

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To establish, on an emergency basis, the Child Trust Fund and the Child Trust Fund program to provide a subsidized wealth building and investment account for certain children.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Child Wealth Building Emergency Act of 2021”.

Sec. 2. Definitions.

For the purposes of this act, the term:

(1) “Age of majority” means 18 years of age.

(2)(A) “Applicable family household” means a household income that is at or below 300% of the federal poverty guidelines and enrolled in DC Medicaid.

“(B) For the purposes of this paragraph, the term “family household” means one or more persons, all of whom are, related by marriage, birth, or adoption.

(3) “Chief Financial Officer” means the head of the Office of the Chief Financial Officer of the District of Columbia, established by section 424a of the Home Rule Act, or the designee of the Chief Financial Officer.

(4) “Child trust fund account” means a unique personal identifier, such as a social security number, or other acceptable identification, for each child enrolled in the Child Trust

33 Fund program to enable the Chief Financial Officer to determine the amount in the Fund,
34 calculating gains, losses, and costs, on a pro rata bases attributable to each eligible child.

35 (5) “CTF program” means the Child Trust Fund program established by section 4.

36 (6) “DC Medicaid” means a joint federal/state Medicaid health insurance program
37 that provides health care coverage to low-income and disabled individuals and families who are
38 residents of the District and meet non-financial and financial eligibility requirements.

39 (7) “Disability certification” means a written certification, determined
40 satisfactory by the Chief Financial Officer or rules issued pursuant to this act, of a diagnoses
41 from a licensed doctor and signed by a licensed physician that the eligible child has a medically
42 determinable physical or mental impairment that results in marked and severe functional
43 limitations lasting for a continuous 12 months or longer or which can be expected to result in
44 death.

45 (8)(A) “Eligible child” means an individual who:

46 (i) Born on or after October 1, 2021, whose birth was subject to
47 medical coverage provided under Medicaid, as defined in section 1502(2) of the Office of
48 Medicaid Public Provider Operations Reform Establishment Act of 2002, effective October 1,
49 2003 (D.C. Law 14-90; D.C. Official Code § 4-204.12(2));

50 (ii) Is and remains a resident of the District; and

51 (iii) Has a valid, unique, social security number, or other
52 acceptable identification.

53 (B)(i) For purposes of subparagraph (A)(ii), the term “resident” means an
54 eligible child that has been domiciled in the District for at least 16 years prior to the age of

55 majority and who is continuously domiciled in the District for the 12 months immediately
56 before reaching the age of majority.

57 (ii) For the purposes of this subparagraph “domiciled” means
58 having a continuous physical presence in the District and that the District is the individual’s
59 fixed, permanent home.

60 (9) “Enrollee” means an eligible child participating in the Child Trust Fund
61 program who meets the requirements set forth in section 7.

62 (10) “Federal poverty guidelines” means the measure of income, based on the
63 number of persons in a household, issued every year by the U.S. Department of Health and
64 Human Services used to determine financial eligibility for certain federal programs.

65 (11) “Fund” means the Child Trust Fund established by section 3.

66 (12) “Home Rule Act” means the District of Columbia Home Rule Act, approved
67 December 24, 1973 (87 Stat. 774; D. C. Official Code § 1-201.01 *et seq.*).

68 (13) “Medicaid” means the medical assistance programs authorized by title XIX
69 of the Social Security Act, approved July 30, 1965 (79 Stat. 343; 42 U.S.C. § 1396 *et seq.*), or by
70 section 1 of An Act To enable the District of Columbia to receive Federal financial assistance
71 under title XIX of the Social Security Act for a medical assistance program, and for other
72 purposes, approved December 27, 1967 (81 Stat. 744; D.C. Official Code § 1-307.02).

73 **Sec. 3. Child Trust Fund.**

74 (a) There is established as a special fund, the Child Trust Fund (“Fund”), which shall be
75 administered by the Chief Financial Officer in accordance with subsection (c) of this section.
76 The Fund shall have a child trust fund account for each eligible child enrolled in the CTF
77 program.

78 (b) There shall be deposited into the Fund:

79 (1) Earnings from investments of the money in the Fund; and

80 (2) Other monies that may be appropriated for the purposes of this act.

