



## Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children

Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

### 1) Introduction and Program Overview:

The California Hope, Opportunity, Perseverance, and Empowerment (HOPE) Trust Account for Children Program provides individual accounts with an investment of approximately \$4,500 (in 2025 dollars) to eligible children, specifically those from very low-income families who have lost a parent or guardian to COVID 19 or long-COVID (“COVID-bereaved”) and children who have been in foster care for at least 18 months (“long-term foster children”) and family reunification services have been terminated or the child entered foster care after 16 years of age.

The HOPE program aims to create opportunities, economic autonomy, hope, and promote intergenerational wealth and asset building for eligible children as one of the many strategies California must employ to reverse our state’s record level of inequality.

We will accomplish this by:

- Providing each eligible youth with a trust account they can access from the moment they turn 18 years of age or up to age 26.
- Providing each eligible youth the opportunity to partner with a financial mentor and access other financial planning services to learn how to invest, grow, and utilize their funds until they turn 30 years old.

We expect to launch no later than July 2025. In the first year of operation, the HOPE program will create accounts for approximately 58,500 youth. We expect to create accounts for approximately 10,000 eligible children a year after that and continue enrolling eligible children on a continuous flow basis.

The HOPE Program is designed on the model of “Baby Bonds” tailored to California’s unique needs and resources. Conceptualized in modern form by economists Darrick Hamilton and William Darity, Baby Bonds are designed to address wealth inequities, particularly the racial wealth divide, by providing the largest investments for children from households with the least wealth, disproportionately consisting of communities of color (or BIPOC communities) that have been systemically prevented from accumulating wealth through slavery, expropriation of Indigenous land, redlining, residential segregation, immigration restrictions, and exclusion from prior wealth creating programs like the GI bill. California is the first state in the nation to create this type of program, specifically as it pertains to COVID bereaved youth. This makes it especially difficult to measure this program against other programs to identify immediate actual number of youth enrolling without intense outreach programs.

Below, for reference is HOPE’s program projections as entered in the Report to Legislature submitted February 1, 2024.





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Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

ANTICIPATED DATES	MILESTONES
May, 2024	Initial Philanthropic Leadership subcommittee meeting
May, 2024	Initial Financial Education Partnership subcommittee meeting
May, 2024	Initial Youth COVID Bereavement Outreach Subcommittee meeting
June, 2024	Initial Youth Ambassadors Subcommittee meeting
JUNE, 2024	Final passage of statutory changes, including SB 242 (Skinner)
JULY, 2024	Notice of proposed rulemaking issued
JULY – SEPTEMBER, 2024	Public comments and hearings on proposed regulations
SEPTEMBER, 2024	HOPE Board adopts regulations
OCTOBER, 2024	Investment and Program Managers on boarded
NOVEMBER, 2024	Regulations become operative
JANUARY, 2025	Statutory changes, if any, take effect
JULY, 2025	Eligible children enrolled, HOPE accounts created and funded

### 2) Needs Assessment and Market Analysis

There is a critical need for California’s most vulnerable and at-risk youth to receive support and access to wealth to better set them up for future wealth building. Thousands of California’s children in low-income families lack access to wealth, which studies show is the biggest predictor of future financial success, even more so than simply making higher wages. The Russell Sage Foundation Journal of the Social Sciences, August 2021, Vol. 7, No. 3, Wealth Inequality and Child Development: Implications for Policy and Practice (August 2021), further noted that access to wealth is the most significant predictor of the future financial success of a child. Yet the opportunity to build wealth is out of reach for children growing up in poverty. Despite decades of statewide economic growth, nearly a third of Californians, including over 1.5 million children, are living in or near poverty.

There are two primary populations that will be served: (a) youth who have lost a parent or guardian to COVID-19 or long-COVID and whose family household income prior to the death of that parent or guardian would have qualified the youth for Medi-Cal for Children and (b) youth who have been in county or tribal foster care for 18 months or more.

#### Needs of COVID-Bereaved Youth

There is a clear and compelling need for the HOPE program among COVID-bereaved youth. During the COVID-19 pandemic, child poverty more than doubled from 5.2% to 12.4% from 2021-2022, the largest one-year increase ever. COVID-19 has disproportionately impacted





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Latine/ Hispanic and African Americans ages 18 to 34, as well as women and immigrants in low-wage jobs. Due to long-standing wealth and income inequalities among these populations, they had fewer resources to fall back on when the COVID-19 pandemic abruptly reduced their incomes, be it due to illness, mandated shutdowns, or both. Children who lost a parent or primary caregiver are particularly vulnerable.

There are an estimated 8,000 to 10,000 children who have lost one of their parents or legal guardians from COVID-19 and whose household income, prior to that person's death, was low enough to qualify them for enrollment in Medi-Cal for Kids. For these kids, their low household income and lack of wealth is compounded by the loss of a parent. Studies show that children who have lost a parent ("bereaved children") are at higher risk of academic failure, depression, alcohol and substance misuse, violent crime, suicide attempts, suicide, and premature death from any cause, and may have a higher likelihood of becoming incarcerated youth.

