



OFFICE OF ASSEMBLYMEMBER
Evan Low
TWENTY-EIGHTH ASSEMBLY DISTRICT

ASSEMBLY BILL 1338 (Low): Guaranteed Income: Maintaining Eligibility for Public Benefits

SUMMARY

AB 1338 will exempt unconditional cash payments from a pilot or research program from interfering with recipients' eligibility for state social safety net benefits (CalWORKs and CalFresh) and state tax calculations affecting Earned Income Tax Credit (EITC).

BACKGROUND

Over recent years, the changing economy has concentrated wealth more and more in the hands of the few, not just in the United States (U.S), but around the world. In the U.S., this inequality is having a significant impact of communities of color as it has been stacked on top of historically and structurally reinforced systems that concentrate wealth among white Americans. To address the impact on people and the economy, many countries are beginning to explore guaranteed income

A guaranteed basic income specifically provides an amount at a level sufficient to cover their basic needs. Payments would be distributed to residents regardless of employment, unconditionally, with no restrictions on how the money is spent.

Pilots for guaranteed income have been done in Finland, the Netherlands, and Canada. In the U.S., 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.

In California, the City of Stockton experimented with a form of guaranteed income by giving a select group of 125 mostly low-income residents a grant of \$500 per month for 24 months. [Initial data](#) from the Stockton Economic Empowerment Demonstration (SEED) show that recipients, by and large, spend the money on essentials like food, clothing, and utility bills. Earlier this month, SEED released its [preliminary findings from the first year of the experiment](#) which show unconditional cash enabled recipients to find full-time employment and recipients were healthier, showing less depression and anxiety.

Recently, the city of Compton launched the Compton Pledge, which will pay [\\$300 to \\$600 a month to 800 Compton residents](#) for two years. Other California cities like Oakland, Los Angeles, San Francisco, Long Beach, and West Hollywood are exploring guaranteed income programs too.

Guaranteed income would ensure that all Californians have enough to get by -- this would include those stitching together part-time work, those engaged in unpaid work like child care, and those pursuing further education. It would also provide those with full employment with the security of knowing they would continue to receive

an unconditional income even if they were to lose their job.

PROBLEM

The global COVID-19 pandemic and resulting economic crisis has sparked renewed interest in providing residents with a guaranteed income payment as a solution to address economic inequality.

Experiments and pilots over the last 40 years in countries around the world have shown that cash transfer programs have meaningfully positive impacts on study participants. However, more research is needed to fully understand the impact that it would have in the United States. There are open questions on the ideal frequency of delivery and amount of payments, as well as the effects of these payments on labor force participation in different sectors, health outcomes, domestic violence, entrepreneurship, caregiving, re-entry for the formerly incarcerated, and income inequality when broken down by race.

Currently, launching a guaranteed income pilot program means that any program participants that receive state benefits may be penalized for their participation by losing part or all of their benefits, as the money distributed through guaranteed income is counted in the calculation of income for most needs tested benefits. This reduces ability of low-income people to participate in pilots, making quality research significantly more difficult to conduct, and potentially penalizing poor and homeless populations involved in studies.

SOLUTION

AB 1338 will allow public and private organizations to conduct high-quality pilot programs of unconditional cash assistance without jeopardizing

the benefits and tax credits of those receiving payments.

Specifically, AB 1338 would:

- Exempt unconditional cash payments from inadvertently impacting recipients' eligibility for CalWORKs and CalFresh benefits;
- Exempt the income from state tax calculations affecting EITC;
- Require the programs to register with the Department of Social Services (DSS) and submit a report upon conclusion; and
- Require DSS to post on its website a list of these organizations.

SUPPORT

Children's Defense Fund (co-sponsor)
Universal Income Project (co-sponsor)