

# CalPERS for California 2021

For the Fiscal Year Ended June 30, 2021



## Introduction

For more than eight decades, CalPERS has built retirement and health security for state, school, and public agency members who work in public service. CalPERS' pension serves more than 2 million members in its retirement system and administers benefits for more than 1.5 million members and their families in its health program. CalPERS is the largest defined-benefit public pension in the U.S., with an investment portfolio valued at approximately \$485.2 billion as of June 30, 2021.<sup>1</sup>

Approximately \$58.7 billion (or 12.1 percent) of CalPERS' portfolio was invested in California-based companies and projects.<sup>2</sup>

This report highlights some of the broad ancillary benefits of portfolio investments in California held by CalPERS as identified by Tideline Advisors, LLC a specialist impact investing consulting firm.

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<sup>1</sup> CalPERS Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2021; Investment Section, page 107, table titled "Summary of Investments – PERF".

<sup>2</sup> CalPERS Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2021; Investment Section, page 108, table titled "Portfolio of California Investments at Fair Value – PERF (Dollars in Thousands)". Real Assets and Private Equity investments in California are as of March 31, 2021.

## TABLE OF CONTENTS

### **Executive Summary**

#### **Public Markets**

Global Equity

Global Fixed Income

#### **Private Markets**

Private Equity

Real Assets

The Economic Impact of CalPERS' Private Market Investments in California

#### **Conclusion**

#### **Location of CalPERS' Private Markets Investments in California**

#### **Appendix: Research Methodology and Analytical Assumptions**

## Executive Summary

As the nation's largest public pension fund, CalPERS plays a vital role in California's economy, providing retirement and health benefits to over 2 million public employees, retirees, and their families, and 2,892 contracted employers.<sup>3</sup>

CalPERS for California examines CalPERS' investment portfolio as of fiscal year ending June 30, 2021. It describes the scale and breadth of CalPERS' investments in companies, properties, and projects in California and the additional benefits from CalPERS' private market investments. This report does not examine the financial performance of the investments.

The investment goal of CalPERS is to achieve an appropriate risk-adjusted return. All the investment decisions must be consistent with the fiduciary responsibility of CalPERS' Board of Administration. Like many other large institutional investors, CalPERS' portfolio is diversified among categories of investments, called "asset classes," to reduce the exposure to any one market risk and maximize the return on investment. CalPERS' investment decisions are guided by its [Investment Beliefs](#) and are made in accordance with various investment policies guiding strategic asset allocation and risk management. Currently, these policies do not explicitly direct investing into California.

As the world's fifth-largest economy, the strength and diversity of California's economy offer a wide array of attractive investment opportunities for all investors.<sup>4</sup> This dynamism is the primary driver for any investor seeking opportunities, and the location of an investment opportunity is one of many criteria used in weighing the financial merits of companies, properties, and projects. Investments in California that CalPERS staff, external managers and advisors select are the consequence of the investment portfolio management process. CalPERS' exposure to local communities and the related benefits, like job creation, are highlighted in this report.

This report offers a snapshot of California investments held by CalPERS and has been prepared by Tideline. The research methods in this report are fully documented in footnotes and the Research Methods and Analytical Assumptions appendix. The difficulty of attributing ancillary benefits directly to any individual investment is especially notable, which explains why ancillary benefits associated with public market investments are excluded from this report. The report uses the most recent U.S. Census Bureau data available where appropriate. However, there are several instances where previous economic data series are used to avoid data heavily skewed by COVID-19's effects on employment and income. These methodological decisions are documented and explained in footnotes and the Research Methods and Analytical Assumptions appendix.

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<sup>3</sup> CalPERS Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2021.

<sup>4</sup> [Forbes. Best States for Business: California. December 2019.](#)

As of June 30, 2021, CalPERS had invested approximately 12.1 percent (or \$58.7 billion) of its \$485.2 billion investment portfolio in California.<sup>5</sup>

<b>CalPERS' Investments in California by Asset Class: June 30, 2021</b>			
	<b>Total Portfolio Value (in Billions)<sup>6</sup></b>	<b>Dollars Invested in California (in Billions)<sup>7</sup></b>	<b>Percentage of Dollars Invested in California</b>
<b>Global Equity</b>	\$238.9	\$34.1	14.3%
<b>Global Fixed Income</b>	\$129.9	\$9.0	6.9%
<b>Private Equity</b>	\$44.8	\$2.5	5.5%
<b>Real Assets</b>	\$47.2	\$13.2	27.9%
<b>Other<sup>8</sup></b>	\$24.3		
<b>Total</b>	<b>\$485.2</b>	<b>\$58.7</b>	<b>12.1%</b>

In addition to achieving appropriate risk-adjusted returns, CalPERS' asset allocation to private market investments indirectly supports the communities in which they are located. The additional benefits related to economic activity generated from private market investments in California, for instance, include the support of local jobs, infrastructure for communities and commerce, and business expansion. Tideline estimates that CalPERS' active private markets investments as of the 2020-21 fiscal year end in California supported \$26.7 billion in total economic activity across the state. This activity benefits not only businesses and projects receiving allocated capital from CalPERS but also suppliers, workers, and the public sector broadly through tax revenues.<sup>9</sup>

The total number of estimated jobs supported by CalPERS' California investments in private markets is shown below.

