

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: August 6, 2021

TO: Honorable Members of the Rules, Elections & Intergovernmental Relations Committee

FROM: Sharon M. Tso *HEK*
Chief Legislative Analyst

Council File No: 21-0002-S66
Assignment No: 21-04-0274

SUBJECT: Resolution (Buscaino – Rodriguez) to support SB 739 (Cortese)

CLA RECOMMENDATION: Adopt the attached Resolution (Buscaino – Rodriguez) to include in the City's 2021-2022 State Legislative Program, SUPPORT for SB 739 (Cortese) which would establish the California Universal Basic Income for Transition Age Youth pilot program to provide \$1,000 a month to California residents who are 21 years old and have exited the foster care system.

SUMMARY

Resolution (Buscaino – Rodriguez), introduced March 16, 2021, advises that existing state law provides for a child welfare system implemented at the county level to protect abused and neglected children by providing 24-hour supervised living arrangements and case management services. Youth that have lived in or exited the foster care system face significant challenges and receive services including educational, career, and healthcare assistance. Despite the assistance provided, the challenging circumstances faced by these youth can have life-impacting effects on employment, education, healthcare, and housing outcomes. According to the Los Angeles Homeless Services Authority (LAHSA), in 2020, there was a 19 percent increase in homelessness among unaccompanied minors and "Transition Age Youth" (TAY), or individuals between 18-24 years old. Currently pending in the California State Senate is SB 739 (Cortese) which would establish the California Universal Basic Income for Transition Age Youth pilot program to provide \$1,000 a month to California residents who are 21 years of age and have exited the foster care system.

The Resolution further advises that the bill would create a three-year pilot program to provide unconditional monthly payments of \$1,000 to TAY exiting the foster care system and would direct the State Department of Social Services (CDSS) to administer the program and report upon conclusion of the pilot. A study conducted to analyze the first year of the Stockton Economic Empowerment Demonstration (SEED) program, a pilot program to provide 125 low-income Stockton residents with \$500 per month for two years, found that individuals that received payments had improved outcomes to their financial, physical, and emotional wellbeing. According to the California Department of Children and Family Services (DCFS), as of January 2021, there were 18,865 children in out-of-home placements in Los Angeles County with an overrepresentation of black and brown youth. Targeting a universal basic income program to a vulnerable population such as youth exiting foster care system would provide protection to this underserved and overlooked population and represent a first step in addressing the obstacles faced by these youth.

The Resolution recommends that the City support SB 739 (Cortese) which would establish the California Universal Basic Income for Transition Age Youth pilot program.

BACKGROUND

State and local child welfare services include a foster care system to provide safety and protection for youth who were, or are at risk of being, physically, sexually, or emotionally abused, neglected, or exploited. Foster youth between the ages of 18 and 21 years of age may remain in the foster care system for an extended period as “nonminor dependents” if they remain enrolled in college, seek or find employment, or are medically incapable of doing either. Nonminor dependents are provided with caseworkers to assist in their transition from foster care.

In 2019, the State’s child welfare agencies received 477,614 reports of abuse or neglect, 69,652 of which were substantiated. These reports resulted in 28,646 children being removed from their homes and placed into foster care. As of October 1, 2020, there were 60,045 children in California’s child welfare system. The COVID-19 pandemic has exacerbated the challenges faced by foster youth. Nearly 65 percent of transition-age foster youth have lost their employment due to the pandemic and almost a quarter are at risk of losing their housing. Executive Order N-53-20 provided a temporary extension for all nondependent minors who would turn 21 years of age on or after April 17, 2020 through June 30, 2020 to provide relief during the COVID-19 pandemic.

Universal Basic Income (UBI) or Guaranteed Basic Income (GBI) programs provide unconditional payments to individuals meeting variable eligibility requirements, depending on the program, to assist with basic living expenses or to promote economic stability. UBI programs are “universal” and have fewer eligibility requirements and therefore lower thresholds for participation. These programs have been proposed as a supplement or replacement for federal entitlement benefits. Advocates have also suggested that basic income programs would reduce the need for administration, thereby reducing costs, and give families freedom to determine their own financial priorities. The concept of UBI/GBI programs has received more acceptance in the United States recently, especially following the hardship experienced by many as a result of the COVID-19 pandemic. Several jurisdictions in California and across the country including, but not limited to, Compton, Long Beach, Oakland, Denver, and Chicago have recently either implemented or announced GBI or UBI programs.

In 2017, Finland implemented a universal basic income aimed at unemployed individuals which provided 560 euros a month to 2,000 individuals. The program was aimed at measuring the impact a UBI program would have on employment outcomes for participants. Preliminary data shows that the payments have not substantially improved employment rates, but have improved the mental health of participants. An analysis of long-term outcomes of the program is pending.

In Canada, the Ontario Basic Income Experiment pilot program provided 4,000 program participants earning less than 34,000 Canadian dollars per year with 16,989 Canadian dollars per year for a period of three years. Program payments were distributed for one year and five months prior to the program’s dissolution in August 2018. Despite the halt of evaluation activities, an independent report from McMaster University gathered available data and released a report evaluating the Ontario Basic Income Experiment. The report revealed that employment rates remained level but allowed participants to expand their employment opportunities by continuing their education, completing training programs, or attaining better employment. The report further suggested that participants saw improvements to mental health, housing stability, and healthcare.

