
AUGUST 18, 2020

**AGENDA ITEM 2
INFORMATION ITEM**

CALIFORNIA ABLE ACT BOARD

Executive Director's Report

Background

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

- Strategic Planning Consultant Services Update
- NAST Conference Update
- Budget Overview
- Outreach/Marketing
- Financial Literacy
- Account Holder Survey

Presenter:

Dante Allen, Executive Director, California ABLE Act Board

CALIFORNIA ABLE ACT BOARD
EXECUTIVE DIRECTOR'S REPORT

AUGUST 18, 2020

CalABLE - PROGRAM UPDATE			
Through June 30, 2020			
Accounts and Assets	2019 Calendar Year	2019 Jan – June	2020 Jan - June
Accounts			
Total New Accounts Opened	2,059	664	569
Total Active Accounts	2,224	1,438	3,216
Assets			
Total New Contributions (in millions)	\$5.4	\$2.5	\$5.2
Total Net Assets (in millions)	\$13.5	\$5.7	\$22.8
Average Account Balance	\$6,071	\$3,930	\$7,101
Redemptions	2019 Jan – June Amount		2020 Jan - June Amount
Total Redemptions and Rollover Outs	\$347,972		\$1,745,491

Program Update

- **Strategic Planning Consultant Services Update**
 CalABLE delayed working with the strategic planner due to COVID- 19 in March 2020. The team has reconvened and has meet with the strategic planner to map out at self-sustainability plan for the future. Repayment of the loan plans that have provided CalABLE with its annual budget since its inception is scheduled to begin June 30, 2022. As part of this effort, CalABLE has commissioned AKF consulting to perform loan repayment projections based on conservative, moderate, and aggressive growth estimates. We hope to make a full report on the strategic planning efforts and our growth and repayment projections at the Fall board meeting.
- **NAST Conference Update**
 The National Association of State Treasurers recently concluded its Management Training Symposium. The virtual event, which took place over the months of June and July focused on learnings from across the industry, with the hopes of spreading best practices to all ABLE programs. CalABLE was featured in two of the sessions, the first which focused on CalABLE promotional efforts during the pandemic, and the other on CalABLE's cultural competency in addressing diverse communities. This symposium had a larger attendance than many of the previous in-person NAST learning events.

NAST has received word that the ABLE Age Adjustment Act may be included in an end-of-year budget package. Being included in this package would give the bill a better

chance at being passed before year end. Additionally, CalABLE and the STO have reached out to Congressman Antonio Cardenas (D) representing district 29, which includes the San Fernando Valley. We are reaching out to Rep. Cardenas to see if he would be willing to include Age Adjustment Act language into one his bills addressing retirement funding or protection of workers health benefits. These bills might also give the Adjust Act a better chance at being passed in the current congress.

- Budget Overview

CalABLE will be monitoring the C&P External Expenses which includes the contracted services of Meketa, AKF Consulting, Sagent, Equity Wellness and Other Outreach and Marketing services.

FY 2020/21 BUDGET ALLOCATION- ABLE	
LINE ITEMS	
PERSONNEL YEARS	Staff
Perm- Support	3
Temp Help	0
PY-Partial Yr. Adj.	0
Other	0
Salary Savings	0
Total Personnel Years	3
	Amount
PERSONAL SERVICES	
Perm-Support	291,000
Temp Help	0
Partial Yr. Adj.	0
Other	0
Salary Savings	0
TOTAL SALARY & WAGES	291,000
OASDI	18,000
Retirement	91,000
Health	39,000
Dental	0
Vision	0
Workers Comp	2,000
Unemployment Insurance.	0
Other Benefits	4,000
Pers Svcs-Unallocated	0
TOTAL STAFF BENEFITS	154,000
	=====
TOTAL PERSONAL SERVICES	445,000
	=====
OPERATING EXPENSE & EQUIPMENT	
General Expense	12,000

Printing	2,000
Communication	9,000
Postage	2,000
Travel-In-State	3,000
Travel-Out-of-State	0
Training	3,000
Facilities Ops.	12,000
Facilities Ops.-others	3,000
C&P svcs - Internal-STO	45,000
C&P svcs - Internal-Other	0
C&P svcs - AG	0
C&P - External	651,000
Consolidated Data Ctr	0
DP Charges	0
Prorata (Special Fund)	0
Data Processing	0
Major Equipment	3,000
Other Items of Expense	0
Debt Payment	0
	=====
TOTAL OE&E	745,000
	=====
TOTAL PROGRAM	1,190,000
	=====

