



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

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February 22, 2024

The Honorable Scott Wiener, Chair
Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, CA 95814

Dear Chair Wiener:

The California Hope, Opportunity, Empowerment and Perseverance (HOPE) for Children Trust Account Board hereby submits to you the enclosed initial "written annual expenditure plan" pursuant to Welfare and Institutions Code (WIC) section 18997.53(d). The HOPE for Children Trust Account Program shall provide the annual expenditure report to the Department of Finance and the Joint Legislative Budget Committee.

Assembly Bill 156 (*Chapter #569, approved September 27, 2022*) created the HOPE Act (the Act) within the Welfare & Institutions Code to help close the racial wealth gap and confront the issue of intergenerational poverty by creating a new financial investment tool specifically catered to vulnerable children throughout the state. The HOPE Program shall provide a trust account to eligible children who were bereaved by COVID-19 during the public health emergency, as well as children who have been in the foster system for over 18 months. The HOPE Act required the Board to submit a report to the Legislature by February 1, 2024. This report has been completed and submitted and includes the implementation plan.

The enclosed report includes current expenditures and estimates for future expenditures for 2024. The current expenditures only include administrative expenditures as HOPE is not fully implemented and is not estimated to be fully implemented until fiscal year 2025.

HOPE is distributing this report to Department of Finance and the Joint Legislative Budget Committee pursuant to Government Code section 9795. This report can be found at www.treasurer.ca.gov/hope/index.asp

Sincerely,

Kasey O'Connor
Executive Director
HOPE for Children Trust Account Program



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

California (HOPE) for Children Trust Account Program

Annual Written Expenditure Report

02/22/2024

Background

The California Legislature recently 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) (7 voting, 2 nonvoting) 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

FY 2022/23 Expenditures	
Personal Services	117,000
Operating Expenses and Equipment	58,000
Total Program Expenditures	175,000



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

FY 2023/24 Budget

Personal Services	679,000
Operating Expenses and Equipment	1,342,000
Total Program Budget	2,021,000

Income:	Balance Forward	Current Month	FY 23/24 Year to Date
Fees	0.00	0.00	0.00
SMIF Interest	940,398.02	0.00	940,398.02
Misc. Reserves	0.00	0.00	0.00
Escheat Revenues	0.00	0.00	0.00
Transferred from Fund 001	15,000,000.00	0.00	15,000,000.00
Loans from General Fund	0.00	0.00	0.00
Total	15,940,398.02	0.00	15,940,398.02

Expenditures:	Balance Forward	Current Month	FY 23/24 Year to Date
Prior Prior Year Expenditures	0.00	0.00	0.00
Prior Year Expenditures	(188.18)	0.00	(188.18)
Current Year Expenditures	147,516.00	73,731.97	221,059.97
Total	147,327.82	73,731.97	221,059.79

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 personnel 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



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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 that child that a HOPE account exists for them.

Unfortunately, there is no comparable government entity that has kept track of children impacted by the death of their guardian due to the COVID-19 pandemic. It is estimated that over 32,500 children in California lost at least one caregiver due to the COVID-19 pandemic. An unknown portion of these children come from households who were already in poverty before the parent'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 match information found in death certificates against birth certificate data to identify surviving minors. HOPE will then work through interagency partnerships with the California Department of Education, 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 centralized information about income eligible COVID-19 bereaved children requires HOPE to conduct outreach to ensure each one is located and 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 MediCal. 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



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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.

*****The Annual Expenditure Plan mandates the Board include if the Program needs to exceed its 5% of administrative costs to implement the program. The Board confirms that the HOPE Program will not be seeking any further budget allocations as the administrative needs for the 2023-2024 fiscal year are covered in this 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		4.0	4.0	\$432
Total Staff Benefits				226
Total Personal Services		4.0	4.0	\$658

Operating Expenses and Equipment

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	60
Consulting & Professional Services: External	1,162
Data Center Services	
Information Technology	24



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

Equipment ³	28
Other/Special Items of Expense:	
Marketing	
Total Operating Expenses and Equipment	\$1,342
Total State Operations Expenditures (incl. salary/wage increases from fall)	2,021,000

It should be noted that the above budget is an estimated budget that the Treasurer's Office worked in collaboration with the Department of Finance to create this budget as HOPE has not been in implementation or in full operation at this time. Example, Marketing line is blank, however, HOPE has contracted with Loma Media to work on narrative design and outreach. Those expenses are reflected in Consulting and Professional Services: External. HOPE staff are working with the Treasurer Office for further budgetary changes as will be reflected in the next annual report due in October 2024.

