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FEBRUARY 13, 2024

AGENDA ITEM 2  
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

*Executive Director's Report*

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

### **Executive Director Year In Review**

- See **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 marketing and notices from Ascensus, 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 due process notice prior to penalty imposition. Following these notices and extensive staff research efforts to identify exempt employers, staff began referring employers to the Franchise Tax Board (FTB) for penalty imposition in October of 2023.

In November, the CalSavers Board approved regulations that clarified how staff will determine the state of “compliance” and “non-compliance” when determining employers’ penalty status. Employer in compliance at the time of penalty collection are eligible for refunds of collected penalties. The regulations also clarified that the penalties are both cumulative and annual in nature.

Over ten thousand employers have come into compliance with the mandate since the penalty enforcement implementation. The noncompliant employers will receive the second penalty notice in the amount of \$500 per unenrolled, eligible employee beginning February 2024.

Staff is refining the language of the penalty notices as well as the cadence, printing and mailing process for due process notices, to save costs and increase employer compliance.

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

### **Risk Monitoring**

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

## **Discussion of the Draft Strategic Plan (2024-27)**

Staff will review current Strategic Plan and bring back recommendations for the Board's consideration and approval at a future Board meeting. The next Strategic Plan will be effective from July 1, 2024, to June 30, 2027.

## **Contracts / Interagency Agreements / Amendments**

Exceeding \$300,000 or Otherwise Requiring Board Action

1. Employer Enforcement Services Amendment with Franchise Tax Board (FTB): Authority to amend contract in Agenda item #7

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

1. External Legal Services: in process to extend another year with K & L Gates, CRSB05-22

## **Legislation and Policy**

### **Federal Legislation**

**S. 3102** (Hickenlooper, Tillis) "The Retirement Savings for Americans Act" and also known as the "Hickenlooper" bill) was reintroduced on October 19, 2023 to establish a new federal retirement savings program. There are concerns about how this would negatively impact both state programs like CalSavers and private retirement plans.

### **CalSavers Regulations**

**Emergency Rulemaking Readoption (Employer Registration Process Change):** Board approved amendments to change the Program regulations to simplify the employer registration process at the May 22, 2023, Board meeting; amendments were submitted to OAL through the emergency rulemaking process and were approved on June 19, 2023, and then re-approved through the emergency readoption process on December 14, 2023. Staff is currently undergoing the regular rulemaking process and is expected to complete this process in the near future before the expiration of the emergency regulations in April 2024.

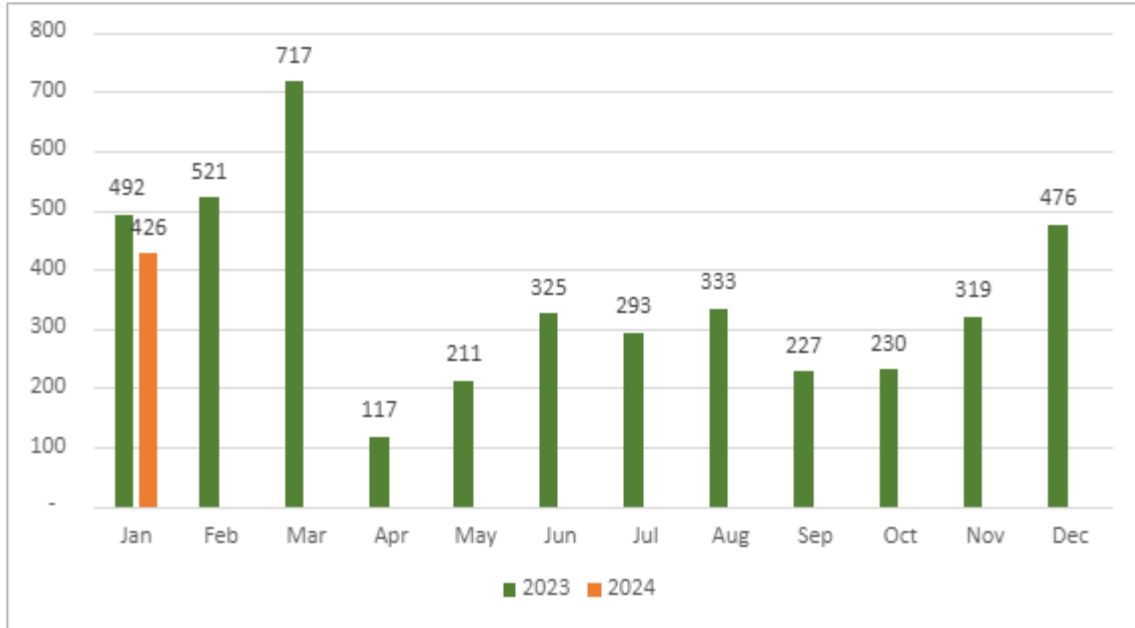
**Regular Rulemaking (Employer Registration Process Change):** Board approved amendments to change the Program regulations to simplify the employer registration process at the May 22, 2023, Board meeting. The regular rulemaking process was started on September 29, 2023, with the regulations being published to the OAL Notice Register. Staff is currently working on completing the regular rulemaking process by submitting the regulations package to OAL for approval.

