

MINUTES

CalAccount Blue Ribbon Commission

915 Capitol Mall, Room 110
Sacramento, California 95814

September 1, 2022 – 10:00 A.M.

Public Participation

Call-In Number: (877) 411-9748 and Participant Code: 3790012

OPEN SESSION

Tim Schaefer for Treasurer Fiona Ma, Chair, called the meeting to order at 10:00 A.M. and advised that the meeting was being recorded.

Sean Collier announced to the public joining in by phone the instructions for being heard.

Andrea Paval, Commission presenter, called roll.

Item #1

Roll Call

Members Present: Tim Schaefer for Fiona Ma, CPA, State Treasurer
Chris Shultz for Clothilde Hewlett, Commissioner of the Department of
Financial Protection and Innovation
Byron Lopez, Governor appointee
Manisha Padi, Governor appointee
Miguel Santana, Assembly appointee (arrived at 10:30 A.M.)
Fr. Gregory Boyle, Assembly appointee
Paulina Gonzalez-Brito, Senate appointee
Frank Robinson, Senate appointee

Members Absent: James Hicken, Governor appointee

Staff Present: Andrea Paval, Commission Presenter
Sean Collier, Public Phone Line Coordinator
Jennifer Baldwin, Legal

Chair Schaefer declared no action items on the agenda and, therefore, no quorum necessary to proceed.

Chair Schaefer advised that the Commission will take two short recesses to administer the oath to Commissioners who have not received it.

Staff advised that Commissioner Boyle was standing by to take the oath.

Chair Schaefer called a recess to administer the oath to the appointee.

Chair Schaefer called the meeting back to order and requested the presenter recall the roll to reflect Commissioner Boyle's attendance.

Chair Schaefer advised that public comment will be limited to two minutes per person.

Item #2 Roles and Responsibilities of Staff **Information Item**

Chair Schaefer introduced Andre Rivera, Director of Centralized Treasury and Securities Management Division of the California State Treasury, to present this informational item.

Director Rivera advised that staffing to the Commission will be provided by the hiring of three limited-term positions through the completion and submittal of the market analysis to the Legislature. Tasks will include the following activities:

- Staffing Commission public hearings
- Aid in the preparation, marketing, and delivery of the request for information, or RFI, to better understand the inputs for comprehensive market analysis
- Request for Proposal, or RFP, to select a vendor to conduct the market analysis and assist with the review and development of the market analysis and any subsequent report that the Commission might issue.

Director Rivera thanked the Commission and concluded his presentation.

Chair Schaefer asked the Commissioners if they had any questions regarding this agenda item.

Commissioner Robinson asked if Director Rivera had a sense of how long the limited-term staffing would be?

Director Rivera responded that the duration of the term would be at least two years, through the report to the Legislature.

Chair Schaefer asked if there were any additional questions.

Commissioner Lopez asked if the staff is responsible for composing the agenda for the commission.

Chair Schaefer responded that the staff will be responsible for composing the agenda, but that the Commission has the option through a motion from the floor to change the agenda.

Chair Schaefer recognized Commissioner Gonzalez-Brito.

Commissioner Gonzalez-Brito asked whether there is a process by which Commissioners could submit agenda items prior to the meeting so as to avoid a motion through the floor.

Chair Schaefer responded that the Commission would do its best to address the

Commissioner's request for agenda items but cautioned the Commissioners against inadvertently creating a violation of the Open Meeting Act and requested that Commissioners contact Jennifer Baldwin with the State Treasurer's Office Legal Department if they want to have conversations about the Commission or specific agenda items outside of Commission meetings.

Chair Schaefer asked if there were any other questions by the public either in the room or on the telephone and hearing none, he proceeded to agenda item number 3.

Item #3 Review of the Goals of the Commission **Information Item**

Chair Schaefer introduced item number 3 of the agenda: Review of the Goals of the Commission as set forth in Government Code Section 100100 et seq. as an informational item only and introduced Director Rivera to present this item.

