

# MINUTES

## CA HOPE for Children Trust Account Program

### Advisory Workgroup Meeting

915 Capitol Mall, Room 587  
Sacramento, California 95814

January 31, 2023 – 11:00 AM

Public Participation

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

### OPEN SESSION

Treasurer Fiona Ma, Chair, called the meeting to order at 11:04 A.M.

Kasey O'Connor gave instructions for those joining on the phone and online.

Connie Chan called the roll.

### Item #1

### Roll Call

Present:

Fiona Ma, Treasurer	Shimica Gaskins	Kasey O'Connor	Ted Ballmer
Connie Chan	Diana Yang	Jordan Sosa	Alexandria Downing
Margaret Libby	Erick Tenorio	Nicole Hisatomi	Patrice Berry
Yesenia Jimenez	Cathy Senderling	Sunni Dominguez	Dianna Heimstadt
Sara Kimberlin	Alissa Anderson	Christa Brown	Rita Medina
Cynthia Gomez	Vickie Mays	Darrick Hamilton	David Radcliffe
Naomi Zewde	Sara Flour	Madeline Brown	Shira Markoff
Nick Picinich	Salena Chow	Dana Moore	Cody Van Felden

Chair Ma thanked everyone for coming and proceeded with introductory comments.

### Item #2 Welcome and Introductory Comments

### Information Item

Chair Ma introduced the item and presented the following information:

- We are thrilled here in CA to have one of the first and what will be the largest programs in the Nation.
- This program will focus on some of our most vulnerable—children orphaned by Covid-19 and long-term foster youth.
- There are more than 30,000 children that have been orphaned by Covid-19 in the state of California alone.
- Our task is to coordinate with our partners on the workgroup and put together a report for the legislature on how to make this program a success.

Chair Ma concluded her welcome and moved onto the next item.

**Item #3 Welcome by Nancy Skinner**

**Information Item**

Chair Ma introduced Senator Nancy Skinner, who was joining via Teams.

Senator Skinner thanked the group for their participation and presented the following information:

- Many of the children who lost parents were from low-income families since those were the front-line workers.
- Hope trust accounts are designed to give those children hope that they might one day be able to build wealth after losing their primary caregiver.
- These trust accounts will grow until the children are 18 years of age.
- The Hope program will also include children in long-term foster care, who will lose access to many services once they turn 18.
- The task of the workgroup is to design the program in such a way that it will optimize the outcome.

Senator Skinner thanked the group again and concluded her presentation.

Chair Ma thanked the Senator for her vision and leadership and introduced the next item on the agenda.

**Item #4 Welcome by Shimica Gaskins**

**Information Item**

Chair Ma introduced Hope Board member Shimica Gaskins and asked her to present the item.

Ms. Gaskins thanked the Chair and the workgroup and presented the following information:

- We are proud of California for passing this legislature, however policy is only as good as its implementation.
- This program, for its youngest recipients won't be realized for another 18 years, so it is so critical that we figure out how to stay connected and find pathways to make sure that the funds reach the children when they need them.
- The task of the workgroup is to figure out how to expand this program to all children born into poverty.
- The main goal of this workgroup is to make sure that this program provides a pathway for young people to transition into adulthood with dignity, with hope, and with opp

Ms. Gaskins shared her gratitude on behalf of herself and the Board and introduced the guest speaker, Cody Van Felden, Foster Youth Advocate.

Ms. Van Felden thanked Ms. Gaskins and greeted the workgroup. She presented her personal experience as a foster youth to the workgroup, highlighting the ways in which the Hope program will change lives. She thanked everyone for allowing her to be a part of the workgroup and concluded her presentation.

The Chair thanked Ms. Van Felden for sharing her story and her work on the program and introduced the next item on the agenda.

Executive Director Kasey O'Connor thanked everyone for joining and asked everyone to introduce themselves and their organization.

