

I. Request for Information (RFI)

The California HOPE for Children Trust Account Program Board (HOPE) solicits input from vendors and other interested parties to help us develop an upcoming Request for Proposals (RFP) for a Program Administration contract.

This RFI is non-binding and does not commit HOPE to contract for any services or make a contract award. Please note, HOPE will not provide direct responses to any interested parties relating to the input received. HOPE will not pay for any information or administrative costs incurred in response to this RFI; all costs associated with responding to this RFI will be solely at the respondents' expense.

In responding to this RFI, DO NOT include any information that might be proprietary, trade secrets and/or confidential. HOPE will disregard any language purporting to render all or portions of any RFI response as proprietary, trade secrets or confidential. All materials submitted in response to this RFI will become the property of the HOPE Accounts for Children Program and, as such, are subject to the California Public Records Act (PRA) (GC Section 6250, et seq.).

Not responding to this RFI does not preclude an organization from participation in any potential future solicitation. Organizations are also not bound to participate in any future solicitation based on responding to the RFI.

HOPE looks forward to receiving and considering submitted input, which we may or may not include in the development of any future solicitation. Use of the information provided is at the sole discretion of HOPE.

A. Scope and Format for Responses

HOPE invites vendors and other interested parties to comment on the review and respond to this non-binding RFI by August 28, 2024. HOPE will use the RFI responses to help:

- Identify potential vendors that provide the program administration services needed,
- Define the scope of services that HOPE should include in an upcoming RFP for a Program Administrator, and their associated approximate initial and annual costs, and,
- Establish minimum and best standards of practices for each element of the scope of services that HOPE may include in the RFP.

We encourage responses from vendors that perform such services on a state or similarly large scale.

Responses should answer the following questions:

1. What is your experience providing program administration services to statewide or large-scale programs similar or analogous to the HOPE for Children Trust Account

Program? Please describe which of the elements of the potential scope of services listed below you have provided, when, and their impact, outcomes, or results.

2. Which of the elements of the potential scope of services listed below do you recommend should be included or excluded from an upcoming RFP for Program Administration and why? Which of the elements are best subcontracted or contracted separately and why?
3. What are examples of minimum and best standards of practice for the elements in the scope of services that you recommend be included in the upcoming RFP?
4. What are the typical ranges of initial and annual costs associated with minimum and best practices within the scope of services you recommend be included in the upcoming RFP?
5. What are other recommendations that HOPE should consider when developing the upcoming RFP for Program Administration?

II. About the HOPE for Children Trust Account Program

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) to create opportunities, economic autonomy, and hope, and to 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. The HOPE Act established the California Hope, Opportunity, Perseverance, and Empowerment Fund (the HOPE Fund) in the State Treasury with \$100 million appropriated through the fiscal year 2022 budget and an additional \$15 million annually through ongoing appropriations to fund the HOPE for Children Trust Account Program.

The HOPE for Children Trust Account Program will provide individual accounts (HOPE Accounts) to eligible children, which includes 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"). The HOPE Fund will have approximately \$145 million available to fund HOPE Accounts when the program becomes operational in 2025. This figure reflects appropriations through the state budget process including that for fiscal year 2025, the expected returns on the short-term investment of funds available, and expenditures of up to 5% of appropriated resources for operational costs as required by the HOPE Act.

Based on information provided by interagency partners and researchers, the HOPE for Children Trust Account Program is projecting that there will be about 58,500 children of various ages who will be eligible for automatic enrollment at the time of program launch (including 10,000 income-eligible COVID-bereaved children and the 48,500 long-term foster youth) with an estimated additional 10,000 children eligible annually after that.

On these facts, the HOPE for Children Trust Account Program projects to a HOPE Account for each eligible child that will receive annual deposits such that every program enrollee will be able to

withdraw a total of approximately \$4,500 in 2025 dollars, adjusting for inflation, as soon as they reach 18 years of age and until the day before their 27th birthday. Additional funds secured via philanthropic and other nonstate sources will enable HOPE to offer each youth the ability to receive financial education and mentoring services until they turn 30 years old to help them learn how to invest, grow, and utilize their funds.

