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**SEPTEMBER 22, 2025**

**AGENDA ITEM  
ACTION ITEM 8**

**SCHOLARSHARE INVESTMENT BOARD**

*Resolution to Approve Changes to Regulations for the California Kids Investment and Development Savings Program*

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***Recommendation***

ScholarShare Investment Board (SIB or Board) staff recommend the Board adopt Resolution No. 2025-09 approving changes to the regulations for the California Kids Investment and Development Savings Program (CalKIDS or Program).

***Background***

SIB created regulations for the Program that were approved by the Board and formally adopted by the Office of Administrative Law (OAL) in August 2022. Since the Program's launch, SIB has pursued regulatory changes to align with implementation needs.

As a result, SIB staff recommend the following changes to the current CalKIDS regulations, as shown in Exhibit A, which will have the following benefits for the Program:

- Provide additional clarity around terms used and formal definitions.
- Offer guidance for Program participants and institutions of higher education for distributions.
- Provide additional instructions to aged-out Program participants who wish to submit an appeal for use of funds as authorized in state statute Education Code section 69996.3.

In developing these changes, SIB staff considered program learnings and feedback from institutions of higher education, particularly around processing distributions. SIB staff consulted with legal staff at the State Treasurer's Office, who concur with proposed changes to the regulations for CalKIDS.

If adopted by the Board, SIB staff will move forward with initiating the rulemaking action, which includes posting the proposed changes to the regulations for public comment and submittal to the OAL for approval.

***Presenter***

Noah Lightman, Manager, CSA Initiatives, ScholarShare Investment Board

**SCHOLARSHARE INVESTMENT BOARD  
RESOLUTION NO. 2025-09**

**RESOLUTION OF THE SCHOLARSHARE INVESTMENT BOARD  
RELATING TO THE APPROVAL OF UPDATED REGULATIONS  
FOR THE CALIFORNIA KIDS INVESTMENT  
AND DEVELOPMENT SAVINGS PROGRAM**

**WHEREAS**, the California Kids Investment and Development Savings Program (“CalKIDS” or the “Program”) and CalKIDS fund are established pursuant to Education Code sections 69996.1 and 69996.9, respectively;

**WHEREAS**, the ScholarShare Investment Board (the “SIB” or “Board”) was created under Education Code section 69980 et seq. (the “Golden State ScholarShare Trust Act” or “Act”);

**WHEREAS**, Section 69996.4(n) of the Education Code provides that the Board shall have the powers and authority to adopt regulations for the implementation and administration of the Program;

**WHEREAS**, Section 69996.3(d) of the Education Code provides that the Board shall establish rules and regulations regarding the establishment and operation of Program components;

**WHEREAS**, the initial Program regulations (“Regulations”) were approved by the California Office of Administrative Law (“OAL”) in August 2022;

**WHEREAS**, changes to the Regulations were previously approved by the Board and adopted by OAL in October 2024 to align with realized changes needed for implementation of the Program; and

**WHEREAS**, SIB staff is proposing additional changes to the Regulations to meet ongoing Program needs related to definitions, distributions, and the appeals process for Program participants age 26 and above.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby approves changes to the Regulations for CalKIDS as recommended by SIB staff and as shown in Exhibit A, and that the chair of the Board (“Chair”), any deputy to the Chair, and Executive Director are hereby authorized, for and on behalf of the Board:

1. To file such regulations, with the supporting documentation required by law, with the OAL in substantially the form submitted to the Board, subject to changes, as delegated to the Executive Director, for the purpose of incorporating public comments or those made by OAL which will further the Regulation objectives as described herein; and
2. To proceed with all requirements of the Administrative Procedure Act in conjunction with OAL, and
3. To take such actions, including making or causing to be made such changes to the Regulations as may be required for approval thereof by OAL, and to execute and deliver any and all documents that they may deem necessary or advisable in order to effectuate the purposes of this Resolution.

