Date of Hearing: April 7, 2021

ASSEMBLY COMMITTEE ON HUMAN SERVICES
Lisa Calderon, Chair
AB 1338 (Low) – As Amended March 25, 2021

SUBJECT: Public social services programs: financial assistance demonstration and research programs

SUMMARY: Exempts from gross income, for taxable years beginning on or after January 1, 2021, any financial assistance provided to a taxpayer enrolled in a registered financial assistance program; requires the California Department of Social Services (CDSS) to develop a registration process for organizations or entities that issue financial assistance through a program in California; and, excludes, to the extent permitted under federal law, financial assistance received by an individual from an organization or entity registered with the department from being considered as income or resources for purposes of determining eligibility and benefit amounts for California Work Opportunity and Responsibility to Kids (CalWORKs) and CalFresh. Specifically, **this bill**:

1) Makes Legislative findings and declarations related to the exploration of guaranteed income as a means of ensuring economic security for all Californians.

2) States Legislative intent to: develop a registration process for any organization or entity that issues financial assistance through a program in the state to ensure coordination of these financial assistance programs with public social services programs; exclude financial assistance issued by a registered program in the state as income or resources for purposes of determining eligibility to receive benefits or the amount of those benefits; and, provide that, for taxable years beginning on or after January 1, 2021, gross income does not include financial assistance that is provided to a taxpayer who is enrolled in a registered financial assistance program.

3) Exempts from gross income, for taxable years beginning on or after January 1, 2021, any financial assistance that is provided to a taxpayer who is enrolled in a program meeting certain criteria defined by the provisions of this bill.

4) Declares that, to the extent authorized under federal law, financial assistance issued by an organization or entity that has registered with CDSS, pursuant to the provisions of this bill, is not considered income or resources for purposes of determining eligibility to receive benefits, or the amount of those benefits, for the CalWORKs and CalFresh programs, as defined in current state and federal law.

5) Defines “department” as CDSS.

6) Defines “financial assistance” as an unconditional cash payment of an equal amount issued monthly to a resident of California who is enrolled in a program, as defined by the provisions of this bill, and, further, requires the payment to:

   a) Be received for a period of no more than 60 months; and,

b) Be provided to a resident of California to improve economic security, reduce harm, and improve health, education, and employment outcomes of the recipient or any member of their family.

7) Defines "program" as a demonstration or research program that investigates the impacts of policies or programs designed to reduce poverty, promote social mobility, or increase financial stability for California residents.

8) Defines "state" as the State of California.

9) Requires CDSS to: develop a process for purposes of registering any organization or entity that issues financial assistance through a program in the state; and, make public on its internet website a list of those organizations and entities that have registered, as specified.

10) Permits CDSS to prescribe any regulations necessary or appropriate to carry out the purpose of the provisions of this bill.

11) Requires, upon implementation of a program and annually thereafter, an organization or entity issuing financial assistance under that program in this state to register the program with CDSS pursuant to the requirements of this bill and provide CDSS with:

   a) All funding sources of the program under which the financial assistance income shall be distributed;

   b) A program contact person to act as a liaison to CDSS; and,

   c) A plan for any data collection and program evaluation that is developed before participants in the study are enrolled in the program.

12) Requires, upon the conclusion of a program, an organization or entity issuing financial assistance pursuant to the provisions of this bill to report to CDSS on the research outcomes.

EXISTING LAW:

1) Establishes under federal law the "Temporary Assistance for Needy Families" (TANF) program to provide aid and welfare-to-work services to eligible families and, in California, provides that TANF funds for welfare-to-work services are administered through the CalWORKs program. (42 U.S.C. 601 *et seq*., Welfare and Institutions Code Section [WIC] 11200 *et seq*.)

2) Establishes income, asset, and real property limits used to determine eligibility for the CalWORKs program, including net income below the Maximum Aid Payment, based on family size and county of residence. (WIC 11150 to 11160, 11450 *et seq*.)

