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An act to add Chapter 4 (commencing with Section 70115) to Part 42 of Division 5 of Title 3 of the Education Code, relating to student financial aid.



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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 4 (commencing with Section 70115) is added to Part 42 of Division 5 of Title 3 of the Education Code, to read:

## CHAPTER 4. CHILD SAVINGS ACCOUNT GRANT PROGRAM

70115. (a) There is hereby established the Child Savings Account Grant Program under the administration of the commission.

(b) The commission shall implement and administer the Child Savings Account Grant Program to support local governments and nonprofit organizations that sponsor or collaborate on one or more comprehensive citywide or regional child savings account programs.

70115.1. (a) Subject to an appropriation in the Budget Act, the commission shall distribute grants to qualifying entities based on how many of them are eligible to receive a grant pursuant to subdivisions (b) to (d), inclusive, the amount of available funding under the Child Savings Account Grant Program to award grants, the number of students that each participating entity intends to serve under the program, and the percentage of low-income families residing in the community served by each participating entity. The amount of each grant award to a participating entity shall be, at a minimum, one hundred thousand dollars (\$100,000). Funds appropriated in the Budget Act of 2019 for this purpose shall be available for encumbrance or expenditure by the commission until June 30, 2022.

(b) (1) The commission shall award a grant to a qualifying entity for one of the following purposes:

(A) For funding to initiate a new local child savings account program.

(B) For funding to expand an existing local child savings account program.

(2) Up to 74 percent of any appropriation to support the Child Savings Account Grant Program shall be expended pursuant to subparagraph (A) of paragraph (1).

(3) A minimum of 24 percent of any appropriation to support the Child Savings Account Grant Program shall be expended pursuant to subparagraph (B) of paragraph (1).

(4) Two percent of any appropriation to support the Child Savings Account Grant Program shall be used by the commission for outreach and administration of the program, to establish the Child Savings Account Grant Program Council pursuant to subdivision (d) of Section 70115.2, and to provide technical assistance to applicants pursuant to subdivision (b) of Section 70115.2.

(c) (1) A qualifying entity seeking a grant pursuant to subparagraph (A) of paragraph (1) of subdivision (b) shall meet all of the following requirements to receive the grant:

(A) Not have a local child savings account program in operation or under development.

(B) Seek the grant to establish a local child savings account program that primarily targets children who are 0 to 10 years of age, inclusive.

(C) Have or develop a plan to augment funding it receives under this chapter to provide continued financial support for its proposed program.



(D) Indicate in its application that its proposed program has the ability to require participants to enroll eligible students into the program or that the program has the ability to automatically enroll eligible students.

(2) (A) The commission shall give grant priority to an applicant meeting the qualifications described in paragraph (1) based upon the following:

(i) Higher percentages of students in the local program's geographic region who are eligible to receive free or reduced-price meals.

(ii) Lower average and median incomes of families living in the local program's geographic region.

(iii) Lower college-going rates for students in the local program's geographic region.

(iv) A higher amount of funding secured, or planned to be secured, through local budget commitments, philanthropy, or other funding sources.

(v) Greater fiscal soundness of the applicant's long-term plan to sustain its local program.

(vi) A higher number of children who would have access to a college savings account under the local program.

(vii) The extent to which the applicant has a more detailed and effective plan to inform local families about the importance of establishing a college savings account, provide local families with college savings fiscal literacy assistance, and establish a college-going culture.

(B) The commission shall give grant priority to an applicant meeting the qualifications described in paragraph (1) that has a plan to invest a minimum of one hundred dollars (\$100), through a combination of initial deposits and incentive payments, into each college savings account opened under the local program.

(d) (1) A qualifying entity seeking a grant pursuant to subparagraph (B) of paragraph (1) of subdivision (b) shall meet all of the following requirements to receive the grant:

(A) Have a local child savings account program in operation or under development that primarily targets children who are 0 to 10 years of age, inclusive.

(B) Have moneys, in addition to grants received under this chapter, to support its program.

