

Senate Bill 242

Protecting HOPE Account Recipients in Safety-Net Programs Senator Nancy Skinner, D-Berkeley

THIS BILL

SB 242 will ensure that the funds deposited into HOPE Trust Accounts are not considered income and thus would not affect the ability of low-income youth to receive safety-net program benefits, including CalWORKs, CalFresh, and Medi-Cal.

ISSUE

Research by the Global Reference Group for Children Affected by COVID-19 estimates that by the end of 2022, 32,000 California children under 18 have experienced the death of a parent or primary caregiver from COVID-19. Latino children account for 66% of those orphaned, many of their parents were essential workers already facing economic uncertainty.

This loss has deprived many of these children not only from the monthly financial resources of their deceased parent or guardian, but also future financial support for a college education, and the long-term benefits of generational wealth transfer. Foster youth who remain in the child protective services system for long periods of time are similarly deprived of such resources and the possibility of wealth transfer from parents as they reach adulthood.

In 2022, California passed legislation to establish the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program. One hundred million dollars was appropriated to establish HOPE trust fund accounts that will grow over time, with \$15 million dollars in ongoing funds to help administer HOPE trust fund accounts.

While California continues to thrive economically, great poverty remains for too many. Wealth disparity increased during the pandemic and is more pronounced among Black and brown families. In addition, restrictions in federal survivor benefit eligibility excludes children whose deceased parent were immigrants or had less time working in a job that contributed toward such benefits.

Research has demonstrated that wealth gaps can be narrowed by establishing trust fund accounts for children which then appreciate over time and build wealth. This hopeful new policy that aims to advance social and economic well-being by providing for children, so they have resources and support they can count on when they come of age, is so promising that it has been introduced in the U.S. Senate, the House of Representatives and several states. California's program is the first statewide program in the country.

While HOPE accounts provide great promise, it is important to ensure that these accounts are not considered income and thus negatively impact the recipients eligibility for such safety-net entitlement programs as CalWORKs, CalFresh, and Medi-Cal.

SOLUTION

SB 242 seeks to increase protections for recipients of HOPE accounts by clarifying that:

- HOPE Account funds are exempt from consideration as income or assets in public safety-net programs; and,
- HOPE Account funds are exempt from being subjected to a money judgment or Franchise Tax Board intercept.

SUPPORT

GRACE—End Child Poverty (Sponsor)
Coalition of Welfare Rights Organizations
End Poverty in California (EPIC)
Liberation in a Generation
John Burton Advocates for Youth

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