
SEPTEMBER 14, 2021

**AGENDA ITEM 3
INFORMATION ITEM**

SCHOLARSHARE INVESTMENT BOARD

Update on the California Kids Investment and Development Savings Program

Background

The California Kids Investment and Development Savings Program (CalKIDS or Program), California's statewide children's savings account (CSA) program, was established through the signing of Senate Bill 77 in July 2019. In July 2021, CalKIDS was significantly expanded through the signing of Assembly Bill 132. At this meeting, ScholarShare Investment Board (SIB) staff is providing the Board with an update on the most recent developments with the Program's development and implementation.

Presenter

Noah Lightman, Manager, CSA Initiatives, ScholarShare Investment Board



The first step toward college

California Kids Investment and Development Savings Program (CalKIDS)

ScholarShare Investment Board Meeting
September 14, 2021

Program Expansion

2019 Creation

- Design: All newborns regardless of income (universal). Opt-out CSA Program
- Investment: Provides every child born in California with a seed deposit of at least \$25 in a CalKIDS account
- Other Incentives: Authorizes progressive subsidies and additional financial incentives, if funding is available
- Funding: One-time \$25 million from state General Fund (GF)

2021 Expansion

- Design: Expands CalKIDS to include all first through 12th grade public school students who qualify for free or reduced lunch (low-income based on Local Control Funding Formula standards) from the start of the program. In year two and every year thereafter, all new incoming eligible first graders will be automatically enrolled
- Investment: Low-income public school students receive \$500 in an existing or new CalKIDS account. Foster youth and homeless pupils receive an additional \$500, for a maximum contribution of \$1,500.
- Funding: In current fiscal year, one-time appropriation of \$1.9 billion of state and federal funds (\$1.8 billion one-time federal American Rescue Plan Act of 2021 funds and \$91.7 million one-time state GF) to support first through 12th grade accounts and \$16 million GF ongoing to support deposits for newborns. In FY 2022-23, \$170 million ongoing GF to support deposits for first graders.

With approximately 450,000 babies born each year in California and 3.7 million low-income public school students currently enrolled in first through 12th grade, CalKIDS is expected to become the largest CSA program in the nation.

Status Updates

Newborns

- Data agreement near complete
- Investment strategy adopted
- Seed and incentive structure under review

School-Age

- Data agreement in progress
- Exploring mechanisms to identify subsets of student data
- Account structure and investment strategy pending

Entire Program

- Website live
- Statewide marketing and communications strategy in development
- Budget Change Proposal submitted, requesting increase in administrative and operational resources

Anticipated Launch Timeline

September 2021

- Update website and marketing materials to reflect program expansion
- Submit budget change proposal

December 2021

- Determine program design
- Coordinate data agreements

March 2022

- Complete all data agreements
- Adopt regulations
- Secure recordkeeping platform
- Finalize outreach agreements with partner organizations

June 2022

- Finalize notification materials
- Launch program by importing data and notifying families