<b>Estimated Jobs Supported by CalPERS' Private Markets Investments: March 31, 2021<sup>10</sup></b>	
Private Equity	13,965
Real Assets	89,300
<b>Total Private Markets</b>	<b>103,265</b>

<sup>5</sup> See footnotes 1 and 2.

<sup>6</sup> See footnote 1.

<sup>7</sup> See footnote 2.

<sup>8</sup> "Other" investments are defined as Short-Term Investments which consist of U.S. Treasury and government-sponsored securities, money market funds, commercial paper, certificates of deposit, repurchase agreements, asset-backed securities, notes, bonds issued by U.S. corporations, and other allowable instruments that meet short-term maturity or average life, diversification, and credit quality restrictions.

<sup>9</sup> Total economic activity in California is calculated using data from CalPERS' California private market investments in Private Equity, Real Estate, and infrastructure. This is input into the IMPLAN Version 6.6 economic multiplier model software package; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

<sup>10</sup> Estimated jobs supported in California is calculated similarly to total economic activity using the IMPLAN model; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

## Public Markets

The largest amount of CalPERS' total assets is invested in the public markets through equity and fixed income securities.

CalPERS' investments in public companies and projects cannot be directly tied to the creation of jobs or other ancillary benefits at those companies and projects receiving investment. Therefore, public markets asset class investments are intentionally excluded from this analysis. The CalPERS for California report examines CalPERS' investment exposure in California, but not the job creation or ancillary benefits associated with its public market investments.

### Global Equity

Total Market Value: \$238.9 billion<sup>11</sup>

Value in CA: \$34.1 billion<sup>12</sup>

Percentage in California: 14.3%

Global equity is the principal asset class providing growth exposure in the strategic asset allocation. CalPERS' Global Equity Program invests in securities traded in global public equity markets, including in-house management of index-oriented and active strategies and externally managed active strategies.

Assets in the portfolio are comprised of U.S. and international public equities, foreign currencies, and derivative exposure.

Global equity investments in public companies make up approximately half of the total portfolio. CalPERS invests in public companies primarily as a long-term investor. The largest allocation of global equity is passively managed by an in-house team of investment professionals. CalPERS also develops portfolios, managed both internally and externally, of active strategies seeking additional long-term value creation opportunities.

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<sup>11</sup> See footnote 1.

<sup>12</sup> See footnote 2.

## Global Fixed Income

Total Market Value: \$129.9 billion<sup>13</sup>

Value in CA: \$9.0 billion<sup>14</sup>

Percentage in California: 6.9%

CalPERS' Global Fixed Income program serves as a long-term economic diversifier to equity risk and be a reliable source of income and liquidity. This asset class has exposure to investments in California through the following sectors:

- **Corporate bonds:** Companies issue corporate bonds to finance a variety of corporate purposes, such as investing in new plants and equipment or to fund the purchase of a company's equity or debt.
- **Structured securities:** Structured securities are investments in debt securities collateralized by a diverse group of loans including residential real estate, commercial real estate, and consumer loans. When issuing structured securities, these loans are bundled together, and underlying loan principal and interest repayment cash flows are packaged into varying structures offering investors different risk and return profiles.
- **Whole loans:** Whole loans include remaining California mortgages through the CalPERS' Member Home Loan Program.<sup>15</sup>

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<sup>13</sup> See footnote 1.

<sup>14</sup> See footnote 2.

<sup>15</sup> The CalPERS' Member Home Loan Program was launched in 1982 and offered a unique mortgage benefit for members, including reduced lender fees through preferred mortgage lenders, lower closing costs through participating partners, and a down payment assistance program that allowed members to borrow against their CalPERS retirement for up to 100% of their required down payment. CalPERS' Board of Administration suspended the program in December 2010.

## Private Markets

CalPERS' investments in private markets include Private Equity and Real Assets. Real Assets comprises Real Estate and Infrastructure investment portfolios. Private market strategies encompass investments in companies, properties, and projects that cannot be accessed publicly.

Tideline provides econometric estimates for how CalPERS supports job creation and other ancillary benefits within the state of California through its private market investments. Access to capital is an important factor in business and productivity growth, job and wealth creation, innovation, and sustainable community and economic development.

This section of the report highlights the following four categories in which deployed capital may create socially beneficial outcomes<sup>16</sup>:

- Low-to moderate-income (LMI) areas
- High unemployment areas
- High minority areas
- Rural areas

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<sup>16</sup> Section 2 of the Research Methods and Analytical Assumptions appendix provides descriptions of each category.