Director Rivera presented the following goals of the Commission:

- Implement a CalAccount program as it is described in Government code section 100104, which would have certain characteristics, including the overarching description that it would be a program established by the State for the purpose of protecting consumers who lack access to traditional banking services from predatory, discriminatory, and costly alternatives. The program offers access to a zero-fee, zero-penalty, federally insured transaction account known as a CalAccount.

Director Rivera advised that, per statute, the following items are required to be carried out:

- Statute requires the State Treasurer's Office to convene the CalAccount Blue Ribbon Commission by September 1, 2022
- Statute requires the commission to deliver a market analysis to evaluate the feasibility of the proposed CalAccount program for proposed modifications that could ease implementation by July 1, 2024. The market analysis will be required to address the items listed in Government Code section 100104(a)(2) through (a)(10) and (c)(1) through (c)(12).
- Statute requires the Commission to enter into a contract with one or more independent entities with appropriate expertise to conduct the market analysis. Within 12 months of entering into the contract for the market analysis, the Commission is required to hold at least one public hearing to solicit input from members of the public. Following the market analysis, the Commission may issue a report. The report may include the Commission assessment of the market analysis, feedback from the public hearing, and recommendations related to the implementation of the CalAccount program.
- Statute requires the Commission to deliver and, upon request, present the market analysis and any other report by the Commission to the Chair of the Senate Committee on Banking and Financial Institutions and the Chair of the Assembly Committee on Banking and Finance.

Director Rivera thanked the Commission and concluded his presentation.

Chair Schaefer asked if there were any comments or questions from the Commissioners on this item.

Commissioner Lopez commented that the process of getting the market analysis should be as expedient as possible while also being comprehensive.

Chair Schaefer thanked Commissioner Lopez for his comment and explained that the RFI/RFP process might feel laborious at times, but that this process ensures that we are asking the right questions and that we want to be careful not to sacrifice accuracy and feasibility for speed.

Chair Schaefer recognized Commissioner Shultz.

Commissioner Shultz expressed that he is excited about the program and representing people who are unbanked. He then expressed concerns around who would be responsible for the financial health of the program and what the process would be if the program were to become insolvent. He expressed that he would want to button up all those issues in the feasibility study when it comes back in order to make a strong recommendation to the Commissioner (of DFPI) about whether we can make the program work.

Chair Schaefer thanked Commissioner Shultz for his comment and asked if there were any other comments in the room or on the phone. Recognizing none, Chair Schaefer called the meeting to a short recess to administer a Commissioner oath.

Chair Schaefer called the Commission back to order and recognized for the record that Commissioner Santana was present and sworn in at 10:49 A.M.

Chair Schaefer stated that there was a housekeeping item to address before moving to item number 4 of the agenda. He explained that there was a virtual attendee who was not invited by the staff present on the call and asked that the person identify their affiliation.

Doni identified himself as administrative support to Commissioner Gonzalez.

Chair Schaefer thanked Doni for explaining his affiliation.

Chair Schaefer explained that due to technical difficulties, public comment on the phone line was restricted during the allotted time for comment on agenda items 2 and 3, and he would like to use the Chair's discretion to reopen those items for public comment and asked if there were any objections. Seeing none, he reopened agenda item number 2 for public comment.

Caller 1 commented the following: Yes, hi members of the Commission my name is Jason Lang with California Bankers Association. Just an observation related to all of the agenda items is it is hard to hear responses from members that are on the Commission. For example, I could not at all hear Mr. Robinson's comments earlier or his inquiry about time. Just an observation, thank you.

Chair Schaefer thanked caller number 1 and asked caller number 2 to proceed.

