

October 4, 2022

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 22-79

The purpose of this All County Welfare Directors Letter is to provide County Welfare Departments with guidance on treatment of California Kids Investment and Development Savings (CalKIDS) Program accounts with regards to California Work Opportunity and Responsibility to Kids (CalWORKs), CalFresh, Housing and Homelessness Programs, Child Care and Development Programs, Refugee Cash Assistance/Entrant Cash Assistance, Trafficking and Crime Victims Assistance Program, Supplemental Security Income/State Supplementary Payment (SSI/SSP), and Cash Assistance Program for Immigrants (CAPI) program eligibility.



KIM JOHNSON
DIRECTOR

CALIFORNIA HEALTH & HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
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GAVIN NEWSOM
GOVERNOR

October 4, 2022

ALL COUNTY LETTER NO. 22-79

TO: ALL COUNTY WELFARE DIRECTORS
ALL CALWORKS PROGRAM SPECIALISTS
ALL CALFRESH PROGRAM SPECIALISTS
ALL CONSORTIA REPRESENTATIVES
ALL COUNTY CHILD CARE COORDINATORS
ALL QUALITY CONTROL PROGRAM COORDINATORS
ALL CASH ASSISTANCE PROGRAM FOR IMMIGRANTS
MANAGERS

SUBJECT: TREATMENT OF CALIFORNIA KIDS INVESTMENT AND
DEVELOPMENT SAVINGS (CALKIDS) PROGRAM ACCOUNTS

REFERENCE: [FOOD AND NUTRITION ACT OF 2008](#);
[TITLE 26 - INTERNAL REVENUE CODE § 529](#);
[H.R. 1319 AMERICAN RESCUE PLAN ACT OF 2021](#);
[7 CODE OF FEDERAL REGULATIONS \(CFR\) § 273.8\(E\)\(20\)](#);
[7 CFR § 273.9\(c\)](#); [EDUCATION CODE \(EDC\) SECTION 69996](#);
[WELFARE AND INSTITUTIONS CODE \(WIC\) SECTION 18940](#);
[WIC SECTION 11450\(F\)\(3\)\(A\)\(ii\)](#); [WIC SECTION 11330.5](#);
[ASSEMBLY BILL \(AB\) 1785 \(CHAPTER 121, STATUTES OF 2018\)](#); [AB 132 \(CHAPTER 144, STATUTES OF 2021\)](#);
[SENATE BILL \(SB\) 77 \(CHAPTER 53, STATUTES OF 2019\)](#);
[SB 169 \(CHAPTER 262, STATUTES OF 2021\)](#);
[CALWORKS HOMELESS ASSISTANCE \(HA\) PROGRAM FACT SHEET](#); [CALWORKS HOUSING SUPPORT PROGRAM \(HSP\) FACT SHEET](#);
[TITLE 5 CALIFORNIA CODE OF REGULATIONS \(CCR\) § 18078](#);
[POLICY OPERATIONS MANUAL SYSTEM \(POMS\) SECTION SI 01140.150](#);
[MANUAL OF POLICIES AND PROCEDURES \(MPP\) SECTION 42-201.1](#); [MPP SECTION 44-101\(A\)](#); [MPP SECTION 44-102](#);
[MPP SECTION 44-211.521](#); [MPP SECTION 44-211.53](#);
[MPP SECTION 69-201.4](#); [MPP SECTION 69-301](#); AND
[MPP SECTION 70-105](#)

The purpose of this All County Welfare Directors Letter (ACWDL) is to provide County Welfare Departments (CWDs) with information regarding California Kids Investment and Development Savings (CalKIDS) Program accounts and their impacts on California Work Opportunity and Responsibility to Kids (CalWORKs), CalFresh, Housing and Homelessness Programs, Child Care and Development Programs, Refugee Cash Assistance (RCA)/Entrant Cash Assistance (ECA), Trafficking and Crime Victims Assistance Program (TCVAP), Supplemental Security Income/State Supplementary Payment (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI) program eligibility.

Background

In 2019, the passage of SB 77 provided a one-time state funding to create CalKIDS, a qualified scholarship program as defined in Section 117 of the Internal Revenue Code that opens a college savings account for every newborn child in California regardless of income. CalKIDS will provide an initial seed deposit of at least \$25 in each savings account and other potential financial awards to participants.

