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**OCTOBER 22, 2024**

**AGENDA ITEM 4  
INFORMATION ITEM**

**SCHOLARSHARE INVESTMENT BOARD**

*Executive Director's Report*

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***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***

Cassandra DiBenedetto, Executive Director, ScholarShare Investment Board

Stanley Zeto, Deputy Executive Director, ScholarShare Investment Board

Jose Quiaoit, Manager, ScholarShare Investment Board

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

**OCTOBER 22, 2024**

<b>SCHOLARSHARE 529</b>				
<b>Through September 30, 2024</b>				
<b>Accounts and Assets</b>	<b>2023 Calendar Year</b>	<b>2023 Jan – Sept<sup>2</sup></b>	<b>2024 Jan – Sept<sup>2</sup></b>	
<b>Accounts</b>				
Total New Accounts Opened	52,053	41,070	37,345	
Total Open Accounts <sup>2</sup>	422,327	415,911	445,050	
<b>Assets</b>				
Total New Contributions (in millions) <sup>1</sup>	\$1,136.2	\$806.3	\$961.9	
Total Net Assets (in billions)	\$14.42	\$12.28 <sup>1</sup>	\$16.49	
<b>Redemptions (in millions)</b>	<b>2023 Jan – Sept<sup>2</sup></b>		<b>2024 Jan – Sept<sup>2</sup></b>	
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>
Total Qualified Redemptions	\$675.2	90.1%	\$748.3	88.6%
Total Other Redemptions <sup>3</sup>	\$74.0	9.9%	\$96.4	11.4%
<b>Total Redemptions</b>	<b>\$749.2</b>	<b>100.0%</b>	<b>\$844.7</b>	<b>100.0%</b>

<sup>1</sup> Excludes assets for CalKIDS and local CSAs.

<sup>2</sup> Data is as of September 30.

<sup>3</sup> Total includes redemptions due to rollovers, non-qualified distributions, and scholarships.

**Program Updates**

- **529 Performance Rankings**

<b>Savingforcollege.com 529 Performance Rankings for Direct-sold 529 Plans ScholarShare 529</b>		
<b>Performance Period</b>	<b>Q1 2024 (Mar. 31, 2024)</b>	<b>Q2 2024 (June 30, 2024)</b>
One-Year Investment Performance	11 of 55 plans	20 of 54 plans
Three-Year Investment Performance	14 of 53 plans	11 of 49 plans
Five-Year Investment Performance	N/A	N/A

Source: [www.savingforcollege.com](http://www.savingforcollege.com)

- **ScholarShare Investment Board Staff Update**

- *CalKIDS Staff* - In August 2024, Humphrey Manacsca joined the ScholarShare Investment Board (SIB or Board), filling a vacant outreach specialist position to assist with the California Kids Investment and Development Savings Program (CalKIDS or Program). Humphrey's responsibilities primarily include program outreach and various administrative duties associated with CalKIDS.

- **Morningstar Annual Ratings**

In September 2024, SIB staff and its investment consultant, Meketa, met with representatives from Morningstar, the national ratings agency which rates 529 college savings plans. The ScholarShare 529 team presented on various aspects of the plan including the Board’s mission, structure, and oversight, along with other investment-related matters. Morningstar’s annual ratings of 529 plans are anticipated to be released in late-October 2024.

- **Annual Reports**

- SIB Annual Report - In early-August 2024, SIB submitted its statutorily required Annual Report to all required parties, which includes the Governor, State Controller, State Auditor and Legislature. The Annual Report includes audited financial statements, annual reports, and supplemental reports for ScholarShare 529 and the California Memorial Scholarship Program for the fiscal year ending June 30, 2023.
- CalKIDS Annual Report – In late-September 2024, SIB submitted its statutorily required CalKIDS Annual Report to required parties that includes the CA Department of Finance and Legislature. The Annual Report includes information about the program’s implementation, such as expenditures, claiming, distributions, expenditures, outreach and recommendations, for the fiscal year ending June 30, 2024.

### Legislative Update

- **Federal Legislation:**

<b>Bill No.</b>	<b>Author</b>	<b>Purpose of Bill</b>	<b>Date Introduced</b>	<b>Current Status</b>
H.R. 8710	Gottheimer	This bill allows a tax deduction for contributions to qualified tuition program (529 plan), up to \$10,000, in a taxable year; excludes taxpayers whose adjusted gross income exceeds \$200,000 in a taxable year.	6/12/24	Referred to the House Committee on Ways and Means (6/12/24)

- **State Legislation:**

<b>Bill No.</b>	<b>Author</b>	<b>Purpose of Bill</b>	<b>Date Introduced</b>	<b>Current Status</b>
AB 2508	McCarty	This bill, commencing with the 2025–26 fiscal year and subject to an appropriation by the Legislature, (1) requires 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) authorizes 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	Approved by the Governor and Chaptered by the Secretary of State (9/26/24)

**Marketing and Outreach Highlights for Second Quarter 2024**

• **Partnerships**

<i>Employer Partnerships</i>	Seven (7) new Workplace Savings Program (WSP) partners were on-boarded and included four (4) additional public agency employers: Latino Community Foundation, City of Downey, Glenn County, Sutter County, Scilez Holding Company, People Creating Success, Inc., and the Port of Oakland.
<i>General Partnerships</i>	240 new General Partnerships were added and included such partners as: Salinas Valley Recycles, Mountain Valley Child and Family Services, Humboldt Municipal Water District, City of Poway, Sutter County Resource Conservation District, Vacaville Unified School District (USD), CASA Santa Barbara, Options for Youth, UC Riverside, Plumas County Office of Education, City of Lemon Grove, Caminar, Hathaway-Sycamores Child and Family Services, Orangewood Foundation, San Diego Air Pollution Control District, , Feather River Recreation and Park District, CalVet Women, San Diego Mesa College, Partnership Health Plan of California, Stockton East Water District.

