

JANUARY 2023

# 2022 Highlights

from the desk of  
California State Treasurer Fiona Ma, CPA



## MESSAGE FROM THE TREASURER

Dear Friends,

Governor Newsom recently announced in his [inaugural address](#) that California is now the world's fourth-largest economy, as measured by gross domestic product. Despite natural disasters and economic hurdles, California's economy has once again proven its resiliency. I am proud to be entering my second term as your State Treasurer and look forward to continuing to extend the opportunities and benefits of California's great economic system to its residents.

As we begin a new year, I would like to reflect on our 2022 achievements. Last year, we continued to see many successes in Health and Education, Jobs, Housing, Environment, and Financial Wellness. The following year-end report shares a few highlights from our Divisions, Boards, Commissions, and Authorities.

As always, if I or the State Treasurer's Office can be of assistance, please do not hesitate to contact me at [AskFiona@Treasurer.ca.gov](mailto:AskFiona@Treasurer.ca.gov) or 916-653-2995.

In Peace and Friendship,

A handwritten signature in black ink, appearing to be "Fiona Ma".

Fiona Ma, CPA  
California State Treasurer

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*This newsletter is not intended to be and should not be used for making investment decisions about State of California bonds or notes. Potential investors should always obtain and read the Official Statement published by the State for each issue.*

*Past performance does not guarantee future results. Investment return and principal value may fluctuate, so account value in State Treasurer's Office savings programs at the time of the withdrawal may be higher or lower than the amount invested.*

*This material is not intended to provide, and should not be relied on, for tax, legal or financial advice.*



The State Treasurer's Office and its  
Boards, Commissions and Authorities are hiring!  
Check out our career opportunities [here](#).

For more information about our programs and upcoming events, please visit:

<https://www.treasurer.ca.gov>

# 2022 SNAPSHOT



Served as agent for sale on approximately  
**\$14.40 billion**  
of bonds



PMIA portfolio hit an  
**all-time high of**  
**\$242.13**  
billion



Managed approximately  
**\$3.1 trillion**  
in banking transactions

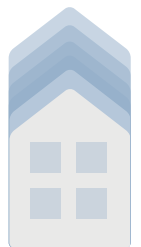


**205**  
outreach  
engage-  
ments

Awarded **tax credits** that  
will create approximately

**15,000**

**low-income housing units**  
in California



Launched the **all-new**  
**Data Portal**



## New Programs

**State Small  
Business  
Credit Initiative  
(SSBCI) 2.0**

**Specialty  
Dental  
Clinic  
Program**

**CA Hope,  
Opportunity,  
Perseverance, and  
Empowerment  
(HOPE) for Children  
Trust Account  
Program**

**Student Housing Revolving  
Loan Fund Program**

**CA Kids  
Investment  
and Development  
Savings Program  
(CalKIDS)**

↑ **11%**  
growth  
in ScholarShare  
**qualified distributions**

↑ **32%**  
growth  
in CalABLE **accounts**

↑ **88%**  
growth  
in CalSavers **account  
holders**



**\$17.8 million** in grants  
for the **Investment in Mental Health Wellness  
Grant Program for Children**

**49%**  
increase  
in **GoGreen Home  
Loan Activity**



# YEAR-END REVIEW

## CENTRALIZED TREASURY AND SECURITIES MANAGEMENT DIVISION

The Centralized Treasury and Securities Management Division (CTSMD) oversees all banking aspects of the State Centralized Treasury System. The CTSMD manages the cash liquidity needs of all state agencies and departments and ensures that all idle funds are invested daily.



Managing the banking needs for the State, poised to become the fourth-largest economy in the world, is a considerable achievement. In fiscal year 2021-2022, CTSMD managed approximately \$3.1 trillion in banking transactions, continuing to exceed pre-pandemic banking transaction figures, which are typically closer to \$2.5 trillion in a fiscal year.

Below are some of CTSMD highlights for calendar year 2022:

- Held over \$239.1 billion in investment and pledged securities as of December 31, 2022
- Processed approximately 17.6 million State-issued warrants, agency checks, and vouchers presented to the State Treasurer's Office for payment
- Collected more than \$339.7 billion under the Electronic Funds Transfer contract
- Managed a daily average of \$1.8 billion in bank balances, including interest-bearing account balances

The California economy continued to bring its share of challenges for CTSMD. Managing the cashflows of the State in 2022, a difficult task under typical market conditions, was even more challenging as normal revenue and disbursement patterns were increasingly volatile due to the unprecedented budgetary surplus, rising inflation, and the large interest rate increases enacted by the Federal Reserve; however, with continued diligence, planning, and communication between CTSMD and the Investment Division, idle funds were invested, all payment obligations of the State were met timely, and all banking transactions were recorded and balanced daily.

In fiscal year 2022-2023, the State's budget surplus was used to pay over \$9.5 billion to eligible Californians in Middle Class Tax Refund (MCTR) payments. As of December 31, 2022, over \$8.9 billion in MCTR payments were cleared by CTSMD. Additionally, because of unprecedented revenues available in fiscal year 2022-2023 budget, CTSMD scheduled and settled billions of additional dollars in payments, allowing the State to invest in vital programs to continue its economic recovery from the COVID-19 pandemic. To manage the State's cash flow and ensure critical disbursements were made, CTSMD coordinated with various state agencies and departments such as the California Department of Education, the Department of Social Services, the Franchise Tax Board, and the Department of General Services.



