
DECEMBER 13, 2022

AGENDA ITEM 1

ACTION ITEM

CALIFORNIA ABLE ACT BOARD

Approval of Minutes from October 4, 2022, Meeting

Attachments

- Attachment #1 – CalABLE Board October 4, 2022, Meeting Minutes

Recommended Action – Approve meeting minutes

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DECEMBER 13, 2022

AGENDA ITEM 1
ACTION ITEM

CALIFORNIA ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT BOARD

Meeting Minutes from October 4, 2022, California ABLE Act Board Meeting

Board members present:

Fiona Ma, California State Treasurer
David Oppenheim for the State Controller, Betty Yee
Thomas Todd for the Director of Finance, Joe Stephenshaw
Cathay Liu for the State Council on Developmental Disabilities
Ana Acton for the Department of Rehabilitation
Lisa Hayes, Chair of the State Independent Living Council

CalABLE Board Staff present:

Dante Allen, Executive Director, CalABLE
Anne Osborne, Manager, CalABLE
Madeline Handy, CalABLE
Rita Clark, CalABLE
Theodore Ballmer, Legal Counsel

CalABLE Board Consultants present:

Miriam Bookey, Head of Strategy, Program 11
Kelly Doherty, Program Manager, Program 11

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

Linda English, Senior Director of Relationship Management, TIAA
Vivian Tsai, Head of Relationship Management, TIAA
Eric White, Principal, Meketa Investment Group, Inc
Doug Harrison, TIAA

California ABLE Act Board Chair Fiona Ma called the meeting to order at 1:06 PM.

Public Comment

None

Agenda Item 1 – Approval of the Minutes from the June 21, 2022, meeting of the California ABLE Act Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes from the June 21, 2022, meeting of the California ABLE Act Board.

MOTION:	David Oppenheim	SECOND:	Ana Acton
AYES:	Fiona Ma, David Oppenheim, Thomas Todd, Ana Acton, Cathay Liu		
NOT PRESENT:	Carla Castañeda		
ABSTAIN:	Lisa Hayes		
RECUSE:			
ACTION:	Motion Passed		

Agenda Item 2 – Executive Director’s Report (INFORMATION ITEM)

Executive Director, Dante Allen, provided the California ABLE Act Board (Board) with updates from the Annual National Association of State Treasurers (NAST) Conference. At the Conference, the importance of the ABLE Age Adjustment Act, which would raise ABLE eligibility to age 46, was discussed. The NAST ABLE Network identified a governance framework and bylaws and is working to select its first slate of officers.

Mr. Allen provided updates on the ABLE Age Adjustment Act (S. 331/H.R. 1219). In the Senate, S. 331 has been included in the Enhancing American Retirement Now Act. In the House, similar vehicles are being considered to pass H.R. 1219. CalABLE staff are seeking veteran support to help pass this legislation.

Mr. Allen provided an update on state legislation AB 2216 which updates the CalABLE Act to allow working individuals to exceed the annual contribution limit as per federal law and limits protection from Medi-Cal recovery to California residents with a CalABLE account. AB 2216 was signed by the governor.

Treasurer Ma asked if the funds in a CalABLE account could be designated to an heir upon the death of a beneficiary. Mr. Allen confirmed yes.

Treasurer Ma asked if other 529 plans like ScholarShare are under this legislation. Mr. Allen replied no, just CalABLE.

David Oppenheim asked if it would be possible to conduct outreach to inform Californians who enroll in another state’s ABLE program about the possibility of Medi-Cal recovery. Mr. Allen commented that during presentations, CalABLE encourages

participants to look at their own state's ABLE program first due to additional laws that may have been passed for in-state residents.

Treasurer Ma asked if there was a press release for AB 2216. Mr. Allen answered yes. Treasurer Ma asked that it be sent to the Board members to share with their networks.

Lisa Hayes asked if there have been website updates regarding AB 2216. Mr. Allen responded the CalABLE website will be updated.

Mr. Allen provided an update on state legislation AB 1601 which was amended to remove sections impacting call centers for state agencies. Due to this change, AB 1601 does not have a direct impact on CalABLE. AB 1601 was signed by the governor.

