



# California HOPE OPPORTUNITY, Perseverance, AND EMPOWERMENT (HOPE) for Children Trust Account Program

California HOPE, OPPORTUNITY, PERSEVERANCE, AND EMPOWERMENT (HOPE)  
Governing Board meeting minutes.

901 P. St,

Fourth Floor Conference Room 411 B

Sacramento, California 95814

October 25, 2023 – 1:00 PM

Public Participation

Call-In Number: (888) 557-8511 and Participant Code: 5651115

## **OPEN SESSION**

Deputy Treasurer Stephanie Tom, Chair, called the meeting to order at 1:06 pm.

Requested for roll call.

### **Item #1**

### **Roll Call**

Members Present:

Fiona Ma, State Treasurer, telephonic

Stephanie Tom, for Fiona Ma, Deputy State Treasurer

David Oppenheim for Malia Cohen, State Controller

Chris Ferguson for Joe Stephenshaw, *Director of Department of Finance*

Mayor Michael Tubbs, *End Poverty Now in California (EPIC)*

Shimica Gaskins, *GRACE-End Child Poverty Now*

Solana Rice, Governor Appointee: *EPIC*

Jaime Lee, Assembly Appointee: *The Jamison Group*

Robert Friedman, non-voting member, founder, *Prosperity Now*

Camilla Chavez, non-voting member, *Dolores Huerta foundation.*

We have a Quorum

### **Item #2**

### **Welcome and Introductory Comments**

Fiona Ma gave opening remarks. Treasurer Ma thanked the board for their continued work on the HOPE program and briefly remarked on the efforts of the group to make this program successful.

Deputy Treasurer Stephanie Tom seconded the comments provided by Treasurer Ma. She then reminded the board of the procedures for hearing public comment.

### **Item #3**

### **Approval of minutes from 8/30/2023 (Action Item)**

Deputy Treasurer Stephanie Tom introduced the item and requested to have the minutes from the August 30, 2023, Board meeting approved.

Minutes unanimously approved.

### **Item #4**

### **Executive Director Report (Information Item)**

Executive Director Kasey O'Connor Submitted the Director's Report:



## California HOPE OPPORTUNITY, Perseverance, AND EMPOWERMENT (HOPE) for Children Trust Account Program

Executive Director O'Connor submitted an update on the HOPE Trust Accounts for Children's report to the legislature and discussed investment strategies to maximize participation and economic autonomy in managing Hope trust accounts. Discussions included the anticipated number of accounts, initial deposits, statutory and budgetary allocations required, and timelines for implementation. The Executive Director explains that during the legislative process, there were deliberations on expanding the program to include all children from low-income households in California. Greater emphasis was placed on maximizing deposit amounts for current eligible children and youth before focusing on expansion. Feedback from the board will be incorporated into the report by the consultant team and the budget and policy team. The timeline involves gathering feedback from today's meeting and updating the report for the advisory workgroup on November 8. A final draft will be presented to the board on November 29, with a potential additional meeting on December 13 if necessary. Once finalized, the report will be delivered to the legislature, administration, and Department of Finance in January.

Board members Gaskin asked if there are any conflicts for the December 13 meeting. ED O'Connor responded that a poll will be sent out prior to the meeting and the meeting could potentially be postponed to a later date if applicable.

### **Item #5 Update on progress & timeline of investments since adoption of HOPE resolution 2023-02 (Information Item)**

---

Executive Director Kasey O'Connor and Jeffrey Wurm, STO Investments Division provided update:

ED O'Connor and Jeffrey Wurm of the STO Investments Division delivered item five of the meeting, which focused on the resolution adopted during the August 30 board meeting, allowing the investment of current funds in the Hope Fund to build a larger pool before distributing to vulnerable children. Hope and Treasure staff acknowledged the board's emphasis on utilizing this opportunity to bolster the fund for increased distribution. At the last board meeting, the resolution adopted authorized the executive director to collaborate with the treasurer's staff for the investment of the funds. The board's action item was to approve the resolution, allowing the STO Investments Division and his team to work with experts to invest the funds appropriately. The options presented, including a mix of CDs and treasuries, align with the resolution and the investment policy prioritizing safety, liquidity, and yield. No specific option has been chosen yet, but the Treasurer's team is in negotiations with larger banks to determine the best approach. This aligns with the board's directive to maximize funds within the guidelines of the investment policy. The aim is to start the investment before the next meeting, with updates to be provided as progress unfolds.

