

EXHIBIT A SCOPE OF WORK

This agreement (“Agreement”) is entered into by and between the CalSavers Retirement Savings Board (“CRSB”) and the Franchise Tax Board (“FTB”). CRSB and FTB are together referred to herein as the “parties” and separately as a “party.” The Agreement sets forth the terms and conditions for the operation of the enforcement of employer compliance with the requirements established in Title 21 (commencing with Section 100000) of the Government Code, Article 6 (commencing with Section 19285) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code, and Chapter 15 (commencing with Section 10000) of Title 10 of the California Code of Regulations.

PURPOSE

The purpose of this Agreement is for CRSB and FTB to establish the terms under which FTB will notify non-compliant employers of penalties, collect those penalties, and consider employer appeals of the imposition of a penalty for employer non-compliance with the CalSavers Retirement Savings Program (“CalSavers Program”) as authorized in Article 6 (commencing with Section 19285) of Chapter 5 of Part 10.2 of Division 2 of the Revenue **and** Taxation Code and to allow CRSB to reimburse FTB for costs associated with these duties.

CRSB oversees the CalSavers Program to ensure all employers, with at least **one** employee, facilitate the CalSavers Program for their employee(s) if a qualifying retirement plan is not already offered. Under the Agreement, CRSB **will** provide FTB with data related to employers who are out of compliance to allow FTB to issue notices, collect fines, and consider appeals. ***CRSB will also provide FTB with data related to previously referred employers that have since come into compliance with CRSB to allow FTB to have updated information when considering appeals and handling employer questions regarding status of their penalty.***

LEGAL AUTHORITY

Section 19286(a)(1) of the Revenue and Taxation Code authorizes CRSB to refer penalties imposed on an employer for noncompliance with Title 21 (commencing with Section 100000) of the Government Code to FTB for collection under guidelines prescribed by the FTB.

CRSB is authorized to re-disclose confidential data received from the Employment Development Department (“EDD”) to FTB under authority provided by EDD ***in its agreement with CRSB, Agreement No. CRSB03-22.*** This Agreement is further authorized pursuant to CRSB’s authority to contract under Section ***100010*** of the Government Code and pursuant to the provisions of Sections 603.9 and 603.10 of Title 20 of the Code of Federal Regulations (CFR), solely for the statutory purposes specifically set forth in this Agreement. CRSB and FTB shall comply with the provisions of Sections 603.4, 603.9, and 603.10 of Title 20 CFR and Exhibit D of this Agreement.

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DATA PRIVACY AND RE-DISCLOSURE

FTB agrees that the confidential employer data provided by CRSB shall not be re-disclosed to any other party, except as required by law, a court order, or legal process. If FTB receives a subpoena, search warrant, court order, or request under the California Public Records Act (*Government Code section 6250, et seq.*) (*rep. Jan. 1, 2023*); *Gov. Code section 7920.000 et seq. (eff. Jan. 1, 2023)*, FTB will promptly notify CRSB, unless prohibited by law or court order, and advise CRSB of FTB's intended response. In the event FTB and CRSB cannot agree on whether the requested records are required to be withheld, redacted, or provided, FTB will give CRSB a reasonable opportunity under the circumstances to seek a court order prohibiting the release of the records.

No Federal Tax Information (FTI) will be exchanged as part of this agreement.

CRSB RESPONSIBILITIES

CRSB and its third-party administrator (TPA) are responsible for operating the CalSavers Program, including all account administration, customer service, outreach, education, and fiduciary duties. With regard to the enforcement partnership with FTB, CRSB shall perform the functions outlined below:

1. *Customer Contacts*
 - A. CRSB will promptly answer all employer contacts, whether received directly or forwarded from FTB.
 - i. CRSB's contact information will be included on all Due Process notices.
 - B. CRSB will work initially with all employers to help employers to:
 - i. Register **in the CalSavers Program, as required.**
 - ii. Otherwise come into compliance.
 - iii. Avoid the imposition of penalties.
 - C. CRSB will promptly respond to all complaints.
2. *Noticing*
 - A. Before referring noncompliant employers to FTB, CRSB will determine whether the employer is noncompliant with the requirements of Title 21 (commencing with Section 100000) of the Government Code, including:
 - i. The eligibility of the employer to participate in the **CalSavers Program**;
 - ii. The number of eligible employees an eligible employer has; and
 - iii. Whether an employer is exempt under Section **100032(h)** of the Government Code from the requirement to register with the CalSavers Program and have a payroll deposit retirement savings arrangement to allow employee participation in the **CalSavers** Program.