• **Statewide Outreach and Education**

<i>Partnership Meetings</i>	<p>SIB staff participated in 270 introductory meetings with new and prospective partners, which included:</p> <ul style="list-style-type: none"> <li>• Cities and Counties: Orange County Office of Education (COE), Monterey County Office of Migrant Education, City of Poloma, City of Baldwin Park, City of Santa Clarita, Humboldt County of Education, Amador County Public Health, City of Anaheim, City of Brea, City of Costa Mesa, City of Cypress.</li> <li>• Community-based Organizations: Rocketship Los Suenos, Exodus Recovery, National Health Foundation, LA LGBT Center, Saint Anne’s Maternity Home, Boys and Girls Club of Carson, Latino Equality Alliance, El Centro Del Pueblo Family Resource Center, United Friends of the Children, Pathways Home Visiting Program, Operation Care.</li> <li>• Education-based organizations: Tehama Oaks High School, LA College Prep Academy, Yuba City USD, East Nicolaus Joint Union High School, Live Oak USD, Albert Powell Continuation School, Amador County Community School, and Quincy Junior High School.</li> </ul>
<i>Webinars, Presentations, and Events</i>	<p>SIB staff and the field consultants from TIAA-CREF Tuition Financing, Inc. (TFI) participated in 197 events, with an estimated 26,900 total attendees. These included regularly scheduled consumer and workplace savings webinars, dedicated webinars for employees, presentations to organizations and their audiences, and speaking opportunities and/or resource booths at conferences and benefits fairs.</p> <p>Many of these events were in collaboration with a number of diverse partners that include: Long Beach City Employees Federal Credit Union, Cerritos College, CalWORKs, California Department of Public Health University of La Verne, County of Shasta, University of Redlands, City of San Francisco Office of the Treasurer and Tax Collector, Dominican University, County of Ventura, City of Victorville, Latino Community Foundation, San Diego State</p>

	University, Port of Oakland, City of Downey, Western Municipal Water District, Professionals In Human Resources Association (PIHRA) Woodland Hills, California Online Public Schools, County Recorders Association of California, Hartnell Community Foundation, California State Teachers Association, and Upland USD.
<i>Targeted E-Blasts</i>	<p>Emails were distributed on 12 occasions. Topics included:</p> <ul style="list-style-type: none"> <li>• CalKIDS – Graduation, Webinar, 350,000 Claims, Newborns</li> <li>• National Employee Benefits Day</li> <li>• Financial Literacy Month</li> <li>• National Asian American, Native Hawaiian and Pacific Islander Heritage Month</li> <li>• 529 Day Promotion</li> </ul>

- **Summer Promotion**

In June 2024, ScholarShare 529 launched a summer promotion, offering families \$25 to incentivize them to start saving by opening and contributing to a new ScholarShare 529 account. The offer, which ran from June to August 2024, resulted in 2,840 new accounts opened with the offer code. Most accounts were opened with the minimum \$250 initial contribution, with an average initial contribution of \$3,107. The offer was supported by traditional marketing channels, such as online, direct mail, social media, email, OTT, online webinars, and statewide outreach efforts.

## **Contracts**

- **Contracts Signed Under Delegation Authority**

From July through September 2024, there was one (1) contract signed and executed under the Executive Director’s delegation authority as listed below.

<b>Contractor</b>	<b>Service</b>	<b>Total Amount</b>	<b>Start Date</b>	<b>End Date</b>
BARÚ Advertising, Inc.	Marketing Services for CalKIDS	\$7,500,000.00	6/1/24	5/31/26

- **Request for Proposals**

A request for proposals (RFP) for audit services for SIB was released in August 2024, with proposals due in September 2024. No compliant proposals were received. As a result, a revised RFP is being released in October 2024.

- **Marketing and Outreach Purchase Orders**

From July through September 2024, there were three (3) processed marketing purchase orders (POs) totaling approximately \$5,350. These POs include partnerships, purchases, and/or participation at events with organizations that include the National College Attainment Network, the California Association of School Counselors, and the League of California Cities.

**SCHOLARSHARE INVESTMENT BOARD  
2024 MEETING CALENDAR**

**Agenda Item Discussions**

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

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- Minutes from October 22, 2024 Meeting
- Executive Director's Report
- Update on California Kids Investment and Development Savings Program
- Review of 2025 Asset Allocation Recommendations for ScholarShare 529
- Review and Analysis of Investment Performance for ScholarShare 529
- Marketing Update and 2025 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.