3) Defines earned income as gross income received as wages, salary, employer-provided sick leave benefits, commissions, or profits from activities such as a business enterprise or farming in which the recipient is engaged as a self-employed individual or as an employee. (WIC 11451.5)

4) Establishes under federal law the "Supplemental Nutrition Assistance Program" (SNAP) pursuant to the Food Stamp Act of 1964 and establishes, in California statute, the CalFresh

program to administer the provision of federal SNAP benefits to families and individuals meeting certain criteria, as specified. (WIC 18900 *et seq*.)

5) Establishes the "Electronic Benefits Transfer (EBT) Act", and defines the EBT system as the program designed to provide benefits to those eligible to receive public assistance benefits such as CalWORKs and CalFresh. (WIC 10065 *et seq*.)

6) Requires counties to re-determine recipient eligibility and grant amounts on a semiannual basis, requires the semi-annual report (SAR) form to be signed under penalty of perjury, and is required to include only the information necessary to determine CalWORKs and CalFresh eligibility and calculate the CalWORKs grant amount and CalFresh allotment. Further, requires recipients to provide the following: information about income received during the fifth month of the SAR period; any changes to facts required to be reported. (WIC 11265.1(a) and (c)(3))

7) Permits against the "net tax", for each taxable year beginning on or after January 1, 2015, an earned income tax credit in an amount equal to an amount determined in accordance with certain federal law relating to income, as applicable for federal income tax purposes for the taxable year, except as otherwise provided, as specified. (Revenue and Taxation Code 17052 *et seq.*)

FISCAL EFFECT: Unknown

COMMENTS:

Measuring and alleviating the conditions of poverty: Poverty is determined and measured in a variety of ways. At the federal level, the U.S. Census Bureau utilizes the Official Poverty Measure (OPM), which compares a families' resources – meaning families' annual pre-tax income – against a set of pre-determined income thresholds to determine whether the family is living in poverty. These income thresholds differ by the number of adults and children in a family and, for some families, by age. Beginning in 2011, the U.S. Census Bureau began utilizing the Supplemental Poverty Measure (SPM) in order to better determine whether a family is living in poverty. Specifically, the SPM extends the OPM by taking account of many of the government programs that are designed to assist low-income families and individuals that are not accounted for by the OPM. The SPM instead uses a broader definition of what constitutes a family, is based on expenditures of food, clothing, shelter, and utilities, and determines resources based on the sum of a family's cash income, plus certain noncash benefits.

To account for California's particular characteristics, such as high costs of living and housing, the Public Policy Institute of California (PPIC) and the Stanford Center on Poverty and Inequality developed the California Poverty Measure (CPM), which employs a more comprehensive methodology for measuring poverty across the state, including a family's needs and resources, such as safety net benefits. According to the PPIC,

> "According to official poverty statistics, 12.8% of Californians lacked enough resources – about $25,000 per year for a family of four – to meet basic needs in 2018. This represents a modest decrease from 13.3% in 2017 and is slightly above the lowest recent rate of 12.4% (in 2007)…According to the CPM, 17.6% of Californians (about 6.8 million) lacked enough resources – $34,200 per year for a family of four, on average – to meet basic needs in 2018. This is nearly identical to the rate in 2017. Poverty was higher

> among children (18.8%) and adults age 65 and older (19.0%), and lower among adults age 18-64 (16.8%)…In 2018, 22.9% of Latinos lived in poverty, compared to 18.2% of African Americans, 15.9% of Asian Americans/Pacific Islanders, and 12.8% of whites. Though the Latino poverty rate has fallen from 30.9% in 2011, Latinos remain disproportionately poor – comprising 51.4% of poor Californians, but only 39.6% of the state population."

In other words, official federal data estimated that 12.8% of Californians were living in poverty in 2018; however, the CPM, demonstrated that nearly 18% of Californians were living in poverty in 2018. In recognition of this data, a number of federal and state efforts and programs are employed to address and alleviate the conditions of poverty, including, among others, all of the following:

<u>CalWORKs</u>: The federal TANF program, known as CalWORKs in California, provides eligible low-income families with cash grants and supportive services aimed at assisting them obtain education, training, and employment. CalWORKs is administered at the county level and is largely funded through the federal TANF block grant and state maintenance-of-effort contributions. Because CalWORKs is administered through the TANF block grant, states have flexibility to determine eligibility criteria for participants, particularly as it relates to income. Specifically, income received from supplemental security income, loans and grants, the California Earned Income Tax Credit (CalEITC), and federal relocation and disaster benefits, is not counted when determining a household's eligibility for CalWORKs.