## PUBLIC FINANCE DIVISION

The Public Finance Division (PFD) manages the State's debt portfolio, overseeing the issuance of debt, and monitors and services the State's outstanding debt.

During 2022, the PFD served as agent for sale on approximately \$14.40 billion of bonds. Approximately \$13.23 billion was for the State, state agencies, and other state related entities, while \$1.16 billion was conduit debt issued by State financing authorities for third parties.



As detailed in the table below, approximately \$10.3 billion of the bonds sold were issued to finance new projects (new money bonds), while approximately \$4 billion were issued to refinance existing bonds (refunding bonds) primarily for interest savings and other objectives. The General Obligation (GO) refunding bonds, which were sold for interest savings, will save the State's General Fund about \$488 million over the next 20 years, or \$350 million on a present value basis. Since Treasurer Ma took office in January 2019, PFD has sold GO refunding bonds for interest savings, which will save the General Fund \$5.74 billion over the next 20 years, or \$4.69 billion on a present value basis.

Issuer	New Money	Refunding	Total
General Obligation Bonds	\$3,384,630,000	\$3,078,070,000	\$6,462,700,000
State Public Works Board	\$294,990,000	-	\$294,990,000
California Earthquake Authority	\$500,000,000	-	\$500,000,000
Department of Veterans Affairs	\$255,505,000	-	\$255,505,000
Department of Water Resources	\$122,860,000	\$125,400,000	\$248,260,000
UC Regents	\$3,767,540,000	\$317,960,000	\$4,085,500,000
CHFFA: No Place Like Home	\$1,050,000,000	-	\$1,050,000,000
GSTSC	-	\$218,300,000	\$218,300,000
IBank	\$119,425,000	-	\$119,425,000
Conduit	\$823,259,023	\$336,789,484	\$1,160,048,507
<b>Grand Total:</b>	<b>\$10,318,209,023</b>	<b>\$4,076,519,484</b>	<b>\$14,394,728,507</b>

During 2022, PFD also prepared and processed nearly 1,550 claim schedules for the timely and accurate payment of \$17.3 billion in debt service payments, escrow debt service payments, and variable rate/commercial paper fees.

## INVESTMENT DIVISION

The Investment Division oversees the Time Deposit Program, Pooled Money Investment Account (PMIA) and Local Agency Investment Fund (LAIF) investment portfolios.



The Investment Division had many achievements in 2022, including:

**Time Deposit Program:** The Treasurer places a high priority on community investment. Every effort is made to assure access to the Time Deposit Program for institutions that rely more on public and private deposits to lend and invest within their neighborhoods. By accessing funds through the Time Deposit Program, financial institutions can re-invest in the California communities they serve. The Time Deposit Program increased the number of deposits placed in California financial institutions by \$1.3 billion in 2022.



**PMIA:** The Investment Division managed the PMIA portfolio during a highly volatile market and created greater diversity through additional investment options while relying on staff expertise to maintain the investment portfolio's safety and liquidity. Through the PMIA, the Treasurer invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. In 2022, the PMIA accomplished the following:

- Hit an all-time high of \$242.13 billion on June 23, 2022, and remained over \$200 billion through November 2022.
- Added four Commercial Paper programs (Alphabet Inc, GTA Funding LLC, Sheffield Receivables Company LLC, and UnitedHealth Group Inc) and one Corporate Bond Program (Alphabet Inc.) to increase diversity in the PMIA.
- Continued to make significant gains in its use of technology to streamline processes in various areas including time deposit analyses, automating portfolio amortization calculations, and investment tracking while incorporating electronic trade sheets/claim schedules/other documents to manage workflow resulting in significant reductions of paper consumption and storage requirements.

**INVESTMENT ACTIVITY****November 2022****October 2022**

	<u>NUMBER</u>	<u>AMOUNT (\$)</u>	<u>NUMBER</u>	<u>AMOUNT (\$)</u>
<b>Pooled Money</b>	<b>668</b>	<b>33,220,009</b>	<b>1,004</b>	<b>49,711,370</b>
<b>Other</b>	<b>29</b>	<b>2,265,904</b>	<b>5</b>	<b>999,035</b>
<b>Time Deposits</b>	<b>59</b>	<b>1,909,000</b>	<b>79</b>	<b>2,527,000</b>
<b>Total</b>	<b>756</b>	<b>37,394,913</b>	<b>1,088</b>	<b>53,237,405</b>



LAIF: Through LAIF, the State Treasurer’s Office provides the opportunity for local agencies to invest their surplus funds using the expertise of the State Treasurer’s Office investment staff at no additional cost to the taxpayer. In 2022, LAIF accomplished the following:

- Accepted 26 new participants.
- Accepted four COVID Relief Fund Emergency Accounts.
- Held its third interactive webinar in September for LAIF participants, attended by 258 stakeholders.

