognizes May 29 as the day “to raise awareness about the importance of saving for college with the help of 529 college savings plans.”

Contracts

- **Contracts Signed Under Delegation Authority**

From April through June 2024, there was three (3) contracts and (1) amendment to an existing contract signed and executed under the Executive Director’s delegation authority as listed below.

Contractor	Service	Total Amount	Start Date	End Date
Foundation for California Community Colleges	Call Center Services (Amendment)	\$3,732,040.00	6/21/22	5/31/25
State Treasurer’s Office	Building Rent and Security Services	\$131,700.00	7/1/23	6/30/24
State Treasurer’s Office	Executive and Support Services	\$209,872.00	7/1/23	6/30/24
N & G Legal Group APC	Legal Services	\$13,000.00	6/5/24	12/31/25

- **Marketing and Outreach Purchase Orders**

From April through June 2024, there were seven (7) processed marketing purchase orders (POs) totaling approximately \$12,268. These POs include the annual EMMA email service subscription, as well as partnerships, purchases, and/or participation at events with organizations that include the California Teachers Association, California Special Districts Association, Riverside County Office of Education, and National College Attainment Network.

**SCHOLARSHARE INVESTMENT BOARD
2024 MEETING CALENDAR**

Agenda Item Discussions

Thursday, September 19, 2024 (1:30 p.m.)

- Minutes from July 29, 2024 Meeting
- Executive Director's Report
- Update on California Kids Investment and Development Savings Program
- Review and Analysis of Investment Performance for ScholarShare 529
- Marketing Update for ScholarShare 529 and California Kids Investment and Development Savings Program
- Review of Administrative Performance for ScholarShare 529

Tuesday, December 10, 2024 (1:30 p.m.)

- Minutes from September 19, 2024 Meeting
- Executive Director's Report
- Update on California Kids Investment and Development Savings Program
- Review of ScholarShare Statement of Investment Policy
- Review of ScholarShare Monitoring Procedures and Criteria
- Review of 2025 Asset Allocation Recommendations for ScholarShare 529
- Review and Analysis of Investment Performance for ScholarShare 529
- Marketing Update and 2023 Marketing Plan for ScholarShare 529 and California Kids Investment and Development Savings Program
- Review of Administrative Performance for ScholarShare 529

These meeting agendas are tentative and may be updated throughout the year.

Staff requests that Board members enter the meeting dates into their 2024 calendar. The meetings will be held in Room 102 of the State Treasurer's Office at 901 P Street in Sacramento, California, unless noted otherwise. Board members should plan to attend the meeting in person. If this is not possible and Board members must participate by teleconference, they must inform staff 14 calendar days prior to the scheduled meeting date and provide a teleconference location that is open to the public. This location must have a speakerphone available, and the Board member must be present at the location for the entire length of the meeting.