### Needs of Long-term Foster Youth

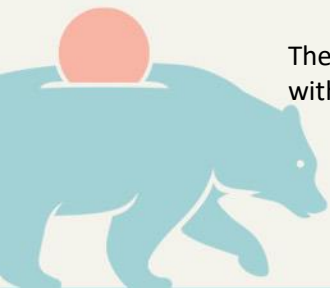
There is also a clear and compelling need for the HOPE program among long-term foster youth. In California, the high cost of living creates an additional barrier to success upon leaving the foster system for the 70.4% of foster youth who live below the poverty line. These systemic barriers are a leading factor to 31% of transition-age foster youth experiencing homelessness. Unfortunately, without sufficient support, foster youth are vulnerable to incarceration; a study conducted by the Children's Data Network and the California Department of Justice found that 43% of individuals arrested/ booked before age 25 had faced childhood abuse or neglect. Meanwhile, the proportions of Black and Native American youth in foster care are around four times larger than their share of the California youth population overall.

Children who are in foster care for over 18 months and no longer receiving parental reunification services ("long-term foster children") are least likely to be adopted, which means they will most likely transition from foster care into adulthood. Statistically, they are more likely to have 50% lower earnings and 20% lower employment rates by age 26 as compared to a sample of young adults with similar levels of education. As one-third experience homelessness.

### Market Analysis

Beyond the direction of the HOPE board of directors, two other groups of experts have provided critical analysis of the needs of the two populations HOPE is meant to serve: the HOPE Advisory Workgroup and the HOPE Youth Panel of Experts.

The HOPE Advisory Workgroup was convened on January 31, 2023, to work in coordination with the HOPE Board on the program design, including, but not limited to, data sharing with





## Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children

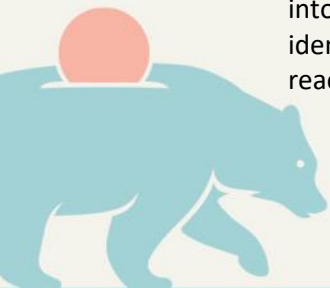
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relevant governmental agencies and departments, outreach to families of eligible children, and the process for program enrollment and continuous measurement of outcomes of the HOPE trust accounts. Over 40 subject matter experts and community leaders joined the Advisory Workgroup, including representatives from the agencies named in the statute as necessary to the design process such as the California Health and Human Services Agency, the State Department of Social Services, the State Department of Public Health, the State Department of Health Care Services, and the Department of Corrections and Rehabilitation. Other participants include community stakeholders with knowledge and experience in poverty alleviation, youth development, access to banking for underbanked individuals, asset building, closing the race-wealth gap, consumer protections, and wealth coaching; representatives of county human services agencies; representatives of county child welfare workers; tribal leaders and representatives of tribal service providers, tribal advocates, and tribal members; and, representatives of the foster youth advocacy community with personal experience in the foster system, as required by statute.

The HOPE Advisory workgroup was originally created as mandated by statute. The advisory workgroup was crucial in the development of the implementation plan that was submitted to the legislature February 1, 2024. The workgroup also split into 4 sub-workgroups that reported back to the main advisory workgroup. The sub-workgroups were; Eligibility and Outreach, Data Sharing and Privacy, Administrative Infrastructure and Timelines and Funders Per Youth and Investments Strategies.

The advisory workgroup and sub-workgroups provided much needed insight into community needs, community resources and networking. In addition, the multiple state department members were able to provide information pertaining to available data resources and necessary future Memorandum of Understanding that will be needed to access pertinent information. The workgroup and sub-workgroups provided crucial input into the HOPE report to the legislature and this information was reported out to the HOPE Governing Board by HOPE's executive director. The workgroups very clearly had a passion for this work, and it showed by their continued commitment to the workgroup meetings. Once the report to the legislature was submitted, the workgroups were no longer required, as per statute. Many of the members reported that they were very interested in continuing this work. As a result, there will be 4 subcommittees that will start meeting again in May 2024. The continued work of the subcommittees will be reported to the HOPE Governing Board at the May 2024 Board meeting.

The HOPE program could not adequately be designed without significant direction from a set of youth who were most likely to be beneficiaries of the program. To that end, the HOPE Program consultant worked with leading advocates at Ending Poverty in California (EPIC), Marked By COVID, and GRACE-End Child Poverty in California to recruit twelve young people into the HOPE Youth Panel of Experts (YPE). To protect their privacy, their names and identities are kept confidential except as noted with the permission of those who have reached at least 18 years old.





## Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children

Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

The YPE includes 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. They range in age from 14 to 21 and include youth who identify as Black/African American, Caucasian/White, Native Hawaiian, or other Pacific Islander, American Indian or Alaska Native Islander, and Hispanic or Latine. They are from Sacramento, Kern, Merced, Contra Costa, San Diego, Los Angeles, San Bernardino, and Alameda counties. The youth have been candid during the youth retreats and meetings. The youth all shared of their experiences during the retreats. In addition, the youth were able to help identify or recommend areas to outreach, including providing input with Loma Media Partners as it pertains to narrative design for outreach materials as well as much needed youthful input for social media platforms. Many of the youth expressed interest in continuing this work. As such, a youth ambassador subcommittee will convene in late May to early June 2024. It should be noted that that Treasurer Ma will pass out certificates to each of the youth who served on the Youth Panel of Experts in recognition of their work.

(EPIC, GRACE, and Pa'lante Collaborative have provided all of the resources necessary to recruit and convene the members of the YPE. This has included the cost of outreach, scheduling, hosting, feeding, facilitating, travel. Housing, and compensation for all youth. Going forward, HOPE will create a Panel of Youth Ambassadors to maintain youth involvement. Proposed legislation would create a seat on the board of directors for a youth with lived experience.)

### 3) Mission, Vision, and Values

#### Mission

The mission of the HOPE program is to follow the intent of the legislation that created it. As stated in the Welfare and Institutions Code section 18997.5, the intent of the HOPE Act is to create “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.”

#### Vision

The HOPE Governing Board and staff of the HOPE program envision a future where every child eligible for a HOPE account receives at least the equivalent of \$4,500 in 2025 dollars along with financial counseling and other financial planning services with the intent that the eligible youth will be able to use the funds to secure their best possible economic future. The vision of the HOPE program follows in line with baby bonds programs. The baby bonds programs are designed to address wealth inequities. The overall vision for the HOPE Program is to promote and create opportunities, economic autonomy, and hope, and to promote intergenerational wealth and asset building for all eligible youth.





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### Values

The board and staff of the HOPE program are committed to expressing the following values throughout all aspects of program design and administration:

- **Assets-** Provide each eligible child with their own economic asset; their own trust account that the youth may access once they turn 18.
- **Access-** Provide youth participants access to financial planning and management services to equip the youth to make the best possible financial choices with their assets. Youth will have access to opportunities, not just money.
- **Autonomy-** Strengthen the eligible child's financial autonomy. By accessing the free financial and other financial management services, this will allow each youth to develop their own financial plan for their future goals.

### 4) Annual Goals and Objectives

*Attached to this document will be a detailed Project Plan. The project plan is a document to keep identified tasks and dates on target. The project plan is updated as tasks are assigned in order to ensure HOPE continues to stay on task and track assignments as they are completed.*

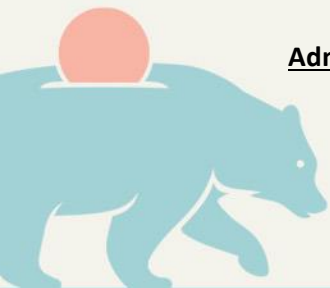
**HOPE will be operational by July 1, 2025. In order to accomplish this, HOPE will meet the following goals no later than 2026:**

- Create and adhere to program bylaws that will support HOPE's board of directors and guide future operations by 2024
- Contract the technical expertise necessary to administer the program, including an investment consultant, investment manager, and program administrator by 2024
- Establish a website and or an app portal for program enrollees and the adults that they trust to learn about their account, including the amount of money in it, its expected growth rate, the financial planning services available to them, learn about ways the fund can help them secure their financial futures, and opportunities to connect to other HOPE youth so they can support one another by 2024
- Educate and enroll the approximately 68,500 children who will be eligible for HOPE accounts including hard to reach children like tribal foster youth, children who do not have or whose parents or guardians do not have social security or individual tax identification numbers, children in rural areas, and children who are impacted by incarceration. The initial enrollment will occur in 2025.
- Publish program regulations through the Office of Administrative Law by 2025

**To further support our three-year goals, the objectives are broken down by calendar year and topics:**

*For detailed tasks, see attached Project tracker which outlines tasks, dates and who is responsible for each task.*

### Administrative





## Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children

Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

- Contract and onboard an investment consultant (6-month term), investment manager (two-year term), and program administrator (three-year term)
  - Estimated timeline is post RFP March 2024
  - Review applications April 2024
  - DGS approves contract late May 2024
- RFP for Program Manager and Investment Manager
  - Post RFP July 2024
  - Review applications middle August
  - DGS approves contract October 2025

### **Evaluation and monitoring**

- Establish evaluation methods to monitor and evaluate efficacy of program
  - Create Risk Assessment subcommittee – June 2024

