Cal Account Project Status Report

	Status as of November 20, 2023
Project Status	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 National Survey of Unbanked and Underbanked Households.
	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	• None
Upcoming Deadlines	Draft report due May 6, 2024
	Final report due June 20, 2024

Project Schedule (pages 2-3):

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Project Administration												1																													
Project kick-off meeting												i																													
Draft work plan to STO																																									
Presentation to CalAccount Blue Ribbon Commission												i																													
RAND quality assurance for first round of findings and hearing briefing												Н																													
First public hearing												ij																													
RAND quality assurance for draft report and hearing briefing												H																													
RAND publications editing and layout												ij.																													
Finalize and deliver draft report to STO												i																													
Second public hearing												1																													
Feedback received from STO and public comment on draft report												i																													
nternal revisions												1																													
RAND quality assurance for final report												i																													
RAND publications editing and layout for final report																																									
Finalize and deliver final report to STO												ij																													
Provide technical support to STO as needed												i																													
Fask 1: Survey of the un/underbanked												i																													
1.1 Develop survey instrument												i i																													
1.2 Develop sampling plan												Н																													
1.3 Develop data collection strategy																																									
1.4 Translate survey												i																													
1.5 Program survey						I																																			
1.6 Pilot the survey and data collection strategy												ij																													
1.7 Revise survey and data collection strategy based on pilot findings																																									
1.8 Collect data												ij																													
1.9 Analyze survey data												н																													
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Task 2: Landscape of banking options												i																													
2.1 Identify available banking services to unbanked/underbanked																																									
2.2 Document the prevalence of overdraft/monthly fees & balance requirer	nents											ij																													
2.3 Assess the role and effects of ChexSystems																																									
2.4 Determine the costs of alternative options												ij																													
2.5 Investigate the presence and effectiveness of private sector competitor	s											Н																													
2.6 Examine the effects of historical redlining on current landscape				l																																					

Month	SEPTEMBER 2023			OCTOBER 2023				NOVE 20)23			2023	3		JANUARY 2024				FEBRUARY 2024				MARCH 2024			-			RIL 2	-			AY 20			NE 2	
Week	1	2	3 4	5	6	7	8	9 10	0 11	12	13	14	15 1	16 1	7 1	8 19	20	21	22	23	24	25	26	5 2	7 28	8 2	9 30	31	32	33	34	35	36	37 3	8 39	40	41
Task 3: Cost benefit analysis										H																											
3.1 Develop cost-benefit matrix										H																											
3.2 Conduct comparative evaluation of costs and benefits																																					
3.3 Conduct quantitative cost-benefit analysis using hypothetical scenarios										į																											
Task 4: Impact analysis										1																											
4.1 Estimate how participation in the CalAccount program impacts disparities										H																											
4.2 Estimate immediate savings to low-income families																																					
4.3 Describe potential longer run benefits to low-income families										1																											
4.4 Investigate potential impact on public safety										H																											
4.5 Investigate potential impact on banks										i																											
Task 5: Operations assessment																																					
5.1 Assess the feasibility of proposed structure																																					
5.2 Provide modifications to proposed structure to ease burden																																					
5.3 Structure the process of participating without a photo ID																																					
5.4 Assess the feasibility of board requirements																																					
5.5 Inform program outreach to encourage enrollment										i i																											
5.6 Identify appropriate regulatory structure for each component																																					
5.7 Identify appropriate governance of public-private partnership																																					

Monthly Report	October 2023
Project Progress	 Task 1: Survey of the un/derbanked. RAND continued developing the survey instrument and sampling plan. In coordination with the STO, RAND finalized the sampling protocol. Specifically, RAND: Coordinated with the STO and Advisory Committee to determine key issues relevant to the development of CalAccount that require data beyond what is included in the FDIC survey. Identified a sampling frame with adequate coverage of minority and low-income populations. RAND will finish appending contact information to the sampling frame for addresses on sampled census blocks in November. This will not cause project delays. Assessed the burden of completing the survey by determining the reading level of the survey. RAND made recommendations for simplifying the wording of survey items and reducing the overall length of the instrument. STO and the Advisory Committee reviewed the survey instrument and provided feedback. RAND incorporated that feedback into a revised instrument. Finalized the survey instrument. Task 2: Landscape of banking options. RAND continued constructing a database of the traditional banking services and the costs associated with these services. RAND also started the work needed to identify the landscape of non-traditional banking services that are available in California as well as the consumer costs associated with these services. Specifically, RAND:

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	 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 Survey and Diary of Consumer Payment Choice 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.
	o 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:
	Completed the literature scan that was initiated in the previous month. Simplifying 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: o Created an analytical file using the FDIC National Survey of Unbanked and Underbanked Households.
	 Created an analytical file using the FDIC National Survey of Unbanked and Underbanked Households. 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:
	o 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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	 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. 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	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 RAND CalAccount Monthly Billing Report (Total Project Budget: \$2,500,000) \$60,000 \$60,000 \$50,000 \$20,000 \$10

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	 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.