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- B. CRSB will send three formal Due Process Notices after an employer has missed their compliance deadline, in accordance with Section 8293-1 of the State Administrative Manual (SAM), including a final notice of penalty application. These are in addition to any other informal follow-up notices or reminders that CRSB may send in the period following a missed deadline.
- C. Annual Notice – CRSB will provide FTB with an annual file containing a list of debtors. At the discretion of CRSB, FTB may be asked to utilize the annual file to send out annual notices to employers with **unpaid penalty amounts**. CRSB and FTB will agree in advance on a formula for reimbursement of FTB's costs.
- D. Return mail will be sent to CRSB:

CalSavers Retirement Savings Board
Attn: Manager of Administrative Operations
P.O. Box 942004
Sacramento, CA 94204

3. *Information Sharing – File Transfers - Referrals*

- A. As detailed below, CRSB will send files to FTB via FTPS, to include the following data points (The data points are also included in Exhibit A1 – Data File Layout.):
 - i. Federal Employer Identification Number or Tax Identification Number (FEIN/TIN)
 - ii. State Employer Identification Number (SEIN)
 - iii. Employer Name
 - iv. Employer Mailing Address
 - v. Employer Phone Number
 - vi. Employee Count
 - vii. Description of penalty type/penalty code
 - viii. Penalty Amount
 - ix. Summary of CRSB Outreach Attempts
 - Dates of 3 notices sent by CRSB
 - x. Reference ID
 - xi. Notice Indicator
 - xii. CRSB Access Code
 - xiii. Account Period (To - From dates)
 - xiv. Transmission Date
- B. For the Failure to Register Penalty, CRSB will send FTB files with employer data as outlined in CRSB Responsibilities Section 3.A., initially staggered in three “waves,” and thereafter **grouped in ‘waves’ defined by the year during which an employer becomes subject to the mandate (e.g., “Wave 2022”)**, as follows:
 - i. For FTB Notice #1: Wave 1 (employers with more than 100 employees) in December 2021, Wave 2 (employers with more than 50 employees) in

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December 2022, Wave 3 (employers with five or more employees)/Wave 2022 (employers who became eligible in 2022) in September 2023, and Wave 2023 in September 2024.

- The December 2021, **December 2022**, September 2023, **and September 2024** files will contain all employers who did not register timely and/or comply after receiving the three due process notices from CRSB.
- ii. For FTB Notice #2: Wave 1 in March 2022, Wave 2 in **March 2023, Wave 3/Wave 2022 in January 2024**, and **Wave 2023 in January 2025**.
 - The March 2022, **March 2023**, December 2023, **and January 2025** files will contain all employers who did not comply after FTB sent Notice #1.

- C. For penalties other than Failure to Register, CRSB will send FTB files bi-weekly (every other week).
- D. CRSB will immediately notify FTB of all relevant account modifications, in a manner agreed upon by both agencies (i.e., secure email, fax, and phone), so that FTB can update its records.
- E. If multiple penalties are applicable, CRSB will provide the detailed penalty information, consolidated for each employer **by penalty type**.
 - i. As noted above, FTB will issue one of two notices with applicable paragraph codes and total penalty amount associated with a specific penalty type.
- F. CRSB will send FTB via SWIFT “in compliance” status information for employers that were previously referred to FTB and have since come into compliance with specific requirements of the CalSavers Retirement Savings Program. CRSB will send FTB the following data attributes – Reference Id, Employer Name, FEIN, Penalty Type/Penalty Code, and Compliant Status Effective Date, in a .CSV format on a bi-weekly basis. CRSB will not send FTB compliance related information for employers not in compliance with CalSavers Retirement Savings Program requirements.**

4. Enforcement

- A. CRSB will not issue involuntary collection actions (i.e., Order to Withhold (bank levy), Earnings Withholding Order (wage garnishment)).

5. Payments

- A. CRSB on a weekly basis will receive penalty payments collected **during the prior week** by FTB **every Thursday (except for state holidays). If a state holiday falls on a Thursday, CRSB will receive the penalty payments collected during the prior week on the next business day.**

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6. *System/Accounting*

- A. CRSB will perform all accounting for employers' accounts, including:
 - i. Assess and provide penalty information to FTB.
 - ii. Reconciling payments received with penalties issued.
 - Overpayment, underpayment, and payment in full.
 - Modification or elimination of a penalty amount resulting from FTB's determination of an appeal.

FTB RESPONSIBILITIES

1. *Customer Contacts:*

- A. FTB name, logo and contact information for appeals will be included on all penalty notices.
- B. FTB and CRSB shall collaborate to develop a phone call transfer process to allow easy transfer of calls received at FTB to either CRSB or the CalSavers Program customer service line.

2. *Noticing*

- A. At the CRSB's direction, FTB will send up to two notices to employers who do not comply after the third Due Process Notice from CRSB:
 - i. FTB Notice #1: \$250 per employee.
FTB Notice #2: unless an appeal is filed or the employer becomes compliant within 90 days after the issuance of Notice #1, Notice #2 is to be issued 91 days after issuance of FTB Notice #1 = additional \$500 per employee, for a total of \$750 per employee. If an appeal is filed and denied, FTB will notify CRSB of the denial, and CRSB will include that employer in the upcoming Penalty File for FTB to issue Notice #2 within 90 days after the determination of the appeal if the employer has not complied prior to that time.
- B. FTB will only send demand for payment notices.
 - i. FTB will develop Notice #1 and Notice #2 listed above and provide CRSB with the opportunity to collaborate on content and design.
 - ii. FTB will develop paragraph codes for each penalty type.
 - iii. FTB will develop language for the notices and paragraph codes, in collaboration with CRSB.
 - iv. Notice will populate with appropriate paragraph code for penalty issued.
 - v. Notice will include CRSB's phone number.
 - vi. Notice will include FTB's phone number.
 - vii. Notice will include FTB's address for payment processing.
 - viii. Notice will be issued from FTB.
- C. If multiple penalties are applicable, FTB will send a separate notice by penalty type, which will contain the applicable paragraph codes and total penalty amount.