## CA ACHIEVING A BETTER LIFE EXPERIENCE

The **California Achieving a Better Life Experience (CalABLE)** Program, California’s savings and investment program for individuals with disabilities, continues to excel as the fastest growing ABLE program in the nation. CalABLE’s 2022 highlights include:



- Account and Asset Growth: CalABLE accounts grew to 8,419 accounts and \$79 million in assets under management. This represents a 32% growth over 2021, making CalABLE the fastest growing program when compared to other states’ ABLE programs. CalABLE’s average account balance also exceeds the national average.
- CalABLE Listed on the CalHR Benefits Site: In March 2022, CalABLE secured a position on the California Department of Human Resources’ Benefits website, allowing State employees to take advantage of opening a CalABLE account for themselves or a family member.
- Governor Signs CalABLE Expansion Legislation (AB 2216, Irwin): Starting January 1, 2023, CalABLE account holders who are working, and not participating in an employer-based retirement program will be able to contribute the full amount allowable under federal law, up to \$28,880 per year into their CalABLE account. The bill expands the maximum annual contribution into a CalABLE account, incentivizes participation in California’s ABLE program by limiting Medicaid recovery provisions, and makes additional changes to conform with federal ABLE laws.
- Able Age Adjustment Act: The ABLE Age Adjustment Act was passed as part of the Congressional Omnibus Spending Bill. The CalABLE Board took an active role by approving Resolution No. 2022-03 in support of this federal legislation. First introduced by Rep. Tony Cárdenas (CA-29), H.R. 1219 will amend the Internal Revenue Code to raise the age threshold from 26 to 46 for tax-favored ABLE accounts beginning January 1, 2026. Previously, only individuals with a qualifying disability prior to age 26 were eligible to open an ABLE account.
- Prepaid Card for Account Holders and Program Enhancements: In February 2020, the CalABLE Prepaid Card became available to CalABLE account holders. An updated Prepaid Card with no monthly fees became available in October 2022. Account owners or their representatives can request cards, view their card balance, and make transactions all from the CalABLE website. Additionally, they can check their balance and review statements utilizing the U.S. Bank mobile app. There is no monthly fee for the card and no transaction fees. Also, the Authorized Legal Representative definition was expanded to comply with final federal regulations to include a spouse, sibling, grandparent, and Representative Payee appointed for the eligible individual by the Social Security Administration.

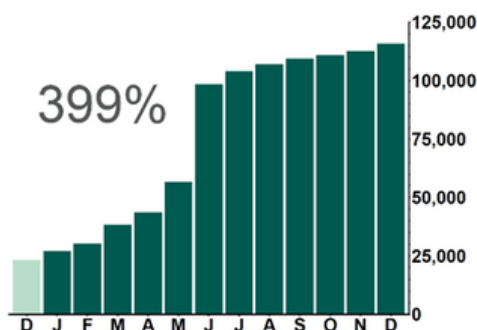


# CALSAVERS

**CalSavers** is California's retirement savings program designed to ensure all Californians have access to a workplace retirement savings account. The program grew rapidly in 2022, as the final deadline of the initial rollout passed on June 30, 2022, and employer compliance enforcement efforts continued. During the year:

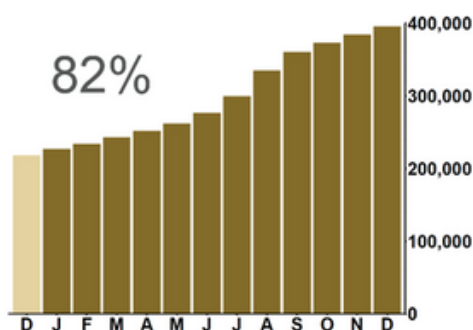


Registered Employers



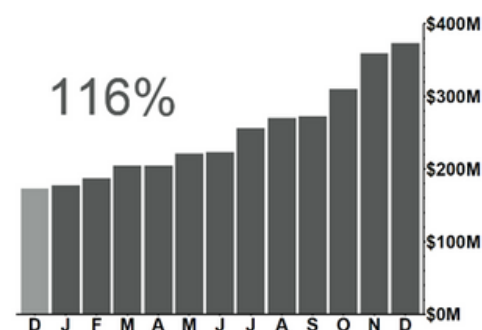
Over 92,500 employers registered, an increase of 399% over total registered employers in 2021. Among all employers who have been subject to deadlines, 86% have taken action to register or report their exemption.

Savers



More than 178,000 new savers joined the program, bringing the total participating savers to 395,705.

Saver Assets



Saver assets grew by \$199 million to a total of \$372 million; with average saver account balances reaching nearly \$1,000 per person.

