

Implementation Plan for the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program

Table of Contents

- Part I: Introduction..... 2
- Part II: Increased Economic Agency and Resilience: The Return on California’s Investment in HOPE 3
- Part III: HOPE’s Children 4
- Part IV: HOPE’s Investors and Philanthropic Partners 6
 - Philanthropic Partnerships 6
- Part V: HOPE Program Operations 7
 - A. HOPE Board of Governors and Advisory Group 7
 - B. Outreach and Enrollment 7
 - Agency Partnerships: Data Sharing and Privacy Agreements 8
 - HOPE’s Narrative and Design Strategy 8
 - HOPE’s Childrens’ Enrollment Experience 9
 - C. Investment Fund Management 11
 - D. Program Plan Management 11
- Part VI: Statutory, regulatory, and budget recommendations 12

*“This chapter shall be construed liberally in order to effectuate its legislative intent of **creating opportunities, economic autonomy, and hope, and to promote intergenerational wealth and asset building for an eligible child and eligible youth as one of the many strategies California must employ to reverse our state’s record level of inequality.**”*

- The California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program, established through Assembly Bill 156 (Chapter 569, Statutes of 2022) and codified in Chapter 16.1 (commencing with section 18997.5) of the Welfare and Institutions Code (HOPE Act),

Part I: Introduction

The California HOPE Accounts program aims to close the racial wealth gap and confront the issue of intergenerational poverty by creating a new financial investment program specifically designed to help California’s most vulnerable children envision, invest in, and prepare for a stronger economic future.

Thousands of California’s children from low-income families have lost a parent or legal guardian to COVID-19. Low income working parents- particularly those considered essential to the labor market are still at the highest risk of death due to COVID and long COVID¹ beyond the expiration of the federally declared public health emergency. These losses leave already economically fragile children without the resources they would have relied on to help them grow into happy, healthy adults. Studies also show that when young people learn they are receiving an investment, it changes their outlook about their potential future and may help foster positive choices that bolster children’s chances at successfully building wealth and becoming financially independent, contributing members to their communities and the state. Accordingly, the HOPE Program will provide a trust account to an eligible child who lost their parents or guardian to COVID-19 or long COVID, as well as children who have been in the foster system for over 18 months and parent reunification services have been terminated.

This report is submitted to the California Legislature by the HOPE Governing Board and the Office of the State Treasurer (OST) to describe the plan for establishing and maintaining HOPE trust accounts for eligible children that maximizes their participation and their autonomous wealth-building capacity. This report contains enrollment and support strategies, the anticipated number of HOPE trust accounts to be opened on behalf of eligible children, initial deposit amounts, anticipated investment and impact goals, efforts to solicit philanthropic and other nonstate moneys to support the program. In addition, this report includes further statutory support and budget allocations that may be needed to operate the program and its potential expansion to all children born into low-income circumstances.

Commented [AR1]: I did not see this section in the report

¹ Long Covid is a complex constellation of symptoms that can last for months or longer and can affect virtually every organ system. Some of the most debilitating post-Covid symptoms are breathing problems, heart issues, extreme fatigue, and cognitive and neurological issues. Data through June 2022 indicates that approximately 3,544 death certificates nationwide list long Covid or terms like post-Covid syndrome, chronic Covid or long-haul Covid as a cause or underlying cause of death.

Part II: Increased Economic Agency and Resilience: The Return on California's Investment in HOPE

“Wealth is the paramount indicator of one's economic security. [While] income is valuable, it's used to pay for period needs and consumption, like rent, food, bills... wealth gives people the agency to have choice in their life.”

- Dr. Darrick Hamilton, speaking at the July 2023 meeting of the California HOPE Advisory Workgroup, “Identifying and Empowering Children Impacted by COVID-19 Loss”

The development of wealth in low-income communities, also known as asset building, is a central element of California's strategy to reverse economic inequality. Current estimates indicate that HOPE Accounts will generate **approximately \$5,000 in capital in today's dollars for each child enrolled upon the start of operation in 2024. [This goal per child has not been vetted by the AG- it is a suggested per child goal that a few AG members raised. We could raise the goal, thereby setting up a strategy to raise additional capital needed]**

[Additional data needed: We are waiting for information from CDSS regarding the typical number of long-term foster children who will become newly eligible annually and therefore will require initial deposits into their accounts, their ages, as well as how many formerly long-term foster children are adopted and therefore ineligible for subsequent annual deposits, also by **age**.]

