

Assembly Bill No. 2508

CHAPTER 622

An act to amend Section 69996.9 of the Education Code, relating to student financial aid.

[Approved by Governor September 26, 2024. Filed with
Secretary of State September 26, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2508, McCarty. Student financial aid: California Kids Investment and Development Savings (KIDS) Program: foster youth.

Existing law establishes the California Kids Investment and Development Savings (KIDS) Program, under the administration of the Scholarshare Investment Board (board), for purposes of expanding access to higher education through savings. Existing law, for the 2021–22 fiscal year, requires a KIDS Account to be established for all unduplicated pupils enrolled at a school district, public charter school, state special school, or other local educational agency, if one has not already been established for them, and requires the account to receive an enhanced deposit of \$500. Existing law, for the 2021–22 fiscal year, requires an eligible pupil who is also a foster youth, as defined, to receive an additional enhanced deposit of \$500.

Existing law, commencing with the 2022–23 fiscal year, requires a KIDS Account to be opened for all unduplicated pupils enrolled at a school district, public charter school, state special school, or other local educational agency when the pupil is enrolled in first grade, if an account has not already been established for them, and requires the account to receive an enhanced deposit of \$500. Existing law, commencing with the 2022–23 fiscal year, requires an eligible first grade pupil who is also a foster youth, as defined, to receive an additional enhanced deposit of \$500.

This bill, commencing with the 2025–26 fiscal year and subject to an appropriation by the Legislature, would (1) require a KIDS Account to be opened for a pupil who is a foster youth and is enrolled in any of grades 1 to 12, inclusive, at a school district, public charter school, state special school, or other local educational agency, if an account has not already been established for them, and would require the account to receive a one-time enhanced deposit of \$500, and (2) require an additional enhanced deposit of \$500 for those foster youth who did not previously receive the above-described deposits for unduplicated pupils in the 2021–22 fiscal year and unduplicated pupils in the first grade commencing with the 2022–23 fiscal year, as provided. The bill would limit the one-time enhanced deposits provided by the bill to the KIDS Accounts of those foster youth that had not already received one of the above-described enhanced deposits for foster

youth. The bill would make these new provisions relating to enhanced deposits for foster youth inoperative on January 1, 2029.

The people of the State of California do enact as follows:

SECTION 1. Section 69996.9 of the Education Code is amended to read: 69996.9. (a) (1) For the 2021–22 fiscal year, through the program, all of the following shall occur:

(A) Each pupil enrolled in grades 1 to 12, inclusive, on the State Department of Education’s official census day in the 2021–22 fiscal year who meets the requirements to be considered an unduplicated pupil for purposes of paragraph (2) of subdivision (b) of Section 2574 or paragraph (1) of subdivision (b) of Section 42238.02 and who is enrolled at a school district, public charter school, state special school, or other local educational agency, shall have a KIDS Account established on the pupil’s behalf, unless the pupil’s KIDS Account has already been established pursuant to Section 69996.3, and shall receive an enhanced deposit into the pupil’s KIDS Account in the amount of five hundred dollars (\$500).

(B) In addition to the amount allocated pursuant to subparagraph (A), the KIDS Account of each eligible pupil who is also a foster youth, as defined under subdivision (b) of Section 42238.01, shall receive an enhanced deposit of an additional five hundred dollars (\$500).

(C) In addition to the amount allocated pursuant to subparagraphs (A) and (B), the KIDS Account of each eligible pupil who is also a homeless pupil meeting the definition of “homeless children and youths” in subsection (2) of Section 725 of the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11434a(2)) shall receive an enhanced deposit of an additional five hundred dollars (\$500).

(2) Commencing with the 2022–23 fiscal year, through the program, all of the following shall occur:

(A) Each pupil who meets all of the following conditions shall have a KIDS Account opened on their behalf, unless their account has already been established pursuant to Section 69996.3, and shall receive an enhanced deposit into their KIDS Account in the amount of five hundred dollars (\$500):

(i) The pupil is enrolled in first grade on the State Department of Education’s official census day in the applicable fiscal year.

(ii) The pupil meets the requirements to be considered an unduplicated pupil for purposes of paragraph (2) of subdivision (b) of Section 2574 or paragraph (1) of subdivision (b) of Section 42238.02.

(iii) The pupil is enrolled at a school district, public charter school, state special school, or other local educational agency.

(B) In addition to the amount allocated pursuant to subparagraph (A), the KIDS Account of each pupil who meets the requirements of subparagraph (A) and is also a foster youth, as defined under subdivision (b) of Section

42238.01, shall receive an enhanced deposit of an additional five hundred dollars (\$500).

(C) In addition to the amount allocated pursuant to subparagraphs (A) and (B), the KIDS Account of each pupil who meets the requirements of subparagraph (A) and is also a homeless pupil under the definition of “homeless children and youths” in subsection (2) of Section 725 of the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11434a(2)) shall receive an enhanced deposit of an additional five hundred dollars (\$500).

(D) For pupils for whom a KIDS Account has already been established pursuant to Section 69996.3 and who are also eligible for an enhanced deposit pursuant to this paragraph, the enhanced deposit shall be deposited in the KIDS Account in which funding for that pupil is currently held.

(3) (A) Commencing with the 2025–26 fiscal year, and subject to an appropriation by the Legislature, through the program, both of the following shall occur:

(i) (I) Each pupil who is a foster youth, as defined under subdivision (b) of Section 42238.01, and is enrolled in any of grades 1 to 12, inclusive, at a school district, public charter school, state special school, or other local educational agency, shall have a KIDS Account opened on their behalf, unless their account has already been established pursuant to Section 69996.3, and shall receive an enhanced deposit of an additional five hundred dollars (\$500).

