



THE STATE OF STATES

A summary of state efforts to advance guaranteed income

States are exploring or investing in guaranteed income by:

- Allocating funds toward guaranteed income demonstrations;
- Expanding or enacting a state Earned Income Tax Credit (EITC);
- Assessing the feasibility of guaranteed income programs for demographic groups;
- Scaling up local efforts;
- Protecting benefits for guaranteed income program participants; and
- Investing in cash-based programs.

FROM LOCAL AND COMMUNITY INITIATIVES TO STATE LEGISLATION

Since the beginning of the COVID-19 pandemic in March 2020, at least six states have taken steps to explore or invest in guaranteed income.¹

Much of the state level initiatives are in response to or building upon community-led and local guaranteed income demonstrations and pilot projects, and the increased national attention to the impact of direct cash assistance. In many ways, the state efforts demonstrate the influence of local governments and the power of community-based efforts to shift the policy landscape at the state level. This fact sheet provides examples of diverse approaches states are taking with respect to guaranteed income and

¹ Guaranteed Income Community of Practice. What Is a Guaranteed Income?
<https://gicp.info/new-blog/our-definition-of-a-guaranteed-income>.

our shared goal of building an income floor to support all communities.

DEDICATE DOLLARS

One of the most direct ways for states to support guaranteed income programs is to allocate funds.

California Governor Gavin Newsom Dedicated \$35M in General Funds for Guaranteed Income

In July 2021, the California legislature approved Governor Newsom's budget proposal allocating \$35 million of the state's General Funds for guaranteed income programs that target pregnant or parenting foster youth, youth aging out of foster care, and low-income Californians over 5 years.² The funds must be matched by dollars invested by municipalities or nonprofit organizations.³

² State of California. California State Budget (2021-22).
<http://www.ebudget.ca.gov/2021-22/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf>.

³ Ibid.

The budget passed unanimously in the House and Senate, signaling support on both sides of the aisle for guaranteed income. The state funding support comes shortly after the release of the initial findings of the first year of the [Stockton Economic Empowerment Demonstration](#) (SEED), the first mayor-led guaranteed income program. Over the last year and a half, several California cities and nonprofit organizations have launched guaranteed income programs around the state.

California is the first state to dedicate funds to guaranteed income programs. To date, most guaranteed income programs across the country have been privately funded, which has permitted targeting programs to undocumented immigrants and historically marginalized communities. Publically funded programs are under greater scrutiny when targeting racial groups and must grapple with public charge concerns when serving undocumented community members.⁴ California's investment will help develop a roadmap for dealing with these pressing policy questions.

States may consider using American Rescue Plan Act (ARPA) funding for guaranteed income programs.

State governments will receive \$195.3 billion of the total \$350 billion in funding allocated for government entities in ARPA. Government entities receiving Fiscal Recovery Funds have broad flexibility on how best to use the funds provided under ARPA.

⁴ U.S. Citizenship and Immigration Services (Mar 2021). Public Charge Factsheet. <https://www.uscis.gov/archive/public-charge-fact-sheet>.

To date, cities and counties have used funds from the Covid Relief Fund (CRF), CARES Act, and ARPA to support cash assistance and guaranteed income programs.

As ARPA funds reach state governments, there is an opportunity to use a portion of these funds to support direct cash assistance and planned or in progress guaranteed income programs. For more information, see [The Use of Public Funds for Guaranteed Income Programs](#).

ENACT OR EXPAND STATE EARNED INCOME TAX CREDITS

In response to the Covid-19 pandemic, 14 states have created or strengthened their state Earned Income Tax Credits.⁵

- Colorado - expanded
- Connecticut - expanded
- Delaware - expanded
- D.C. - expanded
- Indiana - expanded
- Maine - expanded
- Maryland - expanded
- Missouri - enacted
- New Jersey - expanded
- New Mexico - expanded
- Oklahoma - expanded
- Oregon - expanded
- Puerto Rico - expanded
- Washington State - expanded

⁵ Waxman, Samatha. Center on Budget and Policy Priorities (Oct 2021). A Record 14 States, Territories Created or Improved EITCs to Respond to COVID-19 <https://www.cbpp.org/blog/a-record-14-states-territories-created-or-improved-eitcs-to-respond-to-covid-19>

Expanding or adopting a state Earned Income Tax Credit (EITC) is a way states can provide a more stable income floor for residents facing financial insecurity. The EITC reduces personal income tax liability so that low-income tax filers keep more of their income. The amount of a tax credit is determined mostly by income level, marital status, and number of dependent children. States that expanded their EITC used a combination of expanding their programs by expanding eligible populations (i.e. individuals without children and ITIN filers) and/or increasing the amount of the credit or the refundability eligibility to be more generous to lower earning workers.⁶

EITC is a well-known and researched policy mechanism to reduce poverty and increase financial stability.⁷ Historically, the EITC has been provided once a year. However, DC recently amended their EITC policy so it is not only more generous, but paid out monthly. For states looking to explore the benefits of direct cash, creation, expansion, and modernization of an EITC can be a tool.