When all introductions had been made the Executive Director presented the following report:

- Pandemic increased already existing racial wealth gap and intergenerational poverty.
- 30,000 children lost a parent to Covid-19 in California.
- Eligibility criteria will be children orphaned by Covid-19 and long-term foster youth, which are foster youth who have been in the system for 18 months or longer.
- The children that are in the Child Protective Services system are deprived of the income that parents provide, but they are also deprived of wealth transfer when they come of age.
- The pandemic relief from the Federal Survivor Benefits, because of their eligibility restrictions, have left many California youth behind, including but not limited to children whose deceased parents were immigrants, or had less time working in a job that contributed to such benefits.
- Hope Act was allocated \$100 million in one-time funds to establish the Hope trust fund accounts that will grow over time and \$15 million in ongoing funds to administer the Hope program.
- The Board is also charged with submitting a report to the Department of Finance and the Legislature per the Hope Act. That report is put together in coordination with the advisory work group and must be submitted by February 1, 2024.
- The report must include a detailed plan on how to implement this program, establish and maintain the Hope trust accounts on behalf of eligible children and youth, detail how to ensure these accounts are managed to maximize participation, and bolster the wealth-building capacity and independence, the anticipated number of Hope trust accounts to be opened, and the initial deposit amounts, as well as further statutory budget allocations needed to sustain this program.
- The Treasurer's Office is working with a consultant to work with the advisory group. The consultant's contract is a one-year term with a potential for six-month extension options.
- February 3, 2023, is the deadline for submission of proposals. February 8, 2023, is when proposals will be evaluated. February 13, 2023, is the notice of Intent to Award. And March 01, 2023, is the anticipated commencement of agreement, pending Board approval.

Executive Director O'Connor concluded her presentation.

Chair Ma asked if there was an amount in dollars assigned to the accounts yet, or if that is part of what the consultant would be doing.

Executive Director O'Connor responded that those numbers would come from previous data and collaborative efforts between the workgroup and the consultant. She reminded the

workgroup that since children entering the program are of all different ages, some will turn 18 sooner than others, and will need access to their accounts much sooner.

The Chair followed up by asking if there is a time limit on how long children have to access their accounts after they turn 18, and if they don't access that account whether that money go back into a trust for other children.

Executive Director O'Connor said the workgroup is going to be discussing that, but that is why she wants to ensure that there is a strong outreach program because the intent is not to have money roll back. Instead, she really wantd to make sure children are accessing it and using it.

The Chair asked if anyone had any questions for the Executive Director.

The Chair recognized Cathy Senderling, who stated that she had two questions.

Ms. Senderling asked how the group can access information about programs that already exist so that they might consider their options in putting together some of these ideas. The other question was how to protect children from adults who might want to take advantage of children as they gain access to the funds.

Chair Ma mentioned there is protection from bankruptcy in the 529 accounts so there are ways to ensure the safety of the funds that the group can consider.

Executive Director O'Connor agreed and mentioned that the group can reference regulations from other programs to mirror and that the workgroup can also investigate vetting processes when reaching out to adults on the behalf of children.

Chair Ma recognized Cody Van Felden.

Ms. Van Felden thanked the group and reiterated that it is very important that the children are the only people in control of the funds when they turn 18.

Chair Ma recognized Salena Chow.

Ms. Chow thanked the group and said that the population of people who would qualify for these accounts may not have bank accounts so the workgroup might want to consider some kind of education for them. She stated that having things accessible in multiple languages would also be very helpful.

Chair Ma recognized Margaret Libby.

Ms. Libby stated that the issue of the security of the funds could be addressed with a noncustodial account. She stated that having a youth-friendly educational forum on finances would be helpful for the children and asked if noncustodial accounts is something that has already been considered and whether it is something that would need to be separate or an add-on.

Executive Director O'Connor said that financial education would be something that the workgroup will be asked to consider.

Ms. Libby stated that it would be helpful if there will be some kind of financial mentor available for the children.

Chair Ma recognized Madeline Brown.

Ms. Brown stated that she has a brief coming out on Thursday that has a table of comparison of accounts similar to this program that she will share as a resource to help educate some of the workgroup members on similar programs.

The Executive Director asked that if anyone else has any educational materials for the group to send them to her so that everyone can access them.

Chair Ma recognized Dr. Vickie Mayes.

Dr. Mayes stated that the way the group is thinking about how age will matter in terms of the amount to give, makes her think of challenging the group to also consider different levels of deprivation or the level of inequality each child is starting out at. She also stated that in terms of financial literacy, there are a lot of community groups and school systems that are working toward financial literacy for children, so instead of having financial literacy come from this program, it can also be a resource to other community programs.

Chair Ma recognized Cody Van Felden.

Ms. Van Felden stated that it would be very important to have very clear definitions and guidelines when children are in and out of the system, or in situations where the adoption fails.

Chair Ma recognized Shira Markoff.

Ms. Markoff stated financial education is helpful, she believes people in this program is going to need a mentor or a trusted adult to help them. They may need more specific supports around what each child needs instead of just general financial education.

Chair Ma recognized Jordan Sosa.