## Private Equity

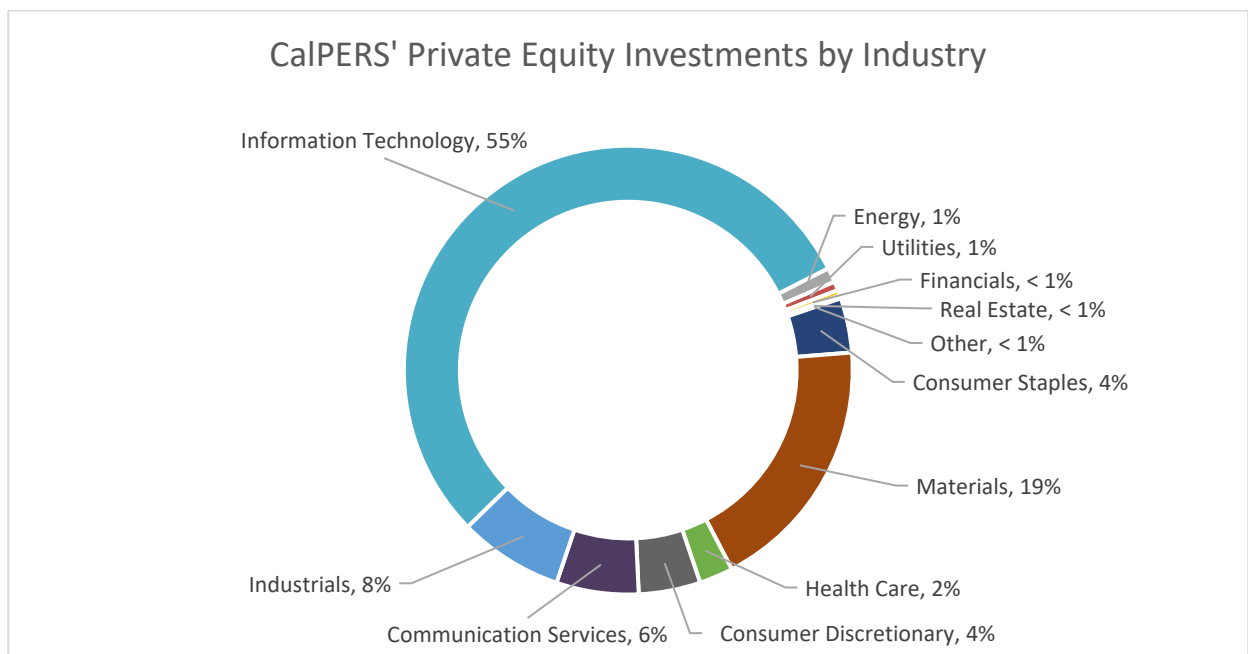
Total market value: \$44.8 billion<sup>17</sup>

Value in CA: \$2.5 billion<sup>18</sup>

Percentage in California: 5.5%

The strategic objective of CalPERS' Private Equity asset class is to maximize risk-adjusted rates of return and enhance the equity return of the total investment portfolio. CalPERS is a significant investor in privately held California-based companies in a wide range of industries.

CalPERS' exposure to privately held company is primarily gained through investments in commingled funds managed by a general partner. Investments across a wide range of companies in more than eight different industries is represented in the portfolio. The following chart shows the diversity across industry sectors of the investments in California.



<sup>17</sup> See footnote 1.

<sup>18</sup> CalPERS' Private Equity data as of March 31, 2021. This number may differ from total portfolio value numbers in past reports due to varying standards for defining a California company. In previous years, this number only included investments with ZIP codes. This year's figure is significantly larger because enhanced data collection methodology allows for inclusion of all Private Equity investments in California. Subsequent reports will employ the same methodology as used here.

These companies are headquartered in California and are estimated to employ 13,965 workers in the state. In addition to the \$2.5 billion in Private Equity investments, an estimated \$35.5 billion has been invested alongside CalPERS by other investors.<sup>19</sup> However, these investments are not directly attributable to CalPERS' investments.

<b>CalPERS' Private Equity Investments in California: March 31, 2021</b>	
Total Companies	157
CalPERS Investments (in Billions)	\$2.5
Estimated Jobs in California <sup>20</sup>	13,965

Tideline estimates 72 percent of the investments in California are in areas with a high minority representation in their population. The following table also shows Tideline's estimates for high unemployment, LMI, high minority, and rural areas:

<b>Ancillary Benefits of CalPERS' Private Equity Investments in California: March 31, 2021<sup>21</sup></b>		
	<b>Percentage by Number of Investments</b>	<b>Percentage by Dollars Invested</b>
High Unemployment Areas	1%	0%
Rural Areas	1%	7%
High Minority Areas	72%	71%
LMI Areas	9%	6%

<sup>19</sup> Includes capital invested alongside CalPERS in the same companies in the same Private Equity fund, not the total market value of the company. This figure excludes co-investments for Private Equity investments in the California Emerging Ventures program, for which this information was unavailable.