**Emergency Rulemaking (Noncompliance):** Board approved amendments to change the program regulations to clarify employer noncompliance actions at the November 13, 2023, Board meeting; amendments were approved by OAL through the emergency rulemaking process on December 26, 2023; staff is beginning the regular rulemaking process now and will update the Board once items are filed.

**Regular Rulemaking (Noncompliance):** Board approved amendments to change the program regulations to clarify employer noncompliance actions at the November 13, 2023,

Board meeting. An emergency rulemaking was filed with OAL in December 2023, and staff is expected to begin regular rulemaking shortly.

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



*Counts of employer cases handled by CalSavers staff, thru 01/31/2024*

**External Presentations**

*Public Webinars Summary*

	English	Spanish	Mandarin	Cantonese	TOTAL
Attendees Nov-Jan	793	53	2	0	848
Attendees YTD	320	43	0	0	363
Sessions Nov-Jan	26	11	4	3	44
Sessions YTD	9	5	0	0	14

*Stakeholder/Community Presentations, Employer visits, and Policy Forum Remarks*

(Events Since November Board Report)

	Date	Organization	Event	Location
1.	11/15/2023	Salinas Valley Chamber of Commerce	Cash Flow Masters	Salinas
2.	11/15/2023	California Hispanic Chamber of Commerce	Your Money. Your Future.	Virtual
3.	11/16/2023	California Hispanic Chamber of Commerce	Tu Dinero. Tu Futuro.	Virtual
4.	01/11/2024	Vacaville and Fairfield-Suisun Chamber of Commerce	Chamber Mixer	Vacaville

	<b>Date</b>	<b>Organization</b>	<b>Event</b>	<b>Location</b>
5.	1/23/2024	National Conference of Public Employees Retirement Systems	Annual Conference	Washington, DC
6.	1/30-31/2024	The Georgetown University Center for Retirement Initiatives (CRI)	Annual State-Facilitated Retirement Savings Program Network (SRSPN) Conference	Miami, FL

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

### **Staffing**

- CalSavers hired Tristan Woolacott as our new Policy, Compliance and Communications Director.
- Sandy Guan received a promotion in place in the Customer Service, Outreach and User Experience Unit.
- Connie Van Vorhis received a promotion in the Administrative Operations Unit.
- CalSavers is currently in the process of backfilling the CalSavers Front Desk Receptionist (OT) position in the Administrative Operations Unit.
- CalSavers is currently in the process of filling the Customer Service, Outreach and User Experience vacancy.
- See revised organization chart in **Attachment 2E**.

### **Budget**

- As of October 31, 2023, the most recent available reporting, the Program had spent \$550,106 in loan funding in fiscal year 2023-24.
- The remaining \$4,000,000 of SB 840 – Budget Act of 2022 loan authority is scheduled to be drawn down in January 2024 and April 2024.
- See CalSavers Retirement Savings Board Fund Manager’s Report in **Attachment 2F**

### **Audits**

- Program Fund Audit FY 22-23: No updates (MGO)
- Administrative Fund FY 22-23: No updates (Gilbert CPAs)

### **Earned Media**

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

	<b>Pub. Date</b>	<b>Publication</b>	<b>Headline/Link</b>
1.	11/20/2023	Arcadia Chamber	<a href="#">Millennium Pension Services presents CalSavers vs 401K Information</a>
2.	12/1/2023	ASPPA	<a href="#">CalSavers Employer Identification Number Rule May Be Permanently Reinstated</a>
3.	12/11/2023	ASPPA	<a href="#">Overall, a Warm Autumn for CalSavers</a>
4.	12/12/2023	PlanSponsor	<a href="#">CalSavers Continues to See Retirement Plan Registrant Increase</a>
5.	12/26/2023	NAPA	<a href="#">State-Sponsored Savings Programs Reach \$1 Billion in Assets</a>
6.	12/26/2023	401k Specialist	<a href="#">State Auto-IRA Assets Pass \$1 Billion Milestone</a>

	<b>Pub. Date</b>	<b>Publication</b>	<b>Headline/Link</b>
7.	12/27/2023	ASPPA	<a href="#">State-Sponsored Savings Programs Reach \$1 Billion in Assets</a>
8.	1/3/2024	Pensions & Investments	<a href="#">CalSavers sticks with Meketa as investment consultant</a>
9.	1/9/2024	Corporate Insight	<a href="#">Auto-IRAs and More: New Retirement Planning Options Target Underserved Employees</a>
10.	1/12/2024	HR Brew	<a href="#">How two restaurant groups are working to boost their employees' enrollment in 401(k) accounts</a>

***Attachments***

- Attachment 2A: Executive Director’s Year In Review
- Attachment 2B: Summary of Program Participation & Funding as of January 31, 2024
- Attachment 2C: Employer Enforcement Activity as of January 31, 2024
- Attachment 2D: Quarterly Risk Heat Map
- Attachment 2E: CalSavers Organization Chart
- Attachment 2F: CalSavers Retirement Savings Board Fund Manager’s Report as of October 31, 2023 (Period 4)