Attached to this report is the detailed expenditure breakdown submitted by STO budget office in collaboration with DOF.

0957 California Hope, Opportunity, Perseverance and Empowerment (HOPE) for Children Trust Account Program Board

The mission of the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Board is to promote greater opportunity for children by providing each eligible individual a trust account to improve their sense of security and hope in their formative childhood years by promoting intergenerational wealth and asset building with the intent to reduce the record inequality in California.

3-YEAR EXPENDITURES AND POSITIONS

	California Hope, Opportunity, Perseverance and Empowerment (HOPE) for Children Trust Account Program	Positions			Expenditures		
		2022-23	2023-24	2024-25	2022-23*	2023-24*	2024-25*
0805	California Hope, Opportunity, Perseverance and Empowerment (HOPE) for Children Trust Account Program	0.5	4.0	4.0	\$175	\$52,021	\$17,024
	TOTALS, POSITIONS AND EXPENDITURES (All Programs)	0.5	4.0	4.0	\$175	\$52,021	\$17,024
	FUNDING		2022-23*		2023-24*		2024-25*
0001	General Fund		\$100,000		\$15,000		\$15,000
3403	California HOPE for Children Trust Acctnt		-99,825		37,021		2,024
	TOTALS, EXPENDITURES, ALL FUNDS		\$175		\$52,021		\$17,024

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

California Revenue and Taxation Code 17141.5, and California Welfare and Institutions Code 18997.5-18997.55.

DETAILED BUDGET ADJUSTMENTS

	2023-24*			2024-25*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Miscellaneous Baseline Adjustments	\$-	\$-	-	\$-	\$2,000	4.0
• Salary Adjustments	-	16	-	-	18	-
• Benefit Adjustments	-	5	-	-	6	-
Totals, Other Workload Budget Adjustments	\$-	\$21	-	\$-	\$2,024	4.0
Totals, Workload Budget Adjustments	\$-	\$21	-	\$-	\$2,024	4.0
Totals, Budget Adjustments	\$-	\$21	-	\$-	\$2,024	4.0

PROGRAM DESCRIPTIONS

0805 - CALIFORNIA HOPE, OPPORTUNITY, PERSEVERANCE, AND EMPOWERMENT TRUST ACCOUNT FOR CHILDREN PROGRAM

The program creates individual trust accounts for children who have lost a parent or primary caregiver to COVID-19 during the federally declared pandemic, and for children in long-term foster care. Funds in the accounts may be used for any purpose by the recipients.

DETAILED EXPENDITURES BY PROGRAM

	PROGRAM REQUIREMENTS			
		2022-23*	2023-24*	2024-25*
0805	CALIFORNIA HOPE, OPPORTUNITY, PERSEVERANCE AND EMPOWERMENT (HOPE) FOR CHILDREN TRUST ACCOUNT PROGRAM			
	State Operations:			

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

0957 California Hope, Opportunity, Perseverance and Empowerment (HOPE) for Children Trust Account Program Board - Continued

		2022-23*	2023-24*	2024-25*
3403	California HOPE for Children Trust Acct	\$175	\$2,021	\$2,024
	Totals, State Operations	\$175	\$2,021	\$2,024
	Local Assistance:			
0001	General Fund	\$100,000	\$15,000	\$15,000
3403	California HOPE for Children Trust Acct	-100,000	35,000	-
	Totals, Local Assistance	\$-	\$50,000	\$15,000
	TOTALS, EXPENDITURES			
	State Operations	175	2,021	2,024
	Local Assistance	-	50,000	15,000
	Totals, Expenditures	\$175	\$52,021	\$17,024