Those enrolled in HOPE Accounts will have the choice to withdraw their funds when they become young adults at age 18 or leave them to grow for withdrawal in future years. Each young adult will be afforded payment options that will ensure their financial safety, such as deposits into regulated and affordable banking or investment vehicles under their sole control. Youth under 18 may be able to access their funds in exceptional circumstances, whereupon HOPE administrators will provide distribution options that ensure their intended use (such as payment directly to an institution) with safety precautions to protect against exploitation or other financial abuse of that youth. **[The AG has not set an upper limit for taking withdrawals, for example, up to 30 years old or the funds revert back to the trust for use by other children.]**

HOPE Accounts will provide much more than funds. Through partnerships with community-based service providers and advocates as well as many of the state's financial health programs like CalKIDS, CalSavers, CalABLE, CalHFA, and other similar program, the HOPE Accounts program will provide ongoing support for strengthening program participants' capacity for financial planning and management, finding ways to match or safely leverage their HOPE funds for expanded wealth building opportunities, and using their HOPE funds to launch their vision for personal economic agency and health.

Commented [AR2]: Assume Val is getting this from RADD or estimates.

[Include here a description of the impact of \$5,000 in various counties across California: for example, as percent of average downpayment, purchase of a savings bond, extinguishing medical debt, purchase of books and materials for college, etc.]

The state's cost will be limited to the investment in and establishment of each account including all initial and subsequent annual deposits as well as the identification and enrollment of each eligible child as described in the enrollment and verification section below.

HOPE Account Modeling*

Deposits Needed for All Children to Receive \$5,000 at Age 18 (in 2023 Dollars)

Model Assumptions:	
Total Initial State Spending, First Year of Program**	\$110,000,000
Average Annual State Spending, Subsequent 5 Years of Program***	\$12,516,958
Estimated Total Number of Eligible Children, First Year of Program	43,375
Estimated Average Annual Number of Newly Eligible Children	TBD****
Real Rate of Return	3.00%
Nominal Rate of Return	6.00%

* As yet to be vetted by the HOPE Advisory Group.
 ** \$100 million allocated in 2022-23 budget plus \$10 million of the \$15 million allocated in the 2023-24 budget.
 *** This funding comes from the ongoing, annual \$15 million allocation to the program from 2025-26 through 2029-30.
 **** This has not yet been factored into the model.

Age at Entry into Program	Number of Children (by Age) at Entry into Program	Year in Which Children Turn 18	Amount Each Child Will Have at Age 18 (2023 Dollars)	Amount Each Child Will Have at Age 18 (Current Dollars)	Initial Deposit per Child (2024)	2nd Deposit per Child (2025)	3rd Deposit per Child (2026)	4th Deposit per Child (2027)	5th Deposit per Child (2028)	6th Deposit per Child (2029)
0	2,131	2042	\$5,000	\$8,053	\$1,200	\$482	\$482	\$482	\$421	\$0
1	2,631	2041	\$5,000	\$7,807	\$1,200	\$482	\$482	\$482	\$482	\$39
2	2,631	2040	\$5,000	\$7,565	\$1,200	\$482	\$482	\$482	\$482	\$144
3	2,360	2039	\$5,000	\$7,330	\$1,200	\$482	\$482	\$482	\$482	\$252
4	2,360	2038	\$5,000	\$7,104	\$1,200	\$482	\$482	\$482	\$482	\$364
5	2,360	2037	\$5,000	\$6,885	\$1,200	\$482	\$482	\$482	\$482	\$479
6	2,287	2036	\$5,000	\$6,674	\$1,200	\$482	\$482	\$482	\$482	\$597
7	2,287	2035	\$5,000	\$6,469	\$1,200	\$482	\$482	\$482	\$482	\$719
8	2,287	2034	\$5,000	\$6,271	\$1,200	\$482	\$482	\$482	\$482	\$845
9	2,287	2033	\$5,000	\$6,079	\$1,200	\$482	\$482	\$482	\$482	\$974
10	2,287	2032	\$5,000	\$5,894	\$1,200	\$482	\$482	\$482	\$482	\$1,108
11	2,295	2031	\$5,000	\$6,113	\$4,065	\$0	\$0	\$0	\$0	\$0
12	2,295	2030	\$5,000	\$5,940	\$4,187	\$0	\$0	\$0	\$0	\$0
13	2,295	2029	\$5,000	\$5,772	\$4,313	\$0	\$0	\$0	\$0	\$0
14	2,295	2028	\$5,000	\$5,608	\$4,442	\$0	\$0	\$0	\$0	\$0
15	2,295	2027	\$5,000	\$5,450	\$4,576	\$0	\$0	\$0	\$0	\$0
16	2,997	2026	\$5,000	\$5,296	\$4,713	\$0	\$0	\$0	\$0	\$0
17	2,997	2025	\$5,000	\$5,146	\$4,854	\$0	\$0	\$0	\$0	\$0
Total	43,375									
Annual State Spending					\$109,295,081	\$12,486,505	\$12,486,505	\$12,486,505	\$12,355,475	\$12,769,803

