



# State Treasurer's Office

## Strategic Plan

### July 2014 – June 2016

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## Responsibilities and Functions

As an independently elected California Constitutional Officer, the State Treasurer represents all Californians and functions as the state's lead asset manager, banker, and financier, and also serves as chairperson or a member of numerous state authorities, boards, and commissions. The State Treasurer's Office has broad constitutional and statutory responsibilities and authority in the areas of state government's investment and finance, including:

- Managing the state's Pooled Money Investment Account, which invests monies on behalf of state government and local jurisdictions to help them earn a safe, secure return and to ensure the availability of their invested assets when needed.
  - Serving as a constitutionally designated member of the Boards of Administration for the California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS).
  - Financing a variety of important public works projects needed to secure and enhance California's future, including K-12 schools and higher education facilities, transportation projects, water projects, parks, court facilities, correctional facilities, environmental protection, and climate change resilience.
  - Chairing authorities that finance a wide range of significant projects, including alternative energy, pollution clean-up, small businesses, schools and school savings plans, transportation, and health care facilities. The Treasurer chairs the state commission that allocates the state's share of Federal low-cost, tax-exempt financing for various purposes such as housing and economic development.
  - Playing a key role in setting statewide housing finance priorities as Chair of the California Tax Credit Allocation Committee that awards hundreds of millions of dollars in tax credits for affordable housing and as a member of the Board of the California Housing Finance Agency, which finances affordable housing.
  - Chairing the ScholarShare Investment Board (SIB) which administers the state's tax-advantaged college tuition savings plan.
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## Mission

*The State Treasurer's Office mission is to:*

- Serve as the lead asset manager, banker, and financier for the State of California.
- Safeguard public funds and ensure their availability when needed.

- Minimize banking service costs while maximizing returns on the state’s investments.
  - Borrow from the capital markets at the lowest prudently available cost to taxpayers.
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## Vision

*The State Treasurer’s Office vision is:*

- To be a trusted, reliable, and consistently successful leader in assuring California’s fiscal security, financing the investments that provide economic prosperity, and protect our environment.
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## Values

*As an organization, the State Treasurer’s Office affirms these core values:*

- **INTEGRITY** – To execute the mission of the State Treasurer’s Office with honesty, integrity, and transparency.
  - **RESPECT** – To recognize that respect and fair treatment are fundamental rights for every colleague in the State Treasurer’s Office, our government partners, and the public we serve.
  - **PROFESSIONALISM** – To abide by the highest professional standards for ethics, expertise, good judgment, to respect the time and effort of others, and to exercise care and consideration in all that we say and do.
  - **DEDICATION** – To take pride in carrying out our mission and demonstrating our consistent commitment to serve the people well.
  - **ACCOUNTABILITY** – In pursuit of excellence, to hold ourselves and one another accountable for our actions and welcome the public’s interest and understanding about our work.
  - **SYNERGY** – To recognize “the whole is greater than the sum of its parts,” and work together to make a more effective and efficient organization acknowledging the contributions of those individuals who help each and all of us get the job done.
  - **LEADERSHIP** – To give each colleague in the State Treasurer’s Office, regardless of position or classification, the opportunity to be uniquely a leader in achieving the mission of our office.
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## Goals

- Provide a financial response to climate change by continuing and expanding efforts to achieve cost-saving and cost-effective financing to mitigate climate change, including sale of

green bonds; and additional green banking services such as energy-efficiency retrofit financing and infrastructure improvements.

- Engage in workforce planning, active succession management, and necessary training efforts to ensure the State Treasurer's Office and its Boards, Commissions, and Authorities have the resources they need, including the number of personnel and the appropriate skills sets in the right positions at the right time.
- Leverage today's information technology resources to more effectively and efficiently meet the needs of the State Treasurer's Office and its Boards, Commissions, and Authorities.
- Utilize innovative outreach strategies to increase public awareness of the State Treasurer's Office and its Boards, Commissions, and Authorities and the various programs, services, and benefits available, and the contributions of our employees.
- Continue its historic partnership with the State Controller's Office, Department of Finance, and Department of General Services to ensure success in the development and implementation of the Financial Information System for California (FI\$Cal).
- Continue to negotiate with our banking and business partners to simplify work processes, take advantage of technological advances, to gain efficiencies, save money, and provide better performance.