- Outreach/Marketing
 CalABLE presented at 13 outreach events with 1,444 attendees. The two webinar topics included “CalABLE Ambassador” information about the Ambassador program and “Ask the Expert” question and answer from the attendees regarding CalABLE. The webinars have become a popular series for CalABLE with a 55% attendance rate from participants. The ABLE 101 Webinar featured in February has over 1,300 You Tube views. CalABLE was a sponsor at the Abilities Virtual Experience and had over 800 virtual booth visits. CalABLE is a joint sponsor with TIAA at the #ABLEtoSave hosted by ABLE National Resource Center and was the feature sponsor during the #ABLEtoSave podcast with over 16,000 unique users accessing the #ABLEtoSave Campaign page.

CalABLE has received many virtual presentation requests during COVID -19 and favor a smaller group. These have been very beneficial to the team as we are receiving direct feedback from our audience. We are continuing our monthly Webinar series: August topic will be “Special Needs Trust”, September will be “Qualified Disability Expenses” and October will highlight a Financial Literacy session.

The CalABLE Quarterly Newsletter produced by TIAA, generated the following results, April 2020 issue had 77 unique visitors and 95 visits and the July 2020 issue currently has 145 unique visitors and 165 visits.

Outreach Activities for June 2020 - August 2020		
Date	Presentation Organization	Attendee
6/3/2020	Wayfinder Family	16
6/5/2020	Southern California Resource Services for Independent Living	13
6/17/2020	Ambassador Webinar	165
6/19/20-6/21/20	Abilities Virtual Experience	890
6/24/2020	State Council on Developmental Disabilities	45
7/1/2020	Wayfinder Family	10
7/15/2020	Ask the Expert Webinar	159
7/23/2020	SDAC	41
7/23/2020	Pasadena Civitan Club	55
8/6/2020	Monterey County Health Department	19
8/10/2020	#ABLEtoSave Event Podcast	NA
8/11/2020	Managed Career Solutions	13
8/13/2020	Society of the Blind	18
August Total		1444
8/19/2020	Special Needs Trust	

- Financial Literacy

CalABLE staff is currently exploring a new initiative to provide financial literacy education as a means of attracting potential account holders, and informing them of the benefits of a CalABLE account. We believe this approach would encourage a more diverse account holder base, and bring in many communities that would especially benefit from a CalABLE account.

To pilot this effort, Staff is currently finalizing an agreement with ‘Sqirmy & Grub’ a YouTube program that features an inter-abled couple and focuses on their lives. The couple have agreed to open a CalABLE account and talk about their ABLE experiences over the course of a three episode arc. Their program routinely averages nearly 500,000 views and they have episodes that have received more than 2 million views. The show will also feature a specialized URL address that will allow us to track the number of people who explore opening a CalABLE account as a result of this promotional opportunity.

- Account Holder Survey

As a follow up on a previous agenda item, CalABLE and TIAA are working to develop an account holder survey. The primary goal of this survey is to learn the motivations of account holders who choose our FDIC insured portfolio. We are conducting this interview to provide additional insight as we continue to explore whether board action may be needed in order



**Helping People with Disabilities
Achieve Financial Security
and Independence.**



ABLE Landscape Update

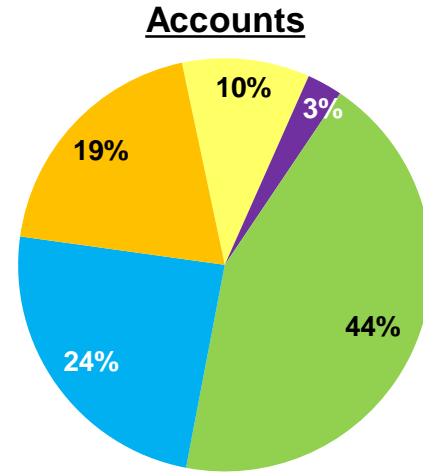
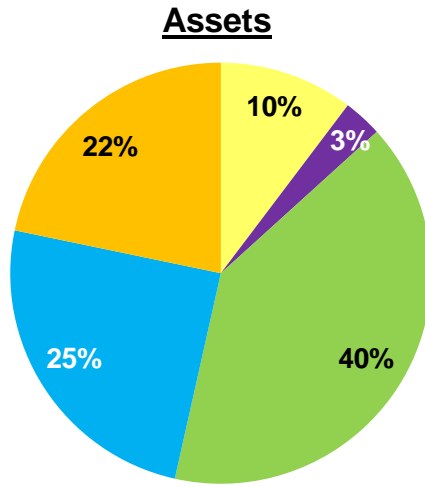
August 18, 2020