ASSESS FEASIBILITY

States can assess the feasibility of a guaranteed income program, either for a subset of the population or a specific community or at scale.

Maine Legislature Recommends Basic Income Study Committee

⁶ Ibid.

⁷ Maag, Elaine. Congdon, William. Yau, Eunice. Center for Budget and Policy Priorities. The Earned Income Tax Credit: Program Outcomes, Payment Timing, and Next Steps for Research (Feb 2021). <https://www.urban.org/sites/default/files/publication/103722/the-earned-income-tax-credit-program-outcomes-payment-timing-and-next-steps-for-research.pdf>

The Maine legislature established an initial committee to study the feasibility of creating basic income security in November 2020 under [Legislative Document 1324](#).⁸ The committee, composed of six members of the legislature and five members of the public, was charged with determining the feasibility and impact of direct cash payments.⁹ The committee's three key findings were:

- There is a clear correlation between a guaranteed basic income program and a reduction in poverty. In all of the case studies, there was a positive impact of lifting people out of poverty and creating more financial stability;
- The lack of integration and coordination of our safety net programs is a deterrent to those most in need; and
- Providing an orientation for non-legislative members on a legislative study committee, commission or task force ensures the public is truly represented and a full partner in the study process.¹⁰

The committee recommended further efforts to design and implement a guaranteed income program.

⁸ Maine State Legislature. (Jun 2019). LD 1324. https://www.mainelegislature.org/legis/bills/display_ps.asp?ld=1324&PID=1456&snum=129.

⁹ Maine State Legislature. (Nov 2020). Committee To Study the Feasibility of Creating Basic Income Security. <http://legislature.maine.gov/doc/4674>.

¹⁰ Ibid.

Signed by Governor Mills on July 6, [Legislative Document 1603](#)¹¹ implements the recommendations of the study committee. The legislation provides leadership in identifying programs and ways to provide direct cash benefits to Maine residents.

Washington Feasibility Assessment

In 2021, the Washington State Legislature passed the [Appropriations Bill ESSB 5092](#)¹² which contained a provision that directed Department of Social and Health Services—Economic Services Administration and Governor Inslee’s Poverty Reduction Workgroup¹³ to develop a Universal Basic Income Feasibility Study by June 1, 2022.

The Poverty Reduction Workgroup seeks to center equity and people and communities historically excluded from social and economic well-being in the policy and program development for this work. To center lived experiences and those most likely to benefit from a guaranteed income, the work is being led by:

- The strategic team, composed of state and community partners that advocate, represent, and are run by individuals who represent marginalized communities such as, the State Ethnic and Racial, LGBTQ, and Women’s Commissions, the Business Resource Groups, and the Interagency Committee on State Employed Women. This group will provide the organizational perspective to support the

recommendations and perspectives of the steering committee; and

- The steering committee, composed of a diverse group of individuals who stand to benefit the most from a basic income program. Like the steering committee for the 10-Year Plan, this group will drive the work and are considered equal partners in this work.

SCALE UP LOCAL EFFORTS

States may also support the scaling up of local efforts to support more state residents or explore how local programs may work at the state scale. California is considering expanding guaranteed income programs that serve youth aging out of foster care and Massachusetts proposed a program with broad eligibility for low-income residents. Both of these pieces of legislation build on local efforts.

California

[California Senate Bill 739](#)¹⁴ would establish a guaranteed income program of \$1,000 a month for three years for youth aging out of the Extended Foster Care system.¹⁵ Children and teens in foster care are already populations the state has taken responsibility for, and this is a natural extension of the role the state already plays. The payments would be unconditional and to the extent permissible by law, be excluded from income eligibility for other public benefits.

¹¹ Maine State Legislature. (April 2021). LD 1603. <https://legislature.maine.gov/legis/bills/getPDF.asp?paper=HP1192&item=1&snum=130>.

¹² Washington State Legislature. (May 2021). SB 5092. <https://app.leg.wa.gov/billsummary?BillNumber=5092&Initiative=false&Year=2021>.

¹³ Poverty Reduction Work Group. Dismantle Poverty in Washington. <https://dismantlepovertyinwa.com/>.

¹⁴ California State Legislature. (Aug. 2021). SB 739. https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=20210220SB739.

¹⁵ California State Legislature. (Aug 2021). SB 739. https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=20210220SB739.