Families participating in CalWORKs have access to a variety of services aimed at helping the family achieve self-sufficiency; these services can include child care, homelessness assistance, and services aimed at addressing mental health needs, substance use disorders, experiences of domestic violence, and learning disabilities, among others. Unless deemed exempt or otherwise not required to participate under CalWORKs program rules, parents are required to develop and participate in a welfare-to-work (WTW) plan. Approved WTW activities can include: public or private sector subsidized or unsubsidized employment; on the job training; community service; and, secondary school, adult basic education and vocational education and training when the education is needed for the recipient to become employed, among others.

CalWORKs grant levels vary according to family size, geographic location, and whether the family is exempt from WTW requirements. Families living in high cost-of-living areas receive slightly more money than families in other areas. For example, beginning in October 2020, the maximum benefit for a non-exempt family of three living in a high cost county, with no other income, is $878. Were that same family to live in a low-cost county, the maximum benefit would be $834.

Originally, Congress instituted a 60-month (5 year) lifetime limit on receipt of TANF benefits. Beginning in July 2011, California reduced the number of months for which an adult may receive CalWORKs benefits from 60 months to 48 months (4 years) in a recipient's lifetime. However, AB 79 (Committee on Budget), Chapter 11, Statutes of 2020, effective May 1, 2022, restored the 60-month lifetime limit on receipt of benefits for qualified individuals.

<u>CalFresh:</u> The federal SNAP is administered in California as CalFresh, and provides food access to low-income individuals who meet certain eligibility criteria. CalFresh benefits are entirely federally funded, and administration of SNAP at the federal level lies with the United States Department of Agriculture (USDA). In California, CalFresh is administered at the local level by

county human services agencies. Benefits are made available to recipients on an EBT card, which is an automated teller machine-like card that allows an individual to purchase food at point-of-sale devices in stores.

The USDA is tasked with setting specific eligibility requirements for SNAP programs across the country, as well as gross and net income tests, work requirements, and other documentation requirements. Unlike CalWORKs, states have little flexibility in setting eligibility criteria for CalFresh applicants and recipients. Per the federal government, the maximum gross income allowed is 200% of the Federal Poverty Level (FPL) – as of October 1, 2020, a family with a household size of three may have a gross monthly income of $3,620. If a family passes the gross income test, the net income test is computed and the amount is determined by deducting certain income from a household's gross income. A family's net income amount cannot exceed 100% of the FPL; for a family with a household size of three, this equates to $1,810 per month as of October 1, 2020.

When computing income for purposes of determining CalFresh eligibility, certain income is exempt, such as: in-kind benefits, such as meals, clothing, employer-provided housing; vendor payments, such as money paid to a third party for a household expense by a person or organization outside of the household; deferred educational loans; grants and scholarships; cash donations from a charitable organization of not more than $300 in a calendar quarter; and, income received too infrequently/irregularly to be reasonably anticipated but not more than $30 in a quarter.

Currently, recipients of CalFresh are required to notify a county welfare department of changes in their income or circumstances in one of two ways: through change reporting, or through SAR. Under change reporting, eligible households are required to report within 10 days changes that include: the source and amount of gross income of more than $25; addition or loss of a household member; address changes and shelter costs; when cash on hand, stocks, bonds, money in a bank account or savings reach a total of $2,000 ($3,000 for households with individuals who are elderly or disabled); and, a change in child support payments made to a non-household member.

Under SAR, households are required to submit one periodic report form (SAR 7) once a year followed by a recertification form no later than six months later. The SAR 7 asks the household to report income, medical and dependent care expenses, and any other change the household is expecting for the remainder of their certification period. Households are also required to report when their household income exceeds their income-reporting threshold – 200% of the FPL in most cases.