<sup>20</sup> Estimated jobs supported by CalPERS' Private Equity investments in California are determined using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

<sup>21</sup> See Section 1.2 of the Research Methodology and Analytical Assumptions appendix for details on how these areas are designated.

This table was calculated using only investments which include a ZIP code. Furthermore, three investments with ZIP codes associated to PO Boxes are excluded as the Census Bureau's ZCTA data does not provide demographic and economic information about these entities. Percentages are thus based on 115 investments totaling \$0.9 billion.

## Real Assets

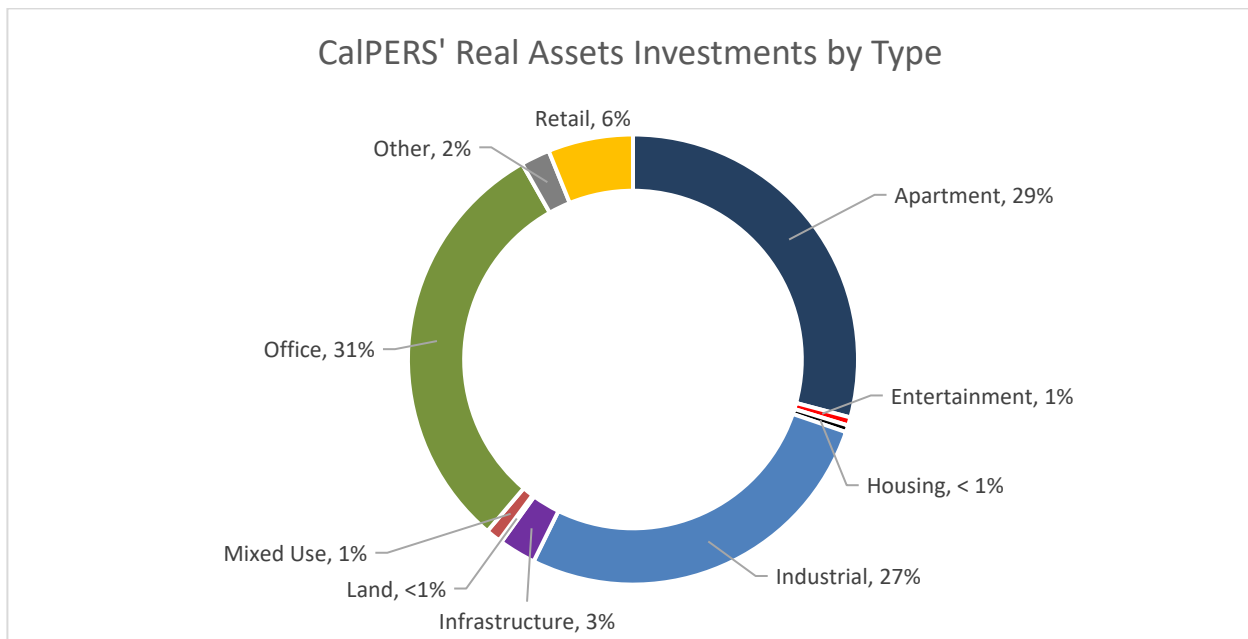
Total Market Value: \$47.2 billion<sup>22</sup>

Value in CA: \$13.2 billion<sup>23</sup>

Percentage in California: 27.9%

CalPERS' Real Assets program includes Real Estate and Infrastructure investment portfolios.<sup>24</sup> These investments are acquired and managed through separate accounts, joint ventures, and commingled funds. Real Assets play a strategic role within the total fund by providing benefits of stable and predictable cash yield, diversification of equity risk, and inflation protection.

The following chart highlights the exposure of the California Real Assets investments by type.



Investments in this asset class benefit California communities by creating jobs, contributing to local economic development, and providing critical community resources.

CalPERS' Real Assets Investments in California: March 31, 2021	
CalPERS Investments (in Billions)	\$13.2
Number of Investments	255
Estimated Jobs in California <sup>25</sup>	89,300

<sup>22</sup> See footnote 1.

<sup>23</sup> See footnote 2.

<sup>24</sup> For purposes of this report, forestland investment portfolios and unimproved land held in Real Estate investment portfolios were excluded from the analysis.

<sup>25</sup> Estimated jobs supported by CalPERS' Real Estate investments in California are determined using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

## Real Estate

CalPERS investment strategy for real estate is to invest primarily in core assets with stable income, diversified by property type and geography. The Real Estate portfolio is more heavily weighted to California than any other asset class. This weighting reflects the fact that many core real estate markets in the current benchmark are concentrated in California.

The portfolio in California includes a diverse group of properties that provide ancillary benefits in the areas in which they are located, including the creation of construction jobs and economic activity connected to construction, the accommodation of new retail, industrial and commercial employers, and the anchoring of communities with Real Assets.

