
MARCH 28, 2022

**AGENDA ITEM 1
ACTION ITEM**

SCHOLARSHARE INVESTMENT BOARD

Resolution to Approve Account Structure for School-Age Beneficiaries for the California Kids Investment and Development Savings Program

Recommendation

ScholarShare Investment Board (SIB or Board) staff recommend the Board adopt Resolution No. 2022-06 approving the account structure for the school-age beneficiaries of the California Kids Investment and Development Savings Program (CalKIDS or Program).

Background

CalKIDS, 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. The expanded Program requires the Board to enroll eligible first through 12th grade public school students, as identified by the Local Control Funding Formula (LCFF), in fiscal year 2021-2022, and eligible first grade public school students, as identified by LCFF in fiscal year 2022-2023, and each subsequent year. CalKIDS is currently in development and preparing for launch.

Statute authorizes the Board to invest funds held in CalKIDS accounts within ScholarShare 529 (Plan), or other savings plan options, as determined by the Board. In evaluating the student population required to enroll in the Program, along with statutory requirements and the Program's goals and objectives, SIB staff, in consultation with the ScholarShare 529 Plan Manager, is providing its proposed CalKIDS account structure for the school-age beneficiaries as outlined below.

- Funds allocated for CalKIDS school-age beneficiaries in grades 10 – 12 would be held in a non-529 School-Age Distribution Cohort Account outside of the Plan. At Program launch only, funds allocated for CalKIDS school-age beneficiaries in grade 9 would also be held in this account.
- Funds allocated for CalKIDS school-age beneficiaries in grades 1 – 8 would be held in a School-Age Cohort Account to be determined by the Board at a future date. SIB will continue to explore account structure options to align the investment objectives with this particular population.

SIB's Plan Manager has reviewed the proposed account structure for the CalKIDS school-age beneficiaries and find it to be sound and appropriate to meet the objectives of the Program at this time. Therefore, SIB staff recommends the Board approve the proposed account structure as outlined above for the school-age beneficiaries for CalKIDS.

Presenters

Julio Martinez, Executive Director, ScholarShare Investment Board
Noah Lightman, Manager, CSA Initiatives, ScholarShare Investment Board

RESOLUTION NO. 2022-06

RESOLUTION OF THE SCHOLARSHARE INVESTMENT BOARD RELATING TO THE ACCOUNT STRUCTURE FOR THE SCHOOL-AGE BENEFICIARIES OF 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(c) of the Education Code provides that the Board shall have the powers and authority to cause moneys in the program fund to be held and invested and reinvested;

WHEREAS, Section 69996.3(f) of the Education Code provides that the Board shall establish one or more accounts (the “accounts”) and shall make a separately accounted-for seed deposit from the CalKIDS fund into a KIDS Account established within a ScholarShare 529 account or other child savings plan in an amount determined by the Board; and

WHEREAS, the SIB staff reviewed the goals and objectives of the Program, state and federal law, and, in consultation with the ScholarShare 529 Plan Manager, developed an account structure for the school-age beneficiaries that meets the needs of the Program, as outlined below:

- Funds allocated for CalKIDS school-age beneficiaries in grades 10 – 12 would be held in a non-529 School-Age Distribution Cohort Account outside of the Plan. At Program launch only, funds allocated for CalKIDS school-age beneficiaries in grade 9 would also be held in this account.
- Funds allocated for CalKIDS school-age beneficiaries in grades 1 – 8 would be held in a School-Age Cohort Account to be determined by the Board at a future date. SIB will continue to explore account structure options to align the investment objectives with this particular population.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the account structure for the school-age beneficiaries of CalKIDS, as recommended by SIB staff.

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

Attest: _____
Chairperson

Date of Adoption: _____