ABLE Plans Across Business Models

	ABLE Alliance	Ohio Partners	Independent Plans	Oregon Partners	Nebraska Partners
States	Alaska Arkansas Colorado Delaware District of Columbia Illinois Indiana Iowa Kansas Minnesota Mississippi Montana Nevada New Jersey North Carolina Pennsylvania Rhode Island	Arizona Georgia Kentucky Missouri New Hampshire New Mexico Ohio Oklahoma South Carolina Vermont West Virginia Wyoming	California Florida Louisiana Massachusetts Michigan New York Tennessee Texas Virginia (2)	Maryland Oregon (2) Washington	Alabama Nebraska
42 States and DC	17 States	12 States	9 States	3 States	2 States
15 Plans	1 Plan	1 Plan	10 Plans	2 Plans	1 Plan

Information as of July 30, 2020

ABLE Market Snapshot

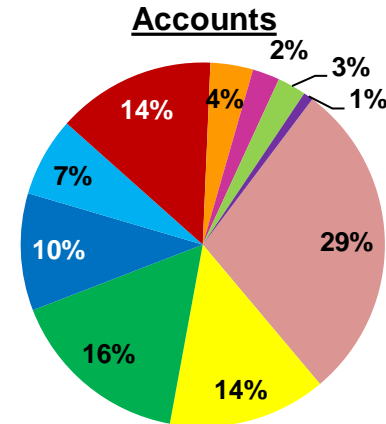
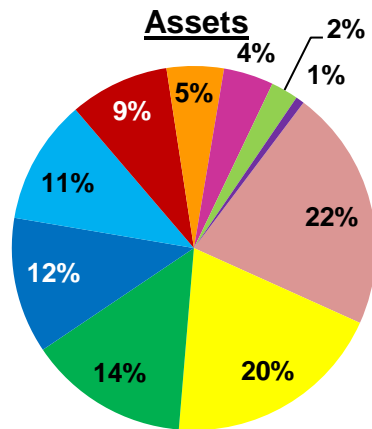


	Assets	Accounts	Average Account Size
Independent Plans	\$188,858,398	30,883	\$6,115
Ohio Partners	\$116,206,340	17,146	\$6,777
ABLE Alliance	\$102,040,330	13,799	\$7,395
Oregon Partners	\$48,369,894	7,086	\$6,826
Nebraska Partners	\$13,969,661	1,959	\$7,131
Industry Total	\$469,444,622	70,873	\$6,624 ¹

Source: **ISS Market Intelligence** as of June 30, 2020

¹Average account size figure represents the ratio of Independent Plan total assets to total accounts