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## State Treasurer's Office Divisions

To achieve the overarching goals of the State Treasurer's Office, each division within the office has developed goals to support the overall mission of the Treasurer's office. The divisions, their mission statements, and goals are as follows:

### Centralized Treasury & Securities Management Division

The Centralized Treasury and Securities Management Division (CTSMD) oversees all banking aspects of the Centralized Treasury System (CTS), through which over \$2 trillion passes annually. CTSMD manages the cash flow of all state funds, forecasts cash balances, revenues, expenditures, and the amounts available for daily investments; ensures accurate and timely agency deposits; administers and executes the wire transfer of funds; and reconciles state accounts with depository banks and redeems all state-issued checks, warrants and vouchers submitted by presenting banks for payment. CTSMD is also responsible for administering the clearance and income collection for state investments (excluding CalPERS and CalSTRS); for managing collateral pledged by California companies to transact business within the state, collateral pledged by California financial institutions to the state for the time, demand, and other state agency deposit programs; and for the safekeeping of securities and other personal property owned by, in the care of, or pledged to the state.

#### Mission Statement

The mission of the Centralized Treasury and Securities Management Division is to administer the Centralized Treasury System and to meet the banking and financial needs of all state agencies consistent with the goals of safety, liquidity, and yield.

## Goals

- **Goal 1:** Continue to lead the efforts in marketing and implementing various programs across state government, such as Remote Site Deposits, Image Cash Letter, and Electronic Fund Transfer of funds in order to further expedite the receipt and processing of state revenue.
- **Goal 2:** Fully participate in the FISCAL Project to support its successful implementation.
- **Goal 3:** Replace the New Data Delivery System (NDDS), which was built in 1985, with a modern platform that is reliable, durable, and capable of executing and delivering on the significant and strategic responsibilities of the State Treasurer's Office related to securities that are owned by and pledged to the state.
- **Goal 4:** Conduct a full review of all State Administrative Manual (SAM) sections pertaining to cash management activities and update as necessary to reflect the many recent changes relating to the collection, depositing and reporting of state revenue.
- **Goal 5:** Increase training opportunities and other efforts to prepare for generational change in staffing and management.

## Investment Division

The Investment Division (ID) is responsible for managing the Pooled Money Investment Account (PMIA) portfolio. The State Treasurer, through ID, invests state and local agency monies deposited in the PMIA consistent with prudent management while it minimizes service costs and maximizes investment returns. ID manages two other important programs: the Time Deposit Program and the Local Agency Investment Fund (LAIF). The Time Deposit Program places deposits at competitive rates with local commercial banks, savings banks, and credit unions. The LAIF program allows cities, counties, and special districts to invest their funds in the PMIA portfolio. ID also acts as the agent for purchase or sale of securities on behalf of various state agencies and programs, and provides the support to the State Treasurer for investment-related Board responsibilities on CalPERS and CalSTRS.

## Mission Statement

The mission of the Investment Division is to prudently manage the Pooled Money Investment Account, the Time Deposit Program, and the Local Agency Investment Fund under statutory authority granted by state law and consistent with the investment objectives of Safety, Liquidity, and Yield.

## Goals

- **Goal 1:** Continuously monitor the credit quality of a diversified list of approved issuers of eligible securities, provide for the liquidity needs of PMIA participants while obtaining a competitive yield from our investments.
- **Goal 2:** Maintain a highly skilled, knowledgeable, and resourceful staff that is fully cross-trained to increase operational flexibility, to ensure organizational continuity, and to ensure the Division's ability to respond to new or unexpected market changes.

- **Goal 3:** Utilize technological innovations to enable staff to more efficiently manage their workload and to provide new and useful services to our local government partners.
- **Goal 4:** Increase training opportunities and other efforts to prepare for generational change in staffing and management.