In addition to the \$12.8 billion in Real Estate investments, an estimated \$4.3 billion has been invested alongside CalPERS by other investors.<sup>26</sup> However, these investments are not directly attributable to CalPERS' investments.

Combined, CalPERS' investments in real estate properties located in California support an estimated total of 85,755 jobs.<sup>27</sup> This figure encompasses jobs at the development and construction phase, as well as from income-generating properties. Real Estate investment in the development and construction phase support an estimated total of 5,055 jobs. These real estate projects economically support workers within the construction industry, and indirectly supports workers throughout the state.<sup>28</sup>

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<sup>26</sup> Value includes all other capital invested alongside CalPERS in the same Real Estate investments selected by third-party funds, partnerships, and Real Estate investment trusts.

<sup>27</sup> Estimated jobs supported by CalPERS' Real Estate investments in California are determined using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

<sup>28</sup> California Real Estate projects in the development and construction phase indirectly support workers across the state through the purchase of goods and services needed for construction of these projects, and through the personal consumption by construction workers tasked to these projects.

CalPERS' Real Estate investment portfolio includes income-generating properties with high occupancy levels such as apartments, mixed use developments, retail centers, office buildings, and industrial centers. These properties provide housing, as well as infrastructure and operating space for retail, professional service providers, and manufacturers. The properties with high occupancy levels also support workers in property management, service, security, and other related industries.<sup>29</sup> The sales and leasing income from these income-generating properties supports a total of 80,700 jobs.

<b>CalPERS' Real Estate Program Investments in California: March 31, 2021</b>	
CalPERS Investments (in Billions)	\$12.8
Number of Investments	252
Estimated Jobs in California	85,755

Real Estate investments are often in central business districts and concentrated in urban areas, where property investments of all types are more readily available. These urban districts typically include a larger proportion of LMI, high unemployment, and areas with higher minority representation in their population.

<b>Ancillary Benefits of CalPERS' Real Estate Investments in California: March 31, 2021<sup>30</sup></b>		
	<b>Percentage by Number of Investments</b>	<b>Percentage by Dollars Invested</b>
High Unemployment Areas	6%	5%
Rural Areas	5%	6%
High Minority Areas	90%	88%
LMI Areas	27%	25%

<sup>29</sup> California investments in income generating real estate properties directly support tenant businesses through the provision of critical infrastructure and operating space. Additionally, tenant businesses indirectly support workers across the state through the purchase of goods and services needed for day-to-day business operations and through the personal consumption of workers at their businesses on household purchases.

<sup>30</sup> See Section 1.2 of the Research Methodology and Analytical Assumptions appendix for details on how these areas are designated.

## Infrastructure

CalPERS also seeks stabilized cash flow from its infrastructure investments within the water, energy, waste, transportation, technology, and communications sectors. CalPERS invests both directly and in partnership with third-party investment managers. Infrastructure investments have the potential to benefit local economic development and provide essential community services within the state.

Infrastructure investments in California are estimated to employ 3,545 workers in the state. In addition to \$350 million in infrastructure investments, an estimated \$830 million has been invested alongside CalPERS by other investors.<sup>31</sup> However, these investments from other funding sources are not directly attributable to CalPERS.

<b>CalPERS' Infrastructure Investment in California: March 31, 2021</b>	
CalPERS Investments (in Billions)	\$0.35
Number of Investments	3
Estimated Jobs in California <sup>32</sup>	3,545