(C) Indicate in its application that its program has the ability to require participants to enroll eligible students into the program or that the program has the ability to automatically enroll eligible students.

(2) (A) The commission shall give grant priority to an entity meeting the qualifications of paragraph (1) based upon the following:

(i) Higher percentages of students in the local program's geographic region who are eligible to receive free or reduced-price meals.

(ii) Lower average and median incomes of families living in the local program's geographic region.

(iii) Lower college-going rates for students in the local program's geographic region.

(iv) A higher amount of funding secured through local budget commitments, philanthropy, or other funding sources.

(v) A greater proportion of families that contribute their own funds to existing college savings accounts under the local program.



(vi) A higher total amount of funds saved for the local program.  
 (vii) A higher number of outreach events demonstrated by the applicant in its application to cultivate a college-going culture and encourage contributions to child savings accounts.

(viii) Greater innovation and more soundness to expand the local program.

(B) The commission shall give grant priority to an applicant meeting the qualifications described in paragraph (1) that has a plan to invest a minimum of one hundred dollars (\$100), through a combination of initial deposits and incentive payments, into each child savings account opened under the local program.

(e) The commission shall adopt, as necessary, application procedures, forms, administrative guidelines, and other requirements for purposes of implementing and administering the Child Savings Account Grant Program.

70115.2. (a) The commission shall use the majority of the 2 percent allocated for purposes of paragraph (4) of subdivision (b) of Section 70115.1 to provide outreach to potential grantees, to review, score, and select grantees, and to oversee and evaluate grant implementation. The commission shall give outreach priority to underrepresented regions of the state that are not already offering a local child savings account program.

(b) The commission shall provide technical assistance to applicants that includes, but is not necessarily limited to, developing a toolkit for qualifying entities seeking to successfully launch a new local child savings account program, establishing a working group of grantees to share best practices, and assisting qualifying entities that are not offering a local child savings account program in developing an application to receive a grant.

(c) The commission shall encourage potential applicants to use the technical assistance made available by the commission to develop their program plans.

(d) (1) The Child Savings Account Grant Program Council is hereby established to advise the commission and grantees on topics that include, but are not necessarily limited to, all of the following:

(A) The development of systems and infrastructure to facilitate the successful implementation and operation of local child savings account programs.

(B) Outreach and coordination with local child savings account programs.

(C) Incentives to assist in the development of sustainable and expandable local child savings account programs.

(D) Strategies to minimize grantees' administrative fees and to cap administrative costs to better ensure that local child savings account programs are of low or no cost to participants.

(E) Contribution strategies, including recordkeeping and cash deposit strategies.

(F) The development of strategies to address local child savings account program accessibility issues, such as language barriers, identification of eligible students, and banking access.

(2) The Child Savings Account Grant Program Council may include representatives of the Governor's office, the commission, successful local child savings account programs, experts in relevant fields such as taxation, savings, and outreach, and interested researchers.



## LEGISLATIVE COUNSEL'S DIGEST

Bill No. \_\_\_\_\_  
as introduced, \_\_\_\_\_.  
General Subject: Child Savings Account Grant Program.

Under existing law, the segments of postsecondary education in this state are the University of California, the California State University, the California Community Colleges, independent institutions of higher education, and private postsecondary educational institutions. Existing law establishes the Student Aid Commission as the state agency primarily responsible for the administration and coordination of student financial aid programs at California postsecondary educational institutions.

This bill would establish the Child Savings Account Grant Program under the administration of the commission to support local governments and nonprofit organizations to establish or expand local child savings account programs. Subject to an appropriation by the Legislature in the Budget Act, the bill would require the commission to provide grants to applicants meeting prescribed requirements for purposes of establishing or expanding local child savings account programs, as specified. The bill would require the commission to provide technical assistance to grant applicants, as specified. The bill would establish the Child Savings Account Grant Program Council to advise the commission and grantees on topics pertaining to local child savings account programs. The bill would provide that funds appropriated in the Budget Act of 2019 for the Child Savings Account Grant Program shall be available for encumbrance or expenditure by the commission until June 30, 2022.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

