
SEPTEMBER 14, 2021

AGENDA ITEM 1

ACTION ITEM

CALIFORNIA ABLE ACT BOARD

Approval of Minutes from June 23, 2021 Meeting

Attachments

- Attachment #1 – CalABLE Board June 23, 2021 Meeting Minutes

Recommended Action—Approve meeting minutes

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CALIFORNIA ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT BOARD

Minutes

March 16, 2021 - 1:30 PM
915 Capitol Mall, Room 587, Sacramento, CA 95814

Public Participation via Zoom is available at
<https://zoom.us/j/94013798832>

Public Participation Zoom Audio Call in Number
Dial In +1-669-900-6833
Webinar ID: 940 1379 8832

Board members present:

Fiona Ma, CPA, California State Treasurer (In-person)
Audrey Noda for the California State Treasurer, Fiona Ma, CPA (via teleconference)
Joe Xavier for the Department of Rehabilitation (via teleconference)
Kathleen Barajas for the State Independent Living Council (via teleconference)
David Oppenheim for the State Controller Betty T. Yee (via teleconference)
Gayle Miller for the Department of Finance (via teleconference)
Sandra Aldana for the State Council on Developmental Disabilities (via teleconference)
Carla Castañeda for the Department of Developmental Services (via teleconference)

CalABLE Board Staff:

Dante Allen, Executive Director, CalABLE
Anne Osborne, Manager, CalABLE
Sandra Kent, AGPA, CalABLE
Jennifer Baldwin, Senior Attorney

CalABLE Board Consultants present:

Andrea Feirstein, Managing Director, AKF Consulting (via teleconference)

CalABLE Board Program Manager, Tuition Financing, Inc. (TFI), staff present:

Linda English, Senior Director of Relationship Management (via teleconference)
Glenn Friedman, Manager, TIAA Tuition Financing Inc. (via teleconference)
Eric White, Principal, Meketa Investment Group, Inc. (via teleconference)
Doug Harrison, TIAA Tuition Financing Inc. (via teleconference)
Mitch Baum, MAB Strategic, LLC (via teleconference)

Chair Ma called the meeting to order at 1:30 PM.

Ms. Osborne announces public comment directions for phone participants

Item # 1 – Action Item

Approval of Minutes

Motion to approve the minutes of the November 17, 2020, and February 2, 2021, meetings of the California ABLE Act Board.

MOTION:	Gayle Miller	SECONDED:	Carla Castañeda
AYES:	Fiona Ma, David Oppenheim, Gayle Miller, Joe Xavier, Carla Castañeda, Kathleen Barajas, Sandra Aldana (joined later in the meeting to record her vote)		
NOES:	None		
ABSTAIN:	None		
RECUSE:	None		
NOT PRESENT:			
ACTION:	Motion Passes		

Chair Ma asked if there were any public comments/phone comments – None

Item #5 – Action Item

Resolution No 2021-02: Approval to Issue Requests for Proposals for 529A Program Consulting Services

Dante Allen requested we move action Item 5 Requests for Proposals for 529A Program Consulting Services, to the first item to be discussed. Board Member Gayle Miller requested the item be moved up that way she could vote. Since she had to exit the meeting early. Dante Allen sought council from Jennifer Baldwin to see if the arrangement of items going out of order was allowed. Jennifer, assured Dante Allen "items may be taken out of order."

Approval of Resolution No 2021-02

Motion to approve the Resolution No 2021-02: Approval to Issue Requests for Proposals for 529A Program Consulting Services of the California ABLE Act Board.

Chairwoman Ma asked if there were any public comments/phone comments – None

MOTION: Gayle Miller	SECOND: Carla Castaneda,
AYES: Fiona Ma, David Oppenheim, Elena Gomez, Carla Castaneda, Kathleen Barajas Sandra Aldana	NOES: None
ABSTAIN: None	RECUSED: None

ACTION: Motion Passes

Item #2 – Information Item

Executive Director’s Report by Dante Allen

- **ABLE Age Adjustment Act**

Treasurer Fiona Ma, CPA, in collaboration with U.S. Congressman Tony Cardenas and Disability Rights of California held a Town Hall discussion about the ABLE Age Adjustment Act. The Town Hall covered the impact of increasing the disability age of onset from 26 to the age of 46, which would allow more than 6.1 million additional people to open an ABLE account. Panelists included: the Honorable Fiona Ma, CPA, California State Treasurer; U.S. Congressman Tony Cardenas and Disability Rights of California, Eric Harris, Executive Director, and Laura Southers. Over 100 attendees participated in the Town Hall discussion. The topics included: the importance of having an ABLE Age Adjustment Act, pending legislation and how they can support the ABLE Age Adjustment Act by writing to their state Senator or U.S. Congressman. In addition, Laura Southers spoke about the benefits she would enjoy with an ABLE account if the disability age of onset was increased to age 46. She is a photographer and was injured in an automobile accident, which resulted in a traumatic brain injury. She was an avid traveler and an ABLE account would allow her to save for travel, something she enjoyed prior to her injury.