## Public Finance Division

The Public Finance Division (PFD) is responsible for managing the state's bonded debt portfolio. PFD oversees the issuance of state debt and monitors and services the state's outstanding debt. PFD acts as agent for sale for state general obligation (GO) bonds, revenue bonds, lease revenue bonds, revenue anticipation notes (RANs), and commercial paper (CP). PFD also acts as agent for sale for revenue bonds issued by different financing authorities. In its function as trustee for state issued bonds and notes, PFD calculates and ensures the timely and accurate payment of debt service (principal and interest), oversees ongoing tax compliance, and manages the continuing disclosure requirements. In addition, PFD administers the state's investor relations program, maintaining access to public finance information on the Treasurer's website, and through the retail investor focused website, Buy California Bonds.

### Mission Statement

The mission of the Public Finance Division is to manage the state's debt programs effectively and efficiently minimize the state's borrowing costs.

### Goals

- **Goal 1:** Successfully complete the development and implementation of the Debt Management System II, which will replace the Division's existing custom software application for debt issuance and administration.
- **Goal 2:** Maintain a highly skilled, knowledgeable, and resourceful staff that can adapt and respond to changes in the capital markets, the state's financial condition, and state/STO priorities. Encourage staff development and increase training opportunities to meet these objectives and to prepare for generational change in staffing and management.
- **Goal 3:** Routinely assess organizational structure, policies, procedures, and practices to ensure the Division is fulfilling its mission.

## Administration Division

The Administration Division provides comprehensive budgeting, personnel, accounting, business services, and training support services to the various State Treasurer's Office (STO) divisions and the Boards, Commissions, and Authorities (BCAs). In addition, the Administration Division assumes the role of liaison to a number of state control agencies and the Legislature during initial development, implementation, and monitoring of departmental and/or BCA programs. Finally, the Administration Division ensures that all departmental policies, state rules, laws, and regulations are adhered to by the STO and BCAs.

## Mission Statement

The mission of the Administration Division is to provide logistical and administrative support services to the STO and the 13 BCAs under the auspices of the State Treasurer to enable them to meet their Constitutional and/or state mandated functions.

## Goals

- **Goal 1:** Collaboratively provide the necessary information, resources, and oversight to enable the STO and BCAs to maintain a highly-skilled, knowledgeable, and resourceful workforce.
- **Goal 2:** Provide and cultivate both a departmental and state global perspective to promote a collaborative work environment that enables the STO's Divisions to look beyond their individual goals and objectives, and instead, support the overarching departmental mission statement.
- **Goal 3:** Prepare for and subsequently transition STO accounting, budgeting, and procurement functions to the Financial Information System for California (FI\$Cal) in Wave 1 (July 2014).
- **Goal 4:** Fully develop and grow staff to enable them to maximize their professional potential within state government.
- **Goal 5:** Increase training opportunities and other efforts to prepare for generational change in staffing and management.

## Information Technology Division

The Information Technology Division (ITD) provides information technology services and support to the State Treasurer's Office and the associated Boards, Commissions, and Authorities (hereafter referred to as the STO). ITD comprises the Director's office and three operational sections: Technical Support; Application Support; and Client Services. The Technical Support Section is responsible for the architecture, design, implementation, management, and overall operation of all computer/network hardware and system software. The Application Support Section provides application development, enhancement, maintenance, and proprietary system support services. The Client Services Section is responsible for IT purchasing, website development and maintenance, administrative and policy support, and Help Desk support.

## Mission Statement

The mission of the Information Technology Division is to support the efforts of the State Treasurer's Office to achieve its program objectives through the efficient, effective, and timely delivery of quality information technology products and services.

## Goals

- **Goal 1:** Establish collaborative partnerships with ITD customers to understand their business objectives, priorities, and needs in order to implement technology solutions and strategies that facilitate their service delivery. Implement customer-friendly processes and metrics to help improve the quality and responsiveness to customer requests.

- **Goal 2:** Create and maintain an organizational infrastructure and culture that will enable the behaviors, interactions, and innovations that will help ITD achieve its mission and vision. Establish clear operating principles, streamline processes and workflows, establish a single point of accountability for each function, and set clear expectations for how ITD will conduct work and interface with each other and its customers.
- **Goal 3:** Implement a service management approach that will help ITD increase the efficiency and effectiveness of its operations. Implement methods that will enable ITD to manage the quality of its processes, products, services, and work practices. Design and maintain a technology infrastructure capable of meeting the ongoing needs of ITD customers and stakeholders.
- **Goal 4:** Increase training opportunities and other efforts to prepare for generational change in staffing and management.