### **Item #6 Review & discussion of program & report recommendations from subgroups (Information Item)**

---

Andrea Luquetta, Pa'lante Collaborative Services reported on:



## California HOPE OPPORTUNITY, Perseverance, AND EMPOWERMENT (HOPE) for Children Trust Account Program

1. Eligibility and Outreach Subgroup recommendations: Andrea Luquetta of Pa'lante Collaborative Services presented the recommendations for eligibility and outreach for the Trust Accounts Program. Ms. Luquetta acknowledged the statute AB 156's effective date in September 2022, it was clarifying that all children meeting the criteria as eligible children became vested in the program on that date. Project number of accounts based on data from CDSS states that approximately 49,000 accounts would be funded on the first day of operations. This involves identifying foster youth through CDSS and automatically enrolling COVID-bereaved youth. Additionally, the decision was made early on that youth would be eligible to withdraw funds at age 18, with potential consideration for earlier withdrawals under exigent circumstances. While the specifics of exigent circumstances are yet to be defined, there was consensus that certain 17-year-olds attending college may have valid reasons to access the funds, a detail to be worked out in future discussions.
2. Data Sharing and Privacy subgroup: Ms. Luquetta's presentation extended to the collaborative efforts with sister agencies, such as CDSS and various county agencies. The plan involves relying on CDSS's tracking of foster youth who meet the 18-month criteria, ensuring timely notification for account creation. The coordination aims to inform responsible adults, including foster parents, caseworkers, and social workers, of the account's existence and how to support youth engagement. Collaborations with the California Department of Education were initiated to explore diverse data channels, including school records and probate records. The intention is to interpret eligibility criteria liberally, maximizing participation even in cases lacking certain documents. Lastly, discussions began about the future program management request for proposal (RFP), focusing on the need for trauma-informed customer service. The board highlighted the unique needs of the children this program serves, emphasizing accessibility in multiple languages and collaboration with community assisters. Ms. Luquetta stated that information from CDSS and the counties will be used to create accounts, and therefore data sharing and privacy issues are a top priority for HOPE. ED O'Connor made an additional comment, that Senate Bill 242 is sitting inactive in the assembly; SB242 serves as a secondary bill for the HOPE accounts, and that it would allow for HOPE to access the Franchise Tax Board's information for nontax purposes.
3. Funds Per Youth and Investment subgroup: Ms. Luquetta invited Monica Saucedo and Alissa Anderson of the California Budget & Policy Center to submit their report on funds per youth and investment regarding the HOPE accounts.

Ms. Saucedo shared updated rate of return models. Key adjustments were made in response to comments, particularly focusing on interest rates. The model now reflects a 1% real rate of return, aiming to model a 3.7 to 4% nominal



## California HOPE OPPORTUNITY, Perseverance, AND EMPOWERMENT (HOPE) for Children Trust Account Program

rate. Ms. Saucedo illustrated that this approach ensures with a nominal rate greater than the California inflation rate of 2.7%, accountholders will be able to keep the real dollar amount of their account. An update on the number of eligible children was provided, indicating 15,000 additional children compared to the August presentation. Ms. Saucedo noted that a portion of these are adults who have aged out of the program or are 18 and older and therefore would receive their full return immediately upon program initiation. Ms. Saucedo introduced the initial investment for the program, now modeled at \$130 million, comprising the original \$100 million allocation and two additional \$15 million appropriations; the program is set to commence in 2025. The anticipated return for each child ranges from \$4,000 to \$4,500, considering the increased number of eligible children. However, with the lower interest rate, there is a noted impact on how far the money can extend. To address this, ongoing \$15 million appropriations are proposed to continue deposits for eight years post-launch. The model allocates \$13 million annually, reserving funds for administrative costs and accommodating 350 newly eligible children each year.