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- D. FTB will issue notices based on current file data received from CRSB. FTB will not look back and include any past or prior year penalties in notices, unless included in the current file received from CRSB.
 - E. Annual Notice – FTB may, at the discretion of CRSB, send an annual notice of penalties due to those employers who have failed to pay after receiving both FTB Notice #1 and FTB Notice #2, **as well as any subsequent penalties imposed pursuant to Title 21 (commencing with Section 100000) of the Government Code that has been referred by CRSB to FTB.** FTB and CRSB will agree in advance on a reimbursement of FTB's costs.
 - F. For Wave 1 Employers, FTB will begin sending notices for the Failure to Register Penalty beginning December 2021 (FTB Notice #1), March 2022 (FTB Notice #2).
 - G. For Wave 2 Employers, FTB will begin sending notices for the Failure to Register Penalty beginning **December** 2022 (FTB Notice #1), **March 2023** (FTB Notice #2).
 - H. For Wave 3/**Wave 2022** Employers, FTB will begin sending notices for the Failure to Register Penalty beginning September 2023 (FTB Notice #1), **April 2024** (FTB Notice #2).
 - I. **For Wave 2023 Employers, FTB will begin sending notices for the Failure to Register Penalty in October 2024 (FTB Notice #1), January 2025 (FTB Notice #2).**
 - J. For all penalties other than Failure to Register penalties, beginning in December 2021, FTB will send penalty notices to employers as provided in FTB Responsibility Section 2.A. based on the bi-weekly data provided by CRSB (Penalty File). This will follow the three Due Process Notices by CRSB.
 - K. For any newly eligible employer not included in the above schedules, FTB will send notices as provided in FTB Responsibility Section 2.A. after being informed by CRSB that an employer is out of compliance and the required three Due Process Notices have been sent by CRSB.
 - L. FTB will use addresses provided by CRSB.
 - M. FTB will not provide address update services.
3. *Information Sharing – File Transfers*
- A. FTB Technology Services Division (TSD) will provide the record layout requirements to CRSB.
 - B. FTB will provide CRSB with a file **weekly** with employer and payment information for CRSB's account reconciliations (Payment File).
 - i. FTB and CRSB will coordinate the timing of file transfers, so that Payment File transfers will precede Penalty File transfers, to allow CRSB to include the most current information in the Penalty Files.
 - ii. FTB will send a report or spreadsheet via FTPS or secure email with payment detail beginning in December 2021 through August 2023 to include the following data points:
 - Employer Name [Returning data received from CRSB]
 - Payment Amount [FTB provided]
 - Date of Payment [FTB provided]

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- Reference ID [Returning data received from CRSB]
 - iii. FTB will send CRSB a Payment File extract from FTB's system through an automated process via FTPS beginning in September 2023 with the following data:
 - Employer Name [Returning data received from CRSB]
 - Payment Amount [FTB provided]
 - Reference ID [Returning data received from CRSB]
 - Date of Payment [FTB provided]
 - **Employer Name-Dishonored Payment [Returning data received from CRSB]**
 - **Payment Amount-Dishonored Payment [FTB provided]**
 - **Reference ID-Dishonored Payment [Returning data received from CalSavers]**
 - **Date of Payment-Dishonored [FTB provided]**
 - C. ***FTB to receive, store, and display for authorized staff the "in compliance" status information (regarding previously referred employers that have since come into compliance with CRSB) that is delivered by CRSB to FTB. CRSB will send FTB a separate .CSV file bi-weekly via SWIFT containing Reference ID, Employer Name, FEIN, Penalty Type/Code, and Compliant Status Effective Date. FTB will present the "in compliance" data within the CalSavers stand-alone case management system for each Reference Id record sent to FTB by CRSB.***
4. *Enforcement*
- A. FTB will not issue involuntary collection actions (i.e., Order to Withhold (bank levy), Earnings Withholding Order (wage garnishment)).
 - B. FTB will only send notices to noncompliant employers referred by CRSB and accept payment as submitted in response to notices.
5. *Payments*
- A. FTB will receive and process all penalty payments that can be associated to a noncompliant employer.
 - B. FTB will begin accepting payments, which shall initially be limited to paper penalty payments and manual processing of such payments, in December 2021.
 - C. With an automated payment process, FTB will be able to begin processing CRSB payments using the same process as nontax debt beginning no later than September 2023.
 - i. Paper payments will be scanned and use existing data capture and cashiering systems.
 - ii. Payment and payment document data will flow to a case management system.
 - iii. Payments will be uniquely identified as CRSB payments.