81 (c) Money in the Fund shall be used for the purpose of establishing investment accounts
82 for eligible children in the CTF program in accordance with this act and rules issued pursuant to
83 this act.

84 (d) The money in the Fund, which shall consist of all the amounts paid into the fund
85 pursuant to subsection (b) of this section, increased by the net earnings from investments of
86 amounts held in the Fund or reduced by the net losses from investments of amounts held in the
87 Fund, and less total payments, including distributions and administrative expenses, shall be used
88 to:

89 (1) Make distributions pursuant to section 7;

90 (2) Pay the cost of administering the Fund; provided, that no more than 2% of the
91 balance in any fiscal year shall be used for this purpose; and

92 (3) Pay the cost to contract with, if appropriate and necessary, an independent
93 fiduciary to manage the investment of the money in the Fund, including the cost of insurance to
94 cover the potential liability, with respect to the management of the Fund, of the fiduciary; and

95 (e) The money in the Fund shall not be used for any purpose other than the purposes
96 specified in subsections (c) and (d) of this section.

97 (f)(1) The money deposited into the Fund but not expended in a fiscal year shall not
98 revert to the unassigned fund balance of the General Fund of the District of Columbia at the end
99 of a fiscal year, or at any other time.

100 (2) Subject to authorization in an approved budget and financial plan, any money
101 appropriated in the Fund shall be continually available without regard to fiscal year limitation.

102 (g)(1) All the money in the Fund shall belong to the District government until an amount
103 is dispersed to make a payment pursuant to subsection (d)(2) or (3) of this section or a
104 distribution pursuant to section 7.

105 (2) Prior to distribution pursuant section 7, and notwithstanding any other law,
106 money in the Fund designated for an eligible child enrolled in in the CFT program may not be
107 considered:

108 (A) Gross income of the eligible child or the parent; or

109 (B) For the purpose of determining eligibility of the eligible child or the
110 parent for financial aid, local or federal, including the Temporary Assistance for Needy Families
111 Program, the federal Low Income Home Energy Assistance Program or Weatherization
112 Assistance Program, an educational aid or grant, or any other need-based aid or grant.

113 Sec. 4. Child Trust Fund program.

114 (a) There is established a Child Trust Fund program, which shall be administered by the
115 Chief Financial Officer, under which an annual deposit amount from the Fund shall be
116 designated to the child trust fund account for each eligible child enrolled in the CTF program.

117 (b)(1) To meet the eligibility requirements for the CTF program, the Chief Financial
118 Officer shall use the Medicaid participant information received annually from the Department of
119 Human Services to determine if the household qualifies as an applicable family household.

120 (2) The Chief Financial Officer, or the designee, or employees of the Chief
121 Financial Officer, or employees of the designee shall not disclose information with respect to a
122 child trust fund account maintained in the Fund; except that child trust fund account information

123 may be disclosed, pursuant to rule, to the beneficiary of the child trust fund account or to another
124 person at the beneficiary's request.

125 (c)(1) Upon enrollment, an amount of \$500 shall be designated to the child trust fund
126 account for the eligible child enrolled in the CTF program.

127 (2) By October 1 of the subsequent year, the deposit amount designated to the
128 child trust fund account for each eligible child enrolled in the CTF program shall be as follows:

Household's Federal Poverty Level (FPL)	Annual Deposit Amount
0% to 100% FPL	\$1,000
101% to 200% FPL	\$800
201% to 300% FPL	\$600

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130 (3) On October 1 of each successive year, the maximum annual deposit amount
131 provided pursuant to this subsection shall increase in proportion to the annual average increase,
132 if any, in the Consumer Price Index for All Urban Consumers, Washington-Baltimore
133 Metropolitan area published by the Bureau of Labor Statistics of the United States Department of
134 Labor for the previous calendar year; provided, that the Chief Financial Officer certifies that
135 funds are sufficient.

136 (d) If a household is no longer enrolled in the DC Medicaid program or if the household's
137 income increases above the federal poverty guideline, the annual deposit amounts shall cease but
138 the amounts credited to the eligible child's trust fund account during the period of deposits shall
139 remain available for distribution pursuant to section 7.

140 Sec. 5. Independent fiduciary.

141 The Chief Financial Officer may enter into a contract with an independent fiduciary to
142 administer the Fund and the CTF program.