# SCHOLARSHARE INVESTMENT BOARD

**ScholarShare 529**, California's college savings plan, continues to help families achieve their higher education goals. Some 2022 achievements include:



- California Kids Investment and Development Program:** In August, the ScholarShare Investment Board (SIB) launched the long-awaited California Kids Investment and Development Savings Program (CalKIDS), which creates college savings accounts for every newborn child and low-income public school student enrolled in first through 12th grade. CalKIDS is designed to jump start education savings for children and support the college or career training dreams of the state's underserved and underrepresented students. All babies born in California on or after July 1, 2022, may receive up to \$100 and eligible low-income public school students may qualify to receive up to \$1,500. With over 3.4 million accounts created in the first year, CalKIDS is the largest children's savings account program in the nation.
- Environmental, Social, and Governance Investment Expansion:** In February, SIB announced the expansion of the environmental, social, and governance (ESG) investment lineup in ScholarShare 529 in addition to other investment enhancements which include fee reductions. With the launch of 12 new ESG portfolios, ScholarShare 529 became the clear leader in responsible investing among all 529 plans nationwide. ScholarShare 529 has offered socially responsible investing as an option for more than 20 years. Now its new lineup includes a full suite of ESG Enrollment Year Investment Portfolios as well as single-fund portfolios for ESG equity, ESG international equity, and ESG fixed income. These types of sustainable or responsible investments look to invest in companies and areas that may ultimately drive beneficial outcomes for investors, society, and the planet.

# CA DEBT LIMIT ALLOCATION COMMITTEE & CA TAX CREDIT ALLOCATION COMMITTEE



The **California Debt Limit Allocation Committee (CDLAC)** and the **California Tax Credit Allocation Committee (CTCAC)** administer programs that address critical housing needs for the State of California. CTCAC allocates nine percent (9%) and four percent (4%) federal tax credits to qualified new construction projects or existing properties undergoing rehabilitation. CTCAC also administers the Low-Income Housing Tax Credit (LIHTC) program in the State Treasurer's Office, which has supported the construction of more than more than 500,000 affordable housing units since 1986.

CTCAC also allocates State Tax Credits, working in tandem with CDLAC. CDLAC provides the private activity tax-exempt bond allocation required to access the 4% tax credits. Both CTCAC and CDLAC are on course to greater efficiency and maximizing the number of affordable housing units that can be created with the scarce resources available and aiding to reach Governor Gavin Newsom's goal of producing 2.5 million units in California by 2030.

*Nine Percent (9%) Credits and Bond Allocation:* The amount of 9% federal credits is limited and was calculated at \$2.60 per person in 2022. California's limit for 2022 was \$101,615,414 for federal credits. In addition, \$122,822,936 was established as the amount of state credits available for allocation (State Credit Ceiling).

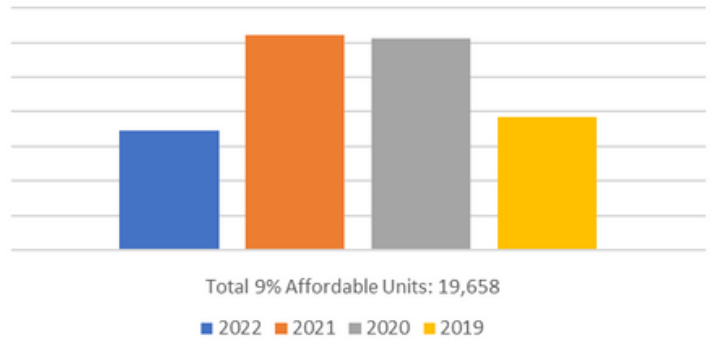
CTCAC awards the credits through a [competitive process](#) twice per year and projects compete in either set-asides (CTCAC regulation required tax credit amounts are set-aside for nonprofit, rural, at-risk and special needs developments) or geographic regions. In total, CTCAC awarded \$117,721,696 in annual federal credits and \$110,153,585 in State Credits in the first and second rounds as well as a waiting list round that awarded credits to an additional 15 projects to close out 2022.

In 2022, the 62 projects that were awarded 9% tax credits are expected to develop 3,451 low-income units. Of that total, 1,707 are designed to be for large families, 57 for veterans, 495 for homeless housing, 698 for special needs, 250 for seniors, and the rest are not targeted for a specific housing type.

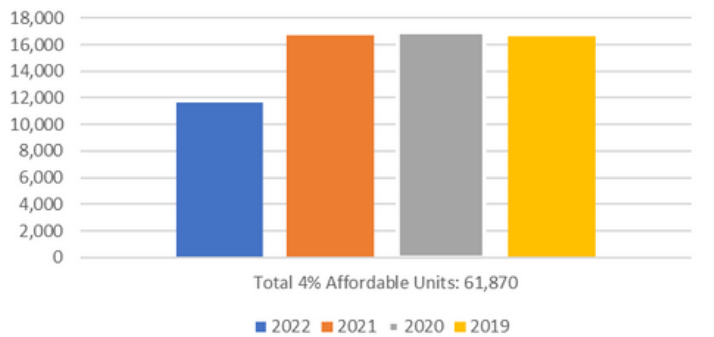
*Four Percent (4%) Credits and Bond Allocation:* The 4% tax credits derive from a project's use of tax-exempt private activity bond authority allocated by the California Debt Limit Allocation Committee (CDLAC) and are limited only by the amount of volume cap available to California. The State Ceiling for qualified private activity bonds is determined by a population-based formula set by federal laws to limit the amount of tax-exempt private activity debt each state is permitted to issue. The total for California was \$4.3 billion in 2022. CTCAC awards 4% tax credits to projects that meet threshold criteria. CTCAC had \$518,662,405 in California State credits to allocate in 2022.