### **Implementation guidelines and regulations:**

- Establish interagency agreements as needed with the Department of Social Services, Franchise Tax Board, Department of Education, and the Department of Public Health
  - Initial meetings with Department's- April 2024
  - Interagency agreements/contracts July 2024
  - FTB would require statutory change. Likely enacted January 1, 2025
- Complete Charters for subcommittees – May 2024
- Submit final program regulations.
  - Board to approve proposed regulations and ISOR before May Board meeting
  - HOPE to submit Notice of publication and economic and fiscal impact late May 2024
- Adopt bylaws- August 2024
  - 45-day comment period completed July 2024
  - Final statement of Reasons August 2024
  - HOPE Board approves final regulations
  - Office of Administrative Law to approve regulations September 2024
  - Regulation adopted and enacted January 1, 2025
- Increase the population of eligible children through statutory changes via SB 242. This bill would:
  - expand eligible children to include unaccompanied refugee minors and children in tribal foster care if the tribe notifies the HOPE program of the child's eligibility.
  - Include two new HOPE Board members with lived experience





## Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children

Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

- Effective date would be January 1, 2025, SB 242 enacted

### **Marketing and Outreach**

- Design, fund, and begin to conduct outreach to educate eligible children in low-income COVID-impacted communities and tribal foster children whose tribes do not report to CDSS about the HOPE program, when we expect to launch, how to know if you've been enrolled, and how to ensure you are enrolled if you qualify and have not been enrolled.
  - Program Manager working with tribal liaison to set up outreach strategies- June 2024
  - Attend and present at ICWA convening September 2024
  - Work with outreach subcommittee on outreach strategies May 2024 and ongoing
- Launch the Youth Ambassadors program so that youth with lived experience can continue to provide insight on program design and development
  - Consultant to work with Youth Ambassadors – June 2024
- Develop outreach and education strategies and materials with our narrative design partners- HOPE staff continues to meet weekly with Loma Media.

### **Philanthropy**

- Design, secure funding for, and begin to establish partnerships with financial planning and education providers and mentors
  - Work with Financial mentorship subcommittee – May 2024 and ongoing
- Determine the amount of resources needed from philanthropic partners to conduct necessary the outreach and provide financial planning and mentorship services effectively and sustainably for the next five years, raise 25% of that amount, and deploy the amount necessary to achieve related annual objectives.
  - Initial planning will be through subcommittee's, May 2024
  - Subcommittee's will outreach philanthropic partners ongoing through 2024

### **2025 Calendar Year Objectives:**

***Estimated dates and task assignments will be updated in the project tracker as timing dictates.***







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Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

### **Administrative**

- Formally launch the HOPE program in the third quarter of 2025, to coincide with the beginning of the public-school year
  - Create the first accounts based on data received by CDSS about eligible long-term foster youth, expected to be approximately 48, 500 accounts.
  - Work with CDSS to inform each program enrollee, and the appropriate adults, that they have an account and how to access services
- Review the performance of the investment consultant, investment manager, and program administrator
- Renew or contract with a different investment consultant

### **Continued guidelines and regulations:**

- Implement any statutory changes if needed.
- Update bylaws and regulations as needed to implement any statutory changes.

### **Evaluation and monitoring**

- Work with the evaluator to establish baseline measures for future evaluation of the impact of the HOPE program

### **Philanthropy**

- Finalize partnerships with financial planning and education providers and mentors
- Raise the remaining amount of resources needed from philanthropic sources to support sustainable outreach and financial mentoring and related services

### **Marketing and Outreach**

- Continue to conduct outreach in low-income COVID-impacted communities and tribal foster children whose tribes do not report to CDSS and enroll as many of these children as possible
- Create the website and app portal to allow youth and approved adults to access information about the accounts and the financial mentorship and other services available to the program enrollees

### **2026 Calendar Year Objectives:**

*Estimated dates and task assignments will be updated in the project tracker as timing dictates.*

### **Administrative**

- Review the performance of the investment consultant, investment manager, and program administrator
- Renew or contract with a different investment consultant and investment manager

### **Continued guidelines and regulations:**





## Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children

Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

- Update regulations as needed
- Implement any statutory changes or clean up language if needed.

### **Evaluation and monitoring**

- Work with the program evaluator to measure the first year of impact of the HOPE program

### **Marketing and Outreach**

- Continue to reach out and educate potentially eligible youth particularly low-income COVID-impacted communities and tribal foster children whose tribes do not report to CDSS and enroll as many of these children as possible

### **Philanthropy**

- Continue to raise resources from philanthropic sources to sustainably fund outreach and financial mentoring and related services
- Raise additional funds from philanthropic sources to increase the amount of funds that HOPE can provide to program enrollees

## 5) Program Strategies

HOPE's program strategies include administrative strategies and programmatic strategies. A large piece of the programmatic strategy includes the subcommittees. The subcommittees include a large number of stakeholders that strongly believe in program intent of HOPE, which is to help close the racial wealth gap and provide a new financial investment program catered to California's vulnerable children.

### **Leveraging HOPE's subcommittees**

The HOPE Board authorized the advisory workgroup early in the implementation phase. This was primarily to assist in the implementation policy and ensuring the report to the legislature included input from multiple stakeholders. The advisory workgroup has ceased now that the report was submitted. Subcommittees are in the process of being formed. These subcommittees, as previously noted, will report to the board on best practices, recommended changes, and recommended policies. The subcommittees will have a vast array of knowledge, avenues of community outreach and connections as well as philanthropy approaches. The subcommittees will also provide input into the development of regulations.