Caller 2 commented the following: Yes, hello, my name is Angel Williams and I live in Los Angeles, CA, where I work two jobs and one in the home care provider, and I work at Jack-in-the-Box, and I am a mother of six. I wanted to thank the Commissioners for taking a moment to speak with me. Myself and hundreds of thousands of families that are making ends meet and living wages. When we say that CalAccount is a game changer for us and our home and economy it absolutely is because I'm sick of high interest rates. Last year, Wells Fargo charged me \$400 in interest rates, which I think is absolutely ridiculous. I'm already living paycheck-

to-paycheck and I just think it's ridiculous that I have to go through this, and you know families that are really in need are depending on these things and they're robbing them point blank. It's frustrating dealing with these banks. They have charged us money that they so-called are holding for us, but they let people borrow or loan, or however it goes with the banks without even letting us know. And I just think that the CalBank Account will be great for me. It will help me save money for gas and groceries and prepare me for emergencies like if my kids are sick or not. I just want to say thank you guys again for giving me the time and the energy and the leadership with the CalAccount. Thank you for listening to me.

Chair Schaefer thanked the caller for participating in the process and taking the time to talk to the Commission.

Chair Schaefer asked Sean Collier if there were any additional comments on the phone.

Sean Collier confirmed that there were none.

Chair Schaefer reminded the Commission that there would be ample opportunity to comment during agenda item number 5, which was dedicated to public comment.

Chair Schaefer closed agenda item number 2 and reopened agenda item number 3 for comment.

Chair Schaefer asked Mr. Collier if there was anyone on the phone for public comment.

Sean Collier confirmed that there was one person.

Chair Schaefer asked the caller to proceed with their comment.

Caller 1 commented the following: Good morning, everyone. I am translating for Miss Julia. She's on the call and she would like to share some remarks. Translation: Good afternoon, Commissioners my name is Julia. I've been earning minimum wage for 13 years. I also have close relatives who currently work in fast food and earn very low wages. I have been speaking out in support of the CalAccount ever since it was introduced by Asm. Santiago. I am excited that we are now taking the next step toward implementation. I want to thank the Commissioners and Treasurer Ma for joining us in this work. Workers like me fight for every cent in our paychecks, but we see our paychecks slashed by banking fees we all rely on. I have had an account with Bank of America since 2008. Because I can't make the bank's minimum balance requirement, I have to pay \$12 a month just to keep my bank account open. That's at least \$2,150 in automatically deducted fees since 2008. I have been penalized for being poor. \$2,150 might not sound like a lot to you, but the largest paycheck I ever received was \$1,200 for 15 days of full-time work. I would have used that money on basics that my family needs to survive: utilities, medication for my diabetes, and arthritis. CalAccount is helping families like mine the ones more struggling to make ends meet. It's making banking fair for everyone. Thank you.

Chair Schaefer thanked the caller for their comment and translator for assisting the caller.

Chair Shaefer reclosed item number 3 of the agenda and opened up item number 4.

Item #4 Proposed Commission Meeting Dates

Information Item

Director Rivera presented the following proposed meeting dates to the Commission:

- Thursday, November 3rd at 1:00 P.M.
- The second Thursday in January in the afternoon, time to be determined
- The first Thursday in February in the afternoon, time to be determined

Director Rivera concluded his presentation of the proposed Commission meeting dates. Chair Schaefer thanked Director Rivera for presenting this agenda item.

Chair Schaefer explained that the reason the meetings were set up with that frequency is to allow the Commission to review the staff work that is going into the RFI/RFP process. He advised that once we got the RFI/RFP process started, the frequency of the meetings may stretch out a little bit to let the vendor do the appropriate work before bringing the Commission together.

Chair Schaefer asked if any of the Commissioners had comment or question regarding agenda item number 4.

Chair Schaefer recognized Commissioner Gonzalez-Brito.

Commissioner Gonzalez-Brito commented that they would not be able to attend the meeting in person in November.

Chair Schaefer responded that it is likely that the Commission will continue with the hybrid meeting option.

Chair Schaefer recognized Jennifer Baldwin of the State Treasurer’s Office Legal Department.

