

Universal basic income? California moves to be first state to fund pilot efforts

Universal basic income was championed by Martin Luther King Jr., promoted by Silicon Valley citizens as the “social vaccine for the 21st century” and endorsed by 2016 presidential candidate Andrew Yang, but it has never really caught on.

Now its time may have come.

On Thursday California lawmakers approved the nation’s first state-funded guaranteed income program. Once the bill is signed by Gov. Gavin Newsom, cities and counties can apply for funding from a \$35 million pool to support current or new pilots that prioritize foster youth who recently left the foster care system and pregnant mothers. The White House has also rolled out a form of guaranteed income in its new expanded Child Tax Credit that is part of the pandemic relief package.

The state program comes on the heels of local efforts in the Bay Area and Stockton. Over the last two years, Oakland, Marin County, San Francisco and Santa Clara County started one to two-year basic income programs that offer participants between \$500 and \$1,000 guaranteed dollars every month with no strings attached. Those programs are largely funded by private donations.

The surge in support for guaranteed income is being credited to the wealth and racial inequalities revealed by COVID-19, as job losses hit low-income and minority workers the hardest.

The pandemic “took the blinders off of what it means to live on the margins,” said Los Angeles county supervisor Holly Mitchell, a member of Mayors for Guaranteed Income, a national group that has grown from 11 member cities to over 50 in the last year. “Everyone saw it.”

The Bay Area basic income initiatives are focused on raising artists, mothers or minorities out of poverty. The Santa Clara County program, which helps foster youth, helped lay the groundwork for the statewide program.

“Cities are the laboratories of democracy,” said Sukhi Samra, director of the mayors’ group, who hopes the pilots in the Bay Area and across California will “provide a proof of concept” for federal policies.

The new wave of basic income initiatives is an alternative to government assistance programs that were “very prescriptive about doling out social services,” said state Sen. Dave Cortese, D-San Jose, who started Santa Clara County’s income program for foster youth as a county supervisor. “It really had a mentality of ‘we know what’s best for you weaker, poorer people.’”

Critics of guaranteed income worry that free money, similar to unemployment benefits, will discourage participants from working. “There’s a pretty plausible case to be made that the more generous you make unemployment benefits, the less anxious people are going to be to get back to work,” said Matt Zwolinski, director of the Center for Ethics, Economics and Public Policy at the University of San Diego.

Universal basic income supporters point to Stockton’s 2019 program, the first in the state, which found that full-time employment among participants increased by 12% in the program’s first year. Participants, who received \$1,000 monthly from 2019 to 2021, reported greater financial stability month to month. That enabled them to buy the necessary food, pay off unexpected costs, and increase their overall wellbeing.

Zwolinski worries that the pilots’ one to two-year timeframes limit the evidence researchers can pull from the data.

“The pilot programs are worth doing. They provide some level of evidence,” he said, but “there’s always going to be a leap of faith involved in jumping from a pilot program to say a full city-wide program to a full statewide program.”

The City of Oakland’s new program is the largest in the Bay Area, offering \$500 monthly to 600 families making below Oakland’s median household income, about \$65,000 for a four-person family. San Francisco is offering \$1,000 a month for 130 artists and 150 Black and Pacific Islander pregnant women. Similarly, Marin County will be supporting 135 low-income women of color with \$1,000 monthly. Santa Clara County’s pilot program provides \$1,000 a month to 72 foster youth. The programs either randomly select eligible residents or pull from an applicant pool.

One recipient of Santa Clara’s program was Veronica Vieyra, a recent San Jose State University graduate.

In March 2020, Vieyra was surviving on a \$1,100 monthly stipend from an internship with iFoster, an organization supporting foster youth. Kicked out of the dorms as COVID-19 spread across California, her monthly expenses for rent, car insurance, and phone left her with \$280 for food and gas. The 25-year-old’s grades plummeted and she fell into a new living routine.

“If I sleep I don’t have so much to worry about,” she remembered thinking. “I actually save money because then I won’t have to eat as much.” Vieyra planned to return to the job at Safeway she worked before college, delaying her graduation.

When Vieyra received her first payment at the end of the summer, “The first thing I felt was like, I’m going to pay my rent.” She paid two months ahead. “I was like, that feels so good.”