(II) Each foster youth pupil described in subclause (I) who did not previously receive a deposit pursuant to either subparagraph (A) of paragraph (1) of subdivision (a), or subparagraph (A) of paragraph (2) of subdivision (a), shall further receive an enhanced deposit of five hundred dollars (\$500) in addition to the deposit pursuant to subclause (I).

(III) Upon receiving an enhanced deposit pursuant to subclause (I) or (II) in any fiscal year, a pupil shall not be eligible for an enhanced deposit pursuant to subclause (I) or (II) in any subsequent fiscal year.

(ii) For pupils for whom a KIDS Account has already been established pursuant to Section 69996.3 and who are also eligible for an enhanced deposit pursuant to this subparagraph, the enhanced deposit shall be deposited in the KIDS Account in which funding for that pupil is currently held.

(B) This paragraph shall become inoperative on January 1, 2029.

(4) (A) A pupil who receives an enhanced deposit into their KIDS Account pursuant to paragraph (1) or (2) may only have one enhanced deposit made into their existing or newly established KIDS Account pursuant to this article, except as provided for in subparagraph (B). A pupil shall not have more than one KIDS Account established for them pursuant to this article.

(B) Notwithstanding subparagraph (A), a pupil who receives an enhanced deposit into their KIDS Account pursuant to subparagraph (A) or (C) of paragraph (1), or a pupil who receives an enhanced deposit pursuant to

subparagraph (A) or (C) of paragraph (2), may also receive enhanced deposits pursuant to paragraph (3).

(b) (1) The board shall collaborate with the State Department of Education, or other relevant governmental agencies, to identify eligible pupils for the purpose of establishing KIDS Accounts or making an enhanced deposit into existing KIDS Accounts pursuant to this section. To the extent feasible, the State Department of Education shall annually provide necessary data using census day data in a secure manner for the board to fulfill its obligations pursuant to this article, including, but not necessarily limited to, eligible pupils' names, pupil identification, birth dates, grade levels, contact information of parents or legal guardians, and eligibility information. For purposes of this subdivision, the information received by the board shall be considered necessary to facilitate the establishment or enhancement of KIDS Accounts, or the establishment of a notification process for parents or legal guardians of eligible pupils.

(2) The board shall comply with federal and state laws to protect individual privacy, including, but not limited to, the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code) and all of the following federal statutes:

(A) The Family Educational Rights and Privacy Act of 1974 (Public Law 93-380, as amended).

(B) The Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191, as amended).

(C) The Higher Education Act of 1965 (Public Law 89-329, as amended).

(3) Notwithstanding any other law, individual records or source data associated with the establishment of a KIDS Account pursuant to this article shall not be subject to disclosure under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code).

(c) The Legislature finds and declares that undocumented persons are eligible for KIDS Accounts within the meaning of subsection (d) of Section 1621 of Title 8 of the United States Code.

(d) It is the intent of the Legislature to appropriate state funding in the annual Budget Act to support the establishment of a KIDS Account for any eligible pupil who meets, or could meet in a future year, the requirements to be exempt from nonresident tuition pursuant to subdivision (a) of Section 68130.5.

(e) (1) For the 2023–24 and 2024–25 fiscal years, the board shall partner with the Los Angeles Unified School District and the Riverside County Office of Education, including the 23 school districts in the County of Riverside, to explore ways to increase participation in the KIDS Program.

(2) As permissible under federal and state data privacy and data security laws, the board shall provide the local educational agencies specified in paragraph (1) with the statewide student identifiers of pupils within their respective jurisdictions who have not yet engaged with the KIDS Account established on their behalf commencing with the 2021–22 fiscal year. The

board shall provide data at least three times per year to the extent feasible. Upon receipt of this data, the local educational agencies shall be responsible for complying with all applicable federal and state data privacy and data security laws relating to pupil record information.

(3) The board shall comply with federal and state laws to protect individual privacy, including, but not limited to, the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code) and all of the following federal statutes:

(A) The Family Educational Rights and Privacy Act of 1974 (Public Law 93-380, as amended).

(B) The Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191, as amended).

(C) The Higher Education Act of 1965 (Public Law 89-329, as amended).

(4) (A) On or before September 30, 2025, the board, in collaboration with the local educational agencies specified in paragraph (1), shall submit a report to the Department of Finance and the Legislature, pursuant to Section 9795 of the Government Code. The report shall include, at a minimum, all of the following:

(i) The number of KIDS Program participants within the jurisdictions of the partnering local educational agencies that have registered on the program's online portal and the number that have linked their KIDS Account to a Scholarshare 529 account.

(ii) The number of KIDS Program participants within the jurisdictions of the partnering local educational agencies that have requested a distribution of funds for qualified higher education expenses and the total amount of those payments.

(iii) A comparison of the rates specified in clauses (i) and (ii) with the rates of KIDS Program participants statewide.

(iv) As provided by the partnering local educational agencies, a description of the outreach strategies they implemented that were aimed at increasing participation in the KIDS Program, along with any information available on the direct impact of each of those strategies.

(v) Recommendations for improving KIDS Program structure and outreach in collaboration with local educational agencies.

(B) The board may include this information in its annual report on the KIDS Program pursuant to subdivision (c) of Section 69996.6.

(5) This subdivision shall become inoperative on July 1, 2025.