
MAY 29, 2024

AGENDA ITEM 2
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Executive Director's Report

I. TOPICS TO BE PRESENTED DURING MEETING

Review of Program Participation and Funding

- See **Attachment 2A**.

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 15,000 employers have been removed from the pool of penalty-status employers since the penalty enforcement implementation. The noncompliant employers will receive the second penalty notice in the amount of \$500 per unenrolled, eligible employee beginning late May of 2024.

Staff has worked with FTB to refine 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 2B**.

Risk Monitoring

Quarterly risk heat map (**Attachment 2C**). No changes.

Amendments

Exceeding \$300,000 or Otherwise Requiring Board Action

No updates

Legislation and Policy

Federal Legislation

No updates

State Legislation

No updates

CalSavers Regulations

Updates on previously approved regulation packages

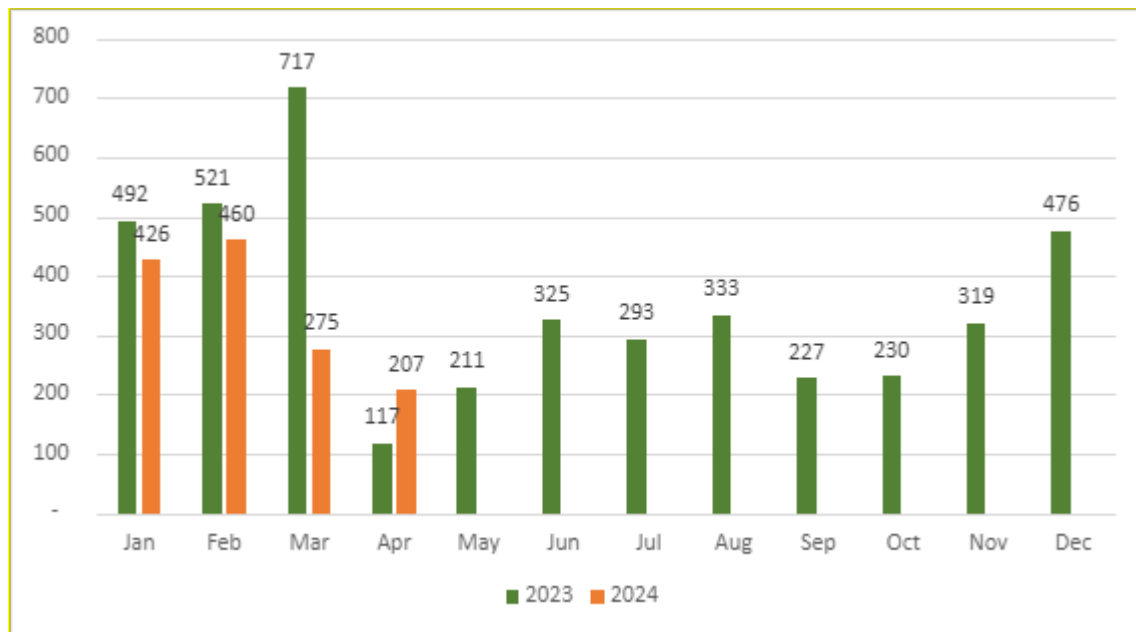
Employer Registration Process Change

The 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 the Office of Administrative Law (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 and April 3, 2024. Staff have completed the regular rulemaking process and as of April 25, 2024, have submitted the matter to OAL. OAL has 30 business days to review the rulemaking action and approve the regulations upon which the regulations will become permanent, and this matter will be closed.

Noncompliance Regulations

The 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 are developing the necessary documents to begin the regular rulemaking process by the end of May. Until the regular rulemaking process is complete the regulations will need to be readopted under the emergency readoption process to ensure they remain in place. Staff anticipate submitting the final rulemaking action for this matter to OAL by the end of August.

Staff Customer Service Caseload Referred by Ascensus Call Center



Counts of employer cases handled by CalSavers staff, thru 04/30/2024

External Presentations

Public Webinars Summary

	English	Spanish	Mandarin	Cantonese	TOTAL
Attendees Feb-Apr	349	24	0	0	373
Attendees YTD	730	67	0	0	797
Sessions Feb-Apr	22	11	4	4	41
Sessions YTD	31	16	4	4	55

Stakeholder/Community Presentations, Employer Visits, and Policy Forum Remarks

(Events Since February Board Report)

	Date	Organization	Event	Location
1.	2/8/2024	SCORE Capital Corridor	CalSavers: What Employers Need to Know	Virtual
2.	3/19/2024	Inner City Capital Connections (ICCC)	ICCC Good Jobs Summit	Virtual
3.	3/22/2024	Small Business Majority	The Art of Success	Virtual
4.	4/3/2024	CA Hispanic Chamber of Commerce	Policy Summit	Sacramento
5.	4/9/2024	SEIU Local 2015, Region 4 (Sacramento/North Bay Area)	Executive Board Meeting	Virtual

