

**HEALTH, EDUCATION, NEIGHBORHOODS, PARKS, ARTS, AND RIVER COMMITTEE
REPORT relative to the Los Angeles Children's Savings Account (CSA) Program.**

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that the Los Angeles CSA Program that provides seed funding for bank accounts opened for eligible Los Angeles Unified School District (LAUSD) children for the purpose of funding post-secondary education and pre-college expenses is a public benefit.
2. FIND that a proposed Los Angeles CSA Program similar to the one outlined in the Los Angeles Housing and Community Investment Department's (HCIDLA) transmittal dated October 4, 2019, attached to the Council file, addresses concerns raised in the City Administrative Officer (CAO) report dated October 22, 2019, attached to the Council file, is the appropriate structure for the Los Angeles CSA Program identified in Recommendation no. 1 above.
3. FIND that a school selection plan that focuses on high need students in the first year of the proposed Los Angeles CSA Program, yet includes equitable geographic representation of the City, County of Los Angeles (County), and LAUSD, meets the public benefit identified in Recommendation no. 1 above.
4. AUTHORIZE the General Manager, HCIDLA, or designee, to:
 - a. Accept \$286,583 in grant funding from the California Student Aid Commission (CSAC) under the Every Kid Counts grant program for the development and implementation of the proposed Los Angeles CSA Program.
 - b. Negotiate and execute a grant agreement with the CSAC in substantial conformance with the grant agreement attached to the Council file, subject to the approval of the City Attorney as to form and legality.
 - c. Prepare and submit application(s) for additional grant funding from the CSAC for the development and implementation of the proposed Los Angeles CSA Program, with the assistance of the Chief Legislative Analyst, as needed.
 - d. Prepare and release a Request for Proposals (RFP) in substantial conformance with Attachment A to the HCIDLA Transmittal dated October 4, 2019, attached to the Council file, subject to the City Attorney review as to form and legality, to select a Financial Institution that will manage deposits made related to the proposed Los Angeles CSA Program and to also select a Technology Provider that will build a data platform for families to access their account information online.
 - e. Prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council action on this matter, subject to the approval of the CAO.
5. INSTRUCT HCIDLA to report on:

- a. The RFP results and recommendations to the Mayor and Council for the selection of the Financial Institution and Technology Provider, and request authorization to execute a contract(s) with the selected contractor(s), for a contract term of two years from May 1, 2020 through April 30, 2022, with an option to renew for up to three additional one-year terms, subject to the availability funding, completion of the Charter Section 1022 Determination process, compliance with the City's contracting requirements, satisfactory contractor performance, need, and approval of the City Attorney as to form and legality.
 - b. Any subsequent grant awards or donations from outside entities for the purpose of implementing the proposed Los Angeles CSA Program, and request authority from the Mayor and Council to accept, deposit, appropriate, and expend the funds.
 - c. A proposed incentive structure after it has been developed, along with estimated fiscal impact and potential funding source(s).
 - d. A request to release a separate RFP for the evaluation of the proposed Los Angeles CSA Program that will complete an analysis of program implementation within a year after the first year of deposits into student accounts, as well as ongoing evaluation of subsequent years.
 - e. Proposed policies and procedures in the event the City is unable to fund the program with outside funding or the General Fund in any future given year.
6. INSTRUCT HCIDLA, with the assistance of the City Attorney, to work with the County of Los Angeles, and LAUSD to draft a Memorandum of Agreement (MOA) that outlines the roles and responsibilities of each jurisdiction, a cost-sharing agreement, and terms for when a jurisdiction is unable to appropriate funds for the program in any given year, and report back to request Mayor and Council approval of the MOA, subject to the review and approval of the City Attorney as to form.
7. AUTHORIZE the Controller to:
- a. Establish a new account, Account No. 43S872- Children's Savings Account within the HCIDLA Small Grants and Awards Fund No. 49N/43.
 - b. Deposit grants and awards received from the CSAC intended for the proposed Los Angeles CSA Program into the HCIDLA Small Grants and Awards Fund No. 49N/43.
 - c. Appropriate funds into Account No. 43S872- Children's Savings Account within Fund No. 49N/43 upon receipt of the CSAC grants and awards.
 - d. Transfer funding within the Housing Community Investment Department No. 43, Community Development Trust Fund No. 424 as follows to provide funding for the administration and oversight of a proposed Los Angeles CSA Program.

From:

Fund Account Title

Amount

424 43S872 Children's Saving Account \$164,587

To:

<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
424	43S143	Housing Community Investment Department	\$108,553
424	43S299	Reimbursement of General Fund Costs	<u>56,034</u>
		Total:	\$164,587

- e. Increase appropriations in the amount of \$94,394 in Fund No. 100/43, Account No. 001010, Salaries, General account, and \$14,159 in Fund No. 100/43, Account No. 006030, Leasing account.

8. NOTE and FILE the May 17, 2018, and October 4, 2019 HCIDLA reports.

Fiscal Impact Statement: The CAO reports that there is no impact to the General Fund at this time. Funding for implementing the proposed Los Angeles CSA program in the current fiscal year and first year for initial seed deposits (FY 2020-21) will be funded by CSAC and Community Development Block Grant funding. Funding for the proposed CSA program beyond FY 2020-21, should be considered during future budget processes. There is potential impact to the General Fund if grant funding, privately raised funds, and other sources of funding are insufficient to cover the costs of the program. Providing an initial deposit of \$50 to approximately 40,000 first grade students in LAUSD schools districtwide, would cost approximately \$2.35 million each year (based on constant enrollment) and \$23.48 million over the first twelve years. These costs exclude program evaluation and requests for staffing in addition to two full time equivalent positions already approved for program administration. The recommendations in this report are in compliance with the City's Financial Policies in that the City will consider General Fund requests for new or expanded programs during the course of the annual budget process.

Community Impact Statement: None submitted.

Summary:

At its regular meeting held on October 23, 2019, the Health, Education, Neighborhoods, Parks, Arts, and River Committee considered an October 22, 2019, CAO report and an October 4, 2019, and May 5, 2018 HCIDLA reports, relative to the status of the planning and administration, in support of the Los Angeles CSA Program. The CAO and HCIDLA reports, attached to the file, includes some background on the matter.

During the discussion, a CAO representative read a series of recommendations. After an opportunity for public comment, the Committee recommended to approve the recommendations detailed above. This matter is now submitted to the Council for consideration.

Respectfully Submitted,

HEALTH, EDUCATION AND NEIGHBORHOOD COUNCILS COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
RYU:	YES
O'FARRELL:	YES
PRICE:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-