## Boards, Commissions, and Authorities (BCAs)

The State Treasurer's Office plays a central administrative role to numerous state Boards, Commissions, and Authorities. The Treasurer serves as chair or member of these various agencies that organizationally report to the State Treasurer's Office. Many of these agencies are authorized to issue debt for specific purposes as permitted by law. These agencies also may advise California municipalities on debt issuance and oversee the state's various investment operations.



The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has authority to provide financial assistance programs that further the state's goals of reducing greenhouse gas emissions, increasing the deployment of sustainable and renewable energy sources, increasing the efficiency of the use of energy, and lessening the state's dependence on fossil fuels. CAEATFA currently has funding for several programs and financing tools, ranging from bond financing and sales and use tax exclusions for private and public entities, to loss reserves to encourage lending for energy efficiency and solar retrofits in California's residential markets.

### Mission Statement

The mission of the California Alternative Energy and Advance Transportation Financing Authority is to work collaboratively with public and private partners to promote innovative and effective financial solutions for California's industries that assist in reducing the state's greenhouse gas emissions, by increasing the development and deployment of renewable energy sources, energy efficiency, and advanced transportation and manufacturing.

## Goals

- **Goal 1:** Develop and strengthen partnerships with state leaders and stakeholders to identify innovative and effective financing structures to facilitate and generate project financings that reduce greenhouse gas emissions.
  - **Goal 2:** Grow CAEATFA's collaborative and innovative work culture by further establishing a highly-skilled, motivated team by investing in staff training, strengthen subject-matter expertise, and provide opportunities for upward mobility.
  - **Goal 3:** Continue to successfully administer existing programs and implement compliance tools and strengthen infrastructure; grow the promotional, education, and outreach efforts; and become a resource for policy makers and program implementers.
  - **Goal 4:** Increase training opportunities and other efforts to prepare for generational change in staffing and management.
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## CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

The California Debt and Investment Advisory Commission (CDIAC) provides information, education, and technical assistance on debt issuance and public fund investments to local public agencies and other public finance professionals, and serves as the state's statistical clearinghouse on all public debt issued in California.

### Mission Statement

The mission of the California Debt and Investment Advisory Commission is to improve the practice of public finance in California by providing responsive and reliable information, education, and guidance.

## Goals

- **Goal 1:** Provide accurate and highly accessible data on the history, uses, type, quantity, status, and terms of public debt issued by California public entities for the benefit of policy makers, finance officials, and the public.
- **Goal 2:** Train state and local government officials in the practice of debt financing and the investment of public funds.
- **Goal 3:** Conduct research and engage the public finance community in efforts to develop and broadly implement best practices, policies, and guidelines that lower the cost of financing and safeguard public funds.
- **Goal 4:** Increase training opportunities and other efforts to prepare for generational change in staffing and management.



## CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

The California Debt Limit Allocation Committee (CDLAC) implements Section 1301 of the Federal Tax Reform Act of 1986 and Section 146 of the Internal Revenue Code which impose a limit on the amount of tax-exempt private activity bonds which a state may issue in a calendar year (i.e. the annual state ceiling). Section 146(d), as amended by the Community Renewal Tax Relief Act of 2000, permits a state to set its annual ceiling at an amount equal to \$100 per capita of its population. For the 2014 calendar year, the ceiling is \$3,833,252,100.

### Mission Statement

The mission of the California Debt Limit Allocation Committee is to allocate tax-advantaged bond authority in order to lower the borrowing costs for those projects or programs that provide the greatest public benefits to California's residents and communities.

### Goals

- **Goal 1:** Ensure the fair and transparent distribution of limited tax-advantaged bond authority through a regulated application process.
- **Goal 2:** Explore, develop, and implement revisions and/or new laws, regulations, and programs designed to deploy tax-advantaged bond authority to strengthen the California economy.
- **Goal 3:** In collaboration with the California Housing Financing Agency and the California Tax Credit Allocation Committee, develop and implement policy and regulatory changes to increase the cost efficiency of awarded multifamily housing projects.
- **Goal 4:** Increase training opportunities and other efforts to prepare for generational change in staffing and management.



## CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

The California Educational Facilities Authority (CEFA) was created for the purpose of issuing revenue bonds to assist private non-profit institutions of higher learning in the expansion and construction of educational facilities.

### Mission Statement

The mission of the California Educational Facilities Authority is to provide students with better access and broader opportunities in higher education by providing qualified non-profit private

higher education institutions with the assistance needed to reduce their capital costs of financing academic related facilities through a tax exempt revenue bond program.

## Goals

- **Goal 1:** Develop a private placement loan program that creates low-cost opportunities for college and university partners seeking to issue debt for their capital project needs.
- **Goal 2:** Develop the California Student Loan Refinancing Program to help eligible graduates refinance student loan debt at more favorable rates while creating a revolving loan fund to provide additional refinancing.
- **Goal 3:** Identify paths to increase issuance opportunities for colleges and universities previously excluded from issuing through CEFA and provide these institutions with an analysis of their new project and refinancing opportunities.
- **Goal 4:** Revitalize/Renew Smart Green Series Pooled Bond Financing and Smart Green Equipment Programs to provide colleges and universities with an incentive to finance projects or equipment with an associated environmental benefit.
- **Goal 5:** Strengthen staff culture by further developing subject-matter expertise and increasing cross-training opportunities while preparing for financial market changes and generational change in staffing.



## CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

The California Health Facilities Financing Authority (CHFFA) was created to be the state's vehicle for providing financial assistance to public and non-profit health care providers in our state. CHFFA issues revenue bonds to assist eligible private nonprofit corporations or associations, counties, and hospital districts in financing or refinancing the construction or acquisition cost of health facilities equipment. CHFFA also administers a low-interest, low-cost loan program – the Health Expansion Loan Program (HELP II), as well as a number of grant programs, including the Cedillo-Alarcón Clinic Grant Program of 2000, the Children's Hospital Program established by Proposition 61 of 2004 and Proposition 3 of 2008, the Anthem WellPoint Grant Program of 2004, the California Health Access Model Program of 2012 (CHAMP), and the Investment in Mental Health Wellness Act of 2013.

## Mission Statement

The mission of the California Health Facilities Financing Authority is to help eligible and creditworthy non-profit and public health facilities reduce their costs of capital, and promote important California health access, healthcare improvement, and cost containment objectives by providing cost-effective tax-exempt bond, low-cost loan, and direct grant programs.

## Goals

- **Goal 1:** Effectively implement the Investment in Mental Health Wellness Act of 2013.

- **Goal 2:** Effectively implement and administer the California Health Access Model Program (CHAMP).
- **Goal 3:** Rejuvenate the borrower base for the existing HELP II loan program and create additional funding programs within the existing program to potentially assist borrowers with more moderate credit profiles.
- **Goal 4:** Strengthen staff culture by further developing subject-matter expertise and increasing cross-training opportunities while preparing for financial market changes and generational change in staffing.



### *California Healthy Food Financing Initiative Council (CHFFIC)*

The California Healthy Food Financing Initiative Council (CHFFIC) was created to increase access to healthy foods in underserved, urban, and rural communities and inspire innovation in healthy food retailing. The CHFFIC Fund within the State Treasurer's Office is comprised of federal, state, philanthropic, and private funds. These funds will provide financing for grocery stores and other forms of healthy food retail and distribution by providing capital to eligible applicants.

#### **Mission Statement**

The mission of the California Healthy Food Financing Initiative Council is to expand access to nutritious, fresh, and affordable food and promote health and economic development opportunities through grant, loan, and incentive programs and partnerships with federal, state, and local government agencies, non-profits, philanthropic programs, and food hubs to support underserved urban and rural communities.

#### **Goals**

- **Goal 1:** Acquire funding to develop financing options to support access to healthy foods.
- **Goal 2:** Ensure access to nutritional foods for all Californians through the increase of grocery stores, farmers' markets, community gardens, direct farm to institutions, and direct farmer to consumer marketing activities in underserved communities.
- **Goal 3:** Support the CHFFIC Advisory Group's recommendations.