*State Low-Income Housing Tax Credits:* Recognizing the extremely high cost of developing housing in California, the state legislature authorized a state low-income housing tax credit program to augment the federal tax credit program. Authorized by Chapter 1138, Statutes of 1987, the state credit is only available to a project which has previously received, or is concurrently receiving, an allocation of federal credits. Due to the success of the State Tax Credit allocated in 2020, when the total allocation for State Tax Credit funding was increased from \$109 million to more than \$600 million, [Governor Newsom approved](#) another \$500 million in State Tax Credits for housing in 2022.

CTCAC 9% Affordable Housing Tax Credit Units



CTCAC 4% Affordable Housing Tax Credit Units



Regulation Changes: CDLAC emergency regulations were approved in July 2022 and will become permanent in early 2023. Changes include: providing clarification on certain provisions, better alignment with CTCAC regulations, establishing a Supplemental Allocation Pool ensuring projects continue to move forward despite rising costs, a change to the tiebreaker calculation to minimize geographic allocation disparities, streamlining the process of assigning expiration dates, changing the Homeless Set-aside to provide developers flexibility while still incentivizing a significant percentage of homeless units in projects, and reducing a barrier to rural housing development. More information can be found on [CDLAC's Regulations](#) web page.

CTCAC regulations were also revised and approved in 2022. Changes include better aligning with CDLAC, providing additional clarification, incentivizing rural projects in counties where applications had not recently been received, and increasing the Native American Apportionment by 50% from \$1 million to \$1.5 million. More information can be found on [CTCAC's Regulations](#) web page.

Benefiting California Communities: In 2021, CDLAC created the Black, Indigenous, and People of Color (BIPOC) Pool for Qualified Residential Rental Projects (QRRP), which is an allocation of the state ceiling provided for BIPOC developers that are emerging in the industry and do not have the minimum level of experience required in the competitive application process. In its second year, three projects were awarded in the BIPOC Pool totaling over \$77 million.

The Exempt Facility Bond program at CDLAC awarded allocation to tax-exempt private activity bonds issued to finance projects that enable the project owners to charge lower customer rates, while assisting communities they serve to meet mandated requirements to protect and enhance the environment. In 2022, the Committee approved allocations to five projects totaling \$340,125,000. An additional \$75 million was allocated using prior years carryforward, thereby exhausting all prior years carryforward available for Exempt Facilities.

## CA DEBT & INVESTMENTS ADVISORY COMMISSION



The **California Debt and Investment Advisory Commission (CDIAC)** marked its 40th year of operation as a purveyor of information, education, and guidance to the California public finance community with several notable accomplishments.

In the summer of 2022, CDIAC launched the all-new Data Portal, one of the first natively developed cloud-based database projects in California state government. The Data Portal is a repository of data for nearly 75,000 issues of state and local government debt since 1982. It also provides a totally redesigned user interface that has drastically improved the experience of submitting debt issuance data to CDIAC - over 16,000 submissions annually by more than 8,000 users. The Data Portal's features include a secure individualized experience, never-before offered user access for data maintenance and revision, an intelligent user interface, automated activity notifications, and modern navigation with embedded guidance and instructions.



Last year was a year of educational milestones, as well. CDIAC released two new courses in CDIAC's Elect>Ed series of on-demand electronic courseware for elected officials. The first is a 60-minute, two-part series on the fundamentals of public employee pensions and pension management. The second release was the fifth course in CDIAC's curriculum on debt issuance and administration entitled, *It Takes a Team: The Role of External Professionals in a Successful Issuance*. Both releases add to CDIAC's growing library of over 30 on-demand courses on debt and investment topics available on CDAIC's Education Portal.



After nearly three years of online-only educational programs, CDIAC returned to live and in-person events including its flagship three-day program-MunicipalDebt Essentials. Tailored to teach the fundamentals of debt issuance and post-issuance administration, the program assembled nearly 30 faculty experts in various debt issuance disciplines and attracted attendees from public finance agencies across the state. Treasurer Ma provided a keynote luncheon address during which she shared her experiences as the "fiduciary-in-chief" of the largest municipal issuer in the nation.



CDIAC also released important education and guidance around the topic of lease financing. The first report in a three-part series, Legal Foundations for Lease Financing in California, provides public finance practitioners with the foundational context for the development and evolution of lease financing in California as well as how the legal precedent applies to the structuring of lease financings in the state.



## CA HEALTH FACILITIES FINANCING AUTHORITY

In 2022, the **California Health Facilities Financing Authority (CHFFA)** made a significant impact health of Californians. CHFFA approved approximately \$349 million in tax-exempt conduit revenue bo AltaMed Health Services Corporation, Children’s Hospital Los Angeles, and Adventist Health System/ refinance/refund prior debt, and to finance certain costs of construction, expansion, remodeling, reno furnishing, equipping and/or acquisition of certain health facilities.



