

Date of Hearing: June 6, 2023

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Corey A. Jackson, Chair

SB 333 (Cortese) – As Amended April 10, 2023

SENATE VOTE: 34-4

SUBJECT: Homeless pupils: California Success, Opportunity, and Academic Resilience (SOAR) Guaranteed Income Program

SUMMARY: Establishes, subject to appropriation, the “California Success, Opportunity, and Academic Resilience (SOAR) Guaranteed Income Pilot Program” (Program) and the “California SOAR Guaranteed Income Fund” (Fund) for purposes of awarding monthly payments to twelfth grade students who are homeless from April 1, 2025, to August 1, 2025. Specifically, **this bill:**

- 1) Requires, subject to appropriation, the California Department of Social Services (CDSS) to establish the “California SOAR Guaranteed Income Program” for eligible participants to receive a guaranteed income of \$1,000 per month from April 1, 2025, through August 1, 2025.
- 2) Permits the program to be extended by statute.
- 3) Requires CDSS to work with the California Department of Education (CDE) to distribute awards to eligible participants.
- 4) Requires a liaison to identify pupils that meet the definition of eligible participant for purposes of assisting CDE with distributing awards entitled under the program.
- 5) Establishes the Fund as the initial depository of all moneys appropriated, donated, or otherwise received for the program.
- 6) Requires CDSS to distribute moneys in the Fund to eligible participants.
- 7) Permits, for purposes of administering the program, CDSS to accept in-kind contributions, including, but not limited to, financial mentorship services for participants.
- 8) Requires CDSS to work with at least one independent, research-based institution to identify existing, and establish new, program outcome measurements which will inform an evaluation report to be submitted to the Legislature upon the conclusion of the program.
- 9) Requires the evaluation report to include:
 - a) Educational and economic security outcomes for award recipients;
 - b) Models used; and,
 - c) Measures specific to the objectives of the program.

- 10) Permits CDSS to accept and, upon appropriation, expend funds from nongovernment sources for purposes of preparing the evaluation report, a longitudinal study of the program that is in addition to the report, or both.
- 11) Prohibits any amount received by an individual as an award through the program be considered income or resources for purposes of determining the individual's, or any member of their household's, eligibility for benefits or assistance, or the amount or extent of benefits or assistance, under any state or local means-tested program.
- 12) Provides that with respect to a state or local program, 11) will be implemented only to the extent that it does not conflict with federal law relating to that program, or to the extent that any necessary waivers or exemptions are obtained pursuant to 13) and that federal financial participation, if applicable, is available and is not otherwise jeopardized.
- 13) Requires CDSS, in consultation with stakeholders and the Legislature, to identify the California Work Opportunity and Responsibility to Kids (CalWORKs) program, CalFresh program, the Medi-Cal program, and any other state program that implements a federal means-tested program and that would require an exemption or waiver in order for an SOAR award to be excluded from consideration as income or resources.
- 14) Stipulates that CDSS is responsible for promulgating rules and regulations governing the administration of the program and fund.
- 15) Temporarily exempts the award amount from being considered as:
 - a) Gross income for the taxable year beginning on January 1, 2025.
 - b) Earned income, for the taxable year beginning on January 1, 2025 for purposes of eligibility for the California Earned Income Tax Credit or the young child tax credit.
 - c) Income or resources for purposes of determining the individual's, or any member of their household's, eligibility for benefits or assistance, or the amount or extent of benefits or assistance, under any state or local means-tested program or certain public social services program. Specifies the SOAR Program is only applicable to the extent that provisions do not conflict with federal law, any necessary federal waivers or exemptions are obtained and that federal financial participation is available.
- 16) Provides the following definitions for the purpose of the SOAR Program:
 - a) "Eligible participant" as a public school pupil who is in grade 12 and is a homeless child or youth, as defined in federal code under the McKinney-Vento Homeless Assistance Act (McKinney-Vento Act);
 - b) "Guaranteed Income" as unconditional monetary payments issued monthly with the intention of ensuring the economic security of recipients; and,
 - c) "Liaison" as an local educational agency (LEA) liaison for homeless children and youths and unaccompanied youths designated.
- 17) Sunsets the SOAR Program provisions on July 1, 2027, and repeals them as of January 1, 2028.