Independent Plan Specifics

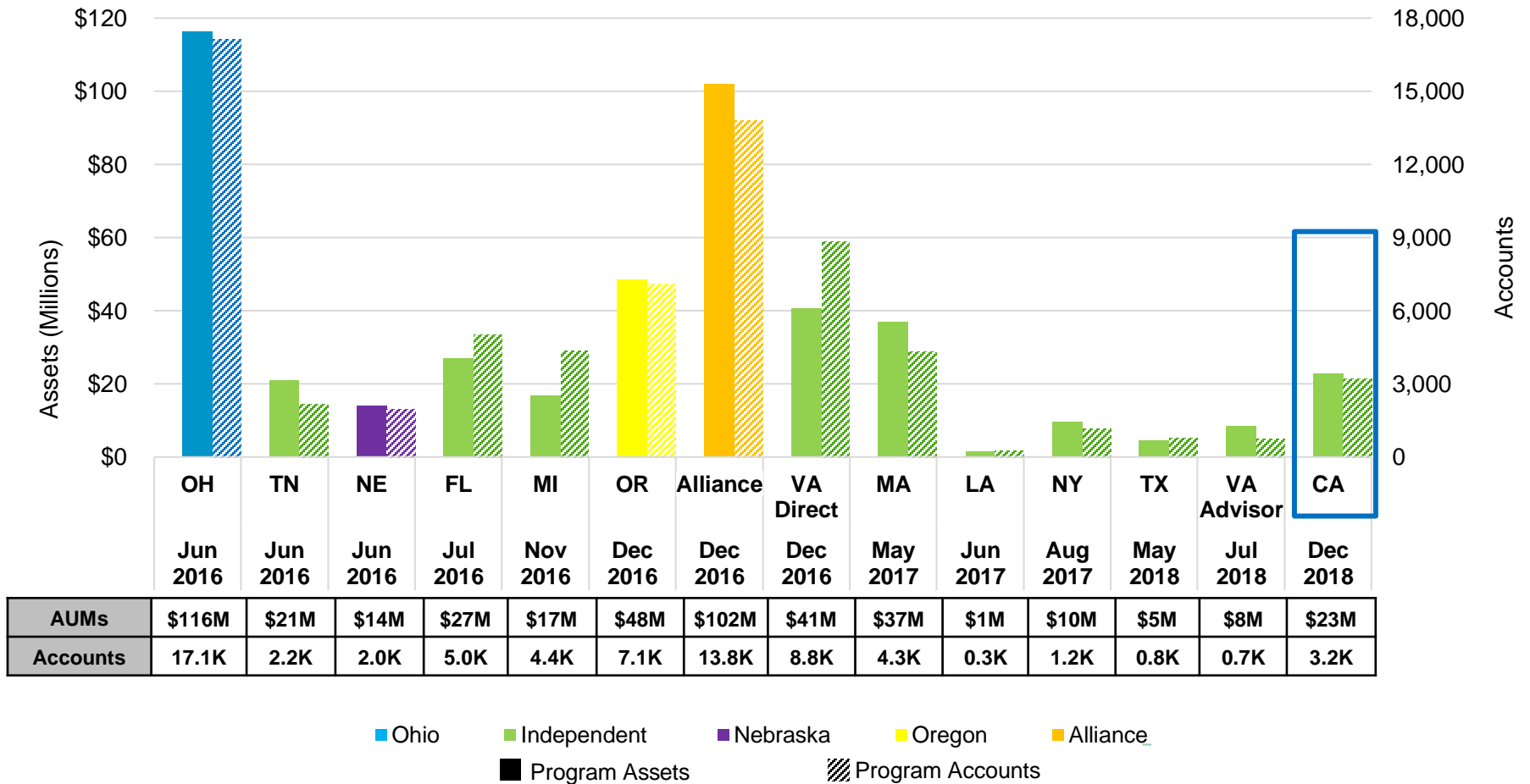


	Assets	Accounts	Average Account Size
Virginia (Direct)	\$40,527,368	8,831	\$4,589
Massachusetts	\$36,991,757	4,331	\$8,541
Florida	\$26,904,347	5,016	\$5,364
California	\$22,836,989	3,216	\$7,101
Tennessee	\$20,921,600	2,172	\$9,632
Michigan	\$16,700,739	4,350	\$3,839
New York	\$9,577,419	1,169	\$8,193
Virginia (Advisor)	\$8,384,424	745	\$11,254
Texas	\$4,593,808	786	\$5,845
Louisiana	\$1,419,947	267	\$5,318
Total	\$188,858,398	30,883	\$6,115¹