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- D. FTB will remit payments to CRSB at least weekly, with the following documentation
 - i. Employer Name(s) and Penalty Amount(s).
- E. In the event a payment is dishonored or reversed, FTB may deduct the amount of the payment from the next delivery of funds to CRSB.

6. Appeals

- A. FTB will have one level of review:
 - i. Validate that CRSB has sent three formal Due Process Notices after an employer has missed their compliance deadline.
 - ii. Validate penalty amount imposed.
 - iii. Adjust or sustain penalty.
- B. An appeal after Notice #1 will be allowed.
 - i. This will require a hold to be placed on Notice #2 until determination of the appeal of Notice #1 is complete. To ensure a hold is placed on Notice #2, FTB will notify CRSB when an employer submits a request for an appeal, so that CRSB can remove the employer from an upcoming Notice #2 file until the determination of the appeal has completed.
 - ii. FTB Notice #1 will allow 90 days to appeal. If the employer does not appeal or comply, Notice #2 will be issued.
 - iii. If an employer appeals their penalty:
 - FTB will review communications sent to the employer by CRSB, including Email and letter notices, and the dates on and addresses to which they were sent.
 - **FTB will request CalSavers staff to evaluate the appeal and share any facts discovered during the evaluation.**
 - FTB will make a final determination of the appeal and will send the notice of final determination to CRSB and the employer.

TERM OF AGREEMENT

The term of this Agreement will be August 1, 2020 through June 30, 2025. The maximum amount of the Agreement shall not exceed **\$4,894,557.00 (Four Million Eight Hundred Ninety-Four Thousand Five Hundred Fifty-Seven Dollars and Zero Cents)**. In addition, this Agreement will allow, **when mutually agreed upon by FTB and CRSB, written** amendments to the total amount as needed throughout the term of the Agreement.

If additional services are requested of FTB by CRSB, including, but not limited, to the Annual Notice, the maximum amount shall be increased by the actual cost to FTB of those services. Exhibit B, Attachment 1 delineates a high-level composition of the costs FTB expects to incur but does not prohibit adjustments to expenditures between categories. Invoices related to this agreement shall be submitted by FTB to CRSB on a monthly basis, as provided in Exhibit B.

**EXHIBIT A
SCOPE OF WORK**

CONTRACT REPRESENTATIVES

Each party will designate staff to have primary responsibility to coordinate activities under this Agreement, act as program liaison, ensure confidentiality is maintained, and, when necessary, meet to further define specific program procedures.

All Agreement inquiries should be directed to:

CalSavers Retirement Savings Board	Franchise Tax Board
Name: <i>Jessica Stroing,</i>	Name: <i>Alaina Andrews,</i>
<i>Administrative Operations Manager</i>	<i>Interagency Intercept Collections Program Manager, Statewide Collections Bureau</i>
Phone: <i>(916) 862-0423</i>	Phone: <i>(916) 845-5213</i>
Email: Jessica.Stroing@treasurer.ca.gov	Email: Alaina.Andrews@ftb.ca.gov
	<i>Franchise Tax Board</i>
	Name: <i>Robyn Krader,</i>
	<i>Procurement Official</i>
	Phone: <i>(916) 845-7719</i>
	Email: Robyn.Krader@ftb.ca.gov

**EXHIBIT A, ATTACHMENT 1
DATA FILE LAYOUTS**

File From CRSB to FTB: Employer Data File Specifications

Data Attribute	Data Type	Data Field Length	Required Field	Data Format	Additional Instructions / Information
FEIN (Federal Employer Identification Number)	Numeric	9	Yes	no dashes, numbers only	May begin with zero
SEIN (State Employer Identification Number)	Numeric	8	No	no dashes, numbers only	May begin with zero
Employer Name	Alphanumeric	Max length 70	Yes		
Employer Mailing Address Line 1	Alphanumeric	Max length 46	Yes	no comma inside	
Employer Mailing Address Line 2	Alphanumeric	Max length 46	No	no comma inside	Use if needed
Employer City	Alphanumeric	Max length 50	Yes	no comma inside	
Employer State	Alphanumeric	2	Yes (U.S. address)	Only when a US Address	Only when US Address
Employer Zip code	Alphanumeric	Max length 10	Yes	5 or 9 digit; Max length = 10 for Zip+4	
Employer Phone Number	Alphanumeric	Max length 10	No	no dashes, numbers only	
Employer Foreign State	Alphanumeric	Max length 50	Yes (non-U.S. address)	Foreign State/Province/Region	Required data if non-US address