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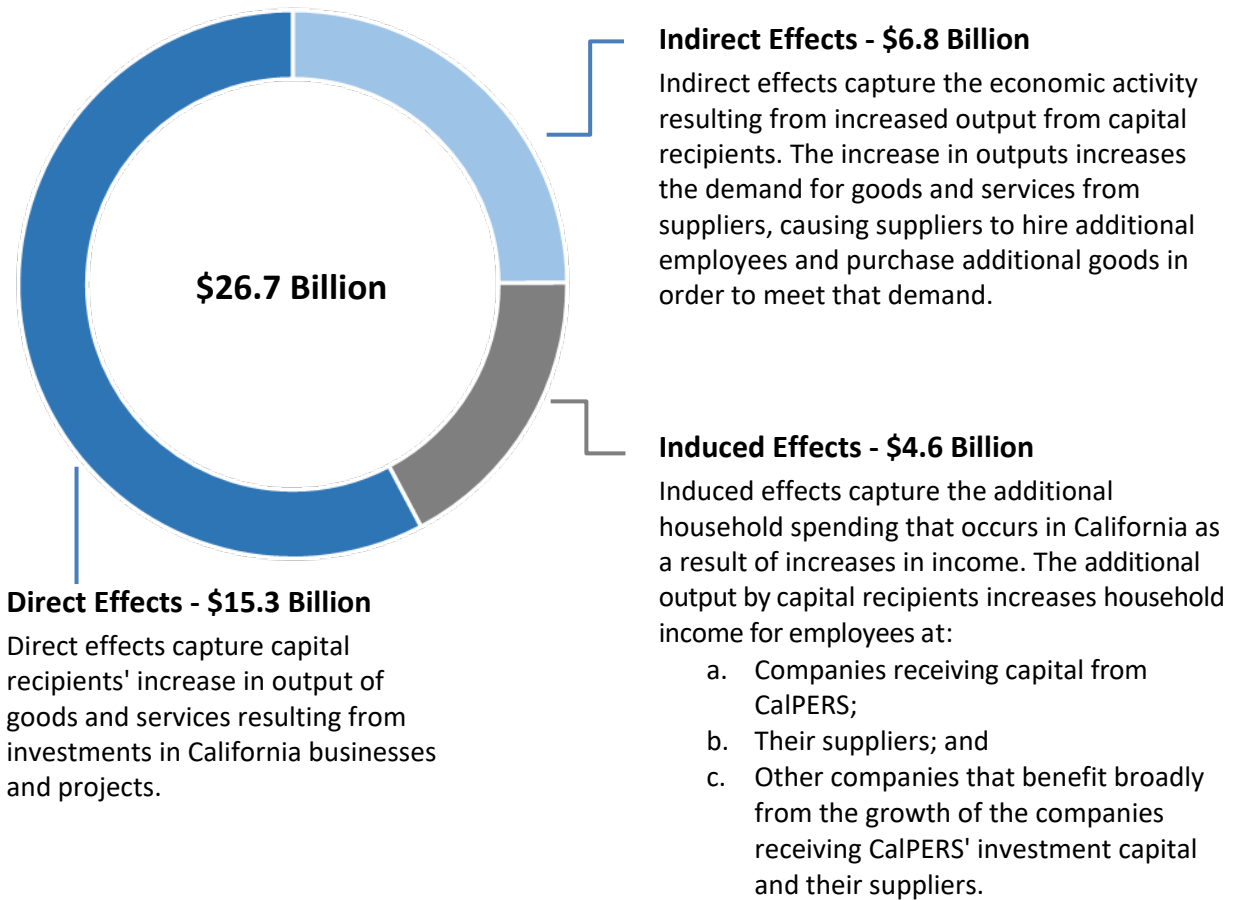
<sup>31</sup> Value includes all other capital invested alongside CalPERS in the same infrastructure projects.

<sup>32</sup> Estimated jobs supported by CalPERS' infrastructure investments in California are determined using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

## Total Economic Impact of CalPERS Private Markets Investments in California

CalPERS' private markets investments in California generate an estimated \$26.7 billion in economic activity across the state through the multiplier effect —the direct effects, indirect effects, and induced effects within the California economy are described in the chart below. A more detailed explanation of the methodology employed by Tideline to estimate total economic impact is included in the Research Methodology and Analytical Assumptions appendix.

### Breakout of Total Economic Impact in California<sup>33</sup>



<sup>33</sup> The total economic impact of the private markets investments is calculated using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

## Conclusion

CalPERS' California investments, including in the state's underserved communities, totaled \$58.7 billion (or 12.1 percent) of its \$485.2 billion investment portfolio as of June 30, 2021. Assets allocated to private market investments had a multiplier effect of generating an estimated additional \$26.7 billion in economic activity in California and provide significant ancillary benefits beyond an attractive rate of return.