EXISTING LAW:

- 1) Defines homeless children and youth in the McKinney-Vento Act as individuals who lack a fixed, regular, and adequate nighttime residence, and includes children and youths who are sharing the housing of other persons; children and youths who have a primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; children and youths who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and migratory children, as specified, who qualify as homeless because the children are living in certain circumstances. (42 United States Code Section [U.S.C.] 11301 *et seq.*)
- 2) Requires every state educational agency to have an Office of the State Coordinator for Education of Homeless Children and Youths to oversee implementation of the McKinney-Vento Act. (42 U.S.C. 11432(d)(3))
- 3) Requires every LEA to designate a local liaison to carry out their duties to ensure that homeless students are identified and have a full and equal opportunity to succeed in school. (42 U.S.C. 11432(d)(5))
- 4) Requires the Coordinator for Education of Homeless Children and Youths to:
 - a) Gather and make publicly available reliable, valid, and comprehensive information, as specified;
 - b) Develop and carry out the state plan;
 - c) Collect data for and transmit to the Secretary of Education a report containing information necessary to assess the educational needs of homeless children and youths within the state;
 - d) Coordinate activities, as specified, to improve the provision of comprehensive education and related services to homeless children and youths and their families;
 - e) Provide technical assistance to and conduct monitoring of LEAs in coordination with LEA liaisons, to ensure that LEAs comply with requirements;
 - f) Provide professional development opportunities for LEA personnel and the LEA liaison to assist such personnel and liaison in identifying and meeting the needs of homeless children and youths, and provide training on the definitions of terms related to homelessness; and,
 - g) Respond to inquiries from parents and guardians of homeless children and youths, and unaccompanied youths, to ensure that each child or youth receives full protections and services. (42 U.S.C. 11432(f))
- 5) Establishes homeless youth emergency service pilot projects in the City of Los Angeles, and the City and County of San Francisco in order to provide services to homeless minors. (Welfare and Institutions Code Section [WIC] 13700)
- 6) Requires homeless youth projects to provide services that include, but are not limited to, food and access to an overnight shelter, counseling to address immediate emotional crises or

problems, and linkage to other services offered by public and private agencies, among others. (WIC 13701)

- 7) Establishes the “Runaway Youth and Families in Crisis Projects” in one or more counties in the San Joaquin Central Valley, in the northern region of California, and in the southern region of California to provide services to, or operate a youth shelter or transitional living facility for, runaway youth or families in crisis. (WIC 1789 *et seq.*)
- 8) Allows, for each taxable year beginning on or after January 1, 2015, in modified conformity with federal law, the California Earned Income Tax Credit (CalEITC) against the Personal Income Tax (PIT). (Revenue and Taxation Code Section [RTC] 17052)
- 9) Allows, for each taxable year beginning on or after January 1, 2019, a "young child tax credit" against the PIT. (RTC 17052.1)
- 10) Requires, subject to an appropriation for this purpose in the annual Budget Act, CDSS to administer the California Guaranteed Income Pilot (GIP) Program to provide grants to eligible entities for the purpose of administering pilot programs and projects that provide a guaranteed income to participants. Further, requires CDSS to prioritize funding for pilot programs and projects that serve California residents who age out of an extended foster care program at or after 21 years of age or who are pregnant individuals. (WIC 18997(a))
- 11) Requires, notwithstanding any other law, guaranteed income payments received by an individual from a GIP program or project to not be considered income or resources for purposes of determining the eligibility, amount or the extent of benefits or assistance for an individual or any member of their household, under any state or local benefit assistance program. Further requires CDSS to identify federal benefit and assistance programs that require an exemption or waiver in order for a guaranteed income payment to be excluded as income or resources and seek such a waiver. If unable to obtain an exemption or waiver, CDSS may still implement the GIP Program and consider alternatives to prevent adverse consequences for the participants, in consultation with the Legislature and stakeholders. (WIC 18997(c))
- 12) Requires, subject to federal law and any waivers received for the implementation of this provision, the GIP Program payments to not be considered as income or resources for a period of 12 months from receipt for the purposes of determining eligibility to receive benefits, or the amount or extent of medical assistance, under the Medi-Cal program. (WIC 18997(d))
- 13) Requires CDSS to review and evaluate GIP Program funded pilot programs and projects to determine, at a minimum, the economic impact of the programs and projects and their impact on outcomes of individuals who receive guaranteed income payments, as provided. Further requires CDSS to consult with stakeholders and legislative staff on the data components and details to include in the evaluation, and to submit a report to the Legislature regarding this review and evaluation, as provided. (WIC 18997(e))