Mr. Allen provided an update on CalABLE enrollment data. In quarter 2, CalABLE gained nearly 1,000 accounts. However, assets decreased due to reduced contributions, a slight uptick in redemptions, and diminished investment returns.

Mr. Allen also reported that there was an uptick in assets held in the FDIC-insured portfolio, up to 38% of total assets. The Board decided in 2019 to waive the state administrative fee for the FDIC-Insured portfolio. This is the first time the assets have gone up to 38%. Mr. Allen did not have a recommendation at the time but wanted the Board to consider if a change is in order and how to implement that change. Without the fee there is no revenue going towards self-sustainability and repayment of the general fund loans that supported the CalABLE launch.

Mr. Oppenheim commented that the Board needs to look at all options around fees. Mr. Oppenheim suggested CalABLE ask the legislature and the governor for a very small appropriation as to not disadvantage account holders who are trying to save money.

Mr. Allen provided an update on the prepaid card. During the November 2021 Board Meeting, the Board made the decision to change the prepaid card vendor due to technical issues with participation in the prepaid card. At the end of June 2022, ability to use the old card was discontinued. Delays occurred in offering a new card due to an extended contracting process with the Department of General Services. That process is now over with a goal to release a new card at the end of October 2022. Many account holders use the card as their main way to access the funds in their account. CalABLE has received an uptick in calls of people asking when the card will be available.

Mr. Allen noted at the time of the prepaid card release, the definition of Authorized Legal Representatives will be expanded to meet the final federal IRS regulations of ABLE.

Mr. Allen provided a staffing update. CalABLE hired a new Staff Services Analyst, Madeline Handy. Ms. Handy completed an analysis that found paid sponsorships increased weekly enrollment from 63 to 70 new enrollments. CalABLE also posted an application to recruit a program analyst who is bilingual in Spanish.

Treasurer Ma recommended the application be posted on social media. Mr. Allen said that could be done and that CalABLE had partnered with organizations that specialize in outreach in the Spanish speaking community to publicize the position.

Mr. Allen announced that he has made plans to vacate his role as Executive Director. Mr. Allen has been nominated by President Biden to serve as Commissioner of Rehabilitation Services in the Office of Special Education and Rehabilitation. Mr. Allen expects to remain as Executive Director until the end of the year.

Mr. Allen provided an update on Board membership. Mr. Allen welcomed the new Director for the Department of Finance, Joe Stephenshaw, to the Board. Mr. Stephenshaw renamed his delegates and Thomas Todd was present for this meeting. Kathleen Barajas resigned as the delegate for the State Independent Living Council (SILC). Board member Lisa Hayes has been scheduled to attend in representing SILC.

Mr. Allen provided an update on the annual budget. During the previous fiscal year, CalABLE spent about \$830,000 which was close to the anticipated budget.

Mr. Allen mentioned that included in the Board packet was the audited annual report from TIAA-CREF that was administered by PriceWaterHouseCooper. Mr. Allen requested the Board provide questions, if any, so CalABLE can provide answers at the next board meeting.

Mr. Allen provided an update on CalABLE contracts. CalABLE has been working on a new program administration request for proposals. The current program administration contract is set to expire at the end of August 2023.

Anne Osborne provided an update on outreach activities. CalABLE has conducted both virtual and in-person outreach activities during the third quarter.

Treasurer Ma commended CalABLE on creativity in partnerships while working with a small team. Treasurer Ma congratulated Mr. Allen for his nomination for a presidential appointment. Treasurer Ma also commented on the California refunds that are coming back to 90% of taxpayers. Mr. Allen suggested CalABLE post on social media that the refund may be a good way to fund a CalABLE account.

Mr. Oppenheim and Ana Acton congratulated Mr. Allen on his nomination.

Public Comment

None

Agenda Item 3 – Quarterly Investment Performance Report (INFORMATION ITEM)

Jeremy Thiessen, the presenter for TIAA, had a family emergency. Executive Director Allen recommended moving to Item 4.

Agenda Item 4 – Performance & Evaluation Report (INFORMATION ITEM)

Eric White, principal for Meketa Investment Group, provided the Board an overview of the financial market and CalABLE Investments Performance for Second Quarter 2022.

Overall, it was a challenging time in the financial markets. For the first six months of the year, equities were down about 20% and the fixed income market was down about 10%. This is abnormal; usually when the equity market goes down, the fixed income market goes up. This provides a diversification benefit which unfortunately did not occur. In this environment, the advice is to stay the course and keep investing since there are anticipated higher returns in the future.

Mr. White provided a status report of underlying funds. All funds except for emerging market index fund were in the positive or acceptable category. The emergency market index fund was discussed last meeting and is not a concern. It is anticipated the tracking error will fall off with time.

Mr. White provided a portfolio update. The aggressive growth portfolio was down 19%, the largest year-to-date declines. This is performing within expectations. The aggressive growth portfolio has not received the diversification benefit, however allocation to Treasury Inflation Protected Securities (TIPS) has offset some of the losses. TIPS have lost money, but to a lesser extent than the general bond market. The moderate portfolio was down 14.6% which is unusually high due to declines in the fixed income market. However, the TIAA funding agreement and 5% TIPS allocation did aid performance. Had the funding agreement not been in place, the estimated year-to-date returns in the moderate portfolio would have been down 15.3%. Finally, the conservative portfolio was down 9.6%. However, it is estimated that without the 25% allocation to the funding agreement, the conservative portfolio would have been down 12.3%. This update highlighted the benefits of the funding agreement.

Mr. White reviewed the risk return charts which are a check on the structure of the program. The charts provided a proof statement that the program was well constructed from the beginning and continues to meet participants' needs.

Public Comment

None

Agenda Item 5 – Discussion, recommendation, and possible Board action to approve the ABLA Age Adjustment Act Statement of Support (ACTION ITEM)

Executive Director Dante Allen provided background on Resolution No. 2022-03 in support of the Able Age Adjustment Act (S. 331/H.R. 1219). The Resolution would allow CalABLE to seek earned media to communicate Board support of the legislation and to utilize program resources to support passage of the legislation. Mr. Allen noted this Resolution is within the Board authorities due to the potential positive impact an additional 6.2 million ABLA eligible Americans would have on the CalABLE Trust.

Treasurer Ma commented that 1 million veterans would also qualify if the legislation were to pass. Treasurer Ma emphasized the importance of all the states and ABLE programs showing support for the ABLE Age Adjustment Act.

Ana Acton asked for clarification on the broad authority of the Board to take a position on legislation and how that works as the Board members are representatives from various state departments. Mr. Allen answered the authority is granted by statute enabling the Board to take positions in furtherance of the CalABLE Trust. This would not be an individual stance.

Treasurer Ma noted that if the Board votes to approve the Resolution, it will go into the records for the legislation. Treasurer Ma asked if other ABLE programs have done this. Mr. Allen answered that other ABLE programs have done so. CalABLE's sister program, CalSavers, has also taken on support of statewide legislation to support their program.

Lisa Hayes asked if the Resolution was to support only the ABLE Age Adjustment Act or if it was to also support the EARN Act. Mr. Allen answered the Resolution would only support the ABLE Age Adjustment Act, not the vehicles it may make its way into. Theodore Ballmer, CalABLE's legal counsel, added that it's not without precedent for a Board to take a position on a piece of legislation. Mr. Ballmer also noted that the ABLE Age Adjustment Act is going through Congress and may change. If it changes, so long as the changes fit within the purpose of the Resolution, it gives the Executive Director the opportunity to present the Board's position in public.

Ana Acton asked if the legislation is changed in a way that the Board did not intend to support, would the Executive Director have the authority to retract the Board's support. Mr. Ballmer confirmed that was accurate.

Treasurer Ma noted that the hope is for the legislation to pass by the end of the year. Mr. Allen added that if the legislation does not pass by the end of the year, the process will need to be restarted.

A motion in support was made by Mr. Oppenheim. Ms. Hayes seconded. Voting occurred and the Resolution passed.

Public Comment

None

Board Action

Approval of the Resolution from the October 4, 2022, meeting of the California ABLE Act Board.

MOTION:	David Oppenheim	SECOND:	Lisa Hayes
AYES:	Fiona Ma, David Oppenheim, Thomas Todd, Cathay Liu, Ana Acton, Lisa Hayes		

NOT PRESENT:	Carla Castañeda
ABSTAIN:	
RECUSE:	
ACTION:	Motion Passed

Agenda Item 6 – Program 11 carry over from June 21, 2022, Board Meeting (INFORMATION ITEM)

Miriam Bookey, Head of Strategy for Program 11, and Kelly Doherty, Program Manager for Program 11, presented an overview of Program 11’s marketing efforts for CalABLE. Kathy Brannigan from the National Disability Institute (NDI) was unable to attend.

Miriam Bookey presented a timeline of Program 11’s activities with CalABLE beginning in July 2021 to current date. Activities included research and discovery, developing a marketing plan, creating and testing campaign materials, launching an anthem video with paid media, and planning to launch a partner toolkit.

Ms. Bookey provided a brief description of Program 11 which is a research, strategy, and creative industry with experience in the healthcare and financial sectors. Program 11 has partnered with the NDI to better serve CalABLE.

Ms. Bookey explained that in the research phase, Program 11 found that partners were the biggest opportunity for growth of CalABLE. Partners were defined as those who support and advocate for the disability community. Using this information, Program 11’s goal was to create a campaign that was both educational and emotional for three different audiences: the individual with the disability, their families, and community partners. Program 11 created a campaign tagline: We are CalABLE. Eleven CalABLE account holders and their families were filmed for a six-minute anthem video.

Kelly Doherty discussed the campaign launch in August 2022 (#ABLEtoSave Month). The campaign and video were launched across all of CalABLE’s social media channels, Treasurer Ma’s office, through a national press release, CalABLE’s newsletter, and through CalABLE’s partnership organizations.

Ms. Doherty discussed Program 11’s efforts to drive traffic to CalABLE account conversion. The open an account page on the CalABLE website was updated. Program 11 produced a suite of digital ads and taglines to targeted partners and individual. These were tested using venue replay software for a Special Olympics event in Northern California. Venue replay is a software used to reach eventgoers after an event on their home computers and phones. Program 11 also used venue replay to target the addresses of partner organizations. Ms. Bookey added that venue replay has been perfected by a company that does a lot of work for political campaigns.

Ms. Doherty summarized the results of the campaigns. Overall, the various campaign channels had strong click through rates. During the IP match campaign, CalABLE

website visits increased to 300 visits per week, compared to high 100s previously. There was also great reach with CalABLE's partnership with Autism Tree Project Foundation. In terms of PR, the national release was picked up by more than 340 news outlets nationally.

Ms. Bookey clarified the previous campaigns were tests to determine which campaigns worked well. The next step is to optimize the campaigns for holidays and events. Future efforts include finalizing the partner toolkit, producing an animated explainer video, creating educational cutdowns, influencer campaigns, and broadening geofencing.

Ms. Bookey showed screenshots and GIFs from campaign creative ads.

Treasurer Ma complimented the ad campaign and the video at the top of CalABLE's website. Treasurer Ma asked if CalABLE was partnering with parents who have kids in special education. Treasurer Ma also asked if CalABLE has asked partners to put the video on their website. Additionally, Treasurer Ma asked if CalABLE is partnering with nonprofit organizations, such as Guide Dogs for the Blind.

Lisa Hayes recommended creating ads in Spanish and ASL and testing the visual description for the videos to ensure they are accessible for the blind community.

Ana Acton recommended leveraging the local organizations who work directly with people with disabilities. Ms. Acton recommended working with the independent living centers, the traumatic brain injury programs, assistive technology programs, and school districts. Ms. Acton asked if there is any way Board members could leverage their relationship to get the word out as a trusted partners and messengers. Ms. Bookey responded that one of the toolkit pieces will be for the Board members.

Public Comment

None

Agenda Item 7 – Public Comment

None.

The Board adjourned at 3:02 PM.