**EXHIBIT A, ATTACHMENT 1
DATA FILE LAYOUTS**

Data Attribute	Data Type	Data Field Length	Required Field	Data Format	Additional instructions / information
Employer Country	Alphanumeric	2	Yes (non-U.S. address)	Two character ISO country code	Required data if non-US address
Employee Count	Numeric	Max length 6	Yes	Number only	Preferably 1,2,3.. so on
Penalty Amount	Numeric	Max length 8	Yes	Number only (No decimals)	
Penalty Type/Penalty Code	Alphanumeric	2	Yes	Format and valid values (e.g., 01, 02, 03, 04, 05)	
CalSavers Outreach Notice Date1	Alphanumeric	10	Yes	Date (no time required), date format (mm/dd/YYYY)	3 different fields, Outreach Date 1
CalSavers Outreach Notice Date2	Alphanumeric	10	Yes	Date (no time required), date format (mm/dd/YYYY)	3 different fields, Outreach Date 2
CalSavers Outreach Notice Date3	Alphanumeric	10	Yes	Date (no time required), date format (mm/dd/YYYY)	3 different fields, Outreach Date 3
Reference Id (Unique id for each record)	Alphanumeric	1 to 15 (Max of 15 alphanumeric characters)	Yes	Unique for each record; Max of 15 alphanumeric characters	The Reference ID should never repeat.
Notice Indicator	Alphanumeric	2	Yes	Number (only two valid values: 01 or 02)	Indicates if FTB needs to send Notice #1 or #2

**EXHIBIT A, ATTACHMENT 1
DATA FILE LAYOUTS**

<i>Data Attribute</i>	<i>Data Type</i>	<i>Data Field Length</i>	<i>Required Field</i>	<i>Data Format</i>	<i>Additional instructions / information</i>
<i>CalSavers Access Code</i>	<i>Alphanumeric</i>	<i>6</i>	<i>Yes</i>	<i>Alphanumeric, letters and numbers only</i>	
<i>Account Period Start</i>	<i>Alphanumeric</i>	<i>10</i>	<i>Yes</i>	<i>Account period (mm/dd/YYYY)</i>	
<i>Account Period End</i>	<i>Alphanumeric</i>	<i>10</i>	<i>Yes</i>	<i>Account period (mm/dd/YYYY)</i>	
<i>Transmission Date</i>	<i>Alphanumeric</i>	<i>10</i>	<i>Yes</i>	<i>Date (no time required), date format (mm/dd/YYYY)</i>	<i>Represents Date CalSavers sends the file to FTB</i>

**EXHIBIT A, ATTACHMENT 1
DATA FILE LAYOUTS**

File From FTB to CRSB: Payment Extract Data File Specifications

Data Attribute	Data Type	Data Field Length	Required Field	Data Format	Additional Instructions/Information
Employer Name (Returning data received from CRSB)	Alphanumeric	Max length 70	Yes		
Reference ID (Returning data received from CRSB)	Alphanumeric	1 to 15 (Max length - 15 alphanumeric characters)	Yes	Unique for each record. Max of 15 alphanumeric characters	The Reference ID should not be repeated or duplicated
Payment Amount (FTB provided)	Numeric	Max length 8	Yes	Number Only (no decimals)	
Date of Payment (FTB provided)	Alphanumeric	10	Yes	(mm/dd/YYYY)	
Employer Name - Dishonored Payment (Returning data received from CRSB)	Alphanumeric	Max length 70	Yes		
Reference ID - Dishonored Payment (Returning data received from CRSB)	Alphanumeric	1 to 15 (Max length - 15 alphanumeric characters)	Yes	Unique for each record. Max of 15 alphanumeric characters	The Reference ID should not be repeated or duplicated
Payment Amount - Dishonored Payment (FTB provided)	Numeric	Max length 8	Yes	Number Only (no decimals)	
Date of Payment - Dishonored Payment (FTB provided)	Alphanumeric	10	Yes	(mm/dd/YYYY)	

**EXHIBIT A, ATTACHMENT 1
DATA FILE LAYOUTS**

File From CRSB to FTB: Compliance Data File Specifications

<i>Data Attribute</i>	<i>Data Type</i>	<i>Data Field Length</i>	<i>Required Field</i>	<i>Data Format</i>	<i>Additional Instructions/ Information</i>
<i>Reference Id</i>	<i>Alphanumeric</i>	<i>1 to 15 (Max of 15 alphanumeric characters)</i>	<i>Yes</i>	<i>Unique for each record; Max of 15 alphanumeric characters</i>	<i>The Reference Id should never repeat.</i>
<i>Employer Name</i>	<i>Alphanumeric</i>	<i>Max length 70</i>	<i>Yes</i>	<i>Employer Name</i>	
<i>FEIN (Federal Employer Identification Number)</i>	<i>Numeric</i>	<i>9</i>	<i>Yes</i>	<i>no dashes, numbers only</i>	<i>May begin with zero</i>
<i>Penalty Type/Penalty Code</i>	<i>Alphanumeric</i>	<i>2</i>	<i>Yes</i>	<i>Format and valid values (01, 02, 03, 04, 05)</i>	
<i>Compliant (“in compliance”) Status Effective Date</i>	<i>Alphanumeric</i>	<i>10</i>	<i>Yes</i>	<i>Date (no time required), date format (mm/dd/YYYY)</i>	<i>Represents Date the employer became compliant for a specific Reference Id</i>

EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS

1. **INVOICING AND PAYMENT:** For services satisfactorily rendered, and upon receipt and approval of the invoices, the State agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified in Exhibit B, Attachment 1.