Source: **ISS Market Intelligence** as of June 30, 2020

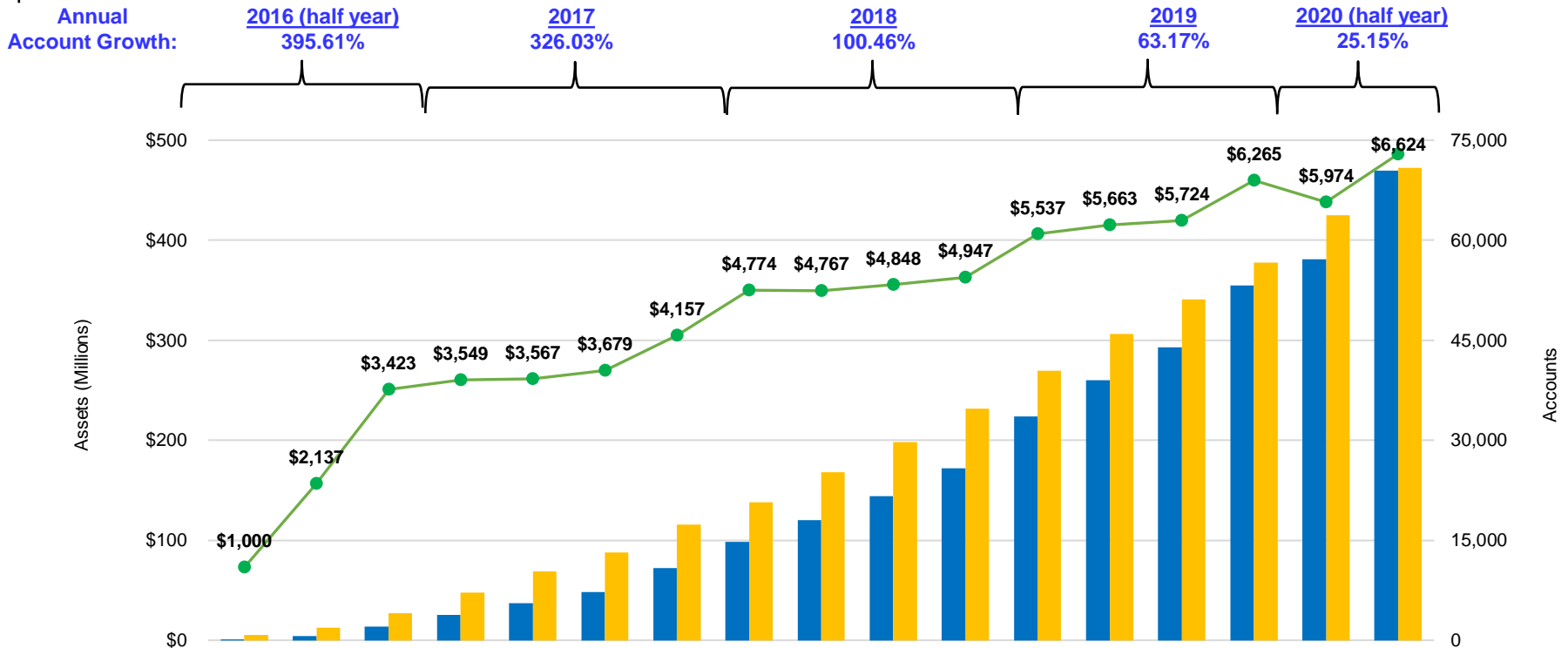
¹Average account size figure represents the ratio of Independent Plan total assets to total accounts

Timing View of the Market



Source: ISS Market Intelligence as of June 30, 2020

Growth of ABLE Market Overall



Quarterly Growth Rates as of:	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2016			2017				2018				2019				2020	
Assets	-	404%	237%	83%	45%	31%	48%	37%	22%	20%	19%	30%	16%	13%	21%	7%	23%
Accounts	-	136%	110%	76%	44%	27%	31%	19%	22%	18%	17%	16%	14%	11%	11%	13%	11%