In the senate, Senator Bob Casey (D-PA), principal author of the ABLE Age Adjustment Act is seeking to have the bill added to SECURE Act 2.0. There is talk that he may also be seeking a budget appropriation in order to give states funding to expand marketing for ABLE program to encourage increased enrollment. Senator Pat Toomey (R-PA) has agreed to become the first republican on the Senate Finance Committee to join ABLE Age Adjustment as a cosponsor.

- **Budget Overview**

Staff submitted a Budget Change Proposal that mirrors the dollar amount requested, which holds the CalABLE operating budget flat in comparison to the previous fiscal year. This funding has been requested as an annual budget appropriation rather than the General Fund loans that have sustained the program since the beginning. This approach was taken to aid CalABLE in achieving self-sustainability, accelerate loan repayment, and limit the program’s need to seek loan funding on an annual basis until such time that revenues exceed operations expenses. This approach comes with the support of the Legislative Analyst’s Office that has monitored CalABLE’s effort from the beginning. Both the Senate Budget Subcommittee and the Assembly Budget Subcommittee were provided testimony regarding the budget change proposal. Staff is currently awaiting guidance from the Assembly Budget Subcommittee regarding a path forward.

- **Contract Update**

From September 2020 through March 2021, there were two contracts signed: Meketa Investment Group for \$294,750.00 and State Treasurer's Office for \$45,291.00 for STO Executive and Support Services. This was done under the executive director's contracting delegation authority, totaling \$340,041.00.

- **Outreach/Marketing**

Staff reported on CalABLE's outreaching efforts with online presentations. CalABLE continues to receive requests for online presentations, with 11 events in Q1 reaching 1,310 attendees. The three webinar topics included "Selecting Investment Options for Your CalABLE Account," which focused on information about CalABLE investment accounts; "Understanding CalABLE for 2021" which discussed opening a CalABLE account and featured guest speaker Malcolm Harmon, Service Delivery and Engagement Manager; and "The Importance of the Disclosure Statement" in which staff reviewed how to use the Disclosure Statement. The webinars have become a popular series for CalABLE, with a 63% attendance rate. In addition to presentations and webinars, CalABLE launched a three part series with YouTube personality Squirmly and Grubs, promoting CalABLE and the benefits of being an account holder.

- **Sagent Executive Summary**

The Sagent contract concluded in February 2021 with a final report recapping the marketing outreach services agreement. The report highlighted CalABLE's digital outreach:

- The paid media campaign delivered 12,205,766 impressions and 17% in added value.
- Keywords delivered a 12.7% click-through rate (CTR). A high CTR indicates that the keywords or keyword phrases utilized are relevant to the audience searching for these terms.
- Eblasts generated open rates of +20%, significantly higher than the industry average, demonstrating compelling headlines and content.
- Paid Facebook ads delivered 15,277,953 impressions and reached 5,037,954 people. A total of 74 combined optimization tactics and creative and targeting ads were run from December 4, 2019, through February 28, 2021.
- CalABLE experienced its highest level of new enrollments in December 2020.

- **Financial Literacy**

YouTube resources continue to be a strong presence for marketing. Facebook ambassador videos and outreach efforts also remain strong. The current development of the webinar series called "FinanciallyABLE" will release in April 2021. CalABLE's previous marketing agency,

Sagent, assisted with the development of the financial literacy video series.

▪ **Industry Update**

Nationally, ABLÉ accounts increased by 45% and assets under management grew by 81% in 2020. CalABLE's assets grew by 168% and assets under management grew by 95%. At the end of Q3, CalABLE was ranked sixth in the nation and by the end of Q4, it was ranked fifth. The State comparison shows California is ranked third in assets under management and fourth in accounts among Independent plan accounts.

