SENATE COMMITTEE ON HUMAN SERVICES
Senator Hurtado, Chair
2021 - 2022 Regular

Bill No:	SB 854		
Author:	Skinner		
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Urgency:	No	**Fiscal:**	Yes
Consultant:	Marisa Shea		

Subject: Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Act of 2022

SUMMARY

This bill creates the Hope, Opportunity, Perseverance, and Empowerment (HOPE) Account Program to provide eligible children, qualifying wards or dependents of the Juvenile Court and lower income children who have lost a parent or guardian to COVID-19, with state-funded trust fund accounts in an effort to address financial disparities and long-term economic outcomes. Additionally, the bill creates the CalSurvivor Benefit Program, which mirrors the federal Old-Age, Survivors, and Disability Insurance (OASDI) program, to provide monthly survivor benefits for those dependents who do not qualify for federal survivor benefits, as provided.

ABSTRACT

Existing Law:

1) Establishes the Social Security Act, a system of federal benefits for aged and low-income people. *(42 USC 7 et seq.)*

2) Establishes in federal law the OASDI benefits, as well as insurance benefits for wives, husbands and widowers of an individual entitled to old-age or disability insurance benefits, as provided. *(42 United States Code (USC) 402)*

3) Establishes in federal law the Child's Insurance Benefits (CIB) program, within OASDI, to provide every child, as defined, of an individual entitled to old-age or disability insurance benefits, or of an individual who dies a fully or currently insured individual, if such child:

   a. Has filed an application for the CIB program;

   b. Was unmarried at the time the application was filed and either had not yet attained the age of 18, or was a full-time elementary or secondary school student and had not year attained the age of 19, or is under a disability, as defined, which began before the child attained the age of 22; and,

c. Was dependent upon the insured individual if: such individual is living, at the time the application was filed; if such individual has died, at the time of such death; or, if the individual had a period of disability which continued until they became entitled to old-age or disability insurance benefits, or until the month of their death, at the beginning of such period of disability or at the time they became entitled to such benefits. *(42 USC 402(d)(1)(A)-(C))*

4) Terminates a child's receipt of the CIB program in the following circumstances, among others: when the child dies; when the child marries; or, in the case of a child who is not under a disability, when the child attains the age of 18 and is not a full-time elementary or secondary school student. *(42 USC 402(d)(1)(D)-(E))*

5) Establishes the federal EITC for eligible taxpayers based on the taxpayer's income. (26 USC Section 32)

6) Establishes the Medicaid program, under which health care services are provided to qualified, low-income persons. *(42 USC 1396 et seq.)*

7) States that the purpose of foster care law is to provide maximum safety and protection for children who are being physically, sexually or emotionally abused, neglected, or exploited and to ensure the safety, protection, and physical and emotional well-being of children at risk of such harm. *(WIC 300.2)*

8) Establishes the Medi-Cal program as California's Medicaid program and administered by the Department of Health Care Services (DHCS), under which health care services are provided to qualified, low-income persons. *(WIC 14000 et seq.)*

9) Establishes the state EITC for eligible taxpayers based on certain eligibility criteria, administered by the Franchise Tax Board. (*RTC 17052)*

This Bill:

1) Makes legislative findings and declarations relating to the COVID-19 pandemic's impact on inequality, the number of children who lost at least one parent or primary caregiver to COVID-19, the financial impact of that loss, the long-term economic stability of those children in California most impacted by inequity, and the impact Children's trust fund accounts, also known as baby bonds, can have on those inequities over time.

2) States legislative intent to do the following:

   a) Create a state-funded survivor benefit for children who are not eligible for survivor benefits under the federal OASDI program, and to ensure that every child receives federal or state survivor benefits when a parent has died;

   b) Enact legislation that would immediately establish trust fund accounts for lower income children who have lost a parent or guardian to COVID-19 and for foster children; and,

c) Enact legislation that would create a path for every child born into low-income circumstances to have a trust fund account opened in their name in order to create opportunities and hope for intergenerational wealth and asset building as one of the many strategies California must employ to reverse our state's record level of inequality.

HOPE Account Program

3) Establishes the HOPE Account program, administered by the State Treasurer, for the purpose of promoting greater opportunity for eligible children by providing them with a trust fund account to improve their sense of security, while also reducing income inequality.