<u>Earned Income Tax Credits (EITCs):</u> In 2015, SB 80 (Committee on Budget and Fiscal Review), Chapter 21, Statutes of 2015, enacted the CalEITC, which is a refundable Personal Income Tax credit allowed to eligible individuals. In order to qualify for the CalEITC, an individual must meet certain eligibility requirements regarding housing status, family size, and income levels. Specifically, a person may qualify for the CalEITC if they are at least 18 years old or have a qualifying child and have earned income of $30,000 or less. Individuals with three or more qualifying children may receive a credit of up to $3,027, thereby qualifying individuals for a tax refund or reducing the amount of taxes owed. Additionally, households that qualify for the CalEITC and have a child under the age of six as of the end of the tax year may also qualify for the Young Child Tax Credit (YCTC) of up to $1,000.

A number of measures have expanded the scope of the CalEITC, including, AB 93 (Committee on Budget), Chapter 19, Statutes of 2020, which expanded CalEITC and YCTC eligibility to individual taxpayer identification number (ITIN) filers with at least one child under the age of six, and further specified that children six and over would count as qualifying children, as long as the family has at least one child under six. Additionally, AB 1876 (Committee on Budget), Chapter 87, Statutes of 2020, further expanded CalEITC access to ensure all California tax filers, particularly undocumented ITIN filers who are otherwise eligible, may qualify for the CalEITC and the YCTC. With the AB 1876 expansion, undocumented Californians who file taxes using an ITIN, and who are otherwise ineligible for public benefits such as CalWORKs and CalFresh, among others, due to citizenship requirements, may qualify for direct cash assistance.

Additionally, the federal EITC, much like the CalEITC, permits eligible individuals to qualify for a federal tax break. Unlike the CalEITC, however, only individuals filing taxes with a social security number may qualify for the federal EITC. For tax year 2021, a household with three claimed children or relatives may have an adjusted gross income of up $51,464 and may receive a maximum tax credit of up to $6,728.

The provisions of this bill would exempt income from certain organizations and programs from being considered as income for purposes of determining eligibility and benefit amounts for CalWORKS and CalFresh. Given California's flexibility in determining eligibility requirements for CalWORKs program participation, it is likely, though not certain, that this is permissible under federal law. However, because CalFresh income levels are determined by the USDA, it is unlikely that California can exempt certain financial assistance from being considered when determining CalFresh eligibility and benefit amounts without first securing explicit permission from the USDA through a waiver.

According to the PPIC, the largest social safety net programs, including CalFresh, CalWORKs, and state and federal EITCs kept an estimated 7% of Californians and 12.8% of children out of poverty in 2018. It is therefore possible that the provisions of this bill could affect the number of individuals who are eligible for the state's most impactful safety net programs.

COVID-19 pandemic: On March 4, 2020, in response to the global COVID-19 outbreak, Governor Newsom declared a statewide state of emergency. Across the state, throughout the nation, and around the world, the effects of COVID-19 on public health, as well as the economy, have been drastic. In addition to the over 500,000 lives lost to COVID-19 in the U.S., many individuals have also experienced unemployment, as well as the food and housing insecurity resulting from reduced employment opportunities. While the labor market has somewhat improved since March 2020, employment stability – particularly for those in the hospitality and personal service industries – remains uncertain.

A July 30, 2020, report by the LAO states, "Under normal conditions, 50,000 California workers file for unemployment insurance each week. Since the beginning of the outbreak in March, an average of 400,000 workers have filed for unemployment benefits each week." In addition to this, 216,817 total applications for CalFresh were received by CDSS in March 2020, compared to a total of 141,257 applications received in March 2019. In 2020, approximately 12% of California adults reported experiencing food scarcity, compared to just 4% of individuals surveyed between 2017 and 2019, according to a February 4, 2020, LAO report.