Legislators designed the HOPE for Children Trust Account Program on the model of Baby Bonds tailored to California's unique needs and resources. Conceptualized in modern form by economist Darrick Hamilton, Baby Bonds programs are intended to provide children—no matter their race, ethnicity, background or where they come from—with the resources needed as adults to lead lives that are prosperous, self-directed and fulfilling and to move us toward closing the unjust racial wealth gap.¹ An early version of Baby Bonds was established in the United Kingdom, which created its Child Trust Fund program in 2005. In the last decade, economists and policymakers have built on the success of that model and introduced local, state, and national legislation, including the American Opportunity Accounts Act (AOAA), first introduced by Senator Cory Booker in 2018 and re-introduced in 2021. Connecticut and Washington DC were the first to pass state or district-wide legislation, in 2021, California's HOPE Act passed in 2022, and other local areas are developing their own models, including New York City's COVID-19 Children's Fund, which, like California, is aiming at serving COVID-impacted youth.

A. Program Eligibility Criteria and Analysis

The HOPE Act limits eligibility to children in low-income families who have lost a parent or guardian to COVID-19 ("COVID-bereaved youth") and those who have been in the state's foster system 18 months or more ("long-term foster youth," note that the 18 months need not be consecutive: many youth go in and out of the foster system). The Act further requires the Program to include youth who do not have social security numbers or individual tax identification numbers but otherwise meet eligibility requirements.

Children who are eligible for a HOPE Account will include minors (under age 18) who are undocumented, indigenous, from low-income and immigrant families, impacted by the carceral system, parents of young children, multi- and non-English mono-lingual, youth with disabilities or major mental and other health issues, victims of and vulnerable to identity theft, homeless, children of essential and other highly COVID impacted families, and many others who live at the intersection of multiple and systemic socially and economically marginalizing forces.

COVID-bereaved youth

California residents who meet all three of the following criteria are eligible to have a HOPE Account opened for them: (1) they have lost a parent, guardian, or Indian custodian to COVID, long COVID, or a consequence of COVID since the declaration of the federal public health emergency

¹ A Brighter Future with Baby Bonds: How States and Cities Should Invest in Our Kids, Institute on Race, Power, and Political Economy and Prosperity Now, February 2024 available at: <https://prosperitynow.org/resources/brighter-future-baby-bonds>.

in March 2020, (2) were under 18 years old when that death occurred, and (3) their household income prior to that death was equal to or less than the amount that made a child in that household eligible for Medi-Cal benefits under Chapter 7 (commencing with Section 14000) of Part 3 ("Medi-Cal for Children").

There are potentially 10,000 children from low-income households across California who have lost a parent, legal guardian, or Indian custodian to death because of COVID-19, long-COVID, and the health consequences of these illnesses since the declaration of the federal health emergency in March 2020.²

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 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.

Additionally, a growing number of adults are dying from long-COVID related illness, while California's lowest income adults are more than twice as likely as their higher income peers to experience long COVID symptoms: 50% of adults with incomes 0–99% of the federal poverty level compared to 22% of adults 300% FPL and above.³

Long-term foster youth

California residents who, since September 27, 2022, were under 18 years old and have been subject to a foster care order under Welfare Institutions Code sections 300, 601, or 602 for 18 months or longer (cumulative, not consecutively) are eligible to have a HOPE Account opened for them.

Children who are in foster care for over 18 months and stop receiving parental reunification services ("long-term foster children") are more likely to transition from foster care directly into independent living as an adult. 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. Approximately one third experience homelessness. Providing trauma informed, developmentally appropriate support for transition age youth is crucial to ensuring their lifelong success and protecting them from the painful outcomes that youths aging out of foster care often experience.

Data provided by the California Department of Social Services (CDSS), which works with all of the 58 counties and several tribal systems who administer foster youth programs, indicates

² Ongoing research by Dr. Emily Smith-Greenaway at University of Southern California.

³ UCLA Center for Health Policy Research, <https://healthpolicy.ucla.edu/newsroom/blog/half-california-adults-lowest-incomes-experienced-long-covid>

that there will be more than 48,500 long-term foster youth who will be eligible for HOPE Accounts when the program launches in 2025. (CDSS is a partner in the administration of the HOPE for Children Trust Account Program, see Program Infrastructure, below.)