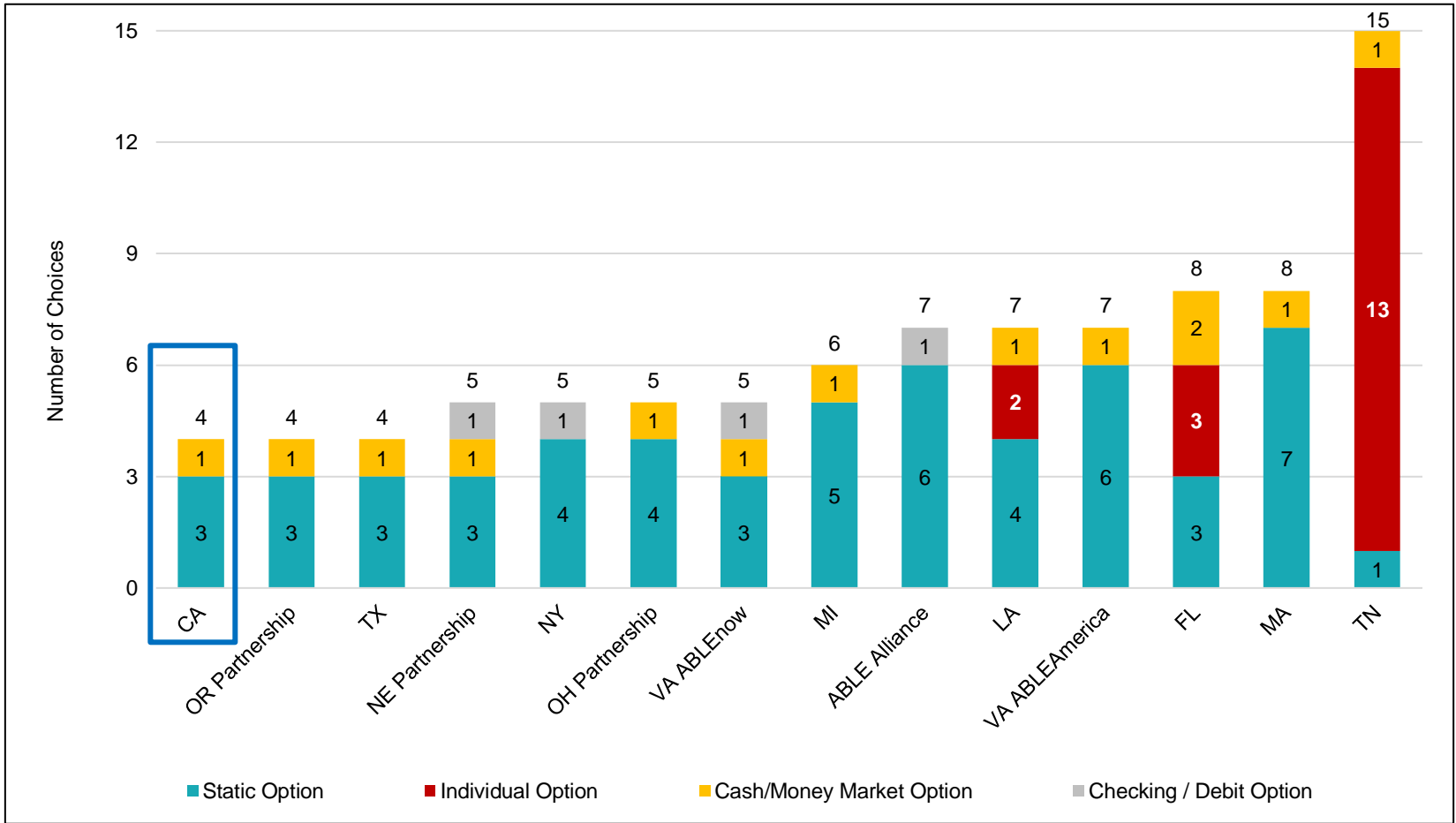
Source: ISS Market Intelligence as of June 30, 2020

State Medicaid Recovery Update

	Limited		Allowed	
	By State Law	By State Policy		
ABLE Alliance	Delaware Illinois Pennsylvania	Kansas	Alaska Arkansas Colorado District of Columbia Indiana Iowa Minnesota	Mississippi Montana Nevada New Jersey North Carolina Pennsylvania Rhode Island
Ohio Partners	West Virginia	--	Arizona Georgia Kentucky Missouri New Hampshire New Mexico	Ohio Oklahoma South Carolina Vermont Wyoming
Oregon Partners	Maryland Oregon	--	Washington	
Nebraska Partners	--	--	Alabama	Nebraska
Independent Plans	California Florida Maine <i>Virginia</i>	--	Louisiana Massachusetts Michigan New York	Tennessee Texas
Total	9 States	1 State	32 States Plus DC	

Source: Program Disclosure Statements as of July 30, 2020; highlighted cell shows changes since December 2019

No Changes to Investment Options



Source: Program Disclosure Statements available as of July 30, 2020
 Tennessee updates include three new individual options and two fewer static options