4) Defines "eligible child," for the purposes of the HOPE Account Program, as a minor resident of California who is under 18 years of age and who meets one of the following:

   a) Their parent or guardian has died, and the cause of death for the parent or guardian is listed as COVID-19 on their death certificate, or they died as a consequence of having long-term COVID-19; and the household's income, prior to the death of the parent, is at or below the income that would make the child eligible for Medi-Cal benefits; or

   b) The child has been adjudged a dependent child of the juvenile court on the grounds that the child is a ward or dependent of the juvenile court, is subject to a foster care order and has been in foster care placement for at least 12 months, and the court has determined that the child is not likely to be able to return safely to the home of their parent or legal guardian, and has made an order for adoption, tribal customary adoption, legal guardianship, placement with a fit and willing relative, or another planned permanent living arrangement.

5) Defines "family household," for the purposes of the HOPE Account Program, as meaning one or more persons, all of whom are related by marriage, birth, adoption, or guardianship.

6) Requires the State Treasurer to convene a workgroup, on or before February 15, 2023, to advise the State Treasurer on program design, including, but not limited to, the process for program enrollment and continuous measurement of outcomes of the HOPE trust fund accounts. Further requires the workgroup to consist of the following: representatives from the California Health and Human Services Agency (CHHS), the California Department of Social Services (CDSS), the California Department of Public Health (CDPH), and the Department of Corrections and Rehabilitation (CDCR); representatives of the Legislature; community stakeholders; representatives of county human services agencies; and, the exclusive representatives of county child welfare workers.

7) Requires the State Treasurer to deposit into an eligible child's HOPE trust account an initial $4,000 for children 10 years of age or younger and $8,000 for children 10 years of age or older. By January 1 of each subsequent year, the Treasurer shall make an annual deposit into the HOPE trust fund account, the amount of that deposit is to be determined.

8) Requires the State Treasurer to maintain a publicly available internet website where people may apply for the HOPE Account Program, program enrollees may have password protected online access to view information about the HOPE trust fund account's growth and value, and eligible children who have reached 18 years of age may be connected to banking services and financial literacy resources, made available through the Department of Financial Protection and Innovation.

9) Allows a HOPE Account Program enrollee to withdraw or transfer funds from their HOPE trust account on or after their 18th birthday, or for non-minor dependents, on and after their 21st birthday or upon exit from foster care if exiting prior to 21 years of age.

10) Requires the CHHS, in collaboration with the State Treasurer and other stakeholders, to submit a report to the Legislature that identifies the authority necessary to expand the HOPE Account Program to include all children born into low-income circumstances and assesses the funding to do that. Further requires the report to include recommendations on how to best reach children disproportionately impacted by poverty and low wealth, as provided, and to contemplate how, and under which circumstances, to establish a HOPE trust fund account for a child or categories of children for whom an account was not opened at birth, but whose circumstances warrant the establishment of an account, as provided.

11) Requires CDSS,, in consultation with the County Welfare Directors Association of California, to develop and issue guidance to county human services agencies regarding how to inform a parent, legal guardian, foster caregiver, and the child, as applicable, of the availability of the HOPE Account Program for foster children who seem to meet the program eligibility requirements and for those children that the county becomes aware that a parent in a CalWORKs assistance unit or CalFresh household has died due to COVID-19. Further limits counties' obligations to provide such information to extent that state funds have been provided for that purpose.

12) Requires, to the extent permitted by federal law, that funds deposited and investment returns accrued in HOPE trust fund accounts not be considered as income or assets when determining eligibly and benefit amount for any means-tested program, such as CalWORKs, CalFRESH, Medi-Cal, among others, until the eligible child reaches the age of 18, or in the case of a non-minor dependent 21, and the funds are disbursed to the eligible child, at which point, the distribution of the funds shall be considered a lump-sum payment and the balance shall be counted to any extend that the balance of any savings account is counted as income or an asset in a program.

13) Prevents the funds deposited and investment returns accrued in a HOPE trust fund account paid to an eligible child from being subject to any money judgment or Franchise Tax Board intercept.

California Survivor Benefit Program

14) Requires CDSS to establish and oversee the CalSurvivor Program, a county or county consortia-administered program to provide cash assistance for a minor who is a

California resident with a deceased parent, who was also a California resident upon their death, when the minor is not eligible for survivor benefits under the federal OASDI program, as provided.