Source: California Budget & Policy Center Analysis

Part III: HOPE's Children

Current data indicates that approximately 43,375 children will be eligible to enroll in the HOPE Accounts program on the first day of operations.

Children who are eligible to enroll in the HOPE program, and thereby receive an allocation of funds, must be residents of California under 18 years old who have not emancipated from their parent, Indian custodian, or legal guardian and are either:

(a) COVID Bereaved Low-Income Children:

Children whose parent, Indian custodian, or legal guardian died during the federally declared COVID-19 public health emergency and COVID-19 is listed on their death certificate or they died as a consequence of having long-term COVID-19, and, the household income prior to the death of that parent, custodian, or guardian, would have qualified the child for Medi-Cal benefits; or

(b) Long-Term Foster Children:

Children who have been in foster care for at least 18 months or were placed into foster care after age 16 and parent reunification services have been terminated.²

Children who meet either criteria will be enrolled in the program regardless of their or their parent or legal guardian's citizenship status.

COVID has impacted undocumented and tribal communities disproportionately. Kids in tribal foster care also qualify for HOPE investments even when they are placed in kinship and informal care which often happens in immigrant communities as well, when close friends and relatives take on community care roles.

Current research indicates that there are approximately 12,000 children across all household income levels lost a parent to COVID between 2020 and 2022 (3,475 in 2020, another 6,509 in 2021, and another 2,015 in 2022).³ We estimate that approximately 10,000 of these children are from households whose incomes would have qualified them for Medi-Cal prior to the death of their parent or guardian. [Need information from high risk COVID heat maps, i.e., likely geographic location, parent job type, income disparities, other socioeconomic determinants of health and outcomes.]

Thanks to data maintained by the California Department of Social Services, we estimate that approximately 33,375 long-term foster children will be eligible for enrollment into the HOPE Accounts program on the first day of operation. [Need additional information of annual changes due to newly eligible children and long-term foster children who are adopted (they get to keep the amount in their accounts including any interest growth but are not eligible for additional annual deposits.)] Children in long-term foster care [add here data about kids in long-term foster care: Least likely to be adopted by age 18, most likely to be Black, Indigenous, or other children of color including children of immigrants, children who are immigrants (both documented and undocumented), most likely to face adulthood with insufficient resources and insecure financial futures.]

² California children who have been placed into foster care out of state are still considered residents.