Outreach

HOPE will need to partner with trusted leaders and service providers who are already embedded in communities that have been most heavily and disproportionately impacted by COVID-19, including undocumented and tribal communities, to identify and enroll low-income COVID-19 bereaved children. These include tribal services organizations, churches, mutual aid societies, and peer support networks, which typically operate through volunteer driven and donor-dependent operations budgets, that have organized to ensure low-income kids and surviving parents are fed, housed, vaccinated, and otherwise materially supported as they mourn the loved ones who passed away due to COVID-19, long COVID, and the fatal consequences of these illnesses.

In addition, we expect that approximately 5,000 long-term foster youth will already be over 18 years old at the time of program launch. This makes them immediately eligible to withdraw from their HOPE Accounts. An unknown portion of these youth will not have opted to enroll in extended foster care services, meaning that CDSS may not have their contact information. There will be a need to conduct outreach to locate and enroll these youths in order to comply with the HOPE Act requirement to maximize participation in the program.

Enrollment

The Program intends to take great care to avoid burdening eligible children and any surviving parents with limited resources with difficult procedural requirements such as requiring expensive and difficult-to-attain documents that would then need to be copied and mailed or scanned and uploaded. This is the standard best practice used in other successful savings programs administered under the Treasurer's Office. All HOPE eligible children must be able to enroll, including and perhaps especially those who lack trusting and reliable relationships with adults in their lives.

Following this commitment, HOPE's program administrators will bear the duty of identifying participants who are eligible for enrollment using interagency agreements and other means of verifying eligibility. HOPE will also accept signed legal attestations to establish eligibility for enrollment where official documents are unavailable given that tribal children, children without SSNs or ITINs, and children whose parent(s) do not have SSNs or ITIN, among others, may not have access to certain government issued documents or be included in government created records subject to HOPE Program interagency agreements.

Once eligibility is verified, HOPE will create and deposit funds into the accounts and provide materials to the children and their primary caregivers along with information about how to learn more about the account.

B. Program Infrastructure

The HOPE Act established the HOPE Board of Directors which includes the California State Treasurer, or their designee (who serves as the chair), the Director of Finance, or their designee, the Controller, or their designee, an individual with expertise in poverty alleviation and the racial wealth gap appointed by the Senate Committee on Rules, an individual with investment expertise appointed by the Speaker of the Assembly, an individual with expertise on financial empowerment and consumer protection appointed by the Governor, a public member who has experienced childhood poverty appointed by the Governor, and two additional nonvoting members appointed by the Governor- all of whom serve at the pleasure of the appointing authority. Current board members are listed here:

<https://www.treasurer.ca.gov/hope/members.asp>.

The HOPE for Children for Children Trust Accounts Program staff includes Kasey O'Connor, executive director, a program manager and two analysts who operate from the State Treasurer's Office (STO). They also receive support from the STO's communications, investment management, and legislative advocacy teams.

The Board also convenes standing subcommittees including the Philanthropic Leadership Committee, the Outreach committee, the Financial Education Committee, and the Youth Ambassador committee. Each committee is chartered to support critical operation support such as securing nonstate moneys for financial education and outreach, develop and support outreach strategies that will maximize enrollment, develop the financial education services policies for partnering with and evaluation providers, and supporting ongoing youth leadership in the design and improvement of the HOPE program.

Interagency Partners

Additional state agencies involved include the California Departments of Social Services and Public Health (CDPH) and the Franchise Tax Board (FTB). The HOPE Act makes CDSS responsible for determining eligibility for long-term foster children. HOPE will work through an interagency data sharing agreement with CDSS to auto-enroll all eligible long-term foster children using information available to the agency as a normal part of coordinating the state's foster care system. The agreement will maintain the foster children's confidentiality while providing sufficient deidentified information to allow them to log in to the HOPE portal to verify their accounts.