In 2021, the passage of the American Rescue Plan Act and AB 132 provided additional federal and state funding to establish CalKIDS as an ongoing program. The bill significantly expanded the program to include an additional 3.7 million low-income public school students in grades 1 through 12 who qualify for free or reduced lunch, are homeless, or are in foster care. Eligible students identified by the Local Control Funding Formula (LCFF) will receive an initial seed deposit of \$500, along with additional contributions if they are identified as foster youth and/or homeless. Later in 2021, the passage of SB 169 further clarified eligibility for CalKIDS to include students attending state special schools.

CalKIDS was implemented on July 1, 2022. Subject to available funding, CalKIDS accounts will be established for all California children born on or after July 1, 2022 and eligible students identified by LCFF enrolled in grades 1 through 12. Additional information on the program can be found on the [CalKIDS website](#).

College Savings and CalKIDS Accounts

Children's savings accounts (CSAs) allow families to save and invest money for their children's future higher education expenses. Savings withdrawn from a CSA program that utilizes a 529 college savings account as its savings vehicle, such as CalKIDS, are not subject to federal or state taxes if they are used for qualified higher education expenses, such as tuition, certain room and board costs, school fees, books, computer equipment, and other supplies.

CalKIDS will provide each California newborn and eligible students enrolled in first through twelfth grade a CalKIDS account with an initial deposit and possible financial incentives:

- Newborn participants will have a seed deposit amount of \$25. Additional financial incentives are provided for registering on the CalKIDS Parent Portal and linking an existing or new ScholarShare 529 college savings account to a CalKIDS account.
- Eligible low-income public-school students in grades 1-12 will have a seed deposit amount of \$500. An additional \$500 will be deposited if the student identifies as foster youth and/or homeless, for a maximum deposit amount of \$1,500.

The CalKIDS accounts are administered by the ScholarShare Investment Board, an agency of the State of California and chaired by the State Treasurer and will be invested in the state's ScholarShare 529 college savings plan and an external funding agreement. Households with CalKIDS accounts will not have direct access to the funds in the account. Instead, the funds will be distributed directly to the higher education institutions on behalf of the participants to pay for qualifying higher education expenses.

Impact of CalKIDS Accounts on CalWORKs

The [EDC Section 69996.7\(b\)](#) states the assets and money allocated to the individual CalKIDS accounts are owned by the State. Pursuant to [MPP Section 42-201.1](#), [MPP Section 44-101\(a\)](#) and [MPP Section 44-102.1](#), funds that are not available to the Assistance Unit (AU) are not counted as income or resources for CalWORKs purposes. Any funds, including funds deposited and investment returns, originating from a CalKIDS account will not be considered in the eligibility determination or grant calculation for CalWORKs applicants or recipients.

Impact of CalKIDS Accounts on CalFresh/California Food Assistance Program

For CalFresh and California Food Assistance Program (CFAP) eligibility purposes, CalKIDS accounts must be excluded from income and resources entirely.

Per [7 CFR 273.9\(c\)\(19\)](#), the State may choose to exclude any types of income for CalFresh that are excluded for CalWORKs. As described in the CalWORKs section of this letter, CalKIDS accounts are excluded from income for CalWORKs purposes. Therefore, CalKIDS accounts are also excluded from income for CalFresh and CFAP eligibility purposes.

Under [7 CFR Section 273.8\(e\)\(20\)](#), funds in a 529 college savings account are excluded from resource considerations for CalFresh. Additionally, the [EDC Section 69996.7\(b\)](#) states that “all assets of the fund and moneys allocated to individual KIDS Accounts” are to be owned by the State until they are used for qualified higher education purchases. Therefore, any amount in a CalKIDS account, including funds deposited and investment returns, are to be excluded as a resource.

Impact of CalKIDS Accounts on Housing and Homelessness Programs

Access to the [CalWORKs Homeless Assistance Program \(HA\)](#) and the [CalWORKs Housing Support Program \(HSP\)](#) is tied directly to CalWORKs eligibility, and the rules described above for treatment of CalKIDS accounts and funds in CalWORKs would apply to HA and HSP. Temporary HA is available to eligible CalWORKs applicants or recipients who are experiencing homelessness. Permanent HA is also available to CalWORKs recipients who are at risk of homelessness or need assistance to secure new housing ([WIC Section 11450\(f\)\(3\)\(A\)\(ii\)](#), [MPP Section 44-211.521](#), and [MPP Section 44-211.53](#)). Additionally, CalWORKs HSP may be available to families experiencing or at-risk of homelessness in the CalWORKs program ([WIC Section 11330.5](#)). More information on HA and HSP can be found on the [CDSS Housing and Homelessness Programs](#) website.