³ Emily Smith-Greenaway University of Southern California

Age	Eligible Foster Youth (Estimated average based on CDSS data from 2020 and 2023)	Eligible COVID Bereaved (Estimated based on current research)	Total
0	1,575	556	2,131
1	2,075	556	2,631
2	2,075	556	2,631
3	1,804	556	2,360
4	1,804	556	2,360
5	1,804	556	2,360
6	1,732	556	2,287
7	1,732	556	2,287
8	1,732	556	2,287
9	1,732	556	2,287
10	1,732	556	2,287
11	1,739	556	2,295
12	1,739	556	2,295
13	1,739	556	2,295
14	1,739	556	2,295
15	1,739	556	2,295
16	2,442	556	2,997
17	2,442	556	2,997
Total	33,375	10,000	43,375

Part IV: HOPE’s Investors and Philanthropic Partners

The HOPE Accounts program is structured to attract philanthropic resources and a healthy return on the public’s annual investments. Budget trailer bill AB 156 provided a continuous appropriation of \$100 million through the 2022-2023 state budget, with a commitment for additional annual investments of \$15 million per year. Only up to 5% of the annual public investment may be used to fund operations, including staff and administrative costs, necessary contractors.

Philanthropic Partnerships

HOPE Accounts program staff has reached out to leaders in California’s philanthropic community, including the Governor’s Senior Advisor for Social Innovation, to educate them about the need for private partners, as much from the local level as from within centers of power, to help us build the outreach, ongoing support, learning, and adjustment mechanisms to

make those dollars meet the statute's legislative intent of creating opportunities, economic autonomy, and hope, and to promote intergenerational wealth and asset building.

In [December? January?], the HOPE program staff will convene [a half dozen, dozen?] philanthropy CEOs, program officers, donor-advised fund managers, and other potential private donors to begin to formulate a statewide strategy.

[Should we include a multi-year budget here?]

Part V: HOPE Program Operations

A. HOPE Board of Governors and Advisory Group

The HOPE Governing Board, created in compliance with WIC Chapter 16.1 Section 18997.52, includes... [names of each governor]

Per Section 18997.54, the HOPE Advisory Workgroup convened in January 2023 to work in coordination with the board on the program design, including, but not limited to, data sharing with relevant governmental agencies and departments, outreach to families of an eligible child and to eligible youth, and the process for program enrollment and continuous measurement of outcomes of the HOPE trust accounts.

The Advisory Workgroup consists of approximately 40 members with deep expertise across a variety of subjects including but not limited to investment management, financial empowerment and capacity building, college savings programs, economic policy, [and more]. The workgroup has been working since March 2023 through four work area subgroups: Eligibility & Outreach, Data Sharing & Privacy, Investments & Funds per Youth, and Administration & Timelines. Each group considered a variety of relevant factors to create recommendations that were reviewed and amended by both the whole of the Advisory Group and the HOPE Governing Board.

Finally, we have created a Youth Panel of Experts to ensure that critical program administration decisions are vetted by youth who are or would recently have been eligible to participate in the HOPE program. The Youth Panel of Experts includes 10 youth who are or have been in long-term foster care or have lost at least one parent or primary caregiver to COVID and come from low-income households. Together, they represent the diversity of eligible youth across California's many regions and communities including [add information about the panel members when finalized].

All three bodies- the HOPE Governing Board, the Advisory Group, and the Youth Panel of Experts- worked closely with HOPE staff and consultants to design and begin implementation of the HOPE program. This report includes their well-considered decisions and recommendations.

B. Outreach and Enrollment

HOPE program administrators bear the duty of identifying children who are eligible for enrollment using interagency agreements, community partnerships, and other means of

verifying eligibility. We must take great care to avoid burdening children, who have already faced very difficult and destabilizing circumstances with little to no resources that they can control, by requiring expensive and difficult to attain documents that would then need to be copied and mailed or scanned and uploaded. Unlike other California programs that can rely on parents who have their children's best interests in mind, the HOPE program must be accessible to children directly. All eligible children must be able to enroll, including and perhaps especially those who lack trusting and reliable relationships with adults in their lives.

Agency Partnerships: Data Sharing and Privacy Agreements

To accomplish this goal, the HOPE program must establish and maintain data sharing and privacy agreements with partners such as the California Department of Social Services, the California Department of Education, California Health and Human Services Agency, the California Department of Public Health, the Department of Corrections and Rehabilitation, and the Franchise Tax Board [and which others to list?]

[Describe how a few of the most critical data sharing agreement will work, such as with CDSS, CDPH, which others?]

