Economic Security CA

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A Path to Safer, Stronger Communities: The Case for Guaranteed Income in Reentry in California

Incarceration carries steep costs for California. A growing body of evidence suggests that guaranteed income at the moment people come home can reduce those costs and build safer, stronger communities.

This report is a companion piece to our national report, A Path to Safer, Stronger Communities: The Case for Guaranteed Income in Reentry.

Each year, California releases roughly 34,000 people from state prison to rebuild their lives, most with just $200 in "gate money," an allowance that has not changed since state law set it in 1973. It wasn't until late 2024 that the California Department of Corrections and Rehabilitation (CDCR) was mandated to stop deducting money from that allowance for items like release clothing and bus fare. As they reenter their communities, formerly incarcerated Californians face widespread employment discrimination, an acute shortage of affordable housing, and, in some cases, restrictions on public benefits that put financial stability further out of reach. Nationally, half of people who leave prison are reincarcerated within three years. California's own numbers tell a similar story: CDCR's most recent recidivism report found that 39.5 percent of the roughly 30,000 people released in fiscal year 2020-21 were convicted of a new crime within three years. Thousands of Californians cycle back through the system every year.

Beyond the toll on individuals and their families, incarceration carries a steep price for Californians. The state now spends an average of $127,800 a year to incarcerate a single person, an amount that has risen more than 160 percent since 2010-11, driven in part by rising personnel costs, court-ordered compliance, and expanded rehabilitation programming. CDCR's total budget for 2026-27 is $14.1 billion. Although the incarcerated population has fallen to roughly 87,600, leaving an estimated 14,000 empty beds statewide, these fixed and rising costs mean savings from a smaller prison system do not automatically free up money for other uses.

Nationally, the systems of policing, courts, and incarceration cost at least $445 billion every year, with incarceration costing families alone nearly $350 billion, a figure that includes lost wages and the cost of supporting an incarcerated loved one. In the first year of reentry, only 55 percent of formerly incarcerated people have any reported earnings nationally. Over a lifetime, **the average formerly incarcerated person loses an estimated $500,000 in wages**, and these losses fall hardest on Black and Latino returning citizens.

Building on the success of unconditional cash in supporting people through other major life transitions, California has become a national testing ground for guaranteed income (GI). California operates one of the country's largest state-funded GI pilot initiatives alongside a growing number of county-funded and philanthropically funded pilots, including those focused on people leaving incarceration. The evidence from these California programs, together with pilots in other states, shows promising results for recidivism, employment, housing, and family stability. **Cash is not a one-time, stand-alone intervention; cash works best as a bridge during times of transition and an amplifier of the job training, housing assistance, and mental health care that make successful reentry possible.** As California continues to downsize its prison system, investing in people at the moment they come home offers a fiscally sound path to safer, stronger communities.

Cash reduces recidivism and improves public safety

High recidivism rates carry immense human and economic costs. Nationally, the cost of reincarceration for both new offenses and technical violations of supervision exceeded $8 billion in 2021 alone. California has generated some of the strongest evidence yet that cash can bring that number down. In the Returning Citizens Stimulus (RCS) program, people recently released from prison in Los Angeles and Alameda Counties received up to $2,750 in milestone-based payments. MDRC's evaluation found that RCS **reduced parole violations by nearly 15 percent in the year after enrollment, and that violent parole violations dropped 64 percent.** Across the 28 cities that implemented RCS nationwide, the program paid out more than $24 million, averaging $2,256 per participant.

These findings echo results from guaranteed income pilots elsewhere in the country. In Gainesville, Florida, the Just Income pilot reported a 31 percent reduction in recidivism for participants who received $1,000 the first month, then $600 each month for 11 months. In Durham, North Carolina's Excel Pilot, which provided $600 a month to people with a recent history of incarceration, participants reported they were more likely to stay away from criminal activity and avoid parole or probation violations. In Chicago, Illinois, the Chicago Future Fund, which provided $500 a month to post-incarceration residents, reported minimal reincarceration during the program. Only three participants out of 100 were reincarcerated during the program, far below the Illinois state recidivism rate of 40 percent.