The Stockton Economic Empowerment Demonstration (SEED), launched in February 2019, is a pilot program providing 125 residents of the City of Stockton with unconditional monthly payments of \$500 for a period of two years. SEED was initially funded by a \$1 million grant from the Economic Security

Project. The program is targeted towards individuals who earn equal or less than the Stockton's median annual income of \$46,033 and reside in low-income neighborhoods. As a result of increased probability of the target population being underbanked, payments are disbursed through debit cards provided in partnership with the Oakland non-profit Community Financial Resources. In addition, waivers to prevent the SEED income from being included in benefit eligibility calculations were sought where possible and a Hold Harmless fund was provided to bridge the gap for any benefits lost by participants. The preliminary analysis of SEED's first year, from February 2019 to February 2020, found that, GBI reduced income volatility, helped employment, improved mental and physical health, and alleviated financial scarcity, creating opportunities for risk taking. Outcomes for those receiving payments were substantially better than the control group, which represented similar economic conditions, but received no payments.

The City of Los Angeles and the County of Los Angeles have taken steps towards implementing Basic Income pilot programs to provide individuals with \$1,000 in basic income payments for a period of twelve months.

SB 739 (Cortese) would create a three-year pilot program to provide unconditional monthly payments of \$1,000 to transition age youth exiting the foster care system and would direct the CDSS to administer the program. The department would also be directed to report to the California State Legislature regarding pilot outcomes by January 1, 2026. Funding for the program would be subject to appropriation by the State Legislature. On June 28, 2021, the Governor also signed AB 128 (Ting), the main budget bill for the State budget. The bill includes an appropriation of \$35 million for a California Universal Basic Income Pilot program to fund local pilots, and support research and evaluation of UBI programs.

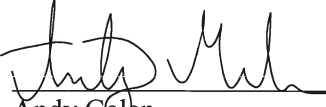
Support for SB 739 (Cortese) would be consistent with City efforts to assist low-income families, ensure the financial well-being of vulnerable communities, and encourage economic development.

DEPARTMENTS NOTIFIED

Housing and Community Investment Department

BILL STATUS

02/19/21	Introduced
02/22/21	Referred to Committee on Human Services
04/21/21	Passed by Committee on Human Services and re-referred to Committee on Appropriations
05/20/21	Passed by Committee on Appropriations
06/03/21	Passed by Senate, ordered to Assembly
06/10/21	Referred to Committee on Human Services
07/01/21	Amended and Passed by Committee on Human Services and re-referred to Committee on Appropriations


Andy Galan
Analyst

Attachments: 1. Resolution (Buscaino – Rodriguez)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, existing state law provides for a child welfare system implemented at the county level to protect abused and neglected children by providing 24-hour supervised living arrangements and case management services; and

WHEREAS, youth in or exiting the foster care system face significant challenges and are provided assistance including educational assistance, career assistance, mentoring, and health care assistance; and

WHEREAS, despite the assistance available, youth exiting the foster care system can face a number of challenging circumstances that can have life-impacting effects on employment, education, healthcare, and housing outcomes for youth; and

WHEREAS, according to the Los Angeles Homeless Services Authority (LAHSA), in 2020, there was a 19 percent increase in homelessness among unaccompanied minors and "Transition Age Youth" (TAY), or individuals between 18-24 years old and unaccompanied minors; and

WHEREAS, currently pending in the California State Senate is SB 739 (Cortese) which would establish the California Universal Basic Income for Transition Age Youth pilot program to provide \$1,000 a month to California residents who are 21 years of age and have exited the foster care system; and

WHEREAS, the bill would create a 3-year pilot program to provide unconditional monthly payments of \$1,000 to TAY and would direct the State Department of Social Services to administer and report on the program upon the conclusion of the pilot; and

WHEREAS, a study conducted to analyze the first year of the Stockton Economic Empowerment Demonstration (SEED) program, a pilot program to provide 125 low-income Stockton residents \$500 per month for 2 years, found that individuals that received payments had improved outcomes to their financial, physical, and emotional wellbeing; and

WHEREAS, according to the Department of Children and Family Services (DCFS), as of January 2021, there were 18,865 children in out-of-home placements in Los Angeles County with an overrepresentation of black and brown youth; and

WHEREAS, targeting a universal basic income program to a uniquely vulnerable population such as children exiting the foster care system would provide protection to a population that is often overlooked and underserved; and

WHEREAS, SB 739 could represent a first step in addressing the dire obstacles faced by youth exiting the foster care system and shield them from financial hardship, homelessness, and further distress;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2021-2022 State Legislative Program SUPPORT for SB 739 (Cortese) which would establish the California Universal Basic Income for Transition Age Youth pilot program to provide \$1,000 a month to California residents who are 21 years of age and have exited the foster care system.

PRESENTED BY:



JOE BUSCAINO

Councilmember, 15th District

MAR 16 2021

SECONDED BY:

