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THIRD READING

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Bill No: SB 739  
Author: Cortese (D)  
Introduced: 2/19/21  
Vote: 21

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SENATE HUMAN SERVICES COMMITTEE: 4-1, 4/20/21  
AYES: Hurtado, Cortese, Kamlager, Pan  
NOES: Jones

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/20/21  
AYES: Portantino, Bradford, Kamlager, Laird, Wieckowski  
NOES: Jones  
NO VOTE RECORDED: Bates

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**SUBJECT:** California Universal Basic Income for Transition Age Youth pilot project

**SOURCE:** Children's Defense Fund-California  
Grace Institute - End Child Poverty in California  
San Francisco District Attorney's Office

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**DIGEST:** This bill creates a universal basic income (UBI) pilot project for foster youth who exited foster care at 21 years of age to be administered by the California Department of Social Services (CDSS). This bill provides for monthly \$1,000 UBI payments to former foster youth for three years and defines UBI as unconditional cash payments of equal amounts issued monthly to individual residents of California with the intention of ensuring the economic security of recipients.

**ANALYSIS:**

Existing law:

- 1) Establishes a state and local system of child welfare services, including foster care, for children who have been adjudged by the court to be at risk of abuse and neglect or to have been abused or neglected, as specified. (*WIC 202*)

- 2) Establishes a system of juvenile dependency for children for specified reasons, and designates that a child who meets certain criteria is within the jurisdiction of the juvenile court and may be adjudged as a dependent child of the court, as specified. (*WIC 300 et seq.*)
- 3) States that the purpose of foster care law is to provide maximum safety and protection for children who are currently being physically, sexually, or emotionally abused, neglected or exploited, and to ensure the safety, protection, and physical and emotional well-being of children who are at risk of harm. (*WIC 300.2*)
- 4) Defines “nonminor dependent” (NMD) as a current or former foster youth who is a current dependent child or ward of the juvenile court, or who is a nonminor under transition jurisdiction of the juvenile court, who is between 18 and 21 years old, in foster care under the responsibility of the county welfare department, county probation department, or Indian Tribe, and participating in a transitional independent living plan, as specified. (*WIC 11400(v)*)
- 5) Provides that the court may have within its jurisdiction any nonminor dependent, between the age of majority and 21 years, as defined. Further provides that a nonminor dependent shall retain all of their legal decision-making authority as an adult, except as specified, and authorizes the court to resume jurisdiction over a nonminor who has not yet attained 21 years of age, as provided. (*WIC 303(a), (c), and (d)*)
- 6) Requires a NMD to meet one or more of the following participation requirements to remain under a foster care order by the juvenile court:
  - a) Completing a secondary education or program leading to an equivalent credential;
  - b) Enrolled in an institution that provides postsecondary or vocational education;
  - c) Participating in a program or activity designed to promote or remove barriers to employment;
  - d) Employed for at least 80 hours per month; or
  - e) Incapable of doing any of the above due to a medical condition, as supported by regularly updated information in the nonminor’s case plan. (*WIC 11403(b)*)

- 7) Provides that for youth exiting from care, at 18 or 21 years of age, a case worker, other appropriate agency staff or probation officer and other representatives of the participant, as appropriate, shall provide the youth or NMD with assistance and support in developing the written 90-day transition exit plan, that is personalized at the direction of the child or NMD, as provided. When appropriate, this plan must follow the youth's transitional intent living plan that was developed to prepare the youth for the transition from foster care. (*WIC 16501.1(g)(16)*)

This bill:

- 1) Requires CDSS to, subject to an appropriation by the Legislature for this purpose, administer the California UBI for Transition Age Youth (TAY) pilot project.
- 2) Provides that a California resident who is 21 years of age and who exited the foster care system upon reaching 21 years of age shall receive a UBI of \$1,000 per month for three years as part of this UBI for TAY pilot project.
- 3) Defines “universal basic income,” for the purposes of the UBI for TAY pilot project, as meaning unconditional cash payments of equal amounts issued monthly to eligible individuals with the intention of ensuring the economic security of recipients.
- 4) Requires CDSS to, by January 1, 2026, submit a report to the Legislature relating to the pilot project. Further requires that the report, at a minimum, address outcomes for youth that participated in the pilot project and recommendations relating to the continued provision of universal basic income to former foster youth.
- 5) Allows CDSS to implement, interpret, or make specific the UBI for TAY pilot project through departmental directives or similar instructions, without taking any further regulatory action.

### **Comments**

According to the author, “foster youth are more likely to have unfavorable employment outcomes, physical and mental health issues, and low rates of secondary and postsecondary educational attainment compared to their peers in the general population. The COVID-19 pandemic has only exacerbated the challenges faced by foster youth; nearly 65% of transition-age foster youth have lost their jobs

due to the pandemic, and almost a quarter are at risk of losing their housing.” The author goes on to note, that “as soon as foster youth reach age 21, they ‘age out’ of the system and their monthly benefits are abruptly cut off.”