Invoices must include Agreement Number CRSB04-20 **AM 1** as reflected on the first page of this Agreement and be submitted not more frequently than monthly in arrears, to:

CalSavers Retirement Savings Board
Attn: Manager of Administrative Operations
901 P Street, Suite 313B
Sacramento, CA 95814

CRSB will submit payments for services rendered to:

Franchise Tax Board
Fiscal Accounting
P. O. Box 2800
Sacramento, CA 95812-2800

2. **BUDGET CONTINGENCY CLAUSE:** It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other consideration under this Agreement, and Contractor shall not be obligated to perform any provisions of this Agreement.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either: cancel this Agreement with no liability accruing to the State or offer an Agreement amendment to Contractor to reflect the reduced amount.

3. **PAYMENT:** Costs for this Agreement shall be computed in accordance with State Administrative Manual Sections 8752 and 8752.1.

Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2 of the Government Code of the State of California (commencing with section 11250).

**EXHIBIT B, ATTACHMENT 1
COST SHEETS**

FY 2020-21

Personal Services

Salaries	\$258,460	
<i>Notice Development</i> (design, language, calculations, and programming): \$57,269		
<i>Program Supervision</i> : \$4,829		
<i>Mandated Privacy Assessments</i> : \$5,652		
<i>System Development & Maintenance</i> : \$190,710		
Benefits	\$147,322	
Total Personal Services	<hr/>	\$405,782

Operating Expense and Equipment (OE&E)

Information Technology Support	\$0	
General OE&E (5% direct salaries)	\$12,923	
Facilities (10% direct salaries)	\$25,846	
<i>Contract Defined OE&E</i> (for example, postage)	\$0	
<i>Mainframe CPU</i> (IT Services Contracts)	\$0	
Total Operating Expenses and Equipment	<hr/>	\$38,769

Department Overhead

Administrative Support	\$31,015	
Total Department Overhead	<hr/>	\$31,015

**EXHIBIT B, ATTACHMENT 1
COST SHEETS**

Total Cost for FY 2020-21

\$475,566

**EXHIBIT B, ATTACHMENT 1
COST SHEETS**

FY 2021-22

Personal Services

\$215,855

Salaries

Answer Calls: \$3,005

Appeal Resolution (20 appeals): \$2,240

Program Supervision: \$6,190

Manual Payment Processing: \$3,411

Mandated Privacy Assessment: \$1,192

System Development & Maintenance: \$199,818

Benefits

\$121,405

Total Personal Services

\$337,260

Operating Expense and Equipment (OE&E)

Information Technology Support

\$0

General OE&E (5% direct salaries)

\$10,793

Facilities (10% direct salaries)

\$21,585

Contract Defined OE&E (postage, printing, & PO Box)

\$9,399

Mainframe CPU (IT Services Contracts)

\$0

Total Operating Expenses and Equipment

\$41,777

Department Overhead

Administrative Support

\$25,902

**EXHIBIT B, ATTACHMENT 1
COST SHEETS**

Total Department Overhead

\$25,902

Total Cost for FY 2021-22

\$404,939

**EXHIBIT B, ATTACHMENT 1
COST SHEETS**

FY 2022-23

Personal Services

Salaries	\$469,035	
<i>Answer Calls: \$3,752</i>		
<i>Appeal Resolution: \$2,142</i>		
<i>Program Supervision: \$8,278</i>		
<i>Manual Payment Processing: \$17,270</i>		
<i>Mandated Privacy Assessment: \$1,675</i>		
<i>System Development & Maintenance: \$435,918</i>		
Benefits	\$534,700	
Total Personal Services		\$1,003,735

Operating Expense and Equipment (OE&E)

Information Technology Support	\$0	
General OE&E	\$23,452	
Facilities	\$46,903	
Contract Defined OE&E (for example, postage)	\$110,675	
<i>Software Licenses: \$100,000</i>		
<i>Printing, Postage, PO Box: \$10,675</i>		
Mainframe CPU (IT Services Contracts)	\$0	
Total Operating Expenses and Equipment		\$181,030

Department Overhead

Administrative Support	\$56,284	
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**EXHIBIT B, ATTACHMENT 1
COST SHEETS**

Total Department Overhead

\$56,284

Total Cost for FY 2022-23

\$1,241,049

**EXHIBIT B, ATTACHMENT 1
COST SHEETS**

FY 2023-24

Personal Services

Salaries	\$722,117	
 Answer Calls: \$77,938		
 Appeal Resolution: \$14,936		
 Program Supervision: \$42,146		
 Manual Payment Processing \$7,933		
 Mandated Privacy Assessment \$1,652		
 System Development & Maintenance: \$577,512		
Benefits	\$823,213	
Total Personal Services	<hr/>	\$1,545,330

Operating Expense and Equipment (OE&E)

Information Technology Support	\$0	
General OE&E	\$36,106	
Facilities	\$72,212	
Contract Defined OE&E (for example, postage)	\$289,488	
 Software Licenses: \$100,000		
 Printing, Postage, PO Box:\$189,488		
Mainframe CPU (IT Services Contracts)	\$0	
Total Operating Expenses and Equipment	<hr/>	\$397,806