CHFFA’s Healthcare Expansion Loan Program II (HELP II) provides 2%-3% rate loans to California’s nonprofit small or rural health facilities to purchase or construct new facilities, remodel or renovate existing facilities, purchase equipment or furnishings, and refinance existing debt. During 2022, CHFFA approved over \$15 million in HELP II loans to Fred Brown’s Recovery Services, Inc., Henrietta Weill Memorial Child Guidance Clinic, Heritage Group Homes, Inc., Fleming & Barnes, Inc.’s Dimondale Adolescent Care Facility, Silence Aloud, Inc., OLE Health, Guiding Light Home for Boys, Inc., Southern Humboldt Community Healthcare District, and Asian Pacific Health Care Venture, Inc. to finance the purchase of facilities, the costs of renovating health facilities, and refinance prior debt. Given the current interest rate environment, the HELP II loan program has been very appealing for its low interest rates.



Treasurer Ma presents a resolution to the Children’s Hospital Los Angeles team on their Helipad.

*Pictured left to Right: Luis Ayala, Vice President of Government Affairs; Carolyn Aboubechara, CHFFA Executive Director; Chuck Pickering, Vice President, Facilities; Lara Khouri, Executive Vice President and Chief Strategy Officer; Judy Sherif, Critical Care Manager; Scott Lieberenz, Chief Financial Officer; Treasurer Fiona Ma, Robert Capulong, Executive Director, Finance Strategy and Operation.*

CHFFA approved a total of \$17.8 million in grants for six counties (Fresno, Kings, Mendocino, Monterey, Santa Cruz, and Tulare) for the Investment in Mental Health Wellness Grant Program for Children and Youth. These grants are expected to result in three crisis residential treatment facilities with a total of 26 beds, two crisis stabilization units with a total of 16 beds, and nine mobile crisis support teams, consisting of nine vehicles and 10 personnel staff.

CHFFA was named the administrator of a new State grant program called the Specialty Dental Clinic Grant Program and was authorized to administer and disburse \$25 million for the purpose of supporting the construction, expansion, modification, or adaptation of specialty dental clinics in California. The program aims to support special healthcare needs populations by increasing timely access, reducing geographic shortages, increasing equity, and supporting quality of care, while also encouraging prevention services, early intervention, behavior support service and intervention, provider education, and community outreach activities that bring care to community sites. CHFFA is currently engaging with key stakeholders to develop the program.

## CA EDUCATIONAL FACILITIES AUTHORITY

The **California Educational Facilities Authority (CEFA)** continues to support the Treasurer’s focus on education. In 2022, CEFA approved approximately \$130 million in tax-exempt conduit revenue bonds for the Art Center College of Design and the University of Redlands to refund prior debt and fund various construction, renovation, and other capital improvement projects.



CEFA was also successful in getting its College Access Tax Credit Fund program sunset date extended by five years through Assembly Bill 2880 (2022, Bonta), which also authorized outreach funding to educate taxpayers about these credits. Under the program, 50% of taxpayers' voluntary contributions submitted to CEFA's College Access Tax Credit Fund are approved as tax credits to offset State income tax, and a portion of the voluntary contributions go toward Cal Grant B Access Awards for low-income California public and private college students. Cal Grants are awarded to students pursuing an undergraduate degree, vocational, or career training at a qualifying California college who have family income and assets below set minimal levels. These awards provide low-income students with an allowance for living expenses, transportation, supplies, and books.

## CA SCHOOL FINANCE AUTHORITY



The **California School Finance Authority (CSFA)** team had an eventful 2022, specifically: maintaining its commitment to existing programs; adhering to best practices at an internal, state and federal level; and developing new and innovative programs.

CSFA continued to work through the impacts of the pandemic, with the goal to ensure that local educational agencies received the necessary funds to maintain operations, allowing schools to work on student engagement and continued educational achievement. Some highlights of CSFA's 2022 accomplishments include:

Student Housing Fund: CSFA, along with our colleagues at the California Educational Facilities Authority (CEFA), worked with legislators on the creation of the Student Housing Revolving Loan Fund Program. The program, when funded, will create a zero-interest loan fund to finance student housing for eligible students across California's three higher education segments: the University of California, the California State University, and the California Community Colleges. CSFA and CEFA will jointly administer this critical housing program.

Conduit Financing Program: Despite a rising interest rate environment, CSFA priced and closed 14 short and long-term note, loan, and bond financings totaling \$411.36 million, the second highest par value total in the last six years of the program.

Credit Enhancement: Under this federally funded program, CSFA processed 10 disbursements, totaling \$16.48 million. These awards were leveraged 18 times to fund \$303.19 million in financings in 2022, which exceeds the program goal of a 10-times leveraging ratio.

Charter School Facility Grant Program (SB740 Program): CSFA and our State Treasurer's Office colleagues processed 1,272 disbursements, totaling \$141.53 million, to offset ongoing facility costs for charter schools that service a high-percentage of students eligible for free or reduced-price meals (FRPM). Over 156,600 students attend schools that are supported by these disbursements. Under the 2021-22 funding round, 435 total applicants with an average FRPM eligibility of 73.4%, were served.

State Charter School Facilities Incentive Grants Program: CSFA processed 300 disbursements totaling \$4.15 million in 2022. The program sunset on August 31, 2022. CSFA is proud to have had the opportunity to administer this federally funded program for 18 years, and to have served students throughout the state.