EXPENDITURES BY CATEGORY

1 State Operations	Positions			Expenditures		
	2022-23	2023-24	2024-25	2022-23*	2023-24*	2024-25*
PERSONAL SERVICES						
Baseline Positions	4.0	4.0	-	\$433	\$433	\$-
Other Adjustments	-3.5	-	4.0	-354	16	450
Net Totals, Salaries and Wages	0.5	4.0	4.0	\$79	\$449	\$450
Staff Benefits	-	-	-	38	230	232
Totals, Personal Services	0.5	4.0	4.0	\$117	\$679	\$682
OPERATING EXPENSES AND EQUIPMENT				\$58	\$1,342	\$1,342
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$175	\$2,021	\$2,024
2 Local Assistance				Expenditures		
				2022-23*	2023-24*	2024-25*
Grants and Subventions - Governmental				\$-	\$50,000	\$15,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)				\$-	\$50,000	\$15,000

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2022-23*	2023-24*	2024-25*
3403 California HOPE for Children Trust Acct			
APPROPRIATIONS			
Welfare and Institutions Code section 18997.53	\$175	\$2,000	\$2,024
Allocation for Employee Compensation	-	16	-
Allocation for Staff Benefits	-	5	-
Totals Available	\$175	\$2,021	\$2,024
TOTALS, EXPENDITURES	\$175	\$2,021	\$2,024
Total Expenditures, All Funds, (State Operations)	\$175	\$2,021	\$2,024
2 LOCAL ASSISTANCE	2022-23*	2023-24*	2024-25*
0001 General Fund			
APPROPRIATIONS			
113 Budget Act appropriation (transfer to the HOPE for Children Trust Account Fund)	\$100,000	\$15,000	\$15,000
TOTALS, EXPENDITURES	\$100,000	\$15,000	\$15,000
3403 California HOPE for Children Trust Acct			
APPROPRIATIONS			

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

0957 California Hope, Opportunity, Perseverance and Empowerment (HOPE) for Children Trust Account Program Board - Continued

	2022-23*	2023-24*	2024-25*
Welfare and Institutions Code section 18997.53	-	\$50,000	\$15,000
TOTALS, EXPENDITURES	-	\$50,000	\$15,000
Less funding provided by General Fund	-100,000	-15,000	-15,000
NET TOTALS, EXPENDITURES	-\$100,000	\$35,000	-
Total Expenditures, All Funds, (Local Assistance)	\$0	\$50,000	\$15,000
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$175	\$52,021	\$17,024

FUND CONDITION STATEMENTS

	2022-23*	2023-24*	2024-25*
<u>3403 California HOPE for Children Trust Acnt^N</u>			
BEGINNING BALANCE	-	\$99,825	\$62,804
Adjusted Beginning Balance	-	\$99,825	\$62,804
Total Resources	-	\$99,825	\$62,804
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
0957 California Hope, Opportunity, Perseverance and Empowerment (HOPE) for Children Trust Account Program Board (State Operations)	\$175	2,021	2,024
0957 California Hope, Opportunity, Perseverance and Empowerment (HOPE) for Children Trust Account Program Board (Local Assistance)	-	50,000	15,000
Less funding provided by General Fund (Local Assistance)	-100,000	-15,000	-15,000
Total Expenditures and Expenditure Adjustments	\$99,825	\$37,021	\$2,024
FUND BALANCE	\$99,825	\$62,804	\$60,780
Reserve for economic uncertainties	99,825	62,804	60,780

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2022-23	2023-24	2024-25	2022-23*	2023-24*	2024-25*
Baseline Positions	4.0	4.0	-	\$433	\$433	\$-
Salary and Other Adjustments	-3.5	-	4.0	-354	16	450
Totals, Adjustments	-3.5	-	4.0	\$-354	\$16	\$450
TOTALS, SALARIES AND WAGES	0.5	4.0	4.0	\$79	\$449	\$450

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.