These results are consistent with the broader literature connecting income and financial supports to reduced criminal justice involvement. That literature includes refundable tax credits like the Earned Income Tax Credit (EITC) and California's CalEITC, which pay families the full credit even if they owe little or no tax, putting cash directly in their hands to spend without restrictions, much like a guaranteed income. Each additional $1,000 in EITC payments received by a family reduces their child's risk of criminal conviction in adolescence by 11 percent. For people returning from incarceration themselves, access to Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) benefits immediately after release reduces the likelihood of reincarceration within a year by 10 percent. A state Earned Income Tax Credit and a higher minimum wage, both of which California has, have also been found to reduce recidivism, as has access to Medicaid.

Cash supports employment, reducing barriers to economic stability

People who have been incarcerated face direct employment discrimination and are commonly banned from a wide range of licensed occupations because of their records. Time out of the labor force only compounds these barriers. Conditions of parole, including required meetings with parole agents during work hours, can jeopardize job security even after someone finds work. Research shows guaranteed income can mitigate some of these challenges. **Across the cities implementing the Returning Citizens Stimulus, including Los Angeles and Alameda Counties, participants were 38 percent–54 percent more likely to secure placement in an unsubsidized job.**[1]

California has also built a program that explicitly pairs cash with employment services. The state's Helping Justice-Involved Reenter Employment (HIRE) initiative, created by AB 178 in 2022, directs up to $50 million statewide to community organizations providing job training and needs-related cash payments to people reentering from incarceration. Through HIRE, the Center for Employment Opportunities and its partners have already delivered nearly $600,000 in direct cash payments and connected more than 1,200 Californians to jobs and services. The 2025-26 state budget added another $10 million to sustain the program.

In the Gainesville Just Income program, now on its fourth cohort, rates of full-time employment increased among GI participants but decreased among the control group; in the Durham Excel pilot, GI participants were also more likely to maintain full-time work over the course of the pilot. By expanding employment opportunities and helping returning citizens meet basic needs, guaranteed income also improves public safety: by six months post-pilot in Durham, 77 percent of GI participants, compared with 57 percent of the control group, reported it was "easy" to stay away from criminal activity.

Cash helps build stronger families after incarceration

Family relationships are central to reentry, and the need is vast. More than 290,000 California children, nearly 1 in 25, have had a parent or guardian who was incarcerated. Supportive family members can make a powerful difference for successful reentry, and these relationships significantly lower the chances of recidivism. Guaranteed income strengthens these bonds directly: when returning citizens can contribute financially to their households, they help fortify the very relationships that make reentry succeed. In Gainesville, roughly one in five participants reported being able to support their families throughout the one-year pilot; in the control group, that share fell from 18 percent to just 6 percent over the same period. As one participant described it: "It was a blessing… what I couldn't do for [my kids] while I was in prison, I'm doing it for my grandkids now."

Evidence from guaranteed income pilots nationally demonstrates how cash was especially valuable for returning parents of school-age children. In Durham, parents reported the cash helped them be present for their children's school and extracurricular activities, while in Chicago, many participants used it for childcare or school essentials. As one Chicago parent put it: "The extra $500 that the program was giving me was very helpful… It's like an extra push to keep going."

Cash can help shelter families

Finding quality, affordable housing is one of the primary challenges facing people leaving prison. That challenge is more acute in California, where housing costs are among the highest in the nation and a criminal record can create additional barriers to public and private housing alike. California has taken real steps to address this: AB 1418 (McKinnor, 2023) bars local governments from adopting "crime-free housing" policies that penalize tenants for criminal history or contact with law enforcement, and state fair housing regulations already prohibit blanket bans on renting to people with records. Yet enforcement gaps remain. A 2024 undercover testing effort by the state's Civil Rights Department found evidence of discrimination against applicants with a criminal history at nearly half (44 percent) of the 32 properties they examined.

While guaranteed income alone cannot solve California's housing crisis for formerly incarcerated people, pilots show cash can help. In both Durham and Gainesville, pilot participants were more likely to move into higher quality homes than those in the control group. Durham participants were also more likely to rent or own their own homes. Santa Clara County's guaranteed income pilot for justice-involved residents, which pairs $1,200 monthly payments with housing stability support, is currently testing whether the same holds true in the California context.