FISCAL EFFECT: According to the Senate Appropriations Committee analysis on the April 10, 2023, version of this bill, costs include approximately \$75 million in General Fund cost pressures to provide funding for the new program. A precise amount would depend on the exact

number of recipients. The California Department of Education estimates about 15,000 students in grade 12 for the 2022-21 school year who at one point met the federal definition of homeless. General Fund costs could be lower to the extent that in-kind donations are received for purposes of administering the program. CDSS indicates approximately \$5 million in General Fund costs for various workload activities to administer the program, including the development of the disbursement platform and completing the evaluation report.

COMMENTS:

McKinney-Vento Homeless Assistance Act. Since its passage in 1987, the McKinney-Vento Act has remained one of the only major federal legislative response to homelessness. Prior to this, homelessness was viewed primarily as a local issue, and any proposals that were enacted into law were incremental in change, typically containing emergency relief and preventative measures, removing barriers to existing programs like Medicaid, Food Stamps, Veterans Benefits, Supplemental Security Income, and Aid to Families with Dependent Children, and creating grant programs and transitional housing demonstration programs.

The McKinney-Vento Act acknowledged homelessness requiring a national response and consists of numerous programs that provides services to homeless people, including emergency shelter, transitional housing, job training, primary health care, education, and some permanent housing. The McKinney-Vento Act was reauthorized as part of the No Child Left Behind Act of 2001, and specifically defines homeless children and youth as individuals without a fixed, regular, adequate nighttime residence, which includes, among others, young people living in emergency or transitional shelters, cars, parks, public spaces, bus or train stations, or abandoned buildings, and youth awaiting foster care placement. Furthermore the McKinney-Vento Act mandates the presence of a liaison in each school district nationwide who advocates on behalf of homeless children and youth and works with local service providers to ensure youth have access to school and to social services. Among other things, the McKinney-Vento Act also requires every state to have a Coordinator for the Education of Homeless Children and Youths responsible for ensuring the understanding of and compliance with the McKinney-Vento Act in public schools throughout the United States.

Homelessness in California. The United States Department of Housing and Urban Development (HUD) conducts an annual report using data from local Continuums of Care (CoCs), known as the Point in Time count. CoCs provide data to HUD regarding the number of individuals experiencing homeless on any given night, including individuals experiencing homelessness who are "sheltered" and living in temporary shelters and those who are "unsheltered" or living out in the open.

In the 2022 Annual Homelessness Assessment Report (AHAR), HUD found that 30% of all people in the United States (U.S.) experiencing homelessness resided in California. Specifically, 145,983 individuals experiencing homelessness lived in California, and of those, 111,206 were also unsheltered. For at least a decade, California continues to top the list for the state with the largest homeless population. Not only is California the state with the largest absolute increase in homelessness between 2020 and 2022 (10,212 more people), but homelessness impacts a majority of marginalized communities, including Black, LGBTQ+, foster youth, justice-involved, people with disabilities, and other vulnerable populations. People of color represent a disproportionate percentage of those experiencing homelessness. The U.S. Census shows that while about 6.5% (more than 2.5 million) of Californians identify as Black or African American,

about 40% of the state's homeless population is Black or African American. Families with children experiencing homelessness accounted for 16% (25,538) of people in California, which is less than for people experiencing homelessness as individuals at 35%. Veterans accounted for 32% (10,395) of those experiencing homelessness and more than half (7,392) are unsheltered. On a single night in 2022, there were 57,760 individuals with chronic patterns of homelessness, accounting for nearly 56% of the all unsheltered individuals experiencing chronic homelessness in the U.S.

The impacts of homelessness are substantial and lasting. Housing insecurity is correlated with adverse health effects, including high rates of chronic disease, illness, and a broad range of mental health and substance use issues. The health, personal, and economic challenges that homeless individual's face and the lack of coordinated services to address these problems often lead to a cycle of housing instability and health deterioration. These compounded factors only make it more difficult to exit homelessness and create barriers to the resources necessary for self-sufficiency.