### **Administrative strategies**

As previously noted, HOPE will seek to hire a program manager and investment manager. The plan manager will work in partnership with Loma Media as well as initial partnership with HOPE's investment consultant. The program manager will ensure that HOPE program participants receive trauma-informed customer service since many of them will have faced tremendous loss, including the death of a parent or removal from their families of origin without likelihood of reunification. HOPE program participants are also more likely to be





## Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children

Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

undocumented, impacted by the carceral system, multi- and non-English monolingual youth, victims of or vulnerable to identity theft, homeless, or have other comparable manifestations of intersecting multiple socially and economically marginalizing forces. These children may often be hard to reach and stay in touch with over time. The plan manager will provide program management for investment of funds to maximize the trust accounts. The plan manager will also provide trauma informed customer service, marketing, and distribution of funds. HOPE staff will work diligently on developing regulations and working with Senator Skinner's office to pass SB 242 that will ensure further statutory changes are implemented.

### 6) Marketing Implementation Plan

In order for HOPE to successfully reach all youth to ensure high enrollment, there will need to be a multi-tiered approach. This will include community and social media marketing, community engagement and youth enrollment.

#### **Community and Social media marketing**

HOPE will work with internal STO communication staff on marketing strategies and use up to date data platforms such as LinkedIn. HOPE staff and STO internal and external staff will work closely with each other as it pertains to onsite outreaches and ongoing communications such as webinars, Facebook marketing and TikTok videos speaking to need of HOPE funding and potentially reaching eligible youth. In addition, HOPE has contracted with Loma Media Partners for narrative design with expertise in publications to targeted populations. 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 utilizing themes of opportunity, economic autonomy, and wealth-building capacity. HOPE will also provide outreach materials to government agencies, tribal organizations, and non-profit community organizations to encourage, facilitate, and support child and youth enrollment in the program and on-going support and engagement with HOPE accounts.

#### **Community engagement.**

The lack of centralized information about income-eligible COVID-19 bereaved children requires that the HOPE program conduct community outreach to ensure each eligible youth is located and enrolled. The HOPE program will target community outreach and engagement by identifying and locating California counties that have both a high number of COVID-19 deaths as a percentage of population as well as large numbers of children who are enrolled in Medi-cal for Children. HOPE staff will work with multiple state agencies through interagency agreements to reach youth in both foster care and impoverished areas to identify eligible youth and reach eligible youth to inform them of potential eligibility. Work has already been initiated to identify target areas through using information from Department of Public Health (DPH) data of households with annual incomes low enough to qualify for Medi-Cal and cross reference percentage of COVID deaths in those counties.

#### **Youth enrollment**





**Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children**

Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

One of HOPE’s newest subcommittee is the Youth Ambassador subcommittee. This subcommittee will work to identify effective ways to reach youth and is currently working with Loma Media on effective design materials. In addition, the program manager will work on the enrollment system that will allow for a user-friendly enrollment system. There will be two types of enrollments; automatic enrollment and manual enrollment. As noted, there has never been this type of program. As such, the only way to reach the COVID bereaved youth will be through intensive community outreach. The COVID bereaved youth will be able to contact HOPE via phone, website or email and will be directed to the website where they will be able to manually enroll.

**7) Budget and Funding Strategy**

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 authorized an annual resource of \$15,000,000 to the HOPE for children, of which, 5% is authorized for administrative costs. Below is a breakdown of current and projected costs. Again, these are projected costs as HOPE is still in early implementation stage. The projections are only for the next fiscal year and does not include projection for July 1, 2025.

<b>INCOME:</b>	<u>BALANCE FORWARD</u>	<u>CURRENT MONTH</u>	<u>FY 23/24 YEAR-TO- DATE</u>
Fees	\$0.00	\$0.00	\$0.00
SMIF Interest	\$1,790,262.66	\$0.00	\$1,790,262.66
Misc. Revenues (Interest from Debt Securities)	\$119,073.48	\$0.00	\$119,073.48
Escheat Revenues (Canceled warrant)	\$0.00	\$0.00	\$0.00
Transferred from Fund 0001	\$15,000,000.00	\$0.00	\$15,000,000.00
Loans from General Fund	\$0.00	\$0.00	\$0.00
	<u>\$16,909,336.14</u>	<u>\$0.00</u>	<u>\$16,909,336.14</u>
<b>EXPENDITURES:</b>			
Prior Prior Year Expenditures	\$0.00	\$0.00	\$0.00
Prior Year Expenditures	(\$188.18)	\$0.00	(\$188.18)
Current Year Expenditures	\$342,972.73	\$66,635.78	\$409,608.51
	<u>\$342,784.55</u>	<u>\$66,635.78</u>	<u>\$409,420.33</u>
<b>Note: Encumbrance Balance</b>	<b>\$222,946.52</b>		