Beyond day-to-day stability, immediate financial support can also help returning parents meet the requirements needed to reestablish custody. Nearly half of people in state prison nationally are parents of minor children, and 7 percent of children entering foster care nationally do so because of parental incarceration. Housing stability is a key part of that equation: children of returning parents who secure stable housing are 50 percent more likely to be living with them than children of parents who remain unstably housed, making cash support for housing costs a direct lever for family reunification.

Policy recommendations

California is uniquely positioned to lead on guaranteed income for returning citizens: it already runs some of the country's most evaluated guaranteed income and reentry-cash pilots, and as its prison system shrinks, the state has an opening to decide deliberately how future savings are used, rather than letting them be absorbed by rising costs. The following recommendations build on that foundation.

- **Lock in a share of CDCR's prison-closure savings for direct cash to returning citizens.** In 2024, the Legislative Analyst's Office estimated that the state's declining prison population could support closing five entire prisons by 2027, for savings of up to $1 billion a year. The closure of the California Rehabilitation Center, which was officially emptied in July 2026, is projected to save about $150 million a year in General Fund spending. But closure savings rarely become new resources on their own: rising personnel, litigation, and compliance costs tend to absorb them within CDCR's budget, and past investments in rehabilitation have required advocates to secure additional General Fund dollars rather than redirected corrections funding.

The Legislature should establish a mechanism to capture a defined share of future closure savings for reentry supports, including recurring cash. Proposition 47, the Safe Neighborhoods and Schools Act, offers a model, requiring the state to calculate savings from reduced incarceration each year and transfer them to a dedicated fund, which has moved more than $800 million into community programs since 2014. And because California spends $127,800 a year to incarcerate one person, even modest reductions in reincarceration would justify new investment in cash, whether or not closure savings materialize.

- **Expand California's cannabis tax reinvestments to include direct cash, not just services.** Proposition 64 directs cannabis tax revenue to the California Community Reinvestment Grants (CalCRG) program, which awarded $52.4 million in 2025 alone to organizations serving communities harmed by the drug war, including funding for job placement and legal services to address barriers to reentry. Direct cash is not currently among the program's eligible uses. The Legislature should expand those uses so grantees can provide guaranteed income to returning citizens alongside existing services, starting with a dedicated pilot.

- **Make cash a required, not incidental, part of California's reentry employment programs.** Of the roughly $50 million allocated statewide for HIRE, only a small share was set aside for direct cash. Center for Employment Opportunities' initial $6.9 million grant earmarked about $2 million for direct payments, and by mid-2025 roughly $600,000 had reached participants. HIRE's current authorization (the FY26 budget added $10 million) allows needs-related cash payments but doesn't require them. As the Legislature considers HIRE's next reauthorization, it should require that a defined share go to recurring cash payments, not one-time or milestone-only disbursements, and should evaluate HIRE with the same rigor MDRC applied to the Returning Citizens Stimulus.

- **Modernize California's gate money.** The state's $200 gate-money allowance has not been adjusted since 1973. A 2022 bill to raise the allowance to $1,300 with annual increases (SB 1304) passed both chambers unanimously but was vetoed amid a revenue shortfall that year. Building on the 2024 requirement that CDCR stop deducting from that allowance, the Legislature should revisit this reform and convert gate money into a larger, recurring payment during the first months after release — the period research shows is riskiest for reincarceration — following models other states are beginning to test with recurring monthly disbursements.

- **Bring cash to county reentry.** Since Realignment, counties have taken on responsibility for many people who once would have served state prison sentences, and they receive dedicated state funding to do so. Each county's Community Corrections Partnership, which plans how those dollars are spent, should consider direct cash at release from jail, and the state should support county pilots with technical assistance and evaluation funding.

As California continues to shrink its prison system, it faces a choice: let the savings disappear into rising costs, or make sure they follow people home. California's own pilots produced evidence that cash support reduces recidivism for returning citizens. Enacting these policies can help build more stable, connected families and break the intergenerational cycle of incarceration. Mass

incarceration affects more than those who are imprisoned. It creates a degree of financial precarity that raises the likelihood that children of returning citizens will themselves encounter the criminal justice system. Guaranteed income addresses that precarity directly, making it an investment in Californians returning home and in California's next generation.

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1. This figure comes from the Center for Employment Opportunities' own analysis of program data across cities implementing the Returning Citizens Stimulus.