In regards to CalWORKs, a February 2021 LAO report found that CalWORKs caseload declined during the COVID-19 pandemic, reaching an all-time low in November 2020. The report states:

> "After a brief increase in spring 2020, CalWORKs applications fell in the summer and fall to their lowest level since at least 2002. Moreover, since spring, a larger share of applications (about 60%) has been denied compared to recent years (about 48%). Finally…the exit rate has accelerated in October and November to about 10% of the caseload, above the recent average of about 6-8%...three potential reasons for low levels of CalWORKs applications in recent data: (1) job losses have not yet affected workers with children as severely as past recession, (2) the extraordinary level of federal and state relief offered to individuals (in particular, enhanced unemployment insurance) temporarily has reduced CalWORKs demand, and (3) public health concerns temporarily have reduced CalWORKs demand (for example, applicants are reluctant or unable to come to county offices to have their questions answered while completing applications)."

Guaranteed income: Sometimes referred to as universal basic income (UBI), guaranteed income involves providing people with direct, unconditional, recurring cash payments. According to the Stanford University Basic Income Lab,

> "In the U.S., variants of the UBI proposal were very much alive in the early second half of the twentieth century – including through figures like Martin Luther King, Jr. and Milton Friedman – but the conversation did not pick up much in subsequent decades. This changed around 2016, when several American personalities wrote on the policy…The growth of income and wealth inequalities, the precariousness of labor, and the persistence of abject poverty have all been important drivers of renewed interest in UBI in the U.S. But it is without a doubt the fear that automation may displace workers from the labor market at unprecedented rates that primarily explains the revival of the policy, including by many in or around Silicon Valley."

Several programs utilizing a guaranteed income model have been implemented throughout California in order to meet the needs of low-income individuals, including, among others:

<u>The Stockton Economic Empowerment Demonstration (SEED):</u> Founded in February 2019 by former Stockton Mayor Michael Tubbs, SEED provided randomly selected residents with $500 per month for 24 months, and then conducted a study to measure participants' job opportunities, financial stability, and overall well-being. To qualify for SEED, participants were required to be at least 18 years old, reside in Stockton, and live in a neighborhood with a median income at or below $46,033, which is the City of Stockton's median household income. Unlike other forms of public assistance, SEED funds were unconditional and did not place work requirements on the recipients.

Disbursement of funds was administered through a prepaid debit card in order to account for the fact that from 2013 to 2017, 9.7% of Stockton residents did not have a bank account. Given this data, direct deposit options were not implemented, nor was the option to provide written checks in order to prevent portions of the income from being used on check-cashing service fees. Still, recipients were afforded the opportunity to transfer all or some of the $500 to their preferred banking institution or an alternative trusted financial service.

A key consideration of SEED was the potential impacts that additional income might have on participant eligibility for other public social services, as well as the impact the income could have on determining benefit amounts for those who retained eligibility.

According to SEED:

> "Where possible, the SEED team pursued waivers that exempted the guaranteed income from being included in benefits eligibility calculations. For example, we secured a waiver for CalWORKs…by working closely with the San Joaquin County Human Services agency. This waiver exempts SEED disbursements from consideration as income for all CalWORKs services, including supportive services [child care, transportation, and counseling/therapy] and family stabilization (intensive case management)…While we were confident that we took every step available to minimize the impact of guaranteed income receipt on other benefits through productive partnerships with local agencies, we also know how to prepare for the unexpected. For that reason, SEED established a Hold Harmless Fund to reimburse recipients for any unanticipated benefits losses."

In March 2021, SEED released its preliminary findings from the first year of the experiment, which included February 2019 through February 2020, and therefore did not include findings related to the COVID-19 pandemic. Key findings of the report include:

- Guaranteed income reduced income volatility, or the month-to-month income fluctuations that households face;

- Unconditional cash enabled recipients to find full-time employment;

- Recipients of guaranteed income were healthier, showing less depression and anxiety and enhanced wellbeing; and,

- The guaranteed income alleviated financial scarcity creating new opportunities for self-determination, choice, goal setting, and risk taking.

Recently, and partially in response to the economic impacts of the COVID-19 pandemic, a number of guaranteed income programs have launched, or are preparing to launch, throughout the state, including, among others:

- *Compton Pledge:* Like SEED, the Compton Pledge distributes cash relief to low-income residents for two years. The program has stated its intent to target individuals who do not use banks or banking institutions, the formerly incarcerated who are denied public social services benefits, and undocumented individuals who often do not receive a minimum wage or do not qualify for other public social services. Additionally, the Compton Pledge intends to secure government waivers to ensure participants have continued access to existing benefits, as well as create a hold harmless fund to support individuals who face an unexpected loss of benefits due to program participation. An estimated 800 Compton residents were expected to receive between $300 and $600 every month beginning in February 2021.