With greater free time, Vieyra attended after-hours tutoring for the classes she had failed the year before, graduating with a degree in public health. She hopes to work with foster youth.

“If it wasn’t for the program, I’d probably be going back to Safeway,” she said.

UNEMPLOYMENT

Region	June 2020	May 2021	June 2021	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	10.4%	4.7%	5.2%	+ 0.5	- 5.2
San Francisco MD	11.3%	4.8%	5.2%	+ 0.4	- 6.1
California	14.1%	7.5%	8.0%	+ 0.5	- 6.1
United States	11.2%	5.5%	6.1%	+ 0.6	- 5.1

INDUSTRY EMPLOYMENT

Sector — June 2021	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,090,500	1,090,400	2,180,900	+ 1.1%	+ 4.3%
Construction	50,200	42,900	93,100	+ 1.7%	- 1.1%
Manufacturing	170,700	37,100	207,800	+ 1.1%	+ 1.5%
Retail Trade	73,100	68,200	141,300	+ 0.2%	+ 6.6%
Information	109,300	109,200	218,500	+ 1.9%	+ 3.4%
Professional & Business Services	243,200	287,500	530,700	+ 1.2%	+ 3.8%
Educational Services	40,800	28,000	68,800	- 2.0%	- 4.2%
Health Care & Social Assistance	132,600	118,200	250,800	+ 0.5%	+ 6.5%
Leisure & Hospitality	72,500	96,700	169,200	+ 4.9%	+ 25.1%
Government	90,100	123,200	213,300	- 1.6%	- 1.5%

Note: San José MSA (San José–Sunnyvale–Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
 San Francisco MD (San Francisco–Redwood City–South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMID

LABOR FORCE & ANNUAL CHANGE

Labor Force by Metropolitan Statistical Area (U.S. High-Tech Regions)

	LABOR FORCE			UNEMPLOYED			UNEMPLOYMENT RATE		
	June 2020	June 2021	Change	June 2020	June 2021	Change	June 2020	June 2021	Change
United States	160,883,000	162,166,000	+ 0.8%	18,072,000	9,883,000	- 45.3%	11.2%	6.1%	- 5.1
Austin, TX	1,242,507	1,276,975	+ 2.8%	107,661	61,145	- 43.2%	8.7%	4.8%	- 3.9
Boston, MA	1,635,807	1,652,412	+ 1.0%	228,116	80,970	- 64.5%	13.9%	4.9%	- 9.0
New York City, NY	3,872,000	4,023,100	+ 3.9%	722,200	404,600	- 44.0%	18.7%	10.1%	- 8.6
Seattle, WA	2,165,303	2,185,328	+ 0.9%	239,570	119,960	- 49.9%	11.1%	5.5%	- 5.6
California	18,743,300	19,003,600	+ 1.4%	2,639,800	1,522,700	- 42.3%	14.1%	8.0%	- 6.1
San Diego	1,537,000	1,527,300	- 0.6%	207,000	106,300	- 48.6%	13.5%	7.0%	- 6.5
San Francisco	985,000	984,200	- 0.1%	111,700	51,600	- 53.8%	11.3%	5.2%	- 6.1
San José	1,048,700	1,044,600	- 0.4%	108,800	53,900	- 50.5%	10.4%	5.2%	- 5.2
<i>NOVAworks Region</i>	<i>748,600</i>	<i>756,000</i>	<i>+ 1.0%</i>	<i>69,400</i>	<i>34,600</i>	<i>- 50.1%</i>	<i>9.3%</i>	<i>4.6%</i>	<i>- 4.7</i>

Note: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

REGIONAL LAYOFF ACTIVITY

June 2021 Layoff Events

Company	Location	# Affected
Target	Cupertino	35
White Glove Logistics	South San Francisco	39
Total		74

WARN SUMMARY

Events YTD [†] :	220
Individuals Affected YTD :	21,502
Individuals Previous YTD [‡] :	36,055

* **WARN: Worker Adjustment and Retraining Notification** (notice of mass layoff or closure)
[†] **YTD: Year to Date** (Program year: July 1–June 30)
[‡] **Previous YTD:** (Same date range as YTD, one year prior)

Note: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: California EDD, CalJOBS: WARN data