Commented [AR3]: Possibly DHCS for MEDS or ACE if Val agrees.

HOPE's Narrative and Design Strategy

In August, the HOPE program selected a narrative design firm who will collaborate with the HOPE staff, consultant, Advisory Group, Governing Board, and eligible children and youth to create images, messaging, and other content that:

Commented [AR4]: Not sure what this is? Images?

- encourage and facilitate youth enrollment in and engagement with HOPE accounts utilizing themes of opportunity, economic autonomy and wealth-building capacity, hope, and other goals stated in the HOPE Act,
- can be used by partnering government agencies, tribal organizations, and non-profit community organizations to encourage, facilitate, and support youth enrollment in the program and on-going support and engagement with HOPE accounts,
- will inspire additional investment and expansion by policymakers and philanthropic leaders,
- promote core liberatory social and economic narratives about the deservedness, resilience, wisdom, success, and independence of eligible youth and counter socially and economically oppressive narratives rooted in anti-Blackness, racism, xenophobia, disability, ageism, and similar cultural values, and,
- can be built upon and adapted as the program expands to benefit additional low-income youth.

Design elements may include illustration, photography, animation, graphic novel, cartoon, visual art, graphic design, collage, digital and video content, text, and any combination of these and other media formats.

Promotion of core cultural, social, and economic narratives will be co-designed and co-created with the Youth Panel of Experts that will center eligible youths' agency in developing their future and support their understanding that the funds in HOPE Accounts as resources that, when distributed, are solely theirs to manage and invest to benefit their future.

Commented [AR5]: I do not understand agency. What agency is referenced here?

HOPE's Childrens' Enrollment Experience

The youth participants' experience follows one of two possible journeys depending on their status as long-term foster youth or COVID bereaved youth. Both of the journeys' begin when they receive information about the HOPE program through our outreach and data sharing partners, including state and local agencies, and community-based organizations with ties to eligible children. The HOPE program will provide targeted outreach materials created with age and culturally appropriate images and messages developed by experts contracted to design them in collaboration with our Youth Panel of Experts.

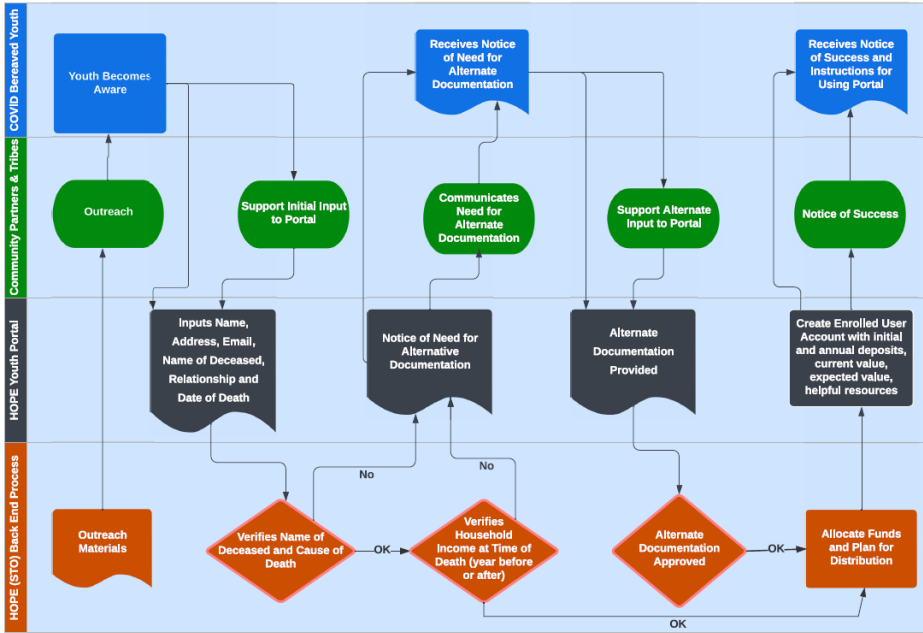
Eligible children will receive age and culturally appropriate information about the HOPE program with their particular needs in mind. For example, children who are eligible for enrollment due to their status as long-term foster children will receive materials designed for them and the adults responsible for them, that describe the steps to take to check eligibility and submit their information.