The author states that “SB 739, The Universal Basic Income for Transition Age Foster Youth Act, seeks to provide foster youth aging out of extended care with a lifeline, not a financial cliff. There is a growing body of evidence indicating that Universal Basic Income (UBI) is a means to reducing health inequities and increasing employment and educational opportunities. During a time of such uncertainty, unconditional basic income will provide stability to our foster youth transitioning out of foster care and into adulthood, so that they can advance their social, economic, and educational outcomes.”

*Child Welfare Services (CWS).* The CWS system is an essential component of the state’s safety net. Social workers in each county who receive reports of abuse or neglect, investigate and resolve those reports. When a case is substantiated, a family is either provided with services to ensure a child’s well-being and avoid court involvement, or a child is removed and placed into foster care. In 2019, the state’s child welfare agencies received 477,614 reports of abuse or neglect. Of these, 69,652 reports contained allegations that were substantiated and 28,646 children were removed from their homes and placed into foster care via the CWS system. As of October 1, 2020, there were 60,045 children in California’s CWS system.

*Extended Foster Care.* The intent of extended foster care is to bridge the gap between the intensive supervision of foster care and unsupervised adulthood by maintaining a safety net of support while providing the youth independence and additional educational or work opportunities. It was prompted by the recognition that many youth were unable to successfully transition from foster care or group care to adulthood without additional guidance and assistance.

The federal Fostering Connections to Success and Increasing Adoptions Act of 2008 (*P.L. 110-351*) enabled states to expand the definition of a foster “child,” by creating extended care for youth up to age 21. The federal law allows foster youth to remain in care past age 18 if they meet one of the following participation criteria: enrolled in high school or a high school equivalency credential; enrolled in college, community college, or vocational education; employed for at least 80 hours a month; participating in other qualifying activities or programs designed to remove barriers to employment; or medically exempt from meeting any of the other participation criteria.

In 2010, California enacted AB 12 (Beall, Chapter 559, Statutes of 2010), which permits foster youth to remain in extended foster care until age 21, under the same criteria as the federal statute. Additionally, existing law allows qualifying nonminors who are former foster youth under the age of 21 to petition the court for re-entry into foster care to participate in extended foster care, as provided.

Youth participation in the program has exceeded initial expectations. Between July 2010 and July 2014, the number of youth age 18-20 in extended foster care in California increased by 211 percent, from 2,908 to 9,032, according to data compiled by UC Berkeley. As of January 1, 2020, there were an estimated 7,396 youth participating in extended foster care in California.

*Universal Basic Income (UBI).* According to Stanford Law School's Basic Income Lab (BIL), an initiative of the Stanford McCoy Family Center for Ethics in Society, UBI can vary by funding proposal, level and frequency of payment, and the particular policies propose around it.

UBI has a long history, but has been receiving increased focus since 2016 with the launch of the Economic Security Project, which has devoted millions of dollars to research and advocacy on UBI, and the testing of UBI in Oakland by the technology incubator Y Combinator. Perhaps the most high profile test of UBI begin in 2019 when the Mayor of Stockton announced the Stockton Economic Empowerment Demonstration, or SEED. SEED, funded by the Economic Security Project, provided 125 Stockton residents with \$500 per a month, in the form of unconditional, or no string's attached, cash payments. The demonstration was initially set to end in the summer of 2020, but has been extended until January 2021. To be considered for participation in the pilot, an individual had 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's median household income. There were no limits on individual-household income, recipients from targeted neighborhoods could be earning more or less than \$46,033. For more information on SEED and several other ongoing UBI pilot projects see the Senate Human Services Committee analysis.

*Santa Clara County Pilot.* Santa Clara County currently provides TAY services to youth up to the age of 24 to help them achieve self-sufficiency. The county seems to have developed their TAY services and programs to connect youth ages 16 to 24 with opportunities, experiences, and supports that will help "propel them to self-sufficiency."

Building upon existing TAY services, the Santa Clara County Board of Supervisors approved \$900,000 in funding to provide 72 former foster youth with \$1,000 monthly payments for one year. The county's initial funding also provided the performance of an in-depth evaluation of the pilot program and \$15,000 in additional funding was later authorized to provide prepaid debit cards to facilitate benefit distribution. In addition to the county funding, Santa Clara County has partnered on this project with MyPath and Excite Credit Union who will provide financial mentorship and financial literacy training to participants.

Eligibility for this pilot was limited to former foster youth who: were born between January 1, 1996 and April 29, 1996; had a Santa Clara County Dependency case between age 16 and 21; are currently residing in Santa Clara County; and consent to the intake process, which includes the provision of information, such as a W-9 and online card application, to process the basic monthly income. Of the 72 participating youth, Santa Clara County reports that 64 percent are female, 57 percent identify as Hispanic, 48 percent are parenting, and 29 percent lost employment as a result of the pandemic. As the pilot is ongoing the analysis of its impact is not complete, but early feedback suggests increased stability for participating youth during a particularly unstable year due to the ongoing impacts of the COVID-19 pandemic.