More broadly, counties shall not consider CalKIDS income when determining eligibility for assistance provided by other Housing and Homelessness Programs, including Project Roomkey/Homelessness COVID Response, Bringing Families Home, and the Housing and Disability Advocacy Program.

Impact of CalKIDS Accounts on Child Care and Development Programs

Access to CalWORKs Stage 1 Child Care is directly tied to CalWORKs eligibility, and the rules described above for treatment of CalKIDS accounts and funds in CalWORKs would apply to Stage 1 Child Care. With regard to other child care and development programs, the assets and money allocated to the individual CalKIDS accounts are owned by the State pursuant to [EDC Section 69996.7\(b\)](#) and are not considered countable income per [Title 5 of the California Code of Regulations \(CCR\) Section 18078\(a\)\(3\)](#). CalKIDS funds that are withdrawn and not utilized for educational purposes may be considered countable income if not excluded on some other basis.

Impact of CalKIDS on RCA/ECA and TCVAP

In accordance to [MPP Section 69-201.4](#), the RCA Program follows the income and assets eligibility and administration rules of the CalWORKs program unless specifically superseded by RCA regulations. In addition, per [MPP Section 69-301](#) and [MPP Section 70-105](#) respectively, the eligibility criteria for ECA and TCVAP Cash Assistance

benefits shall be the same as those for RCA, with certain exceptions. These CalWORKs regulations regarding the treatment of CalKIDS accounts and funds also apply to RCA, ECA, and TCVAP recipients.

Impact of CalKIDS Accounts on SSI/SSP^[1]

Per [POMS SI 01140.150](#), qualified tuition programs (QTPs), including Section 529 Plans such as the CalKIDS accounts, are not considered a resource for the beneficiary. Rather, they are a resource to the owner of the account. Since the State of California owns the CalKIDS accounts ([EDC Section 69996.7\(b\)](#)), they are not considered a resource when determining eligibility for SSI/SSP. Distributions that are used for educational expenses of the designated beneficiary are excluded as a resource in the month received, and if retained beyond the month of receipt, they are excluded for 9 months beginning with the month of receipt ([POMS SI 01140.150\(D\)\(3\)](#)). However, since the funds will be distributed directly to the higher education institutions on behalf of the participants to pay for qualifying higher education expenses and not retained by the beneficiary, the distributions will likewise not be considered a resource to the beneficiary.

Impact of CalKIDS Accounts on CAPI

The federal and state rules governing the SSI/SSP program also govern the CAPI. ([WIC Section 18940\(a\)](#)). As such, CalKIDS accounts are not considered a resource for the beneficiary, and since distributions will be made directly to higher education institutions, distributions will likewise not be considered a resource for the beneficiary.

If you have any questions or need additional guidance regarding the information in this letter, please refer to the list of contacts for each respective program below:

For CalFresh, please contact the CalFresh Policy and Employment Bureau at CalFreshPolicy@dss.ca.gov.

For CalWORKs, please contact the Early Engagement & Eligibility Bureau at CWEligibilityPolicy@dss.ca.gov.

For Housing and Homelessness Programs, please contact Housing and Homelessness at Housing@dss.ca.gov.

For Child Care, please contact the Child Care Policy & Development Bureau at CCPB@dss.ca.gov.

For RCA/ECA, please contact the Adult Refugee Services Unit at RefugeePolicy@dss.ca.gov.

For TCVAP, please contact the Asylee and Trafficking Unit at TCVAP@dss.ca.gov.

For SSI/SSP and CAPI, please contact the Benefit Programs Unit at CAPI@dss.ca.gov.

Sincerely,

Original Document Signed By

JENNIFER HERNANDEZ
Deputy Director
Family Engagement and Empowerment Division

[1] SSI/SSP is a federally administered program and the application of all eligibility rules is determined by the Social Security Administration.