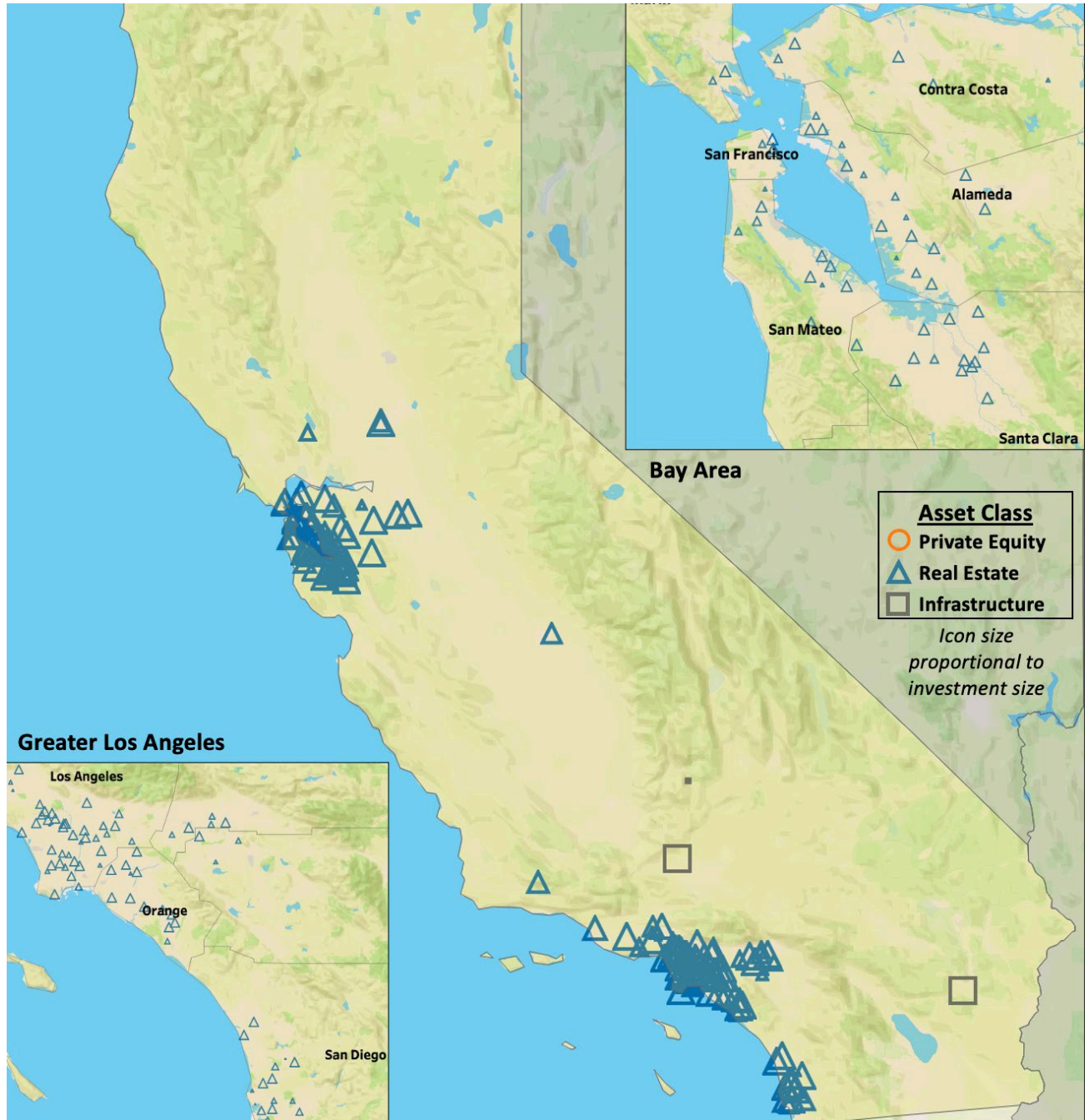


# Location of Investments in California

## CalPERS' Private Equity Investments



CalPERS' Real Estate and Infrastructure Investments in CA



## **Appendix: Research Methodology and Analytical Assumptions**

### **Section 1: Estimating Economic Impact using IMPLAN**

#### **1.1: IMPLAN Overview**

The total economic impact of and estimated number of jobs supported by the private markets investments are calculated using the IMPLAN Version 6.6 economic multiplier model software package. [IMPLAN](#) is used by hundreds of government agencies, colleges and universities, nonprofit organizations, corporations, and business development and community planning organizations for analyzing economic impacts.

IMPLAN utilizes social accounts to analyze the consequences of projected economic transactions in a particular region. Used by over 2,000 public and private institutions, IMPLAN is a widely employed and accepted regional economic analysis tool. Social accounts describe the structure and function of a specific economy. IMPLAN employs input-output analysis in conjunction with region-specific social accounts or social accounting matrices (SAM) and multipliers to analyze economic impacts.

California private markets investments in Private Equity, Real Estate, and Infrastructure are input separately into the IMPLAN economic multiplier model using the specific industries and sectors receiving investment. Public markets investments are intentionally excluded from this analysis due to the more indirect relationship between the investment of capital and the use of this capital by recipient public companies.

IMPLAN cannot be applied to public market investments in California, for the following reasons:

1. Attribution: Tideline is not able to directly tie CalPERS capital allocation to the operations and economic activity occurring at California headquartered public companies given CalPERS is often one of many investors in these businesses.
2. Overestimation: Applying the IMPLAN economic multiplier model to CalPERS' public market investments in California would overstate the total economic impact.
3. Area of study limitations: IMPLAN is an input-output economic multiplier model that requires a set geographic area of study. As California headquartered public companies have a significant number of facilities and operations in and outside of California, it is difficult to specify what proportion of CalPERS' investment in these companies is injected directly into California's economy, limiting the accuracy of the resulting total economic impact figure.

#### **1.2: Inputs to IMPLAN by Asset Class**

To determine the total economic impact of the California private markets investments in Private Equity, Real Estate, and Infrastructure, the IMPLAN model examines the State of California as the geographic area of study, capturing and accounting for economic benefits statewide.

Methodologies specific to each asset class were used in determining the input values for the IMPLAN model to best capture the economic impacts resulting from CalPERS' investments. Investments with no current market value are excluded and total number counts differ from the CalPERS Annual Comprehensive Financial Report. The methodologies are described below:

### **Private Equity Investments**

The amount of private equity investment in California private companies was uploaded directly into the IMPLAN model. Each investment was coded using the NAICS two-digit industry classification system to estimate the company's industry spending patterns. Only CalPERS' direct partnership investments and investments through third party investment managers were included in this analysis.