**EXHIBIT B, ATTACHMENT 1
COST SHEETS**

Department Overhead

Administrative Support

\$86,654

Total Department Overhead

\$86,654

Total Cost for FY 2023-24

\$2,029,790

**EXHIBIT B, ATTACHMENT 1
COST SHEETS**

FY 2024-25

Personal Services

Salaries **\$258,874**

Answer Calls: \$7,487

Appeal Resolution: \$2,479

Program Supervision: \$8,352

Mandated Payment Processing \$8,169

Mandated Privacy Assessment: \$1,718

System Development & Maintenance: \$230,669

Benefits **\$295,117**

Total Personal Services **\$553,991**

Operating Expense and Equipment (OE&E)

Information Technology Support **\$0**

General OE&E **\$12,944**

Facilities **\$25,887**

Contract Defined OE&E (for example, postage) **\$119,326**

Software Licenses: \$100,000

Printing, Postage, PO Box: \$19,326

Mainframe CPU (IT Services Contracts) **\$0**

Total Operating Expenses and Equipment **\$158,157**

Department Overhead

Administrative Support **\$31,065**

**EXHIBIT B, ATTACHMENT 1
COST SHEETS**

Total Department Overhead

\$31,065

Total Cost for FY 2024-25

\$743,213

EXHIBIT C
GENERAL TERMS AND CONDITIONS

Exhibit C to this Agreement, the General Terms and Conditions for Interagency Agreements (**GIA – 11/2022**), is hereby incorporated by reference and made part of this Agreement as if attached hereto. The General Terms and Conditions for Interagency Agreements may be viewed and downloaded at: <https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/Standard-Contract-Language>

EXHIBIT D
SPECIAL TERMS AND CONDITIONS

1. **STATEMENT OF CONFIDENTIALITY:** The Franchise Tax Board has taxpayer tax returns and other confidential information and data in its custody. Unauthorized inspection or disclosure of state returns or other confidential information or data is a misdemeanor (Revenue and Taxation Code Sections 19542, 19542.1, and 19552). Unauthorized inspection or disclosure of federal returns and other confidential federal return information or data is a misdemeanor or a felony (Internal Revenue Code Sections 7213A(a)(2) and (b), and 7213(a)(2), respectively).

For purposes of this exhibit, the terms “information” and “data” are used interchangeably and each, when used, encompasses the meanings of both terms. As used in this exhibit, the terms “confidential information” and “confidential data” each include “sensitive information and data.”

FTB will be providing FTB Confidential Information to CRSB under this Agreement in response to requests from CRSB.

Each party, and each of its employees who may have access to the confidential data of the other party, will be required to have on file annually a signed confidentiality statement, attesting to the fact that **they** are aware of the confidential data and the penalties for unauthorized access, inspection, acquisition, or disclosure thereof under applicable state and federal law.

2. **USE OF INFORMATION:** Each party receiving data agrees that the information furnished or secured pursuant to this Agreement shall be used solely for the purposes described in the Scope of Work of Exhibit A. Each party receiving data further agrees that information obtained under this Agreement will not be reproduced, published, sold, or released in original or in any other form for any purpose other than as identified in the Scope of Work, Exhibit A.
3. **DATA OWNERSHIP:** The confidential tax information or other confidential information being provided under this Agreement remains the exclusive property of the providing party. Confidential tax information and other confidential information are not open to the public and require special precautions to protect from loss and unauthorized access, inspection, acquisition, use, disclosure, modification, or destruction. Each party shall have the right to use and process the disclosed information for the purposes stated in the Scope of Work of Exhibit A of this Agreement, which right shall be revoked and terminated immediately upon termination of this Agreement.
4. **EMPLOYEE ACCESS TO INFORMATION:** Each party receiving data agrees that the information obtained will be kept in the strictest confidence and shall make information available to its own employees only on a “need-to-know” basis. The “need-to-know” standard is met by authorized employees who need information to perform their official duties in connection with the uses of the information authorized by this Agreement. Each party receiving data recognizes its responsibility to protect the confidentiality of the information in its custody as provided by law and to ensure that such information is

EXHIBIT D
SPECIAL TERMS AND CONDITIONS

disclosed only to those individuals and for such purposes as are authorized by law and this Agreement.

