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SACRAMENTO, CA WASHINGTON, D.C.

COMMUNITY RESOURCES

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BUILDING STRONG FOUNDATIONS: FINANCIAL EMPOWERMENT THROUGH PUBLIC BENEFITS COORDINATION AND REGIONAL INNOVATION

Requested Action

- Empower federal agencies to implement integrated and flexible rules so that participants receiving SNAP, TANF, Social Security or other benefits are not penalized for engaging in financial empowerment programs such as Guaranteed Income. These approvals should be simplified for local jurisdictions and community based organizations charged with implementation.
- Support the House passed Tax Bill that would expand the Child Tax Credit for 16 million low-income Children.

Business Nexus

Communities and business thrive when there are equitable economic opportunities for all. Financial empowerment tools such as Child Tax Credit (CTC) and Guaranteed Income (GI) to provide direct dollars to enable individuals and families to not fall into homelessness while providing mental and financial resources to meet economic goals such as education, employment training and entrepreneurship.

This increased purchasing power supports the local economy of Sacramento as [61%](#) of local GI participants are employed, and this added income allows individuals gap financing to be able to buy basic necessities, and meet financial goals. Too many households including communities of color and women have historically been denied opportunities to participate in wealth generating activities. These individuals often work 40 hours a week, and still struggle to meet their basic housing needs. According to the Public Policy Institute of California, nearly [76% of Californians](#) living in poverty had at least one working adult, excluding families with only adults 65 and older. Research is already showing GI programs to be a promising tool to addressing our region's homeless crisis.

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Brief Background

House Stability and Guaranteed Income

The University of California, San Francisco's [Benioff Homeless and Housing Initiative published the largest statewide study of homelessness](#) in over 30 years. According to the study, in the 6 months prior to homelessness, the median monthly household income was \$960, with a high proportion being rent burdened. The [California Housing Partnership \(CHP\) found that in 2023](#), renters in Sacramento County need to earn \$32.23 per hour - 2.1 times the state minimum wage - to afford the average monthly asking rent of \$1,676. According to the Sacramento County Housing Report, [81% of extremely low-income households are paying more than half of their income on housing costs compared to 1% of moderate-income households](#). These rent burdened households are one \$400 car, health, employment or other emergency away from being unhoused. [A University of Southern California Study conducted in San Francisco](#) found that in just 6 months, a \$750 Guaranteed Income payment reduced unsheltered homelessness from 30% at the beginning of the study to just 12%. These are the same individuals and families who are at the greatest risk of becoming unhoused, as one unexpected expense could lead to a missed rent payment.

Current Pilot Programs in the Sacramento Region

United Way California Capital Region (UWCCR) is at the forefront of the Guaranteed Income movement and launched its first Guaranteed Income Program in 2021. Since then, the City and County of Sacramento each have launched cohorts of GI in partnership with UWCCR. Participants receive around \$500 dollars a month in unrestricted cash for one year. This program, like many pilots across the nation, is being professionally evaluated to review outcomes, such as financial stability, housing security, and health outcomes. Data from the second cohort launched in [2023](#) demonstrated that before becoming a participant, over 91% percent of individuals could not afford an unexpected \$400 dollar expense.

Housing Choice Vouchers

The Housing Choice Voucher Program (formerly known as Section 8) provides rental assistance to more than 2.3 million households annually. When a household receives a voucher, they search for a rental unit on the private market with the rent following payment standard guidelines. As part of a package of ongoing reforms to improve the provision of rental assistance, the US Department of Housing and Urban Development (HUD) is collaboratively testing a model of direct rental assistance (DRA). With DRA, the PHA (Public Housing Authority, such as Sacramento Housing and Redevelopment Agency) or administering agency provides cash directly to households, rather than paying a portion of their rent to the landlord. The DRA Pilots would be Randomized-Controlled Trials (RCTs) using households selected from existing voucher waitlists. Households selected for the treatment group (direct rental assistance) would have the option of joining the treatment; otherwise, they simply stay on the waitlist. The current format calls each pilot to be funded by philanthropy in partnership with local PHAs, non-profits, local governments and other community partners. The federal government needs to address regulations to support DRA's while retaining and expanding the current number of housing choice vouchers.

Public Benefits Coordination

Social Safety Net Programs such as Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), and SNAP (Supplemental Nutrition Assistance Program) benefits must be coordinated so that individuals are able to receive financial tools such as GI, and not risk ineligibility or negative impacts to other public benefits. GI should be exempted from being counted as income. Some of the most vulnerable individuals have been excluded. Individuals with SSI have chosen not to participate in GI pilot programs nationwide, due to risk of receiving an overpayment or cancelation of their benefits.

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Families should not be denied financial empowerment opportunities such as promotions at work and financial aid to go to school, to keeping food on the table to stay qualified for SNAP. This is not the purpose of the program. Rules need to be integrated across federal agencies and flexible to meet the needs of participants.

Other Financial Empowerment Tools

Our nation has used direct subsidies as a tool for economic stimulation and support for generations, with positive results. Communities of color that have been excluded from opportunities to build wealth, are disproportionately represented among people experiencing poverty. We need a permanent, monthly expanded Child Tax Credit that is fully available to all low and no-income families. We have seen the ability to drastically reduce child poverty by simply providing money to families. [Child poverty more than doubled in 2022](#), after direct payments including the Child Tax Credit, the Earned Income Tax Credit, and stimulus payments stopped.

California Poverty Institute. **2023 Fact Sheet**. Available at: [Poverty in California - Public Policy Institute of California \(ppic.org\)](#)

University of California San Francisco, Benioff Homelessness and Housing Initiative, **California Statewide Study of People Experiencing Homelessness**. Available at: [California Statewide Study of People Experiencing Homelessness | Benioff Homelessness and Housing Initiative \(ucsf.edu\)](#)

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