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TWENTY-EIGHTH ASSEMBLY DISTRICT

**ASSEMBLY BILL 65: California Universal Basic Income Program**

**SUMMARY**

AB 65 establishes the California Universal Basic Income (CalUBI) Program, which would be overseen by the Franchise Tax Board, to provide eligible residents with \$1,000 per month in unconditional cash payments in order to provide recipients with a level of basic economic security.

Sacramento-Roseville-Arden-Arcade area, [approximately 57 percent of jobs are at risk of automation](#) by 2035. Those most at risk of job loss caused by automation are those who work as bookkeepers, accountants, cashiers, and administrative assistants. Jobs often staffed by lower income individuals in food services, manufacturing, transportation and warehousing, and retail are also especially at risk.

**BACKGROUND**

Providing a universal basic income (UBI) is not a new or untested idea. The City of Stockton has experimented with a form of UBI by giving a select group of 125 residents a grant of \$500 per month for 18 months. [Data](#) from the trial run of the Stockton Economic Empowerment Demonstration (SEED) show that recipients, by and large, spend the money on essentials like food, clothing, and utility bills. Throughout the program, full-time employment increased by 12%, and recipients had newfound freedom to spend time on personal activities such as developing relationships and hobbies.

However, we don't need to look so far into the future to see an immediate need for universal basic income. Natural disasters like wildfires and the recent outbreak of the novel coronavirus reveal gaping holes in our existing social safety net. Many part-time workers and independent contractors (including misclassified gig economy workers) are struggling to recover lost wages without the benefit of unemployment insurance (UI). Those who do qualify for UI find themselves straining to navigate the bureaucratic processes and requirements.

The State of Alaska gives residents a dividend of anywhere from \$300 to \$2,000 each year from the state's Permanent Fund—monies derived from oil revenues and invested by a state-owned corporation. Research [has linked the dividend](#) to decreased property crime and poverty levels with no negative impact on the labor market. In 2019, Presidential candidate Andrew Yang proposed giving every American adult a "[Freedom Dividend](#)" of \$1,000 per month to provide them the financial security to pursue creative endeavors, improve mental health, and pursue the American Dream. In his [current campaign](#) for mayor of New York City, Yang has proposed to give 500,000 city residents in extreme poverty approximately \$2,000 each year to combat the high living costs of the city.

With the ongoing pandemic, workers are unable to take bereavement leave or sick time due to a lack of paid time off, making universal basic income a necessity for unplanned events. Additionally, the financial burden of COVID-19 has been immense, with a [Pew Research Center](#) report finding that for those whose finances have worsened during the pandemic, 44% think it will take more than three years for their finances to return to normal, while 10% believe they will never be able to recover at all.

Furthermore, [volatility in income and expenses](#) that the vast majority of Americans face from month to month undermine their sense of financial security. Many Californians cannot afford a \$400 unexpected emergency expense.

**PROBLEM**

California is undergoing rapid labor market changes. The technologies and innovations created in California today are already disrupting our workforce. For instance, in the

**SOLUTION**

A universal basic income of \$1,000 per month for adult Californians who make less than 200 percent of per capita median income for their county of residence will help provide the financial security that many need to afford rent, pay their medical bills, and purchase nutritious groceries for their family. This program would be funded by a 1% tax on

the portion of an individual's income that exceeds \$2 million.

[Economic stability is a social determinant of health](#). AB 65 will improve health and quality of life for Californians by ensuring a basic income floor of \$1,000 per month to eliminate the stress of unexpected expenses and lift many out of poverty. California needs a creative and proactive plan to strengthen economic security for all and universal basic income could be just the right solution.

## SUPPORT

Pending.