### **Real Estate Investments**

Methodologies specific to property type and development phase were used in defining input values for the IMPLAN model to best capture the economic impacts resulting from the construction and operation of various property types. The methodologies are described as follows:

#### *Construction of Residential and Nonresidential Properties*

Total net asset values for residential and non-residential properties including apartments, housing, office, industrial, and retail under the predevelopment, development, and redevelopment categories were uploaded directly to the IMPLAN model for analysis where they are matched with construction activities per IMPLAN's 546 category industry aggregation scheme.

#### *Operation of Residential and Nonresidential Properties*

Total net asset values for apartment, retail, office, entertainment, mixed use, industrial, and other CalPERS' Real Estate investments at operating or stabilized capacity were uploaded directly to the IMPLAN model and matched to the appropriate industry per IMPLAN's 546 category industry aggregation scheme for analysis.

#### *Infrastructure Investments*

For each Infrastructure project, net asset values were input directly into the IMPLAN model using the appropriate industry code per IMPLAN's 546 category industry aggregation scheme.

### **1.3: Outputs from IMPLAN**

For all asset classes, the analysis does not imply that the total economic impact and jobs created and sustained by CalPERS' investments are directly attributable to the system. Rather, it is an estimate of economic impact and employment directly related to the properties or companies in question, for which CalPERS' investments play an important enabling role.

## **Section 2: Additional Ancillary Benefits Overview**

This report provides information on the proportion of CalPERS' investments in four categories socially beneficial outcomes: Low- and Moderate-Income (LMI), high unemployment, high minority, and rural areas.

The proportion of CalPERS' investments in LMI, high unemployment, high minority, and rural areas reflects the demand for capital in the asset classes in which CalPERS invests. For example, CalPERS invests in companies and properties in central business districts and other economic hubs that offer attractive investment opportunities. These areas tend to be more ethnically and economically diverse, but CalPERS' investment is not a result of these characteristics; rather, all investment decisions are based on the investment merits of the underlying opportunity.

Areas are designated into one of the four socially beneficial outcome categories using demographic and income data from the 2010 U.S. Census and the 2019 and 2020 5-Year American Community Surveys. The geographic units used are the Census Bureau's ZIP Code Tabulation Area (ZCTA's). ZCTA's generally correspond with the United States Postal Service's ZIP Code system, allowing for Census Bureau socioeconomic data to be mapped onto traditional ZIP code designations.

### **2.1: Category Definitions**

California ZIP codes were designated to one or more socially beneficial outcome category using the following methodologies:

#### **LMI Areas**

A ZIP code is considered LMI if it meets any one of the following criteria:

- **Poverty:** 20% or more of the population is at or below computed official thresholds the U.S. Census Bureau uses
- **Unemployment:** The unemployment rate is at least 1.5 times the state average
- **Median Family Income (MFI):** The median family income (MFI) is at or below 80% of the metropolitan area (MSA) MFI or the California state MFI (whichever is greater). Tracts outside MSAs are at or below 80% of the statewide non-MSA MFI.

#### **High Unemployment Areas**

High unemployment areas are defined by the State of California Employment Training Panel as being 1.5 times higher than the California average. Because the U.S. Census Bureau's 2020 5-Year American Community Survey (ACS) economic data was skewed by COVID-19, the 2019 5-Year ACS was used to determine the state unemployment rate of 6.05%. ZIP codes with unemployment rates above 9.08% were designated high unemployment areas.

#### **High Minority Areas**

Using the U.S. Census Bureau's 2020 5-Year ACS data, the median percentage of minority population for all California ZIP codes was determined. High minority areas are defined as ZIP codes which have a higher percentage of minority populations than the median value.

For more information about high minority areas, see [the U.S. Department of Commerce, Minority Business Development Agency's](#) research on access to capital for minority businesses.

### **Rural Areas**

Rural areas are defined as ZIP codes in which the percentage of the rural population is higher than the median percentage of the rural population in all California ZIP codes. This was calculated using 2010 Decennial Census data. (The U.S. Census Bureau only updates urban-rural designations every ten years; urban and rural data from the 2020 Decennial Census was not available at the time of this report.)

For more information about rural areas, see the [Economic Innovation Group's](#) research on their economic condition.

### **2.2: Calculating Percentages for Each Category**

To determine the dollar amounts invested in these areas, the market value of each investment is attributed to the ZIP code provided for a given company, property, or project. If the ZIP code in which an investment is located is determined to be an LMI, high unemployment, high minority, or rural area, then the investment and the dollars associated with the investment are in the defined community.

The number of investments and dollars invested in all ZIP codes that match the given criteria are summed and reported as a percentage of the total number of investments and total market value by asset class, adjusted to include only those investments for which a ZIP code is available.