143 Sec. 6. Enrollment in the CTF program; denial.

144 (a)(1) Enrollment in the CTF program shall be automatic. Beginning within 60 days after
145 the applicability of this act, the Chief Financial Officer shall obtain from the Department of
146 Human Services the information required by paragraph (2) of this subsection and rules issued
147 pursuant to this act.

148 (2) The information obtained from the Department of Human Services shall
149 include the full name, social security number, place of birth, annual income, and residential
150 address of the child's parent and the birth date of the child.

151 (b)(1) Following receipt of the information provided by the Department of Human
152 Services, verification by the Chief Financial Officer pursuant to section 4(b) that the child's
153 household is an applicable family household, and, upon finding that the child is an eligible child,
154 as defined in section 2(8)(A), the Chief Financial Officer shall enroll the eligible child in the
155 CTF program and within 30 days make the required deposit into the Fund.

156 (2) The Chief Financial Officer shall send written notification to the parent
157 informing the parent of the child's enrollment in the CTF program.

158 Sec. 7. Distribution of funds.

159 (a)(1)(A) An enrollee shall be entitled to a pro rata share of money in the Fund only upon
160 reaching the age of majority, or, subject to subparagraph (B) of this paragraph, upon becoming
161 disabled, and only if the enrollee is a current District resident.

162 (B) For an enrollee to be entitled to the funds described in subparagraph
163 (A) of this paragraph before reaching the age of majority due to do becoming disable, the
164 enrollee must file a disability certification.

165 (2) The amount of money to which an enrollee will be entitled at the age of
166 majority, or following receipt by the Chief Financial Officer of a disability certification, shall be
167 the amounts credited to his or her child trust fund account pursuant to section 3(b), less any
168 amounts expended pursuant to section 3(d)(2) through (4).

169 (b)(1) A distribution of the funds from a child trust fund account may be used only by the
170 enrollee and only for:

- 171 (A) Education; academic or vocational;
- 172 (B) Ownership of a District business;
- 173 (C) Investment in a District business;
- 174 (D) Ownership of a District residential or commercial property; or
- 175 (E) Retirement investments, including stocks, bonds, shares, and other
176 similar growth investments.

177 (2) No funds may be distributed unless the enrollee certifies, in accordance with
178 rules issued by the Chief Financial Officer, that the enrollee is a bona fide resident of the District
179 and that the distributed funds shall be used for a purpose listed in paragraph (1) of this
180 subsection.

181 Sec. 8. Reporting requirement.

182 By March 1, of each year, the Chief Financial Officer shall submit a report to the Council
183 for the preceding fiscal year that includes:

- 184 (1) The number of eligible children in the CTF program;

- 185 (2) The race or ethnicity of each eligible child, where possible;
- 186 (3) The amount of funds in each eligible child’s trust fund account;
- 187 (4) A list, by eligible child, of the purposes for which distributed funds
- 188 were to be used;
- 189 (5) The amount of money in the Fund gained by investment;
- 190 (6) The amount of money in the Fund decreased by investment loss.
- 191 (7) The amount of funding in the Fund decreased by administrative costs;
- 192 and
- 193 (8) Recommendations for improving the CTF program.

194 Sec. 9. Rules.

195 The Chief Financial Officer shall issues rules to implement sections 2 through 7 of this

196 act.

197 Sec. 10. Conforming amendments.

198 (a) Section 47-1803.02(a)(2) of the District of Columbia Official Code is amended by

199 adding a new subparagraph (KK) to read as follows:

200 “(KK) The amount received by an individual pursuant to section 6 of the Child Wealth

201 Building Act of 2021, as introduced on May 3, 2021 (Bill 24-236).”.

202 Sec. 11. Applicability.

203 This act shall apply as of October 1, 2021.

204 Sec. 12. Fiscal impact statement.

205 The Council adopts the fiscal impact statement of the Budget Director as the fiscal impact

206 statement required by section 4a of the General Legislative Procedures Act of 1975, approved

207 October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

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210 Sec. 13. Effective date.

211 This act shall take effect following approval by the Mayor (or in the event of veto by the

212 Mayor, action by the Council to override the veto), and shall remain in effect for no longer than

213 90 days, as provided for emergency acts of the Council of the District of Columbia in section

214 412(a) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 788;

215 D.C. Official Code § 1-204.12(a)).