15) Requires CDSS to conduct the eligibility determination for the CalSurvivor Program and periodically re-determine eligibility.

16) Requires a minor be eligible for the CalSurvivor Program when their status as a surviving child of a deceased parent would make them eligible for federal OASDI survivor benefits, but the minor is determined to not be eligible, as provided.

17) Requires the applicant provide the following to CDSS: the death certificate of the deceased parent; the birth certificate of the applicant; proof of residency on the date of the death of the parent; and proof that an applicant is not eligible for federal OASDI survivor benefits.

18) Requires counties with a certain number of residents, to be determined, to establish an advocacy program, to the extent state funds have been provided for this purpose, to assist applicants and recipients of CalSurvivor Benefits in the application process for federal OASDI benefits, as provided.

19) Requires CDSS to provide assistance to counties in their efforts to implement the CalSurvivor Benefits advocacy program and the CalSurvivor Benefits program.

20) Requires CDSS to reimburse fees incurred by attorneys or other authorized representatives during the appeals phase of the federal OASDI survivor benefits application process when the representative successfully secures approval of federal OASDI survivor benefits, as provided.

21) Requires CDSS to report to the Legislature, by July 1, 2025, on the outcomes of the CalSurvivor Program and the associated advocacy programs, including the numbers of cases that were approved for benefit in each program, disaggregated by county.

22) Requires CalSurvivor Program benefits be the equivalent to federal OASDI benefits, with the federal and state laws and regulations governing the federal OASDI survivor benefits program also governing the program provided for under this chapter.

23) Requires CDSS to reimburse counties for the cost of actual payments made for the CalSurvivor Program and for the administrative costs actually attributable to those payments.

24) Requires CDSS and DHCS to jointly issue guidance to county human services agencies directing them to inform a parent or guardian of the CalSurvivor Program when the county becomes aware that a child's parent has died, and further requires the Department of Child Support Services to issue guidance to local child support agencies directing them to inform a custodial parent or guardian of this program when the DCSS becomes aware that a child's noncustodial parent has died.

25) Requires CDSS to adopt regulations, as otherwise necessary, to implement the CalSurvivors Program no later than July 1, 2025 and allows for the use of emergency regulations to implement the program.

26) Requires these provisions of this bill related to the CalSurvivors program to become operative on July 1, 2023 and makes implementation subject to an appropriation by the Legislature for these purposes or a provision of federal funds or private funds for these purposes.

FISCAL IMPACT

This bill has not yet been analyzed by a fiscal committee.

BACKGROUND AND DISCUSSION

Purpose of the Bill:

According to the author, "SB 854 aims to meet the immediate needs faced by children whose parent or guardian has died, when federal survivor benefits are not available, and establish a HOPE Account to address lifelong losses to wealth building for children whose parents died of the COVID-19 virus or who have been permanently placed in the foster system. The bill will also give California more tools to address the persistent, growing and racially charged wealth gap and confront the issue of intergenerational poverty. At a time when California has immense wealth, we can afford to ensure that children who have suffered an inconceivable loss will be comforted knowing they'll have a little help at a time when they no longer have parents to rely on."

Poverty in California

In California there are typically two sets of poverty data to consider, the United States Census Bureau and the California Poverty Measure (CPM). The CPM stems from a joint research effort by the Public Policy Institute of California (PPIC) and the Stanford Center on Poverty and Inequality. The CPM takes California-specific factors into account, such as adjusting for geographical differences in housing costs, painting a somewhat more nuanced picture of poverty across the state. . Additionally, the CPM includes SNAP benefits and other non-cash benefits as resources available to poor families, thus evaluating whether California's safety net is successfully reducing poverty. The CPM is calculated using Census Bureau data, which does result in more recent Census Bureau data being available. For the purposes of this analysis, both 2020 Census Bureau data and 2019 CPM data are utilized.