Homelessness among youth. The 2022 AHAR also found that 9,950 unaccompanied youth – 32% of the nationwide total – resided in California. At 52% (6,762 people), California also had the largest share of unsheltered unaccompanied youth. About 50% of all unaccompanied youth were counted in major cities. Los Angeles was one of the cities with the largest numbers of unaccompanied youth in the country, reporting 3,098 people under the age of 25 and homeless on their own. According to the CDE, there were approximately 15,000 students experiencing homelessness who were enrolled in the 12th grade during the 2020-21 academic year. Moreover, Black students make up 5.4% of statewide enrollment, but represent 9% of homeless students, while Latino homeless students make up 55% of statewide enrollment but represent 71% of homeless students.

Youth pathways into homelessness are often rooted in part from issues related to family conflict, family instability, and involvement in the child welfare system. These family struggles take place in the context of ongoing economic and racial inequality, reflected in the disproportionate rates of homelessness among English learners, youth from low-income households, and communities of color. Discrimination related to gender identity and sexual orientation can also play a role in youth homelessness. A recent study conducted by the Trevor Project on homelessness and housing instability among LGBTQ+ youth found that 28% of LGBTQ+ youth reported experiencing homelessness or housing instability at some point in their lives, and LGBTQ+ youth who reported experiencing homelessness or housing instability had higher rates of victimization, being in foster care, and food insecurity, compared to their stably housed LGBTQ peers. Other risk factors include parenting young and being unmarried, and having less than a high school diploma/GED.

While adults who experience homelessness face similar risks to health, employment stability, and overall well-being, because of youth's development stage the impacts of homelessness can be particularly damaging. Youth who experience homelessness are more likely to have poorer educational outcomes, including chronic absenteeism, have not completed high school, less likely to enroll in college, higher rates of receiving disciplinary action, and lower educational achievement. Students experiencing homelessness are also at a greater risk for poorer health outcomes, such as influenza, hepatitis, sexually transmitted infections, diabetes, and dental problems, among others; concerns related to confidentiality, lack of health insurance, and fears of police or social services involvement exacerbate these issues for youth experiencing homeless.

Due to increased stress levels resulting from living on the streets, homeless youth also experience mental health issues such as post-traumatic stress, depression, anxiety, and psychosis; studies demonstrate that the presence of psychiatric disorders is twice as high among homeless youth as it is among youth who are stably housed. Research also indicates that alcohol consumption and drug use among homeless youth is prevalent; studies indicate that between 70-90% of homeless youth engage in substance use. Youth who are experiencing homelessness are also more vulnerable to violence and exploitation, and there is a significant overlap between homelessness and commercial sexual exploitation. The term “survival sex” refers to trading sexual activity in exchange for shelter and food, and studies indicate that nearly one-in-five homeless youth have participated in survival sex activities. Furthermore, research indicates that prolonged instability and homelessness during childhood can be precursors to chronic periods of housing instability later on in life.

California Guaranteed Income Pilot (GIP) Program. As part of the Budget Act of 2021, \$35 million was allocated over five years to establish the nation’s first state-funded guaranteed income program. The California GIP Program will provide grants to eligible entities for purposes of administering pilot programs and projects that provide a guaranteed income to participants. The GIP Program requires CDSS to prioritize funding for pilots that serve residents exiting the extended foster care program and pregnant individuals, and prohibits payment received from pilot participants from being treated as income for determining eligibility under state or local benefit or assistance programs.

The GIP Program will provide unconditional, individual, regular cash payments intended to support the basic needs of the recipients. In November 2022, CDSS announced a list of proposed recipients for the State Fiscal Year (FY) 2022-23 through FY 2025-26 to enable or expand pilot programs across the state and to administer and evaluate these pilots to inform future policy decisions. The proposed grant awards totals \$25,599,800 to seven entities:

- Expecting Justice (Heluna Health DBA Public Health Foundation Enterprises, Inc.) -- \$5,000,000
- Inland Southern California United Way -- \$5,000,000
- iFoster, Inc. -- \$4,763,010
- Los Angeles Section National Council of Jewish Women, Inc. -- \$3,681,949
- San Francisco Human Services Agency -- \$3,300,000
- McKinleyville Community Collaborative -- \$2,354,841
- Ventura County Human Services Agency -- \$1,500,000

Portions of the GIP Program originated from SB 739 (Cortese) of 2021, which would have created a universal basic income pilot project for foster youth exiting foster care at 21 years of age by providing monthly \$1,000 payments to those former foster youth for three years.