<b>FUND BALANCE 1/31/2024</b>	<b>\$117,667,248.18</b>
Income	\$0.00
Expenditures	(\$66,635.78)
GAAP Reporting	\$0.00
21st Century Project	\$0.00





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FSCU Charges	\$0.00
SB84	\$0.00
One time SB84 adj from PPY	\$0.00
ProRata Charges	\$0.00
Supplementary Pension	\$0.00
Fi\$cal Charges	\$0.00
<b>FUND BALANCE 2/29/2024</b>	<b><u>\$117,600,612.40</u></b>

3403-0957-2022-501-10 Authority to Spend Support (Admin costs)			
	Authority/Appropriation	Expend & Encumb	Remaining balance
2022	\$10,000,000.00	\$174,406.62	
2023	\$750,000.00	\$632,555.03	
<b>Available to spend on support</b>	<b>\$10,750,000.00</b>	<b>\$806,961.65</b>	<b>\$9,943,038.35</b>

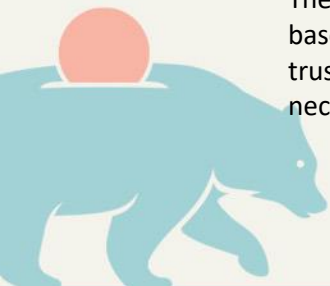
3403-0957-2022-601-10 Authority to Spend Local Assistance (LA) Program (Grants)			
	Authority/Appropriation	Expend & Encumb	Remaining balance
2022	\$90,000,000.00		
2023	\$14,250,000.00		
<b>Available to spend on Grants/LA</b>			<b>\$104,250,000.00</b>

Smif/Debt Securities Interest	Received	
2022	\$1,275,291.39	
2023	\$1,909,336.14	
<b>Total interest received</b>		<b>\$3,184,627.53</b>

Investment in Debt Securities Information		
1209000	Accrued Interest Receivable	\$0.00
1501000	Investment in Debt Securities	\$106,000,000.00
1501300	Discount on Debt Securities	\$281,646.63)
	<b>Net total</b>	<b>\$105,718,353.37</b>

**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





## Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children

Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

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.

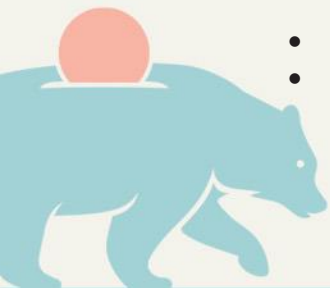
Two of the new subcommittees include Philanthropy subcommittee and financial leadership subcommittee. Both subcommittees will seek out partnerships with community-based organizations and funders that will partner with HOPE and support HOPE's vision and seek to maximize HOPE trust accounts.

### 8) Monitoring and Evaluation

The HOPE program will contract with an external program evaluation partner with expertise on poverty and inequality in California to analyze its performance for accountability and learning. Evaluators may include anti-poverty researchers with expertise using both quantitative and qualitative data collection and analysis of program design and administration as well as program impact. Special attention will be given to the impact that the HOPE program will have regarding the statute's expressed intentions of "creating opportunities, economic autonomy, and hope" and promoting "intergenerational wealth and asset building", maximizing "autonomous wealth-building capacity" and helping to "reverse our state's record level of inequality." Evaluation partners may be required to establish baseline measures to enable the Board to draw clear impact measurements, measures of financial success such as employment and savings, for similarly situated children before and after participation in the HOPE program.

Due to the fact that HOPE is not yet operational, there is currently no baseline to compare and evaluate. The areas identified to evaluate are:

- number of HOPE eligible children enrolled annually for long-term foster children and income-qualified COVID-19 bereaved children,
- The value of deposits made per each account annually as well as the cumulative value of each account per child,
- The amount of funds withdrawn annually
- Success attracting non-state partners and resources to support program outreach and service provision
- Voluntary survey data about the intended and actual use of funds,
- The number and types of services provided to program participants including take up rates and any measures of performance normally collected by service providers,





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Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

- Program changes as needed to expand eligibility.
- Voluntary survey data about HOPE participants' expectations about their economic futures collected near to program enrollment, annually, at the time of funds withdrawal and for up to five years after funds withdrawal

### 9) Community Engagement and Outreach

As part of the HOPE Board meetings and advisory workgroups, we have started to identify COVID researchers, service providers, and support networks to partner with for outreach. The goal is to partner with those that have verified experience providing COVID relief to low-income families and can include community-based nonprofit services providers, tribal and urban American Indian leaders and their social network and providers, community health workers, civic groups, mutual aid societies, religious organizations, funeral directors, community action groups, social welfare institutions, community development, and asset-building organizations both public and private organizations, and legal services providers. All will be asked to operate within a data stewardship agreement of data protection and lessening the stigma for participation in programs and services.

Central to this outreach strategy will be the development of materials that speak effectively to the intended audience: 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 utilizing themes of opportunity, economic autonomy, and wealth-building capacity. HOPE will also provide outreach materials to government agencies, tribal organizations, and non-profit community organizations to encourage, facilitate, and support child and youth enrollment in the program and on-going support and engagement with HOPE accounts. HOPE program manager will present an annual marketing and outreach plan and will work in collaboration with Loma Media on outreach materials that speak to HOPE eligible youth.

### 10) Sustainability and Scalability

The HOPE program receives annual allocations of \$15,000,000, of which 5% is allocated for administrative purposes. The sustainability of this program will rely heavily on philanthropic outreach and community partnerships. WIC section 18997.52(4)(A-B) mandates the HOPE board to accept grants, gifts, and other moneys to the HOPE Trust Account Program. The intent is to provide ways to utilize nonstate moneys and maximize investments for the youth. HOPE staff will attend grant writing training and researching for resources training in March 2024. The May 2024 HOPE board meeting will be informed and approve of the anticipated subcommittee, specifically the philanthropic subcommittee.

### 11) Partnerships and Collaboration



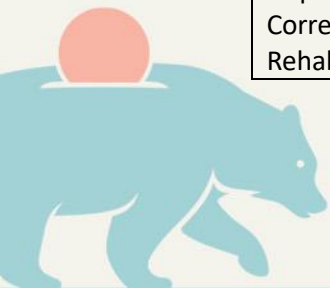


## Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children

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HOPE is very lucky to have a great group of partners and entities that work in partnership with HOPE. The following is a list of HOPE's partners. This list continues to grow as we seek out further partnerships.

Organization	Category	Description	Name
Urban Institute	Advocacy	Administrative infrastructure & timelines of program implementation	Madeline Brown
California Department of Social Services	Government Agency	Administrative infrastructure & timelines of program implementation	Salena Chow
CA Health & Human Services Agency	Government Agency	Administrative infrastructure & timelines of program implementation	KJ Jones
RBCCM	Academic	Data sharing & Privacy	Greg Dawley
UCLA - Fielding School of Public Health	Academic	Administrative infrastructure & timelines of program implementation	Naomi Zewde
Western Center on Law and Poverty	Academic	Data sharing & Privacy	Antionette Dozier
California Department of Social Services	Government Agency	Data sharing & Privacy	Valerie Earley
Stanford Center on Poverty and Inequality	Advocacy	Data sharing & Privacy	David Grusky
CA Tribal Families Coalition	Advocacy	Data sharing & Privacy	Dianna Heimstadt
Oakland Promise	Advocacy	Data sharing & Privacy	Joci Kelleher
California Department of Corrections and Rehabilitation	Government Agency	Data sharing & Privacy	Sarah Larson







## Hope, Opportunity, Perseverance, & Empowerment (HOPE) for Children

Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

California Department of Corrections and Rehabilitation	Government Agency	Data sharing & Privacy	Alex Norring
California Department of Public Health	Government Agency	Data sharing & Privacy	Dana Morre
Academy for Professional Excellence & Lipay Nation of Santa	Academic/Native	Eligibility and outreach	Sunni Dominguez
UCLA - Department of Psychology and Fielding School of Public Health-Health Policy &	Academic	Eligibility and outreach	Dr. Vicki Mays
CHIRLA	Coalition for human rights and advocacy	Eligibility and outreach	Cynthia Gomez
Dept of Financial Protection & Innovation	Government Agency	Administrative infrastructure & timelines of program implementation	Nicole Hisatomi
GRACE	Non-profit	Eligibility and outreach	Yesenia Jimenez
Stanford Center on Poverty and Inequality	Academic	Eligibility and outreach	Sara Kimberlin
Santa Clara County	Government Agency	Data sharing & Privacy	Wendy Kinnear
Prosperity Now	Non-Profit	Eligibility and outreach	Shira Markoff
County Welfare Directors Association of California (CWDA)	Government Agency	Administrative infrastructure & timelines of program implementation	Diana Boyer
County Welfare Directors Association of California (CWDA)	Government Agency	Administrative infrastructure & timelines of program implementation	Eileen Cubanski
California Youth Connection	Non-Profit	Eligibility and outreach	Jordan Sosa
John Burton Advocates for Youth (JBAY)	Non-Profit	Eligibility and outreach	Cody Van Felden





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Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