Initial Census Bureau numbers, released in September of 2021, report a nationwide drop in poverty from 2019 to 2020, from 11.8 percent to 9.1 percent, when accounting for social safety net benefits and federal pandemic relief efforts. This data shows a similar statewide decline in poverty in California from 2019 to 2020, from 16.2 percent to 12.3 percent.[1] In 2019, according

[1] https://www.ppic.org/blog/pandemic-aid-helped-lower-poverty-in-california/

to the CPM, 16.4 percent of Californians, or about 6.3 million people, lacked enough resources to meet their basic needs in 2019. An additional 16.4 percent of Californians were not in poverty but lived fairly close to the poverty line. This means that more than a third, or 34 percent, of Californians were poor or near poor in 2019. This data further reports that without the largest social safety net programs, an estimated 6.6 percent more Californians would have been in poverty in 2019, with these programs keeping an estimated 12.1 percent of children out of poverty.[2]

The CPM data shows that both poverty rates and the effect of safety net programs vary widely across the state. Yolo and Los Angeles Counties reported the highest poverty rate averages, 20.9 percent and 20.8 percent respectively, from 2017 to 2019, while El Dorado had the lowest poverty rate during that same time period, at 10.4 percent. Safety net programs seem to reduce poverty much more in inland areas, where without them poverty would be 12.1 points higher in the Central Valley, but only 3.1 points higher in the Bay Area. Poverty rates also vary dramatically across demographic groups, with poverty remaining higher among children, seniors, Latinos, and less-educated adults. In 2019, the poverty rate for immigrant Californians was 21.6 percent compared to 14.4 percent for non-immigrants, and poverty among undocumented immigrants was 35.7 percent.

At this time, the most recent CPM data does not take the COVID-19 pandemic into consideration, because the most recent year for which we have data is 2019. The PPIC indicates that it is likely that COVID-19 increased poverty due to severely constrained employment opportunities. However, as noted by PPIC, there were various state and federal responses above and beyond the existing safety net, such as the CARES Act in 2020 and American Rescue Plan Act in 2021, which may have mitigated some poverty surges by providing economic support to those impacted. This seems to be reflected in the 2020 Census Bureau data, which shows an overall decline in poverty, in part due to COVID-19 relief measures such as the federal stimulus payments and unemployment insurance, which helped keep an estimated 1.7 million and 1 million Californians out of poverty, respectively. This initial data highlights the ability of government action to alleviate poverty. A more nuanced picture of the overall poverty levels during the pandemic, and the impact of safety net provisions, will be available when CPM data for 2020 is available later this year.

Effect of Childhood Poverty

There is growing evidence of the long- and short-term negative effects of childhood poverty. Research suggests that living in poverty can have a wide range of negative effects on the physical and mental health and well-being of children at home, in school, and in their communities.

Furthermore, childhood poverty is linked with substandard housing, homelessness, inadequate nutrition and food insecurity, inadequate child care, lack of access to health care, unsafe neighborhoods, and under-resourced schools, all of which adversely impact children. Poorer children and teens are at greater risk for poor academic achievement, school dropout, abuse and neglect, behavioral and socioemotional problems, physical health problems, and developmental

[2] https://www.ppic.org/publication/poverty-in-california/

delays. These effects are compounded by the barriers children and their families encounter when trying to access physical and mental health care.

Poverty also has a particularly adverse effect on the academic outcomes of children. Chronic stress associated with living in poverty has been shown to adversely affect children's concentration and memory, which may impact their ability to learn. Inadequate education contributes to the cycle of poverty by making it more difficult for low-income children to lift themselves and future generations out of poverty. Furthermore, children and teens living in poverty are at increased risk for a wide range of physical and mental health problems, ranging from low birth weight and poor nutrition to chronic conditions such as asthma, anemia, and pneumonia, to increased risk of depression and anxiety.

Safety Net

According to End Poverty in California (EPIC), the "safety net's job is to undo the poverty and disparities wrought by other institutions," by providing financial and programmatic support to folks already experiencing poverty or economic need.[3] In California, the safety net includes numerous programs that provide a mix of supports and services including cash grants, nutritional support, housing assistance, and tax credits. These programs include CalFresh, CalWORKs, school lunch programs, the Women, Infants and Children (WIC) Nutrition Program, state and federal EITC, the child tax credit, General assistance, and Supplemental Security Income/State Supplementary Payment (SSI/SSP).

These programs help millions of Californians each year. According to the PPIC, the federal Earned Income Tax Credit (EITC) lowered poverty rates the most in 2019, by 1.6 points overall, followed by CalFresh, which lowered the overall poverty rate by 1.3 points. Additionally, CalWORKs and General assistance together lowered California's poverty rate by .6 of a point.[4] In 2019, over 2 million households, and over 4 million people, received CalFresh benefits and approximately 423,000 families relied on CalWORKs.