5. **PROTECTING CONFIDENTIAL INFORMATION/ INCIDENT REPORTING**: Each party receiving data, in recognizing the confidentiality of the information to be exchanged, agrees to take all appropriate precautions to protect the confidential information obtained pursuant to this Agreement from unauthorized access, use, or disclosure. Each party receiving data will conduct oversight of its users with access to the confidential information provided under this Agreement, and will immediately notify FTB's Information Security Audit & Investigations Unit (SecurityAuditMail@ftb.ca.gov) of any unauthorized or suspected unauthorized accesses, uses, and/or disclosures (incidents). For purposes of this section, "immediately" is defined as within 24 hours of the discovery of the breach or suspected breach. The notification must describe the incident in detail and identify responsible personnel (name, title, and contact information). The party with an incident will comply with the incident reporting requirements in accordance with Civil Code Section 1798.29, State Administrative Manual (SAM) Chapter 5300 and Section 20080, and State Information Management Manual 5340-A and 5340-C to facilitate the required reporting to the taxpayer(s) or state oversight agencies.
6. **INFORMATION SECURITY**: Information security is defined as the preservation of the confidentiality, integrity, and availability of information. A secure environment is required to protect the confidential information obtained by each party pursuant to this Agreement. Each party receiving data will store information so that it is physically secure from unauthorized access. The records received will be securely maintained and accessible only by employees of the specified program who are committed to protect the data from unauthorized access, acquisition, use, or disclosure. Confidential information obtained from FTB must be secured in accordance with the SAM Chapters 5100 and 5300 (Information Security), and National Institute of Standards and Technology (NIST) Special Publication 800-53 (moderate). If this Agreement calls for Federal Tax Information (FTI) to be provided by FTB, the receiving party must also comply with Internal Revenue Service Publication 1075. FTB may require that a Security Questionnaire for the party receiving confidential data from FTB be completed or be on file with FTB's Chief Security Officer, or their designee.
7. **CLOUD COMPUTING ENVIRONMENT**: Parties receiving FTB's confidential data must submit a completed FTB Cloud Security Questionnaire before using a Cloud Computing Environment. The questionnaire will be reviewed for approval by FTB's Chief Security Officer, or their designee. A Cloud Computing Environment cannot be used to receive, transmit, store, or process FTB's confidential data without prior written approval from FTB's Chief Security Officer, or their designee.
8. **DESTRUCTION OF RECORDS**: All records received by the parties under this Agreement, and any database(s) created, copies made, or files attributed to the records received, shall be destroyed when they are no longer needed for the business purpose for which they were obtained. The records shall be destroyed in a manner to be deemed unusable or

EXHIBIT D
SPECIAL TERMS AND CONDITIONS

unreadable, and to the extent that an individual record can no longer be reasonably ascertained.

9. **SAFEGUARD REVIEW**: The providing party retains the right to conduct on-site safeguard reviews of the other party's use of information and the security controls established. The party requesting the safeguard review will provide a minimum of seven (7) days' notice of the review being conducted.
10. **DISPUTE RESOLUTION**: In the event of a dispute, CRSB shall file a "Notice of Dispute" with FTB's Chief Financial Officer within ten (10) days of discovery of the problem. Within ten (10) days, FTB's Chief Financial Officer, or their designee, shall meet with CRSB's Designee for purposes of resolving the dispute. The decision of the Chief Financial Officer shall be final.
11. **POTENTIAL SUBCONTRACTORS**: Prior to the use of any subcontractor to store, use, process, transmit, and/or access FTB data, notification to, and written approval from FTB is required 60 days in advance. The notification must include complete name and address of the entity, location(s) where the data is or will be stored or used and contact information. FTB will require a Security Questionnaire from the subcontractor(s) and perform risk analysis to meet FTB's security requirements, prior to allowing the subcontractors(s) access to FTB data.

Nothing contained in this Agreement or otherwise shall create any contractual relationship between FTB and any subcontractors, and no subcontract shall relieve CRSB of its responsibilities and obligations hereunder. CRSB agrees to be as fully responsible to the FTB for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them, as it is for the acts and omissions of persons directly employed by CRSB. CRSB's obligation to pay its subcontractors is an independent obligation from any obligation of FTB to make payments to CRSB. As a result, FTB shall have no obligation to pay or to verify the payment of any monies to any subcontractor or agent of CRSB.

12. **DENIAL OF ACCESS TO SUBCONTRACTOR**: FTB reserves the right to deny access to CRSB's subcontractor immediately in the event FTB determines, in its sole discretion, that the subcontractor is not in compliance with, or at any time in the past has not complied with, any terms or conditions of this Exhibit D, or that the results of an FTB safeguard review of the subcontractor's use of FTB information or security controls established are not satisfactory to FTB. FTB will provide written notice to CRSB upon termination of the subcontractor's access. Unless terminated earlier, subcontractor's access shall be terminated automatically upon termination of this Agreement, without further notice to the subcontractor. The subcontractor's obligations to protect the confidentiality of FTB's data and information, including the destruction of records, shall survive the termination of the subcontractor's access to FTB data and information under this Agreement and the termination of this Agreement.

**EXHIBIT D
SPECIAL TERMS AND CONDITIONS**

13. SURVIVAL OF OBLIGATION TO PROTECT DATA: Each party's obligation to protect the data and information received from the other party shall survive the expiration or termination of this Agreement. In the event a party continues to provide any data or information to the other party after the expiration or termination of this Agreement, the receiving party agrees to continue to protect all such data and information received in accordance with the provisions of this Exhibit D, and all applicable state and federal laws.

14. ***EXECUTIVE ORDER N-6-22 RUSSIA SANCTIONS: On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.***