There are at least 10 other local-level guaranteed income pilot programs targeting specific populations in different parts of the state that are either ongoing or in the process of launching, including:

- Stockton Economic Empowerment Demonstration (SEED): provided 125 Stockton residents with \$500 per month in the form of unconditional cash payments;
- San Francisco’s Abundant Birth Project: provided 150 pregnant low-income Black and Pacific Islander people \$1000 for the duration of pregnancy and up to six months after birth;
- Compton Pledge: will provide 800 city residents with \$300-\$600 for 24 months;
- Oakland Resilient Families: provided 600 low-income families with at least one child under 18 years of age \$500 per month for at least 18 months;
- Santa Clara County Transition-Aged Youth Basic Income Pilot Program: provided 72 foster youth aging out of the system \$1000 for 12 months; and,
- Basic Income Guaranteed: L.A. Economic Assistance Pilot: provided 3,204 households \$1,000 a month for 12 months to parents of children under 18 years of age and under 24 years old if child is a student, or pregnant individuals.

A preliminary analysis on SEED’s first year found that guaranteed income reduced month-to-month income fluctuations that households face; enabled recipients to find full-time employment; alleviated financial scarcity; and resulted in recipients being healthier, showing less depression and anxiety and enhanced well-being. Furthermore, individuals spent most of the money on basic needs, including rent, food, merchandise, utilities, or car costs. Women in particular, who typically bear the brunt of unpaid care work, were able to attend to their own needs in ways they had not been able to in months or years, including purchasing feminine hygiene products and catching up on dental work and preventative medical care.

Universal Basic Income (UBI). While guaranteed income programs typically provide monthly payments targeted at people who meet specific criteria – often those in poverty or considered low-income – UBI is a monthly stipend for anyone. According to Stanford Law School’s Basic Income Lab (BIL), an initiative of the Stanford McCoy Family Center for Ethics in Society, the BIL provides the following as defining characteristics of UBI:

- Periodic: a recurrent payment, rather than a one-off grant;
- Cash Payment: provided to recipients as cash, so that recipients may convert their benefits into whatever they chose;
- Universal: paid to all, and not targeted to a specific population;
- Individual: paid on an individual basis versus household-basis; and,
- Unconditional: it involves no work requirement or sanctions, it is accessible to those in work and out of work, voluntarily or not.

Author’s Statement: According to the author, “California is a state affected by staggering inequities – we possess the most wealth, yet suffer from the highest rate of poverty. And it is our youth who are stuck in a cycle of generational poverty without the means or opportunities to advance themselves. K-12 students experiencing homelessness receive support through the federal McKinney-Vento Homeless Assistance Act while they are in school. However, once the student graduates, they lose this support system and oftentimes struggle to successfully transition into adulthood.”

The author continues, “In recognition of the hardship that our most vulnerable students encounter when making this critical transition, [this bill] establishes the SOAR Program, which will equip youth experiencing homelessness with the resources needed to access higher education, employment, and financial stability. Guaranteed income is proving to be an effective policy solution to support marginalized communities struggling to attain financial security. [This bill] follows the guaranteed income model to empower participants to use the funds as they see best fit for their individual needs - whether that be to pursue higher education or enter the workforce.”

Need for this bill: The provisions of this bill seeks to provide direct assistance for youth experiencing homelessness by requiring CDSS to establish the California SOAR Guaranteed Income Program for eligible participants to receive a guaranteed income of \$1,000 per month from April 1, 2025 through August 1, 2025. This bill aims to create a similar program that is separate from the California GIP Program already within CDSS, with a common goal of providing cash assistance to youth in financial need. This bill also specifies that CDSS will be the administrator of the program and requires LEAs to assist CDSS in identifying eligible participants for the SOAR Program. The bill also directs CDSS to conduct an evaluation of the program that measures educational and economic security outcomes for award recipients.