**CALIFORNIA INDUSTRIAL DEVELOPMENT  
FINANCING ADVISORY COMMISSION**

The California Industrial Development Financing Advisory Commission (CIDFAC) assists California businesses by providing access to low-cost, tax-exempt industrial development bond

(IDB) financing issued through state or local government issuers. IDBs allow businesses to borrow funds at competitive rates through tax-exempt bonds either supported by some form of credit enhancement (e.g., a bank-issued letter of credit) or placed with sophisticated investors.

### **Mission Statement**

The mission of the California Industrial Development Financing Advisory Commission is to provide California businesses access to lower cost IDB financing and to power California's fast-growing green economy.

### **Goals**

- **Goal 1:** Enhance existing marketing efforts to increase CIDFAC's accessibility and footprint for issuers of IDBs.
- **Goal 2:** Assist local and state agencies with issuance processes for new innovative bond transaction structures.
- **Goal 3:** Enhance the state's green economy by facilitating the use of IDBs by businesses which manufacture renewable energy products, energy efficiency products, and other green tech products.
- **Goal 4:** Increase training opportunities and other efforts to prepare for generational change in staffing and management.



### **CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

The California Pollution Control Financing Authority (CPCFA) has been providing low-cost innovative financing to California businesses since 1972. As a "conduit issuer" of tax-exempt private activity bonds, CPCFA is able to facilitate low cost financing to qualified water, wastewater, solid waste, and recycling projects. More recently, many of the approved projects include advanced technologies such as desalination, anaerobic digestion at farms and landfills, and other innovative applications to increase the reusability of waste.

CPCFA manages small business credit enhancement programs with both state and federal funds; almost any small business can qualify. These programs include a partnership with the Air Resources Board to help truckers buy cleaner trucks and to accelerate the ability of school districts to upgrade to cleaner school buses, a loss reserve program to reduce lending risks, and a program to provide lenders cash collateral for collateral-short loans.

CPCFA also assists with the clean-up of contaminated and other brownfield sites through a \$60 million grant and loan program and a site-assessment loan program.

## Mission Statement

The mission of the California Pollution Control Financing Authority is to promote access to capital through the delivery of diverse financing options to California business and environmental industries by being the:

- Driving force of public and private partnerships.
- Leader in offering customized risk mitigation tools.
- Forefront of projects that protect and restore the environment.

## Goals

- **Goal 1:** Design and implement a continuous marketing and outreach strategy to identify new and existing collaborations, funding sources, and opportunities for program development and refinement.
- **Goal 2:** Foster and encourage staff development by establishing a Skill Development Program which encompasses continuous internal training, Authority-wide cross training, preparation for generational change in staffing and management, structured mentoring, and identified leadership opportunities.
- **Goal 3:** Complete a full review of the Authority's operations by January 2016 to prioritize which processes can be streamlined and automated, keeping in mind the potential for online application submission, going paperless at every opportunity, and expanding electronic storage capacity.
- **Goal 4:** Create a report with thoughtful parameters to assess and measure the environmental and economic effect of the Authority. Such a report shall track historical impact and guide future strategy.



The California School Finance Authority (CSFA) was created in 1985 to oversee the statewide system for the sale of revenue bonds to reconstruct, remodel or replace existing school buildings, acquire new school sites, and buildings to be made available to public school districts (K-12), community colleges, and charter schools, and to assist borrowers by providing access to financing for working capital and capital improvements.

## Mission Statement

The mission of the California School Finance Authority is to support and serve as the preeminent California State agency for California charter schools in meeting their facility and working capital needs by providing access to low-cost financing through a myriad of state- and federally-funded programs, as well as through serving as a conduit debt issuer.

## Goals

- **Goal 1:** As stewards of limited funding resources, ensure that funds are targeted to high-performing charter schools that serve communities with the greatest need.
  - **Goal 2:** As stewards of scarce state and federal funds, ensure the accurate and timely delivery of funds to our charter school clients.
  - **Goal 3:** Expand funding resources for California charter schools consistent with the Authority's mission while continuing to work with charter school stakeholders to address the financing needs of the charter school community.
  - **Goal 4:** Increase training opportunities and other efforts to prepare for generational change in staffing and management.
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## California Secure Choice Retirement Savings Investment Board

Legislation enacted in 2012 (Senate Bill [SB] 1234, Chapter 734) authorized establishment of the California Secure Choice Retirement Savings Program (Secure Choice). If implemented, Secure Choice would provide a voluntary, low-risk, automatic-enrollment retirement savings plan for an estimated 6.3 million California workers who currently lack access to retirement savings plans through their employers. Secure Choice would require private employers with five or more employees not currently offering a retirement savings plan to provide their employees access to, and payroll deductions for, Secure Choice retirement accounts. Implementation is contingent on enactment of subsequent legislation. Secure Choice would be administered through the State Treasurer's Office with oversight from the nine-member California Secure Choice Retirement Savings Investment Board (Board).

Before the Legislature can consider further legislation to implement Secure Choice, SB 1234 requires the Board to conduct a market analysis and feasibility study to determine whether the legal and practical conditions for implementation can be met. Funding for the market and feasibility study must come from private nonprofit or for-profit entities, or from federal sources. The use of state funds for the study is prohibited. Upon completion of the study, the Board will provide the results and its recommendations to the Legislature, and await further authorizing legislation to implement the program.

The nine-member Board is comprised of the State Treasurer (Chair); the Director of Finance; the State Controller; an employee representative appointed by the Speaker of the Assembly; an individual with retirement savings and investment experience appointed by the Senate Committee on Rules; a small business representative appointed by the Governor; and three additional members appointed by the Governor.

## Mission Statement

If implemented, the mission of the California Secure Choice Retirement Savings Program is to improve retirement security and reduce the percentage of California workers projected to retire below the poverty line by increasing California workers' access to retirement savings plans.

## Goals

### Short term:

- **Goal 1:** Complete a market analysis and feasibility study to determine if legal and practical conditions for the implementation of the Secure Choice Retirement Savings plan can be met, and make an appropriate recommendation to the Legislature based on the findings of the study.
- **Goal 2:** Obtain legislative authorization to implement the California Secure Choice Retirement Savings Program and begin enrolling participants to save for retirement.
- **Goal 3:** Contribute to the national discussion about how to address the problem of retirement security.
- **Goal 4:** Gain a better understanding of the financial situation, current savings behavior, and retirement security needs of California's workers who do not have access to retirement savings plans through their employers.

### Long term:

- **Goal 1:** Increase California workers' access to retirement savings plans. If the Program is implemented as envisioned, the percentage of California workers with access to retirement savings plans at work should increase from just over 50 percent today, to a figure closer to 100 percent.
- **Goal 2:** Expand the retirement security opportunities of the California workforce. If the program is implemented, the *percentage* of California workers projected to retire below the poverty line should decrease and the retirement security gap for women and people of color should diminish.



## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

The California Tax Credit Allocation Committee (CTCAC) was created by state statute in 1987 to administer the federal Low Income Housing Tax Credit program for California. The Committee's three voting members (the State Treasurer, the State Controller, and the Director of Finance) reserve and ultimately allocate federal and state low-income housing tax credits for rental housing developments affordable to low-income households. These credits induce in private investment for projects that house homeless individuals, disabled households, large families, seniors, and a variety of other low-income households.

CTCAC funds approximately 180 projects annually by receiving, reviewing, and scoring applications; working with developers and other parties through project completion; and ultimately executing tax forms and monitoring for program compliance over a 55-year period.

## **Mission Statement**

The mission of the California Tax Credit Allocation Committee is to fairly allocate federal and state tax credits to effectively create and maintain safe, quality, and affordable rental housing for low-income households in California by partnering with developers, investors, and public entities.

## **Goals**

- **Goal 1:** Establish organizational consistency in program administration.
  - Codify any programmatic changes through a public regulation process.
  - Standardize field operations, thereby reducing variations by CTCAC compliance auditors.
  - Standardized compliance audit results letters.
  - Successfully transition the program to the new State Treasurer's Office team.
- **Goal 2:** Increase the incidence of high quality projects.
  - Reduce the incidence of project non-compliance by five percent.
  - Continue funding high-quality projects through improved scoring measures, practices, and continued education of sustainable building methods resulting in a reduction in technical assistance calls.
  - Assure cost-effectiveness by evaluating cost study findings and implementing changes to promote additional cost-efficiency.
- **Goal 3:** Achieve Efficiencies
  - Reduce awardee errors and CTCAC processing time for Placed in Service packages.
  - Obtain a 25% reduction in CTCAC applicant errors.
  - Reduce computer processing delays to zero by reducing the size of the CTCAC network drive by 25%.
  - Prepare existing program files for scanning.
- **Goal 4:** Increase training opportunities and other efforts to prepare for generational change in staffing and management.



**CALIFORNIA TRANSPORTATION FINANCING AUTHORITY**

The California Transportation Financing Authority (CTFA) was created by statute in 2009. CTFA is authorized to issue or approve the issuance of revenue bonds to finance transportation projects and also may approve tolls as part of the financing plans to repay revenue bonds.

Paying for transportation projects has grown increasingly difficult. One of the largest funding sources historically has been gasoline taxes. Those revenues, however, have not kept pace with the state's construction and improvement needs. Meanwhile, state and local government General Fund budgets are under increasing strain. As a result, it makes it less feasible, and less prudent, to finance transportation projects through the issuance of general obligation bonds, which are repaid by general funds. Through CTFA, local transportation agencies will have more options to sell revenue bonds – backed by non-General Fund monies – in the municipal bond market. The state will ensure that projects and financing are consistent with state transportation policy objectives.

### **Mission Statement**

The mission of the California Transportation Financing Authority is to provide more flexibility for local agencies to finance transportation projects using non-General Fund resources while providing oversight to ensure projects are financially stable and are consistent with state transportation policy objectives.

### **Goals**

- **Goal 1:** Develop an approval process that meets the needs of potential project sponsors seeking to increase capacity on the highway system with the state's goals to improve mobility in the state's transportation infrastructure and achieve greenhouse gas reductions.
- **Goal 2:** Provide an independent assessment of the financial feasibility of future toll projects.
- **Goal 3:** Continue to work with local transportation constituents to determine how CTFA can best assist in providing better ways to finance transportation infrastructure for the state.



### **SCHOLARSHARE INVESTMENT BOARD**

The ScholarShare Investment Board (SIB) is the state agency responsible for administering ScholarShare, California's 529 college savings plan. The state-sponsored, tax-advantaged investment vehicle is designed to encourage families to save for future higher education expenses. Earnings grow tax-deferred and disbursements are federal and state tax-free when used for tuition and other qualified higher education expenses at eligible educational institutions. 529 plans were established under Internal Revenue Code section 529.

### **Mission Statement**

The mission of the ScholarShare Investment Board is to help Californians achieve their higher education goals and a better future by investing in the ScholarShare 529 college savings plans.

### **Goals**

- **Goal 1:** Educate more Californians about the benefits of saving for higher education with a ScholarShare account.

- Promote ScholarShare and the benefits of saving for college through various approaches statewide to reach all Californians.
  - Exceed the annual 529 industry growth rate in assets under management striving to become an industry leader.
  - Experience year-over-year growth in both new ScholarShare accounts opened and contributions collected, as more Californians invest in ScholarShare.
  - Utilize state-of-the art research and analysis tools and methods to maximize marketing and outreach efforts to promote ScholarShare.
  - Continue to introduce and promote legislation offering Californians a tax incentive for investing in ScholarShare.
- **Goal 2:** Offer a variety of strong investment choices with low, competitive fees for participants.
    - Regularly review the investment portfolios offered in the plan to ensure they continue to (1) meet the objectives of the statement of investment policy, (2) offer a wide variety of choices to all participants of various risk levels while maximizing potential returns, and (3) ensure the plan fees to participants remain low and competitive with the 529 industry.
- **Goal 3:** Provide excellent customer service and customer experiences in all aspects of the plan administration and operation.
    - Ensure that a minimum of 85% of all calls received from prospective and current ScholarShare participants are answered within 35 seconds.
    - Ensure that all correspondence, email inquiries, and service concerns from prospective and current ScholarShare participants are resolved timely.
    - Ensure that all daily confirmations, account statements, annual tax reports, enrollment kits, enrollment forms, and redemption requests from prospective and current ScholarShare participants are processed accurately and timely.
- **Goal 4:** Maintain a skilled and knowledgeable team by offering developmental training opportunities to prepare for generational changes and ensure organizational continuity and growth.