- *Santa Clara County foster youth:* In June 2020, the Santa Clara County Board of Supervisors approved a guaranteed income program for young adults transitioning out of the foster care system, as youth involved in the child welfare services system often face poorer educational, economic, and health outcomes than their non-system involved peers. Specifically, the program provides a $1,000 monthly stipend for one year – beginning in September 2020 until September 2021 – to former foster youth who are between the ages of 21 and 24. Santa Clara County initially allocated $900,000 for the program to assist 72 former foster youth, and later authorized an additional $15,000 to provide prepaid debit cards to facilitate benefit distribution. Currently, there are no limitations or prohibitions on the types of purchases a participant can make, though an in-depth evaluation of the pilot program is planned, and aggregate data, as well as self-disclosure, will be used to determine trends in participant purchases.

Unlike SEED and the Compton Pledge, the Santa Clara County program does not currently have a hold harmless account, though one is currently under consideration. Additionally, prospective participants undergo a one-on-one assessment to determine whether participation in the pilot program will affect eligibility for other public social services programs. To date, at least one program participant is expected to lose eligibility for CalFresh benefits, and other prospective participants have chosen not to participate due to the potential impact on eligibility for other public social services.

- *Oakland Resilient Families:* On March 23, 2021, Oakland Mayor Libby Schaaf announced plans to implement a guaranteed income program for individuals who are Black, Indigenous, or part of other communities of color. To be eligible for the program, participants must have at least one child under 18, and have an income at or below 50% of the area median income – approximately $59,000 a year for a family of three. Additionally, half the participation slots are reserved for people who earn below 138% of the FPL, or approximately $30,000 a year for a family of three. The program, set to begin in spring of this year, will provide participants with $500 for at least 18 months without conditions. Participants are able, but not required, to participate in periodic surveys and interviews. Currently, methods to prevent participants from experiencing benefit loss or reduction – including pursuit of state waivers, benefits counseling, and hold harmless accounts – are under consideration, though no specific method has been implemented, as the determination of the program's parameters is still underway.

Need for this bill: According to the author, "We have seen incredible results come out of guaranteed income pilot programs in Stockton and Compton, and we're starting to see encouraging signs from new pilots in Santa Clara County and elsewhere. Several more California cities are looking to launch their own programs to provide funds to residents regardless of their income, age, or employment status. [This bill] will allow these partnerships to conduct high-quality research without jeopardizing the benefits and tax credits of those participating."

Staff comments: The overarching goal of this bill is laudable, as direct cash payments provided to individuals through guaranteed income projects have been found to have a significant increase in quality-of-life benefits, such as mental and physical health, education outcomes, and employment, among others. The provisions of this bill seek to support guaranteed income programs throughout the state, as well as their participants, in two ways. First, the provisions of this bill exempt financial assistance received by an individual participating in a program from being considered as income or resources when determining eligibility and benefit amounts for CalWORKs and CalFresh. Second, the provisions of this bill require CDSS to develop a process by which organizations and entities may register. Subsequent to registration, entities are required to disclose funding sources, identify a program contact person, identify a plan for data collection and program evaluation, and, upon the conclusion of a program, report research outcomes to CDSS.

While the intent to support guaranteed income projects throughout the state is a worthy goal, the bill, as it is written, fails to consider California's limitations in disregarding certain income for purposes of benefit eligibility determination, particularly for the CalFresh program. Because CalWORKs is administered through the TANF block grant, states have significant discretion in structuring eligibility and program rules such that it is likely, though not certain, that California can implement the provisions of this bill related to CalWORKs. Though, in the event that California cannot implement the provisions of this bill related to CalWORKs, this additional income would almost certainly affect recipient eligibility and benefit amounts.