Marked by Covid	Non-Profit	Eligibility and outreach	Kristin Urquiza
GRACE	Non-Profit	Eligibility and outreach	Angelica Salazar
California Budget & Policy Center	Non-Profit	Eligibility and outreach	Alissa Anderson
San Francisco Foundation	Non-Profit	Eligibility and outreach	Crista Brown
Investment expert	Advocacy	Administrative infrastructure & timelines of program implementation	Sara Flour
MyPath	Financial	Administrative infrastructure & timelines of program implementation	Margaret Libby
Golden 1 Credit Union	Financial	Administrative infrastructure & timelines of program implementation	Barbara Quan
LA County	Government Agency	Data sharing & Privacy	Muntu Davis
State Dept. of Healthcare Services (DHCS)	Government Agency	Data sharing & Privacy	Pamela Riley
County Welfare Directors Association of California (CWDA)	Government Agency	Administrative infrastructure & timelines of program implementation	Rosheena Duree
Governor's Office of Tribal Affairs	Government Agency	Eligibility and outreach	Christina Snider-Ashar
County Welfare Directors Association of California (CWDA)	Government Agency	Administrative infrastructure & timelines of program implementation	Cathy Senderling-McDonald
California Health & Human Services Agency	Government Agency	Eligibility and outreach	Nick Picinich
California Tribal Families Coalition	Government Agency	Eligibility and outreach	Dianna Bond
Western Center on Law and Poverty	Non-Profit	Data sharing & Privacy	Antionette Dozier
End Poverty in California (EPIC)	Non-profit	Eligibility and outreach	Patrice Berry





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Office of State Treasurer Fiona Ma, CPA 901 P St, Suite 411B Sacramento, CA 95814

### 12) Top Areas of Focus to Succeed

HOPE is in the exciting stage of still in implementation process. As such, we are able to adopt new changes and build the program as intended. The key factors to our success are threefold, as identified below:

#### **Regulatory and statutory changes**

HOPE staff and our consultant, Andrea Luquetta with Pa'lante Collaborative Services completed regulation training February 6-8, 2024. HOPE staff and Andrea are in the process of drafting the impending rules and regulations. The regulations are expected to be implemented before July 1, 2025

In the Report to the legislature, HOPE outlined recommended statutory changes. This will be accomplished with Senator Skinner's office via SB 242. The statutory changes are expected to be effective January 1, 2025.

#### **Community outreach and partnership**

One major factor of HOPE Act is reaching all eligible YOUTH. As noted above, there is not a mechanism in place that allows us to track COVID bereaved youth. As such, HOPE will have to target our outreach to geographically identify and enroll low-income COVID bereaved youth. To make this program successful, HOPE staff has partnered with Loma Media Partners. In addition, HOPE will conduct outreaches such as attending community events and forums statewide and reaching school districts, specifically Title 1 schools and low-income tribal areas, especially in the rural areas.

HOPE has partnered with state agencies for data sharing and privacy and confidentiality. Currently, HOPE works in collaboration with the California Department of Public Health, California Department of Social Services, Department of Education, and the State Franchise Tax Board. HOPE will enter into MOU's and data sharing agreements in order to share data that will assist us in identifying COVID bereaved youth and long term foster youth.

#### **Investment and program managers**

At its meeting in August 2023, the HOPE Governing Board authorized the Executive Director to work with the Treasurer's Investment Division to invest of these funds into approved financial instruments through the Pooled Money Investment Account ("PMIA") under statutory authority granted by Government Code sections 16430 and 16480.4 in order to maximize the amount of funds that will be available to be deposited into HOPE Accounts. The PMIA investment policy sets as primary investment objectives safety, liquidity, and yield. As of October 2023, the HOPE Fund can expect to earn between \$5 and \$7 million through





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short-term investments before the program launches in 2025. While this seems modest, extrapolating the amount per account at \$4,500 back from this additional influx of monies from investments made shows that the HOPE Program will potentially be able to seed an additional 1,100 – 1,550 accounts from this investment upon its launch. That means HOPE can help an additional 1,550 children in poverty through utilizing the state’s investment tools.

In early 2024, HOPE will also select an investment consultant who will work under the general direction of the California HOPE Program Executive Director and with HOPE staff, consultant, Advisory Workgroup, and Board to create an investment plan that will include investment management goals, principles, and policies. The consultant will also help draft a request for proposals from investment managers who will be contracted to manage the Fund’s investments and coordinate with the HOPE program manager to fund all accounts.

The investment manager will have multiple responsibilities including ensuring the maximum return on all investments made with HOPE funds and safeguarding liquidity so that all deposits can be made in program participant accounts and those turning 18 and above will be able to exercise their right to withdraw funds for their use.

### Final thoughts and Vision

We have discussed top areas to focus to succeed, but what is the true measure of success? Youth Participation. Without youth participation, there is not HOPE Program. Ensuring that we maximize youth participation is vital. Ensuring youth have the ability and awareness of the program to enroll is paramount. This is why outreach is vital to the success of the program. Youth participation is seen by youth enrollment and participation in the program.

HOPE Board members and staff have begun to educate leaders in California’s philanthropic community, including the Senior Advisor for Social Innovation of the Office of the Governor, about the ways that additional private resources are needed to support the mission of the HOPE program. Such resources can be used to increase the amount of money that each program participant could receive, to support outreach strategies, and to sustain ongoing provision of financial planning services to program participants.

HOPE is providing more than money to the youth. HOPE is providing HOPE. HOPE is providing faith in the youth and, as noted by Senator Skinner, create opportunities that will promote intergenerational wealth and asset building. If HOPE is successful, we envision reversing the wealth inequality by allowing financial stability for California’s youth.