Unfortunately, there is no comparable government entity that has kept track of children impacted by the death of parents or guardians due to COVID-19. To enroll COVID-bereaved youth, HOPE will work with the California Department of Public Health and the National Association for Public Health Statistics and Information Systems (NAPHSIS) to verify vital records including death certificates that list COVID, long COVID, or consequences of either as the cause or underlying cause of death for deceased parents. HOPE will work with the Franchise Tax Board and Income and Eligibility Verification System (IEVS) to verify household income prior to the decedent's death.

Contracted Vendors

HOPE is contracting an investment consultant who will work under the general direction of the HOPE for Children Trust Account Program Board's Executive Director and with program staff, other consultants, and the Board to create an investment plan that will include investment management goals, principles, and policies. They will help determine the amount of funds that each youth program participant will receive based on the amount of funds allocated to the HOPE Fund annually, expected returns on investment, any additional money secured or expected to be secured, and the estimated number of children who will be eligible when the program launches and annually after that.

The Executive Director, with support from the team of staff and contracted service providers, will determine the amount and timing of annual deposits to HOPE trust accounts to maximize the number of program enrollees, participation by eligible children and their autonomous wealth-building capacity, and the amount of funds deposited per account based on (1) the number and age distribution of program enrollees; (2) money available from the HOPE Fund and any other sources that may be used to make deposits in HOPE trust accounts; (3) ensuring that eligible youth will be able to withdraw the maximum amount possible from their HOPE trust accounts upon reaching 18 years of age in amounts that adjust for inflation after 2025, and (4) any grants, gifts, appropriations, and other money received from federal, state, or local government or any other person, firm, partnership, corporation, or other entity for deposit to the fund.

Stanford Partnership

Stanford Center on Poverty and Inequality and the HOPE team are coordinating for evaluation of the HOPE program. The research includes three basic components: 1) simulation of the effects of the HOPE program in existing longitudinal data from the Panel Study of Income Dynamics; 2) qualitative analysis of existing data from the CPI's American Voices Project, an archive of "life story" interviews, to identify key moments when asset shortfalls affect decisions, investments, and long-term outcomes; and 3) direct assessment of the short-term effects of baby bonds on youth who will eventually become eligible to access funds from HOPE Accounts and their caregivers and on young adults as they become eligible to actually withdraw and spend the funds.

Youth Leadership

For the last year, consultants and advocates have convened the HOPE Youth Panel of Experts, a group of young folks, ages 14 - 23, from across California who have either lost a parent/caregiver to COVID-19 or have been impacted by the foster care system. This group of resilient individuals was recruited to help design and provide recommendations to help shape the CA HOPE Account Program because the best solutions come from those who are on the front lines. These panelists gave critical insight into the needs they struggle to meet and what services would best assist them in reaching their goals. Each panelist is either eligible for a HOPE Account

or would have been eligible if the program had existed a few years ago. The partners who brought the YPE together held multiple online meetings and calls, and two in-person retreats during which we asked questions designed to solicit the youth's "user" perspective.

The next phase of youth leadership is to create a Youth Ambassadors program to empower and amplify the voices of young individuals within the HOPE Program (above the age of 16) by advocating for the needs of HOPE Account Enrollees, integrating ambassador perspectives into the decision-making processes of the HOPE Governing Board, and supporting youth involvement in the program by ensuring the Youth Ambassadors Subcommittee is consistently informed of HOPE Program updates. Program Administration Needs – Potential Elements of a Scope of Services

The following are the potential elements that may comprise the scope of services in an upcoming RFP for Program Administration.

Please refer to these when responding to the RFI questions.

C. Enrollment

1. Work with local, state, and federal agency partners, including Department of Social Services, Department of Public Health, Medi-Cal, the Income and Eligibility Verification System (IEVS), the National Association for Public Health Statistics and Information Systems (NAPHSIS), and any other similar partners to identify and enroll eligible youth.
2. Create and implement a process to appeal enrollment denials that will allow those appealing to provide additional information and receive a decision within 60 days.
3. Develop and implement fraud prevention protocols related to enrollment and disbursement, including identity verification of minors who may not have social security or individual tax identification numbers.