Equity Implications: The provisions of this bill seek to address equity by addressing the needs of youth experiencing homelessness, particularly those who are in twelfth grade. By establishing the SOAR Guaranteed Income Program, the provisions of this bill seek to set students up for success and stability as they transition into adulthood and possibly enroll in college or pursue employment. Data shows that an overwhelming majority of youth experiencing homelessness wish to pursue careers that require some form of postsecondary education. However, only about half of these students enroll in college. In addition to disparate educational outcomes, youth who experience homelessness are more likely to experience adverse health outcomes, such as chronic illness and substance use, as well as worse mental health outcomes such as depression, anxiety, and psychosis. Furthermore, young people face unique challenges in accessing stable housing due to their age and limited life experiences. Most youth have limited to no rental or credit histories, which are often required for rental applications, and youth under 18 in California cannot enter a contract to lease property unless they are emancipated. The provisions of the bill seeks to provide direct cash assistance for youth to use as they see fit, whether that be towards college expenses, therapy, a deposit for housing, or to meet other essential needs. Overall, this bill aims to prevent and address youth homelessness, which is critical to reduce rates of, and protect youth from, experiencing unsheltered and chronic homelessness as adults.

Double referral: Should this bill pass out of this Committee, it will be referred to the Assembly Education Committee.

RELATED AND PRIOR LEGISLATION:

SB 1341 (Cortese) of 2022, was similar to this bill and would have created the SOAR GIP for homeless students in grade 12, as provided. *SB 1341 failed passage in the Assembly Higher Education Committee.*

AB 153 (Committee on Budget), Chapter 86, Statutes of 2021, created the GIP Program, among other things, to provide grant funding to eligible entities for guaranteed income pilots or projects, as provided.

AB 128 (Committee on Budget), Chapter 21, Statutes of 2021, appropriated funds for the California UBI Pilot Program to provide grant funding to local county or city pilots, as provided.

SB 112 (Committee on Budget and Fiscal Review) of 2021, would have appropriated funds for the California UBI Pilot Program to provide grant funding to local county or city pilots, as provided. *SB 112 was referred to the Senate Budget and Fiscal Review Committee but was not set to be heard.*

SB 739 (Cortese) of 2021, would have created a UBI pilot project for foster youth exiting foster care at 21 years of age by providing monthly \$1,000 payments to those former foster youth for three years. Prior to being amended out of this committee's jurisdiction while in the Assembly, portions of the bill were incorporated into AB 153 (Committee on Budget), Chapter 86, Statutes of 2021. *SB 739 was referred to the Assembly Committee on Natural Resources but was not set to be heard.*

AB 65 (Low) of 2021, would have created a UBI program administered by the Franchise Tax Board. *AB 65 was held on the Assembly Appropriations Committee suspense file.*

AB 2712 (Low) of 2020, would have required, among other things and upon appropriation, the FTB to administer the CalUBI program to issue monthly \$1,000 payments to electing eligible individuals, as specified. *AB 2712 was referred to the Assembly Human Services Committee but was not set to be heard.*

REGISTERED SUPPORT / OPPOSITION:

Support

Economic Security Project Action (Co-Sponsor)
GenUp (Co-Sponsor)
Young Invincibles (Co-Sponsor)
AIDS Healthcare Foundation
Alameda County Office of Education
All Home
Bay Area Asset Funders Network
Building Skills Partnership
California Coalition for Youth
California Federation of Teachers AFL-CIO
Children Now
City and County of San Francisco
Collaborising

Community Health Councils
County of Los Angeles Board of Supervisors
County of Santa Clara
Disability Rights California
Education Justice Academy
End Poverty in California (EPIC)
Five Keys
Food Recovery Network
Friends Committee on Legislation of California
GLIDE
Indivisible California
John Burton Advocates for Youth
LA Best Babies Network
Los Angeles Regional Food Bank
Miracle Messages
Mission Neighborhood Health Center
National Association of Social Workers, California Chapter
Orange County United Way
Public Health Advocates
San Francisco-Marin Food Bank
Silicon Valley Community Foundation
United Parents and Students
United Way California Capital Region
United Ways of California
Universal Income Project
Voices for Progress
Western Center on Law & Poverty

Opposition

None on file

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