State Controller Betty T. Yee reported the state brought in $8.90 billion in August, exceeding projections in the state budget by $343.7 million, or 4.0 percent.

After July revenues exceeded expectations, the positive August numbers put total fiscal year-to-date revenues at $14.99 billion, $532.5 million higher than projections in the state budget enacted in June. Revenues for the first two months of the fiscal year were $1.01 billion higher than they were one year ago.

Led by personal income taxes (PIT), each of the “big three” revenue sources beat expectations.

PIT receipts of $5.22 billion in August were $135.7 million higher than 2017-18 Budget Act estimates. For the current fiscal year, California collected total PIT receipts of $9.96 billion, $212.9 million more than anticipated in the 2017-18 Budget Act.

August corporation tax receipts of $95.2 million were $70.0 million—or a whopping 277.8 percent—more than anticipated in the budget. Fiscal year-to-date corporation tax receipts of $458.7 million are $88.9 million above 2017-18 Budget Act projections.

Retail sales and use tax receipts of $3.12 billion for August were $67.3 million, or 2.2 percent, above budget estimates. For the fiscal year to date, sales tax receipts of $4.02 billion are $151.9 million higher than expected.

Outstanding loans of $8.66 billion in August were $1.26 billion less than budget estimates. This loan balance consists of borrowing from the state’s internal special funds. Available borrowable resources in August exceeded projections by $3.82 billion. Compared to 2017-18 Budget Act forecasts, total disbursements were $890.7 million lower than expected.

For more details, read the cash report.
California Moves to Make Employer Retirement Plans Available to All

We live in the wealthiest country in the world, yet for too many Americans, a financially comfortable retirement is something they will never be able to enjoy. Far too many of us either do not or cannot save enough money during our working years to carry us through retirement. There also are those who fear it is “too late” to start saving for retirement, as well as people who have no easily accessible options for starting a retirement savings plan. In any of these cases, a job loss, prolonged unemployment, or a medical emergency increases a person’s risk of living in poverty and decreases chances of ever being able to retire comfortably.

Retirement savings in the United States have dropped to dangerously low levels, just as the number of seniors is rapidly increasing. Left unchecked, this national retirement savings crisis will lead more and more people to turn to our already strained government social services safety net for help.

How did we get here? Firstly, Americans are living longer but are saving less than ever. The Federal Bureau of Economic Analysis put the average personal saving rate at 5.7 percent in October 2016, just over half of what it was in 1977. The median retirement account balance is $3,000 for all working-age households and $12,000 for near-retirement households. A whopping 47 percent of California public and private sector workers are on track to retire with incomes below 200 percent of the federal poverty level, meaning they will earn about $22,000 a year when they retire.

Compounding the problem, employment dynamics have changed over the years. More Americans work for employers who do not provide the retirement or pension benefits that were historically provided by larger employers. Right now, 55 percent of Americans work for an employer that offers no retirement savings or pension plan. Yet instead of filling that gap on their own, fewer than 10 percent of people who do not have a workplace retirement plan set up their own plan, such as an individual retirement account (IRA).

When the Social Security program was created in 1935, it was intended to augment—not replace—traditional retirement savings and pension plans. Unfortunately, many Americans have come to see Social Security as their primary retirement safety net—and today, that net is in jeopardy. Since 2010, the program has only been able to keep up with its scheduled benefit payments by drawing down its trust fund reserves.

Additionally, Social Security benefits have always been an inadequate primary source of income for retirees, especially in states with a high cost of living like California. Here, benefits average only $1,281.

(See SECURE CHOICE, page 4)
Despite a stubborn pay disparity and an often unbreakable glass ceiling, women are driving the world's economy. Women control 70 percent of global consumer spending, and 75 percent of women identify themselves as the main shoppers for their households. A record 40 percent of American households now have women serving as the primary or sole breadwinners.

Nevertheless, the majority of American women are facing a retirement security crisis. Of lower-income retirees in California, 70 percent are women. Women age 65 and older living in poverty outnumber men by more than two to one. Adding to the money crunch, women at age 65 are expected to live another 19 years—three years longer than men. Single women face an even greater hurdle without the added financial support of a dual-income household to pay living expenses and the cost of raising children. These sobering statistics should come as no surprise, since retirement benefits are based on the accumulation of lifetime earnings.

The gender pay gap in California stands at 84 percent. A 2016 report found that, rather than the gradual improvement we have seen in the past, the gender pay gap is actually widening. Another reason for the disparity: more women are employed part-time and work for smaller employers less likely to offer pensions or employer-sponsored retirement plans. Closing the pay gap would not only help fund women’s retirement but would increase pay into social security, potentially ensuring retirement security in the long-run.

Family caregivers are predominantly female, and women are more likely than men to take time off from work for caregiving. Longer and better paid family leave would improve retirement savings for caregivers by keeping them employed. More women in the workforce equates to economic growth. Some estimates indicate if women were fully engaged in the U.S. economy, GDP would grow by up to nine percent.

Women on average save about seven percent of pay. Over a third of retirees rely on Social Security for more than 90 percent of their income. Those with inadequate savings or who rely solely on social security and must face the sky-high costs of housing, food, health care, and long-term care, may have no choice but to depend on government programs for support.

Senior women are at greater risk of falling into deep debt, foreclosure, bankruptcy, and even homelessness because of the retirement crisis. This is not only a critical issue for men and women; it is imperative for a stable economy.

By early 2019, the first Secure Choice Retirement Savings Plan accounts are expected to be available to Californians without access to a workplace retirement savings program [see page 2]. Future generations can see a vast improvement in spending habits that improves their retirement outcomes.

It is never too late to improve your financial fitness. Even a worker who does not have decades to build compound interest can make small daily changes in their spending and saving. These improved life skills may allow them to develop a nest egg, or at least eliminate debt that could postpone or prevent their deserved true retirement.
(SECURE CHOICE, continued from page 2)

per month, and their value slips every year. According to Seniorsleague.org, Social Security benefits have lost one third of their buying power since 2000, even when cost of living adjustments are factored in.

A long, comfortable retirement takes money, so how do we change the status quo and get people to start saving for their own future economic security? Two words: Secure Choice.

California is one of the first states in the country to mandate employer-based retirement plans for their employees. Similar programs are in the works in Connecticut, Illinois, Maryland, Massachusetts, New Jersey, Oregon, Vermont, and Washington. According to Governing Magazine, when these nine state plans are up and running they will serve roughly 25 percent of the country’s private sector workforce. The AARP Public Policy Institute says the move will “likely to lead to the biggest increase in [retirement] coverage in literally decades.”

California’s plan, known as Secure Choice, will use an automatic IRA model, requiring employers to offer their own plan or make automatic payroll deductions into individual Secure Choice accounts for each of their employees. Given the large number of plan participants, the program should provide low-risk, low-fee investment options. Workers will then have portable accounts that follow them from job to job.

The program will help people regardless of their age, but it will provide the greatest benefit to people who are in the early stages of their working life. For them, saving will become automatic, and their savings will have more time to grow. Employees can choose to “opt out” of Secure Choice, but—ideally—those who make that choice will set up their own IRA and begin planning for life after work.

Secure Choice was created to help more Californians save for a secure retirement at little or no cost to their employers or taxpayers. It is an ambitious step—one that is part of a growing national movement to protect millions of Americans who, absent a change in savings habits, are on track to retire in poverty.

A robust Secure Choice system for all workers is the first step down a long and important path toward retirement income security.