• **Board Retreat**

CalABLE would like the board to consider convening a Board Retreat with the following board topics:

- Background of CalABLE
- Review of CalABLE Mission, Vision and Goals
- Budget Transition - General Fund Loans to General Fund Appropriation
- IRS Final Regulation Implementation
- Operations and customer service experience
- Focus on the disability community

Proposed Board Meeting Dates, State Treasurer Office Room 587:

- August 3, 2021- 9:00 am- 1:00 pm
- August 9, 2021- 9:00 am- 1:00 pm
- August 16, 2021- 9:00 am- 1:00 pm

Chair Ma asked if there were any public comments/phone comments – None

Item #3 – Information Item

Review, Analysis and Performance Monitoring of Investment Portfolios for CalABLE TIAA, Maketa Investment Group

• **Glenn Friedman from TIAA**

- The current market trend is optimistic in the capital markets with the availability of a vaccine for the coronavirus pandemic and a return to normalcy for consumers. Again, the results revolve around the vaccination rates. Inflation rates were up due to stimulus.
- In the recovery stage Value Stocks over Growth stocks, and the US Equities gained approximately 6%. International stocks also contributed to the more aggressive investors.

- The Conservative portfolio had a challenging time this quarter and was in the minus. The FDIC- Insured, Moderate and Aggressive Growth portfolios continue to perform within their benchmarks.
- Strong double digit growth for the Moderate & Aggressive portfolios.

Chair Ma asked if there were any other questions:

- **Ralph (question from on-line Q&A)** asked a question regarding
 1. Does TIAA have asset based fees?
 2. What are the current fees from the slide being shown (“Underlying Fund Rating”)?
 3. Is the flat fee included in the Basis Point on this slide?
- **Glenn states**
 1. All investors pay flat fee.
 2. Equity Index Fund, International have a basis of 5 points. The Emerging Markets Fund has a basis of 20 points, Bond Index Fund has 11 points, Inflation-Linked Bond has 26 points and Funding Agreement and Bank Account have zero points.
 3. Yes, that is the fund based fee. Ralph states thank you.

Chair Ma asked if there were any other questions from the public. There were no other questions, and introduces Eric from Meketa.

- **Eric White from Meketa**
 - All the underlying funds were either positive or acceptable for the quarter and hit their benchmarks. However, fixed income did struggle for the quarter. The 10 year US Treasury went up to 90% increase in terms of the percentage in the 10 year Treasury. It has come down just a little within the past few days of the trading days, left in this quarter.
 - The Conservative Portfolio will have the most risk in the future, because of the perverse market environment.
 - The TINA Market --- TINA (There Is No Alternative) in reference to stocks, effective a lag in the Conservative Portfolio.
 - In the long run most of the returns are positive this quarter and the program is meeting expectations. The quarter is up 4 percent and is an excellent outcome for this quarter.
 - The main point of conversation for the next quarter will probably be inflation. However, at this time the risk spectrum looks good.
- **David Oppenheim:** Comment regarding having about \$5,000 accounts, but about 9,000 investments, across the different options. It seems that folks in the FDIC and Conservative accounts may be placing their investments at a significant rate, in to our Moderate and Aggressive accounts to protect their principle. Perhaps build equity by going out somewhat aggressively.

Chair Ma asked if there were any public comments/phone comments – None

Item #4 – Information Item
Industry Landscape AKF Consulting

Dante Allen requested that the Board skip to Item # 6, and it was agreed upon.

Item #6 – Information Item
Customer Service Escalation Process Dante Allen

- **Dante Allen** - Presented to the Board a Customer Service Escalation Process
 - There are a small number of complaint calls, but have a broad impact on the program.
 - The Data Chart (shared by TIAA), shows that most of the complaints go to the “customer engagement center” (CEC) and are handle with the one call. Less than 1% goes to any form of escalation will and going to an additional representative and even less may be forwarded to the CalABLE office for clarification.
 - He wanted to bring special attention to concerns related to the “PrePaid Card” which is offered by a subcontract vendor and handled by a separate website and customer service agent. For the most part TIAA and the CEC handle most of these matters.
 - The CEC and the PrePaid card care center are made aware of any concerns and meet on a bi-weekly basis, and routinely share any issues they’ve experienced.
 - Examples of lingering concerns:
 - Unable to open a CalABLE account due to not having a Social Security card. CalABLE office can assist them in how to get a card, or duplicate if lost.
 - When opening an account, the potential holder is listed as deceased. The customer engagement center will work with the customer and with the PrePaid card care center to seek a resolution.
 - An account holder believes CalABLE is not following the Federal ABLER requirements and are counting income that should not be counted. In this case the customer was provided a copy of the disclosure. CalABLE will provide contacts to the customer so they may call directly for any further information.
 - These seem to be the lingering concerns and it may be because the clients need some additional guidance or even walking them through the process step-by-step. Also, many of the CalABLE customers may be first time savers and many do not have the savvy of the financial agencies.