California School Facilities Program: CSFA, in collaboration with the Office of Public School Construction, reviewed and recommended approval of 13 new facility construction and/or rehabilitation projects with a total net value of \$172.1 million. Working in concert with federal, state, and local agencies, CSFA reviewed and recommended approval of the first California public charter school facilities project to utilize a Public Schools on Military Installations grant in conjunction with state grant funds.



# CA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

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## California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)

programs flourished in 2022 as national climate goals aligned more closely with California policy, adding momentum to decarbonization efforts and investment in green jobs and businesses. Highlights from 2022 include:



- On September 6, 2022, the Governor Gavin Newsom signed AB 209 authorizing an additional \$15 million a year to CAEATFA's Sales and Use Tax Exclusion (STE) program, specific to lithium projects, for the next three years.
- The STE program was two times oversubscribed in the first 2022 application period. New competitive criteria were put in place to aid processing applications and resulted in an STE waitlisted applicant with a lithium-related project receiving an award at the December 2022 board meeting.
- CAEATFA's GoGreen Financing program enrolled its first project using the on-bill repayment feature in October, allowing the customer to repay the financing directly on their Southern California Edison utility bill.
- GoGreen Home program saw a 49% increase in loan activity, with California residents investing more than \$17 million in energy upgrades through the program in 2022, 49% more than in 2021. GoGreen Home is on track to reach an all-time total of \$50 million in energy efficiency loans in early 2023.

For 2023, CAEATFA looks forward to acquiring a loan project management system to help GoGreen Home scale up and more effectively help California reach its ambitious climate targets; meanwhile, the STE program is preparing for another highly competitive year. CAEATFA eagerly anticipates further opportunities in 2023 to support California's environmental, economic, and employment goals.

# CA POLLUTION CONTROL FINANCING AUTHORITY

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The **California Pollution Control Financing Authority's (CPCFA)** had a busy year in 2022, with a unique mix of programs incentivizing capital investment in specific economic activities, including:



- CPCFA's Bond Program issued \$106 million in tax-exempt bonds/notes for private projects through December 1, 2022, providing a public good in solid waste, water furnishing, or sewage, with \$200 million more in the pipeline for 2023.
- The California Capital Access Program (CalCAP) California Air Resources Board (CARB) Truck Loan Assistance Program incentivized participating financial institutions to make loans to small businesses, resulting in more than 41,500 low-emission clean trucks on California highways.
- CPCFA partnered with IBank to draw \$1.18 billion in SSBCI 2.0 funds to California; CPCFA will use its portion of the allocation to provide financial support to lenders when they make loans to small businesses via the CalCAP for Small Business and CalCAP Collateral Support programs.
- CPCFA began preparing with California Green Bank partners, CAEATFA, and IBank to apply in 2023 for Greenhouse Gas Reduction funding from the United States Environmental Protection Agency.
- CPCFA received authority over the California Investment and Innovation Program, which will provide grants to community development financial institutions beginning in 2024.

# CA PUBLIC EMPLOYEES' RETIREMENT SYSTEM & CA STATE TEACHERS' RETIREMENT SYSTEM

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Treasurer Ma sits on the Boards of the world's top pension funds, the **California Public Employees' Retirement System (CalPERS)** and the **California State Teachers' Retirement System (CalSTRS)**. CalPERS and CalSTRS have long been global leaders in addressing the material investment risks and opportunities posed by climate change. In 2022, both CalPERS and CalSTRS continued to provide leadership in their efforts to address the complex and critical issues raised by climate change, and in implementing solutions to strengthen their long-term investment portfolios in the interests of their beneficiaries.





CalPERS co-launched the creation of the Climate Action 100+ initiative in 2017 to collectively engage with the largest global carbon emitters. Subsequently in 2019, CalPERS became a founding member of the Net Zero Asset Owners Alliance when it announced its commitment to accelerating the decarbonization of its investments in line with limiting global warming to 1.5 Celsius by 2050. In November 2022, CalPERS' published its second [Response to the Taskforce on Climate Related Financial Disclosure \(TCFD\) and Senate Bill 964](#). The report highlights CalPERS' recent achievements of engaging the world's largest corporate greenhouse gas emitters and CalPERS' work on driving meaningful environmental, social, and governance (ESG) disclosure for the private equity industry. CalPERS' TCFD Report also recognizes over \$40 billion of CalPERS' low-carbon and climate solutions investments. The report also spotlights the 30.4% decrease in CalPERS' Global Equity weighted average carbon intensity since its first carbon footprint measurement was conducted in 2015.