Ms. Anderson discussed the motivation behind assessing additional investments to reach the recommended life-changing amount of \$5,000 for the children, a clear recommendation from the investment workgroup. The initial disappointment in not achieving this with existing state funds led to a quick calculation to explore the possibility of additional investments. Ms. Anderson suggested that with the proposed calculation, the state could invest an additional \$43 million in 2026 to ensure all children reach \$5,000 by age 18. This amount could be split into two parts, with a \$24 million investment in 2026 targeting older children closer to aging out, followed by a \$20 million investment in 2033 for younger children, ensuring they reach \$5,000 by the age of 18. Ms. Anderson emphasized the relative modesty of these amounts within the context of a larger budget, urging consideration of the potential life-changing impact for the children. The figures were juxtaposed with earlier discussions on the potential six to \$7 million generated from existing funds in just one year.

4. Administration and Timelines Subgroup: During the discussion on framing the implementation plan for the legislature report, one member suggested replacing "unparalleled" with "proven" in the first statement. They emphasized framing the program as a proven investment in wealth creation, referencing historical initiatives like the GI Bill and the Homestead Act. Another member expressed concerns about the potential aggressiveness of the statements, considering the program's current funding status at \$150 million. The interchangeability of the terms "implementation plan" and "report" was clarified, with a focus on the legislature as the primary audience and the report serving as a North Star. The iterative nature of framing and the need to consider different perspectives, especially that of the legislature, were acknowledged.



## California HOPE OPPORTUNITY, Perseverance, AND EMPOWERMENT (HOPE) for Children Trust Account Program

### **Item #7** **Consideration of statutory and budgetary recommendations (information)**

---

Andrea Luquetta shared the slide with recommended statutory changes:

The discussion covers potential changes for the program in the legislature report. Key points include changing the program's name (Cal HOPE) due to confusion and trademark issues. There's an emphasis on protecting recipients from losing eligibility by excluding fund distributions from counting as income. The importance of using the term "primary caregiver" for inclusivity is stressed, along with expanding eligibility to include parents or guardians. Suggestions include adding a checkbox on death certificates for auto-enrollment and creating opportunities for self-attestation. The proposal also suggests adding a board seat for someone with lived foster care experience. Estimates for the budgetary impact of proposed expansions are planned, exploring various funding sources.

### **Item #8** **Discussion of Implementation Plan Framing (Information)**

---

Andrea Luquetta presented the following information:

During the discussion on framing the implementation plan for the legislature report, one member suggested replacing "unparalleled" with "proven" in the first statement. They emphasized framing the program as a proven investment in wealth creation, referencing historical initiatives like the GI Bill and the Homestead Act. Another member expressed concerns about the potential aggressiveness of the statements, considering the program's current funding status at \$150 million. The interchangeability of the terms "implementation plan" and "report" was clarified, with a focus on the legislature as the primary audience and the report serving as a North Star. The iterative nature of framing and the need to consider different perspectives, especially that of the legislature, were acknowledged.

### **Item #9** **Discussion of Implementation Plan (Information)**

---

Andrea Luquetta presented the following information:

Ms. Luquetta stated that the legislative report draft presented in today's materials reflects ongoing conversations and feedback. The aim is to fill content gaps, incorporating recommendations discussed in the meeting and adding anecdotes from the youth panel of experts. A retreat scheduled for the 4th and 5th of the month will contribute additional content. Another rough draft is targeted for the advisory group's review on November 8th, aiming for a final draft with narrative design elements for printing and submission to the legislature by January.

### **Item #10** **General Public comments**

---

Deputy Treasurer Stephanie Tom called for general public comments that are not on the agenda.



## California HOPE OPPORTUNITY, Perseverance, AND EMPOWERMENT (HOPE) for Children Trust Account Program

There were no public comments.

Deputy Treasurer Tom thanked everyone for joining us and concluded the meeting.

Meeting adjourned at 3:18 pm