- This could become a public relations issue and often time these complaints go directly to the Treasurer’s Office, or the Department of Justice or the Office of the Inspector General.
 - CalABLE would like to explore a potential escalation process:
 - Board set aside executive sessions to hear of selected customer issues
 - Engaging advisory council as potential advisors in development of additional resources and referrals.
 - Dedicate staffing and/or contracted resources to serve as “client navigator” in order to provide additional care and support to customer.
 - Staff will take direction from the board and report at the next board meeting.

- **Chair Ma:** Brought the discussion to the Members, stating we need their input on practices, or thoughts, or other ways we can address constituents who may have questions or consistent questions, etc.
 - **David Oppenheim:** David was concerned on the process for resolving issues. This should be transparent, consistent and abides to the law. Also, a program he is involved in (California Childs Support Program) has a statutory process, including an Ombudsman. He would be interested in finding what other states are doing and how it’s being handled, before recommending how we handle our program.
 - **Dr. Saldana:** Thinks having partnerships with different Departments, might be wise and train individuals to assist entities. The process has several options, allowing people with disabilities to be self-determining, they may need help in how to negotiate their needs, and help in managing money and public guardian can still manger your own money. She suggested several options:
 - Using an Ombudsman gets into a legal standoff,
 - Using an Administrative Judge for a fair hearing
 - Most people would avoid any legal action
 - **Ms. Castaneda:** Supported the idea of the navigating client to connect with individuals for help and finding what other states are doing.
 - **Ms. Gomez:** Commented on a need for a formal process and what it entails is to be determined. Having the opportunity for mediation could be part of the process, and/or a hearing along with engaging with the community and the Board.

Chair Ma: Any public comments? None at this time

- This is something we care about and need to continue discussing. We need to follow up and are there when they need help when they are desperate.

Chair Ma turns the Chair over to Deputy Audrey Noda presided over the meeting beginning at 3:19 PM.

Item #4 – Information Item
Industry Landscape AKF Consulting

Andrea Feirstein, Managing Director, AKF Consulting (via teleconference)

- **Andrea Feirstein:** Speaking of Item 6 was grateful for the discussion and how important it was and the great leadership being shown in the CalABLE organization.
 - We have over \$760 million dollars in nationwide ABLE programs and California is doing great.
 - The growth rate over the quarter (CalABLE) are much higher than what is being shown across the entire ABLE industry and independent plans.
 - The CalABLE program, even though it was started later than most programs, shows a substantial growth for the quarter when comparing 2020 to 2021.
 - The market continues to do well, and in Q3 we had an upside down, during the pandemic, but went back up quickly.
 - Alabama moved to the Oregon program. Nebraska has changed its manager.
 - The independent plans, 15.2% growth, and shows improvement over national plans, including Massachusetts.
 - CalABLE continues to grow double digits.

Chair Noda asked if there were any public comments/phone comments – None

Public comment –

Alan Reed from the Ambassador Program

- States that how the staff and Board have reached out to clients regarding the financial groups helping members with great service.
- Thank you to the State Treasurer, the National organization and ABLE for their continued work and challenges.

Mr. Joe Schunk

- Mr. Schunk wanted to share his experience with the Scholarshare 529 program rollovers to the CalABLE account. He has contributed three years from Scholarshare to the CalABLE 529A and has not used any of the same forms in the last two years. He also wanted to acknowledge the prompt services he received from customer service. However, he has found that the normal 2-3 days wait time, turned into 2-3 weeks. Both the programs are through the Treasurer's office and under TIAA, but are not consistent, and requires the client to follow-up. Mr. Schunk would encourage both the

Administrators and the Board to iron out work-flows and processes between programs.

Chair Noda thanked Mr. Schunk for his comments.

Chair Noda asked if there were any public comments/phone comments

Meeting adjourned at 3:36 PM.

Next Meeting will be held on September 14, 2021@10am