CalSTRS' climate leadership incorporates both a strong corporate engagement strategy and focused investment strategy. Alongside CalSTRS' active engagement strategy through Climate Action 100+, CalSTRS has been investing in climate solutions since 2016, through a low-carbon public equity strategy. In 2021, CalSTRS announced its pledge to reach net zero by 2050. One year later, CalSTRS announced significant advancements in its climate strategy as detailed in its August 2022 CalSTRS [Net Zero Strategy Update](#). The CalSTRS Board approved an interim, science-based portfolio emissions reduction goal of 50% by 2030, a target 20% allocation within CalSTRS passive public equity exposure to a low-carbon equity index, and the integration of climate scenarios into CalSTRS' asset-liability modeling framework, which guides CalSTRS' asset allocation. CalSTRS' engagements have demonstrated successful outcomes, such as Duke Energy and Dominion Energy agreeing to set ambitious 2050 Net Zero emissions reduction targets. In 2022, CalSTRS also cast more votes against directors of companies that were not moving quickly enough to address climate change.

## LEGISLATION

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The **Legislative Division** was very active this past year! Treasurer Ma is proud to have sponsored 10 bills, supported 15 bills, and provided technical assistance on eight other meaningful proposals to best serve the people of California. Although there were many accomplishments in 2022, be on the lookout for two exciting new programs now that Governor Gavin Newsom has signed these bills into law:



*The Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Act:* Treasurer Ma worked closely with her longtime friend and colleague, Senator Nancy Skinner (D-Senate District 09), on Assembly Bill 156 (Joint Budget Committee Bill), which among other great programs, established the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program. The HOPE program will provide trust accounts to eligible children who lost a parent or guardian to COVID-19 during the public health emergency, as well as children who have been in the foster system for over 18 months. This significant and unique program aims to close the racial wealth gap and confront the issue of intergenerational poverty by creating a new financial investment program specifically targeted to vulnerable children throughout the state. Treasurer Ma will serve as Chair of the HOPE Board and looks forward to working with her fellow board members, workgroup members, stakeholders, and legislators to create and provide a comprehensive report to the Legislature on how to ensure this program is a success. The report is due to the Legislature on or before February 1, 2024.

*Student Housing Revolving Loan Fund Act of 2022:* Assembly Bill 1602 (AB 1602), championed by Assemblymember Kevin McCarty (D-Assembly District 06), created another exciting program stemming from Treasurer Ma's continued collaboration with the Legislature: the Student Housing Revolving Loan Fund Act of 2022 (Fund). The goal of the Fund is to help spur the development of much needed affordable housing for students, faculty, and staff throughout California by providing zero-interest loans to qualifying applicants of the University of California, the California State University, and the California Community Colleges for the purpose of constructing affordable student housing and faculty and staff housing, as specified. The bill established the California Student Housing Revolving Fund as a continuously appropriated fund in the State Treasury. AB 1602 states the intent of the Legislature to appropriate \$5 billion for purposes of the housing loans. The bill requires the California School Finance Authority and the California Educational Facilities Authority, which are chaired by Treasurer Ma, to submit a report by March 15, 2024, to the Department of Finance and the budget committees of the Assembly and Senate containing information on progress under the act, as provided.

# CONSTITUENT AFFAIRS & EXTERNAL AFFAIRS

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Working closely together, the **Constituent Affairs and External Affairs** teams collaborate to ensure that information about State Treasurer's Office's (STO) programs, and other State resources, are shared with Californians and that constituent inquiries are addressed to provide solutions to issues as they arise.



The Constituent Affairs team serves the Treasurer's constituents by representing their interests in STO programs, as well as the many Boards, Commissions, and Authorities (BCAs) on which the Treasurer serves, and by providing a direct link to government. In 2022, the Constituent Affairs team responded to more than 400 constituent queries and requests for assistance. In addition to assisting Californians with questions about STO programs, the Constituent Affairs team helped Californians navigate and access statewide benefits and programs, including the Middle Class Tax Refund, the California Mortgage Relief Program, the California COVID-19 Rent Relief Program, and Employment Development Department benefits. With the team's assistance, constituents were successful in obtaining critical services offered by the State.

The primary focus of the External Affairs team is to coordinate and execute the Treasurer's stakeholder engagement and public information efforts. In addition, the External Affairs team assists the BCAs housed within the STO with outreach efforts as needed.

Last year found many entities transitioning from virtual to in-person events around the state. During 2022, the team supported the Treasurer in approximately 205 individual speaking engagements, interviews, and tours throughout the year.

In continuation of the monthly intra-agency outreach coordination meetings, the External Affairs team was able to assist the BCAs to foster greater momentum in their outreach and engagement efforts. The team was able to:

- Provide CAEATFA's GoGreen Business program an opportunity to participate in the Golden Gate Restaurant Association's Industry Conference.
- Attend affordable housing groundbreakings and grand openings on behalf of the California Tax Credit Allocation Committee.
- Conduct outreach to rural counties to inform them of CTCAC's Low-Income Housing Tax Credit program.
- Assist the California Health Facilities Financing Authority in gathering stakeholders for its Specialty Dental Clinic Grant Program stakeholder kickoff meeting.
- Aid CalSavers to inform businesses of the final compliance deadline of June 30, 2022.
- Assist the ScholarShare Investment Board with outreach for the ScholarShare 529 workplace savings program and onboard 10 new partners through collaborated efforts.
- Conduct statewide outreach to County Offices of Education with the launch of California Kids Investment and Development Savings Program - resulting in two town halls in Alameda and Santa Cruz counties and lining up more for 2023.