The U.S. Census Bureau designates families with cash resources below 50 percent of the federal poverty level (FPL) as living in deep poverty. In an effort to ensure no child in a family receiving CalWORKs is living in deep poverty, the budget for Fiscal Year 2018-19 *(AB 1811, Committee on Budget, Chapter 35, Statutes of 2018)* included a three-year plan, subject to annual appropriation, that would ultimately increase CalWORKs grants to 50 percent of the FPL for a family that is one person larger than the CalWORKs assistance unit. The Legislature chose this methodology because more than one-half of families receiving CalWORKs assistance include an ineligible family member (due to the 48-month time limit, not meeting work requirements or other circumstances) which has the effect of reducing the grant amount. Setting the grants amounts to 50 percent of the FPL for a larger family size ensures that families with an ineligible member also have monthly cash incomes above the deep poverty threshold.

EPIC and other advocates note that although the safety net lifts millions of Californians out of poverty each year, many are not receiving the assistance they need. This is reported to be

[3] https://endpovertyinca.org/wp-content/uploads/2022/02/policy-paper.pdf
[4] https://www.ppic.org/publication/poverty-in-california/

especially true for immigrants living in California, especially undocumented immigrants – which is further evidenced by their higher rates of poverty.

Lifting Children and Families Out of Poverty Task Force

In addition to the CalWORKs changes discussed above, the Legislature has made multiple efforts to address childhood poverty in recent years. This includes AB 1520 *(Burke, Chapter 415, Statutes of 2017)*, which established the Lifting Children and Families Out of Poverty Task Force for the purpose of recommending future comprehensive strategies aimed at addressing deep child poverty and reducing child poverty in California. After nine meetings over the course of 11 months, the Task Force issued a report in November of 2018. The report contains over 40 recommendations on a variety of topics ranging from the social safety net to healthcare to education to homelessness. Some of these recommendations either have been or are currently under consideration by the Legislature.

Baby Bonds

At their most basic level, Baby Bonds are trust accounts funded by the government, often the federal government, and provided to every newborn infant as a way to provide substantial assets to young adults who would otherwise not have the financial means to pursue things like education or home ownership without taking on substantial debt.[5] In an academic sense, baby bonds are typically seen as establishing a "minimum wealth floor," which attempts to take on inequalities that are exacerbated by wealth gaps, which are typically borne disproportionately by people of color. As EPIC notes in their report entitled Ending Poverty in California: A Blueprint for a Just and Inclusive Economy, "wealth buys opportunity…" meaning some Californians "grow up in a world rich with opportunity, while others don't have access to the capital needed to realize their dreams."[6]

This type of Baby Bond seems to have emerged in the early 2000s, when the then U.K. Chancellor, Gordon Brown, created the Child Trust Fund program, providing a 250 pounds endowment to every baby born in September 2002 onwards, and up to 500 pounds for children from low-income families who also qualified for a child tax credit. This Child Trust Fund program allowed for unmatched private contributions to the account of up to 1,200 pounds annually and placed no restrictions on the use of funds upon withdrawal at age 18. This program was ended in 2010 by Conservative Chancellor George Osborne.[7]

In the United States, this concept of child trust accounts or Baby Bonds, has been discussed by academics and politicians for several years. For example, Hillary Clinton proposed $5,000-at-birth baby bonds as part of her 2008 presidential bid and mentioned them again while campaigning in 2016. More recently, U.S. Senator Cory Booker and U.S. Congresswoman Ayana Pressley have urged for the adoption of American Opportunity Accounts, which would utilize the Baby Bonds model to provide $1,000 in a savings account to every child born in the United States, with the government automatically depositing additional funds annually. The annual contributions could be up to $2,000, depending on the family's income. Individuals

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[5] https://insightcced.org/wp-content/uploads/2020/01/ICCED-Duke_BabyBonds_Jan2020-Linked.pdf
[6] https://endpovertyinca.org/wp-content/uploads/2022/02/policy-paper.pdf
[7] https://insightcced.org/wp-content/uploads/2020/01/ICCED-Duke_BabyBonds_Jan2020-Linked.pdf

would not be able to access the funds in their American Opportunity Accounts until they reach 18, and the Booker/Pressley proposal places limits the fund's use to paying for college, buying a house, or saving for retirement. This proposal was introduced to address wealth inequality in the United States, which has only worsened in recent decades. According to the 2019 Survey of Consumer Finances, the median white family has eight dollars in wealth for every one dollar held by Black families, and the members of the Forbes 400 wealthiest Americans own more wealth than all Black families in the United States combined.[8] At this time, neither Congress nor the Biden-Harris Administration has taken action on this proposal.

