

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To establish 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 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 300% of the federal poverty guidelines or below 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 Fund Program to enable the Chief Financial Officer to determine the amount in the Fund, calculating gains, losses, and costs, on a pro rata bases attributable to each eligible child.

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

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

(7) “Disability certification” means a written certification, determined to be satisfactory by the Chief Financial Officer or rules issued pursuant to this act, of a diagnosis from a licensed doctor and signed by a licensed physician that the eligible child has a medically

determinable physical or mental impairment that results in marked and severe functional limitations lasting for a continuous 12 months or longer or that can be expected to result in death.

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

(i) Was born on or after October 1, 2021, whose birth was subject to medical coverage provided under Medicaid;

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

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

(B)(i) For purposes of subparagraph (A)(ii), the term “resident” means an eligible child that has been domiciled in the District for at least 16 years prior to the age of majority and who is continuously domiciled in the District for the 12 months immediately before reaching the age of majority.

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

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

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

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

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

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

Sec. 3. Child Trust Fund.

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

(b) There shall be deposited into the Fund:

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

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

(c) Money in the Fund shall be used for the purpose of establishing a child trust fund account for each eligible child in the CTF Program in accordance with this act and rules issued pursuant to this act.

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

(1) Make distributions pursuant to section 7;

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

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

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

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

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

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

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

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

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

Sec. 4. Child Trust Fund Program.

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

(b)(1) To meet the eligibility requirements for the CTF Program, the Chief Financial Officer, with parental consent, shall use the Medicaid participant information received annually

from the Department of Human Services, or the Department of Health Care Finance, whichever applies (collectively “agencies”) to determine if the household qualifies as an applicable family household.

(2) The Chief Financial Officer, or the designee, or employees of the Chief Financial Officer, or employees of the designee shall not disclose information with respect to a child trust fund account maintained in the Fund; except that child trust fund account information may be disclosed, pursuant to rule, to the beneficiary of the child trust fund account or to another person at the beneficiary’s request.

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

(2) By October 1 of the subsequent year, the deposit amount designated to the 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

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

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

Sec. 5. Independent fiduciary.

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

Sec. 6. Enrollment in the CTF Program; denial.

(a)(1) Enrollment in the CTF Program shall be automatic. Beginning within 60 days after the applicability of this act, the Chief Financial Officer shall obtain from the agencies the information required by paragraph (2) of this subsection and issue rules pursuant to this act.

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

(b)(1) Following receipt of the information provided pursuant to subsection (a) of this section, verification by the Chief Financial Officer pursuant to section 4(b) that the child's household is an applicable family household, and, upon finding that the child is an eligible child, as defined in section 2(8), the Chief Financial Officer shall enroll the eligible child in the CTF Program and within 30 days of the enrollment make the required deposit into the Fund.

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

Sec. 7. Distribution of funds.

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

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

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

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

- (A) Education; academic or vocational;
- (B) Ownership of a District business;
- (C) Investment in a District business;
- (D) Ownership of a District residential or commercial property; or
- (E) Retirement investments, including stocks, bonds, shares, and other

similar growth investments.

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

Sec. 8. Reporting requirement.

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

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

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

Sec. 9. Rules.

Within 60 days after the applicability of this act, the Chief Financial Officer shall issue rules to implement sections 2 through 7. In drafting the rules, the Chief Financial Officer may consult with the agencies as the Chief Financial Officers considers necessary and appropriate.

Sec. 10. Conforming amendments.

(a) Section 47-1803.02(a)(2) of the District of Columbia Official Code is amended by adding a new subparagraph (QQ) to read as follows:

“(QQ) The amount received by an individual pursuant to section 6 of the Child Wealth Building Act of 2021, as introduced on May 3, 2021 (Bill 24-236).”.

Sec. 11. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

Sec. 12. Effective date.

The act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December

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24, 1973, (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

Chairman
Council of the District of Columbia

Mayor
District of Columbia