

Date of Hearing: April 23, 2024

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Alex Lee, Chair

AB 2508 (McCarty) – As Amended April 1, 2024

**SUBJECT:** Student financial aid: California Kids Investment and Development Savings (KIDS) Program: foster youth

**SUMMARY:** Expands eligibility for the California Kids Investment and Development Savings (CalKIDS) Program to include foster youth who are identified in grades 1-12. Specifically, **this bill:**

- 1) Requires, commencing with the 2025-26 fiscal year, and subject to an appropriation by the Legislature, through the CalKIDS Program, both of the following to occur:
  - a) Each pupil who is a foster youth and is enrolled in any of grades 1-12, inclusive, at a school district, public charter school, state special school, or other local educational agency (LEA), to have a California Kids Investment and Development Savings (KIDS) Account opened on their behalf, unless their account has already been established, and to receive an enhanced deposit of an additional \$500; and,
  - b) Each foster youth, as described in a) above, who did not previously receive a deposit in their KIDS Account, to further receive an enhanced deposit of \$500 in addition to the deposit described in a) above.
- 2) Specifies that upon receiving an enhanced deposit pursuant to 1) above in any fiscal year, a pupil is not eligible for an enhanced deposit, as described in 1) above, in any subsequent fiscal year.
- 3) Requires, for pupils for whom a KIDS Account has already been established and who are also eligible for an enhanced deposit, the enhanced deposit to be deposited in the KIDS Account in which funding for that pupil is currently held.
- 4) Permits a pupil who has already received an enhanced deposit into their KIDS Account or a pupil who receives an enhanced deposit due to their status as a homeless pupil, to also receive enhanced deposits commencing with the 2025-26 fiscal year.
- 5) Requires the ScholarShare Investment Board (SIB), commencing with the 2025–26 fiscal year, to collaborate with the California Department of Education (CDE) to establish a process to enable a foster youth pupil who met the specified eligibility criteria to receive an enhanced deposit into their KIDS Account, but who did not receive this enhanced deposit due to a failure in the identification process, to subsequently receive the enhanced deposit.
- 6) Requires the annual report that is submitted to the Department of Finance and the Legislature pertaining to implementation, also include:
  - a) The number of pupils who received augmented payments based on status as foster youth or homeless pupils;

- b) A disaggregation of the number of parents or legal guardians of pupils who received augmented payments based on status as foster youth or homeless pupils who engage with KIDS Accounts; and,
  - c) Efforts to reach foster youth within the description of the SIB's marketing of the CalKIDS Program.
- 7) Requires any marketing efforts developed by the SIB to include specific strategies to reach foster youth.

**EXISTING LAW:**

- 1) Establishes the CalKIDS Program, under the administration of the SIB, for purposes of expanding access to higher education through savings and specifies the following:
  - a) Required, for the 2021-22 fiscal year, a KIDS Account be established for all unduplicated pupils enrolled at a school district, public charter school, state special school, or other LEA, if one had not already been established for them, and required the account to receive an enhanced deposit of \$500;
  - b) Required, for the 2021-22 fiscal year, an eligible pupil who is also a foster youth, as defined, to receive an additional enhanced deposit of \$500;
  - c) Required, commencing with the 2022-23 fiscal year, a KIDS Account to be opened for all unduplicated pupils enrolled at a school district, public charter school, state special school, or other LEA when the pupil is enrolled in first grade, if an account had not already been established for them, and required the account to receive an enhanced deposit of \$500;
  - d) Required, commencing with the 2022-23 fiscal year, that an eligible first grade pupil who is also a foster youth, as defined, to receive an additional enhanced deposit of \$500; and,
  - e) Authorizes the SIB to consider marketing the CalKIDS Program to California residents, as provided, and requires the SIB to annually report to the Department of Finance and the Legislature information pertaining to the program's implementation, as provided. (Education Code [EDC] § 69996.5 *et seq.*).
- 2) Required each pupil enrolled in grades 1-12 on CDE's official census day in the 2021-22 fiscal year who met the requirements to be considered an unduplicated pupil and who was enrolled at a school district, public charter school, state special school, or other LEA, to have a KIDS Account established on the pupil's behalf, unless the pupil's KIDS Account has already been established, and receive an enhanced deposit into the pupil's KIDS Account in the amount of \$500. (EDC 69996.9 § (a)(1)(A))
- 3) Required, in addition to the amount allocated pursuant to 2) above, the KIDS Account of each eligible pupil who is also a foster youth, as defined, to receive an enhanced deposit of an additional \$500. (EDC 69996.9 § (a)(1)(B))
- 4) Required, in addition to the amount allocated pursuant to 2) and 3) above, the KIDS Account of each eligible pupil who is also a homeless pupil meeting the definition of "homeless

children and youths” as defined in the federal McKinney-Vento Homeless Assistance Act, to receive an enhanced deposit of an additional \$500. (EDC § 69996.9(a)(1)(C))