For CalFresh, income levels for purposes of determining eligibility are set at the federal level by the USDA. It is unlikely that California would be able to exempt income received from a guaranteed income project from being considered when determining CalFresh eligibility and benefit amounts without receiving permission from the USDA through a waiver. As such, it is likely that receipt of income through participation in a guaranteed income program would impact an individual's ability to qualify for CalFresh; in the event that the additional income does not render an individual ineligible for CalFresh benefits, the additional income would almost certainly affect the individual's benefit amount.

As previously discussed, recent data demonstrates the number of CalFresh applications increased in March 2020 when compared to application rates in March 2019, and data from the LAO demonstrates that food scarcity increased during the COVID-19 pandemic when compared to rates from 2017-19. Given this increased demand for food assistance, the provisions of this bill may significantly impact CalFresh program participation at a time when Californians need it most.

Additionally, this bill fails to take into account the impact that additional income may have when determining eligibility for other public social services and supports. Specifically, the provisions of this bill attempt to exempt income from being used to determine eligibility and benefit amounts for only two public social services programs: CalWORKs and CalFresh. However, this additional income will almost certainly affect eligibility for other public social services and supports that use income levels to determine eligibility, such as Medi-Cal, Social Security Income/Supplemental Payment Program benefits, and state and federal educational financial aid, among many others. Therefore, ***should this bill move forward, the author may wish to consider whether California has the authority under federal law to exclude certain income from being considered when determining CalWORKs and CalFresh eligibility, as well as whether this additional income will exclude low-income Californians from participating in other safety net programs that provide health care, employment services, and educational supports, among other benefits.***

Double referral: This bill will be referred to the Assembly Revenue and Taxation Committee should it pass out of this committee.

PRIOR AND RELATED LEGISLATION:

SB 739 (Cortese) of 2021, requires, subject to an appropriation by the Legislature, CDSS to administer the California Universal Basic Income for Transition Age Youth pilot project, and requires a California resident who is 21 years of age and who exited the foster care system upon reaching 21 years of age to receive a UBI of $1,000 per month for three years. SB 739 is set to be heard in the Senate Human Services Committee on April 20, 2021.

AB 65 (Low) of 2021, imposes, beginning on or after January 1, 2022, an additional tax at the rate of 1% on that portion of a taxpayer's taxable income in excess of $2 million, and establishes the California UBI (CalUBI) Program within the State Treasury to be administered by the FTB, among other requirements. AB 65 is currently awaiting a hearing in the Assembly Revenue and Taxation Committee.

AB 2712 (Low) of 2020, would have required the Franchise Tax Board to administer the CalUBI Program, would have permitted a California resident who is 18 years of age or older and who meets certain requirements to participate in the CalUBI Program, would have exempted income received from the CalUBI Program from being considered taxable income for purposes of state income taxes and in calculating any state tax credits, among other requirements. AB 2712 was set to be heard in the Assembly Human Services Committee but the hearing was postponed by the committee.

AB 1876 (Committee on Budget), Chapter 87, Statutes of 2020, further expanded CalEITC access to ensure all California tax filers, particularly undocumented ITIN filers who are otherwise eligible, may qualify for the CalEITC and the YCTC.

AB 93 (Committee on Budget), Chapter 19, Statutes of 2020, expanded the CalEITC and the YCTC eligibility to ITIN filers with at least one child under the age of six, and further specified that children six and over would count as qualifying children, as long as the family has at least one child under six.

SB 80 (Committee on Budget and Fiscal Review), Chapter 21, Statutes of 2015, created the CalEITC by establishing a refundable credit for tax years beginning on or after January 1, 2015, among other requirements.

REGISTERED SUPPORT / OPPOSITION:

Support

California Guaranteed Income Collaborative
California Youth Connection (CYC)
Children's Defense Fund-California
Courage California
Dignity and Power Now
Economic Security Project Action (UNREG)
Honorable Libby Schaaf, Mayor of Oakland
John Burton Advocates for Youth
Mayors for A Guaranteed Income
National Council of Jewish Women Los Angeles
The Praxis Project
Tipping Point Community
Universal Income Project

Opposition

None on file

Analysis Prepared by: Kelsy Castillo / HUM. S. / (916) 319-2089