Currently there are no limitations or prohibitions on the type of purchases a participant can make and the planned in-depth evaluation of the program intends to utilize self-disclosure and aggregate data to determine trends in participant purchases. The Santa Clara County TAY UBI pilot does not have a hold harmless account, though one is under consideration. The pilot did require 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. According to Santa Clara County, to date, at least one program participant is expected to lose eligibility for CalFresh benefits, and other prospective participants chose not to participate due to the potential impact on eligibility for other public social services.

The Santa Clara County TAY UBI pilot project is the inspiration for this bill, and was championed by this bill's author when he was a Santa Clara County Supervisor. The Santa Clara TAY pilot project differs from this bill in that it begins providing UBI payments at a later age. This is due to Santa Clara TAY being eligible for additional support and programs from the county until they turn 24 years of age, whereas youth statewide are only eligible for extended foster care

until the age of 21. Additionally, as currently in print, this bill requires a youth to have emancipated from foster care at the age of 21 to be eligible for the UBI for TAY pilot program.

The Santa Clara County TAY UBI pilot project does not require a youth have emancipated from care at 21, but rather simply requires that they had an open child welfare case during the ages 16 to 21. This broader eligibility allows the Santa Clara County TAY UBI to capture youth who may have not met eligibility requirements for extended foster care or who may have chosen to emancipate at 18 rather than continue to participate in extended foster care. By allowing these youth to still participate in the TAY UBI pilot, Santa Clara County is able to potentially reconnect with and help stabilize youth who were previously uninterested in county services. As the CalYouth Study data, mentioned above, highlights youth who exit foster care before 21 face additional challenges and often have worse outcomes as compared with those who remain in extended foster care. These youth have just as much to gain from this proposed UBI for TAY pilot project as their peers who remained in extended foster care.

As in print, this bill has different eligibility requirements than the Santa Clara TAY UBI. The author's office reports that this intended to limit the number of eligible recipients in order for cost containment given the pilot nature of this proposed project.

### **Related/Prior Legislation**

AB 65 (Lowe, 2021) requires the Franchise Tax Board to administer the California Universal Basic Income (CalUBI) Program, under which a California resident who is 18 years of age or older and who meets specified requirements, as provided, would receive a universal basic income of \$1,000 per month. The bill is currently waiting to be heard by the Assembly Revenue and Taxation Committee.

SB 912 (Beall, 2020) would have permitted the juvenile court to retain jurisdiction over any ward or dependent child who is eligible to receive support as an NMD for any state of emergency declared by the Governor on or after January 1, 2021 and would have allowed an NMD who turns 21 years of age while a state of emergency is in effect to continue to receive support as an NMD for six months from the date of the declaration, as provided. This bill was vetoed by the Governor.

AB 212 (Beall, Chapter 459, Statutes of 2011) made various clarifying and substantive changes to the California Fostering Connections to Success Act, to

ensure proper implementation and to comply with various provisions of federal law.

AB 12 (Beall, Chapter 559, Statutes of 2010) created the California Fostering Connections to Success Act, conformed state law to federal requirements to revise and expand programs and funding for certain foster and adopted children.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, while the bill's provisions would be contingent upon an appropriation, it could result in General Fund cost pressure of approximately \$29 million to \$30 million each year for a three-year period. This estimate assumes monthly UBI payments of \$1,000 to between 2,400 to 2,500 former foster youth that exit the system each year. The bill defines UBI as unconditional cash payments of equal amounts issued monthly to individual residents of California with the intention of ensuring the economic security of recipients.

The Department of Social Services estimates the need for 2.0 additional staff at an annual General Fund cost of \$350,000 to \$400,000 for a three-year period to administer the program.

**SUPPORT:** (Verified 5/20/21)

Children's Defense Fund-California (co-source)  
San Francisco District Attorney's Office (co-source)  
Grace Institute - End Child Poverty in California (co-source)  
Alliance for Children's Rights  
Aspiranet  
California Coalition for Youth  
California Judges Association  
California Youth Connection  
Children Now  
City of Oakland  
Congress Member Karen Bass  
Community Financial Resources  
County of Santa Clara  
Economic Security Project Action  
Family Independence Initiative  
Foster Care Counts  
Friends Committee on Legislation of California



Gerald Huff Fund for Humanity  
Ground Game LA  
Golden State Opportunity  
Income Movement  
Journey House  
Juvenile Court Judges of California  
Los Angeles Regional Food Bank  
Mofundamentals  
My New Red Shoes  
My path  
National Association of Social Workers, California Chapter  
National Foster Youth Institute  
San Francisco Youth Commission  
San Mateo County Board of Education  
The Praxis Project  
Universal Income Project

**OPPOSITION:** (Verified 5/20/21)

None received

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5/22/21 13:10:07

\*\*\*\* **END** \*\*\*\*