This proposal builds on the guaranteed income program in Santa Clara, CA, the first publicly-funded guaranteed income demonstration, which provides \$1,000 a month to 24-year olds no longer eligible for foster assistance. The program began in 2020.¹⁶

Massachusetts

[Massachusetts bill H.1632](#), proposed during the 2019-2020 legislative session, intended to “establish and implement a pilot program to demonstrate the individual, family, and community economic impacts and state-level cost savings of a universal basic income.”¹⁷ The program would have provided 100 Massachusetts residents \$1,000 a month for three years and studied the impact on individuals and communities. The Massachusetts proposal outlined that among other key questions, the study would consider “how universal basic income could be used to address historic and contemporary inequalities, including, but not limited to, institutional racism” — one of the few states to link the potential impact of guaranteed income to racial inequality.

PROTECT PUBLIC BENEFITS

Guaranteed income pilot programs that include participants eligible for public benefits face a common challenge: mitigating the loss of public benefits. Guaranteed income is intended to promote greater economic security for

¹⁶ County of Santa Clara. (Jun 2021). County of Santa Clara Extends Basic Income Program Young Adults Transitioning Out of Foster Care. <https://news.sccgov.org/news-release/county-santa-clara-extends-basic-income-program-young-adults-transitioning-out-foster>.

¹⁷ Massachusetts State Legislature. (Nov 2020). HB 1632. As of May 20, 2021, this bill failed to pass out of committee. <https://malegislature.gov/Bills/191/HD3646>.

beneficiaries, therefore protecting public benefits is critical. Those receiving public benefits have often cited the fragility and tenuous nature of public benefits and how small increases in cash can impact eligibility. Practitioners and policymakers launching guaranteed income programs have experienced similar challenges while establishing programs and attempting to protect benefits. For more information, see [The Benefits Cliff and Guaranteed Income](#).

In response to these challenges, three states have proposed legislation to direct agencies to exclude cash disbursements from guaranteed income pilot programs from income. As of June 2021, Illinois’ legislation has been the only one to pass. Protecting the loss of benefits is one of the most difficult challenges for community-based organizations, nonprofits, and even local governments to navigate. State leaders’ efforts to protect benefits at the state level helps support nonprofit and municipal leaders’ launching guaranteed income programs.

Illinois

Passed in August 2019, [Illinois Senate Bill 1735](#)¹⁸ directs the Department of Human Services and local governmental agencies to exclude financial assistance, including wages, cash transfers, or gifts, provided to a person who is enrolled in a program or research project from consideration for public benefits. The bill allows participants in guaranteed income pilot programs to receive cash transfer without state and local benefits being reduced. The protection extends up to 60 months of participation in the program or research projects.

¹⁸ Illinois General Assembly. (Aug 2019). SB 1735. <https://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=108&GA=101&DocTypeId=SB&DocNum=1735&GAID=15&LegID=119051&SpecSess=&Session=>

New York

[New York Senate Bill 5759](#)¹⁹ is intended to protect the participants in a cash transfer program to support homeless and runaway youth by exempting “certain income and resources provided to persons enrolled in certain pilot programs with direct cash transfers in determining eligibility for public assistance benefits.” This legislation would apply only to the specific program participants. While this language limits the scope of protection for other populations, advocates may consider using this precedent to advocate for the populations they are targeting in their guaranteed income program or push for a general protection for people across all programs.

California

Introduced by Assemblymember Low, [California Assembly Bill 1338](#)²⁰ would require organizations and entities providing “financial assistance”, defined as unconditional, monthly cash payments, to register with the State Department of Social Services. Under the bill, the cash disbursements provided by these programs would not be considered income or resources in determining residents’ eligibility for public benefits. The programs must be a demonstration or research program and the period of the cash transfer cannot exceed 60 months.

INVEST IN CASH-BASED PROGRAMS

¹⁹ New York State Senate. (Mar. 2021). Senate Bill S5759B. <https://www.nysenate.gov/legislation/bills/2021/s5759>.

²⁰ California State Legislature. (Mar. 2021). AB 1338. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=20210220AB1338.

Finally, states are exploring or investing in other cash-based policies and programs intended to strengthen economic security and mobility, such as baby bonds and the Earned Income Tax Credit (EITC).

Connecticut Baby Bond Program

[House Bill 6690](#)²¹, which passed on June 30th, will invest \$50 million a year in its “baby bonds” program over the next 12 years, setting aside a \$3,200 bond each for about 16,000 Medicaid-eligible children annually. Each child is expected to receive \$10,000 after turning 18.²² The cash can be used only for specific purposes like education expenses, buying a home, retirement, or starting a business.²³ The program is intended to close the state's wealth gap, which is one of the widest in the nation. While there are conditions set on the use of the funds, the program can be a building block for other cash based policies like guaranteed income which have few restrictions.

CONCLUSION

This factsheet offers examples of ongoing state efforts to advance greater economic security for their residents through guaranteed income and other cash-based programs with the hope to inspire other state leaders to consider possibilities within their states.

²¹ State of Connecticut General Assembly. (Jan 2021). Bill No. 6690. <https://www.cga.ct.gov/2021/TOB/H/PDF/2021HB-06690-R00-HB.PDF>.

²² Ibid.

²³ Ibid.

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