



Written by [Veronika Kyrylenko](#) on July 17, 2021

California Approves First-ever State Guaranteed Income Program

California is poised to create the nation's first state-funded program making guaranteed-income payments to some categories of residents after lawmakers unanimously passed a bill calling for the monthly checks with no restrictions on how they are spent.

The state House and Senate passed the legislation unanimously on Thursday. It would provide funding for monthly payments of between \$500 and \$1,000 to "pregnant people" (i.e., pregnant women) and young adults who formerly lived in foster homes. The bill will become law, earmarking \$35 million for the program in its first year, when Governor Gavin Newsom signs it as expected, since it was Newsom who proposed the program in May as a way to use part of the state's [budget surplus](#) of more than \$75.7 billion.



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Associated Press [reports](#) that California's plan is taxpayer-funded, and local governments and organizations will apply for the money and run their programs. The state Department of Social Services will decide who gets funding. California lawmakers left it up to local officials to determine the exact size of the monthly payments.

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Unlike most public benefits, such as food and housing aid, there are no restrictions on how that money is spent: "The idea is to reduce the stresses of poverty that cause health problems and make it harder for people to find and keep work," according to AP.

California lawmakers also want to make sure that recipients can tap any other government benefits that they need. The legislation prohibits those payments from being considered as income when determining eligibility for other public benefits.

Newsom adviser Michael Tubbs, a former mayor of Stockton, California, one of the first cities [to dabble](#) with Universal Basic Income (UBI), cheered the news, [saying](#), "Now there is momentum. Things are moving quickly. The next step is the federal government."

The California bill was passed on the same day that roughly 39 million American households began receiving monthly payments from the federal government under a temporary expansion of the [child tax credit](#), as part of so-called American Rescue Plan signed by President Biden in March. Eligible families will receive \$300 monthly for each child under six and \$250 per child between six and 17.



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Tubbs and other proponents of the monthly tax-credit payments, such as Oakland Mayor [Libby Schaaf](#), are calling for the checks to be made permanent as another form of UBI, rather than letting the payouts expire in December.

Inspired by the overwhelming legislature's support of the idea, some California lawmakers believe now is the time to pass new legislation to expand the program and hand out money to those at or near the poverty level.

California Assembly member Evan Low (D), who authored that Universal Basic Income [bill](#), told [KNX](#) that the state should give \$1,000 per month to residents 18 and older who have lived in the state for at least three years and earn wages at or below the poverty level. He argued that since more than 36 percent of California residents are or are at near-poverty level his bill would provide eligible residents with a "basic level of economic security." The price tag of the program was an estimated \$130 billion.

Guaranteed-income programs have flourished lately at the local level in the Golden State. The city of Stockton was one of the first cities in the state to offer universal basic income. Earlier this month, Long Beach [passed](#) a pilot UBI program. Los Angeles Mayor Eric Garcetti [included](#) a basic-income pilot program in his 2021-2022 budget.

[Major cities](#) such as Los Angeles, Denver, and Atlanta are among the many localities that have either launched a guaranteed-income program or have one in the works. The idea was especially popularized by Andrew Yang during his 2020 Democratic presidential run. He called for \$1,000-per-month "freedom dividend" for all Americans regardless of their employment status.

While "progressives" see UBI as a mechanism to close the income gap in the United States, the evidence shows UBI actually hurts people's determination to improve their economic situation. The best available evidence about the potential effects of such programs comes from the federal government's "negative income tax" experiment that ran from 1968 to 1980. [According](#) to the Foundation of Economic Education, the federal government's "negative income tax," similar to the universal basic income, guarantees a minimum income, which phases out as earnings increase, resulting in discouraging recipients from working. Evaluations of the experiment found that the negative income tax [reduced](#) "desired hours of work by 9 percent for husbands, by 20 percent for wives, and by 25 percent for single female heads of families."

These studies also found that it was the receipt of unconditional aid, not the phase-out of benefits, which led to the reduced work effort.

"But the most apparent flaw with the concept is that it fails to require work or work preparation for its recipients. Although the current welfare system does little to encourage self-support, a comprehensive universal basic income policy would remove the idea of personal responsibility entirely," the researchers state.



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