HOPE will work with the California Department of Social Services and county welfare agencies to send materials with information about eligibility and how to enroll directly to children that have been previously identified as already or soon-to-be eligible for enrollment in the HOPE program as well as to the adults responsible for their care, including but not limited to foster parents, county and tribal child welfare service workers and case managers, and kinship care providers.

COVID bereaved children and adults responsible for their care will also receive age and culturally appropriate materials describing the steps they must take to submit information necessary for enrollment. However, unlike children in foster care, no local, county, regional, state, or federal agency has kept track of children who have lost a parent or guardian to COVID. As a result, HOPE is now working with a combination of COVID researchers, service providers, and support networks to develop a highly targeted outreach strategy using data about the geographic areas and industries most impacted by COVID, lessons learned by COVID relief efforts, and existing support networks such as churches and other social networks.

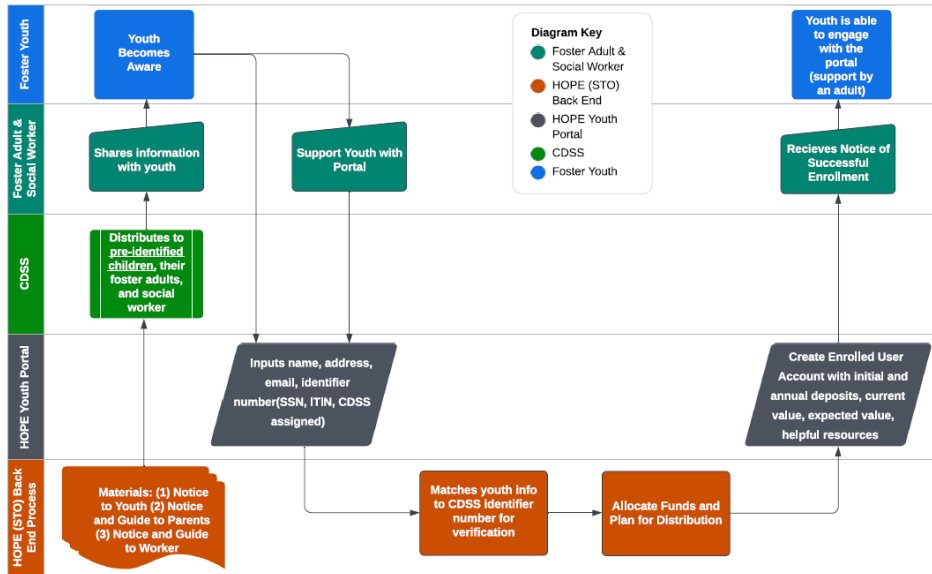
[The AG has not agreed on a structure for community partner-based outreach. These journey maps are placeholders, at best.]

1Flowchart: How COVID Bereaved Children will be enrolled in the HOPE Accounts program



DRAFT

2Flowchart: How Long-Term Foster Children will be enrolled in the HOPE Accounts program



C. Investment Fund Management

[The AG has not determined RFP contract deliverables for an investment consultant, who, in turn, will assist, advise, and perform tasks to maximize investment strategies and management including ways to eventually scale this program to include all foster youth and children born into low-income households.]

D. Program Plan Management

[The AG has not determined RFP contract deliverables for a program manager contractor who will administer enrollment, verification, and record keeping related to the establishment of accounts, allocation of funds, and reporting on account financial health and growth, as well as advising on ways to eventually scale this program to include all foster youth and children born into low-income households.]

Part VI: Statutory, regulatory, and budget recommendations

The AG has not determined a final list of legislative, regulatory, or budget recommendations

The HOPE Governing Board also envisions a future where, as a state, we invest in the future of all low-income children. Working to meet the needs of our two starting cohorts- long term foster youth and COVID bereft children- is helping us to build program infrastructure that is trauma informed and can meet the needs that children have when they are at the intersection of poverty, racism, immigration status, public health crises, and destabilized familial structures.

DRAFT