Mr. Sosa stated that some of the qualifications for resources in the foster care system force children to choose between qualifying for services or working and that he hopes that can be eliminated for the hope program so that children can receive services regardless of income.

Chair Ma thanked Mr. Sosa and mentioned that similar concerns were raised with individuals with disabilities in the CalABLE program.

Executive Director O'Connor stated that this program is not intended to make children choose or restrict how much wealth can be built, but instead to support these individuals in building wealth and she believes it is very important to take note of that.

Chair Ma recognized Sara Kimberlin.

Ms. Kimberlin stated that some of the things that she has been thinking about at the budget center is making sure they are thinking carefully about how the funds are treated in terms of

assets in the mainstream public benefits, also federal and state income tax purposes, and also student and financial aid purposes. There may need to be federal advocacy when it comes to what the State can do and what it can't do in those areas.

Chair Ma asked if there were any public comments.

Seeing none, the Chair moved to the next item on the agenda.

### **Item #6 Proposed Issue Areas**

### **Information Item**

Executive Director Kasey O'Connor stated that the advisory workgroup, per statute, must include – but is not limited to – the following:

- Define “eligible” child or youth
- Responsible agency for determining this eligibility
- Necessary data/data sharing agreements
- Appropriate privacy protections
- Best investment practices
- Actuarial estimates regarding the program
- Recommendations for effective outreach
- Determine necessary administrative components
- Establish the timeline to implement this program

The advisory workgroup may consult with additional experts to help inform their recommendations.

Executive Director O'Connor concluded her presentation.

Chair Ma asked for any additional proposed issue areas that should be included on the list.

Chair Ma recognized Melissa Anderson.

Ms. Anderson stated it would be important to recommend strategies for simplifying the eligibility requirements, like income eligibility.

Chair Ma recognized Patrice Berry.

Ms. Berry stated that she doesn't believe the workgroup needs to wait for a body of their work in order to focus on expansion.

Chair Ma recognized Cynthia Gomez.

Ms. Gomez made a comment on eligibility requirements. The language includes children without social security numbers so the workgroup will need to identify ways that they will safely be able to access their accounts without social security or ITIN numbers.

Chair Ma recognized Margaret Libby.

Ms. Libby stated that we may want to think about who is delivering the message and what the message is for those people thinking it is too good to be true.

Chair Ma agreed and stated that it is possible the children may become a target for fraud.

Executive Director O'Connor stated that perhaps the workgroup might want to consider fraud prevention training of some kind.

Chair Ma asked if there were any comments on the phone.

Hearing none, Chair ma moved on to the next item on the agenda.

**Item #7 Proposed Meeting Schedule**

**Information Item**

Executive Director Kasey O'Connor presented the following tentative schedule:

- Inaugural Advisory Workgroup Meeting: 1/31/23
- Inaugural Board meeting to ratify RFP choice by ED: 2/28/23
- Second Advisory Workgroup Meeting: 3/13/23
- Further scheduling: TBD

Chair Ma asked that the group proactively let Executive Director O'Connor know if there are any dates that they will not be available so that the workgroup can have as many people participate as possible.

Chair Ma asked if there were any comments on this item.

Hearing none, Chair Ma moved on to the next item.

**Item #8 General Public Comment**

**Information Item**

Chair Ma asked for any public comments on anything that was not on the agenda.

Chair Ma recognized Andrew Shane.

Mr. Shane commented that notifying participants of an unexpected program is quite different in terms of outreach but that Department of Social Services does have a similar history under its belt. The department did an excellent job with the implementation of pandemic EBT, a new federal program in which cards were mailed out and it was very streamlined. So there is some good experience to learn from when we are looking to let people know about these programs.

Chair Ma thanked Mr. Shane and recognized Dr. Vickie Mays.

Dr. Mays asked whether there would be outreach for an adoption of this program by philanthropic groups.

Chair Ma responded that with the CalKids program, they worked with one of the foundations who really wanted to help jumpstart the project. Once the program is up and running it will be

more of an opportunity for private foundations to contribute to it.

Chair Ma recognized Christy Brown.

Ms. Brown stated she would be happy to help coordinate philanthropic outreach, talk with vendors, and work with folks across the state to ensure the program gets what it needs. She also commented that relying on philanthropic efforts can result in a boom and bust cycle, so the group might want to have discussions about the various types of funding that can get sustainable, long-term planning, but that also includes direct investments.

Chair Ma thanked Ms. Brown and thanked the workgroup.

Chair Ma adjourned the meeting at 12:34 P.M.