D. Account Management

1. Work under the direction of the executive director and in coordination with other contracted providers to develop and implement a deposit schedule and adjust it as needed.
2. Allocate deposits of incentives based on use of financial education services.
3. Coordinate with investment manager for financial transactions.
4. Plan for and manage funds for disbursement to participants eligible to make withdrawals (from their 18th birthday to the day before their 27th birthday).
5. Develop and employ disbursement methods.

6. Disburse funds to eligible accounts (i.e., a checking, savings, or prepaid card account that is subject to 12 CFR Part 1005, Regulation E, and is either solely owned by the eligible youth or has been established by a fiduciary for the eligible youth as the sole principal beneficiary, as well as CalSavers and CalABLE accounts).
7. Notify banks of statutory protections on HOPE deposits.
8. Develop and implement identity verification and fraud prevention protocols related to disbursement (as HOPE participant youth may be targeted for fraud by others).

E. Participant Engagement and Customer Service

1. Provide initial and regular notices to enrollees, parents/guardians/caregivers, directly, and via the Department of Social Services and county welfare offices.
2. Provide text, email, alerts pushed to participants to mark participation milestones and to engage in financial education and other services.
3. Provide customer service support in multiple languages that is trauma-informed and youth-oriented and provide regular reports on customer service use.

F. Web and App User Interfaces

1. Create and maintain an online, multilingual eligibility portal for gathering data to be verified via interagency agreement partners and other processes, including signed statements under penalty of perjury. The portal must provide an attractive and easy to use interface that will allow potentially eligible youth, their caregivers, and others to answer questions, upload or create electronically signable documents. It should also include tutorial videos and guides to help respondents provide the necessary information.
2. Create and maintain a website and smart phone app that gives enrolled participants access to an account dashboard that will update each participant regarding the amounts deposited, amounts expected by 18th birthday and by last day of age 26, opportunities to access and verify participation in financial education resources and services; submit and resolve disputes; participate in HOPE enrollee peer support online community (restricted to enrollees online and monitored for safety); conduct periodic surveys; capture participant and other stakeholder feedback; and support impact evaluation in coordination with Stanford Center on Poverty and Inequality.

G. Marketing and Outreach

1. Develop relationships with 211 and other community, agency, and institutional partners to create and implement a multifaceted outreach strategy that will generate referrals and provide support for the enrollment process, this should include setting outreach goals, an outreach toolkit including materials (scripts, flyers with QR codes,

social media posts, etc.) and other support for outreach partners such as regularly hosting information and training sessions.

2. Coordinate with STO's communications teams.
3. Report on marketing activities, accomplishments, expenditures.

H. Recordkeeping

1. Create, receive, manage and maintain records and documents relating to eligibility, enrollment, accounting, contact information for every participant.
2. Track engagement, including engagement on the dashboard, use of financial education services, peer community, disbursements, and customer service at minimum.
3. Request, gather, and maintain demographic information that may be voluntarily provided by the program enrollee, their parent(s), legal guardian(s), Indian custodian(s), or primary caregiver(s), regarding eligible children, program enrollees, and eligible youth in the HOPE program, such as gender, race or ethnicity, geographic location, language, and general income level, in order to improve the administration of, and services provided by, the HOPE program.
4. Ensure that all information compiled pursuant to the HOPE program shall be maintained and protected consistent with the requirements of the Information Practices Act of 1977 (Civil Code Section 1798, et seq.).

I. Regulatory Compliance

1. Create audited financial reports.
2. Adhere to applicable state and federal legal and regulatory obligations and standards.
3. Provide ongoing program assessment and recommendations regarding program administration, interagency agreements, and policy per HOPE operation values; assessing performance based on participant engagement.
4. Monitor for changes in state and federal legal and regulatory environment and make recommendations for changes to program administration.
5. Develop scenario plans, recommendations for program expansion.

J. Reporting to and coordination with Staff, Board, Partners

1. Attend board meetings, meetings with staff.
2. Engage with Youth Ambassadors and board members to identify areas and plans for

ongoing program improvement.

K. Diversity, Equity, and Inclusion (DEI)

1. Work with the executive director to continuously improve DEI of the HOPE team to support long term program performance.