**BE IT FURTHER RESOLVED**, that this Resolution becomes effective upon its adoption by the Board.

Attest: \_\_\_\_\_  
Chairperson

Date of Adoption: \_\_\_\_\_

## **PROPOSED CHANGES ARE REFLECTED IN UNDERLINE AND STRIKETHROUGHS**

### **California Code of Regulations**

#### **Title 5: Education**

#### **Division 4.5: Scholarshare Investment Board**

#### **Chapter 3: California Kids Investment and Development Savings Program**

#### **Section 31010 Definitions Applicable to California Kids Investment and Development Savings Program**

- (a) The following definitions shall apply within this Chapter:
- (1) All definitions as stated in Education Code 69996.2.
  - (2) "CalKIDS Account" shall have the same meaning as "KIDS Account" as described in Education Code 69996.2.
  - (3) "Owner" means the ScholarShare Investment Board.
  - (4) "Financial Incentive" means any additional funds placed into a CalKIDS account not including a seed deposit or enhanced deposit.
  - (5) "Engage" means interacting with the CalKIDS Program by viewing a Beneficiary's CalKIDS Account, linking a ScholarShare 529 account to a CalKIDS Account, or taking an action which could illicit a financial incentive if funds are available.  
Note: Authority cited: Section 69996.4, Education Code. Reference: Section 69996.2, Education Code.
  - (6) "Register" means the parent, legal guardian, or Beneficiary has taken the appropriate steps to access their CalKIDS Account. The term "Register" may be interchangeably used with the term "Claim" for the purposes of Program implementation.

#### **Section 31016. Claims and ~~Withdrawal~~ Distribution Process**

- (a) A Beneficiary is eligible to file a ~~withdrawal claim~~ distribution on or after they reach the age of 17.
- (b) Each Beneficiary with a CalKIDS account must file a ~~withdrawal claim~~ distribution by the Beneficiary's 26<sup>th</sup> birthday.
- (c) Beneficiaries may file a ~~claim~~ distribution through the Program's online portal at [www.calkids.org](http://www.calkids.org), and providing all required information as follows:
- (1) Account name
  - (2) Amount to disburse
  - (3) Institution of higher education
  - (4) Student identification number from the selected institution of higher education
  - (5) A memo to be included on the check sent by the Program to the selected institution of higher education. The memo encourages the Beneficiary to include their phone number and email address.
- (d) Beneficiaries making a ~~withdrawal claim~~ distribution to use their funds shall self-certify on the online portal that they have resided in the state of California for at least one year immediately preceding the payment of qualified higher education expenses on the Beneficiary's behalf.
- (e) Beneficiaries making a ~~withdrawal claim~~ distribution on the Program's online portal shall authorize the Program to disclose, if necessary, personally identifiable information, including full name, date of birth, email address, phone number, residential and mailing address, and Statewide Student Identifier (SSID) with an institution of higher education

for the purpose of identifying the correct student account to credit when a CalKIDS check is received.

- (f) Beneficiaries making a ~~withdrawal claim~~ distribution on the Program's online portal shall self-certify they are enrolled as active students at the institution of higher education selected during the distribution request.
- (g) A Beneficiary, or a parent or legal guardian for a Beneficiary, may request the cancellation of a previously submitted ~~withdrawal claim~~ distribution by completing, signing, and submitting to the Board the "CalKIDS Check Cancellation Form" (Rev. October 2023), that is incorporated herein by reference.
- (h) The following shall be considered for when Beneficiaries use their funds through the distribution process:
  - (1) Beneficiaries can be in any status of the Satisfactory Academic Progress policy or the institution of higher education's academic policy to use CalKIDS funds.
  - (2) Beneficiaries must be enrolled and registered for at least one course at the institution of higher education in order to utilize CalKIDS funds. There is no unit minimum to satisfy this requirement and it may be either a graded course or a pass/fail course.
  - (3) Beneficiaries are not required to submit to the Board receipts of how they used their CalKIDS funds.
  - (4) Beneficiaries may apply the total of their CalKIDS funds to their current or future educational expenses, including existing balances held at the institution of higher education. Balances may include educational expenses previously incurred.
  - (5) If there is an existing balance at the institution of higher education for the Beneficiary, based on their prior enrollment the funds may be applied by the institution of higher education to the Beneficiary's existing balance. If there is no existing balance at the institution of higher education, and the Beneficiary is not enrolled for current or future terms, the institution may return the CalKIDS funds to the CalKIDS Program, and such funds shall be returned to the Beneficiary's CalKIDS account.
  - (6) If a Beneficiary reduces their enrollment to zero units before the institution of higher education's add / drop deadline, the following rules shall be applied:
    - (i) If the Beneficiary owes payment to the institution of higher education for current or prior academic terms, the CalKIDS funds may be treated as payment made by the Beneficiary towards the debt. If the Beneficiary requests to defer the utilization of their CalKIDS funds, the institution of higher education may, upon request by the Beneficiary, mail a check to the Program, and such funds shall be returned to the Beneficiary's CalKIDS account.
    - (ii) In cases where no payment is owed to the institution of higher education, and in the absence of an internal institutional policy regarding fund allocation, the institution of higher education may return the funds to the Program, and such funds shall be returned to the Beneficiary's CalKIDS account.
  - (7) If a Beneficiary reduces their enrollment to zero units after the institution of higher education's add / drop deadline, the following rules shall be applied.
    - (i) If the Beneficiary owes payment to the institution of higher education for current or prior academic terms, the CalKIDS funds may be treated as a payment made by the Beneficiary towards the debt. If the Beneficiary requests to defer the utilization of their CalKIDS funds, the institution of higher education may, upon request by the Beneficiary, mail a check to