This bill proposes to utilize a baby bond model to create trust accounts, known as HOPE Savings Accounts, for two categories of children and youth:

- Those who have lost a parent or primary caregiver to COVID-19 and who, based on household income prior to the death of the parent or caregiver, is at or below the income that would make the child eligible for Medi-Cal benefits or the state medium income for the previous year, whichever is more; and,
- A dependent or ward of the juvenile court who has been subject to a foster care order and has been in foster care placement for at least 12 months and whom the court has determined is not likely to be able to reunify safely with their parent or legal guardian.

These youth would have an initial $4,000 or $8,000 deposited in their account depending upon whether they are under or over 10 years of age. On each subsequent year from the time of the creation of the account to the Child's 18th birthday, the State Treasurer would be required to make an additional deposit into each HOPE trust fund account of a yet-to-be-determined dollar amount. Once the youth reaches 18, or 21 for those youth in foster care, the youth can remove the money from the trust fund account and use it as they see fit.

This bill also tasks CHHS with reporting to the Legislature by March 1, 2023, as provided, how the HOPE Account Program can be expanded to include all children born into low-income circumstances and how the state might assess the funding needed to do that.

Social Security OASDI Benefits

The OASDI program provides monthly benefits to qualified retired and disabled workers and their dependents and to survivors of insured workers. An individual's eligibility and benefit amounts are determined by the worker's contributions to Social Security; as a result there is no means test to qualify for benefits. An individual contributes to Social Security through either payroll taxes or self-employment taxes under the Federal Insurance Contributions Act or the Self-Employment Contributions Act, with employers matching the employee contribution and self-employed workers paying an amount equal to the combined employer-employee contributions. Under federal law, the maximum yearly amount of earnings subject to OASDI taxes was $137,700 in 2020.

The OASDI program is administered by the Social Security Administration (SSA), which reports that Social Security benefits are essential to the economic well-being of millions of Americans.

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[8] https://www.booker.senate.gov/news/press/02/03/2021/booker-pressley-urge-biden-administration-to-include-baby-bonds-in-the-next-economic-recovery-package; https://www.cnbc.com/2019/04/24/cory-booker-wants-to-give-baby-bonds-to-every-newborn.html

According to SSA, at the end of December 2019, about 64 million people were receiving benefits that totaled approximately $80 billion a month, with all payments to beneficiaries totaling approximately $1.05 trillion in calendar year 2019.

The SSA further reports that in 2020, about 180 million people will work in employment or self-employment that is covered under the OASDI program. SSA states that approximately 93 percent of the U.S. workforce is covered by OASDI, with excluded workers falling into five major categories:

- Civilian deferral employees hired before January 1, 1984;
- Railroad workers, who are covered under the railroad retirement system;
- Certain employees of state and local governments who are covered under their employers' retirement systems;
- Domestic workers and farm workers whose earnings do not meet certain minimum requirements; and,
- Persons with very low net earnings from self-employment, generally under $400 annually.

Noncitizens can obtain OASDI benefits is they were assigned an SSN for work purposes at any time on or after January 1, 2004, or if they were admitted to the United States at any time as a nonimmigrant visitor for business or as an alien crewman, as provided.

Workers attain "insured status" upon earning the minimum number of credits needed to become eligible for Social Security benefits and are required to establish benefit eligibility for the worker's family members or survivors. To determine a worker's insured status, Social Security looks at the amount of the worker's earnings covered under Social Security and assigns "credits" for those earnings.

The benefit amount is the primary insurance amount and is payable to the worker upon initial entitlement at full retirement age or upon entitlement to unreduced disability benefits. The primary insurance amount is also the base figure from which monthly benefit amounts are determined for early retirement, delayed retirement, and for the worker's family members or survivors. Thus the actual benefit amount varies depending on these calculations, with the average monthly Social Security benefit for retirees being $1,564 in November 2021.

