



## California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program

### California (HOPE) for Childrens Trust Account Program

#### Staff Report re: Annual Expenditure Plan

02/09/2024

#### **Background**

The California Legislature enacted 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 or Act), which establishes the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program (herein, the California HOPE Program) to provide a trust account (HOPE Account) to an eligible child who lost a parent or guardian to COVID-19 during the public health emergency and children who have been in California’s state or tribal foster system for at least 18 months and have had reunification services terminated.

The HOPE Act requires the Treasurer’s office to convene the board of directors for the California HOPE Program (HOPE Board or Board) and coordinate with the advisory workgroup (HOPE Workgroup or Workgroup) to administer the Program and advise the Board on relevant data related to ongoing program enrollment. It also directs the Board to report to the Legislature information about future statutory and budget allocations needed to meet the goals of the Program.

The HOPE Act also requires the Board to administer the Program and the funds to create opportunities, economic autonomy, and hope, and to promote wealth and asset building for an eligible child and eligible youth to address California’s record levels of inequality. The Board may adopt regulations to implement this chapter consistent with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

Section 18997.53(d) further directs the board to submit a written annual expenditure plan detailing proposed uses of funding to the Department of Finance and the Joint Legislative Budget Committee by October 1 of every year. While the February Report to the Legislature included the timeline and implementation plan, HOPE staff will submit a separate report to fulfill the financial plan requirements in the referenced section.

#### **Previous Program Expenditures**

<b>FY 2022/23 Expenditures</b>	
Personnel Services	117,000
Operating Expenses and Equipment	58,000
<b>Total Program Expenditures</b>	<b>175,000</b>



## California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program

<b>FY 2023/24 Expenditures</b>	
Personnel Services	679,000
Operating Expenses and Equipment	1,342,000
<b>Total Program Budget</b>	<b>2,021,000</b>

### **Highlights from Report to the Legislature**

Attached to this staff report is the comprehensive HOPE for Children Trust Account Program Report to the Legislature that was delivered 1/31/2024. The Implementation Plan includes an anticipated timeline for HOPE’s next steps toward seeding the HOPE accounts with funds by July 2025. The Implementation Plan and Timeline that helps to identify the Program’s projected estimate of budgetary needs.

Based on the projected timeline, and in conjunction with the Treasurer’s Accounting Department, staff’s projected budget expenditures for the 2023/2024 year shall be solely for administrative costs, as reflected in the above Expenditures box.

Staff notes the HOPE’s 2023/24 budget is comprised of \$679,000 in personal services to support four positions. In addition, HOPE’s operating expenses and equipment (OE&E) budget of \$1,342,000. OE&E consist of funding for various items, such as: general expense, printing, communications, postage, travel, training, facilities operations, utilities, and consulting and professional services. The majority funds are allocated for consulting and professional services.

More itemized information can be found in the **Fiscal Detail Sheet at the end of this report.** Please note that the Fiscal Detail Sheet of the expenses below is based on best estimates and projections for personnel services and contracts necessary for community outreach and participant enrollment in the program, given that the board is new, and a high-level overview of the budget.

### **Participant Enrollment and Notification**

HOPE Program administrators will bear the burden of identifying participants. This is the standard best practice used in other successful programs of this nature. HOPE will work through an interagency data sharing agreement with the California Department of Social Services (CDSS) to auto-enroll all eligible long-term foster children. CDSS will inform HOPE of the number of eligible children and their ages annually. HOPE will work with CDSS to inform the child, their foster parent, case worker, and other adults responsible for the eligible child that a HOPE account exists and provide information on how to access the trust account.

Unfortunately, there is no comparable government entity that has kept track of children impacted by the death of a parent or guardian due to COVID-19. It is estimated that over 32,500 children in California lost at least one parent or caregiver due to COVID-19 during the pandemic. An



## **California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program**

unknown portion of these children come from households who were already in poverty before the parent or guardian's death. The HOPE eligibility and outreach workgroup recommends using 10,000 as the number of possible income eligible COVID-19 bereaved children expected to be enrolled beginning in 2025. The HOPE program will partner with the Center for Health Statistics and Informatics (CHSI) at the California Department of Public Health. CHSI will look at information found in death certificates and birth certificate data to identify surviving minors.