- the Program, and such funds shall be returned to the Beneficiary's CalKIDS account.
- (ii) In cases where no payment is owed to the institution of higher education, and in the absence of an internal institutional policy regarding fund allocation, the institution of higher education may return the funds to the Program, and such funds shall be returned to the Beneficiary's CalKIDS account.
- (8) If the Beneficiary has no remaining unmet need as determined by the institution of higher education, the institution of higher education may return the funds to the CalKIDS Program for the Beneficiary's future use. Institutions of higher education may use the Free Application for Federal Student Aid, the California Dream Act Application, or alternative methods to determine unmet need. This shall not be interpreted or implemented in a manner inconsistent with state or federal law.
- (9) If the Beneficiary has not registered for courses at the institution of higher education or is waitlisted after the add / drop deadline, the institution of higher education may follow their own policies or return the funds to the Program, and such funds shall be returned to the Beneficiary's CalKIDS account.
- (10) If the Beneficiary obtains a withdrawal from the institution of higher education and did not complete any registered courses from the current or previous academic term, the CalKIDS funds shall be applied to the student's balance at the institution of higher education or returned to the Program if no balance exists, and such funds shall be returned to the Beneficiary's CalKIDS account.
- (11) CalKIDS funds may be used for retroactive payments to the institution of higher education if the funds are applied to a Beneficiary's existing balance at that institution. If the Beneficiary does not have an existing balance at the institution of higher education, those funds shall be returned to the Program.
- (12) CalKIDS funds cannot be used for admissions fees.
- (13) If the institution of higher education does not have its own definition of what constitutes an enrolled student, it may either hold onto the received CalKIDS funds for the particular Beneficiary for no more than 180-days or return the funds to the Program, and such funds shall be returned to the Beneficiary's CalKIDS account.
- (14) A Beneficiary may be dually enrolled in high school and an institution of higher education to use their CalKIDS funds for a qualifying higher education expense, so long as the student has reached the age of 17.
- (15) Institutions of higher education shall not apply CalKIDS funds to repay financial aid obligations that are owed by those institutions to financial aid sources on behalf of the Beneficiary and not the Beneficiary directly.

Note: Authority cited: Section 69996.4, Education Code. Section 69996.8, Education Code. Reference: Section 69996.3, Education Code. Section 69996.7, Education Code.

### **Section 31018. The Appeals Process**

- (a) A Beneficiary may appeal to use the moneys designated for the Beneficiary in a CalKIDS Account after the Beneficiary turns 26 years of age so long as they register their account prior to turning 26 years of age. In the event that a Beneficiary wishes to appeal the determination of their eligibility to claim CalKIDS Account funds, such an appeal shall be submitted ~~in writing~~ through the "CalKIDS Age-Based Appeal Form" (Rev. insert date), that is incorporated herein by reference and emailed to the Board at

Appeals@calkids.org with the subject line "CalKIDS Appeal" no later than 90 days after the Beneficiary's 26<sup>th</sup> birthday, ~~and shall include a signed and dated letter,~~ including appropriate documentation, explaining the extenuating circumstances of why the CalKIDS account funds could not be used until after the Beneficiary's 26<sup>th</sup> birthday. The Board will mail or email a written decision to the Beneficiary, including the reason for the decision, within thirty (30) days unless SIB notifies the Beneficiary of a different timeline.

- (b) In the event a Beneficiary is not satisfied with the resulting decision, the Beneficiary may request that the dispute be reviewed by the Executive Director of the Board. Such a request shall be in writing and shall be received by the Executive Director within thirty (30) days of the adverse decision. The Executive Director shall mail or email a written decision, and the reasons therefore, to the Beneficiary within thirty (30) days of the request for the review or such period as may be mutually acceptable. The decision of the Executive Director of the Board is the final administrative decision.

Note: Authority cited: Section 69996.4, Education Code. Reference: Section 69996.3, Education Code.