This bill seeks to make a state survivor benefit for dependents who are ineligible for federal OASDI benefits. Under federal OASDI benefits spouses, children, and parents may be eligible for benefits based on the deceased individual's earnings, i.e. survivor benefits. If individuals are found ineligible for survivor benefits by SSA, this bill would provide a state-funded monthly benefit alternative or CalSurvivor Benefits. The bill models these benefits off OASDI survivor benefits and provides for the benefit amount to be the equivalent of the federal OASDI survivor benefits. Denial of survivor benefits by SSA is a requirement for CalSurvivor Benefits, and the individual must meet other eligibility requirements, such as being under 18 years of age, a full time elementary or secondary school student under 19 years of age and unmarried, or 18 years of age or older and have a severe disability that originated before they attained 22 years of age.

According to the author's office and sponsors, individuals likely to be ineligible for OASDI survivor benefits include children of undocumented folks or those who do not meet the noncitizen requirements discussed above, children whose parents were farm workers or domestic workers, children of incarcerated folks, children of younger workers who may not meet the fully insured criteria discussed above, and children of those who spent long periods of their life unemployed. Under the language in this legislation, both the child and the parent would need to be California residents at the time of the parent's death to qualify.

Related/Prior Legislation:

SB298 (Caballero, 2019) would have established, until January 1, 2039, the End Child Poverty Act of 2020 to require CDSS, beginning in 2020 and every 5 years thereafter, to measure and report to the Legislature the state child poverty rate, effects of polices aimed at addressing child poverty on that rate, and progress toward ending deep child poverty by 2024 and reducing overall child poverty by 50% by 2039. This bill was held in the Assembly Appropriations Committee.

AB 1520 (Burke, Chapter 415, Statutes of 2017) established the Lifting Children and Families Out of Poverty Task Force for the purpose of recommending future comprehensive strategies aimed at addressing deep child poverty and reducing child poverty in California.

AB 1811 (Committee on Budget, Chapter 35, Statutes of 2018) **i**ncreased the maximum aid payment amounts for CalWORKs recipients by 10 percent effective April 1, 2019, and states the intent of the Legislature to provide future grant increases in Fiscal Years 2019-20 and 2020-21, contingent upon funding in the annual Budget Act, in order to increase grants to no less than 50 percent of the FPL.

COMMENTS

This bill attempts to address economic stability of children who have lost a parent in two different ways. First, it creates Hope Trust Accounts for those youth who have lost a parent to COVID-19 and who meet income eligibility requirements, to attempt to address long-term financial stability of the child. Second, it creates a state survivor benefit modeled after federal Social Security survivor benefits for those children who lose a parent and are ineligible for federal OASDI. This change, while not limited to those who lost a parent to COVID-19, would help to make up for potential lost income of those parents or caretakers in a more immediate sense.

The bill additionally provides qualifying foster youth with access to the HOPE Trust Accounts Program, helping them further achieve financial stability upon their emancipation from the foster care system. These youth also do not have the financial security of their parents or caregivers to rely on while transitioning to adulthood.

At this time it is unclear exactly how many youth would be eligible for either the Hope Trust Account Program or the CalSurvivor Benefit, but both would likely help address long-term financial stability of populations who might otherwise be disproportionately impacted by poverty. Additionally, the author's office is working with stakeholders to clarify eligibility for these newly created programs, to include tribal representation in the work group and clarify the eligibility of children under tribal court jurisdiction, creating pathways to CalABLE accounts for children with disabilities eligible for the HOPE Account program, and providing financial coaching and education. These changes are intended to help with implementation and improve access to these newly created programs.

Furthermore, this bill has been dual referred. Should this bill pass out of this Committee, it will be referred to the Senate Committee on Governance and Finance.

POSITIONS

Support:
End Child Poverty in California (Sponsor)
End Poverty in California (Sponsor)
GRACE (Sponsor)
Liberation in a Generation (Sponsor)
Acterra
Agee Global Solutions
California Association of Food Banks
California Catholic Conference
California Latinas for Reproductive Justice
California Women's Law Center
Children's Law Center of California
City of San José
Coalition of California Welfare Rights Organizations
Courage California
Covid Survivors for Change
Fresno Economic Opportunities Commission
Friends Committee on Legislation of California (FCLCA)
Golden State Opportunity
John Burton Advocates for Youth
Marked By COVID
National Council of Jewish Women Calfornia
St. John's Community Health
The Children's Partnership
unBox

Oppose:
None received.

-- END --