In addition, HOPE will work through interagency partnerships with the California Department of Education, Franchise Tax Board, and tribal courts and leaders to locate these children and verify their age and household income prior to the decedent's death.

The lack of a centralized information data system as it pertains to income eligible COVID-19 bereaved children require HOPE to conduct community outreach to ensure eligible children are located and manually enrolled. HOPE will target outreach resources to California counties that have both a high number of COVID-19 deaths as a percentage of the population as well as large numbers of children enrolled in Medi-cal. Members of the HOPE eligibility and outreach workgroup have begun to identify COVID-19 researchers, service providers, and support networks to partner with for outreach. Central to this outreach strategy will be the development of materials that speak effectively to the intended audience which are HOPE eligible children and the adults closest to them. Public education and outreach materials will be created with insight from the youth panel of experts and designed to encourage and facilitate youth enrollment in and engagement with HOPE accounts and program activities.

### **Philanthropic Efforts**

The HOPE program will offer financial mentorship and management through community-based organizations. The HOPE Act requires all but 5% of the funds be used to maximize the trust accounts. To provide these services and maximize the youth's accounts, it will be necessary to find other sources of funding. The HOPE fund may be able to create a charitable organization organized under government code 12580. This would allow the program to receive tax-exempt donations from private individuals, corporations, foundations, and others. These funds could be directed for any purpose desired by the donor and acceptable to the HOPE board. The HOPE Board plans to reach out to philanthropy CEO's, donor-advised fund managers and other potential private donors to formulate strategies to secure much needed philanthropic support. This unique aspect of the HOPE Program allows for the Board and staff to identify non-state or federal monies that can be potentially utilized for future costs to ensure the HOPE Program is sustainable and can continue to serve new eligible youths.

### **Additional Attachments:**

- A) Full Legislative Report (Implementation Plan & Timeline start on pg. 17)
- B) HOPE Account Government Budget, per STO Accounting



**California Hope, Opportunity, Perseverance, and Empowerment (HOPE)  
for Children Trust Account Program**

**Staff Recommendations**

To fulfill the mandate in Section 18997.53 to submit the Annual Expenditure Report, staff recommends the board review the information and direct the Executive Director to submit a report based on the Board’s feedback at the February 9, 2024, meeting.

***\*\*The Annual Expenditure Plan mandates the Board include if the Program needs to exceed its 5% of administrative costs to implement the program. Staff recommends asking for no additional budgetary allocations as all the administrative needs for the 2023-24 fiscal year are covered in the already projected budget. \*\****

DF-46 (REV 03/13)

**Fiscal Summary**  
(Dollars in thousands)

BCP No.	Proposal Title		Program	
1	Hope Act			
Personal Services	Positions		Dollars	
	CY	BY	BY + 1	2023/24
Total Salaries and Wages <sup>1</sup>		4.0	4.0	\$432
Total Staff Benefits <sup>2</sup>				<b>226</b>
<b>Total Personal Services</b>		4.0	4.0	\$658
<b>Operating Expenses and Equipment</b>				
General Expense				16
Printing				2
Communications				12
Postage				2
Travel-In State				4
Travel-Out of State				
Training				4
Facilities Operations				24
Utilities				4
Consulting & Professional Services: Interdepartmental <sup>3</sup>				60
Consulting & Professional Services: External <sup>3</sup>				1,162
Data Center Services				
Information Technology				24
Equipment <sup>3</sup>				28
Other/Special Items of Expense: <sup>4</sup>				
Marketing				
<b>Total Operating Expenses and Equipment</b>				\$1,342
<b>Total State Operations Expenditures (incl. salary/wage increases from fall)</b>				<b>2,021,000</b>



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