



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

Resolution to establish an Annual Review Process

Resolution No. 2025-03

June 16, 2025

**Staff Report for Agenda Item # 4**

**Purpose of the Request:**

Staff seeks Board approval to establish an annual review process in August of every year to review and codify the distribution amount into eligible trust accounts:

As per resolution No. 2023-04 which approved the January 2024 Report to the Department of Finance and Legislature which recommended the \$4500 disbursement amount based on \$15 million ongoing annual appropriations.

Information on the allocated amounts can be found throughout the report. This can be found on pages 5 and 32.

The California Hope for Children Trust Account Act states, the Board has authority to increase the Fund Amount should HOPE receive significant funding in the future. Staff worked with stakeholders, similar programs to establish an annual review process, including economic and fund parameters to use in the assessment. Amount to be distributed to trust accounts of enrollees turning 18 in the coming calendar year. This annual review process will allow for transparency in the program. This will ensure a more equitable distribution of funds to the enrollees.

**Background**

- Assembly Bill 156 (Chapter #569, approved September 27, 2002) created the HOPE Act.
- The Act required with a working group comprised of various experts to deliver a report to the Legislature.

- The Workgroup included a statutorily -created body of over forty subject matter experts, including representatives of agencies named by the statute as necessary to develop the program and a youth panel of experts – a group of 15-21-year-olds who had spent at least 12 months in the foster care system or lost a parent/guardian to COVID-19.
- The report included the implementation plan, best practices to administer program, engagement with community partners for optimal program enrollment.
- The report detailed how the Board would work to administer the program and its funds to promote wealth and asset building for program enrollees.
- Effective September 27, 2022, the HOPE Act established the HOPE Fund with a one-time budget appropriation of \$100 million plus an expected \$15 million in ongoing annual appropriations.
- The HOPE Act authorizes the establishment a charitable organization organized under Gov. Code 12580 et seq. and 26 USC 501 (c) (3) to receive tax-exempt donations from private individuals, corporations, foundations and others that could be directed for any purpose desired by the donor and acceptable to the HOPE Board.
- The report stated that despite decades of economic growth in California, over 1.5 million children are living in or near poverty.
- Black and Latine children experience poverty at rates of 17.8 % and 19.5 % respectively.
- During the COVID 19 pandemic, child poverty doubled from 5.2% to 12.4% from 2021-2022, the largest one year increase ever.
- In California, the high cost of living creates an additional barrier to success upon leaving the foster care system for the 70.4% of foster youth who live below the poverty line.
- The report identified \$4,500 as a meaningful amount that would help HOPE enrollees eliminate debt, stabilize housing options and increase their access to wealth building options.
- The amount of funds that each enrollee receive is based on the amount of funds allocated to the HOPE fund annually and the number of estimated number of children who would be eligible annually.
- The amount is also based on the total funds that will have been appropriated through the state budget and future budget annual, ongoing appropriation as currently in HOPE's Statute.
- Staff notes with the shift in what's expected in the General Fund for upcoming years.
- This process is being established to address concerns raised by the Board with the current fiscal climate and budget concerns, staff recommends establishing this annual review process to align with agreed upon intent of the program to provide enrollees with an impactful amount, while ensuring the Program has funds allowing for time to build in subsequent funding strategies.

## **Proposed Program Parameters:**

### **Information Used to Determine the Annual Distribution Amount per Child:**

The Board shall use a variety of information and forecasts when determining the annual amount to be distributed to trust accounts of enrollees turning 18. This information includes, but is not limited to:

- Current funds available in HOPE's pooled trust account
- Expected long-term investment returns and risks for the pooled trust account
- Current and expected enrollment levels
- Ongoing expected annual appropriations
- Ongoing expected philanthropic contributions
- Annual rate of inflation for the previous 12 months and expected long-term inflation
- Other revenues sources identified by Board or Staff.
- Expected ability of the HOPE Program to achieve and maintain intergenerational equity
- Funds set aside in Program Administrator's account for distribution to 1<sup>st</sup> cohort.

## **Eligibility**

### General Requirements:

#### **1. Long-term foster children:**

- Children under 18 who have been in foster care for at least 18 months (does not have to be consecutive) with family reunification terminated OR
- Youth placed into foster care after age 16 and reunification services have been terminated
- The Department of Social Services will provide on-going data for this population

#### **2. COVID-bereaved low-income children:**

- Children under 18 who reside in California and whose parent, Indian custodian, or legal guardian died during the federally declared COVID-19 public health emergency
- COVID-19 is listed on their death certificate, or they died as a consequence of having long-term COVID-19
- The family household income before the death of that parent, custodian, or guardian, would have qualified the child for Medi-Cal benefits

## **Uses of Funds:**

Funds allocated to HOPE will be used for:

1. Seeding the pooled trust account
2. Disbursements into individual youth trust accounts upon age 18
3. *Staffing, contracts, and other administrative needs*

**Funds for the Enrollees do not have any use restrictions**

**Fees:**

- No application fee

**Required Documentation:**

- For COVID-bereaved youth, parent or guardian's death certificate with cause of death listed as COVID
- If unavailable, a signed attestation will be allowed to establish eligibility
- For Foster Youth, the ID number provided by the Department of Social Services

**STAFF RECOMMENDATION:**

Staff recommends the approval of the Resolution 2025-03 to establish an annual review and approval process in August of every year to confirm, adjust, codify an allocation into eligible trust accounts for the following calendar year. This process will ensure that resources are distributed equitably to the enrollees turning 18 of that calendar year and that adjustments reflect financial realities and program needs.

Staff wants to reiterate the intention is not to change the amount annually, but to establish a process for review as is authorized in statute to proactively ensure the Board has all tools available in the event a change is ever warranted. The Board is considering the available market data, future revenue sources, and any other relevant information that could potentially impact the HOPE Fund.