Consistent Share for Cash and Cash Equivalent Options

Option		FDIC-insured Options			Money Market
		Savings Only	Checking Only	Savings + Checking	
States		California Florida Michigan Ohio Oregon Tennessee Texas	ABLE Alliance New York Virginia Direct	Nebraska	Florida Louisiana Massachusetts Virginia Direct Virginia Advisor
% of Total Assets ¹	2019 Q4	28.6%			3.1%
	2020 Q1	30.9%			3.4%
	2020 Q2	30.5%			3.2%

Source: Program Disclosure Statements as of July 30, 2020

¹ISS Market Intelligence as December 31, 2019, March 31, 2020 and June 30, 2020, respectively

Outlook

- **Progress on ABLE Age Adjustment Act:**
 - **As of August 12: HR 1814 - 75 co-sponsors (24R / 51D); S 651 – 22 co-sponsors (7R / 15D)**
 - **Additional co-sponsors needed for Congressional Budget Office scoring**
 - **COVID-19 relief / stimulus initiatives have pre-empted most work**
- **Some movement at the employer level:**
 - **NAST working group crafting outreach materials**
 - **Discussions underway regarding information in consumer financial institutions (e.g., banks)**
 - **Gift of Independence provides opportunities for account funding through the workplace**
- **Some activity at Program levels:**
 - **Connecticut and Hawaii are in the decision-making process**
 - **Ohio is evaluating responses to a Program Administrator RFP**
 - **Nebraska ABLE has issued an RFI for Program Manager**
- **Continuing opportunities for growth:**
 - **Contributions to ABLE from stimulus payments**
 - **NDI collaboration with Cal ABLE**

AKF Legal Disclosure

Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, among other things, Conflicts of Interest and Legal or Disciplinary events of AKF and its associated persons.

Conflicts of Interest ***Compensation***

AKF represents that in connection with the issuance of municipal fund securities, AKF receives compensation from its client issuers for services rendered on an hourly, retainer or fixed fee basis. Consistent with the requirements of MSRB Rule G-42, AKF hereby discloses that such forms of compensation may present a potential conflict of interest regarding AKF’s ability to provide unbiased advice regarding a municipal fund security transaction. This potential conflict of interest will not impair AKF’s ability to render unbiased and competent advice or to fulfill its fiduciary duty.

Other Municipal Advisor Relationships

AKF serves a wide variety of clients that may from time to time have interests that could have a direct or indirect impact on the interests of other AKF clients. For example, AKF serves as Municipal Advisor to other municipal fund securities clients and, in such cases, owes a regulatory duty to such clients just as it will with the entity receiving this proposal, if hired. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, AKF could potentially face a conflict of interest arising from these competing client interests. AKF fulfills its regulatory duty and mitigates such conflicts by dealing honestly and with the utmost good faith with all clients.

If AKF becomes aware of any potential or actual conflicts of interest after this disclosure, AKF will disclose the detailed information in writing to the client or obligated person in a timely manner.

Legal or Disciplinary Events

AKF does not have any legal events or disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. You may electronically access AKF’s most recent Form MA and each most recent Form MA-I filed with the Securities and Exchange Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html. If any material legal or regulatory action is brought against AKF, AKF will provide complete and detailed disclosure to its clients, thereby allowing each client to evaluate AKF, its management and personnel.

to address the limited interest offered by our FDIC insured portfolio. Additionally, we will explore opportunities to improve our marketing and promotional efforts by directing a number of survey questions to inform our current approach. We hope to have additional information to report regarding this initiative at the Fall board meeting.

Contracts

- ***Contracts Signed Under Delegation Authority***

From March 2020 through August 2020, there were four contracts signed and executed under the Executive Director’s delegation authority as listed below and totaling \$710,210.00.

Contractor	Service	Total Amount	Start Date	End Date
Meketa Investment Group	Investment Consulting Services	\$196,500.00	04/01/19	03/31/21
Sagent	Marketing Services	\$481,210.00	03/18/19	02/29/21
Equity and Wellness Institute	Strategic Planning	\$22,500.00	12/13/19	12/01/20
State Council on Developmental Disabilities	Reimbursement of Travel Expenses	\$10,000.00	10/15/19	06/30/21