Jennifer Baldwin commented that the passage of Government Code section 11133, passed by the Legislature in June as part of a trailer bill allows for the continuation of hybrid meetings through July 1, 2023.

Chair Schaefer thanked Jennifer Baldwin for her input and reiterated that virtual attendance to Commission meetings would be available until at least July 1, 2023.

Chair Schaefer advised the Commission that the State Treasurer’s Office would be moving temporarily for renovation in February, which could possibly affect the proposed dates.

Chair Schaefer asked Commissioner Gonzalez-Brito if that helped.

Commissioner Gonzalez-Brito asked whether it is possible to change the proposed date from November 3rd to another date that week.

Chair Schaefer took it under advisement to have the opportunity to consult with staff.

Chair Schaefer asked if there were any other Commissioners that wished to comment on item number 4 of the agenda.

Seeing none, Chair Schaefer moved on to ask whether anyone in the room or on the phone wished to comment on item number 4 of the agenda.

Seeing none, Chair Schaefer closed item number 4 and moved on to item number 5 of the agenda.

Item #5 General Public Comment

Information Item

Chair Schaefer opened the floor up for comment.

Commissioner Robinson thanked the callers who spoke about their struggles with the banking industry. He commented that although the caller referenced interest rates, he believes she was talking about insufficient funds fees. He stated that as a banker, he would encourage her and anyone else struggling in that way to talk to a branch manager about reversing those fees. He expressed his excitement to be on the Commission and help people like the callers find solutions to their banking problems.

Chair Schaefer thanked Commissioner Robinson and recognized Commissioner Shultz.

Commissioner Shultz requested that at the November 3rd meeting staff come back with a timeline of the work, requesting that it be an agenda item for the November 3rd meeting. He also requested that Commission members be identified on the website so that members of the public know who makes up the Commission.

Chair Schaefer thanked Commissioner Shultz and explained that the State Treasurer's Office is required under statute to establish a website, and plans on doing that, identifying the Commissioners and the appointing authority.

Chair Schaefer recognized Commissioner Gonzalez-Brito.

Commissioner Gonzalez-Brito thanked the two speakers and clarified that the speaker who spoke about monthly fees was speaking about account fees, insufficient funds fees. They stated that even though banks are eliminating overdraft fees, there are many other kinds of fees associated with having a bank account.

Chair Schaefer thanked Commissioner Gonzalez-Brito for her comments and asked Sean Collier if anyone was waiting on the phone to comment.

Sean Collier stated that one person was waiting on the phone.

Chair Schaefer asked the caller to proceed with their comment.

Caller 1 had the following comment: Hi, everyone, good morning. My name is Donnie Tedessi, I use he/him pronouns. I am an organizer with the California Reinvestment Coalition, and I'd like to thank the Commissioners, Governor Newsom, Treasurer Ma, and Assemblymember Santiago for the effort in making this possible. The California Reinvestment Coalition works to build an inclusive and fair economy that the communities of color and low-income communities by ensuring that banks and other corporations invested in conducting business in our community do so in a just and equitable manner. Our work is centered on dismantling the

disparities in our financial system, disparities that are extractable from the communities, as well as excluded our communities from the health and wealth building avenues. Financial inclusion continues to be a pervasive issue for our community and a serious impediment to closing racial wealth gap. It has been extensively researched, reported that limited access to financial services is a problem that disproportionately impacts communities of color and immigrant communities, as well. For example, Californians earning less than \$15/hour makes up 80% of the unbanked in this state. We know that nearly half of all black-identifying households, 31% of all Hispanic-identifying households are unbanked or underbanked. This requires the use of costly financial services such as nonbank check-cashing and payday loans. So I really want to underscore for those of the impact of financial inclusion is felt daily and compounded daily. The California Reinvestment Coalition requests that the Commission to make the zero cost zero penalty-based account a reality for all Californians. Thank you.

Chair Schaefer thanked the caller for his comment.

Chair Schaefer recognized the staff for their dedication to the work.

The meeting was adjourned at 11:37am.