- 5) Specified that commencing with the 2022-23 fiscal year, through the CalKIDS Program, all of the following were required to occur:
  - a) Each pupil who met all of the following conditions had a KIDS Account opened on their behalf, unless their account has already been established, and received an enhanced deposit into their KIDS Account in the amount of \$500:
  - b) The pupil is enrolled in first grade on CDE’s official census day in the applicable fiscal year;
  - c) The pupil meets the requirements to be considered an unduplicated pupil; and,
  - d) The pupil is enrolled at a school district, public charter school, state special school, or other LEA. (EDC § 69996.9(a)(2)(A))
- 6) Specified that in addition to the amount allocated pursuant to 5) above, the KIDS Account of each pupil who met the requirements of 5) above, and is also a foster youth, as defined, shall receive an enhanced deposit of an additional \$500. (EDC § 69996.9(a)(2)(B))
- 7) Specified that in addition to the amount allocated pursuant to 5) and 6) above, the KIDS Account of each pupil who met the requirements of 5) above and is also a homeless pupil under the definition of “homeless children and youths” in the federal McKinney-Vento Homeless Assistance Act shall receive an enhanced deposit of an additional \$500. (EDC § 69996.9(a)(2)(C))
- 8) Defines “foster child” to mean any of the following:
  - a) A child who has been removed from their home and taken into temporary custody;
  - b) A child who is the subject of a petition, as defined, whether or not the child has been removed from their home;
  - c) A dependent child of the court of an Indian tribe, consortium of tribes, or tribal organization who is the subject of a petition filed in the tribal court pursuant to the tribal court’s jurisdiction in accordance with the tribe’s law; or,
  - d) A child who is the subject of a voluntary placement agreement, as defined. (EDC § 48853.5(a))

**FISCAL EFFECT:** Unknown, this bill has not been analyzed by a fiscal committee.

**COMMENTS:**

**Background:** *CalKIDS* is a California state program that helps children save for college or career training after high school. Children born in California on or after July 1, 2022, are all awarded a CalKIDS college savings account with an initial deposit in it.

CalKIDS was enacted in the 2019-20 Budget Act, and was designed to expand access to higher education through savings with tools like ScholarShare 529, which is California's official tax-advantaged college savings plan. CalKIDS is administered by the SIB, within the State Treasurer's Office, and was initially established to automatically provide newborns in California with college savings accounts, including seed deposits and other potential financial rewards.

Since its enactment, CalKIDS has been significantly expanded to also include low-income public school students in grades 1-12. First graders who are identified as low-income receive an additional \$500, and first graders who are foster youth or homeless receive an additional \$500 augmentation in their account. Currently, they must be in first grade when they are identified to receive an additional \$500 deposit. If a student becomes a foster child as a fifth grader, for example, they will have missed the chance to benefit from the augmented deposit for foster youth through the CalKIDS Program.

Currently, in order for a foster youth to be eligible for the extra funding, they must be identified in the first grade. However, approximately 46% of foster youth enter the system after six years of age. The average age of a foster child entering foster care is between seven and eight years of age, which means almost half of foster children enter the foster care system after first grade - leaving them ineligible to receive the extra funding in their KIDS accounts. This bill will ensure foster children will be eligible for the extra \$500, regardless of when they entered the system.

*Child Welfare Services.* The purpose of California's child welfare services system is to protect children from abuse and neglect and provide for their health and safety. When children are identified as being at risk of abuse, neglect or abandonment, county juvenile courts hold legal jurisdiction; these children are served by the child welfare system through the appointment of a social worker. Through this system, there are multiple opportunities for the custody of the child, or their placement outside of the home, to be evaluated, reviewed and determined by the judicial system, in consultation with the child's social worker, to help provide the best possible services to the child. The child welfare system seeks to help children who have been removed from their homes reunify with their parents or guardians, whenever appropriate. However, the court may determine that an alternate permanent placement is more fitting and give preference to relatives or nonrelative extended family members. As of January 1, 2024, there are 43,633 youth between birth and 20 years of age in foster care.

**Author's Statement:** According to the Author, "College saving accounts are one of the best, proven ways of increasing the likelihood that a student will go to college. An overwhelming majority of foster youth want to attend college, but only a small fraction of them will get to due to the high costs of higher education. CalKIDS is an incredible program that provides all California public students with a College Savings Account. [This bill] ensures that all foster youth will be able to fully benefit from the CalKIDS program, by guaranteeing they receive an additional \$500 in their accounts."

**Equity Implications:** Research included in a 2017 policy brief put together by the John Burton Advocates for Youth (JBAY) shows that 93% of foster youth want to attend college, but only 10% will graduate with a 2-year or 4-year degree by 23 years of age. Foster youth are some of the most vulnerable students who need additional services and programs to further their education. College savings accounts are one of the best, proven ways of increasing the likelihood that a student will go to college. Even with savings of less than \$500, a child is 25% more likely to enroll in college and 64% more likely to graduate than a child with no savings. The provisions

of this bill seek to make secondary education more accessible to foster youth regardless of when they entered the system.

**Double referral:** This bill was previously heard in the Assembly Higher Education Committee on April 9, 2024, and was approved on consent with an 11-0 vote.

**RELATED AND PRIOR LEGISLATION:**

*SB 77 (Committee on Budget and Fiscal Review), Chapter 53, Statutes of 2019*, established the CalKIDS Program.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

John Burton Advocates for Youth (Sponsor)  
Alameda County Office of Education  
Alliance for Children's Rights  
California Alliance of Caregivers  
California Alliance of Child and Family Services  
California Child Savings Account Coalition  
California Competes: Higher Education for A Strong Economy  
California Federation of Teachers AFL-CIO  
CASA of Los Angeles  
Children Now  
Children's Law Center of California  
City College of San Francisco - Guardian Scholars Program  
Clovis Community College - EOPS  
East Bay Children's Law Offices  
Excite Credit Union  
Fullerton College - FYSI Program  
Haven of Hope  
Los Angeles County Office of Education  
National Center for Youth Law  
Northern California College Promise Coalition  
Office of The Riverside County Superintendent of Schools  
Optimist Youth Homes & Family Services  
Orangewood Foundation  
Oxnard College - EOPS  
San Diego Youth Services  
SchoolHouse Connection  
Seneca Family of Agencies  
Skyline College  
Students Rising Above  
TLC Child and Family Services Transition Age Youth Housing Programs  
Woodland Community College Foster & Kinship Care Education

**Opposition**

None on file.

**Analysis Prepared by:** Jessica Langtry / HUM. S. / (916) 319-2089