



AB 661 (Lee) The Guaranteed Income Research and Expansion Act

Summary: This bill proposes a comprehensive study on the needed infrastructure, funding mechanisms, program design, and population prioritization for a permanent, statewide guaranteed income (GI) program to alleviate poverty and promote economic empowerment. The research would result in policy recommendations on how to create a sustainable, statewide GI program.

Problem

California's poverty rate soared to an all-time high in 2023 - 18.9% of Californians (7.3 million) lacked the resources to meet their basic needs - up from previous years, including the pre-pandemic rate of 16.6% in 2019.¹ Black and Latine Californians, particularly women and children of color, are disproportionately affected by poverty due to structural and systemic barriers, such as discrimination, limited access to educational opportunities, and inequitable job access.

Amid these challenges, we have seen the transformative power of direct cash aid to reduce poverty and deliver economic security. Federal pandemic-era stimulus checks and tax credits helped keep millions out of poverty during a time of unprecedented financial hardship, leading to a 67% drop in poverty nationwide in 2021 - the largest and most effective reduction in poverty in the past 50 years.²

As part of the Fiscal Year 2021-22 budget, California invested \$35 million in the nation's first statewide Guaranteed Income (GI) Pilot Program. Unlike traditional public benefits, guaranteed income provides unrestricted cash, allowing recipients to address their most urgent needs, from rent to childcare to transportation, without facing typical bureaucratic barriers. The California Department of Social Services (CDSS) directed more than \$25 million in grant funding to seven GI pilot projects across the state, with \$10 million allocated to effectiveness and implementation evaluation and building local GI infrastructure in the state. Last year, California invested an additional \$5 million to launch a GI pilot for older adults. These state-funded GI demonstrations will evaluate the effectiveness of economic interventions applied during crucial life transitions.

To build on this foundation, California must examine existing and needed infrastructure, partnerships, funding mechanisms, and priority populations to scale up a statewide GI program and ensure that it complements rather than supplants existing public benefits programs. These steps are essential to translate the pilot initiatives' key findings into sustainable, long-term solutions that strengthen economic security for all Californians.

¹ Anderson, A., Kitson, K., Pryor, L., Ramos-Yamamoto, A., & Saucedo, M. (2024, September). California's poverty rate soars to alarmingly high levels in 2023. *California Budget & Policy Center*.

<https://calbudgetcenter.org/resources/californias-poverty-rate-soars-to-alarmingly-high-levels-in-2023/>

² Parrott, S., & Sherman, A. (2023, September 12). Expiration of pandemic relief led to record increases in poverty. *Center on Budget and Policy Priorities*.

<https://www.cbpp.org/research/poverty-and-inequality/expiration-of-pandemic-relief-led-to-record-increases-in-poverty>

Background

The findings of the statewide GI Pilot Program are expected to build on the success and lessons learned from prior guaranteed income projects, including the novel Stockton Economic Empowerment Demonstration, which ignited the modern GI movement. GI pilots across the nation have been correlated with multiple positive impacts, such as helping participants achieve long-term housing stability,³ improving mental health,⁴ and food security,⁵ and promoting public safety.⁶

Guaranteed income should complement existing public benefits and serve as a critical tool for addressing systemic inequities. When targeted toward historically marginalized individuals, these programs can provide critical support during pivotal moments in their lives, helping to disrupt cycles of poverty and set individuals on a path toward stability and opportunity.

Solution

The Guaranteed Income Research and Expansion Act would direct CDSS to contract with a qualified research entity to produce a comprehensive report outlining recommendations on designing, funding, and implementing a permanent, statewide Guaranteed Income Program. A steering committee of GI participants and practitioners will oversee the research and review the findings to ensure any recommendations are for and by community.

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³ Peters, A. (2022, February 2). What happened after these unhoused people got monthly \$500 checks? Two-thirds have homes. *Fast Company*.

<https://www.fastcompany.com/90717489/what-happened-after-these-unhoused-people-got-monthly-500-checks-two-thirds-have-homes>

⁴ Gibson M, Hearty W, Craig P. The public health effects of interventions similar to basic income: a scoping review. *Lancet Public Health*. 2020 Mar;5(3):e165-e176. doi: 10.1016/S2468-2667(20)30005-0. PMID: 32113520; PMCID: PMC7208547.

⁵ Bogle, M., Walker, F., Noble, O., & Fung, L. (2023). *Austin Guaranteed Income Pilot: Participant outcomes at six months*. Urban Institute. <https://www.urban.org/research/publication/austin-guaranteed-income-pilot-participant-outcomes-six-months>

⁶ Stacy, C. P., Teles, D., González-Hermoso, J., Walker, F., Morgan, A., Thornton, R. L. J., Matson, P., & Huettner, S. (2023). *Investing in youth: A randomized controlled trial of cash transfers for violence exposure prevention*. Urban Institute. <https://www.urban.org/research/publication/investing-youth>