

Cal Account Project Status Report

Status as of November 20, 2023	
Project Status	<ul style="list-style-type: none"> For Task 1 (survey), RAND is programming the survey and developing the accompanying recruitment materials. For Task 2 (landscape of banking options), RAND is conducting a pilot of the secret shopper call methodology to complete data collection for the database of traditional bank fees. For Task 3 (cost-benefit analysis), RAND has completed the initial portion of developing a cost-benefit matrix with respect to identifying potential cost categories and is continuing further refinement. For Task 4 (impact analysis), RAND is analyzing a completed analytical file using the FDIC <i>National Survey of Unbanked and Underbanked Households</i>. For Task 5 (operations analysis), RAND is planning for SME engagement by identifying SMEs. Staff on Tasks 3, 4, and 5 are collaborating on refining options for CalAccount structures that serve as inputs to analysis. Staff on Tasks 2, 4, and 5 are collaborating on SME engagements.
Risks & Issues	<ul style="list-style-type: none"> None
Upcoming Deadlines	<ul style="list-style-type: none"> Draft report due May 6, 2024 Final report due June 20, 2024

Project Schedule (pages 2-3):

Monthly Report	October 2023
	<ul style="list-style-type: none"> ○ Finished constructing a database of traditional banks and credit unions that operate in California and continued collecting account disclosures for all the banks and credit unions that operates in California as described in the Work Plan’s Task 2 description for September 2023. ○ Conducted a systematic literature review and used responses to the FDIC Survey and to the Federal Reserve Bank of Atlanta <i>Survey and Diary of Consumer Payment Choice</i> to document non-traditional/alternative banking and payment systems commonly used at-scale by the target population. ○ Started constructing a dataset on the costs of these non-traditional/alternative banking services by collecting data from the previously mentioned surveys as well as the Consumer Financial Protection Bureau (CFBP) prepaid product agreements database and the Infogroup Historical Business database. ○ RAND identified the need to collect primary data from non-traditional banking institutions as existing literature proved insufficient for generating a clear description of the costs to California’s un/derbanked population of nontraditional banking services. ● Task 3: Cost-benefit analysis. RAND developed the cost/benefit matrix and began the comparative evaluation of costs and benefits. Specifically, RAND: <ul style="list-style-type: none"> ○ Completed the literature scan that was initiated in the previous month. ○ Finalized the list of cost and benefit categories that make up the matrix. ○ Categorized the relative magnitude of each cost and benefit category based on available evidence to guide future analyses, indicating “high,” “medium,” and “low” magnitudes as well as “high” and “low” probabilities of costs being incurred. ○ Identified data sources or supporting documentation that can substantiate some cost and benefit categories. ● Task 4: Impact analysis. RAND continued to estimate how participation in the CalAccount Program impacts disparities and began to describe potential longer run benefits to low-income families and investigated the potential impact on banks. Specifically, RAND: <ul style="list-style-type: none"> ○ Created an analytical file using the FDIC <i>National Survey of Unbanked and Underbanked Households</i>. ○ Began to estimate existing disparities in banked rates using the analytical file created from the FDIC survey. ○ Began to review literature on the effects of cash transfer programs on long-term outcomes. ○ Began to review literature on the benefits of financial inclusion and disadvantages of using alternative financial services. ○ Began designing a template for subject matter expert discussions on the potential impact on banks in coordination with Task 5. ● Task 5: Operations assessment. RAND continued assessing the feasibility of the proposed structure. Specifically, RAND: <ul style="list-style-type: none"> ○ Continued reviewing the academic literature and legal requirements for the regulatory structure of each component of the proposed structure and study successful and unsuccessful cases for best practices and lessons learned. ○ Began using the review to describe key characteristics of key components that are relevant for feasibility.

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	<ul style="list-style-type: none"> ○ RAND is scheduled to attend the 11/9 Advisory Committee meeting to engage with the Advisory Committee to begin producing a plan to examine the feasibility of each key components. ○ Reviewed survey findings from other tasks (e.g., Task 2) to inform on potential requirements for feasibility. ○ Began constructing a dataset of related regulatory and policy examples (i.e., for identification and verification without a photo ID, of similar organization structures, for program outreach and enrollment) that can inform feasibility. ○ Ahead of schedule, completed the design of a template for subject matter expert discussions on feasibility in coordination with Task 4. <ul style="list-style-type: none"> ● Task 6: Project management. RAND presented an overview of the project at a meeting of the Advisory Committee on 10/12/23 and the monthly Blue Ribbon Commission on 10/19/23. RAND additionally presented on the methodology for the cost benefit analysis at the 10/26/23 Advisory Committee meeting. RAND and STO project leadership continued to hold weekly meetings to discuss project progress. We continued progress on the project’s application to RAND’s Human Subjects Protection Committee. 														
Project Budget	<p>The project has spent a total of \$197,098.18 across all six tasks for the period from 8/29/23 through 10/22/23:¹</p> <div style="text-align: center;"> <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>RAND CalAccount Monthly Billing Report (Total Project Budget: \$2,500,000)</caption> <thead> <tr> <th>Task</th> <th>Dollars Charged</th> </tr> </thead> <tbody> <tr> <td>Task 1</td> <td>\$28,000</td> </tr> <tr> <td>Task 2</td> <td>\$25,000</td> </tr> <tr> <td>Task 3</td> <td>\$15,000</td> </tr> <tr> <td>Task 4</td> <td>\$40,000</td> </tr> <tr> <td>Task 5</td> <td>\$24,000</td> </tr> <tr> <td>Task 6</td> <td>\$68,000</td> </tr> </tbody> </table> </div>	Task	Dollars Charged	Task 1	\$28,000	Task 2	\$25,000	Task 3	\$15,000	Task 4	\$40,000	Task 5	\$24,000	Task 6	\$68,000
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¹ RAND reports financial information on a biweekly basis that does not always align with calendar months.

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Upcoming Activities for November 2023	<ul style="list-style-type: none"> • Task 1: Survey of the un/derbanked. RAND will pilot the survey and data collection strategy. • Task 2: Landscape of banking options. RAND will finalize the database of traditional banks, continue constructing the dataset on the costs of non-traditional banking services, and collect detailed balance sheet information on FDIC insured institutions that operate in California. • Task 3: Cost-benefit analysis. RAND will develop the cost/benefit matrix, conduct the comparative analysis of costs and benefits, and conduct a quantitative cost/benefit analysis using hypothetical scenarios. • Task 4: Impact analysis. RAND will continue to estimate how participation in the CalAccount Program impacts disparities and to describe potential longer run benefits to low-income families. RAND will also begin to estimate immediate savings to low-income families, investigate potential impact on public safety, and investigate the potential impact on banks. • Task 5: Operations assessment. RAND will start considering modifications to the proposed structure. • Task 6: Project management. RAND will meet with and solicit advice as needed from the Advisory Committee. RAND and STO project leadership will continue to hold weekly meetings to monitor progress, troubleshoot issues, and share findings as they become available. RAND project leadership will not attend the monthly Commission meeting, as the November 2023 Commission meeting is cancelled.