	Date	Organization	Event	Location
6.	4/14/2024	El Pajaro Regional Women's Business Center	Dia del Empresario Latino	Salinas
7.	4/17/2024	Small Business Majority	Back to Basics	Los Angeles
8.	4/17/2024	El Clasificado	Su Socio de Negocios	Montebello
9.	4/20/2024	Assemblymember Alex Lee w/ City of Milpitas Economic Development	Small Business Expo	Milpitas
10.	4/25/2024	Napa County Hispanic Chamber of Commerce	April Mixer	Napa
11.	4/29/2024	CA Capital Financial Development Corporation	SacBiz Connect Small Business Week Resource Expo	Sacramento
12.	4/30/2024	El Pajaro Regional Women's Business Center	National Small Business Workshop	Virtual
13.	5/3/2024	CA Hispanic Chamber of Commerce	SBA Award Luncheon	Sacramento
14.	5/3/2024	Senator Caballero w/ Treasurer Fiona Ma	Small Business Workshop	Virtual
15.	5/14/2024	United Domestic Workers (UDW)	Train the Trainer	Virtual
16.	5/16/2024	LA Regional SBDC	CalSavers: Lo que propietarios de empresas deben saber	Virtual
17.	5/21/2024	Women's Business Center @ JEDI (Jefferson Economic Development Institute)	Beyond Tomorrow: California's Retirement Options Unveiled	Virtual

II. TOPICS AVAILABLE FOR PRESENTATION BY REQUEST

Staffing

- CalSavers hired Desmond Zheng as our new Front Desk Receptionist in the Administrative Operations Unit.
- CalSavers hired Cici Lu as an Analyst in our Customer Service, Outreach and User Experience Unit.
- Administrative Services Manager Jessica Stroing accepted a promotional opportunity with another state department
- A new Administrative Operations Manager has been hired
- See revised organization chart in **Attachment 2D**.

Budget

- Year-date-income for the Program is \$2,266,754.18, and expenditures are \$1,672,283.78. Figures are as of most recent STO accounting figures, February 29, 2024.
- The remaining \$4,000,000 of SB 840 – Budget Act of 2022 loan authority is scheduled to be drawn down by June 30, 2024.
- Requests for the continuation of GF loan drawdowns is currently moving through both houses of the California legislature in budget hearings; staff and Department of Finance do not anticipate any budget cuts to the program's funding
- See CalSavers Retirement Savings Board Fund Manager's Report in **Attachment 2E**

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.	1/15/2024	The Korea Daily	<u>보험·재정 세미나 통해 실질적 도움 줄 것</u>
2.	1/17/2024	Morningstar	<u>Auto-IRA programs encourage firms to establish their own plans</u>
3.	1/24/2024	Plan Adviser	<u>State Mandates and the Adviser Opportunity</u>
4.	2/8/2024	Lawyer and Settlements	<u>Another Option For Workers Who Cannot Save Through An Erisa Retirement Plan</u>
5.	2/25/2024	USA Today	<u>No retirement plan, no problem: These states set up automatic IRAs for workers</u>
6.	3/7/2024	Yahoo! Finance	<u>All of the States That Set Up Automatic IRAs for Workers</u>
7.	3/14/2024	Business Insider	<u>State Auto-IRA Programs: Access Roth IRA Benefits and Automatic Payroll Deduction Through Your State</u>
8.	4/5/2024	Investment News	<u>Ascensus hits \$1B mark in state auto-IRAs</u>
9.	4/8/2024	Pensions & Investments	<u>A burst of startups in 401(k) plans came out of tax credits, state mandates</u>
10.	4/13/2024	MSN	<u>I need to take RMDs from a 401(k) with \$400,000. Should I invest in a Roth IRA or CalSavers?</u>
11.	5/1/2024	American Society of Pension Professionals & Actuaries	<u>Continued Growth for CalSavers in Q1</u>
12.	5/3/2024	PlanSponsor	<u>Delaware EARNs Launches Pilot, CalSavers Surpasses \$1B in Contributions</u>
13.	5/6/2024	National Association of Plan Advisors	<u>Continued Growth for CalSavers in Q1</u>

Attachments

- Attachment 2A: Summary of Program Participation & Funding as of April 30, 2024
- Attachment 2B: Employer Enforcement Activity as of May 15, 2024
- Attachment 2C: Quarterly Risk Heat Map
- Attachment 2D: CalSavers Organization Chart
- Attachment 2E: CalSavers Retirement Savings Board Fund Manager's Report as of February 29, 2024