

# MINUTES

## CalAccount Blue Ribbon Commission

915 Capitol Mall, Room 587  
Sacramento, California 95814

March 23, 2023 – 10:00 A.M.

Public Participation

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

### OPEN SESSION

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

Josh Rivera 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: Patrick Henning for Fiona Ma, CPA, State Treasurer  
Chris Shultz for Clothilde Hewlett, Commissioner of the Department of  
Financial Protection and Innovation  
James Hicken, Governor appointee  
Byron Lopez, Governor appointee  
Paulina Gonzalez-Brito, Senate appointee  
Frank Robinson, Senate appointee

Members Absent: Fr. Gregory Boyle, Assembly appointee  
Miguel Santana, Assembly appointee  
Manisha Padi, Governor appointee

Staff Present: Andrea Paval, Commission Presenter  
Josh Rivera, Public Phone Line Coordinator  
Spencer Walker, Legal

Chair Henning declared a quorum present.

Chair Henning advised that public comment will be limited to two minutes per person or 4 minutes if the services of an interpreter are needed.

**Item #2 Approval of Minutes from 02.16.2023**

**Action Item**

Chair Henning introduced the item and asked if there were any public comments or comments from the Board.

Seeing none, Chair Henning asked if there were any comments on the public participation line.

Hearing none, Chair Henning asked if there was a motion to approve the minutes from the November 3, 2022 meeting.

Commissioner Hicken motioned to approve.

Commissioner Gonzalez-Brito seconded the motion.

Chair Henning requested staff call the roll.

Chair Henning recognized the minutes as approved.

**Item #3 Overview of the SoW for the Market Study RFP**

**Information Item**

Chair Henning introduced item number 3 of the agenda: Overview of the Statement of Work for the Market Study Request for Proposal and introduced Deputy Treasurer Fernandez as the presenter.

Deputy Treasurer Fernandez presented the following update:

- AB 1177 requires the Commission to conduct a study on or before July 1, 2024, to determine if it is feasible to implement the CalAccount program.
- In order to conduct the study, the Treasurer's Office hired a consultant and established a working group to come up with the Statement of Work.
- The Treasurer's Office requested feedback and comments from Commissioners and stakeholders, which were incorporated into the Statement of Work.
- The Treasurer's Office sent the Statement of Work to the Commission and made it available to the public but did not receive any additional comments from the Commissioners or from the public.
- The goal of the Treasurer's Office is to release the Request for Proposal in short order and bring a recommendation to the Commission to approve the contractor that will be conducting the Market Analysis in June.

Deputy Treasurer thanked the Commission and concluded his presentation.

Chair Henning thanked Deputy Treasurer Fernandez and asked if there were any public comments or questions on this item.

Hearing none, Chair Henning asked if there were any comments from the Commissioners on this item.

Chair Henning recognized Commissioner Gonzalez-Brito.

Commissioner Gonzalez-Brito asked whether the Commissioners will be approving the

Request for Proposal for the market analysis.

Deputy Treasurer Fernandez responded that the Commission will not be approving the Request for Proposal.

Chair Henning asked for additional questions or comments on this agenda item.

Hearing none, Chair Henning moved on to the next agenda item.

**Item #4 Presentation by Roosevelt Institute** **Information Item**

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Emily Roberts from the Roosevelt Institute presented to the Commission the following:

- As of 2021, 5% of Americans have no bank account at all and another 14% rely on costly alternatives.
- Unbanked households cite the financial burden imposed by traditional banks such as overdraft fees and minimum balance requirements as the reason for being unbanked or underbanked.
- Research from the Federal Reserve Bank of Boston finds that low-income individuals are significantly more likely to pay overdraft fees and black consumers are significantly more likely to pay any bank account fee at all.
- A field survey sent out to 106 bank branches of 12 banking companies across 5 highly populated CA counties found a prevalence of overdraft fee-based accounts, a reticence on the part of bank staff to disclose cheaper alternatives, and race and language disparities in access to information and equal treatment.
- In 60% of completed visits to the three largest banks in the sample, the bank employee mentioned an account with default overdraft protection costing about \$35 per overdraft, capped at three or four charges per day. Only two bank companies at a combined total of three locations were identified as offering customers a fully no fee, no minimum balance account.
- Fewer than 40% of visits to Bank On participating institutions resulted in bankers mentioning an account that was Bank On compliant.
- Canvassers of color and Spanish speaking canvassers were turned away from banks by staff far more than their white counterparts; 30% and 40% of the time respectively, compared to 4% of the time for white canvassers and 15% of the time for English only speaking canvassers.

Ms. Roberts thanked the Commission and concluded her presentation.

Chair Henning thanked Ms. Roberts and asked if there were any public comments on the phone.

Hearing none, Chair Henning asked if there were any public comments in the room.

Seeing none, Chair Henning asked if there were any comments from the Commissioners.

Chair Henning recognized Commissioner Robinson.

Chair Robinson asked if the statistics cited by Ms. Roberts were national and if so if she had

anything along those lines more specific to California.

Ms. Roberts clarified that the data cited earlier was national and in California almost 1 in 4 households in the state have insufficient access to banking services: 46% of all Black households, 41% of all Latinx households, 13% of Asian and API households are underbanked. People earning less than \$15 an hour make up about 80% of the state's unbanked.

Commissioner Robinson thanked Ms. Roberts.

Chair Henning asked if there were any further comments from the Commissioners.

Chair Henning recognized Commissioner Gonzalez-Brito.

Commissioner Gonzalez-Brito thanked the presenter for the information and her research related to access to banking services.

Chair Henning asked Ms. Roberts to clarify in what way a government bank would lead to faster transaction deposits.

Ms. Roberts responded that being part of the same network would be helpful, but it depends on how the system is set up. For example, a national program that directly connects individuals to government-backed bank accounts would eliminate any transfer speed. Ms. Roberts went on to say that it also brings more people into the system and connects them directly so that people wouldn't have to wait on a physical check when it came to things like their Covid-19 stimulus payments.

Chair Henning pointed out that the minimum wage in California is now \$15.50 and asked Ms. Roberts to clarify the data she cited using the \$15 minimum.

Ms. Roberts clarified that the data she has predates the \$15.50 minimum wage.

Chair Henning recognized Commissioner Shultz.

Commissioner Shultz thanked the Chair and asked whether the 14% of people that are underbanked, are using some other product or service outside of what is being discussed by this Commission or are those 14% potential CalAccount customers.

Ms. Roberts responded that those individuals do have some touch point to a formal banking institution, but they can't get all their needs met. So typically, that shows up in needing to go to payday lenders or check cashers.

Commissioner Shultz asked Ms. Roberts if she was aware of any jurisdictions that mandate a Bank On program for banks or credit unions within their jurisdiction.

Ms. Roberts responded that she was not aware of any jurisdictions with that mandate.

Chair Henning thanked the Commission and moved on to the next agenda item.

Chair Henning asked if there were any public comments from those in the room.

Seeing none, Chair Henning asked if there were any public comments from those on the phone.

Chair Henning thanked the Commission and adjourned the meeting.